



3 Top High-Yield Dividend Stocks for Passive Income

Description

Investors looking to rebalance their portfolios to hedge against inflation or prepare for a bear market are in luck. It's raining [dividends](#) in December, with blue-chip companies in the forefront. Insurance companies, led by **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)), set the tone in November.

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)), or Scotiabank, is the first [big bank](#) to formally announce a year-end dividend hike. **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) has been a generous payer for years, so it's already an [anchor stock](#) of many dividend earners.

Multiple growth avenues

Brian Porter, Scotiabank's president and CEO, said Canada's third-largest bank exceeded its medium-term financial targets in fiscal 2021. He added that it was a show of resiliency by the business model through the pandemic. Furthermore, Porter believes the \$96.94 billion bank is well positioned to achieve its full earnings power in the upcoming year.

In fiscal 2021 (year ended October 31, 2021), total revenue dipped slightly (0.3%) to \$31.25 billion. However, net income grew 45.3% to \$9.95 billion versus fiscal 2020. Scotiabank pays the highest dividend (4.42%) among the banking giants. Passive investors should take advantage while the share price is below \$100.

Market analysts recommend a buy rating and forecast a 15% return potential in one year, from \$79.78 to \$91.81. Porter sees a very bright future. He expects Scotiabank to deliver strong growth across all business lines, given the multiple growth avenues.

Resilient franchise

Manulife Financial announced a dividend increase (18%) a day after the Office of the Superintendent of Financial Institutions (OSFI) lifted the ban on dividend hikes and share buybacks. The 18% dividend increase combines the annual increase for 2021 with an accelerated annual hike for 2022.

Roy Gori, MFC's president and CEO, cited the diversity and resiliency of its franchise for the outstanding Q3 2021 results. The \$46.46 billion international financial services provider reported 10% core earnings growth versus Q3 2020 in addition to a solid net income of \$1.6 billion.

Manulife rolled out **Microsoft's** Azure Machine Learning technology in Canada and the United States during the quarter. The technology will enable the company to leverage large data sets to mine insights, drive business growth, and improve customer experience. MFC trades at a reasonable price (\$22.84 per share), while the dividend yield is attractive (4.68%).

No hard sell

Canada's largest telecommunications company needs no deep evaluation. BCE dominates the telco space and leads in the rollout of the emergent 5G network. Also, the \$58.94 billion company started paying dividends in 1881 and hasn't missed a single payout since.

At \$64.29 per share, would-be investors can partake of the hefty 5.40% dividend. A \$75,000 position in BCE will produce a quarterly passive income of \$1,012.50. Assuming you don't touch the principal and keep reinvesting the dividends, your investment will compound to \$214,720.49 in 20 years.

Mirko Bibic, concurrent BCE and Bell Canada president and CEO, said it has a clear strategic roadmap to build back from the pandemic's fallout. The company will continue to invest in the growth opportunities ahead. Bell's strategic agreement with **Amazon** Web Services should accelerate 5G innovation and cloud adoption. BCE's goal is to lead the digital transformation of Canadian business.

Passive income and a financial cushion

The high-yield, blue-chip stocks will deliver rock-steady passive income and provide a financial cushion in the recession-inflation period.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:MFC (Manulife Financial Corporation)
4. TSX:BCE (BCE Inc.)
5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:MFC (Manulife Financial Corporation)

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