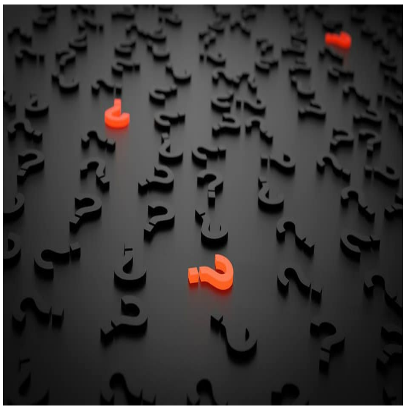

Are Manulife Financial Corp. and Rogers Communications Inc. Cheap Enough to Buy Now?

Description

If you have been watching **Manulife Financial Corp.** (TSX:MFC)(NYSE:MFC) and **Rogers Communications Inc.** (TSX:RCI.B)(NYSE:RCI), then you may be thinking that now is the time to pick up shares in either of these strong businesses. Let's look into that argument!

Manulife has fallen fairly steeply, down over 10% from its 52-week high, while insurance competitor **Sun Life Financial Inc.** (TSX:SLF)(NYSE:SLF) has actually soared. Momentum is riding high for Sun Life, as the share price is above its 52-week high and will make a new all-time high if it pokes above $55.81 per share. Will Manulife catch up?

Rogers's tailspin is likely over after a dismal recent quarter, down 16% from its 52-week high. The stock has been trading sideways for a few weeks and appears to be building support. The company has been stockpiling cash in the last two quarters — over $1 billion in net operating cash flow. Rogers is poised to make a bold move in 2018, such as grabbing more of the mobile data airways for specific frequency bands at the next Canadian government spectrum auction.

Consider these alternatives

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is historically one of the cheaper big banks in Canada — cheaper meaning that its forward price-to-earnings ratio (fwd P/E), is often lower than other banks. CIBC is fairly valued right now, and you can read up on this dividend payer from another Fool writer.

Royal Bank of Canada (TSX:RY)(NYSE:RY) is also fairly attractive at current levels. This is a company that has consistently grown earnings. On average, Royal Bank increases earnings per share (EPS) by $0.67 per year (or US$0.52/year). My forecast model predicts Royal Bank will be between $109 and $112 in the next 12 months. Add the 3.68% dividend, and you could get a viable double-digit return on your Royal Bank investment.

CIBC and Royal Bank were at the top of this list of six great stocks to own for any portfolio based on five equally weighted criteria. This strategy was meant to reward dividend yield, historical earnings strength, current momentum, and forward earnings.

Rank	Symbol	Dividend (%)	10-year earnings growth?	% above 52 low	% below 52 high	Fwd P/E
1st	CM	4.42	yes	11.8	5.5	9.5
2nd	RY	3.68	yes	11.1	5.3	11.5
3rd	MFC	3.61	no	7.3	10.4	25
3rd	RCI.B	3.27	no	4.47	15.6	14
3rd	TD	3.52	yes	21.4	-1.8	11.5
6th	SLF	3.30	yes	26.3	-2	11

Sources: Yahoo Finance, Morningstar.com

Manulife and Rogers were ranked third in a three-way tie with **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD). The share price for TD has run up dramatically, more so than the other banks, up 21.4% from a 52-week low, but — as is the case with Royal Bank and CIBC — you will get rich slowly with a TD investment. Also, like CIBC, Royal Bank, and Sun Life, TD has had consistent positive earnings growth over the last decade.

Take-home message

Manulife and Rogers are attractive stocks but not huge bargains compared to sensible alternatives. Manulife has the least appealing fwd P/E on this list. Manulife is still a strong investment option due to the strong dividend history and diligence in reducing debt, but I do not believe it will beat the market in 2018. After filling up on CIBC and Royal Bank right now, I'd pick Rogers as a third investment option.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:MFC (Manulife Financial Corporation)
6. TSX:RCI.B (Rogers Communications Inc.)
7. TSX:RY (Royal Bank of Canada)
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