The 2 Best Dividend Stocks for August 2021

Description

Canadian investors are searching for the best dividend stocks to add to their TFSA and RRSP portfolios. The overall market looks expensive today, but some top Canadian dividend stocks still appear attractive.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) just reported strong Q2 2021 results.

Adjusted earnings came in at $1.4 billion in the quarter compared to $1.1 billion in the same period last year. Distributable cash flow (DCF) was $1.24 per common share vs. $1.21, and Enbridge reaffirmed its 2021 guidance for both EBITDA and DCF.

The company says it expects to bring $10 billion in projects into service this year. This will help drive revenue and cash flow growth to support the dividend. Enbridge's total secured capital program through 2023 is valued at $17 billion with about $9 billion still to spend. The projects span the company's four core divisions, including oil and liquids pipelines, gas transmission, gas utility, and renewable energy.

A rebound in demand for fuel helped drive higher throughput on the liquids pipelines and resulted in a $100 million increase to EBITDA in Q2 compared to Q2 2020. The positive trend should continue, as the U.S. and Canada remove pandemic restrictions and people return to the office and book more flights.

Enbridge trades near $49 per share at the time of writing and offers a 6.8% dividend yield. The stock traded above $56 before the pandemic, so there is decent upside opportunity as the energy sector recovers.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is another leading player in the North American energy infrastructure sector that pays an attractive dividend and looks cheap right now.

The company reported solid Q2 2021 results and has a $21 billion development program on the go through 2025 that should drive revenue and cash flow higher in the coming years. As a result, the board expects future dividend growth to be 5-7% annually.

TC Energy recently announced plans to build a carbon transportation and sequestration system to help Canadian energy companies meet their net zero targets in the coming years. The project is in partnership with **Pembina Pipeline** and will utilize existing infrastructure as well as new assets.

TC Energy's $100 billion in assets include oil pipelines, natural gas transmission and storage, and power-generation facilities. Oil and natural gas demand are expected to increase for decades. Natural gas, in particular, has a bright future as many countries see the fuel as a key to transitioning from coal and oil to produce electricity. Natural gas produces much less carbon dioxide when burned, making it an attractive alternative while the world ramps up renewables infrastructure.

TC Energy stock trades near $60 per share at the time of writing compared to $75 before the pandemic. Investors who buy the stock at the current level can pick up a 5.75% dividend yield and look forward to steady distribution increases in the coming years.

The bottom line

Enbridge and TC Energy are top-quality energy infrastructure companies that have good track records of delivering attractive returns for buy-and-hold investors. The stocks appear cheap today and offer above-average dividends that should continue to grow. If you have some cash available in your RRSP or TFSA, these stocks deserve to be on your buy list.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:ENB (Enbridge Inc.)
4. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise

7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. aswalker
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/08/30
Date Created
2021/08/01
Author
aswalker