3 Attractive Value Plays for Long-Term Investors

Description

As a value-conscious investor, I am always on the lookout for high-quality companies whose stocks are trading at discounted levels, and after a quick search of the market, I came across three very attractive options. Let's take a quick look at each, so you can determine if you should buy one of them today.

1. Canadian Pacific Railway Limited

Canadian Pacific Railway Limited (TSX:CP)(NYSE:CP) is the second-largest rail network operator in Canada and one of the 10 largest in North America.

At today's levels, its stock trades at just 15.4 times fiscal 2016's estimated earnings per share of $11.15 and only 13.6 times fiscal 2017's estimated earnings per share of $12.64, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 27 and its industry average multiple of 19.8.

In addition, Canadian Pacific pays a quarterly dividend of $0.35 per share, or $1.40 per share annually, which gives its stock a yield of about 0.8%. Investors should also note that it has maintained this annual dividend rate since 2013, but I think its very strong growth of free cash flow, including its 59.3% year-over-year increase to a record $1.16 billion in fiscal 2015, will allow it to announce a significant increase at some point in 2016.

2. IGM Financial Inc.

IGM Financial Inc. (TSX:IGM) is one of Canada's largest personal financial services companies and one of the country's largest managers and distributors of mutual funds and other managed asset products with approximately $129 billion in total assets under management.

At today's levels, its stock trades at just 12.8 times fiscal 2016's estimated earnings per share of $3.00 and only 12 times fiscal 2017's estimated earnings per share of $3.19, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 14.5 and its industry average multiple of 38.8.

In addition, IGM pays a quarterly dividend of $0.5625 per share, or $2.25 per share annually, which gives its stock a yield of about 5.9%. Investors must also note that it has raised its annual dividend payment for two consecutive years, and I think its ample cash flows from operating activities, net of commissions paid, including $621.7 million in fiscal 2015, could allow it to announce another slight increase in 2016.

3. Stantec Inc.

Stantec Inc. (TSX:STN)(NYSE:STN) is one of the world's leading providers of comprehensive professional services in the area of infrastructure and facilities, including planning, engineering, architecture, interior design, surveying, and environmental sciences.

At today's levels, its stock trades at just 16.8 times fiscal 2016's estimated earnings per share of $1.90 and only 14.7 times fiscal 2017's estimated earnings per share of $2.17, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 59.4 and its industry average multiple of 20.9.

In addition, Stantec pays a quarterly dividend of $0.1125 per share, or $0.45 per share annually, which gives its stock a yield of about 1.4%. Investors must also note that it has raised its annual dividend payment for three consecutive years, and its 7.1% hike in February has it on pace for 2016 to mark the fourth consecutive year with an increase.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

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1. NYSE:CP (Canadian Pacific Railway)
2. NYSE:STN (Stantec Inc.)
3. TSX:CP (Canadian Pacific Railway)
4. TSX:IGM (IGM Financial Inc.)
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