Beat the Market by Investing in These 2 Top Stocks

Description

Investing in dividend aristocrats that are trading at attractive valuations can help you generate market-crushing returns, so let’s take a closer look at two that you could buy right now.

Canadian Western Bank (TSX:CWB)

CWB is one of the leading providers of financial products and services in British Columbia, Alberta, Saskatchewan, and Manitoba. As of January 31, 2018, it has approximately $27.91 billion in total assets, including approximately $2.19 billion in assets under management.

At today’s levels, CWB’s stock trades at just 11.7 times the consensus earnings-per-share (EPS) estimate of $2.99 for fiscal 2018 and only 10.6 times the consensus EPS estimate of $3.30 for fiscal 2019, both of which are very inexpensive given its current double-digit percentage earnings-growth rate and its estimated 10.3% long-term earnings-growth rate; these multiples are also inexpensive given the low-risk nature of its business model as well as its five-year average price-to-earnings (P/E) multiple of 12.

On top of trading at less than 12 times this year’s earnings, CWB has one of the best dividends in the financial sector. It currently pays a quarterly dividend of $0.25 per share, representing $1.00 per share annually, which gives it a yield of about 2.9% at the time of this writing. Investors must also note that the company is on track for fiscal 2018 to mark the 26th straight year in which it has raised its annual dividend payment, and that its 4.2% hike earlier this month has it positioned for fiscal 2019 to mark the 27th straight year with an increase, giving it the longest active streak for a Canadian bank.

Canadian Utilities Limited (TSX:CU)

CU is a diversified global corporation with operations in the electricity, pipelines and liquids, and retail energy industries.

At today’s levels, CU’s stock trades at just 14.5 times the consensus EPS estimate of $2.33 for fiscal 2018 and only 13.9 times the consensus EPS estimate of $2.43 for fiscal 2019, both of which are very inexpensive given the low-risk nature of its business model due to its highly contracted and regulated earnings base; these multiples are also inexpensive compared with its five-year average P/E multiple of 20.2.

In addition to being undervalued, CU has a high yield and the market's longest active streak of annual dividend increases. It pays a quarterly dividend of $0.3933 per share, representing $1.57 per share annually, which gives it a yield of about 4.7% at the time of this writing. It's also important to note that the company's 10% dividend hike in January has it on track for 2018 to mark the 46th straight year in which it has raised its annual dividend payment, giving it the longest active streak for a public entity in Canada.

CATEGORY

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2. Investing

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2. TSX:CWB (Canadian Western Bank)

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Date
2025/08/21
Date Created
2018/03/19
Author
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