



3 Top Stock Picks for Long-Term Investors

Description

As individual investors can attest, finding the right stock at the right price can be a very difficult task. Well, to make things easier for you, I have done the ground work and found three dividend-paying stocks that are trading at inexpensive forward valuations, so let's take a closer look to determine which would be the best fit for your portfolio.

1. Open Text Corporation

(All figures are in U.S. dollars)

Open Text Corporation (TSX:OTC)([NASDAQ:OTEX](#)) is one of the world's largest providers of enterprise information management, business process management, customer experience management, and cloud solutions.

At today's levels, its stock trades at just 17.5 times fiscal 2016's estimated earnings per share of \$3.50 and only 16.6 times fiscal 2017's estimated earnings per share of \$3.68, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 27.6 and its five-year average multiple of 27.8.

I think Open Text's stock could consistently trade at a fair multiple of at least 20, which would place its shares upwards of \$73 by the conclusion of fiscal 2016, representing upside of more than 19% from current levels.

In addition, the company pays a quarterly of \$0.20 per share, or \$0.80 per share annually, giving its stock a 1.7% yield.

2. Pembina Pipeline Corp.

Pembina Pipeline Corp. ([TSX:PPL](#))([NYSE:PBA](#)) is one of the leading transportation and midstream service providers to North America's energy industry.

At current levels, its stock trades at just 32.7 times fiscal 2015's estimated earnings per share of \$1.09

and only 24.7 times fiscal 2016's estimated earnings per share of \$1.44, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple 41.4 and the latter of which is inexpensive compared with its five-year average multiple of 32.3.

I think Pembina's stock could consistently trade at a fair multiple of at least 32, which would place its shares upwards of \$46 by the conclusion of fiscal 2016, representing upside of more than 29% from today's levels.

Also, the company pays a monthly dividend of \$0.1525 per share, or \$1.83 per share annually, which gives its stock a 5.1% yield.

3. Power Financial Corp.

Power Financial Corp. (TSX:PWF) is a diversified management and holding company that has interests, directly or indirectly, in companies in the financial services sectors in Canada, the United States, Europe, and Asia.

At today's levels, its stock trades at just 10 times fiscal 2015's estimated earnings per share of \$3.16 and only 9.4 times fiscal 2016's estimated earnings per share of \$3.34, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 12.4 and the latter of which is inexpensive compared with its trailing 12-month price-to-earnings multiple of 9.8.

I think Power Financial's stock could consistently trade at a fair multiple of about 12, which would place its shares upwards of \$40 by the conclusion of fiscal 2016, representing upside of more than 26% from current levels.

Additionally, the company pays a quarterly dividend of \$0.3725 per share, or \$1.49 per share annually, giving its stock a 4.7% yield.

Should you buy one of these top stocks today?

Open Text, Pembina Pipeline, and Power Financial could provide both growth and dividend income for your portfolio. All Foolish investors should take a closer look and consider buying one or more of them today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:OTEX (Open Text Corporation)
4. TSX:PPL (Pembina Pipeline Corporation)

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Date

2025/07/28

Date Created

2015/10/19

Author

jsolitro

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