

2 Value Stocks With Strong Dividends

Description

In today's market, it's difficult to find quality, dividend-paying stocks at attractive valuations. Look at the investment section of your local newspaper, and you will quickly see the number of companies with stock prices hitting 52-week highs far outnumber those establishing new lows.

And that may not necessarily be a bad sign. Market breadth, the number of stocks that participate in a rally and contribute to advancing the **S&P/TSX Composite Index** (TSX:^OSPTX) may be a positive indicator of future gains. Conversely, market prognosticators believe the fewer stocks that drive the market higher, the more fragile the rally and the greater the likelihood of a correction.

Despite the challenge, I set out to find two stocks that meet my investment screen of a dividend yield greater than 4%, trailing price-to-earnings ratio under 12, and a price-to-book ratio of 1.50 or better during the most recent quarter. The price-to-book ratio, or P/B, is a company's market capitalization divided by the amount of shareholder's equity. If less than 1.0, the company is selling below its theoretical liquidation value and could be considered a value.

Here are two companies that found their way onto my watch list based upon the above criteria.

Bell Aliant

One of North America's largest regional communications providers, **Bell Aliant Inc.** (TSX: BA) provides voice, data, internet, video and business services to customers across Atlantic Canada, Ontario, and Quebec. Bell Aliant competes with some of the communications heavyweights, including **Rogers Communications** (TSX: RCI.B)(NYSE: RCI) and **Telus** (TSX: T)(NYSE: TU).

Here is how Bell Aliant performed against the criteria:

- Dividend yield: 7.07%
- P/E: 9.19
- P/B: 0.83

Bell Aliant announces first quarter results today.

Laurentian Bank of Canada

Headquartered in Montreal, and employing around 4,000 people, **Laurentian Bank of Canada** (TSX: LB) offers financial services to individuals and to small and medium sized business through a network of approximately 155 branches — including 39 financial services boutiques, 16 brokerage offices, and 35 commercial banking centers.

The bank also provides investment accounts and services to financial advisors and brokers, as well as full-service brokerage services through Laurentian Bank Securities. In addition to Canada's big five banks, Laurentian Bank of Canada competes with **National Bank of Canada** (TSX: NA) and **Canadian Western Bank**

([TSX: CWB](#)).

Here is how Laurentian Bank performed against the criteria:

- Dividend yield: 4.31%
- P/E: 11.79
- P/B: 1.07

Laurentian Bank announces second quarter results on June 4.

Foolish bottom line

Using a screen to uncover companies that meet specific investment criteria is a good first step. However, it is just that – a first step. Value investors should conduct additional analysis to determine whether Bell Aliant or Laurentian Bank are suitable investments aligned with their long-term objectives.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:LB (Laurentian Bank of Canada)
2. TSX:NA (National Bank of Canada)
3. TSX:RCI.B (Rogers Communications Inc.)
4. TSX:T (TELUS)

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