



3 Top Dividend Stocks to Get Passive Income in Your Sleep

Description

Some investors think passive income is for retirees. In reality, you can enjoy passive income at any age! Don't dream about making money. You can earn money in your sleep right now! Here are three of the top [dividend stocks](#) to get passive income forever.

Big Canadian bank stocks

The big Canadian bank stocks are blessed by a supportive regulatory environment, allowing them to hold the lion's share of the banking market and to gain from providing related financial services. Among the big banks, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) offers the biggest yield. It yields 4.4%, which provides 72% greater income than the Canadian market benchmark.

This month, Rick Stuchberry of portfolio manager at Wellington-Altus Private Wealth gave the following comment on *BNN*.

"Canadian banks are solid and are holding above the moving average. BNS and other banks are good for the short- and mid-term. Some concern for the long term with fintechs coming in and nibbling around the edges of the banks."

Rick Stuchberry

Although BNS stock is good for passive income, it doesn't offer much of a margin of safety in terms of valuation. The bank stock is fully valued. In the long run, it can still provide satisfactory total returns of about 7% annually. Obviously, if you bought shares when it crashed with the other big Canadian bank stocks during the pandemic, you're welcome to hold it for passive income.

If you're looking for a bigger bargain for your buck, turn your attention to **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)), which is also in the financial services sector.

A cheap dividend stock

[Manulife stock](#) could be the dark horse that surprise investors over the next decade. Here's David Baskin's comment on the dividend stock from a few days ago:

"Historically, MFC has stumbled, like **CIBC** in banking. But all insurers will benefit from higher interest rates. So, MFC is not a bad buy at the moment. Among financials, he prefers banks; insurers have to ensure that their assets match their liabilities, so they are more conservative."

David Baskin, president of Baskin Wealth Management

Here are Greg Newman's thoughts on MFC this month:

"Target price is \$30. Perpetual underperformer, but it sets up really nicely. Trading at 6.3 times 2023 [earnings and offers] dividend growth. Almost a no-brainer at this valuation. Good choice for spare cash."

Greg Newman, senior wealth advisor and portfolio manager at Scotia Wealth Management

Stan Wong, who's also a portfolio manager at Scotia Wealth, picked Manulife as one of his top stocks this month.

"Wealth management continues to be in more demand. Asia represents 38% of its overall revenue, greater than any of its North American peers, and will benefit long-term from growing middle class. Discount to peer group at one times price to book. Expected to grow around 10% a year."

Stan Wong

The cheap dividend stock yields over 5% at writing and looks ripe for growing passive income for the long haul.

Another value stock

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is another discounted dividend stock to consider for passive income. Analysts like the utility stock with the consensus 12-month price target of 12 analysts implying near-term upside potential of 19%.

Essentially, the regulated utility, which is complemented by a renewable power portfolio, provides a 4.9% yield and decent price-appreciation potential. It is a Canadian Dividend Aristocrat with 11 consecutive years of dividend hikes. In the near future, the utility could increase its dividend 7-9% annually. Here are some specific analyst comments on AQN this month:

"Rough year for all power producers, especially renewables. Actually performed okay in relation to peers. Utility assets are looking relatively attractive again. They might shine

again in 2022-23, if you're looking for defense in a potentially challenging year. If the market rips ahead, these will lag, but he likes the 5-ish% dividend. Long term for him."
Ryan Bushell, president and portfolio manager at Newhaven Asset Management

"It pays a nice, rising dividend, but shares have drifted lower in the past year, until it's now attractive. AQN is among the best in renewable energy."
David Baskin

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1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:MFC (Manulife Financial Corporation)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:MFC (Manulife Financial Corporation)

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