



3 Stock Picks for Value-Obsessed Investors

Description

One aspect of investing most of us can agree on is that it's not always easy finding the right stock at the right price when we are ready to buy. Well, to make things easier for those of you who are looking to make a purchase today, I've scoured the market and compiled a list of three undervalued stocks from different industries, so let's take a quick look at each to find out which would fit best in your portfolio.

1. Power Financial Corp.

Power Financial Corp. (TSX:PWF) is a diversified management and holding company with interests in companies in the financial services industries across the world, and its holdings include a 67.4% ownership stake in **Great-West Lifeco Inc.** and a 60.1% ownership stake in **IGM Financial Inc.**

At today's levels, its stock trades at just 9.9 times fiscal 2016's estimated earnings per share of \$3.23 and only 9.1 times fiscal 2017's estimated earnings per share of \$3.52, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 11.9 and its industry average multiple of 20.4.

In addition, Power Financial pays a quarterly dividend of \$0.3925 per share, or \$1.57 per share annually, which gives its stock a yield of about 4.9%. It is also important to note that the company's 5.4% dividend hike on March 23 has it on pace for fiscal 2016 to mark the second consecutive year in which it has raised its annual dividend payment.

2. Fortis Inc.

Fortis Inc. (TSX:FTS) is one of the largest electric and gas utilities companies in North America, and upon completion of its deal to acquire **ITC Holdings Corp.**, it will become the largest independent electric transmission company in the United States.

At today's levels, its stock trades at just 18.3 times fiscal 2016's estimated earnings per share of \$2.16 and only 16.1 times fiscal 2017's estimated earnings per share of \$2.46, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 20.2 and its industry average multiple

of 20.8.

In addition, Fortis pays a quarterly dividend of \$0.375 per share, or \$1.50 per share annually, which gives its stock a yield of about 3.8%. It is also important to note that the company's 10.3% dividend hike in September 2015 has it on pace for fiscal 2016 to mark the 43rd consecutive year in which it has raised its annual dividend payment.

3. Macdonald Dettwiler & Associates Ltd.

Macdonald Dettwiler & Associates Ltd. ([TSX:MDA](#)) is a global communications, surveillance, and intelligence company, providing operational solutions to commercial and government organizations worldwide.

At today's levels, its stock trades at just 13.3 times fiscal 2016's estimated earnings per share of \$6.33 and only 12.1 times fiscal 2017's estimated earnings per share of \$6.94, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 28.6 and its industry average multiple of 25.4.

In addition, Macdonald Dettwiler pays a quarterly dividend of \$0.37 per share, or \$1.48 per share annually, which gives its stock a yield of about 1.8%. Investors should also note that the company raised its annual dividend payment by 13.8% to its current rate of \$1.48 per share in fiscal 2015, and I think its increased amount of cash provided by operations, including its 31.6% year-over-year increase to \$321.3 million in fiscal 2015, could allow it to announce another dividend hike at some point in 2016.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FTS (Fortis Inc.)

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