



3 Dividend Stocks for New Investors to Build Their Portfolios Around

Description

Dividends are one of the best creations of mankind. Albert Einstein stated, “[Compound interest](#) is the eighth wonder of the world. He who understands it, earns it ... he who doesn't ... pays it.”

With the [established dividend stocks](#) that we'll discuss, including **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), and **Brookfield Property Partners** ([TSX:BPY.UN](#))([NASDAQ:BPY](#)), you just have to do two things to get the compound interest going: buy shares in the discounted stocks and reinvest their dividends over time.

You'll see the compound interest work its magic in time. The longer you do this, the more powerful the compounding becomes!

Bank of Nova Scotia

Despite popping +4% after reporting its fiscal third-quarter results, Scotiabank remains one of the most discounted big banks in Canada, trading at a discount of approximately 20% from its historical levels.

Simply put, BNS stock is a great value at about \$71 per share and at about 10 times earnings, which are similar to the levels it traded at in the 2015/2016 sale.

The international bank has expanded and integrated well into key markets, such as Chile, Colombia, Peru, and Mexico. It also exited markets that weren't working.

With that behind the bank, the quarterly results that observed adjusted earnings per share rising by 6.8% against the comparable quarter a year ago could be the pivotal point for the stock's turnaround. Oh, and the bank also increased its dividend by 5.9% year over year.

Essentially, you're looking at five-year estimated returns of about 12% per year, while you get a starting yield of 5% with dividend growth of roughly 5% per year!



Enbridge

Enbridge is everything that new investors want — it offers a big dividend, dividend growth, and stability. It is the largest energy infrastructure company in North America. It runs infrastructure that's critical to the everyday lives of North Americans, transporting 25% of the crude oil used in North America and 20% of the natural gas consumed in the U.S.

ENB stock trades at a discount of roughly 20% and offers a succulent yield of 6.6%. Its cash flows are very stable too; they increased over the long term, through the last recession and subsequently, the energy price collapse. Its reliable cash flows are virtually regulated or have long-term contracts.

It's no wonder that Enbridge is one of the top dividend-growth stocks for having increased its dividend for 23 consecutive years with a 10-year dividend-growth rate of 15%. It already called for a dividend hike of about 10% next year.

Brookfield Property

Brookfield Property is in the lucrative real estate sector. It owns, develops, and manages quality real estate assets. Currently, it has about 11 million square feet of core office and multifamily development projects underway that are estimated to have an average yield on cost of +7%.

These development projects will help boost growth along with the organic growth of the US\$194 billion portfolio that it manages. Consequently, the combined growth will translate to five-year company funds from operations growth of approximately 7-9%. This will, in turn, support cash distribution growth of 5-8% per year, while retaining cash for investment to further boost growth.

Brookfield Property is a value investor. As a part of its strategy, it sells mature assets in its opportunistic portfolio to boost returns. Altogether, it has translated to cash distribution growth of 5.9% over the past three years.

Today, BPY stock trades at a discount of about 30% and offers a whopping yield of 7%, which is outright compelling!

Investor takeaway

If I were a new investor, I wouldn't hesitate to invest in Scotiabank, Enbridge, and Brookfield Property to start the engines of my cash-compounding machine.

They are trading at meaningful discounts and offer an average yield of 6.2% and a long-term average dividend-growth rate of +5.6%. Without accounting for multiples expansion, they already call for incredible total returns of roughly 12% per year over the long haul!

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TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:BPY.UN (Brookfield Property Partners)
5. TSX:ENB (Enbridge Inc.)

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