



The Bank of Nova Scotia and Manulife Financial Corporation: 2 Stocks to Buy for 2015

Description

The year 2014 has taught us many valuable lessons. For example, you don't want to buy a stock just for its dividend.

So as we head into 2015, let's take a look at two stocks that pay a much lower dividend, but make for much more responsible investments: **The Bank of Nova Scotia** ([TSX: BNS](#))([NYSE: BNS](#)) and **Manulife Financial Corporation** ([TSX: MFC](#))([NYSE: MFC](#)). Below, we'll show you what happens if you invest \$50,000 in each.

The Bank of Nova Scotia

This year has not been a great one for Canada's most international bank. It started off with a broad sell-off in emerging markets stocks, and the company's shares declined 8% in January as a result. Then throughout the year, disappointing results in the Caribbean held back the bank's earnings numbers, as well as its share price. To illustrate, the company's shares are up only 4% this year, while each of the other big banks are up at least 14%.

Thanks to this weak share price performance, the bank's shares are a compelling buy. More specifically, the company trades at only 11.7 times earnings, the lowest ratio of any big bank.

This is bewildering, since its problems are mainly short-term, and its growth prospects are very promising. Due to the weak share price, the dividend yield is also now quite enticing. To illustrate, if you invest \$50,000 in The Bank of Nova Scotia, you're set to receive nearly \$500 in dividends every quarter. That's \$65 more than you would get with **Toronto-Dominion Bank**.

Keep in mind that this dividend is growing too. In fact it's been hiked twice this year alone. So your quarterly income has plenty of upside.

Manulife

Like The Bank of Nova Scotia, Manulife is not a very popular stock. There are a number of reasons for

this. First of all, the company got burned very badly during the financial crisis, and many investors remain turned off. Secondly, Manulife still doesn't pay a particularly big dividend. And finally, Manulife has a big presence in emerging markets, especially Asia – normally this is an advantage, but emerging markets exposure seems to be out of style these days.

Because of these factors, Manulife is trading very cheaply, at only 10.5 times earnings. This is a tremendous bargain for a company with about 30% of its business in Asia. It's also incredibly cheap for a company that's performing just fine.

Still, a \$50,000 investment in Manulife only gets you \$340 per quarter in dividends. But it's still far more responsible than a higher-yielding energy stock. This year has taught us that very valuable lesson.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:MFC (Manulife Financial Corporation)

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Author

bensinclair

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