3 TSX Dividend Stocks to Get the Most Income in August 2021

Description

By getting most of your returns from safe dividends, you can rely less on stock prices to cooperate. Additionally, even when a bear market occurs, you'll still get nice returns from dividend income. If the dividend stocks you hold make a correction, you can also choose to reinvest dividends to buy shares on the cheap, even if you don't have extra cash on hand.

I'll introduce three Canadian Dividend Aristocrats that provide some of the biggest dividends on the **TSX** in August. If you're an income-focused investor, consider doing more research on them to see if they fit into your portfolio.

A big dividend stock in a stable industry

BCE (TSX:BCE)(NYSE:BCE) is the biggest telecom in Canada, bringing in annual revenues of close to $23 billion and net income of $2.6 billion. Some investors might worry that its 5.6% yield is not sustainable, because the company paid out about $3.1 billion in dividends in the trailing 12 months (TTM). Interestingly, the multi-billion-dollar dividend payment was covered by its free cash flow generation with a payout ratio of 83%.

The free cash flow is the amount that's left after subtracting capital expenditure from its operating cash flow. The free cash flow can be further used to reinvest into the business, pay dividends, repay debt, or for keeping as cash for later use. This is how BCE was able to increase its dividend this year by 5%, despite its 2020 payout ratio being over 100% based on earnings.

Given its strong free cash flow generation, BCE is a trustworthy Canadian Dividend Aristocrat with a 12-year dividend-growth streak.

A defensive retail REIT for big income

SmartCentres REIT (TSX:SRU.UN) is a relatively quality retail real estate investment trust (REIT). About 73% of its properties are anchored by **Walmart**, which secures foot traffic, for the essential everyday products it offers. In total, it generates more than a quarter of its revenues from Walmart. Other than Walmart, SmartCentres also has other essential service tenants who are creditworthy, including **Loblaw**, Shoppers Drug Mart, **Canadian Tire**, **Lowe's**, **Dollarama**, **Royal Bank of Canada**, **McDonald's**, **Rogers Communications**, etc. Altogether, it has 60-70% of such quality tenants, leading up to its industry-leading occupancy rate of about 95%.

SmartCentres REIT's 168-property portfolio totals 34 million leasable square feet and is diversified across more than 3,400 tenants. Since it earns 98% of its revenue from open-air centres, it'll be one of the first retail REITs to benefit from economic reopenings.

It ended the first quarter with approximately $1.1 billion of liquidity. Its 2020 payout ratio was 87%. It currently yields 6.1%.

Enbridge stock for a 6.8% yield

When discussing Canadian Dividend Aristocrats with big dividends, we cannot forget **Enbridge** (TSX:ENB)(NYSE:ENB), which offers a 6.8% yield today. Enbridge stock has increased its dividend for 25 consecutive years with a 10-year dividend-growth rate of 14.3%. Although its growth rate has slowed dramatically in recent years, its valuation has also gone down, making it the perfect value investment for juicy income. Here's a chart showing Enbridge stock's 10-year yield history for illustration purposes.

ENB Dividend Yield data by YCharts.

Based on the company's recent developments, investors can continue to expect a conservative dividend-growth rate of roughly 3% over the next few years. Combining that with its current yield of about 7%, that equates to a total estimated return of about 10% per year on the fairly valued dividend stock.

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1. Dividend Stocks
2. Investing

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1. Editor's Choice

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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