3 Value Stocks Perfect for Your Retirement Income

Description

As you start building your retirement income portfolio, finding some solid value stocks should be a major part of your investment strategy.

Value stocks offer bargains, not because they're bad investments, but because they're are trading for less than what they're actually worth. In the long run, these stocks should return to their normal values with a potential to outperform the market.

And having value stocks in your retirement portfolio makes sense because you're not in a rush to buy and sell. Your objective is to hold on to these companies in your portfolio to earn dividends and meet your expenses when you're in your golden age.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM), **Enbridge Inc.** (TSX:ENB)(NYSE:ENB), and **RioCan Real Estate Investment Trust** (TSX:REI.UN) are stocks that offer great value after recent pullbacks in their prices due to various short-term factors.

CIBC

Canadian banks are generally under pressure due to investors' concerns about the overheated housing market and its negative impact on their mortgage portfolios. The hardest hit among the banking stocks is CIBC. It's trading at a 9.62 price-to-earning (P/E) multiple, which is a ~23% discount from the P/E multiple of **Royal Bank of Canada**, the country's largest lender.

Canadian banks operate in an oligopoly environment, where the "Big Six" banks dominate the market share. So, in the long run, all banks shouldn't deviate too much from their average earnings multiples.

CIBC's recent deal to buy the U.S.-based PrivateBancorp has removed that one big drag on its share price — that it didn't have enough international diversification.

For long-term income investors, CIBC's current valuations provide a good entry point, as it's expected that the bank will catch up with its peers soon and will generate superior earnings growth.

Enbridge

Enbridge stock is down about 13% this year, hurt by weakness in energy markets and the Bank of Canada's drive to hike interest rates.

Power and gas utilities are just like bonds. They're the first dividend stocks that investors shun when rates rise. The reason is that their relative attractiveness when compared to safe-haven government bonds declines as investors shift their focus to fixed-income assets.

So, there's nothing wrong with the Enbridge's business and its ability to produce regular dividends. Its ~5% annual dividend yield is 60% higher than its average yield during the past five years, providing a good opportunity to load up your retirement portfolio with this solid stock.

RioCan REIT

The story with RioCan is almost similar to Enbridge's: the largest Canadian REIT is under pressure because of rising interest rates and worries about the Canadian housing markets.

But RioCan has a great mix of leasable assets, which it has rented to some of the largest retail brands in North America. The company is also working on many high-quality growth projects, which will likely add 3.3 million square feet of retail space to its portfolio.

After an 11% decline in its share price this year, investors can pick a nice ~6% annual dividend yield from this quality REIT, which is almost double the average yield offered by the companies on **S&P/TSX Composite Index.**

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:ENB (Enbridge Inc.)
5. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

Date
2025/07/05
Date Created
2017/09/14
Author
hanwar