



## 3 Top Stocks That Are on Sale

### Description

As many investors can attest, finding the right stock at the right price is not an easy task. Well, to make things easier for you, I have scoured the market and found three stocks from three different industries that are trading at inexpensive forward valuations compared with their five-year averages, so let's take a closer look at each to determine which would fit best in your portfolio.

#### 1. Gildan Activewear Inc.

(All figures are in U.S. dollars)

**Gildan Activewear Inc.** ([TSX:GIL](#))([NYSE:GIL](#)) is one of world's largest manufacturers and distributors of apparel products.

At today's levels, its stock trades at just 21.1 times fiscal 2015's estimated earnings per share of \$1.47 and only 16.8 times fiscal 2016's estimated earnings per share of \$1.85, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 22.2

I think Gildan's stock could consistently trade at a fair multiple of at least 20, which would place its shares around \$37 by the conclusion of fiscal 2016, representing upside of more than 19% from current levels.

In addition, the company pays a quarterly dividend of \$0.065 per share, or \$0.26 per share annually, giving its stock a 0.8% yield.

#### 2. Morneau Shepell Inc.

**Morneau Shepell Inc.** (TSX:MSI) is the largest provider of human resources consulting and outsourcing services in Canada.

At current levels, its stock trades at just 25.7 times fiscal 2015's estimated earnings per share of \$0.59 and only 15.9 times fiscal 2016's estimated earnings per share of \$0.95, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 40.3.

I think Morneau Shepell's stock could consistently trade at a fair multiple of at least 20, which would place its shares around \$19 by the conclusion of fiscal 2016, representing upside of more than 25% from today's levels.

Also, the company pays a monthly dividend of \$0.065 per share, or \$0.78 per share annually, giving its stock a 5.15% yield.

### 3. Home Capital Group Inc.

**Home Capital Group Inc. (TSX:HCG)** is one of the largest financial institutions in Canada with approximately \$20.3 billion in total assets.

At today's levels, its stock trades at just eight times fiscal 2015's estimated earnings per share of \$4.14 and only 7.6 times fiscal 2016's estimated earnings per share of \$4.36, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 10.

I think Home Capital Group's stock could consistently trade at a fair multiple of at least 12, which would place its shares upwards of \$43 by the conclusion of fiscal 2016, representing upside of more than 29% from current levels.

Additionally, the company pays a quarterly dividend of \$0.22 per share, or \$0.88 per share annually, giving its stock a 2.65% yield.

### Which of these stocks should you buy today?

Gildan Activewear, Morneau Shepell, and Home Capital Group are three of the top bargains in their respective industries. All Foolish investors should take a closer look and consider initiating positions in one of them today.

### CATEGORY

1. Investing

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:GIL (Gildan Activewear Inc.)
2. TSX:GIL (Gildan Activewear Inc.)
3. TSX:HCG (Home Capital Group)

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