



2 Top TSX Financial Stocks to Buy in January 2023

Description

Diversifying your portfolio is always a good idea. Part of that diversification should always include one or more of the top TSX financial stocks. Fortunately, the market gives us plenty of options to choose from.

Here are two top TSX financial stocks you may want to buy this month.

Opportunity is knocking with this financial behemoth

When it comes to the top TSX financial stocks, we often think first of the [big banks](#). There's a good reason for that view. The big banks offer reliable revenue streams, [juicy dividends](#), and stellar long-term growth potential.

But which of the big banks should you consider buying in January 2023? I see **Bank of Montreal (TSX:BMO)** as the bank to consider for any portfolio.

Despite operating a reliable business model, BMO and its big bank peers were not immune to the volatile market we saw in 2022. In fact, over the trailing 12-month period, BMO has dipped nearly 11%.

That drop has had a spillover effect in several areas. First, the drop has made BMO a discounted gem to consider right now. As of the time of writing, BMO boasts an impressive P/E of just 6.6, which is the lowest amongst its big bank peers.

Adding to that, BMO's dividend yield has swelled to a juicy 4.31%. This means that a \$40,000 investment will earn an income of over \$1,730 in the first year. Throw in nearly two centuries of payouts without fail and anticipated annual bumps, and you have one of the top TSX financial stocks to buy for any portfolio.

And that's still not all.

Turning to growth, BMO remains a stellar option for any investor. Apart from its reliable domestic

banking unit, BMO is aggressively expanding into the lucrative U.S. market. Part of that expansion includes the massive US\$16.3 billion deal to acquire California-based Bank of the West.

Once the deal is complete (expected later this year), BMO will gain access to several new U.S. state markets, millions of new customers, and billions in loans and deposits.

In other words, BMO is a long-term pick you want to buy now.

Growth comes naturally for this stock

It's not just the big banks that round out the top TSX financial stocks. Another option to consider right now is **Manulife Financial** ([TSX:MFC](#)).

Manulife is the largest insurer in Canada, and one of the largest on the planet. The company's commanding position over the Canadian insurance market provides a stable revenue stream, allowing it to expand to foreign markets.

Manulife has taken an aggressive stance on growth and shows no signs of slowing down. In fact, speaking at the World Economic Forum in Davos this week, Manulife CEO Roy Gori summed its prospects up nicely: "We are in growth mode,".

That growth is coming primarily from Asian markets. Manulife has branched out to Asia in recent years, setting up exclusivity agreements with prominent banks in regional markets. This allowed the insurer to quickly get a foothold into multiple markets across Asia, without significant upfront investment.

Manulife's stellar growth prospects will also help the company continue to pay out its juicy dividend. As of the time of writing, Manulife boasts a yield of 5.21%, making it one of the better-paying options on the market.

And that's not all. Manulife continues to offer investors juicy bumps to that dividend. The most recent uptick was a whopping 18% increase that took effect last year.

As of the time of writing, Manulife trades at an attractive P/E of 6.8, making it a discounted, high-yielding top TSX financial stock your portfolio needs.

Will you buy these top TSX Financial stocks?

No investment is without risk and finding the right mix of stocks takes time and patience. Fortunately, both of the above stocks are well-diversified within their respective areas and have huge growth potential.

In my opinion, one or both stocks would do well as part of a larger, well-diversified portfolio.

Buy them, hold them, and watch them grow.

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2. TSX:BMO (Bank Of Montreal)
3. TSX:MFC (Manulife Financial Corporation)

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