



## 3 Dividend Stocks Are Out of Favour and Yield 4% Right Now

### Description

If you invest in the same dollar amounts in these three [dividend stocks](#) that are out of favour, you'll earn an average yield of about 4.2% right now!

### Dividend stock with a 3.9% yield

Dividend stock **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) had a great run of approximately 72% during the pandemic year in 2020. Since then, the renewable power stock has been pretty much in correction mode. This year could be the year it bottoms. If not, you get a decent cash-distribution yield of 3.9% to wait. And given the management's track record of execution, it's only a matter of time before the dividend stock restarts a rally.

[BEP](#) just raised its cash distribution by 5.3%, which marks its 13th consecutive year of dividend increases.

In late January 2022, Ryan Bushell commented on BEP:

"[The 2020] year was great, now stock's weak. Long-term, you'd be happy to own it. [**Brookfield Asset Management**] gives them access to capital and geographic sourcing. Acquisition just this morning. Assets are Canadian hydro-electric, which are dependable and long-term. Good entry point for a great company with a global reach."

*Ryan Bushell, president and portfolio manager at Newhaven Asset Management*

Interested investors can choose to buy **Brookfield Renewable Corporation**, the corporation version of the dividend stock, for a small premium to earn dividends in their non-registered accounts.

### Algonquin stock yields 4.9%

Continuing with the renewable energy theme, we have **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#))

). If you like BEP, you may also like Algonquin that has a renewable power portfolio and regulated utility services. Its renewable power portfolio is primarily populated with long-term contracts that generate stable cash flows. Its regulated utility operations are diverse across natural gas, electric, and water utility services. This portfolio makes predictable earnings because of its regulated nature.

Here's what David Baskin thought of the dividend stock in late January 2022:

"For a taxable account so you get the tax credit. 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, president of Baskin Wealth Management*

At writing, Algonquin yields nearly 4.9%. Like BEP, it's a Canadian Dividend Aristocrat. AQN stock has increased its dividend for 11 consecutive years with a 10-year dividend-growth rate of 9.5%. It's a much larger and more diversified utility than it was a decade ago. Going forward, it may increase its dividend by about 7-9% instead, which would still be above-average growth in the utility sector.

## Restaurant Brands stock yields 3.8%

Utility stocks are an essential component of a diversified dividend stock portfolio. If you already own enough utility stocks, you might consider this other out-of-favour dividend stock **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) in the consumer discretionary sector. The dividend stock could increase its dividend again as soon as next week when it reports its Q4 and full-year 2021 results.

Restaurant Brands is a high free cash flow business. Its trailing-12-month operating cash flow was US\$1,568 million, which translated to tremendous free cash flow of US\$1,452 million. However, this is also why the company has a high leverage ratio. Its debt-to-equity ratio was about 7.5 times at the end of Q3 2021. Its annual interest expense is about US\$488 million, equating to an interest rate of about 2.6% of its total debt, which is not bad. However, rising interest rates will surely increase its cost of capital. This may be why the stock is depressed.

According to Yahoo Finance, the consensus 12-month price target suggests a discount of about 20% in the dividend stock. This translates to near-term upside potential of approximately 25%.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. NYSE:QSR (Restaurant Brands International Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
6. TSX:QSR (Restaurant Brands International Inc.)

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## **Date**

2025/08/21

## **Date Created**

2022/02/07

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