



## 3 Undervalued Stocks That Could Outperform Their Industries

### Description

As self-investors know, finding the right stock at the right price can be a tough task, and it is even tougher to find a stock that can provide both growth and dividend income. To make things easy for you, I have found three dividend-paying stocks that are trading at significant discounts compared to their industry average price-to-earnings multiples, so let's take a closer look at each to determine which would be the best fit for your portfolio.

#### 1. Intact Financial Corporation

**Intact Financial Corporation** ([TSX:IFC](#)) is one of the leading providers of property and casualty insurance in Canada. At today's levels, its stock trades at 14.4 times fiscal 2015's estimated earnings per share of \$6.33 and 13.4 times fiscal 2016's estimated earnings per share of \$6.79, both of which are inexpensive compared to the industry average price-to-earnings multiple of 16.6. In addition, the company pays a quarterly dividend of \$0.53 per share, or \$2.12 per share annually, giving its stock a 2.3% yield.

#### 2. The Jean Coutu Group Inc.

**The Jean Coutu Group Inc.** (TSX:PJC.A) is one of the largest operators of pharmacies in Canada. At current levels, its stock trades at 17.2 times fiscal 2015's estimated earnings per share of \$1.18 and 16.5 times fiscal 2016's estimated earnings per share of \$1.23, both of which are inexpensive compared to the industry average price-to-earnings multiple of 24.3. Also, the company pays a quarterly dividend \$0.11 per share, or \$0.44 per share annually, which gives its stock a 2.2% yield.

#### 3. Linamar Corporation

**Linamar Corporation** ([TSX:LNR](#)) is one of the world's largest manufacturers of powertrain systems. At today's levels, its stock trades at 12.7 times fiscal 2015's estimated earnings per share of \$6.42 and 11.9 times fiscal 2016's estimated earnings per share of \$6.85, both of which are inexpensive compared to the industry average price-to-earnings multiple of 27.1. Additionally, the company pays a quarterly dividend of \$0.10 per share, or \$0.40 per share annually, giving its stock a 0.5% yield.

## Should you go long with one of these stocks today?

Intact Financial, Jean Coutu, and Linamar represent three of the most attractive long-term investment opportunities in the market today. Foolish investors should strongly consider beginning to scale in to positions in one or more of them right now.

### CATEGORY

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

### TICKERS GLOBAL

1. TSX:IFC (Intact Financial Corporation)
2. TSX:LNR (Linamar Corporation)
3. TSX:TLRY (Aphria)

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