



2 Dividend Value Stocks to Buy Now

Description

The 15% stock market correction from August to December seemed like a dream. In less than three months into the new year, the market has already nearly fully recovered.

This poses a problem: good value stocks are now much harder to find. We've searched far and wide and discovered these dividend stocks to have excellent value and tremendous upside potential.

Without further ado, here they are.

Manulife

Manulife Financial ([TSX:MFC](#))([NYSE:MFC](#)) is the largest life and health insurance company on the TSX by market cap. It has a market cap of about \$45 billion despite the stock is off a fair amount from its 2018 high.

Manulife has operations in Canada, the United States, and Asia with more than \$1 trillion of assets under management and administration. Last year, it reported record core earnings and net income of \$5.6 billion and \$4.8 billion, respectively.

While growing its profitability, the company has returned cash to shareholders in a growing dividend. Indeed, Manulife has increased its dividend every year since 2014; its five-year dividend growth rate is 11.8%.



[Manulife is easily the cheapest dividend-growth stock on the TSX](#). At \$22.92 per share as of writing, it trades at a very cheap price-to-earnings ratio (P/E) of about 8.3, while the company is estimated to increase earnings per share by 10% per year over the next three to five years.

Manulife stock is a no-brainer for value. Further, it offers a safe dividend that's supported by a payout ratio of about 35% this year. Its yield is also competitive at 4.36%.

Its near-term upside potential of more than 22% and total returns of almost 27% (according to **Thomson Reuters'** mean 12-month target) are enticing.

Transcontinental

Transcontinental ([TSX:TCLA](#)) is a curious idea for value and dividend. First off, the company offers a 5.2% yield that's supported by a payout ratio of about 35% this year.

Transcontinental has a relatively juicy dividend yield because the company is undergoing [a major transformation](#); the stock has been pushed down a lot due to the uncertainty. So, its low payout ratio is reassuring for the dividend safety because its earnings will likely be lumpy in the near term.

Management seems to be committed to the dividend. They just raised the dividend by almost 4.8% at the end of February and have increased the dividend every year since 2002.

The market isn't expecting much from the company right now. Transcontinental trades at \$16.88 per share as of writing, which implies a dirt-cheap forward P/E of about 6.7!

Even low-balling a target P/E of 8, we're still looking at more than 19% upside. **Scotiabank** actually has a one-year target of \$22 on the stock, which represents a P/E of about 8.7 and more than 30% near-term upside. Between these two projections, we're estimating strong total returns potential of about 24-35% over the near term!

Investor takeaway

Unlike the relatively expensive market, Manulife and Transcontinental offer value and massive upside. Moreover, in the case of another market correction, investors can get periodic returns from their decent dividends while they wait for the market to recover.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)
3. TSX:TCL.A (Transcontinental Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/02

Date Created

2019/03/23

Author

kayng

default watermark

default watermark