



3 Undervalued Financial Stocks With High Yields to Buy Now

Description

As many investors know, finding the right stock at the right price can be a very difficult task, and it can seem nearly impossible to find one that is both undervalued and has a high dividend yield. Well, fortunately for those of you who are reading this article, I've done the hard part and compiled a list of three stocks from the financial sector that fit these criteria perfectly, so let's take a quick look at each to determine which would fit best in your portfolio.

1. Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is the third-largest bank in Canada with about \$856.5 billion in total assets.

At today's levels, its stock trades at just 9.1 times 2016's estimated earnings per share of \$5.89 and only 8.5 times fiscal 2017's estimated earnings per share of \$6.28, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 11.7 and its industry average multiple of 12.6.

In addition, Bank of Nova Scotia pays a quarterly dividend of \$0.70 per share, or \$2.80 per share annually, which gives its stock a yield of about 5.2%. Investors must also note that it has raised its annual dividend payment for five consecutive years, and it is currently on track for 2016 to mark the sixth consecutive year with an increase.

2. TMX Group Limited

TMX Group Limited ([TSX:X](#)) operates cash and derivative markets for multiple asset classes, including equities, fixed income, and energy, while also providing clearing facilities, data products, and related services to the world's financial institutions.

At today's levels, its stock trades at just 10.5 times fiscal 2016's estimated earnings per share of \$3.72 and only 9.4 times fiscal 2017's estimated earnings per share of \$4.17, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 21 and its industry average multiple of 21.9.

In addition, TMX Group pays a quarterly dividend of \$0.40 per share, or \$1.60 per share annually, which gives its stock a yield of about 4.1%. Investors should also note that it has maintained this annual rate since 2011.

3. IGM Financial Inc.

IGM Financial Inc. ([TSX:IGM](#)) is one of the largest personal financial services companies in Canada with over \$130 billion in assets under management.

At today's levels, its stock trades at just 11.6 times fiscal 2016's estimated earnings per share of \$3.01 and only 10.9 times fiscal 2017's estimated earnings per share of \$3.20, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 14.6 and its industry average multiple of 35.7.

In addition, IGM pays a quarterly dividend of \$0.5625 per share, or \$2.25 per share annually, which gives its stock a yield of about 6.4%. Investors must also note that it has raised its annual dividend payment for two consecutive years.

Which of these financial stocks would fit best in your portfolio?

Bank of Nova Scotia, TMX Group, and IGM Financial are three of the best investment options in their respective industries within the financial sector. Foolish investors should take a closer look and strongly consider beginning to scale in to long-term positions in one of them today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:IGM (IGM Financial Inc.)
4. TSX:X (TMX Group)

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