2 Discounted Dividend Stocks for Your RRSP

Description

Registered Retirement Savings Accounts (RRSPs) are great for investing for your retirement because contributing to RRSPs reduces your income taxes for the tax year, so the higher tax bracket you're at, the more taxes you'll save when you contribute to your RRSP. Furthermore, what's earned inside remains tax free until it's withdrawn.

default watermark

Here are two quality discounted dividend companies to consider for your RRSP.

Brookfield Property Partners LP (TSX:BPY.UN)(NYSE:BPY) owns, operates, and invests in quality commercial properties around the world. Its portfolio consists primarily of core office and retail assets (about 85%) and opportunistic assets (about 15%).

It targets total returns of 12-15% for its core portfolio and total returns of 20% for its opportunistic portfolio, which consists of assets across the multifamily, industrial, hospitality, triple net lease, and self-storage sectors.

Brookfield Property's 4.7% yield is supported by stable cash flows generated by its diversified portfolio across the United States, Canada, Brazil, the United Kingdom, Europe, Australia, China, and India.

At about $31 per unit, Brookfield Property trades at a discount of roughly 20% from its IFRS value. Additionally, the company aims to increase its funds from operations per unit by 8-11% per year, while increasing its distribution by 5-8% per year. So, Brookfield Property is a good candidate for both total return and income investors.

(– the original version of this post provided some potentially misleading tax related information which has been removed)*

Gilead Sciences, Inc. (NASDAQ:GILD) develops and commercializes therapies to treat life-threatening diseases such as HIV, Hepatitis B, and Hepatitis C. Gilead Sciences has operations in more than 30 countries around the world.

At US$85.50 per share, Gilead Sciences trades at a cheap multiple of seven. The main reason it's trading at a big discount is because the market can't see clear growth in the near term. For example, its EPS are estimated to grow about 3% per year in the next three to five years.

That said, investors who have a long-term view can consider Gilead Sciences's quality shares today because they're cheap. Gilead Sciences has a top-notch S&P credit rating of A.

Other factors that make Gilead Sciences attractive include the fact that it started paying a dividend last year and its payout ratio is very low. This year it hiked its dividend by 9.3%.

Even if it decides to increase its dividend by 9% every year through 2020, its payout ratio would still be below 19%, assuming EPS growth of 3% every year.

In any case, with a payout ratio of about 16%, investors can expect Gilead Sciences to grow its dividend for many years to come.

Conclusion

Investors can consider Brookfield Property and Gilead Sciences for a better chance of higher returns than the market due to their discounted shares and the likelihood of growing income. Brookfield Property also offers a decent 4.7% yield to start.

default watermark

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:GILD (Gilead Sciences, Inc.)
2. TSX:BPY.UN (Brookfield Property Partners)

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/08/23
Date Created
2016/07/20
Author
kayng

default watermark