



## Bargain Alert: 3 High-Yield Financial Stocks on Sale Right Now

### Description

Stock prices in the Canadian financial sector are still down significantly since March. However, the low share prices of many of the largest financial institutions in the country means that the dividend yields on some of these stocks remain near 10-year highs. These three blue-chip financial stocks currently offer investors starting yields above 5%.

### Great-West Lifeco

**Great-West Lifeco** ([TSX:GWO](#)) is one of the largest life insurance companies in Canada and has been around for over 125 years. The company is a relatively typical life insurance company. Great-West offers life and health insurance as well as asset management and investment services. Great-West does have some operations in the United States and Europe. However, most Great-West's earnings come from Canada.

Great-West recently reported Q2 2020 earnings. Net earnings almost doubled from \$0.49 per share in Q2 2019 to \$0.93 per share in Q2 2020. These results were for the months of April-June. Therefore, Great-West appears to be doing a good job navigating the challenging environment in 2020.

Great-West currently pays a quarterly dividend of \$0.438 per share. This equates to a starting dividend yield of just under 7%. Great-West raised the dividend \$0.025 per share, or 6%, for the March dividend payment. However, this dividend increase was announced in February, before the economic shutdown began.

Therefore, investors will need to keep an eye on future announcements from the company to get an idea of whether there are plans for a 2021 dividend increase.

### CIBC

**Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) ("CIBC") is the smallest of the Big Five Canadian banks by market capitalization. However, CIBC has a long and storied history just like the

bank's larger peers. CIBC began operations in 1867 as the Canadian Bank of Commerce.

CIBC has relatively [modest exposure](#) to the retail and energy sectors. Retail companies account for just 3% of CIBC's total loan portfolio. Additionally, energy companies only account for approximately 5% of the loan portfolio. This is going to provide some cushion for CIBC going forward, as the bank does not have significant exposure to these two struggling sectors.

CIBC pays a quarterly dividend of \$1.46 per share. This results in a starting yield of just over 6%. CIBC increased the dividend for the Q1 dividend payment. The dividend was increased by \$0.02 per share, or 1.4%. This raise was announced in February, before the full-scale economic shutdown occurred in North America. Therefore, it is unclear whether CIBC intends to raise the dividend again in Q1 2021.

## Manulife Financial

**Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)) is the largest insurance company in Canada by market capitalization and revenue. Manulife primarily operates in the insurance and wealth management spaces. Manulife's roots go back to 1887, when the company was founded as The Manufacturers Life Insurance Company.

Manulife has a large presence outside Canada. Manulife owns the John Hancock brand in the United States and has a sizeable presence in Asia. Not even Canadian banks have significant Asian presence. Therefore, Manulife is geographically diversified far more than most other Canadian financial institutions are.

Manulife pays a quarterly [dividend](#) of \$0.28 per share. This equates to a starting yield of around 5.5%. Manulife increased the quarterly dividend by \$0.03 per share, or 12%, in February. This indicates that Manulife is committed to maintaining the generous dividend as well as increasing it.

However, the recent dividend increase came just before the March market crash. Therefore, investors should not expect such a large dividend increase in 2021.

## Takeaway



[GWO Dividend Yield](#) data by [YCharts](#)

The market turbulence in 2020 has kept the share prices of Canadian financial stocks down. However, these low share prices present opportunity in the form of high dividend yields. Dividend investors looking for blue-chip financial stocks with high dividend yields should seriously consider Great-West, CIBC, and Manulife.

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1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:GWO (Great-West Lifeco Inc.)
5. TSX:MFC (Manulife Financial Corporation)

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