Don’t Overlook These Dividend Stock Heavyweights

Description

My favourite dividend heavyweights not only have to have large upfront yields, but they also need to be subject to above-average growth over time, and the underlying stock needs to be priced at a significant discount to its intrinsic value. The latter trait is of utmost importance because even the best dividend stock in the world can be a sell if the price isn’t right.

Without further ado, consider **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) and **SmartCentres REIT** (TSX:SRU.UN), two overlooked dividend heavyweights that are underpriced thanks to temporary near-term headwinds that have clouded their respective longer-term growth stories.

Restaurant Brands International

Billionaire hedge fund manager Bill Ackman loves Restaurant Brands stock, and it’s not hard to see why. The fast-food juggernaut is a growth stock, an income stock, and a value stock all rolled into one.

Over the last three years, Restaurant Brands has grown its net income by an impressive 17.8%, yet the stock has the valuation of a low-to-no-growth stalwart, with shares currently trading at just 16.6 times next year’s expected earnings and 5.5 times sales.

Fast food has been out of favour in recent months thanks in part to belt-tightening consumers who are trying to minimize discretionary spending, and the Tim Hortons’ brand is dragging in Canada. I see both issues as temporary, offering an opportunity for Fools to bag one of the most attractive dividend growth stocks at a nice discount.

Sales at Tim’s and broader economic sluggishness are two things that can quickly reverse without a moment’s notice. When you factor in turnaround initiatives at Tim’s (management changes and a back to the basics plan) and the finger-licking-good comps (42% sales pop in the last quarter) at Popeyes Louisiana Kitchen, it becomes more evident that Restaurant Brands is stock that deserves a growth multiple well above 20 times earnings.

The fast food titan has yet to get all three of its brands firing on all cylinders at the same time, but when it does, watch out! With a 3.2% yield, Restaurant Brands is one of few stocks that could give you a real one-two punch with its growing dividend and potential for outsized capital gains.

SmartCentres REIT

Technically, SmartCentres isn't a stock, it's a REIT, but it's a REIT that deserves to be on your radar.

SmartCentres REIT is an Ontario-weighted (over half of revenues are derived from Ontario) retail REIT behind the popular **Wal-Mart**-anchored shopping malls across the country. It also happens to be one of the most misunderstood REITs on the TSX.

With the continued rise of e-commerce, the last place that many investors want to invest in is brick-and-mortar shopping malls, which some believe are at risk of dying out over the next few decades. While the death of the shopping mall thesis is still up for debate, the fact remains that SmartCentres is so much more than just another retail REIT.

With Penguin Pick-up, an online delivery pick-up spot at SmartCentre locations, the company has blurred the lines between the realm of the physical and the digital.

Moreover, similar to many other retail-focused REITs, SmartCentres has been pursuing projects to diversify away from retail and into mixed-use properties.

Mixed-use properties composed of residential and retail tenants hold the potential to form mutually beneficial relationships (the convenience of living near retail stores for residents or having customers close by for retailers), thereby allowing SmartCentres to command a higher rent per invested dollar.

While SmartCentres may be a retail REIT today, in a decade it'll be more of a master-planned-community play — and with that will come significant multiple expansion.

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