



3 Great Ways to Invest in the Financial Sector Today

Description

As many investors know, finding the right stock at the right price can be a difficult task, but the recent downturn in the market has created a plethora of opportunities, especially in the financial sector. With this in mind, let's take a look at three financial stocks from three different industries that are now trading at inexpensive valuations, so you can decide which would fit best in your portfolio.

1. Power Financial Corp.: Diversified holding company

Power Financial Corp. (TSX:PWF) is a diversified management and holding company that has interests, directly or indirectly, in companies in the financial services sectors in Canada, the United States, Europe, and Asia.

At today's levels, its stock trades at just 10.1 times fiscal 2015's estimated earnings per share of \$3.16 and only 9.6 times fiscal 2016's estimated earnings per share of \$3.34, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 12.4 and its industry average multiple of 21.8.

In addition, Power Financial pays a quarterly dividend of \$0.3725 per share, or \$1.49 per share annually, giving its stock a 4.7% yield. It is also worth noting that it raised its dividend by 6.4% in March, and its strong operational performance in the first half of fiscal 2015, including a 14.4% year-over-year increase in net earnings to \$1.67 per share, could allow for another increase in the very near future.

2. Laurentian Bank of Canada: Bank

Laurentian Bank of Canada ([TSX:LB](#)) is one of the largest banks in eastern Canada, with approximately \$39.6 billion in total assets.

At current levels, its stock trades at just 9.1 times fiscal 2015's estimated earnings per share of \$5.61 and only 8.7 times fiscal 2016's estimated earnings per share of \$5.87, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 10.4 and its industry average multiple of 13.2.

Additionally, Laurentian Bank pays a quarterly dividend of \$0.56 per share, or \$2.24 per share annually, which gives its stock a 4.4% yield. Investors should also note that the company has increased its dividend for eight consecutive years, and its consistent financial growth, including a 6.4% year-over-year increase in net income to \$4.17 per share in the first nine months of fiscal 2015, could allow this streak to continue in 2016.

3. Sun Life Financial Inc.: Financial services

Sun Life Financial Inc. ([TSX:SLF](#))([NYSE:SLF](#)) is one of the world's largest financial services organizations, offering a wide range of protection and wealth products and related services.

At today's levels, its stock trades at just 12.4 times fiscal 2015's estimated earnings per share of \$3.56 and only 11.5 times fiscal 2016's estimated earnings per share of \$3.85, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 17.3 and its industry average multiple of 24.4.

In addition, Sun Life pays a quarterly dividend of \$0.38 per share, or \$1.52 per share annually, giving its stock a 3.4% yield. It is also worth noting that the company increased its dividend by 5.6% in May, and its strong financial performance in the first half of fiscal 2015, including a 20.4% year-over-year increase in underlying net income to \$1.85 per share, could allow this to become an ongoing theme over the next several years.

Which of these financial stocks belong in your portfolio?

Power Financial, Laurentian Bank of Canada, and Sun Life Financial are three of the top value plays in the financial sector, and all have the added benefit of dividend yields of over 3%. Foolish investors should strongly consider making one of them a core holding today.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:LB (Laurentian Bank of Canada)
2. TSX:SLF (Sun Life Financial Inc.)

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