



4 Undervalued Stocks I'd Buy With an Extra \$12,000

Description

As a value investor, I spend several hours each day scouring the market to find great companies whose stocks are trading at discounted levels. There are many different ways to find discounted stocks, but one of my preferred methods is to look for those that are trading at very low price-to-earnings multiples compared with their five-year and industry averages.

I've done just that and found four great investment opportunities from different industries, so let's take a quick look at each to determine if you should buy one or more of them today.

1. Cogeco Communications Inc.

Cogeco Communications Inc. ([TSX:CCA](#)) is the eighth-largest cable operator in North America with operations across Canada and the United States. Its subsidiaries include Cogeco Connexion, Atlantic Broadband, and Cogeco Peer 1.

At today's levels, its stock trades at just 12.4 times fiscal 2016's estimated earnings per share of \$5.46 and only 11.7 times fiscal 2017's estimated earnings per share of \$5.82, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 16.5 and its industry average multiple of 22.9.

In addition, the company pays a quarterly dividend of \$0.39 per share, or \$1.56 per share annually, giving its stock a yield of about 2.3%. A 2.3% yield may not peak your interest at first, but it's very important to note that the company has raised its annual dividend payment for 11 consecutive years, and its 11.4% hike in October has it on pace for 2016 to mark the 12th consecutive year with an increase.

2. Stantec Inc.

Stantec Inc. ([TSX:STN](#))([NYSE:STN](#)) is one of the world's leading providers of comprehensive professional services. Its service offerings include engineering, architecture, interior design, landscape architecture, surveying, environmental sciences, project management, and project economics.

At today's levels, its stock trades at just 18.1 times fiscal 2016's estimated earnings per share of \$1.73 and only 14.4 times fiscal 2017's estimated earnings per share of \$2.18, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 32.6 and its industry average multiple of 25.5.

In addition, the company pays a quarterly dividend of \$0.1125 per share, or \$0.45 per share annually, giving its stock a yield of about 1.4%. A 1.4% yield is far from high, but it's very important to note that the company has raised its annual dividend payment for three consecutive years, and its 7.1% hike in February has in on pace for 2016 to mark the fourth consecutive year with an increase.

3. TransForce Inc.

TransForce Inc. (TSX:TFI) is one of North America's leading providers of transportation and logistics services with operations across Canada and the United States. Its subsidiaries include Transport America, Contrans, Vitran, Loomis Express, and Cornerstone Logistics.

At today's levels, its stock trades at just 12.9 times fiscal 2016's estimated earnings per share of \$1.86 and only 11.3 times fiscal 2017's estimated earnings per share of \$2.12, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 21 and its industry average multiple of 25.1.

In addition, the company pays a quarterly dividend of \$0.17 per share, or \$0.68 per share annually, giving its stock a yield of about 2.8%. It's also very important to note that the company has raised its annual dividend payment for five consecutive years, and its strong growth of free cash flow from continuing operations could allow this streak to continue in 2016.

4. Industrial Alliance Insurance and Financial Services Inc.

Industrial Alliance Insur. & Fin. Ser. ([TSX:IAG](#)) is one of Canada's leading providers of financial products and services. Its offerings include life, car, home, mortgage, and critical illness insurance, savings and retirement solutions, and loans.

At today's levels, its stock trades at just 9.5 times fiscal 2016's estimated earnings per share of \$4.29 and only nine times fiscal 2017's estimated earnings per share of \$4.51, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 13.9 and its industry average multiple of 18.9.

In addition, the company pays a quarterly dividend of \$0.32 per share, or \$1.28 per share annually, giving its stock a yield of about 3.15%. It's also very important to note that the company has raised its annual dividend payment for two consecutive years, and its two hikes since the start of 2015, including its 7.1% hike in June 2015 and its 6.7% hike in May of this year, have it on pace for 2016 to mark the third consecutive year with an increase.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:STN (Stantec Inc.)
2. TSX:CCA (COGECO CABLE INC)
3. TSX:IAG (iA Financial Corporation Inc.)
4. TSX:STN (Stantec Inc.)
5. TSX:TFII (TFI International)

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Author

jsolitro

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