



## Back Up the Truck: This Bank's Shares Are a Screaming Buy Today

### Description

I believe investors can't go too wrong with having some of their portfolio invested in Canadian bank shares. After all, these companies have been fantastic investments for the last century. The next century looks pretty good, too.

But at the same time, investors must be patient and pay a fair price for these assets. A bank stock bought at a 52-week high can still be a satisfactory investment. That same stock bought at a more advantageous time can be a star. It matters what you pay, folks.

Fortunately for investors today, pressure in various bank shares have brought them back down to a fantastic buy zone. Here's why I believe investors should load up on **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) shares today, specifically.

### A new 52-week low

Historically, if investors bought big bank shares whenever they hit a fresh 52-week low, the results were quite satisfactory.

Take **Toronto-Dominion Bank** shares. If an investor would have bought back in 2015, the last time the stock hit a 52-week low, they'd be looking at [a 40% gain just 14 months later](#). And that return doesn't even include dividends, which would have added another 4% or so.

CIBC shares recently hit a fresh 52-week low, dipping below the \$110 for the first time since the summer of 2017. As with TD before it, buying at those depressed levels 2017 would have yielded a nice result with shares up close to 20% (including dividends) just a year later.

### Strong fundamentals

CIBC is often disregarded because it's the smallest of Canada's five major banks, but the company is still a powerhouse.

It has approximately \$600 billion worth of assets and some 11 million clients across Canada and in the

Chicago region of the United States after the company finally expanded south of the border. Approximately 10% of earnings come from the U.S. today, with management stating they expect that to increase to 17% come 2020.

CIBC has a strong balance sheet as well, and management has taken steps to weather a housing bust if such a thing happens. Note that many analysts say to avoid CIBC because of its oversized exposure to Canadian housing, but I'd be surprised if we see a [major housing bust here in Canada](#). Credit losses are at decade lows and continue to trend downwards.

CIBC is also diversified away from Canadian retail banking, with a little more than 50% of total profits coming from the company's wealth management, capital markets, and U.S. banking divisions.

## Valuation

Canada's cheapest big bank has just gotten even cheaper, which is great news for long-term investors.

CIBC shares trade at just 8.7 times forward earnings, which easily puts it cheaper than its peers. Note that analysts are projecting solid earnings growth for CIBC, versus just about every other stock that trades at less than 10x earnings.

The stock also trades at just 1.5 times book value, which is best price-to-book value ratio versus its peers.

Finally, we have the dividend, which serves as a quick proxy for total valuation. CIBC's current yield is just over 5%, thanks to a recent dividend increase to \$1.36 per share on a quarterly basis. It isn't very often you'll find a Canadian bank yielding over 5%, especially one with the kind of dividend growth CIBC has delivered over the past decade.

## The bottom line

It isn't very often investors get a chance to load up on a Canadian bank yielding more than 5% at less than 10x trailing earnings. Back up the truck; your future self will thank you.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)

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