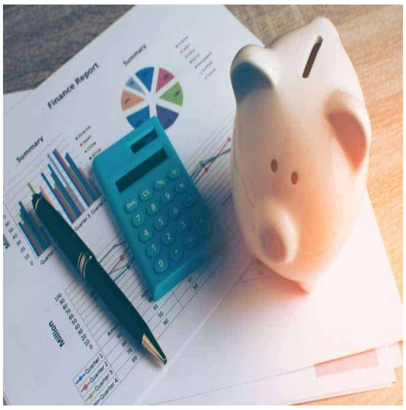

3 Dividend Aristocrats for Your RRSP

Description

A recent report from Melbourne Mercer's global pension index ranked the Canadian system as the ninth best in the world. This is largely due to the growth in assets under the Canada Pension Plan and the Quebec Pension Plan. However, the report also pointed out that pensions around the world are facing challenges in the form of "unprecedented life expectancy and rising pressure on public resources."

In previous articles, I'd discussed why many investors need to focus on building their retirement portfolio. The decline of defined-benefit pension plans in the private sector is something many Canadians cannot ignore.

Today, I want to look at three Dividend Aristocrats on the TSX — that is, stocks that have achieved at least five consecutive years of dividend growth.

Magna International

Magna International (TSX:MG)(NYSE:MGA) is the top automotive parts manufacturer in North America. Shares have climbed 8.4% over the past three months. The company is set to release its third-quarter 2019 results in early November.

In the second quarter, Magna reported a lower year-over-year profit and slashed its sales outlook. However, on an organic basis, sales still increased 5% compared to a 6% decline in global vehicle production. And overall, earnings still beat analyst expectations.

The company last announced a quarterly dividend of $0.365 per share. This represents a 2.7% yield. Magna has achieved dividend growth for nine consecutive years. The stock possesses a price-to-earnings ratio of 8.3 and a favourable price-to-book value of 1.5. Magna is still a strong option for investors even in the face of broader headwinds for the global auto sector.

Richelieu Hardware

Richelieu Hardware (TSX:RCH) imports, manufacturers, and distributes specialty hardware and complementary products. Shares have climbed 18.8% in 2019 so far. The stock has achieved average annual returns of 15% over the last 10 years.

In the third quarter, Richelieu reported sales of $269.2 million, which were up 3.4% from the prior year. EBITDA rose 4.3% year over year to $30.2 million and diluted net earnings per share climbed 3.1% to $0.33. Sales in U.S. dollars to hardware retailers have shown strong growth in the first nine months of 2019. This has fueled 8.2% sales growth in its U.S. segment compared to 0.7% growth in Canada.

Richelieu last paid out a quarterly dividend of $0.0633 per share. This represents a modest 0.9% yield. The company has delivered dividend growth for nine straight years.

Gildan Activewear

Gildan Activewear (TSX:GIL)(NYSE:GIL) is a Montreal-based manufacturer of branded clothing. The stock has plunged 34.9% over the past three months. It released preliminary third-quarter results on October 17.

The company revealed adjusted diluted earnings per share of $0.53, which was down 7% from the prior year. Gildan reported weaker-than-expected demand for imprintables in North America and continued weakness in international markets.

However, overall retail sales were still in line with the company's expectations. This sparked a revision in its guidance for the full year that reflected a roughly $50 million sales shortfall. Investors can expect a more detailed report tomorrow.

Gildan last paid out a quarterly dividend of $0.134 per share. This represents a 2% yield. The stock had a Relative Strength Index of 19 at the time of this writing, which puts Gildan deep in technically oversold territory. It looks like the biggest discount of the dividend stocks we have covered today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:GIL (Gildan Activewear Inc.)
2. NYSE:MGA (Magna International Inc.)
3. TSX:GIL (Gildan Activewear Inc.)
4. TSX:MG (Magna International Inc.)
5. TSX:RCH (Richelieu Hardware Ltd.)

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