10 Financial Stocks That Raised Dividends in Q1

Description

Several retail investors have adopted a dividend-growth strategy as a means to build strong and sustainable income. Many also depend on dividend companies in retirement, and financial stocks are key to Canadians, as they represent the highest weighting ont the TSX Index.

The dividend-growth strategy is growing in popularity as record-low interest rates make bonds and GICs much less attractive. One of the best places to start is the Canadian Dividend Aristocrat list. These are companies that have raised the dividend for at least five consecutive years.

Last week, we took a look at the many companies that either cut or suspended dividends. Thanks to recency bias, investors may not realize that the first quarter was also a strong one for dividend-growth investors.

In the first quarter, 40 Canadian Dividend Aristocrats raised the dividend. Thus far, we have looked at telecoms and energy stocks. Today, we look at the many financial stocks that raised dividends in the first quarter.

	Old	New	Percentage	Date
Intact Financial	$ 0.76	$ 0.83	9.21%	02/05/2020
Manulife Financial (TSX:MFC)(NYSE:MFC)	$ 0.25	$ 0.28	12.00%	02/12/2020
goeasy (TSX:GSY)	$ 0.31	$ 0.45	45.16%	02/12/2020
Great-West Lifeco	$ 0.413	$ 0.438	6.05%	02/13/2020
Canadian General Investments	$ 0.20	$ 0.21	5.00%	02/19/2020
Guardian Capital Group	$ 0.15	$ 0.16	6.67%	02/20/2020
Royal Bank of Canada	$ 1.05	$ 1.08	2.86%	02/21/2020
Canadian Imperial Bank of Commerce	$ 1.44	$ 1.46	1.39%	02/26/2020
Toronto Dominion Bank (TSX:TD) (NYSE:TD)	$ 0.74	$ 0.79	6.76%	02/27/2020
Canadian Western Bank	$ 0.28	$ 0.29	3.57%	02/27/2020

The big banks

When the big banks reported quarterly earnings in May, all eyes were on the dividends. Would the banks cut or suspend the dividends? The good news is that all banks maintained the dividends. Amid all the noise, investors may have forgotten that several banks had already announced their annual or semi-annual dividend raises.

Toronto-Dominion is one of the few banks that maintains an annual dividend raise schedule. Since this financial stock began raising dividends post-Financial Crisis, it has put together a nine-year dividend streak. February's 6.76% raise is likely to extend the streak to a decade.

It is worth noting that TD Bank has averaged approximately 10% annual dividend growth over the course of its streak — the highest growth rate among its peers. This is not surprising, as TD Bank has also grown earnings at the fastest rate. Likewise, it has the lowest payout ratio, and as such, it is among the safest dividends in the country.

For their part, Royal Bank and Canadian Imperial also came through their bi-annual raises. Unfortunately, don't expect a second raise in 2020. The OFSI has asked banks not to raise dividends at this time. How long this will last is unknown, but it is unlikely that any bank will raise again this year.

A leading insurer

Manulife is one of the largest insurance companies in North America. In early February, the company announced an impressive 12% raise, the seventh consecutive year in which it raised the dividend.

Can it end the year with the dividend intact? Manulife was one of the few Canadian financial stocks that cut the dividend during the Financial Crisis. In general, insurers were ill prepared and earnings evaporated.

This time it's different. Manulife is better capitalized and prepared to sustain a prolonged economic downturn.

An upcoming dividend star

One of the fastest-growing financial stocks is goeasy. The company has returned almost 200% over the past five years, and it is quickly becoming a very attractive income stock.

This alternative lender only joined the Canadian Dividend Aristocrat list in 2020, and has been raising the dividend at an impressive pace. The company's 45.16% February raise is among the highest of all Aristocrats in 2020. In fact, the company's five-year average of 29.5% is the second highest among all Aristocrats.

Even though earnings estimates are coming down, it is one of the companies in the sector that will actually grow earnings this year.

Are these financial stocks buys today?

The sector has been one of the hardest hit during this pandemic. Despite the current market optimism, many of the companies on this list are still trading at discounts to historical averages. Given this, financial stocks remain some of the best-valued companies on the TSX Index.

The big banks remain good investments and can be comfortably bought at any time. Manulife is among the cheapest insurers, and goeasy's share price has plenty of room to run.

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2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:GSY (goeasy Ltd.)
4. TSX:MFC (Manulife Financial Corporation)
5. TSX:TD (The Toronto-Dominion Bank)

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