



## Financial Stocks: The Next Investment Trend

### Description

Financial stocks might be a good bet on the **Toronto Stock Exchange** today. Many of these stocks are still trading lower than their 52-week highs, meaning there could be some upside profit potential. Over the long term, some of these big-name financial stocks are generally excellent investments for a retirement portfolio.

Some investment management professionals have commented on a slight trend away from technology stocks and into the financial sector. This may mean that financial stocks will be big gainers during the remaining months in 2020.

There's still some risk of investing in these stocks. The COVID-19 pandemic is not over. That said, taking a long-term view of over two years on your investment decisions today will save you costs from stress and worry.

Practice patience and keep some cash set aside for emergencies so that you won't have to sell any stock market investments for a loss.

Here are two financial stocks to consider buying today.

### Manulife Financial stock reports a strong balance sheet

**Manulife Financial Corp** ([TSX:MFC](#))([NYSE:MFC](#)) dropped to a 52-week low of \$12.58 during the March 2020 market crash. Previously, investors traded the financial stock near a 52-week high of \$27.78. At the time of writing the Manulife Financial stock is selling for \$18.27 per share.

Roy Gori, President & CEO of Manulife Financial, expressed confidence the firm's ability to weather the effects of the COVID-19 pandemic on its core businesses:

"I am confident that Manulife is well positioned to navigate this challenging new environment. Our balance sheet and capital levels remain strong, we continue to make

solid progress against our five priorities, and we delivered solid core earnings of \$1.6 billion, up 5% from the prior year quarter amid a challenging operating environment, which highlights the diversity and resilience of our businesses.”

Diversity reflects the financial firm's ability to remain profitable despite some weaknesses resulting from the current economic environment. If you are looking for a financial stock to buy in 2020, then Manulife Financial Corp should be one of your top picks.

The dividend yield is more than decent at 6.13% annually at the current share price. This financial stock would add a great income boost to your retirement portfolio, [Tax-Free Savings Account](#) (TFSA), or Registered Retirement Savings Plan (RRSP).

## Sun Life Financial Inc. struggles with low-interest rates

**Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) fell to a 52-week low of \$35.43 from a high of \$66.44 per share. At the time of writing, investors are trading the financial stock for \$53.07.

Compared to Manulife, Sun Life Financial offers shareholders a lower [annual dividend yield](#) of 4.15%. This shouldn't dissuade you from investing in this top name player on the TSX. Nevertheless, there are some risks associated with this financial stock.

Sun Life's second-quarter earnings report indicated negative pressure on net income from low-interest rates.

“While the pandemic increased death claims in the second quarter, and resulted in elevated credit charges, our underlying growth and well-balanced business mix delivered underlying net income level with the prior year. The declines in our reported net income reflect lower interest rates and credit spreads. We saw declines in our insurance sales compared to the second quarter of 2019 reflecting pandemic lockdowns. Wealth and asset management sales grew significantly over the prior year. Sun Life's capital position remained strong and cash flows, liquidity and leverage are healthy.”

Low interest rates have constrained credit spreads, reducing margins. Moreover, insurance sales are declining due to COVID-19 pandemic.

Buying when a company is experiencing temporary pain isn't a bad idea. You can get pretty good deals if you take this approach. The problem comes into play when thinking about the time-horizon before you see returns.

Some experts are saying that the COVID-19 pandemic will influence the world throughout 2021 and possibly into 2022.

Before you make any investment decisions, weigh your options, and ensure you are buying into the stocks that are going to give you the best long-term returns. Financial stocks may or may not be the way to go right now. Nevertheless, some investment professionals are willing to take the risk on these beaten-down stocks to profit over the long-term.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

## **TICKERS GLOBAL**

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)
3. TSX:SLF (Sun Life Financial Inc.)

## **PARTNER-FEEDS**

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

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## **Date**

2025/08/24

## **Date Created**

2020/09/25

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