

## 3 Top Financial Stocks to Buy for Value and Yield

### Description

As investors, it's our goal to outperform the overall market every year. There are many ways you can go about doing this, but one of the best and least-risky ways I have found is to buy stocks that are undervalued and have great dividends. With these criteria in mind, I've scoured the financial sector and selected three very attractive investment options, so let's take a closer look at each to determine if you should buy one of them today.

#### 1. Laurentian Bank of Canada

**Laurentian Bank of Canada** ([TSX:LB](#)) is one of the largest banks in eastern Canada with approximately \$40.3 billion in total assets.

At today's levels, its stock trades at just 8.3 times fiscal 2016's estimated earnings per share of \$5.66 and only 7.9 times fiscal 2017's estimated earnings per share of \$5.93, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 10.7 and the industry average multiple of 13.2. It also trades at a mere 1.01 times its book value per share of \$46.32, which is a discount compared with its five-year average market-to-book value of 1.06.

In addition, Laurentian Bank pays a quarterly dividend of \$0.58 per share, or \$2.32 per share annually, which gives its stock a yield of about 4.9%. Investors must also note that it has raised its annual dividend payment for eight consecutive years, and its recent increases, including its 3.6% hike in December 2015, has it on pace for 2016 to mark the ninth consecutive year with an increase.

#### 2. Home Capital Group Inc.

**Home Capital Group Inc.** ([TSX:HCG](#)) is one of Canada's largest non-bank mortgage lenders with approximately \$25.1 billion in loans under administration.

At today's levels, its stock trades at just 8.2 times fiscal 2016's estimated earnings per share of \$4.42 and only 7.5 times fiscal 2017's estimated earnings per share of \$4.83, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 9.7 and the industry average multiple of 13.2. It also trades at a mere 1.56 times its book value per share of \$23.17, which is a major discount compared with its five-year average market-to-book value of 2.16.

In addition, Home Capital Group pays a quarterly dividend of \$0.24 per share, or \$0.96 per share annually, which gives its stock a yield of about 2.7%. Investors must also note that it has raised its annual dividend payment for 16 consecutive years, and its 9.1% hike in February has it on pace for 2016 to mark the 17th consecutive year with an increase.

#### 3. Canadian Western Bank

**Canadian Western Bank** ([TSX:CWB](#)) is one of the largest banks in Canada's four western provinces with approximately \$23.5 billion in total assets.

At today's levels, its stock trades at just 8.9 times fiscal 2016's estimated earnings per share of \$2.64 and only 8.4 times fiscal 2017's estimated earnings per share of \$2.80, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 12.7 and the industry average multiple of 13.2. It also trades at a mere 1.05 times its book value per share of \$22.53, which is a major discount compared with its five-year average market-to-book value of 1.76.

In addition, Canadian Western Bank pays a quarterly dividend of \$0.23 per share, or \$0.92 per share annually, which gives its stock a yield of about 3.9%. Investors must also note that it has raised its annual dividend payment for 23 consecutive years, and its recent increases, including its 4.5% hike in December 2015, has it on pace for 2016 to mark the 24th consecutive year with an increase.

### Should you add one of these financial stocks to your portfolio?

Laurentian Bank of Canada, Home Capital Group, and Canadian Western Bank are three of the most attractive investment options in the financial sector. Foolish investors should take a closer look at each and strongly consider beginning to scale in to long-term positions in one of them today.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. TSX:CWB (Canadian Western Bank)
2. TSX:HCG (Home Capital Group)
3. TSX:LB (Laurentian Bank of Canada)

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