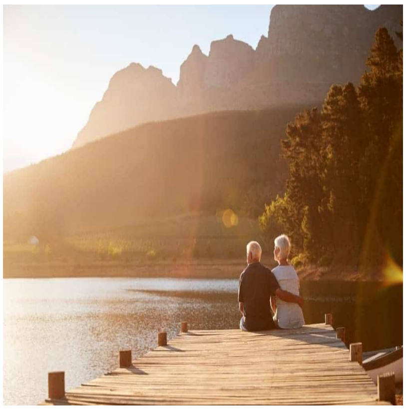

Retirement Investors: Only 1 of These Dividend Stocks Is a Strong Buy

Description

Looking for stocks on the TSX index to add to your RRSP or RRIF? Check out the following three dividend stocks for your retirement fund, taken from the financials and food industries for a bit of defensiveness that make them just right to buy and forget. With a spread of data that takes in their profitability and dividend yield, the following breakdowns represent some of the best passive income available on Canada's biggest stock exchange.

Restaurant Brands International (TSX:QSR)(NYSE:QSR)

A one-year past earnings growth of 141.5% beats the industry average of 18% by a huge margin, while a five-year average past earnings growth of 39.8%, showing that this ever-popular ticker has got it where it counts. A high past year ROE of 32% further indicates that Restaurant Brands International knows how to make good use of shareholders' funds.

A dividend yield of 3.22% is what makes this stock worth holding in an RRSP or RRIF, although there are several points that a risk-averse investor may wish to be aware of. Firstly, a comparative debt level of 275.1% of net worth is outstandingly high. Secondly, value isn't this stock's strong suit at present: while a P/E of 16.3 isn't too bad, a P/B of 6.4 shows poor per-asset valuation.

Rogers Sugar (TSX:RSI)

A one-year past earnings growth of 121.1% beats the industry average of 1.4% as well as its own five-year average past earnings growth of 6.8%. If you're looking for a food products stock and don't like the stats for the previous ticker, try Rogers Sugar, if only for its lower multiples: a P/E of 12.2 is nice and low, while a P/B of 1.7 likewise beats Restaurant Brands International.

A chunky dividend yield of 6.38% makes this stock a strong pick for passive income, though investors looking for shares they can hold onto for years to come may find a debt level of 91.5% of net worth abit on the steep side. Rogers Sugar is also looking at an expected contraction in earnings over the next one to three years, so weigh up whether you want growth with your dividends.

Fairfax Financial Holdings (TSX:FFH)

The strongest of the three stocks listed here, Fairfax Financial Holdings is carrying some mean multiples at the moment: look at that nice and low P/E of 7.7, and a P/B ratio shows that this stock is trading at its book value. It also has a cleaner balance sheet, with a lower level of debt of 36.6% compared to net worth.

While its dividend yield of 2.15% is lower as well, an extremely significant past year earnings growth far outperforms the industry and is continued (albeit at a much lower rate) with a 4.9% expected annual growth in earnings for the next couple of years; meanwhile, its share price is discounted by 23% compared to its future cash flow value, further highlighting the great value of this financials wunderkind.

The bottom line

Dividend investors may wish to look farther afield if they want high expected growth in earnings. Consider Restaurant Brands International's decrease in expected annual growth in earnings over the next one to three years for example: while this may be a conservative estimate, it's true that higher growth in dividend stocks ca be found on the TSX index. Meanwhile, Rogers Sugar's high yield and strong market share make for a stable buy-and-hold stock just right for a retirement fund, though Fairfax Financial Holdings is the stronger buy.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:FFH (Fairfax Financial Holdings Limited)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:RSI (Rogers Sugar Inc.)

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