3 Undervalued Stocks With High Yields to Pounce On Today

Description

As investors, it's our goal to outperform the overall market every single year. There are many ways you can go about trying to do this, but one of the best and least-risky ways I have found is to buy stocks that are undervalued on a forward price-to-earnings basis and have high and safe dividend yields.

I've scoured the market and selected three stocks from different industries that meet these criteria perfectly, so let's take a quick look at each to determine which would fit best in your portfolio.

1. Great-West Lifeco Inc.

Great-West Lifeco Inc. (TSX:GWO) is one of the world's leading providers of financial products and services, including life and health insurance.

At today's levels, its stock trades at just 11.9 times fiscal 2016's estimated earnings per share of $2.91 and only 11 times fiscal 2017's estimated earnings per share of $3.16, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 12.9 and its industry average multiple of 16.

In addition, Great-West Lifeco pays a quarterly dividend of $0.346 per share, or $1.384 per share annually, which gives its stock a yield of about 4%. Investors should also note that its 6.1% dividend hike in February has it on pace for 2016 to mark the second consecutive year in which it has raised its annual dividend payment.

2. TransAlta Renewables Inc.

TransAlta Renewables Inc. (TSX:RNW) is the largest producer of wind power in Canada, and it's one of the largest producers of gas and hydroelectric power in Canada, the United States, and Australia.

At today's levels, its stock trades at just 16.3 times fiscal 2016's estimated earnings per share of $0.78 and only 15.5 times fiscal 2017's estimated earnings per share of $0.82, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 24.6 and its industry average multiple of 20.7.

In addition, TransAlta Renewables pays a monthly dividend of $0.07333 per share, or $0.88 per share annually, which gives its stock a yield of about 6.9%. Investors should also note that it has raised its annual dividend payment for two consecutive years, and its recent hikes, including its 4.8% hike in January, have it on pace for 2016 to mark the third consecutive year with an increase.

3. Cineplex Inc.

Cineplex Inc. (TSX:CGX) is the largest owner and operator of movie theatres in Canada with 162 theatres from coast to coast and an estimated 78% market share.

At today's levels, its stock trades at just 25 times fiscal 2016's estimated earnings per share of $2.04 and only 21.7 times fiscal 2017's estimated earnings per share of $2.35, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 30.1 and its industry average multiple of 38.8.

In addition, Cineplex pays a monthly dividend of $0.13 per share, or $1.56 per share annually, which gives its stock a yield of about 3.1%. Investors should also note that it has raised its annual dividend payment for five consecutive years, and its 4% hike in May 2015 has it on pace for 2016 to mark the sixth consecutive year with an increase.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)
2. TSX:GWO (Great-West Lifeco Inc.)
3. TSX:RNW (TransAlta Renewables)

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Date
2025/07/08
Date Created
2016/04/12
Author
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