



3 Top Stock Picks for Value-Conscious Investors

Description

As many investors know, finding the right stock at the right price can be a very difficult task, but the recent weakness in the market has created countless opportunities. Let's take a look at three stocks that are now trading at inexpensive forward valuations compared with their five-year and industry averages, so you can decide which would be the best fit for your portfolio.

1. Magna International Inc.

Magna International Inc. ([TSX:MG](#))([NYSE:MGA](#)) is one of the world's leading suppliers of automotive products and services.

At today's levels, its stock trades at just 9.9 times fiscal 2015's estimated earnings per share of \$4.40 and only 8.3 times fiscal 2016's estimated earnings per share of \$5.25, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 11.5 and its industry average multiple of 26.6.

I think Magna's stock could consistently trade at a fair multiple of at least 11.5, which would place its shares upwards of \$60 by the conclusion of fiscal 2016, representing upside of more than 37% from current levels.

In addition, the company pays a quarterly dividend of \$0.22 per share, of \$0.88 per share annually, giving its stock a 2% yield.

2. Sun Life Financial Inc.

Sun Life Financial Inc. ([TSX:SLF](#))([NYSE:SLF](#)) is one of the world's largest financial services organizations, offering insurance and wealth management products and services.

At current levels, its stock trades at just 12.3 times fiscal 2015's estimated earnings per share of \$3.55 and only 11.4 times fiscal 2016's estimated earnings per share of \$3.85, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 17.3 and its industry average multiple of 22.8.

I think Sun Life's stock could consistently trade at a fair multiple of at least 15, which would place its shares upwards of \$57 by the conclusion of fiscal 2016, representing upside of more than 30% from today's levels.

Also, the company pays a quarterly dividend of \$0.39 per share, or \$1.56 per share annually, giving its stock a 3.6% yield.

3. DH Corp.

DH Corp. (TSX:DH) is one of the leading providers of financial technology to the world's financial institutions.

At today's levels, its stock trades at just 14.2 times fiscal 2015's estimated earnings per share of \$2.37 and only 13.2 times fiscal 2016's estimated earnings per share of \$2.56, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 25 and its industry average multiple of 25.8.

I think DH Corp.'s stock could consistently command a fair multiple of at least 20, which would place its shares upwards of \$51 by the conclusion of fiscal 2016, representing upside of more than 51% from current levels.

In addition, the company pays a quarterly dividend of \$0.32 per share, or \$1.28 per share annually, giving its stock a 3.8% yield.

Should you add one of these stocks to your portfolio?

Magna International, Sun Life Financial, and DH Corp. are three of the top value plays in their respective industries. All Foolish investors should strongly consider initiating positions in at least one of them today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:MG (Magna International Inc.)
3. TSX:SLF (Sun Life Financial Inc.)

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