3 Dividend Stocks to Stash in an RRSP for the Next Decade

Description

In August, we have gone over a number of stocks for those building a retirement portfolio to target. Conservative investors may elect to target stocks that provide steady income while younger or more aggressive investors will seek out stocks that can provide explosive growth.

Today, we are going to look at three stocks that have provided attractive capital growth over the last several years. All three also offer varied dividend yields. Let's jump in.

CAE (TSX:CAE)(NYSE:CAE)

CAE is a Quebec-based aerospace and defence company. Shares of CAE have retreated in August in the midst of a general pullback on the TSX. Investors with a long time horizon should still have faith in CAE going forward.

CAE's defence segment stands to gain from policy changes in the United States, Canada, and across the developed world. The U.S. has already moved forward on bringing its defence budget above $700 billion, and it is likely to continue its steady march upward in the coming years. The big surprise is Canada, which has committed to a 70% increase in military spending over the next decade.

CAE released its first-quarter results on August 10. Defence revenue in the quarter was up 2% year over year to $263.2 million. The defence backlog hit $4.1 billion at the end of the quarter. The board of directors approved a 13% dividend hike to $0.09 per share, representing a 1.4% dividend yield.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS)

Scotiabank stock has suffered from a similar pullback due to a broader sell-off on the TSX. Shares have failed to climb back above the $80 mark in 2018 since the stock dropped following Q2 results in May. The bank is set to release its third-quarter results on August 28.

Second-quarter results were relatively strong for Scotiabank, particularly in its international banking segment. Net income in international banking rose 14% year over year to $675 million, while Canadian banking was up 5% to $1.02 billion.

There is concern that global growth could be slowed due to rising protectionism going forward, which could endanger what have been attractive targets in emerging markets. Fortunately, Latin America, where Scotiabank has its largest international footprint, has remained out of the fray of escalating trade wars. Political turmoil remains a risk, but the growth trajectory should be constant heading into 2020.

Scotiabank offers a quarterly dividend of $0.82 per share, representing a 4.2% dividend yield.

Dollarama (TSX:DOL)

Dollarama underwent a stock split in June. The stock remains in negative territory for 2018, and boasts a modest dividend compared to the two stocks listed above. Its yield sits just below 0.50% in mid-August. However, the stock has posted impressive growth over the past decade. Dollar store chains have reported huge growth since the financial crisis.

Dollarama has forecasted that it will open an additional 60-70 net new stores in fiscal 2019. It also expects EBITDA margin between 22.5% and 24%. Dollarama is the largest dollar store chain in Canada, and its business is a good target, as this industry has proven its robustness following the last significant slowdown.

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