

4 Undervalued Stocks I'd Buy With Extra Cash

Description

If you're a value-conscious investor with cash on hand that you're ready to put to use, then you've come to the right place. I've scoured the market and compiled a list of four high-quality stocks that are trading at relatively inexpensive valuations compared with their five-year and industry averages, so let's take a quick look at each to determine if you should buy one or more of them today.

1. Toronto-Dominion Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is Canada's second-largest bank with approximately \$1.12 trillion in assets. It provides a full range of financial products and services to more than 24 million customers around the world.

At today's levels, its stock trades at just 11.8 times fiscal 2016's estimated earnings per share of \$4.81 and only 11.2 times fiscal 2017's estimated earnings per share of \$5.07, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 12.9 and its industry average multiple of 14.4.

In addition, Toronto-Dominion pays a quarterly dividend of \$0.55 per share, or \$2.20 per share annually, giving its stock a yield of about 3.9%. It has also raised its annual dividend payment for five consecutive years, and its 7.8% hike earlier this year has it on pace for 2016 to mark the sixth consecutive year with an increase.

2. Leon's Furniture Ltd.

Leon's Furniture Ltd. ([TSX:LNF](#)) is Canada's largest network of home furniture, appliances and electronics, and mattress stores. It currently operates 307 corporate and franchise stores across the country under its Leon's Furniture, The Brick, United Furniture Warehouse, Appliance Canada, and Midnorthern Appliance banners, and it also owns and operates Furniture.com.

At today's levels, its stock trades at just 13.9 times fiscal 2016's estimated earnings per share of \$1.09 and only 12.2 times fiscal 2017's estimated earnings per share of \$1.24, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 17.1 and its industry average multiple of 30.5.

In addition, Leon's pays a quarterly dividend of \$0.10 per share, or \$0.40 per share annually, giving its stock a yield of about 2.6%. It has maintained this annual rate since 2012, and its strong operational performance could allow it to continue to do so for the foreseeable future or allow it to announce a hike when it reports its second-quarter earnings results next month.

3. Macdonald Dettwiler & Associates Ltd.

Macdonald Dettwiler & Associates Ltd. ([TSX:MDA](#)) is a global communications, surveillance, and intelligence company, providing operational solutions to commercial and government organizations

worldwide. It also conducts a significant amount of advanced technology development.

At today's levels, its stock trades at just 13.2 times fiscal 2016's estimated earnings per share of \$6.29 and only 12.1 times fiscal 2017's estimated earnings per share of \$6.87, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 29.1 and its industry average multiple of 20.9.

In addition, Macdonald Dettwiler pays a quarterly dividend of \$0.37 per share, or \$1.48 per share annually, giving its stock a yield of about 1.8%. It also raised its annual dividend payment by 13.8% in fiscal 2015, its first annual increase since 2012, and its strong operational performance could allow it to announce another hike before the end of 2016.

4. DH Corp.

DH Corp. (TSX:DH) is one of the leading providers of financial technology to the world's financial institutions. It provides lending, payments, enterprise, and global transaction banking solutions to nearly 8,000 banks, credit unions, lenders, governments, and corporations worldwide.

At today's levels, its stock trades at just 14.3 times fiscal 2016's estimated earnings per share of \$2.32 and only 12.5 times fiscal 2017's estimated earnings per share of \$2.66, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 29.5 and its industry average multiple of 24.9.

In addition, DH pays a quarterly dividend of \$0.32 per share, or \$1.28 per share annually, giving its stock a yield of about 3.85%. It has maintained this annual rate since 2013, and its very strong operational performance could allow it to continue to do so for the next several years or allow it to announce a hike when it reports its second-quarter earnings results later this month.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:LNF (Leon's Furniture Limited)
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