



3 Diversified Stock Picks for Value Investors

Description

As value-conscious investors, we are always on the lookout for high-quality stocks that are trading at discounts compared with their five-year averages, and the recent downturn in the market has created countless opportunities. With this in mind, let's take a look at three attractive options from three different industries, so you can determine which would fit best in your portfolio.

1. Cameco Corporation

Cameco Corporation ([TSX:CCO](#))([NYSE:CCJ](#)) is one of the largest producers of uranium in the world.

At today's levels, its stock trades at just 15.5 times fiscal 2015's estimated earnings per share of \$1.06 and only 11.9 times fiscal 2016's estimated earnings per share of \$1.38, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 100.2 and its industry average multiple of 21.9.

I think Cameco's stock could consistently command a fair multiple of at least 18, which would place its shares upwards of \$24 by the conclusion of fiscal 2016, representing upside of more than 45% from current levels.

In addition, the company pays a quarterly dividend of \$0.10 per share, or \$0.40 per share annually, giving its stock a 2.4% yield.

2. Canadian Western Bank

Canadian Western Bank ([TSX:CWB](#)) is one of the largest banking institutions in Canada's four western provinces, with approximately \$22.3 billion in total assets.

At current levels, its stock trades at just 9.8 times fiscal 2015's estimated earnings per share of \$2.61 and only 9.5 times fiscal 2016's estimated earnings per share of \$2.71, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 13.2 and its industry average multiple of 12.7.

I think Canadian Western Bank's stock could consistently command a fair multiple of at least 12, which would place its shares upwards of \$32 by the conclusion of fiscal 2016, representing upside of more than 24% from today's levels.

Also, the company pays a quarterly dividend of \$0.22 per share, or \$0.88 per share annually, giving its stock a 3.4% 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 just 10.9 times fiscal 2015's estimated earnings per share of \$6.56 and only 9.3 times fiscal 2016's estimated earnings per share of \$7.74, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 12.7 and its industry average multiple of 26.9.

I think Linamar's stock could consistently command a fair multiple of at least 12, which would place its shares upwards of \$92 by the conclusion of fiscal 2016, representing upside of more than 28% from current levels.

Additionally, the company pays a quarterly dividend of \$0.10 per share, or \$0.40 per share annually, giving its stock a 0.6% yield.

Which of these stocks fit your portfolio's needs?

Cameco, Canadian Western Bank, and Linamar are three of the most attractive investment options in their respective industries. All Foolish investors should take a closer look and consider buying at least one of them today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. TSX:CCO (Cameco Corporation)
3. TSX:CWB (Canadian Western Bank)
4. TSX:LNR (Linamar Corporation)

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