



## New Investors: 3 Dividend Stocks to Start Your Passive Income

### Description

Do you have savings but don't know where to invest in today's low interest rate environment? If you're risk averse, consider putting your savings in short-term GICs. You probably don't want to lock large amounts of money in long-term GICs right now, as interest rates are expected to rise. So, don't consider five-year GICs.

If you're open to investing in dividend stocks that you can tuck away for [passive](#) income, then here are a few ideas for your consideration.

### Manulife stock

I like listening to Stan Wong when he appears on *BNN*. The portfolio manager at Scotia Wealth Management just picked **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)) stock as one of his three top picks on the show. His viewpoints are as follows.

First, the yield curve is steepening. Second, wealth management continues to be in more demand. Third, Asia represents 38% of Manulife's overall revenue, which is greater than any of its North American peers. He believes the life insurer will benefit long term from a growing middle class in Asia. Fourth, Manulife trades at a discount to its peer group at about one times price to book. Finally, the dividend stock yields 5.1% and is expected to grow around 10% a year.

So, the investor takeaway is that you should consider investing in [dividend stocks](#) that benefit from rising interest rates. That would include the insurance companies like Manulife and the big Canadian bank stocks.

You might scratch your head, as the following two stocks may experience more pressure in a rising interest rate environment. However, you should keep them on your watch list and potentially buy them when they pull back, as rising rates unfold. When they decline to a sufficiently attractive valuation, you can begin scaling in steadily.

## Brookfield Renewable

It's natural for utility businesses to have relatively large debt levels. As interest rates rise, it would make utility stocks less compelling, because their yields will be less attractive compared with when rates were lower. Additionally, rising interest rates would also make the cost of borrowing more expensive. The scenario is similar for real estate investment trusts (REITs). However, if quality dividend stocks correct to an attractive level, it makes good sense to buy for a secure passive income.

One leading and diversified renewable power leader is **Brookfield Renewable Partners** ([TSX:BEP.UN](#)) ([NYSE:BEP](#)). You can also buy the corporation version that trades under the symbol BEPC on the **TSX** and **NYSE** to save tax-filing headaches, or you can own the former in tax-advantaged accounts like TFSA or RRSP.

Currently, BEP yields 3.5%. According to the analyst consensus 12-month price target, it's trading at a discount of 22% at US\$33.83 per unit. Management seems pretty set on increasing its cash distribution by 5-9% per year, as its dividend-growth streak has already continued for 12 years!

## H&R REIT

**H&R REIT** ([TSX:HR.UN](#)) is an interesting idea for passive monthly income. The diversified REIT just spun out its enclosed malls as **Primaris**, a standalone REIT, within the last month. For now, H&R REIT still has properties across office (24%), retail (19%), multi-residential (30%), industrial (12%), as well as 15% in office redevelopment. Over the next five years, it plans to exit retail and office properties entirely and focus on a portfolio of multi-residential buildings complemented by industrial properties. By that time, it should trade at a much higher multiple.

On October 27, 2021, H&R REIT explained that it anticipated the combined annual distributions of H&R REIT and Primaris to be \$0.72. Specifically, H&R REIT is expected to pay out \$0.52 per unit a year. This means the dividend stock yields almost 4% at \$13.12 per unit. This is a Canadian REIT that offers a decent income, while investors wait for it to transform.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:HR.UN (H&R Real Estate Investment Trust)
5. TSX:MFC (Manulife Financial Corporation)

### PARTNER-FEEDS

1. Business Insider

2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

#### **PP NOTIFY USER**

1. kayng
2. kduncombe

#### **Category**

1. Dividend Stocks
2. Investing

#### **Date**

2025/08/22

#### **Date Created**

2022/01/13

#### **Author**

kayng

default watermark

default watermark