



New Investors: How to Invest for Your Future

Description

In the long run, stocks have outperformed other asset classes. The average market returns have been 10% per year. However, investing in the market by buying mutual funds or exchange-traded funds may not be the best way to invest for your future if income is a priority over total returns.

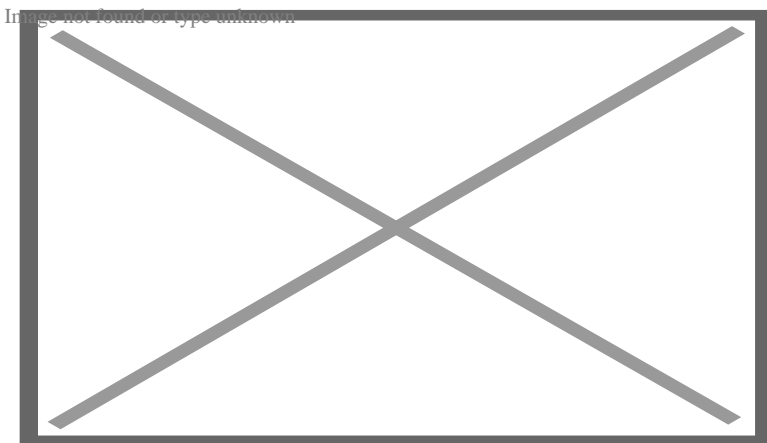
Buy mature companies that pay out growing dividends

Some investors feel more at ease knowing that they own well-known companies, such as **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) and **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)).

These mature companies tend to offer decent yields and have the capability to grow their dividends over time. Canadian Imperial Bank of Commerce and Telus offer yields of 4.5-5% currently.

Buy stocks when they're attractively priced

Some investors take one step further by only buying such companies when they are attractively priced. Are Canadian Imperial Bank of Commerce and Telus good investments today?



Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce is the fifth-largest bank in Canada with a market cap of ~\$46.5 billion. It offers financial products and services to 11 million retail, business, and institutional customers in Canada, the U.S., and other parts of the world.

Since fiscal year 2009, the bank has generated double-digit returns on equity. In the past five years, Canadian Imperial Bank of Commerce's returns on equity have been between 18.3% and 21.5%, which makes it a decent investment over the long term.

Now that the stock has pulled back roughly 12% from its 52-week high to ~\$105 per share, it trades at a multiple of ~9.7, which is a slight discount from its normal multiple.

The Street consensus from **Thomson Reuters** estimates Canadian Imperial Bank of Commerce will grow its earnings per share at a rate of ~6.1% for the next three to five years.

It also has a 12-month target price of \$119 on the stock, which represents ~13% upside potential in the near term. Let's not forget that the bank also offers a nice yield of ~4.9%, which will add to returns. In short, a near-term total return of ~18% is possible.

Telus

With a market cap of ~\$25.7 billion, Telus is the third-largest telecom in Canada. Notably, its share price has been very stable, trading in the range of ~\$41-46 in the last year. Currently, the shares sit at ~\$43.50 and offer a nice yield of ~4.5%.

The stock is not exactly cheap right now, but it is fairly valued, trading near its premium normal multiple. The Street consensus from Reuters estimates Telus will grow its earnings per share at a rate of ~6.6% for the next three to five years.

It also has a 12-month target price of \$49.10 on the stock, which represents ~12.7% upside potential in the near term. Adding its yield of ~4.5%, Telus's near-term total returns potential is ~17%.

Investor takeaway

New investors can start investing in Canadian Imperial Bank of Commerce and Telus, which are mature and stable investments that offer safe, decent yields. If you're looking for a better deal, consider the stocks if they fall another 10-20%.

CATEGORY

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

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:TU (TELUS)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:T (TELUS)

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Date

2025/08/10

Date Created

2017/09/13

Author

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