3 Undervalued Dividend Dynamos to Buy Now

Description

As a fundamental investor, I'm always on the lookout for high-quality companies whose stocks are trading at discounted levels and have great dividends, and after a search of the market, three caught my eye. Let's take a quick look at each, so you can determine if you should add one of them to your portfolio today.

1. Telus Corporation

Telus Corporation (TSX:T)(NYSE:TU) is Canada's third-largest telecommunications company with over 12.4 million total customer connections.

At today's levels, its stock trades at just 15.3 times fiscal 2016's estimated earnings per share of $2.66 and only 14.7 times fiscal 2017's estimated earnings per share of $2.78, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 18.1 and its five-year average multiple of 17.5.

Additionally, the company pays a quarterly dividend of $0.46 per share, or $1.84 per share annually, which gives its stock a yield of about 4.5%. Investors must also note that its three dividend hikes since the start of 2015, including its 4.5% hike last month, have it on pace for 2016 to mark the 13th consecutive year in which it has raised its annual dividend payment, and it has a program in place to grow it by another 7-10% annually through 2019.

2. Canadian Utilities Limited

Canadian Utilities Limited (TSX:CU) is a diversified global corporation with operations in pipelines and liquids, electricity, and energy sales.

At today's levels, its stock trades at just 18.3 times fiscal 2016's estimated earnings per share of $2.05 and only 17.1 times fiscal 2017's estimated earnings per share of $2.19, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 32.3 and its five-year average multiple of 18.9.

Additionally, the company pays a quarterly dividend of $0.325 per share, or $1.30 per share annually, which gives its stock a yield of about 3.5%. Investors must also note that its 10.2% dividend hike in January has it on pace for 2016 to mark the 44th consecutive year in which it has raised its annual dividend payment.

3. Laurentian Bank of Canada

Laurentian Bank of Canada (TSX:LB) is one of the largest banks in eastern Canada with over $41 billion in total assets.

At today's levels, its stock trades at just 9.2 times fiscal 2016's estimated earnings per share of $5.72 and only 8.9 times fiscal 2017's estimated earnings per share of $5.90, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 15 and its five-year average multiple of 10.9.

Additionally, the company pays a quarterly dividend of $0.60 per share, or $2.40 per share annually, which gives its stock a yield of about 4.6%. Investors must also note that its three dividend hikes since the start of 2015, including its 3.5% hike earlier this month, have it on pace for 2016 to mark the ninth consecutive year in which it has raised its annual dividend payment.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:LB (Laurentian Bank of Canada)
4. TSX:T (TELUS)

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