1 Classic Canadian Financial Stock to Buy Now for Steady Dividends

Description

With its fingers in a bunch of lucrative financial service pies, the stock below has less than two weeks to go before it trades ex-dividend. With the pressure on for passive income investors, the following analysis will look at whether to buy stock in this insurance, wealth management, and financial advice company that boasts a diversified base of private and organization customers across the East, as well as here in North America.

Beginners looking for hot investment tips can start with the following financial pick. It's had its data scoured and analyzed for three major traits pertinent to stock screening, namely value, quality, and momentum. If you've never bought stocks before or are looking for new ways to invest in the stock market, read on to see one of the hottest financial players to buy shares in now.

Manulife Financial (TSX:MFC)(NYSE:MFC)

One of the hottest TSX tickers to watch, long-term investors looking to make money trading stocks should keep an eye on Manulife Financial. Banking fans who have padded out their dividend portfolio with the Big Five, but want a slightly different finance fix could consider Manulife Financial for its mix of defensiveness – look at that market cap of $44 billion – and momentum.

It's a little meagre on growth, however: 0.5% one month returns are a bit low, while a past one-year drop earnings by 45.8% has brought down a five-year average to an overall contraction by 3.6%. A PEG of 2.6 times growth is high considering that area generally, and a debt level of 42% of net worth is a bit warm for a financial stock. Inside selling outweighed inside buying by volume over the last nine to 12 months, as well – so is it a buy today?

MFC: is it finger lickin' good?

In terms of value, Manulife Financial is rather mixed: a P/E of 22.1 times earnings is top-heavy, though a P/B of 1.1 times book and dividend yield of 4.55% point to this being a good place to start making money through investing. Meanwhile, mediocre quality signifiers such as a ROE of 5%, EPS of $0.99, and an 8.6% expected annual growth in earnings might suggest that better investments may be had elsewhere.

That said, momentum investors should be aware that Manulife Financial gained 8.89% in the last five days. Its beta of 1.09 indicates low volatility, and its 41% share price discount compared to its future cash flow value, so don't expect constant price fluctuations, though; in other words, catch that wave before it breaks if you like to trade aggressively and make easy money fast.

The bottom line

If you want to make money with financial stocks, you could do a lot worse than Manulife Financial. It's a buy today, so add it to your wish list if you're just starting to invest in Canadian companies. TFSA and RRSP holders may also want to consider it for its long-term applicability, such as a sturdy dividend, positive (if not significant) outlook, and attractive valuation. Meanwhile, momentum investors have an opportunity to make a few quid fast as a rapidly rising share price offers some short-term capital gains.

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