Forget Meme Stocks: 2 Top Dividend Stocks to Buy Instead

Description

Meme stocks have been in the news for several months now. Many investors have started to give in to the allure of these stocks that rely on online communities of retail investors deciding to pull short squeeze moves on and artificially grow the share prices. With no tangible data or fundamentals backing the valuations, meme stocks present a significant risk to investor capital.

The sheer volatility and sudden and inexplicable rallies that we have seen in meme stocks this year prove that the stocks could be devastating for investors who do not time their sell trades well.

If you are an investor looking to become wealthy in the long run, get-rich-quick schemes like meme stocks are not an ideal way to go. Today I will discuss a few high-quality dividend stocks that you could consider adding to your portfolio for reliable, sustained, and long-term wealth growth.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is one of the best dividend stocks in the Canadian stock market. The oil and gas industry is going through a massive rebound this year after a devastating year in 2020. Enbridge can finally focus on expanding its growth projects amid a better industrial environment. The company's management estimates that it will see $10 billion in growth projects go online by the end of this year.

Enbridge stock is trading for $49.16 per share at writing, already up by 37% from its November 2020 bottom. The stock boasts a juicy 6.79% dividend yield at its current share price. Enbridge stock also boasts a trailing price-to-earnings ratio of 15.74, making it well within value territory. Picking up Enbridge shares could give you access to significant long-term wealth growth through capital gains and growing dividend payouts.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is another top Canadian dividend stock to consider adding to your portfolio. CIBC is one of the Big Six Canadian banks and is having a strong run. The improving economy has been spelling good news for the bank that focuses more on the domestic market than its peers.

As the economy improves, CIBC's management was able to reduce the bank's provisions for credit losses.

Reduced provisions for credit losses throughout the sector mean that banks have much more excess cash to spend elsewhere. You can count on a part of it to go toward funding its growing and reliable dividend payouts. CIBC stock is trading for $141.57 per share at writing and boasts a juicy 4.13% dividend yield that is higher than its peers.

Foolish takeaway

Creating a portfolio of high-quality and reliable dividend stocks and storing it in a Tax-Free Savings Account (TFSA) can let you generate substantial dividend income. Unlike meme stocks, the top dividend stocks can offer you steady growth through capital gains and line your account with more cash through dividend payouts without significant downside risks.

Enbridge stock and CIBC stock are ideal picks to consider if you are looking for income-generating assets that can create a strong foundation in your TFSA portfolio.

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