

3 Top Stocks to Buy for Value and Yield

Description

One of the most difficult tasks we face as investors is finding the right stock at the right price when we are ready to make a purchase. In order to make things very simple for you, I've scoured the market and selected three of my top picks from three different industries, so let's take a quick look at each to determine if you should buy one or all of them today.

1. Transcontinental Inc.

Transcontinental Inc. ([TSX:TCL.A](#)) is the leading provider of printing services and proximity media solutions in Canada.

At today's levels, its stock trades at just 7.2 times fiscal 2015's adjusted earnings per share of \$2.39 and only 7.1 times fiscal 2016's estimated earnings per share of \$2.41, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 158.6.

With its five-year average multiple and its estimated 2.4% long-term earnings growth rate in mind, I think Transcontinental's stock could consistently trade at a fair multiple of about 10, which would place its shares upwards of \$24 by the conclusion of fiscal 2016, representing upside of more than 39% 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 3.95% yield. Investors must also note that the company has raised its annual dividend payment for 14 consecutive years.

2. Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) is the fifth-largest bank in Canada with approximately \$463.3 billion in total assets.

At today's levels, its stock trades at just 9.8 times fiscal 2015's adjusted earnings per share of \$9.45, only 9.6 times fiscal 2016's estimated earnings per share of \$9.67, and a mere 9.3 times fiscal 2017's estimated earnings per share of \$10, all of which are inexpensive compared with its five-year average price-to-earnings multiple of 11.3.

With its five-year average multiple and its estimated 4.7% long-term earnings growth rate in mind, I think CIBC's stock could consistently trade at a fair multiple of at least 12, which would place its shares around \$120 by the conclusion of fiscal 2017, representing upside of about 29% from current levels.

In addition, the company pays a quarterly dividend of \$1.15 per share, or \$4.60 per share annually, giving its stock a 4.9% yield. It is also important to note that it has raised its annual dividend payment for five consecutive years.

3. Altagas Ltd.

Altagas Ltd. ([TSX:ALA](#)) owns and operates a diverse portfolio of energy infrastructure assets with a focus on natural gas, power, and regulated utilities in Canada and the United States.

At today's levels, its stock trades at just 30.2 times fiscal 2015's estimated earnings per share of \$1.05 and only 22.2 times fiscal 2016's estimated earnings per share of \$1.43, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 35.7.

With its five-year average multiple and its estimated 14.5% long-term earnings growth rate in mind, I think Altagas's stock could consistently trade at a fair multiple of at least 30, which would place its shares upwards of \$42 by the conclusion of fiscal 2016, representing upside of more than 32% from current levels.

In addition, the company pays a monthly dividend of \$0.165 per share, or \$1.98 per share annually, giving its stock a 6.25% yield. Investors must also note that it has raised its annual dividend payment for five consecutive years.

Which of these stocks would fit best in your portfolio?

Transcontinental, Canadian Imperial Bank of Commerce, and Altagas can provide both value and yield for your portfolio, so take a closer look and strongly consider initiating positions in at least one of them today.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:TCL.A (Transcontinental Inc.)

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