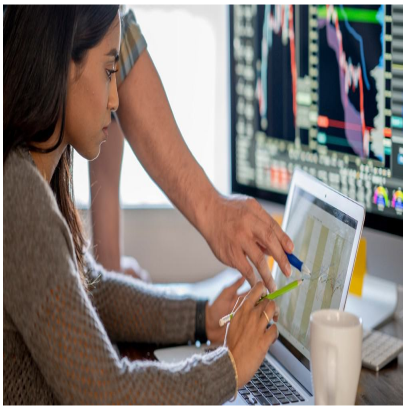

3 Canadian Stocks to Buy as Interest Rates Rise

Description

Interest rates have been increased several times this year. At the start of the month, the Bank of Canada raised the overnight rate to 1.5%. It's expected that interest rates will continue to increase, as Canada tries to find a way to solve the issues related to the rampant inflation we've seen since the pandemic. With that said, which stocks should investors focus on today? In this article, I'll discuss three Canadian stocks to buy as interest rates increase.

Consider buying this diversified company

Historically, financial institutions have seen a widening in profit margins as interest rates increase. That makes them excellent companies to invest in during times like these. The first financial company we should look at is **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS).

Although any of the Big Five banks could be a good choice here, I like Bank of Nova Scotia for its excellent diversification. This company has focused a great deal on international expansion, and its numbers reflect that. In 2021, nearly a third of its earnings came from sources outside of Canada. In addition, Bank of Nova Scotia reported a 50% increase in its Q2 revenue, with respect to its international business. That supports the idea that this business segment could drive Bank of Nova Scotia's growth over the coming years.

A Canadian Dividend Aristocrat, Bank of Nova Scotia has managed to increase its dividend over the past 11 years. Perhaps even more impressively, the company has paid shareholders a dividend for the past 189 years. This is truly an excellent company that investors should consider adding to their portfolios.

This company is a cash machine

Investors should also consider investing in insurance companies. These would make an excellent investment because they receive revenue on a recurring basis. Furthermore, they only incur losses when they need to cover claims. Anyone who's worked with insurance companies will know that they don’t tend to be the most excited when it comes to cover claims.

If there’s one insurance company you should invest in, it’d be **Manulife Financial** (TSX:MFC)(NYSE:MFC). With about $1 trillion of assets under management, this is the largest insurance company in Canada. In 2021, Manulife reported $7.1 billion in net income, which represents a $1.2 billion increase compared to 2020. Manulife is also a Canadian Dividend Aristocrat, after having increased its dividend over the past seven years.

One of the most recognized financial institutions

Finally, investors should consider investing in **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM). This is one of the largest financial management firms in the world, with about $725 billion of assets under management. Through its subsidiaries, Brookfield has exposure to the infrastructure, real estate, renewable utility, and private equity markets.

Like the other two companies given here, Brookfield is listed as a Canadian Dividend Aristocrat. It has increased its dividend in each of the past nine years. I’m confident that the company could continue to perform well for shareholders, as long as its CEO, Bruce Flatt remains at the helm. Flatt has often been compared to Warren Buffett due to their similar investing styles, large ownership stakes, and long tenures as CEO. If there’s one person you’d want leading a company in your portfolio, it’s Bruce Flatt.

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