3 TSX Dividend Stocks Investors Should Buy

Description

If you ask me, dividend stocks belong in every portfolio. Not only is holding dividend stocks an excellent way to build a source of passive income, but they can also provide stability during periods of market uncertainty. Because of that, both growth and dividend investors alike should hold at least a few quality dividend stocks. In this article, I'll discuss three **TSX** dividend stocks that investors should buy.

One of the best dividend companies

Canadian Dividend Aristocrats are objectively some of the best dividend companies in the country. This is a list of TSX-listed stocks that have managed to increase dividend distributions for at least five consecutive years. Of all the companies included on that list, I believe there's one that all Canadians should hold. That would be **Fortis** (TSX:FTS)(NYSE:FTS).

It claims the second-longest active dividend-growth streak in the country at 47 years. That's very impressive considering the streak of its next closest peer is more than a decade and a half shorter. Fortis is able to leverage its recession-proof business and deliver reliable dividend increases each year. If I had to choose one dividend stock to buy today, it would likely be Fortis.

This company dominates an important industry

Until today, there isn't a way that we can transport large amounts of goods across long distances if not by rail. As a result, the railway industry will continue to be relied on for the foreseeable future. In Canada, the railway industry is dominated by two companies. **Canadian National** (TSX:CNR)(NYSE:CNI) is the larger of those two companies. It's also a stock you should consider buying for your portfolio.

With a rail network of nearly 33,000 km, there's no denying that it's one of the most important railway companies in North America. Canadian National's network stretches from British Columbia to Nova Scotia. It also reaches as far south as Louisiana. Like Fortis, Canadian National is listed as a Canadian

Dividend Aristocrat. With a dividend-growth streak of 25 years, it’s one of 11 Canadian companies that would qualify as an aristocrat in the United States.

Choose this stock for its outstanding dividend-growth rate

When looking for dividend stocks to add to your portfolio, it’s important to consider how fast a company’s distribution grows. A failure to beat the rate of inflation will result in a decrease in buying power over time. Generally, I look for a CAGR of at least 10% over the past five years. **goeasy** (TSX:GSY) is one stock that has had no issues beating inflation over the long run.

Over the past seven years, goeasy’s quarterly dividend has increased from $0.085 per share to $0.66. That represents a CAGR of 34%, greatly outpacing inflation. What’s even more impressive is that goeasy’s dividend-payout ratio continues to be very low at 16.34%. This suggests that the company has sufficient room to continue increasing its distribution in the future.

CATEGORY

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2. NYSE:FTS (Fortis Inc.)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:FTS (Fortis Inc.)
5. TSX:GSY (goeasy Ltd.)

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