



Top Passive Income Stocks (With Dividend Yields Over 4%) to Buy Now

Description

Looking back to past recession-driven sell-offs or bear markets, it's easy to tell oneself, *I would have bought heavily had I had the opportunity*. Indeed, investing during times of turmoil is far easier said than done. If you're young, with time on your side, it should be exciting to buy the bear market pullbacks, with less care for where stocks are headed over the near- to medium-term.

Focusing on the near term is quite a waste of time. [Young investors'](#) efforts should be spent discovering relative pockets of value, so they'll be able to beat the TSX Index over long periods. Beating the TSX isn't hard if you put in the homework. Diversified stock pickers and U.S. indices have been heavily outperforming the energy- and materials-heavy index for many years.

Today, we'll check out two intriguing value stocks with yields north of 4% that I think are too good to pass up as the market looks to add to impressive July gains.

Canadian Imperial Bank of Commerce

CIBC ([TSX:CM](#))([NYSE:CM](#)) is an underdog in the Big Six basket of Canadian bank stocks. Though a recession or period of economic sluggishness doesn't bode well for loan growth, I'd argue that the number-five Canadian bank has gotten too cheap following its latest slip into a bear market.

With a 9.2 times price-to-earnings (P/E) multiple, CIBC stock is historically cheap and slightly cheaper than the financial services industry average P/E of around 9.8.

From peak to trough, shares of CIBC shed nearly 30% of their value. That's an excessive decline that's made CIBC stock one of the cheapest of the big banks based on its price-to-book (P/B) ratio — a measure of the market value divided by the book value (assets — liabilities) commonly used to compare banks. When loan growth dries up in times of recession, the P/E multiple can fluctuate wildly. This makes the P/E multiple less desirable as a valuation gauge than the P/B ratio.

Currently, CIBC stock has a mere 1.3 P/B, far less than the 1.6 P/B industry average. Undoubtedly, CIBC seems to be trading at a widening discount to its bigger brothers in the Big Six, likely because of

its disastrous performance during the 2008 Great Financial Crisis when the stock shed more than 65% of its value, while taking nearly a decade to post a full recovery.

CIBC has improved for the better since the early 2000s. While it still has a lot of Canadian housing exposure, the bank has a better management team that can sail through rougher waters. Just look at how CIBC fared during the 2020 stock market crash. Shares recovered and overshot to the upside in a matter of months.

Restaurant Brands International

Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#)) is my favourite Canadian stock to buy ahead of a recession. Fast food demand tends to fare pretty well when times get tough. It's hard to match the value menus of chains like Burger King, Tim Hortons, or Popeye's Chicken.

The stock is stuck in a five-year slog, generating a negative 12.5% return over the timespan. The company's managers have struggled to perform for investors thus far. As economic times grow tougher, perhaps management can make the most of the opportunity.

Amid recent stock price pressure, QSR stock has become unbelievably [cheap](#) for a firm with such high-calibre brands. The stock trades at 20.2 times price-to-earnings (P/E), far below the restaurant industry average P/E of 30.6! That's a huge discount relative to the peer group. As management invests in modernization projects, I expect the discount to fade. For now, I have faith in the power of the brands. Though, I wish activist investors would push for more change in the C-suite.

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