4 TSX Dividend Stocks You Want to Own in June 2021

Description

Times are looking incredibly optimistic for TSX dividend stocks. As the world is recovering from the COVID-19 pandemic, energy, materials, transportation, and real estate sectors are all surging. As a result, dividend yields for top income stocks are rapidly compressing.

Who can blame investors? With bond yields and savings account rates largely below 1%, dividend stocks are the best way to earn relatively low-risk passive income. Given this, here are four top TSX stocks that look reasonably attractive to buy in June 2021.

A top TSX infrastructure stock

Brookfield Infrastructure Partners (TSX:BIP.UN)(NYSE:BIP) is a great TSX stock to own in this environment. Inflation is rising, and that plays very well for this business. It operates pipelines, LNG export terminals, toll roads, railways, ports, fibre networks, and cell towers. These are essential to the proper function of the world's economies. Hence, there is always a baseline of demand for its assets.

However, 75% of BIP's assets have inflation-indexed contracts. This means that as inflation rises, so do the contractual rates that Brookfield can demand. Likewise, as economies normalize, it benefits from higher volumes and better commodity pricing. The stock pays a 3.77% dividend now, but it is also a serial dividend grower. It is a great stock to buy, tuck away, and own for a very long time.

A top Canadian midstream and pipeline business

Interestingly, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) and Brookfield Infrastructure have something in common. They are both in a bidding war to acquire, **Inter Pipeline**, a pipeline and energy infrastructure player in Western Canada. While Brookfield just upped its bid, I believe the deal makes the most sense with Pembina. It has multiple complimentary assets and the combined operations would make it an infrastructure super power.

This TSX stock is somewhat down after its recent surprise acquisition announcement, but I think this presents a good buying opportunity. Whether it wins out or not, the prospects for Pembina looked very exciting for 2021 and especially 2022. It just brought online $1 billion of new operations and has more on the way. Management is very prudent, and the business has a great balance sheet. This stock pays a 6.5% dividend, so investors get paid to wait for the story to unfold.

A TSX real estate stock operating in Europe

Real estate generally does really well when the economy is strong and inflation is on the rise. That is why I really like **European Residential REIT** (TSX:ERE.UN). This TSX stock operates residential properties in the Netherlands and Western Europe. The Netherlands has one of the most dense populations in the world. Housing supply is incredibly limited.

Through the pandemic, European Residential maintained incredibly strong occupancy and still saw decent rental rate growth. Despite even rent control, this REIT is growing organically. It also has a large acquisition pipeline through its partnership with **Canadian Apartment REIT**. While many apartment REITs have recovered in 2021, this stock is still cheap and trading below net asset value. Likewise, it pays a 3.9% dividend. The stock is climbing a bit, so I would look at this name before it’s too late.

A top Canadian bank

Lastly, Canadian bank stocks are not a bad bet to own in a rising interest rate environment. While **National Bank** (TSX:NA) doesn’t pay the highest dividend (a 3% yield), it is known as one of the best capital allocators in the industry. This TSX stock has an attractive business mix. Around 50% of revenues come from personal and commercial banking. The remainder comes from wealth management and financial markets businesses.

As the pandemic cools in Canada, it will continue to be able to remove loan-loss provisions from its balance sheet. With lots of excess capital to employ, National Bank should be able to buy back shares and perhaps invest in an acquisition or two.

This TSX stock just demonstrated some very good first-quarter results. Revenues grew 8%, diluted earnings per share were up 123%, and it garnered a 22% return on equity. All around, this a great financial stock set to benefit from the economic recovery out of the pandemic.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:PBA (Pembina Pipeline Corporation)

3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)
5. TSX:ERE.UN (European Residential Real Estate Investment Trust)
6. TSX:NA (National Bank of Canada)
7. TSX:PPL (Pembina Pipeline Corporation)

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