3 Undervalued Dividend-Growth Stocks to Consider Buying Today

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 stocks that are undervalued on a price-to-earnings basis and have great dividends with active streaks of annual increases.

I've scoured the market and found three stocks from different industries that meet these criteria perfectly, so let's take a quick look at each to determine if you should buy one of them today.

1. Telus Corporation

Telus Corporation (TSX:T)(NYSE:TU) is one of Canada's largest and fastest-growing telecommunications companies, providing products and services to about 12.5 million customers.

At today's levels, its stock trades at just 14.7 times fiscal 2016's estimated earnings per share of $2.66 and only 14 times fiscal 2017's estimated earnings per share of $2.81, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 17.3.

In addition, Telus pays a quarterly dividend of $0.44 per share, or $1.76 per share annually, which gives its stock a yield of about 4.5%. Investors must also note that it has raised its annual dividend payment for 12 consecutive years, and its recent hikes have it on pace for 2016 to mark the 13th consecutive year with an increase.

2. Altagas Ltd.

Altagas Ltd. (TSX:ALA) owns and operates a diverse portfolio of energy infrastructure assets in Canada and the United States.

At today's levels, its stock trades at just 27.8 times fiscal 2016's estimated earnings per share of $1.18 and only 23.8 times fiscal 2017's estimated earnings per share of $1.38, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 37.1.

In addition, Altagas pays a monthly dividend of $0.165 per share, or $1.98 per share annually, which gives its stock a yield of about 6%. Investors must also note that it has raised its annual dividend payment for five consecutive years, and its recent hikes have it on pace for 2016 to mark the sixth consecutive year with an increase.

3. Equitable Group Inc.

Equitable Group Inc. (TSX:EQB) is Canada's ninth-largest independent Schedule I bank with approximately $17.6 billion in assets under management.

At today's levels, its stock trades at just 6.7 times fiscal 2016's estimated earnings per share of $7.94 and only 6.2 times fiscal 2017's estimated earnings per share of $8.55, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 7.9.

In addition, Equitable Group pays a quarterly dividend of $0.20 per share, or $0.80 per share annually, which gives its stock a yield of about 1.5%. Investors must also note that it has raised its annual dividend payment for five consecutive years, and its recent hikes have it on pace for 2016 to mark the sixth consecutive year with an increase.

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

Telus, Altagas, and Equitable Group are undervalued and have great dividends, making them very attractive investment options. Foolish investors should take a closer look and strongly consider making one of them a core holding today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:T (TELUS)

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jsolitro