3 Cheap Financial Stocks to Buy Now and Never Sell

Description

The Big Six banks are really underrated. Right now, shares aren't doing as well as they were during the last few years. But it's important to note that Canadian bank stocks are strong choices if you want stable growth.

That's mainly because these financial stocks have been around for decades — in some cases, over 100 years! Because of this, they're great choices for those seeking a long-term buy-and-hold strategy.

Today, I'm going to go over the top three financial stocks I would choose among the Big Six banks. Furthermore, based on past growth, here's how much a $10,000 investment could make you in another 20 years.

Top growth

If you're looking for a top growth stock among the best financial stocks, then I'd go with **Bank of Montreal** (TSX:BMO). BMO stock has been around for about 200 years, which is absolutely insane. Yet right now, it's the best growth stock of the Big Six banks. How could that possibly be?

It comes down to expansion. BMO stock is expanding into the United States through a purchase of Bank of the West. That's not the only way it's been expanding, though. BMO stock took advantage of the lower interest rates and now is seeing the dividends of that. And that's exactly what you can lock in, too.

BMO stock trades at just 6.64 times earnings with a dividend at 4.26% as of writing. Shares are up 661% in the last two decades for a compound annual growth rate (CAGR) of 10.67%. Meanwhile, the dividend offers a CAGR at 6.79% in the last decade. Together, this could turn a $10,000 investment into $38,784 in a decade with dividends reinvested.

Top income

If you're seeking out income specifically, it doesn't get much better than **Canadian Imperial Bank of Commerce** (TSX:CM) among financial stocks. CIBC stock has long been the king of the dividend bank stocks. The company also is far cheaper after a stock split this year. So, you can lock up whatever you can afford.

And you want to lock it in at these rates. CIBC stock still trades at just 8.47 times earnings and offers the highest dividend yield of the Big Six banks at 5.17% as of writing! Plus, this company has been expanding as well into emerging markets, and its focus on its customer service has really improved the company's bottom line. So, you'll want to buy up this company before it recovers.

Meanwhile, you can lock in these rates for some strong historical growth as well. Shares are up 578% in the last two decades (adjusted for the stock split), for a CAGR at 10.04%. The dividend has also seen a CAGR of 6.03% in that time. Together, this could turn $10,000 into $41,055 with dividends reinvested in just a decade.

Both!

If you're looking for growth from income as well as growth in business from financial stocks, then I'd look at **Toronto-Dominion Bank** (TSX:TD). TD stock is a top choice, as it continues to dominate the American markets as one of the top 10 banks in the country. But it's also growing thanks to partnerships with credit card companies and expanding its wealth and commercial management sector.

Beyond this, it should continue to do well, even during a recession. Its loan growth remains stable thanks to offering its clients many ways of paying down or taking out loans. Though, of course, this will likely shrink in the near term, it should recover quicker than its peers because of these options.

Shares of TD stock trade at just 9.63 times earnings, with a 4.16% dividend yield. It's grown 998% in the last 20 years — a CAGR of 12.72%. Further, its dividend has grown by a CAGR of 9.4% in that time. Combined, a $10,000 investment could become $47,178 with dividends reinvested!

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BMO (Bank Of Montreal)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred

6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. alegatewolfe
2. kduncombe

Category

1. Bank Stocks
2. Investing

Date
2025/10/01
Date Created
2022/12/05
Author
alegatewolfe