3 Bargain Stocks I'd Buy With an Extra $15,000

Description

As investors, it is our ultimate goal to outperform the overall market each and every year. There are many ways you can go about doing this, but one of the best and least-risky ways I have found is to buy dividend-paying stocks that are undervalued on a price-to-earnings basis. With this criterion in mind, I scoured the market and found three top stocks from three different industries, so let's take a quick look at each to determine which would fit best in your portfolio.

1. TransForce Inc.

TransForce Inc. (TSX:TFI) is one of the largest providers of transportation and logistics services in Canada and the United States.

At today's levels, its stock trades at just 10.8 times fiscal 2015's estimated earnings per share of $1.94 and only 10.2 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 21.7 and its industry average multiple of 19.

With the multiples above in mind, I think TransForce's stock should 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 over 43% from current levels.

In addition, the company pays a quarterly dividend of $0.17 per share, or $0.68 per share annually, which gives its stock a 3.3% yield. It is also important to note that it has raised its annual dividend payment for five consecutive years.

2. Loblaw Companies Limited

Loblaw Companies Limited (TSX:L) is Canada's food and pharmacy leader through its many retail banners, including Loblaws and Shoppers Drug Mart.

At today's levels, its stock trades at just 18.2 times fiscal 2015's estimated earnings per share of $3.48 and only 15.9 times fiscal 2016's estimated earnings per share of $3.98, both of which are inexpensive

compared with its five-year average price-to-earnings multiple of 161.2 and its industry average multiple of 25.1.

With the multiples above in mind, I think Loblaw's stock should consistently trade at a fair multiple of at least 20, which would place its shares upwards of $79 by the conclusion of fiscal 2016, representing upside of more than 24% from current levels.

Additionally, the company pays a quarterly dividend of $0.25 per share, or $1.00 per share annually, which gives its stock a 1.6% yield. Investors must also note that it has raised its annual dividend payment for four consecutive years.

3. High Liner Foods Inc.

High Liner Foods Inc. ([TSX:HLF](#)) is one of North America's leading processors and distributors of value-added frozen seafood.

At today's levels, its stock trades at just 12.7 times fiscal 2015's estimated earnings per share of US$1.16 and only 9.7 times fiscal 2016's estimated earnings per share of US$1.52, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 45.4 and its industry average multiple of 31.7.

With the multiples above in mind, I think High Liner's stock should consistently trade at a fair multiple of at least 15, which would place its shares upwards of $22 by the conclusion of fiscal 2016, representing upside of over 49% from current levels.

In addition, High Liner pays a quarterly dividend of $0.12 per share, or $0.48 per share annually, which gives its stock a 3.3% yield. It is also very important to note that it has raised its annual dividend payment for eight consecutive years.

Should you add one of these stocks to your portfolio today?

TransForce, Loblaw, and High Liner Foods are three of the top value plays in their respective industries, and all have the added benefit of dividends that are on the rise. Foolish investors should take a closer look at each and strongly consider beginning to scale in to long-term positions in at least one of them today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:HLF (High Liner Foods Incorporated)
2. TSX:L (Loblaw Companies Limited)
3. TSX:TFII (TFI International)

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