



Why ARC Resources Ltd and Canadian Imperial Bank of Commerce Deserve a Closer Look

Description

Oil and gas and banking stocks offer solid opportunities for income growth. **ARC Resources Ltd** ([TSX: ARX](#)) and **Canadian Imperial Bank of Commerce** ([TSX: CM](#)) ([NYSE: CM](#)) both have proven track records in their respective industries and would be welcome additions to any portfolio.

The two companies also provide income for investors and contribute to portfolio strength via diversification.

1. ARC Resources Ltd

ARC Resources achieved record Q2 production of 110,165 boe per day. This represents an increase of 18% over Q2 2013 and an increase of 4% over Q1 2014. Since the company formed, ARC has expanded production 10-fold. ARC is maintaining full-year production guidance of 110,000 to 114,000 boe per day for 2014.

The primary growth drivers for ARC are its Montney assets in northern Alberta and northeast British Columbia. The Montney provides ARC with exposure to natural gas, natural gas liquids and oil production. To promote growth in this region, the company's capital program in the Montney was approximately \$590 million in 2013.

President/CEO of ARC Resources Myron Stadnyk stated recently, "Our 2014 capital budget has been increased to \$975 million, a portion of which will enable us to accelerate certain strategic initiatives in the Montney region of British Columbia."

Since its inception in 1996, ARC has paid more than five billion in total dividends. Additionally, it has provided more than an 18% annual return to shareholders.

Last year, ARC paid over \$374 million in dividends to its shareholders. ARC's current dividend yield is 3.83% and its dividend rate is \$1.20. The company has paid an annual dividend of \$1.20 per share or higher for more than 17 years.

2. Canadian Imperial Bank of Commerce

CIBC serves 11 million customers globally through its Retail and Business Banking, Wealth Management and Wholesale Banking business units. CIBC has more than 1,100 branches in Canada.

In Q3 2014, the bank saw strong performance from its Wealth Management unit. This unit includes its asset management, retail brokerage and private wealth management businesses. Wealth Management had net income of \$121 million for Q3. This represents an increase of \$19 million or 19% from Q3 2013.

Its assets under management were increased by mutual fund sales and growth in Canadian and U.S. stock markets. In Q3, CIBC Asset Management had its 22nd consecutive quarter of positive net sales of long-term mutual funds.

CIBC acquired Atlantic Trust Private Wealth Management this year, which contributed to increased revenues in its Wealth Management unit. The bank believes this acquisition will help grow its wealth management business throughout North America. Atlantic Trust was recently ranked the second-highest luxury brand among wealth management firms in the United States.

CIBC has a current dividend yield of 3.82% and its dividend rate is \$4.00. The bank's five-year total shareholder return at year-end 2013 was 109.3%. Its objective is to deliver an adjusted dividend payout ratio between 40% and 50% of its earnings and a rolling five-year total shareholder return above the industry average.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:ARX (ARC Resources Ltd.)
3. TSX:CM (Canadian Imperial Bank of Commerce)

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