



## Financial Stocks: 3 TSX Stars With Big Yields

### Description

Despite a recent recovery, the stock market is still far off even its mid-February levels. In particular, TSX financial stocks are trading at quite low levels relative to mid-February.

Of course, a tightening economy and lower interest rates will tend to have that effect. Pair that with the current global uncertainty, and it's not exactly shocking to see this trend.

Now, while these prices could be cause for concern in the short run, there are [long-term gains](#) to be had.

That's because these financial stocks are now offering massive yields, and over a long enough investment horizon these resilient stocks should bounce back.

A big yield combined with unit share price growth compounded over time, is a recipe for huge gains.

Today, we'll look at three such financial stocks poised to weather the economic storm and deliver long-term results.

### Manulife

**Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)) is an insurance and financial company with operations in the U.S., Canada, and Asia.

This financial stock has been trading relatively flat since June with a price of \$18.62 at the time of writing. The stock was trading as high as \$26.59 as recently as February 20.

Given the factors outlined above, it's not surprising to see MFC trading at a lower price point. However, this price level offers investors the chance to now lock in an attractive yield.

As of this writing, MFC is yielding 5.99%. Given the stock's five-year average yield sits at 3.77%, there seems to be excess yield on offer.

Plus, while revenues have been pinched lower, the payout ratio is still only 44.4%, so the yield is still very reliable.

## National Bank

**National Bank of Canada** ([TSX:NA](#)) is a major commercial bank operating out of Montreal. It has a presence in most of the provinces across Canada.

This financial stock has been hit hard by the pandemic, but, like MFC, it has essentially traded flat through June and July.

As of this writing, NA is trading at \$61.48 and yielding 4.62%. With a five-year average yield of 4.24%, the yield on offer now is only in slight excess of the five-year average.

However, some financial stock investors would be quick to point out the growth prospects for a bank like NA. It's already quite a large stock as is, and it hasn't fully tapped the Canadian market or explored much abroad.

If you're willing to bank on NA's ability to expand in the future, this stock could be a win-win with a solid yield and great growth prospects.

## Top financial stock: RBC

Speaking of major commercial banks in Canada, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is Canada's largest bank by market cap.

As a major financial stock, it's experienced some turbulence in the market as of late. As of this writing, the stock trades for \$93.53 and yields 4.61%.

Despite tough conditions in the short term, RY has shown time and time again its [resiliency](#) and fortitude. This financial stock has a long-standing streak for maintaining its dividend — even through the recent financial crisis.

Given the yield on offer now exceeds the five-year average by nearly 1%, it seems investors can score a big yield with one of Canada's most reliable financial institution. This is a sure-fire way to have a great shot at massive long-term gains.

## Financial stock strategy

Each of these financial stocks has something to offer long-term investors.

While times are tough now, these stocks have the potential to perform very well over the long run, all the while providing juicy dividend income along the way.

If you're looking to add financial stocks to a portfolio, these three names should be given a solid look.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## TICKERS GLOBAL

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

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