



2 Severely Undervalued Stocks Poised to Beat the Market in H2 2019

Description

It's been a heck of a start to 2019. As the rally runs out of steam, investors will need to tread carefully, with a preference for high-ROE names that know how to thrive at the company-specific level.

Without further ado, here are two top picks that could beat the market in the latter half of the year:

Canada Goose

Up first, we have **Canada Goose** ([TSX:GOOS](#))([NYSE:GOOS](#)), a hot growth stock that has seen a [fall from grace](#). China concerns and meagre guidance dragged the stock down in the first half, but as far as I'm concerned, the long-term growth thesis is still fully intact.

From a longer-term perspective, Canada Goose's move into the Chinese market looks to be a low-risk, high-growth initiative that could fuel many years' worth of high double-digit top and bottom-line numbers.

Now that the bar has been lowered by management, I'd look to initiate a position now that the stock trades at a more modest 7.7 times sales and 28.9 times EV/EBITDA. The stock is still pricey, but it's well given the long-term growth prospects and the strong management team.

CIBC

CIBC ([TSX:CM](#))([NYSE:CM](#)) has been a [dog](#) this year. The banks have been under pressure, and CIBC has had the toughest time rolling with the punches.

Although CIBC isn't the most conservative lender in the Big Five, it's still priced as though something was fundamentally flawed. The trajectory of provisions have many investors hitting the panic button, but I think the whole situation is exaggerated, no thanks to the short-sellers who've been slamming it and the Big Five in the first half.

While CIBC's loan book pales in comparison to its bigger brothers, I love the stock's 5.5% yield and its dirt cheap valuation. CIBC is the epitome of value at just eight times next year's expected earnings.

As investor pessimism fades, expect CIBC to make a bounce back potentially on an earnings report that may reveal signs of slowed bleeding.

Foolish takeaway

Both Canada Goose and CIBC are overly battered stocks that could make up for lost time in the second half. If you're looking for deep value, go with CIBC, and if you want hyper-growth at a reasonable price, Canada Goose is the horse to bet on.

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