



## 2 Dividend Stocks That Offer Value and Safety

### Description

[Value investing](#) is one of the safest ways to invest. Dividends offer another layer of safety. Here are two stocks that offer value and growing dividends.

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) stock has generated great wealth with below-average risk for long-term investors. Its earnings per share have been very stable. Even during the financial crisis of 2007/2008, the quality bank's earnings per share only experienced modest declines.

Its earnings per share only declined about 6% between fiscal 2007 and 2009, after which they began their steady ascent. The recent weakness of Scotiabank stock, due to its [recent acquisitions](#), makes it a better value compared to the top two Canadian banks and is a fabulous buying opportunity.

Scotiabank stock is trading at the low end of its trading range since 2017. Now is the time to consider buying on the dip to lock in a safe dividend yield of 4.3%.

There's more to like about the blue chip stock. Scotiabank is capable of growing its dividend faster than the pace of inflation. Scotiabank's three-year dividend growth rate is 6%. Long-term, risk-averse investors can pretty much buy the stock here and forget about it.

The analyst consensus from **Thomson Reuters Corp.** has a 12-month target of \$87.80 per share on the stock, which represents about 15% upside potential in the near term from the recent quotation of about \$76 per share.



**Manulife Financial Corporation** ([TSX:MFC](#))([NYSE:MFC](#)) has been making a lot of changes. The increased uncertainty has depressed the stock. If Manulife's focus on global wealth and asset management, its digitalization strategy, and growth in its operations in Asia can propel the stock higher over the next few years for an incredible turnaround story.

At about \$23.70 per share as of writing, Manulife stock trades at a discounted price-to-earnings multiple of under 10. If the stock trades at its five-year normalized multiple in the next few years, it can trade at \$33-39 per share for about 40-65% upside.

The analyst consensus from Reuters has a more conservative 12-month target of \$30.30 per share on the stock, which represents about 28% upside potential in the near term.

Currently, Manulife stock offers a decent yield of 3.7%. The company has the ability to grow its dividend at least at a rate that doubles inflation. Manulife's three-year dividend growth rate is 12.9%.

### Investor takeaway

Both Scotiabank and Manulife stocks have double-digit near-term upside potential, which implies the stocks offer value. While you wait for the market to realize the values of the blue chip stocks, you can collect nice dividend income, which will grow faster than inflation and help you more than maintain your purchasing power.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:MFC (Manulife Financial Corporation)

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