

2 Stocks Yielding 3-6% With a Forward P/E Under 15

Description

Investing in stocks with great dividends and 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.

Emera Inc. ([TSX:EMA](#))

Emera is one of North America's largest electric and gas utilities companies. Its subsidiaries include Tampa Electric, Nova Scotia Power, Peoples Gas, New Mexico Gas, and Emera Energy.

At today's levels, Emera's stock trades at just 14.9 times the consensus earnings-per-share (EPS) estimate of \$2.75 for fiscal 2018 and only 14.3 times the consensus EPS estimate of \$2.88 for fiscal 2019, both of which are inexpensive given the [low-risk nature](#) of its business model due to its predominantly rate-regulated asset base; these multiples are also inexpensive compared with its five-year average price-to-earnings (P/E) multiple of 19.5.

In addition to trading at attractive valuations, Emera is a dividend aristocrat. It currently pays a quarterly dividend of \$0.565 per share, representing \$2.26 per share annually, which gives it a juicy 5.5% yield, and its 8.1% dividend hike in September 2017 has it on track for 2018 to mark the 12th straight year in which it has raised its annual dividend payment.

Emera also has a dividend-growth program in place that calls for annual growth of approximately 8% through 2022, and I think its consistently strong growth of operating cash flow, including its 13.3% year-over-year increase to \$1.19 billion in 2017, will allow it to extend this target into the late 2020s or early 2030s.

Sun Life Financial Inc. ([TSX:SLF](#))([NYSE:SLF](#))

Sun Life Financial is one of the world's leading providers of financial products and services, including life, health, critical illness, and long-term care insurance, and it's my Foolish colleague Stephanie Bedard-Chateauneuf's [top stock pick](#) for March. As of December 31, 2017, it has approximately \$974.79 billion in assets under management.

At today's levels, Sun Life's stock trades at just 11.7 times the consensus EPS estimate of \$4.61 for fiscal 2018 and only 10.8 times the consensus EPS estimate of \$5.02 for fiscal 2019, both of which are inexpensive given its current earnings-growth rate, including its 9.2% year-over-year increase to \$4.15 per share in 2017, and its estimated 8.2% long-term earnings-growth rate; these multiples are also inexpensive compared with its five-year average P/E multiple of 15.6.

In addition to trading at less than 12 times this year's earnings estimate, Sun Life has a great dividend. It currently pays a quarterly dividend of \$0.455 per share, equating to \$1.82 per share annually, which gives it a yield of about 3.4% at the time of this writing, and its 4.6% dividend hike in November 2017 has it on track for 2018 to mark the fourth straight year in which it has raised its annual dividend

payment.

The insurance giant also has a target dividend-payout range of 40-50% of its underlying net income, so I think its consistently strong growth, including its aforementioned 9.2% year-over-year increase to \$4.15 per share in 2017, will allow its streak of annual dividend increases to continue in 2019 and beyond.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EMA (Emera Incorporated)
2. TSX:SLF (Sun Life Financial Inc.)

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