



Are TSX Financial Stocks Undervalued?

Description

The pandemic has created much stock market volatility on the **Toronto Stock Exchange** this year. Money flowed out of financial stocks and into sectors like technology and gold. This means that savvy and brave TSX investors have a number of great buying opportunities in financial stocks.

While it may seem like a scary proposition to invest in the current market losers, it is actually one of the best decisions you can make for your retirement. To make money in the stock market, you need to buy low and sell high.

If you adopt a long-term mindset for your investment decisions, you can make a lot of money in TSX financial stocks right now. While no asset purchase comes without risk, a diversified portfolio is your best bet.

Diversify your TSX stock market portfolio

A diversified portfolio is the right way to go right now. While it may be tempting to only invest in the market-leading sectors like technology, the last thing you need is a market correction to destroy your plans.

Very few experts would recommend that you invest too heavily in TSX market winners while ignoring the lagging sectors like financial stocks. Don't give into overenthusiasm in just one stock or industry. Rather, diversify your TSX investments for success over the long term.

Ensure that you have spread out your investments across all industries like financial and industrial stocks even if these assets haven't been performing as well this year. At the very least, put some top TSX stocks in these sectors on your watch list.

Canadian Imperial Bank of Commerce

The March market crash caused the price of **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#))

) to fall to a 52-week low of \$67.52. Since then, the price of CIBC shares has rebounded to \$104.01 on the TSX at the time of writing.

The banking sector might be experiencing higher rates of default than normal, but this is no reason to panic. [Canadian banks](#) are some of the safest in the world.

If you don't already have this stock in your TSX retirement portfolio, it's a good idea to put it on your watch list and start buying shares. As with any asset, spread out your purchases over time.

Prices fluctuate from day to day. If you want to get the most bang for your buck, the best strategy is to wait for the days where the stock is trading lower and then make your purchase.

Don't avoid financial stocks completely

While financial stocks might not be trading as high as technology or gold right now, that doesn't mean you should avoid them completely. They could easily pick up pace on the TSX in the next six months to a year.

In addition, staying out of one sector of the market isn't advisable. If you want to have an adequately [diversified portfolio](#), then try investing in some of the less popular industries on the TSX right now.

Market sentiments are always changing. Spreading out your nest egg to multiple baskets is the only way to stay abreast of the most popular assets.

Canadian bank stocks also issue great dividends. Thus, your retirement portfolio could earn fantastic income from TSX financial stocks.

CATEGORY

1. Bank Stocks
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5. Stocks for Beginners

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

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