



3 Top Value Stocks from Canada's Financial Sector to Buy for Your TFSA Right Now

Description

Canada's financial sector is ripe with value these days.

Whether it's dividend income you're after or historically cheap valuations, there are a bevy of Canadian financial institutions these days that would easily meet both criteria.

In this post we'll highlight three of Canada's top financial stocks, each on offer with inexpensive valuations that should help to put a floor on their share prices, and each additionally paying an attractive and sustainable dividend yield that can be reinvested in future growth opportunities.

Power Corporation of Canada ([TSX:POW](#)) is a diversified management and holding company, with the bulk of its portfolio consisting of its ownership stake in **Power Financial Corp** ([TSX:PWF](#)).

Power Financial in turn, derives the bulk of its revenues and profits from its stake in insurance company **Great-West Lifeco Inc** ([TSX:GWO](#)) coming off a strong showing in 2018.

Meanwhile, this past week Power Corp announced plans to purchase up to \$1.35 billion of its outstanding voting shares.

In announcing the move, co-CEO and Chairman Paul Desmarais said he believes that the POW stock at its current levels represents an "opportune use of our capital resources."

With the POW shares [trading at less than their book value](#) while additionally paying out a 5.44% annual dividend, it's difficult to argue with the CEO's sentiment.

AGF Management Limited ([TSX:AGF.B](#)) is in the business of marketing managed investment products ([such as mutual funds](#)) to retail and institutional clients.

The mutual fund industry has been facing its share of headwinds in recent years, but I for one tend to believe that these types of things tend to happen in cycles and that – at least in this case – we may be closer to the end of the current cycle than what some believe.

With mutual funds coming under considerable pressure and facing competition from lower-fee ETF products, I wouldn't be at all surprised to see the industry finally step up and take a stand.

AGF shares pay out an attractive 6.25% yield in the meantime, and the stock's 5.6 times price-to-earnings ratio would also seem to suggest that a lot of the risk in this name is already being priced in.

IGM Financial Inc. ([TSX:IGM](#)) sits inside the aforementioned Power Corp's portfolio of investments, which means that it probably doesn't make a whole lot of sense to own both the Power Corp shares and the IGM shares.

However, if you did want to lose the more diversified nature of the Power Corp portfolio, opting for a more concentrated position in the asset management side of the IGM business, you could easily do so by buying shares in IGM outright.

Trading at a 10.7 times price-to-earnings multiple, the IGM shares aren't quite as cheap as AGF's, but the firm's 6.61% dividend yield is at least equally attractive, while its payout ratio, which hovers around 70%, suggests considerable runway for further increases.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:AGF.B (AGF Management Limited)
2. TSX:GWO (Great-West Lifeco Inc.)
3. TSX:IGM (IGM Financial Inc.)
4. TSX:POW (Power Corporation of Canada)

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