Dividend Investing: 2 Financial Stocks to Watch

Description

While feelings around the stock market remain uneasy, dividend investing stocks can be had for relatively cheap. In particular, some blue-chip stocks are offering great total long-term return potential at current prices.

Now, there are sure to be more challenges ahead for Canadian stocks in the near term. It's therefore vital for investors to identify stocks that not only sport great yields, but that also have the resiliency to combat a market downturn.

When it comes to that criteria, **TSX** financial stocks are some of the best dividend investing options around. Today, we'll look at two such stocks that can generate solid total returns over a long investment horizon.

Manulife

Manulife Financial (TSX:MFC)(NYSE:MFC) is a multinational insurance and financial services company based out of Toronto.

Apart from a Canadian presence, Manulife operates in areas of Asia as well as under John Hancock Financial in the United States.

Similar to most other TSX stocks, this dividend investing star has been rather beaten up recently. As of this writing, the stock is trading at $18.42, while it was trading as high as $26.59 in late February.

While the drop in price can be worrisome to short-term investors, the company is healthy overall with a strong balance sheet. As such, this might simply represent a chance to get a high yield on discount.

The 6.09% yield on offer greatly exceeds the trailing five-year average of 3.72%. Plus, with a payout ratio of 44.4%, it's not an unsustainable figure by any means.

It's also worth pointing out that this dividend investing option is trading at a price/book ratio of 0.70.

While book value isn't always the most meaningful metric for financial stocks, many of the stocks in the financial and insurance sectors do tend to trade far above book value.

Plus, MFC frequently has traded at price/book ratios greater than one in the past. So, it seems Manulife can be had for a relatively modest price with an outsized yield.

National Bank

National Bank of Canada (TSX:NA) is the sixth-largest commercial bank based in Canada. It provides banking services to millions of customers across the country and has a presence in most provinces.

This stock has a solid track record for maintaining and growing the dividend it offers to investors. As such, it's a prime candidate for long-term dividend investing.

There's no question that National Bank is on the outside looking in when it comes to the Canadian bank stocks. However, optimistic investors might identify this as an opportunity for growth.

The bank draws nearly all its business from Ontario and Quebec. In fact, revenue from international operations barely exceeds 10%. As such, there's a real chance for National Bank to experience growth through geographic diversification.

As of this writing, National Bank is yielding 4.61%. While some other Canadian banks are beating that yield, investors looking for growth might favour National Bank.

With a near 5% yield on offer, the total return potential is there for long-term investors.

Dividend investing strategy

For long-term dividend investing, Manulife and National Bank are both solid options. Both offer great yields to investors with iron-clad stability and the potential for growth in the future.

If you're looking to add to a dividend investing strategy, these top financial stocks are worth a good look.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)
3. TSX:NA (National Bank of Canada)

PARTNER-FEEDS

1. Business Insider

2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date
2025/08/24
Date Created
2020/06/30
Author
jagseguin