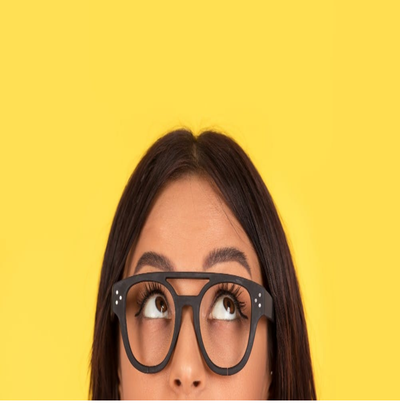

Here's an Over 6% Yield with 2 Dividend Stocks Under $50

Description

What kind of investor are you? The cautious dividend lovers or the rebellious crypto riders? The stock market is currently seeing some outrageous movements that have thrown conventional wisdom out of the window. At such times dividend stocks are your companion when the bubble bursts.

There is a famous quote of *The Intelligent Investor* author Benjamin Graham, "The true investor will do better if he forgets about the stock market and pays attention to his dividend returns and to the operating results of his companies." That is how you should go about stock picking. Be selective about which stock you buy, study the company's operations and its cash flow. If you have a fundamentally strong share, the market price doesn't matter.

How much is a 6% dividend yield?

Once you have a fundamentally strong dividend stock with a stable business that brings regular cash flow, you might want to look at three things:

- Its dividend-paying history
- Its average and a current dividend yield
- The frequency of dividend increases and cuts.

A dividend yield is the amount of annual dividend as a percentage of the share price. This means, if you buy a $100 stock with a 6% dividend yield, the stock will give you $6 in annual dividend. The company can divide this dividend amount quarterly or monthly.

Here I will discuss two **TSX** stocks that pay more than a 6% dividend yield.

The inflation-beating dividend stock

A 6% dividend yield can help you beat inflation, which is around 2%. **Enbridge** (TSX:ENB)(NYSE:ENB) tops my list of dividend stocks for the above three points. It has been paying regular dividends since 1953. Never once has it announced a dividend cut. It pays a quarterly dividend and has even increased it at a compound annual growth rate (CAGR) of 10% in the last 26 years. Enbridge's current dividend yield is 7%, which is higher than its five-year average yield of 5.7%.

If I have to put Enbridge's dividend income in dollar terms, a $500 investment in 2000 will now have an accumulated dividend of $2,017. The company's toll collector business model for transmitting oil and natural gas will continue to increase its cash flow in the next 10 years and above. While there are fears that a transition to renewable energy and a slowdown in pipeline installation might impact Enbridge's cash flow, this will only make its existing pipeline infrastructure more valuable, which it can use to transmit renewable energy.

The steady dividend stock

Though not as good as Enbridge, **SmartCentres REIT** (TSX:SRU.UN) is a good dividend choice for the rent collector business model. The REIT has been paying regular dividends since 2003 and announced a 67% dividend cut in 2005. It pays a monthly dividend and even increased it at a CAGR of around 3% in the last five years. Its current dividend yield is 6.29%, which is almost in line with its five-year average yield of 6.1%.

SmartCentres has many retail stores in the hot spots where property rates are high. This is how it maintains a high occupancy rate. But it is vulnerable to a crisis as retail business takes a hit. In the 2009 Financial crisis, the REIT maintained the same dividend rate for over seven years. It also took a hit during the 2020 pandemic as the lockdown closed all non-essential stores and left many retailers bankrupt. Even when other retail REITs announced dividend cuts, SmartCentres maintained its dividend rate. This shows that the REIT is gradually becoming resilient to crisis.

SmartCentres is beginning to achieve this resilience thanks to its intensification program. The program is broadening its portfolio beyond retail to include residential, office, hotels, and storage facilities. This diversification will reduce its heavy reliance on **Walmart**, from which it earns around 25% of gross retail revenue.

Foolish takeaway

Dividends can protect your portfolio from market volatility and give you the flexibility to invest a small portion in speculative bets. Dividend stocks are also a good investment for your emergency fund. So invest a healthy portion of your portfolio in dividend stocks.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Personal Finance

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
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Date
2025/08/24
Date Created
2021/05/18
Author
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