



3 Small Caps That Could Generate Explosive Returns

Description

As many investors have realized, it can be very difficult finding the right stock at the right price, but the recent downturn in the market has created a plethora of opportunities. Let's take a look at three dividend-paying small caps that are now trading at inexpensive valuations compared with both their five-year and industry averages to determine which would fit best in your portfolio.

1. Laurentian Bank of Canada

Laurentian Bank of Canada ([TSX:LB](#)) is one of the largest financial institutions in Canada, with approximately \$39.6 billion in total assets. At today's levels, its stock trades at 8.7 times fiscal 2015's estimated earnings per share of \$5.61 and 8.3 times fiscal 2016's estimated earnings per share of \$5.87, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 10.4 and its industry average multiple of 11.4.

Also, Laurentian Bank pays a quarterly dividend of \$0.56 per share, or \$2.24 per share annually, giving its stock a 4.6% yield.

2. Whistler Blackcomb Holdings Inc.

Whistler Blackcomb Holdings Inc. ([TSX:WB](#)) owns and operates a four-season mountain resort business in British Columbia. At current levels, its stock trades at 38.8 times fiscal 2015's estimated earnings per share of \$0.56 and 26.8 times fiscal 2016's estimated earnings per share of \$0.81, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 39.8 and its industry average multiple of 40.9.

In addition, Whistler Blackcomb pays a quarterly dividend of \$0.24375 per share, or \$0.975 per share annually, which gives its stock a 4.5% yield.

3. Aecon Group Inc.

Aecon Group Inc. ([TSX:ARE](#)) is one of Canada's largest construction and infrastructure development companies. At today's levels, its stock trades at 14.2 times fiscal 2015's estimated earnings per share

of \$0.92 and 13.2 times fiscal 2016's estimated earnings per share of \$0.99, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 37.7 and its industry average multiple of 25.4.

Additionally, Aecon Group pays a quarterly dividend of \$0.10 per share, or \$0.40 per share annually, giving its stock a 3.1% yield.

Which of these small caps should you buy?

Laurentian Bank of Canada, Whistler Blackcomb Holdings, and Aecon Group represent three of the top value plays in their respective industries, and all have the added benefit of dividend yields of over 3%. Foolish investors should take a closer look and strongly consider buying one or more of them today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ARE (Aecon Group Inc.)
2. TSX:LB (Laurentian Bank of Canada)

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