Value Investors: 3 Stocks to Set Your Sights on

Description

If you're a value investor with cash on hand that you're ready to put to work, then this article is for you. I've scoured the market and selected three high-quality stocks that are trading at inexpensive valuations compared with their recent averages, so let's take a quick look at each to determine if you should buy one of them today.

1. Canadian Pacific Railway Limited

Canadian Pacific Railway Limited (TSX:CP)(NYSE:CP) is one of North America's 10-largest providers of rail and intermodal freight transportation services with a track network totaling over 12,500 miles across Canada and the United States.

Its stock currently trades at just 15.6 times fiscal 2016's estimated earnings per share of $10.98 and only 13.8 times fiscal 2017's estimated earnings per share of $12.36, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 17.1, its five-year average multiple of 27, and its industry average multiple of 23.8.

Additionally, Canadian Pacific pays a quarterly dividend of $0.50 per share, or $2.00 per share annually, which gives its stock a yield of about 1.2%. It's also important to note that its 42.9% dividend hike in April has it on pace for 2016 to mark the first year in which it has raised its annual dividend payment since 2012.

2. George Weston Limited

George Weston Limited (TSX:WN) is the largest food processor and distributor in Canada, and its subsidiaries include **Loblaw Companies Limited**, Shoppers Drug Mart, Weston Foods, **Choice Properties Real Est Invstmnt Trst**, and President's Choice Financial.

Its stock currently trades at just 18.1 times fiscal 2016’s estimated earnings per share of $6.27 andonly 16.4 times fiscal 2017’s estimated earnings per share of $6.92, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 40.1, its five-year average multiple of 42.6, and its industry average multiple of 33.6.

Additionally, George Weston pays a quarterly dividend of $0.44 per share, or $1.76 per share annually, which gives its stock a yield of about 1.6%. It’s also important to note that its two dividend hikes since the start of 2015, including its 1.2% hike in May 2015 and its 3.5% hike last month, have it on pace for 2016 to mark the fifth consecutive year in which it has raised its annual dividend payment.

3. Linamar Corporation

Linamar Corporation (TSX:LNR) is a diversified global manufacturer of highly engineered products for powering vehicles and motion, such as powertrain and driveline systems. It also owns Skyjack Inc., which is the world’s leading manufacturer of aerial work platforms.

Its stock currently trades at just 7.1 times fiscal 2016’s estimated earnings per share of $7.56 and only 6.6 times fiscal 2017’s estimated earnings per share of $8.11, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 7.9, its five-year average multiple of 12, and its industry average multiple of 24.1.

Additionally, Linamar pays a quarterly dividend of $0.10 per share, or $0.40 per share annually, which gives its stock a yield of about 0.7%. It’s also important to note that it has maintained its current annual dividend rate since 2014, but I think its very strong financial performance, including its 18.8% year-over-year increase in sales to a record $1.52 billion and its 10.9% year-over-year increase in earnings per share to a record $1.94 in the first half of fiscal 2016, will allow it to raise its dividend in the very near future.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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3. TSX:LNR (Linamar Corporation)
4. TSX:WN (George Weston Limited)

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