



3 Undervalued Stocks to Buy Today

Description

One thing many investors can agree on is that it is not always easy finding the right stock at the right price when you are ready to buy. Well, in order to make things very easy for you, I have done the hard part and found three stocks from three different industries that are trading at inexpensive forward valuations compared with their five-year and industry averages, so let's take a quick look at each to determine if you should buy one of them today.

1. TransForce Inc.

TransForce Inc. (TSX:TFI) is one of the largest providers of transportation and logistics services in North America, with operations across Canada and the United States.

At today's levels, its stock trades at just 12.8 times fiscal 2015's estimated earnings per share of \$1.94 and only 12.1 times fiscal 2016's estimated earnings per share of \$2.05, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 21.9 and its industry average multiple of 22.8.

I think TransForce's stock could consistently trade at a fair multiple of at least 15, which would place its shares upwards of \$30 by the conclusion of fiscal 2016, representing upside of more than 20% from current levels.

In addition, the company pays a quarterly dividend of \$0.17 per share, or \$0.68 per share annually, giving its stock a 2.7% yield.

2. IGM Financial Inc.

IGM Financial Inc. ([TSX:IGM](#)) is one of the largest personal financial services companies in Canada with over \$130 billion in assets under management.

At current levels, its stock trades at just 11.9 times fiscal 2015's estimated earnings per share of \$3.19 and only 11.7 times fiscal 2016's estimated earnings per share of \$3.26, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 14.9 and its industry average multiple

of 40.7.

I think IGM's stock could consistently trade at a fair multiple of at least 14, which would place its shares upwards of \$45 by the conclusion of fiscal 2016, representing upside of more than 18% from today's levels.

Also, the company pays a quarterly dividend of \$0.5625 per share, or \$2.25 per share annually, giving its stock a 5.9% yield.

3. CGI Group Inc.

CGI Group Inc. ([TSX:GIB.A](#))([NYSE:GIB](#)) is the fifth-largest independent information technology and business process services firm in the world.

At today's levels, its stock trades at just 17 times fiscal 2016's estimated earnings per share of \$3.47 and only 15.8 times fiscal 2017's estimated earnings per share of \$3.73, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 35.6 and its industry average multiple of 21.8.

I think CGI's stock could consistently trade at a fair multiple of at least 20, which would place its shares upwards of \$74 by the conclusion of fiscal 2017, representing upside of more than 25% from current levels.

Investors should note that the company does not currently pay a dividend, but its increased amount of cash provided by operating activities, including 9.7% year-over-year growth to \$1.29 billion in fiscal 2015, could allow it to initiate one in 2016.

Does one of these stocks fit your portfolio's needs?

TransForce, IGM Financial, and CGI Group are three of the top value plays in their respective industries, so Foolish investors should strongly consider initiating positions in one of them today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:GIB (CGI Group Inc.)
2. TSX:GIB.A (CGI)
3. TSX:IGM (IGM Financial Inc.)
4. TSX:TFII (TFI International)

Category

1. Investing

Date

2025/07/05

Date Created

2015/12/02

Author
jsolito

default watermark

default watermark