2 World-Class Canadian Value Picks to Load Up on Right Now

Description

The TSX happens to be filled with some excellent value right now — at least compared to other markets where valuations are higher, such as the U.S.

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However, some Canadian stocks are better than others. Indeed, value is a relative concept for long-term investors.

Those seeking highly defensive value picks may want to consider these two stocks. These are companies that are currently undervalued relative to their peers. And they're ones providing great long-term upside in terms of cash flow growth.

Let's get into it.

CIBC

In the banking sector, **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) has been the most undervalued stock for some time.

Indeed, the company's high level of leverage to the Canadian housing market has pushed some investors to seek other big banks. With the Canadian housing market continuing higher, this outlook has proven to be incorrect. Accordingly, CIBC has outperformed many of its peers in recent years, as the Canadian housing market has remained strong.

This has led to an intriguing situation. Investors who showed patience with CIBC or bought the dip last year have been well rewarded. The company's drastic improvement in loan-loss provisions have paved the way for some rather impressive results over the past year.

These results were recently highlighted in the company's Q2 earnings report. CIBC reported impressive earnings growth from US$392 million a year prior to US$1.7 billion this year. Now that's an improvement.

Much of this improvement has been tied to the removal of loan-loss provisions. Additionally, strength in the housing market has shored up any current losses from the past year. All in all, for investors bullish on the Canadian economy, CIBC remains an intriguing pick. As loan volumes continue higher and spending improves, CIBC could come out of this mess a winner.

Time will tell, I suppose.

Chartwell REIT

As far as the real estate sectors go, few REITs are better positioned to take advantage of the economic reopening than **Chartwell Retirement Residences** (TSX:CSH.UN).

Indeed, this REIT continues to be one of my top picks for those seeking reopening plays.

Why?

Well, Chartwell's COVID-19 woes have been more pronounced than that of its peers. The company's population, by definition, is older. Accordingly, government regulations around occupancy levels and accepting new clients over the past year has been stymied. Those seeking growth coming out of this pandemic will note the continued structural catalysts supporting retirement residences. Companies like Chartwell could perform exceedingly well if demand remains robust.

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And I think it will.

The company's goal is to build better employee engagement, customer satisfaction, and brand reputation over time. Indeed, as a recovery play, Chartwell's current position makes this an intriguing pick. Those seeking long-term growth can certainly find great value in this beaten-up REIT right now, in my view.

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TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:CSH.UN (Chartwell Retirement Residences)

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