Fight Inflation Fears With This Valuable Dividend Stock

Description

The **S&P/TSX Composite Index** continues to be in a slump, and a large part of that comes down to inflation fears. The Canadian dollar hit a four-month low this week, as the Omicron variant continues to lead to shut downs. Yet inflation continues to rise at the highest pace in decades. This has led Motley Fool investors running for cover. And a solid dividend stock seems like a great umbrella.

But be careful. Not all dividend stocks are created equal. In fact, what might seem like a great investment now, might not be in the near future when inflation fears pass by. Instead, some have risks of their own.

Luckily, there is certainly one dividend stock that offers both value and high dividends. It has over a hundred years of growth behind it, and could be here for a hundred more.

So let's look at **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM).

A valuable purchase

CIBC stock remains a solid dividend stock with high value. This goes to both its fundamentals and growth trajectory. The company currently trades at 10.35 times earnings, putting it well into value territory. Further, it trades at 1.55 times book value and has a target price of $166 average by analysts. That's a potential upside of 18% as of writing.

Shares of the dividend stock are up 29% year to date, but down 6% from 52-week highs. This comes likely from the ongoing concerns with both inflation and the expanding omicron variant. Still, CIBC remained confident during its latest earnings report that it will continue to see growth accelerate.

> "Against the backdrop of the ongoing global pandemic, our bank continued to invest for the future, including expanding our platform and capabilities in the U.S., accelerating the growth of our Canadian consumer franchise, and making foundational investments in cloud technology and other capabilities that will enable us to do more for clients in 2022 and

beyond," said Victor Dodig, president and CEO of CIBC.

Dividend booms

CIBC has long been known as the Big Six Bank with the highest dividend yield. That didn't change this month, as all the banks upped their dividends. Yet CIBC remained on top as the dividend stock increased its quarterly dividend to $1.61 per share for the January quarter. That brings it to a total of $6.44 per share, per year.

As of writing, this represents a dividend yield of 4.44% for Motley Fool investors to lock in. And believe me, you want to lock it in. The market continues to weigh heavily over fears of an uncertain future. But that means there are opportunities to buy up a protectionist dividend stock like CIBC.

If you were to pick up a dividend stock like CIBC today, you would get strong value and high dividends. As an example, let's say you were to invest $25,000 in CIBC at today's price. Those shares then hit the target price over the next year, as inflation increased.

That alone would turn your $25,000 into $29,432. Add on the dividends of $1,142 per year, and that's $30,574 in your portfolio in just a year! So keep safe with a dividend stock like CIBC, and you'll sleep peacefully for decades to come.

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