



Canada's Newest Dividend Aristocrats (Part 1)

Description

As we near the end of December, it's time to look forward to 2020. As all of Canada's companies have reported earnings and announced their dividends, we have a clear picture of who will be joining Canada's exclusive list of Dividend Aristocrats. Aristocrats are companies who have grown dividends for at least five consecutive years.

The dividend growth strategy is one of the most popular and rewarding investing strategies. It's a strategy that is suited for all generations — from millennials to retirees, it's an ageless means of generating wealth.

It's also a strategy that fits well in any account type. It can be executed within the Tax Free Savings Account (TFSA), in a Registered Retirement Savings Plan (RRSP) or in a regular non-registered account.

Why are Aristocrats so important? Once a company achieves Aristocrat status, it gains a reputation as a reliable dividend growth company. There are many investors who will not consider a company's dividend growth streak as legitimate until they reach this status.

Furthermore, Aristocrats are added to several funds which track dividend growth stocks and thus, increases stock liquidity.

Who are Canada's newest Dividend Aristocrats? Let's find out!

Goeasy Ltd

One of my favourite financial services company, **goeasy** ([TSX:GSY](#)), finally achieved this coveted status. I've brought goeasy to [investors' attention](#) several times before, and it's now time for this alternative lender to be properly recognized as a leading dividend growth company.

Over its five-year streak, goeasy has grown its dividend by an average of 42% annually. It now pays out \$0.31 quarterly, up from \$0.10 prior to when its streak began, giving it one of the best dividend

growth rates among all Canadian Dividend Aristocrats.

The best news? It's just getting started. It has a low payout ratio (28%) and goeasy is expected to grow earnings by more than 30% over the next couple of years.

As such, there's reason to expect the dividend to grow along with its earnings growth rate. With its growth and income, goeasy is a dual threat.

Power Financial Corp

It's a return to form for **Power Financial Corp** (TSX:PWF). Once a Canadian Dividend Aristocrat and one of the most reliable dividend growth stocks in the country, Power Financial lost its status after the financial crisis of 2008 and beyond. It didn't cut the dividend, which was kept steady for a number of years.

Power Financial Corp has been paying out uninterrupted dividends for more than 20 years. Its most recent streak has seen the quarterly dividend rise from \$0.35 to \$0.455 per share, an average of 6% annually.

Although it doesn't have the highest dividend growth rate, it more than makes up for it with its attractive yield, which is currently hovering around 5.61%. This leading life insurance company is expected to grow earnings by an average of 8% annually over the next five years. As such, investors can expect the company to match its dividend growth rate over the next few years.

Power Corporation of Canada

The parent company of Power Financial, **Power Corporation of Canada** ([TSX:POW](#)) has also re-established itself as an Aristocrat. The company operates through **Lifeco**, **IGM Financial** and **Pargesa** with essentially the same dividend pattern as its subsidiary.

Power Corp's most recent streak has been slightly more rewarding than that of Power Financial. The quarterly dividend rose from \$0.29 to \$0.405 per share, an average of approximately 8% annually.

On a forward basis, it has a respectable payout ratio of 48%, which should all but guarantee an extended dividend growth streak.

Analysts expect the company to grow earnings by an average of 8% annually and for revenue to grow in the mid-single digits.

Power Corp provides excellent value, and as of writing trades below 10 times forward earnings. It currently yields 5.04% and along with Power Financial is one of the [safest high-yield](#) stocks on the TSX.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:GSY (goeasy Ltd.)
2. TSX:POW (Power Corporation of Canada)

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Author

mlitalien

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