

Top Value Stocks to Buy in This 2020 Bull Market

Description

Market investors have been enjoying the good times. After the best year on record since 2009, the **S&P/TSX Composite Index** has been hitting new highs on an almost daily basis in 2020. Through the first few weeks of the year, the Index has gained 3.03% and is on pace to deliver yet again.

In such times, the tendency for investors is to sit on cash. Wait until the market euphoria subsides and buy-in after the inevitable market crash. But here's the problem with that approach – it rarely works out. Time in the market is better than time out of the market and no one can accurately predict when the next crash will come.

That said, there's also no denying that markets are also trading at expensive valuations. It can be difficult for value investors to find something to buy. The good news is, there's always value to be had. With that in mind, here are three stocks that are currently trading at cheap valuations.

Badger Daylighting

Badger Daylighting (TSX:BAD) had a rough second half of 2019 when it reset guidance expectations last fall. In effect, it wiped out all the company's gains and ended the year up a mere 9%. At one point, Badger shareholders were sitting on gains north of 45%.

Now that the bad news has been digested and baked into the share price, Badger has been slowing starting to rebound. Trading at just 17 times forward earnings, the company is trading at a ~15% discount to its five-year average. Analysts have also begun to take notice of its attractive valuations.

Over the past couple of weeks, it received two new "buy" calls and the average one-year price target is \$44.50 per share at writing. This implies 25% upside from today's share price. Now is the time to act before the broader market also takes notice of its discounted valuation.

Canadian Imperial Bank of Commerce

Most of Canada's Big Banks are currently trading at a discount; however, none is cheaper than the **Canadian Imperial Bank of Commerce**

(TSX:CM)(NYSE:CM).

As of writing, it's trading at an 18% discount to its historical price-to-earnings average. It has only been this cheap twice over the past decade.

Despite being Canada's <u>worst-performing bank</u> over the past couple of years, what it lacks in growth it makes up for in dividend yield. CIBC's stock currently yields 5.27%, tops among its big banking peers.

Let me circle back to its status as the worst-performing bank. Although that's true from a capital appreciation perspective, CIBC wasn't actually the worst-performing bank when taking total returns in account.

In fact, there were two other big banks with lower dividend yields that underperformed CIBC.

Don't underestimate the importance of CIBC's yield, as it can have a big impact on returns. It also provides an added level of safety in the event of a market downturn.

Foolish takeaway

While the markets might look frothy, as famed investor and founder and Chairman of Bridgewater Associates Ray Dalio recently said "Cash is Trash." There is always value to be found regardless of market conditions.

It's better to put that cash to use instead of waiting for the big correction. One way to ease those fears? Average into the market. Badger Daylighting and CIBC are two excellent candidates for investors to start accumulating.

CATEGORY

- 1. Bank Stocks
- 2. Dividend Stocks
- 3. Investing

TICKERS GLOBAL

- NYSE:CM (Canadian Imperial Bank of Commerce)
- 2. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
- 3. TSX:CM (Canadian Imperial Bank of Commerce)

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