3 Stocks That Could Help You Outperform the Market

Description

Investing in stocks that are trading at low valuations compared with their recent averages and that are expected to grow their earnings at a high rate can help you generate market-beating returns. I've scoured several industries and compiled a list of three high-quality investment options, so let's take a quick look at each.

1. Sun Life Financial Inc.

Sun Life Financial Inc. (TSX:SLF)(NYSE:SLF) is one of the world's leading providers of protection and wealth products and services, including life, health, dental, and disability insurance.

Its stock currently trades at just 11.6 times fiscal 2016's estimated earnings per share of $3.76 and only 10.7 times fiscal 2017's estimated earnings per share of $4.08, both of which are very inexpensive compared with its five-year average price-to-earnings multiple of 17.1. These multiples are also inexpensive given its estimated 10% long-term earnings growth rate.

Additionally, the company pays a quarterly dividend of $0.405 per share, or $1.62 per share annually, which gives its stock a yield of about 3.7%. It's also important to note that its three dividend hikes since the start of 2015, including its 3.8% hike last month, have it on pace for 2016 to mark the second consecutive year in which it has raised its annual dividend payment.

2. Quebecor Inc.

Quebecor Inc. (TSX:QBR.B) is one of Canada's largest integrated communications companies with operations in the telecommunications, news media, and sports and entertainment industries.

Its stock currently trades at just 16.2 times fiscal 2016's estimated earnings per share of $2.30 and only 14.1 times fiscal 2017's estimated earnings per share of $2.64, both of which are very inexpensive compared with its five-year average price-to-earnings multiple of 51.9. These multiples are also very inexpensive given its estimated 20.6% long-term earnings growth rate.

Additionally, the company pays a quarterly dividend of $0.045 per share, or $0.18 per share annually, which gives its stock a yield of about 0.5%. It’s also important to note that its two dividend hikes since the start of 2015, including its 28.6% hike last month, have it on pace for 2016 to mark the second consecutive year in which it has raised its annual dividend payment.

3. Dollarama Inc.

Dollarama Inc. (TSX:DOL) is Canada’s largest owner and operator of dollar stores with 1,038 locations across all 10 provinces.

Its stock currently trades at just 26.3 times fiscal 2017’s estimated earnings per share of $3.45 and only 22.9 times fiscal 2018’s estimated earnings per share of $3.95, both of which are very inexpensive compared with its five-year average price-to-earnings multiple of 41. These multiples are also very inexpensive given its estimated 16.7% long-term earnings growth rate.

Additionally, the company pays a quarterly dividend of $0.10 per share, or $0.40 per share annually, which gives its stock a yield of about 0.4%. It’s also important to note that its 11.1% dividend hike in March has it on pace for fiscal 2017 to mark the fifth consecutive year in which it has raised its annual dividend payment.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)
2. TSX:QBR.B (Quebecor Inc.)
3. TSX:SLF (Sun Life Financial Inc.)

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