



This Dividend-Growth Stock Is Perfect for Your TFSA Forever Fund

Description

With dividend-growth stocks, you're not just getting a solid, growing dividend to go with capital gains; you're also setting your future self with a reliable stream of income that nothing else in the market can provide in an instant. Over the course of many decades, the dividend yield based on your original principal will grow above and beyond any run-of-the-mill dividend stock that offers a high yield upfront with a modest annualized dividend-growth rate.

Thus, such dividend-growth stocks are one of the few investments that investors have an incentive to own forever. Capital gains aside, the growing dividend serves as a gift that just keeps on giving!

Although the upfront dividend yield may seem unimpressive, the only reason it's lower than that of dividend stocks is because of many years' worth of capital appreciation, which is inversely proportional to the magnitude of the dividend yield. As such dividend-growth stocks continue to appreciate, the yield will keep falling until the next dividend hike.

When it comes to top dividend-growth stocks, it's hard to ignore **Canadian Tire Corporation Limited** ([TSX:CTC.A](#)), an iconic Canadian retailer that has shown it can adapt in a rapidly changing retail environment.

Unlike many other big-box retailers, Canadian Tire has built a wide moat in the form of its numerous [exclusive brands](#) that Canadians have grown to trust over many years. Moving forward, the company is committed to acquiring even more trusted brands, as it continues to improve the customer experience on both the physical and digital front.

In addition, management has done an impeccable job of leveraging technology to drive in-store traffic and digital sales, offsetting a majority of the impact from e-commerce disruptors hungry for the market shares of the remaining brick-and-mortar players.

FGL Sports, Canadian Tire's sporting goods subsidiary, has excelled in the Canadian market, where it's really had no problem with competition. This is about to change though, as fellow Fool contributor Will Ashworth [pointed out](#). New brick-and-mortar competitors like Decathlon could gradually begin to erode the dominant position that FGL's Sport Chek locations have enjoyed in select markets. However,

given Canadian Tire management's ability to adapt, I don't think they'll sit around while their top line takes a hit.

Have a look at any renovated Sport Chek location, and you'll see that the interior design and cutting-edge tech that will continue to draw attention from customers. How many brick-and-mortar stores can offer customers the upscale experience? Decathlon may soon discover that dethroning Sport Chek in select markets is easier said than done, despite an initial buildup of hype and lower prices.

As such, despite all disruptive forces, whether it be digital or physical, Canadian Tire keeps finding a way to come out on top as a solid EPS grower that's poised to continue its streak of dividend hikes. With seven consecutive years of dividend increases (the most recent one was a massive ~38% hike), it certainly looks like Canadian Tire is well equipped to continue its streak, as it fights off competitors by staying on top of its game.

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