



Find Hidden Dividend-Paying Gems

Description

With only a short time remaining before the end of RRSP season, investors have a number of options to choose from. Many of these securities are well-known high-quality names that Canadians see or use every day. They are top-of-mind companies that investors and consumers feel very comfortable with.

However, there are several lesser-known companies that are set to offer incredible upside and a potentially a significant amount of dividend growth in the coming few years. Although shares of Quebec-based **Laurentian Bank of Canada** ([TSX:LB](#)) have [not performed very well](#) as of late, the reality is that investors seeking a bank stock with a higher potential for growth than the Big Five have this additional option.

At a current price of almost \$52 per share, the dividend yield is approaching 5%, as the company continues to turn out consistently higher profits. For the past four fiscal years, earnings have increased at a rate of 5.85% alongside dividend increases, which have risen at a compounded annual growth rate (CAGR) of 6.15%. The dividend-payout ratio as a function of earnings is no more than 40%, which will hopefully translate to the initiation and execution of a large share buyback. At current levels, shares of this bank trade at a 9% discount to tangible book value, which may act as another driver for long-term investors.

The next name on the list is none other than **Lassonde Industries Inc.** ([TSX:LAS.A](#)), which has done an excellent job at moving sideways for [close to one year](#). At a current price of \$241 per share, the company offers a measly dividend of 1%, as the amount of long-term debt has consistently declined over the past three years. Although the company remains family run, the reality is that buying back shares would greatly reduce the total number of shareholders and allow the majority stakeholder to strengthen their grip on the company even further. This approach could be a little more challenging than most realize.

With a dividend-payout ratio that has averaged close to 20% over the past few years, investors clearly have a substantial amount of runway should the company choose not to privatize itself and remain publicly traded. With a clear dominant market share in the fruit juice industry, shareholders in Lassonde Industries may get impatient, as the company has done very little over the past 10 months.

As Canadians move closer to the RRSP deadline, there is typically more money than usual that enters the market, which very often allows for a small move higher. The major challenge that investors need to address when purchasing securities is figuring out which ones to hold for the long term. Small increases should mean very little to investors.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:LAS.A (Lassonde Industries Inc.)
2. TSX:LB (Laurentian Bank of Canada)

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