Top Dividend Growers on the TSX Today

Description

Dividend growth stocks offer a great mix of income upfront and growth over time, making them more attractive bets for younger investors who don't really need the monthly or quarterly payouts. **CN Rail** (TSX:CNR)(NYSE:CNI) is one top dividend grower with a fairly modest 1.9% yield.

Unless you checked out the company's dividend growth history, you wouldn't know the Dividend Aristocrat had raised its dividend by an average of 13% annually. For young investors, such dividend growth seems less meaningful, but over the decades, the yield on one's invested principal can really grow such that it'd produce a more meaningful passive income stream down the road.

For dividend growers, every percentage of dividend growth can make a huge impact over the decades. For younger investors, dividend growth stocks can be a powerful, albeit simple way to build wealth over the long haul.

In this piece, we'll have a closer look at three dividend growers that can evolve into a quickly snowballing passive income stream over the decades.

CN Rail

Kicking off the list, we have none other than CN Rail. The business of rails hasn't really changed much over the decades. Moving forward, the IoT (internet of things) technology, green locomotives, and AI can help the rails reduce derailments and improve upon operational efficiency, thus enhancing profitability and dividend growth prospects further.

At the same time, self-driving electric trucks may take some business away from the rails over the coming decades. Still, CN Rail looks to be the most secure, especially once its **Kansas City Southern** rail deal goes through. Why? CN Rail will have immediate access to the two biggest North American borders, making it one of the most secure rails, as innovative tech looks to challenge the moats of the big rails.

Over the past five years, CN Rail's near 13% annualized dividend growth is not only enviable, but also sustainable, making the stock a great buy on any weakness.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.A)(TSX:ATD.B) is a c-store retailer that's averaged nearly 25% in dividend growth over the past five years. Make no mistake: the old-school retailer is still growing, even though it's been less busy on the acquisition front than in the past. The company has been busy searching for bargains in the global c-store and grocery market.

Of late, many things have stood in the way of a deal going through. Most notably, federal regulators or pandemic uncertainties have prevented Couche from scooping up a blockbuster elephant-sized deal.

While I have no idea when Couche will make its next move, one has to think that the firm is itching to put its massive cash and credit pile to work sometime soon. In any case, the firm is growing organically at an impressive rate. Once investors better appreciate the firm's growth prospects and its dividend growth trajectory, I suspect shares could correct sharply to the upside.

For now, beginner investors will view anything retail-related as unsexy. In due time, though, Couche's growth will reaccelerate and it could win back the shareholders it had lost after the past few years of relative inactivity on the M&A front. Such growth is likely to fuel continued double-digit dividend growth.

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2. TSX:ATD (Alimentation Couche-Tard Inc.)
3. TSX:CNR (Canadian National Railway Company)

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