



2 Brexit-Hit Dividend Stocks I'd Buy Today With an Extra \$5,000

Description

The Brexit fallout is starting to cross the pond, and this is providing an opportunity to pick up some quality names at attractive prices.

Here are the reasons why I think investors with a bit of cash on the sidelines should consider **Power Financial Corp.** (TSX:POW) and **Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)).

Power Financial

Power Financial is essentially a holding company with a number of well-known businesses under its umbrella. These include **Great-West Lifeco Inc.**, and **IGM Financial Inc.** in Canada, as well as a European holding company called **Pargesa Holding SA**.

The stock has fallen in recent weeks due to concerns about the exposure to Europe.

Great-West gets more than 40% of its net income from Europe and one of its subsidiaries, **Canada Life**, just suspended redemptions at two of its commercial real estate funds focused on the U.K.

The value of the funds is about 500 million pounds, or roughly \$835 million at the current exchange rate. In the big picture, this is a drop in the bucket when it comes to the impact on Power Financial.

Pargesa owns positions in number of top European companies, including **LafargeHolcim**, **Total**, and **Pernod Ricard**. These are stable names with massive international operations. In the case of Pernod Ricard, the booze business might actually benefit from all the chaos.

Power Financial had put dividend growth on hold for a number of years but started raising the payout again in 2015. The current distribution offers a yield of 5.3%.

The pullback in the stock looks overdone, and investors can pick up a nice yield while they wait for the market to come to its senses.

Manulife

Life insurance companies are under pressure because the flight to safety caused by the Brexit vote is driving down fixed-income yields. That's generally not positive for the insurers because it puts pressure on their ability to generate returns on the funds they collect through policy fees.

Manulife has also been swept lower as investors fear exposure to Europe, but the Brexit vote shouldn't impact the company's funds. Only 2% of Manulife's total invested assets are in the U.K.

Manulife's share price is down about 18% in 2016, and that has pushed the yield on the stock up to 4.4%. The company has other issues, including some ugly exposure to the oil and gas sector, but most of the bad news is probably priced in at this point.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)

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