



3 Cheap Stocks I'd Buy With an Extra \$5,000

Description

As many investors have come to know, finding the right stock at the right price is a difficult task. To make things easier, I have compiled a list of three stocks that are trading at inexpensive forward valuations compared with their five-year averages, so let's take a closer look at each to determine which one would fit best in your portfolio.

1. Fairfax Financial Holdings Ltd.

Fairfax Financial Holdings Ltd. ([TSX:FFH](#)) is a holding company which, through its subsidiaries, is one of the largest providers of property and casualty insurance in the world. At today's levels, its stock trades at just 16.8 times fiscal 2015's estimated earnings per share of \$39.38 and only 14.1 times fiscal 2016's estimated earnings per share of \$46.92, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 28.8. In addition, the company pays an annual dividend of \$10 per share, giving its stock a 1.5% yield at current levels.

2. RONA Inc.

RONA Inc. (TSX:RON) is one of the largest retailers of hardware, building materials, and other home improvement products in Canada. At current levels, its stock trades at just 16.3 times fiscal 2015's estimated earnings per share of \$0.93 and only 14.6 times fiscal 2016's estimated earnings per share of \$1.04, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 21.2. Additionally, the company pays an annual dividend of \$0.14 per share, which gives its stock a 0.9% yield at today's levels.

3. Cameco Corporation

Cameco Corporation ([TSX:CCO](#))([NYSE:CCJ](#)) is one of the world's largest producers of uranium. At today's levels, its stock trades at just 16 times fiscal 2015's estimated earnings per share of \$1.14 and only 13.7 times fiscal 2016's estimated earnings per share of \$1.33, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 27.3. In addition, the company pays an annual dividend of \$0.40 per share, giving its stock a 2.2% yield at current levels.

Which of these cheap stocks should you buy today?

Fairfax Financial, RONA, and Cameco all trade at inexpensive forward valuations compared with their five-year averages. Foolish investors should take a closer look and strongly consider establishing long-term positions in at least one of them.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. TSX:CCO (Cameco Corporation)
3. TSX:FFH (Fairfax Financial Holdings Limited)

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Date

2025/07/28

Date Created

2015/06/22

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