



## Looking for Income? These 2 Top TSX Stocks Have You Covered

### Description

As growth stocks continue to run into trouble in the markets today, more investors are taking a look at income-producing stocks. And why not? Bond yields are near historic lows, despite rising marginally of late.

Indeed, achieving an ideal mix of income and growth is not that hard for investors who know where to look. Of course, picking the best income stocks is a difficult task. That's why I've picked two of my top dividend stocks on the TSX for investors to peruse and dive into.

For those looking for high-quality, high-yield dividend opportunities, these two companies provide everything long-term investors want. So, let's dive into it.

### Enbridge

For retirees, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) has been a popular [long-term pick](#). This income stock has done nothing but provide extremely stable and consistent income over the years. And with a current dividend yield around 7.3%, it's one of the safest high-yielding stocks on the market today.

Wait a second — doesn't a 7.3% dividend yield imply higher-than-average market risk?

Well, the market seems to think so. Oil prices have fluctuated wildly over the past year, for those who haven't noticed. Accordingly, the health of Enbridge's counterparties has fluctuated in step with the markets. Higher counterparty risk has been priced in to account for this reality.

However, of late, higher oil prices have stabilized Enbridge's oil-producing customers. The pipeline operator's cash flows have never been more stable. And with the shutdown of the Colonial pipeline due to a high-profile hack showing the economic importance of pipelines, I think Enbridge could get a material valuation boost from investors over time.

Enbridge has also been making active efforts to expand its portfolio beyond its core holdings and assets. Enbridge's slow transition into renewable energy provides growth prospects for the long term.

In fact, I think if the company manages to tap into the core of [ESG drive](#) today, investor demand for this stock may finally materialize.

## Killam Apartment REIT

As far as income stocks go, REITs are often one place long-term investors look to first. After all, these stocks really trade as bond-like proxies, paying out most of their cash flows as distributions to unitholders.

In the REIT space, **Killam Apartment REIT** (TSX:KMP.U) happens to be a top pick of mine. This stock has proven to be a high-quality REIT option for long-term investors. And it's focused on residential real estate in Atlantic Canada — one area I think is relatively undervalued compared to the overall Canadian real estate market.

In this light, investors in Killam are picking up a high-quality 3.6% dividend yield powered by an asset portfolio I view as undervalued. The REIT's assets have been valued at slightly less than \$4 billion, despite this REIT trading at a market cap of \$2 billion, at the time of writing. Of course, debt plays into the picture here, but investors are getting what I view as a steep discount relative to Killam's asset quality right now.

Killam's cash flow stability and long-term growth prospects make this REIT shine when compared to its peers. Killam currently trades at less than 15 times cash flow, a bargain valuation for investors worried about relative valuations today.

### CATEGORY

1. Dividend Stocks
2. Investing

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### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:KMP.UN (Killam Apartment REIT)

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### Date

2025/08/15

### Date Created

2021/06/01

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