3 Inexpensive Dividend-Paying Stocks I'd Buy With an Extra $5,000

Description

As many investors know, finding the right stock at the right price is not as easy task. In order to make things easier, I have compiled a list of three dividend-paying stocks that are trading at inexpensive 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. Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is one of the 10-largest banks in Canada, with $439.2 billion in total assets. At today's levels, its stock trades at 10 times fiscal 2015's estimated earnings per share of $9.27 and 9.6 times fiscal 2016's estimated earnings per share of $9.58, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 11.4. In addition, the company pays a quarterly dividend of $1.09 per share, or $4.36 per share annually, giving its stock a 4.7% yield.

2. Stantec Inc.

Stantec Inc. (TSX:STN)(NYSE:STN) is one of the world's leading providers of architectural, engineering, and environmental services. At current levels, its stock trades at 18.4 times fiscal 2015's estimated earnings per share of $1.96 and 16 times fiscal 2016's estimated earnings per share of $2.25, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 31.9. Additionally, the company pays a quarterly dividend of $0.105 per share, or $0.42 per share annually, which gives its stock a 1.2% yield.

3. Reitmans (Canada) Limited

Reitmans (Canada) Limited (TSX:RET.A) is one of the largest retailers of women's apparel in Canada. At today's levels, its stock trades at 18.7 times fiscal 2015's estimated earnings per share of $0.35 and 14.8 times fiscal 2016's estimated earnings per share of $0.44, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 23.5. In addition, the company pays a quarterly dividend of $0.05 per share, or $0.20 per share annually, giving its stock a 3.1% yield.

Which of these stocks should you be a buyer of?

Canadian Imperial Bank of Commerce, Stantec, and Reitmans could all outperform the overall market going forward, while also providing dividend income. Long-term investors should take a closer look and strongly consider beginning to scale in to positions in at least one of them.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

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