



2 Top Dividend Stocks to Add for Their High Yields

Description

Investors seeking top-notch dividend stocks certainly have a number of great options to choose from. Indeed, the TSX happens to have a number of [great dividend-paying companies](#) offering excellent long-term growth prospects.

Among the top dividend stocks I'm watching right now are **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) and **SmartCentres REIT** ([TSX:SRU.UN](#)). Let's dive into why these stocks are among the best high-yielding plays in the market today.

Top dividend stocks: Enbridge

As far as large-cap Canadian stocks go, Enbridge's [6.8% dividend yield](#) is among the highest. Indeed, the fact that investors can pick up such a high yield on a large-cap name is unusual. Accordingly, some investors may view this higher-than-normal yield as a red flag.

In most cases, I'd agree that this yield is likely unsustainable. Presently, it appears the market is pricing in some degree of uncertainty with respect to this dividend being paid out long term. Now, Enbridge has normally paid a higher-than-average yield over the years. This has been a result of aggressive dividend hikes on an annual basis.

However, Enbridge has recently announced it is focused on reducing its debt load and improving its balance sheet. The company will continue to raise its dividend, but only around 3% a year for the next few years. The excess cash flow Enbridge has will be used to fund capital projects and balance sheet improvement initiatives.

For long-term investors, this is a very good thing. Given how lofty Enbridge's existing yield is, the company doesn't need to do much to provide great long-term returns for investors. As the company's Line 3 expansion comes online later this year, cash flows should continue to grow. I expect Enbridge stock to receive a huge boost from the completion of this project.

Indeed, expectations are for Enbridge to bring in US\$200 million in Q4 alone. I think Enbridge is well

positioned to outperform over the long run, and this dividend yield is simply too juicy to ignore.

SmartCentres REIT

Another one of the high-yielding dividend stocks on my radar right now is SmartCentres REIT. This real estate trust has seen its dividend yield come down to around 6.1% at the time of writing (still very juicy) from a double-digit yield during the depths of the pandemic last year.

For those who locked in that yield, congratulations.

For everyone else, a 6.1% yield is nothing to shy away from. Why? Well, this is one of the best REITs in the retail space. The company's portfolio of assets is world class. Additionally, the tenants SmartCentres boasts as clients are mainly blue chip in nature. Accordingly, SmartCentres's cash flows are extremely stable. I think this REIT not only can support its current dividend but has room for additional increases on the horizon.

For long-term investors with an income focus, this is a great find today. Indeed, both SmartCentres and Enbridge provide two excellent high-yield options for investors in or nearing retirement. I think these stocks have tremendous potential to outperform over the long run, and these remain two top dividend stocks on my watch list today.

CATEGORY

1. Dividend Stocks
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2. TSX:ENB (Enbridge Inc.)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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