



14 Freshly Minted Canadian Dividend Aristocrat Stocks to Buy in 2020

Description

The simple yet effective philosophy in the dividend growth stocks investing strategy demonstrates that it's not the current yield that greatly matters, but rather the confident promise of future annual increases in income payouts that could result in juicy but secure growing yields years down the line.

One trusted professionally managed index that allows investors to passively follow a dividend growth strategy with exposure to local Canadian stocks that have kept increasing their annual payouts over that past five years, the **S&P/TSX Canadian Dividend Aristocrats Index** effected the addition of 14 new constituents for 2020 on February 3, increasing the menu from which local investors can pick their best choices.

One of the 14 fresh new names on the Aristocrat Index looks like a good buy today.

Savaria Corporation

With the United States and Canada expected to see their populations be composed of 20% in persons over the age of 65 in 10 years' time, **Savaria Corporation** ([TSX:SIS](#)) is one well-placed producer of old-age mobility products that stands to benefit from this demographic trend of a rapidly ageing population.

Savaria Corp's stock has traded mainly sideways over the past three years after an acquisitions led growth spree came with [increased revenue and declining profit margins](#).

However, a new and enticing trend is emerging now as the company began realizing synergistic benefits with the integration of recent acquisitions, notably its 2018 acquisition of European-based Garavenda Accessibility.

The company continues to introduce new innovative products that are adding to strong organic growth; the return on equity from its operations has been trending upward over the first three quarters of 2019 from just over 8% during the first quarter to about 11.7% during the third quarter.

This was the trend on adjusted EBITDA and net income margins too and management have guided for stronger growth in 2020 and a sustainable 15-16% adjusted EBITDA margin for this year.

The company has increased its dividend by an average 24.5% per year over the past five years. As if to stress its increased focus on serving income investor needs, management changed the pay-out frequency from quarterly to monthly in 2017.

The current monthly pay check yields a nice 3.4% per year.

Prepare to retire with the president?

One key executive, Marcel Bourassa, the current President and CEO (who acquired the company in 1989 as a small lift manufacturer in Quebec, expanded it and took it public in 2002) still controls over 29% of the company's issued shares.

Perhaps it's the key man's retirement strategy to have the "personal project" cater for his cash flow needs by paying a juicy and growing monthly dividend while he leaves some of his trusted lieutenants to run the operation. (Two other directors who share the same surname with him.

Four Bourassas are listed as corporate insiders and a younger one has already proved potential by leading a successful lower cost new manufacturing division in China).

If this is Marcel's retirement strategy to generate dependable liquidity on his concentrated position, it could be a good idea to buy a share into his package and enjoy the growing pay checks.

Other new names that appear on the index for 2020 include **Cageco Inc., CT REIT, Chartwell Retirement Residences, Fiera Capital Corporation, First Service Corp, goeasy Ltd., Great-West Lifeco, Maple Leaf Foods, NFI Group, Power Corporation of Canada, Quebecor Inc., Sun Life Financial Services Canada** and mattress king **Sleep Country Canada Holdings**.

If you prefer buying the whole thing for better diversification, BlackRock's **iShares S&P/TSX Canadian Dividend Aristocrats Index ETF** ([TSX:CDZ](#)) has already generated a 6.09% net asset value growth so far this year, has a low management expense ratio of 0.66% and is rated a low-to-medium risk investment.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:SIS (Savaria Corporation)

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