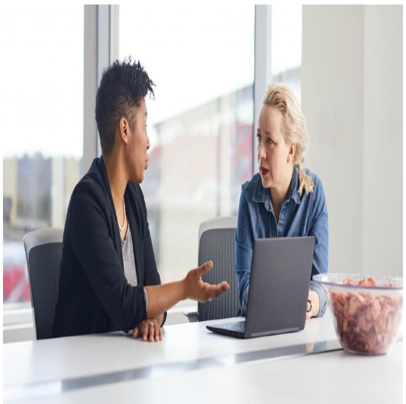

2 Top TSX Dividend Stocks to Buy in June 2021

Description

Investors can still find top **TSX** dividend stocks at reasonable or even undervalued prices to add to their income portfolios.

Barrick Gold

Barrick Gold (TSX:ABX)(NYSE:GOLD) might not be the first name that comes to mind when investors normally think about dividend stocks, but the company deserves to be included among the group of emerging dividend-growth picks. The board has tripled the quarterly dividend to US$0.09 per share since September 2018 and announced a special return of capital payment to the tune of US$750 million for 2021, or US$0.42 per share. When combined with the dividend, the US$0.78-per-share distribution this year provides an annualized yield of 3.4% at the time of writing.

Barrick Gold worked hard to shore up the balance sheet in recent years. Successful sales of non-core assets and a rising gold price helped the company go from US$13 billion in debt to the current position of zero net debt. This is great news for dividend investors. Money that used to go to servicing the excess debt can now be redirected to boost distributions.

Barrick Gold reported Q1 2021 all-in sustaining costs of US$1,018 per ounce. Gold currently trades for US$1,900 per ounce, so the company is enjoying good margins. The price of gold should move higher in the coming months, as seasonal strength combines with a rotation out of crypto currencies back to gold.

The stock trades near $28 per share on the TSX Index compared to $40 last August when gold topped US$2,000 per ounce. Volatility should be expected, but the stock appears cheap right now based on current gold prices and Barrick Gold’s potential to be a free cash flow machine in the coming years. Investors could get a generous dividend increase before the end of 2021.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) just announced the sale of another non-core asset. The divestiture of its financial position in Noverco, a gas utility company that operates in Quebec, will bring in $1.14 billion in cash. Enbridge intends to use the funds to pay down short-term debt. The company says there will be no impact on its guidance for distributable cash flow this year.

Enbridge transports roughly 25% of the oil produced in Canada and the United States. WTI oil just hit a two-year high above US$70 per barrel. Analysts see strong demand growth continuing, as the North American and global economies recover from the pandemic slump.

Enbridge's natural gas transmission, gas storage, and gas-distribution businesses, along with the renewable energy power-generation assets, provide a balanced revenue stream. Enbridge raised the dividend last year, despite the challenging environment for its oil pipelines. Ongoing distribution hikes should be in line with distributable cash flow growth of 5-7%.

Enbridge trades near $48 per share and provides a 7% dividend yield. It wouldn't be a surprise to see the stock move up to the 2020 high around $56 by the end of next year.

The bottom line on top TSX dividend stocks

Barrick Gold and Enbridge are leaders in their respective industries. The stocks look undervalued right now and offer attractive dividends that should continue to grow. If you have some cash on the sidelines, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:ABX (Barrick Mining)
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