RRSP Wealth: Top 3 Dividend Stocks With Huge Upside

Description

Last summer, I'd discussed the issues many Canadians were facing when it came to their retirement. Broad sections of the population are woefully unprepared for retirement, and many more have failed to formulate a plan. The impacts of the COVID-19 pandemic on the economy and the finances of Canadians may exacerbate these issues. Today, I want to look at how Canadians can give a boost to their RRSP portfolio. Below are three of my favourite stocks to target as we approach the midway point in May.

RRSP dividend stock: Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is the fifth-largest of the Big Six Canadian banks. It has rewarded investors who have bought the dip in previous pullbacks. Shares of CIBC have dropped 23% over the past three months as of close on May 8. CIBC stock offers nice value and better income right now, which is why I'm targeting it for an RRSP.

CIBC is set to release its second-quarter 2020 results on May 28. In the first quarter, the bank reported adjusted net income of $1.48 billion — up 9% from the prior year. Adjusted diluted earnings per share increased 8% year over year to $3.24. Investors can expect to see a radical change in Q2 2020, but CIBC should bounce back as the broader economy reopens.

The stock last had a favourable price-to-earnings (P/E) ratio of 7.4 and a price-to-book (P/B) value of one. CIBC offers a quarterly dividend of $1.46 per share, representing a monster 7% yield. Moreover, like its peers CIBC boasts an immaculate balance sheet. It is the perfect buy-low candidate for an RRSP right now.

Genworth MI Canada

It is difficult to get a read on the Canadian housing market right now. Sales have predictably slumped, but the government and Canada's top banks have acted to give borrowers relief. This should prevent a sharp sell-off that would typically lead to a significant price decline. Demand remains high in Canada's top cities, and supply will remain low, which is why I'm still bullish on **Genworth MI Canada** in an RRSP portfolio.

Shares of Genworth have dropped 41% over the past three months. The stock currently possesses a favourable P/E ratio of 6.6 and a P/B value of 0.8. Genworth last paid out a quarterly dividend of $0.54 per share. This represents a tasty 6.8% yield. Genworth is a top private residential mortgage insurer, and it is well positioned to bounce back as housing activity returns to normal.

Great-West Lifeco

Great-West Lifeco is a financial services and insurance company. Its stock has dropped 37% over the past three months. In 2019, the company reported sales of $42 billion. This was largely due to solid growth in Europe and higher wealth sales in Canada. Consolidated assets under management grew to $1.6 trillion — up 16% from December 31, 2018.

Shares of Great-West last possessed a P/E ratio of 9.8 and a P/B value of 0.9. This puts the stock in favourable value territory relative to its industry peers. Moreover, the company last announced a 6% increase to its quarterly dividend to $0.438 per share. This now represents a very attractive 8.1% yield.

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