



## RRSP Contribution Deadline: 3 Discounted Dividend Stocks for 2020

### Description

Hurry! You have until March 2 to make RRSP contributions if you want to reduce your taxable income for 2019.

Here are three discounted [dividend stocks](#) you can consider for your RRSP. They can boost your retirement income and provide above-average price gains prospects.

### Freehold Royalties

**Freehold Royalties** ([TSX:FRU](#)) acquires and manages oil and gas royalties. Its royalty production is about 10,200 barrels of oil equivalent per day coming from 6.7 million acres of land.

Its net-debt-to-funds-from-operations ratio has nudged higher since 2016. However, it's still manageable at about one.

Freehold Royalties's trailing 12-month (TTM) free cash flow yield is about 11%. In the period, it paid out about 71% of its free cash flow as dividends, which is roughly the midpoint of its target payout ratio.

During this time, the WTI oil price ranged essentially from US\$52 to US\$63 per barrel. With the WTI at greater about US\$60 today and expected to stay within US\$50-70, Freehold Royalties's dividend should be safe for 2020.

At writing, the stock offers a high yield of 8.3%, which is paid out as a monthly eligible dividend with an annualized payout of \$0.63 per share. An investment of \$5,000 will result in an annual income of \$415.

Analysts have an average 12-month price target of \$10.50 per share on the stock for near-term upside potential of 38%.

### Nutrien

**Nutrien's** ([TSX:NTR](#))([NYSE:NTR](#)) TTM revenue totaled more than US\$20 billion. It is the biggest

retailer of crop inputs and services in the United States and North America with a market share of about 21%.

It's about three times the size of the next largest competitor! Additionally, it has global operations with leading positions in Australia and South America. Nutrien just acquired a tuck-in acquisition in Brazil, which will complement its retail operations in the country and add US\$60 million of annual sales.

In 2019, there was a trade war, great weather, and swine flu (which destroyed roughly half of the swine population in China). These factors negatively affected the demand for Nutrien's fertilizer products. Yet, in this atypical year, the company still managed to increase its EBITDA by about 10%.

Nutrien generates roughly a third of its earnings from its retail business, which is pretty stable. This business unit drives organic growth via its international supply chain across seven countries.

The rest of its businesses are in potash and nitrogen production. Management does not expect much supply to come online, which should be positive for the company going forward.

The company offers a yield of about 3.6%. Its TTM free cash flow payout ratio is 65%. Therefore, it has a good buffer to protect its dividend.

It has only been about two years since Potash Corp and Agrium merged into Nutrien. So, there's little trading history to examine. However, analysts have an average 12-month price target of about US\$58 per share on the stock for near-term upside potential of 22%.

## CIBC

Whenever the big Canadian banks are relatively cheap, investors can buy their shares for long-term price gains while locking in a high yield.

Right now, **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) is the cheapest Big Six Canadian bank, trading at a dirt-cheap price-to-earnings ratio of just 8.8, roughly a 20% discount from its long-term normal multiple!

A cheap stock price implies a bigger dividend yield. Currently, [CIBC](#) offers the largest yield — roughly 5.4% — of the Big Six Canadian banks. Its dividend is protected by a payout ratio of under 50%, which aligns with its peers.

The near-term growth of the bank has slowed, but it aims for an earnings-growth rate of 5-10% in the long run on a per-share basis.

The investing community's low expectations of CIBC can lead to incredible total returns down the road should the bank do the right things, such as making strides in the United States, growing its core Canadian business, and optimizing its operations.

## Food for thought

These three dividend stocks have different risk profiles. So, size your positions accordingly.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

## TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:NTR (Nutrien)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:FRU (Freehold Royalties Ltd.)
5. TSX:NTR (Nutrien)

## PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

## Category

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

## Date

2025/07/30

## Date Created

2020/01/12

## Author

kayng

default watermark

default watermark