



This Dividend Stock Is an August Must-Buy Following its July Jump

Description

It's an uncertain time for many investors, with the markets roaring into the month of August. Second-quarter earnings haven't been stellar by any stretch of the imagination. In fact, the results haven't even been anything to write home about, for the most part. In any case, many investors were biting their nails going into the Q2 earnings season. And with such low expectations, it did not take a heck of a lot to cause many anxious investors to breathe a sigh of relief. Indeed, earnings haven't been as abysmal as expected, given the recession on the minds of everyone these days.

The main question on the minds of investors is whether July 2022 marks the beginning of a new bull market or if it's another bull trap.

This raging bull sees the TSX Index soaring to 24,000

Many bearish pundits were quick to double down on their ominous theses following the July jump, calling for a quick reversal and noting that the bear market isn't yet over. The bulls are likely to pound the table, noting that the second half could see an epic rebound. **Bank of Montreal** analyst Brian Belski has been incredibly bullish through the turbulence in the first half. Belski sees a "face ripper" of a rally up ahead, with a 24,000 price target for the TSX Index. That's a more than 22% gain off of today's levels!

Undoubtedly, Belski is one of few bulls that haven't turned bearish by lowering the bar on recommendations or taking a bearish pivot in response to high inflation and the looming Canadian recession. Though there are likely to be a couple of bears for every bull on Bay and Wall Street, I think investors shouldn't be so pessimistic at this juncture. Not with the TSX still off around 11% from its high. If you know where to look, there are opportunities to be had.

In this piece, we'll have a closer look at one glimmer of value that I think can add to their July gains over the next 12 months. Consider **IA Financial** ([TSX:IAG](#)), a financial stock that's exclusive to the TSX Index.

IA Financial

Shares of insurance and wealth management firm IA Financial were up more than 9% in July, thanks in part to the broadening market rebound and a solid second quarter to close off the month. Going into August, I think IA stock has a nice foundation for a sustained move to much higher levels.

For the second quarter, core earnings per share (EPS) were up 4% year over year to \$2.37. That's comfortably above the consensus estimate of \$2.06. Individual insurance sales in Canada and the U.S. were up a solid 34% year over year, reflecting a solid recovery in demand. Various analysts upgraded IAG stock on the quarter, praising the firm for its rebound quarter.

With a well-covered 3.83% dividend yield and an [absurdly low](#) 1.4 price-to-book (P/B) multiple, which is lower than the investment service industry average of around 1.6, IAG stock still has room to the upside, as investors have a chance to digest the solid numbers.

At 9.5 times price-to-earnings (P/E), shares are also discounted to the industry average P/E of 20.7. IA may not be growing as fast as its peers. But there's no denying the value to be had, as the firm continues to push for improvement in the face of an economic slowdown.

CATEGORY

1. Investing

TICKERS GLOBAL

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