Top Stocks With Attractive P/B Ratios for a Healthy Dividend Portfolio

Description

Coming in near or below market weight for their per-asset valuations, the following four stocks on the TSX index have attractive price-to-book (P/B) ratios and also pay dividends to their shareholders. What do a few other pieces of data tell us about these stocks, and can we glean a buy or sell signal from them?

Genworth MI Canada (TSX:MIC)

A P/B ratio of 0.9 shows that Genworth MI Canada is currently valued below its total worth in real-world assets. Though this private residential mortgage insurer had a negative year-on-year earnings-growth rate of -14.4% and is expecting a drop of -2.1% in earnings over the next one to three years, its five-year average past earnings growth of 7.6% is healthy, and it pays dividend yield of 4.75%. Undervaluation is confirmed by a low P/E ratio of 8.5. Overall, it's a moderate buy if you're looking for a bargain financial stock.

Industrial Alliance (TSX:IAG)

A P/B of 0.9 brings Industrial Alliance in under the TSX index average of 1.5 times book and shows that the stock is selling below its per-asset worth. This stock ticks all the right boxes: a dividend yield of 3.82% is backed up with a 6.2% expected annual growth in earnings, while a solid track record can be seen in its one-year past earnings growth of 10.6% and five-year average rate of 10.7%.

Its balance sheet is healthy, with a debt level of 39.2% of net worth below the danger threshold, while a considerable amount of inside buying in the last three months indicates that insider confidence is high. Meanwhile, undervaluation is confirmed by a low P/E ratio of 7.9 times earnings.

TMX Group (TSX:X)

The last three months have seen more inside buying of TMX Group shares than selling, which bodes well when it comes to insider confidence. Up 4.32% in the last five days, TMX Group pays a dividend yield of 2.88% and has a 5.2% expected annual rise in earnings on the way over the net on to three years to back it up with a bit of growth.

A very popular ticker, it's got a decent track record evinced by a one-year past earnings growth of 36.1% and five-year average of 19.2% as well as a sturdy enough balance sheet characterized by a level of debt of 34.9% of net worth. Meanwhile, the valuation is shown by a P/E of 17.5 and a P/B of 1.4 that comes in just below market weight.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

CIBC's one-year past earnings growth of 11.4% beats the Canadian banking industry average, as well as its own five-year average of 10.8% by a small margin. A healthy balance sheet is indicated by a sufficient tolerance for bad loans, and an appropriate comparative amount of non-loan assets. A P/E of 9.6 times earnings and P/B of 1.5 times book shows that this is a temptingly valued stock, with a dividend yield of 4.86% made all the more appetizing by a 4% expected annual growth in earnings.

The bottom line

All four stocks here represent decent valuation, coming in at or lower than the average per-asset valuation of the TSX index. Any one of these popular tickers would make a solid choice for a passive-income portfolio, and each offers a certain amount of defensiveness to the risk-averse investor.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:IAG (iA Financial Corporation Inc.)
4. TSX:X (TMX Group)

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