3 Top TSX Financial Stocks to Buy in November 2022

Description

With a recession that many economists believe is soon to arrive in Canada, investors should turn their heads to top TSX financial stocks that could be excellent buys this month for long-term investment.

When it comes to financial stocks, investors naturally think of big Canadian bank stocks that have an excellent history of paying safe dividends. Since eligible Canadian dividends are favourably taxed, Canadians can't get enough of them. It follows that insurance stocks are another good source of dividend income. In the financial space, let's not forget asset managers that have been long-term outperformers.

Here are top TSX financial stocks from each of these industries.

Top Canadian bank stock

Toronto-Dominion Bank (TSX:TD) is a top bank stock with a resilient stock price. Additionally, analysts anticipate the leading North American bank to experience above-average earnings-per-share (EPS) growth of about 8.7% per year over the next three to five years.

TD focuses on retail banking in Canada and the United States. Despite the U.S. having experienced a technical recession recently, the country's economy remains one of the strongest around the globe. The Federal Reserve is also increasing interest rates at a faster pace than others, which has made the U.S. currency stronger than others. Therefore, when TD reports its earnings in Canadian dollars, the earnings will be elevated from a stronger greenback.

At $86.77 per share at writing, TD stock is a good value for long-term investment. It offers a nice initial dividend yield of 4.1%. Investors' yield on cost will increase over time as the stock raises its dividend.

A darling insurance stock for dividends

Sun Life Financial (TSX:SLF) is a darling life and health insurance stock that has outperformed its peers in total returns in the long run. In fact, it just reported solid third-quarter results that witnessed underlying EPS growth of 5.2% to $1.62, and the underlying return on equity (ROE) was 15.5%.

Also, it followed up with a quarterly dividend increase that is 9% higher compared to what it was a year ago. The dividend stock reacted with a 3.1% pop on Thursday.

Sun Life's year-to-date results also prove to be stable given today's macroeconomic environment. Its underlying EPS climbed 2% to $4.58, and its underlying ROE was 14.9%.

Because of the high inflationary and rising interest rate environment, the quality shares trade at about 9.8 times earnings — a discount of about 17% from its long-term normal valuation.

It's a resilient stock that investors can buy now, especially on any weakness. Simply sit back and collect growing dividends.

Don't forget this long-term financial stock winner

Brookfield Asset Management (TSX:BAM.A) stock has delivered market-beating total returns in the long run. The large-cap stock's correction of about 31% is a good opportunity to accumulate shares for the inevitable upside that will come when the macro environment improves.

BAM has extensive experience in owning and operating assets with a focus on areas across real estate, infrastructure, renewable power, private equity, and credit. It continues to aim for a long-term return of 12-15% on its investments.

Notably, it's about to spin off its asset management business (by the end of the year) that will continue to trade under the ticker TSX:BAM. The parent, Brookfield Corporation, will trade under TSX:BN.

CATEGORY

1. Investing
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TICKERS GLOBAL

1. TSX:BN (Brookfield)
2. TSX:SLF (Sun Life Financial Inc.)
3. TSX:TD (The Toronto-Dominion Bank)

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kayng