Don't Miss Out on Serious Dividends by Overlooking These Financial Stocks

Description

The following three stocks might be getting overlooked in favour of bigger financial investments – but are they worth buying? Today we'll go through some of the core performance metrics for a trio of tickers associated with the realms of finance, insurance, and asset management.

Power of Canada (TSX:POW)

If you're looking for a single stock that offers diversification across a broad range of sectors, while still focusing on the financials section of your portfolio, Power of Canada might just be the one to go for. Sometimes included in lists of insurance stocks, Power of Canada offers exposure to a much wider sweep of industries, such as renewable energy and asset management across North America, Europe, and Asia.

Its beta shows that Power of Canada moves precisely in line with the **TSX Index**, therefore offering moderate shielding from turbulence. However, various other metrics for Power of Canada are also moderate, such as its track record, balance sheet, and general quality. Respectively, one- and five-year past earnings growth rates of 0.1% and 3%, a debt level of 46.8% of net worth, and a one-year ROE of 9% add up to a mediocre stock.

However, there are three solid reasons to buy Power of Canada. First of all, it's good value for money, as can be seen in its market variables, coming in just under its book price and with a price-to-earnings ratio of 10.3. Second, its dividend yield of 5.35%, which has been stable and risen over ten years. And third, its outlook forecast, which, with a 32.8% projected growth in earnings, looks nice and solid.

Canadian Western Bank (TSX:CWB)

As the name suggests, this financial products and services provider operates largely in Western Canada, offering personal and business banking solutions. It's a cheap stock with a flawless overall track record and balance sheet, plus it pays a dividend.

Before we get around to its selling points, let's look at the downsides. Negative past-year returns of -14.4% saw Canadian Western Bank underperform the financial industry for the same 12 months, which itself returned -2.3%. While its earnings growth for this period was positive at 12%, its five-year earnings growth of 4.2% is fairly pedestrian.

Again, decent value for money goes toward this stock's buyability, with a P/E of 10.4 times earnings and P/B of 1.1 times book heralding attractive valuation. A dividend yield of 3.64% is perhaps the main reason to get invested, while an 8.5% expected growth in earnings adds to a stockholder's peace of mind.

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

An investor looking to cover the disparate bases of insurance and financial advice might want to think about owning shares in Manulife Financial, which also brings exposure to the wealth and asset management sector.

Manulife Financial had a good year, with an earnings growth of 175.9%, which should attract investors focused on past performance. Selling at book value and with a low P/E of 8.6 times earnings, it's also fairly cheap, which should satisfy the value investor. A dividend yield of 4.26% is on offer, with a minimal – but positive – 5.5% annual growth in earnings expected over the next couple of years.

The bottom line

Investors looking to make money with financial stocks have a relevant trio of options above. While they may not be outstanding in every regard, there's a lot to recommend all three. Manulife Financial is especially well-rounded, with a past-year ROE of 12% and well-covered debt at 39.4% making for a fairly good quality stock for financials investment on the **TSX Index** beyond the Big Six bankers.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:CWB (Canadian Western Bank)
3. TSX:MFC (Manulife Financial Corporation)
4. TSX:POW (Power Corporation of Canada)

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