Where Growth Can Be Found in Canadian Financials

Description

For investors seeking securities with an above-average amount of growth in a segment of the market that has traditionally been in contraction, there are still many opportunities that remain. In certain circumstances, patient investors will even be able to pick up shares in some of Canada's largest and best-known companies — if they are willing to remain patient as these companies execute their strategies over the coming quarters.

Shares of **Home Capital Group Inc.** (TSX:HCG) are best positioned to increase lending once again, as the alternative mortgage financing company has secured the backing of Warren Buffett. Following the raising of new capital, the company has also sold off a number of mortgages, which has raised more capital for the company. With the potential to lend out a significant amount of capital to new mortgage borrowers, shares of this company continue to have a significant amount of growth left in the pipeline.

To make the investment even more attractive, the current share price remains at a substantial discount to tangible book value, which investors have already confirmed will not be diluted any further, having voted against extending more shares to Buffett through a secondary offering. As the company continues to generate a significant amount of cash and profit for shareholders, the growth will move forward at an even faster pace, as the company now retains 100% of earnings.

For shareholders seeking more stability with a better-known name, shares of **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) may be the best big bank to consider. The Toronto-based bank recently expanded into the United States by purchasing two separate entities known as Geneva Advisors — an asset management firm in addition to PrivateBancorp Inc., which was acquired for $5 billion over the summer. Although the company has a very large presence in the country, the expansion into the United States shows a desire to grow at an increasing rate, while reaching economies of scale for their Canadian wealth management operations.

Last up are shares of **Manulife Financial Corp.** (TSX:MFC)(NYSE:MFC). The company has been aggressively expanding into the Asian markets amid a major step forward in the development of capitalism in the Asian economy. Given the expansion of the company outside Canada, investors will realize substantial growth, assuming the domestic currency remains weak. If oil prices remain low, Canadian investors should be able to benefit handsomely from the revenues derived from overseas.

Given the expansion of many Canadian financial companies outside the country, investors have significant opportunities to derive additional profits from the infrastructure already in place. Investors should be willing to assume foreign currency risk.

For those not willing to assume the risk, shares of **Canadian Western Bank** (TSX:CWB), based in Alberta, may be the best alternative, as the company is attempting to expand into the eastern part of the country while retaining its strong footprint through its bank branch network. At a current price of $33 per share, investors can look forward to future dividend increases and a higher share price.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:CWB (Canadian Western Bank)
5. TSX:HCG (Home Capital Group)
6. TSX:MFC (Manulife Financial Corporation)

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