



3 Top Stock Picks for Valued-Obsessed Investors

Description

As value-obsessed investors, we are always on the lookout for high-quality companies whose stocks are trading at discounted levels, and the recent weakness in the market has created countless opportunities. With this being said, let's take a look at three undervalued stocks from three different industries, so you can determine which would be the best buy for your portfolio.

1. Constellation Software Inc.

Constellation Software Inc. ([TSX:CSU](#)) is one of the world's leading providers of software and related solutions with over 85,000 customers in more than 100 countries.

At today's levels, its stock trades at just 31 times fiscal 2015's estimated earnings per share of US\$16.67 and only 26.2 times fiscal 2016's estimated earnings per share of US\$19.72, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 41.2.

I think Constellation Software's stock could consistently command a fair multiple of at least 35, which would place its shares upwards of \$690 by the conclusion of fiscal 2016, representing upside of over 33% from current levels.

Also, the company pays a quarterly dividend of US\$1.00 per share, or US\$4.00 per share annually, which gives its stock a 1% yield.

2. Cogeco Cable Inc.

Cogeco Cable Inc. ([TSX:CCA](#)) is the 11th-largest cable operator in North America and the second-largest in Ontario and Quebec.

At today's levels, its stock trades at just 10.8 times fiscal 2016's estimated earnings per share of \$5.72 and only 10.3 times fiscal 2017's estimated earnings per share of \$5.98, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 23.2.

I think Cogeco Cable's stock could consistently command a fair multiple of at least 14, which would

place its shares upwards of \$83 by the conclusion of fiscal 2017, representing upside of over 33% from current levels.

In addition, the company pays a quarterly dividend of \$0.39 per share, or \$1.56 per share annually, which gives its stock a 2.5% yield.

3. First National Financial Corp.

First National Financial Corp. ([TSX:FN](#)) is Canada's largest non-bank lender with over \$92 billion in mortgages under administration.

At today's levels, its stock trades at just 10.6 times fiscal 2015's estimated earnings per share of \$1.96 and a mere 8.4 times fiscal 2016's estimated earnings per share of \$2.48, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 12.

I think First National's stock could consistently command a fair multiple of at least 11, which would place its shares upwards of \$27 by the conclusion of fiscal 2016, representing upside of over 30% from current levels.

Also, the company pays a monthly dividend of \$0.129167 per share, or \$1.55 per share annually, which gives its stock a 7.5% yield.

Does one of these stocks belong in your portfolio?

Constellation Software, Cogeco Cable, and First National Financial are three of the most attractive value plays in their respective industries. Foolish investors should take a closer look at each and consider beginning to scale in to long-term positions in one of them over the next couple of trading sessions.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CCA (COGECO CABLE INC)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:FN (First National Financial Corporation)

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