3 Beaten-Down Stocks With Significant Upside Potential

Description

If you're looking to add value-based investments to your portfolio, then you've come to the right place. I have scoured the market and found three beaten-down stocks that are now trading at inexpensive valuations compared with their five-year averages, so let's take a closer look at each to determine which would be the best fit for your portfolio.

1. Hudson's Bay Co

Hudson's Bay Co (TSX:HBC) is one of the largest retailers in North America and is the company behind retail brands such as Saks Fifth Avenue, Lord & Taylor, and Hudson's Bay. At today's levels, its stock trades at 39.9 times fiscal 2016's estimated earnings per share of $0.52 and 30 times fiscal 2017's estimated earnings per share of $0.69, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 48.7.

In addition, Hudson's Bay pays a quarterly dividend of $0.05 per share, or $0.20 per share annually, giving its stock a 1% yield.

2. Home Capital Group Inc.

Home Capital Group Inc. (TSX:HCG) is one of the largest financial institutions in Canada, with approximately $20.5 billion in total assets. At current levels, its stock trades at 7.8 times fiscal 2015's estimated earnings per share of $4.15 and 7.4 times fiscal 2016's estimated earnings per share of $4.35, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 10.1.

Additionally, Home Capital Group pays a quarterly dividend of $0.22 per share, or $0.88 per share annually, which gives its stock a 2.7% yield.

3. Linamar Corporation

Linamar Corporation (TSX:LNR) is one of the world's largest manufacturers of powertrain system solutions. At today's levels, its stock trades at 10.3 times fiscal 2015's estimated earnings per share of

$6.53 and 9.4 times fiscal 2016's estimated earnings per share of $7.14, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 12.8.

Also, Linamar pays a quarterly dividend of $0.10 per share, or $0.40 per share annually, giving its stock a 0.6% yield.

Should you add one of these stocks to your portfolio?

Hudson's Bay, Home Capital Group, and Linamar are three of the most attractive value plays in their respective industries. Foolish investors should take a closer look and consider buying one or all of them today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:HCG (Home Capital Group)
2. TSX:LNR (Linamar Corporation)

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