



4 Undervalued Stocks I'd Buy With an Extra \$10,000

Description

As a value-conscious investor, I'm always on the lookout for high-quality companies whose stocks are trading at discounted levels, and after a recent search of several industries, I came across four very attractive options. Let's take a quick look at each, so you can determine if you should invest in one or more of them today.

1. Home Capital Group Inc.

Home Capital Group Inc. ([TSX:HCG](#)) is one of Canada's largest non-bank mortgage lenders with approximately \$25.2 billion in loans under administration.

Its stock currently trades at just 7.2 times fiscal 2016's estimated earnings per share of \$4.31 and a mere 6.6 times fiscal 2017's estimated earnings per share of \$4.71, both of which are very inexpensive compared with its five-year average price-to-earnings multiple of 9.5 and its industry average multiple of 13.2.

Additionally, the company pays a quarterly dividend of \$0.24 per share, or \$0.96 per share annually, which gives its stock a yield of about 3.1%. It's also very important to note that its 9.1% dividend hike in February has it on pace for 2016 to mark the 17th consecutive year in which it has raised its annual dividend payment.

2. Morneau Shepell Inc.

Morneau Shepell Inc. (TSX:MSI) is Canada's leading provider of human resources consulting and outsourcing services, including health and productivity, administrative, and retirement solutions.

Its stock currently trades at just 21.3 times fiscal 2016's estimated earnings per share of \$0.80 and only 17.1 times fiscal 2017's estimated earnings per share of \$1.00, both of which are very inexpensive compared with its five-year average price-to-earnings multiple of 39.9 and its industry average multiple of 31.6.

Additionally, the company pays a monthly dividend of \$0.065 per share, or \$0.78 per share annually,

which gives its stock a yield of about 4.6%. It's also important to note that it has maintained this annual rate since 2011.

3. Leon's Furniture Ltd.

Leon's Furniture Ltd. ([TSX:LNF](#)) is home to Canada's largest network of furniture, appliances and electronics, and mattress stores with 298 corporate and franchise stores across the country under its many banners, including Leon's, The Brick, and United Furniture Warehouse.

Its stock currently trades at just 14 times fiscal 2016's estimated earnings per share of \$1.09 and only 12.3 times fiscal 2017's estimated earnings per share of \$1.24, both of which are very inexpensive compared with its five-year average price-to-earnings multiple of 21.1 and its industry average multiple of 29.6.

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 2.6%. It's also important to note that it has maintained this annual rate since 2012.

4. Power Corporation of Canada

Power Corporation of Canada ([TSX:POW](#)) is a diversified international management and holding company with interests in companies in several industries, including financial services and communications, and its subsidiaries include **Power Financial Corp.**, **Great-West Lifeco Inc.**, and **IGM Financial Inc.**

Its stock currently trades at just 10.4 times fiscal 2016's estimated earnings per share of \$2.74 and only 8.8 times fiscal 2017's estimated earnings per share of \$3.23, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 11.2 and its industry average multiple of 17.7.

Additionally, the company pays a quarterly dividend of \$0.335 per share, or \$1.34 per share annually, which gives its stock a yield of about 4.7%. It's also important to note that its two dividend hikes since the start of 2015, including its 7.6% hike last month, have it on pace for 2016 to mark the second consecutive year in which it has raised its annual dividend payment.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:LNF (Leon's Furniture Limited)
3. TSX:POW (Power Corporation of Canada)

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