



Canadian Millennials: 2 Millionaire-Maker Dividend Stocks to Buy Before 2020

Description

When most Canadians think of “millionaire-maker” stocks, they picture marijuana stocks, cryptocurrencies, penny stocks, or any other speculative asset that’s just about as risky as putting your hard-earned money on the outcome of a single spin at the roulette table.

It’s impossible to get rich quickly without risking your shirt (and your pants).

Nobody, not even Warren Buffett, knows how to do this. What billionaire guru investors and Fools know how to do is to build wealth at an above-average rate over time. And with a long enough time horizon (most millennials have this) and wealth-building tools as powerful as the Tax-Free Savings Account (TFSA), there’s no reason why to not aim to [retire as a millionaire](#).

So, rather than gambling your money with the chance of getting quick riches, invest your money wisely in millionaire-maker stocks that can bring you to a million over decades. And if you want to quicken the process, look to stocks that are severely undervalued to improve the odds of riding an upside correction.

Consider cheap, high-yield dividend stocks like **Northland Power** ([TSX:NPI](#)) and **CIBC** ([TSX:CM](#))([NYSE:CM](#)). Not only is each name capable of above-average growth over the long term, but each name has a substantial, growing dividend and currently trades at a valuation that I’d consider unsustainably low.

In essence, I see both names as timely income bets that can pay in both the near and long term.

Northland Power

You’re probably aware of the secular tailwinds to be enjoyed by sustainable energy producers. Such a premium growth industry demands a premium price tag for players within the space, but Northland Power, I believe, lacks such a rich multiple at this juncture.

With a wealth of international cash-flow-generative assets in the portfolio, and more on the way,

Northland Power can deliver frequent and generous dividend hikes alongside substantial capital gains over time.

The stock sports a 4.5% dividend yield and a dirt-cheap valuation, with the stock trading at just 13.6 times next year's expected earnings and 3.1 times sales.

In a [prior piece](#), I noted that Northland hit a massive buy signal, with shares starting to break out of its multi-year consolidation channel.

"You're getting a cheap income stock that looks fundamentally and technically sound that'll benefit from long-lived secular tailwinds." I wrote.

Today, the stock remains a timely buy for those looking for a premium name that's been unjustly placed in the TSX bargain bin.

CIBC

CIBC is another stellar dividend stock that doesn't get the respect it deserves from either analysts or investors. While it's tough to stand out from the likes of CIBC's siblings in the Big Five, I do think the stock's valuation gap relative to its peers has been overextended.

There's no question that CIBC got caught with its pants down during the financial crisis. Just have a look at the longer-term chart of the banks, and you'll see that CIBC stunk up the place while its peers staged a full rebound in subsequent years.

While CIBC was utterly unprepared in 2007-08, I do think it's a mistake to assume the same of the bank now with CEO Vic Dodig at the helm, who I believe has done a far better job, despite criticisms over the bank's sub-par loan book that's heavily weighted in domestic mortgages.

Over the last year, macro headwinds have slowed the banks. And short-sellers have rubbed salt in the wounds of Canadian banks, CIBC in particular, while taking advantage of the media limelight to talk up their short positions and talk down the Canadians banks.

The situation became overblown beyond proportion, and after CIBC pulled the curtain on results that were better than feared, the stock rallied off its low. Today, the stock remains dirt-cheap and could still have room to run as shorts are continuing to be proven wrong.

CIBC trades at 9.3 times next year's expected earnings, considerably lower than the five-year historical average price-to-earnings ratio of 10.4. With a 5% yield up for grabs, I'd load up on the stock today and hold it for decades.

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1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:NPI (Northland Power Inc.)

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