2 Dividend Stocks to Buy and Forget About for the Long Term

Description

Dividend investing is an excellent cash allocation strategy that also happens to provide some inflation protection. Dividend stocks not only diversify investor portfolios but provide (in many cases) rising distributions which help offset the destructive power of inflation.

That said, there are many dividend stocks to choose from. In my view, **Enbridge** (TSX:ENB)(NYSE:ENB) and **SmartCentres REIT** (TSX:SRU.UN) are two top-notch dividend options to consider right now.

Let's dive into why.

Top dividend stocks: Enbridge

Enbridge is indeed a terrific dividend stock for income investors seeking portfolio diversification and rising income over time. This is because this Calgary-based energy organization has raised its dividend payout consistently over the past 27 years.

Enbridge is North America's third-largest natural gas utility, transporting roughly 20% of the entire U.S. natural gas market. However, Enbridge is looking at growing its market share, allocation $10 billion to growth projects across its business. The company hopes these investments will provide for cash flow growth, allowing for further dividend increases over time.

For Enbridge investors, who currently get a dividend yield of 6.1%, that's a juicy outlook. Enbridge is a company that's paid a growing bond-like yield for some time. Indeed, 6.1% is well above where bonds trade right now and near current inflation levels. Accordingly, those concerned about inflation and looking for a dividend stock that can help one manage this environment would do well to take a look at Enbridge right now.

SmartCentres REIT

Another company with a very juicy dividend yield is SmartCentres REIT. This trust, comprised of a variety of world-class retail real estate assets, carries a dividend yield of 5.8% at the time of writing. Like Enbridge, this yield provides significant inflation protection right now.

Further, for those who believe inflation is only going to rise, SmartCentres's real estate portfolio is worth considering. That's because asset price inflation may boost the value of SmartCentres's holdings, providing investors with capital-appreciation potential alongside impressive dividend income.

Yes, SmartCentres's units have been under pressure over the past year. Much of this has to do with rising interest rates dampening the outlook for real estate. I agree; this could be a significant headwind.

However, on balance, for investors thinking long term, SmartCentres REIT is an excellent choice. This trust's tenant roll is impressive, with mega-cap anchor tenants for most of the REIT's locations. Thus, from a cash flow stability and total-return perspective, I think this is a top dividend stock to consider right now.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

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

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