3 Deeply Discounted Stocks to Set Your Sights on

Description

As a value investor, I spend my days scouring the market to find great companies whose stocks are trading at discounted levels. There are many different ways to find discounted stocks, but my preferred method is to look for those that are trading at very low price-to-earnings multiples compared with their recent averages.

I've done just that and compiled a list of three stocks that are trading at less than 12 times their forward earnings estimates, so let's take a quick look at each to determine if you should buy one of them today.

1. Linamar Corporation

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

At today's levels, its stock trades at just 6.6 times fiscal 2016's estimated earnings per share of $7.62 and only 6.2 times fiscal 2017's estimated earnings per share of $8.15, both of which are very inexpensive compared with its five-year average price-to-earnings multiple of 11.9.

Additionally, the company pays a quarterly dividend of $0.10 per share, or $0.40 per share annually, giving its stock a yield of approximately 0.8%. It has maintained this annual rate since 2014, and its record financial performance in the first quarter of 2016 could allow it to continue to do so going forward or allow it to announce a hike when it reports its second-quarter earnings results in August.

2. Manulife Financial Corp.

Manulife Financial Corp. (TSX:MFC)(NYSE:MFC) is one of the world's largest financial services companies with operations across North America, South America, Asia, Europe, and Australia. It provides financial advice, insurance, wealth and asset management solutions for individuals, groups, and institutions.

At today's levels, its stock trades at just 9.3 times fiscal 2016's estimated earnings per share of $1.89

and only 8.3 times fiscal 2017's estimated earnings per share of $2.10, both of which are very inexpensive compared with its five-year average price-to-earnings multiple of 23.1.

Additionally, the company pays a quarterly dividend of $0.185 per share, or $0.74 per share annually, giving its stock a yield of approximately 4.2%. It has also raised its annual dividend payment for two consecutive years, and its 8.8% hike earlier this year has it on pace for 2016 to mark the third consecutive year with an increase.

3. Canadian Western Bank

Canadian Western Bank (TSX:CWB) is one of Canada's largest diversified financial services organizations. It provides specialized banking, trust, and wealth management products and services to businesses and individuals across the country.

At today's levels, its stock trades at just 11.2 times fiscal 2016's estimated earnings per share of $2.25 and only 10 times fiscal 2017's estimated earnings per share of $2.52, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 12.2.

Additionally, the company pays a quarterly dividend of $0.23 per share, or $0.92 per share annually, giving its stock a yield of approximately 3.7%. It has also raised its annual dividend payment for 23 consecutive years, and its two hikes since the start of 2015 have it on pace for 2016 to mark the 24th consecutive year with an increase.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:CWB (Canadian Western Bank)
3. TSX:LNR (Linamar Corporation)
4. TSX:MFC (Manulife Financial Corporation)

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