



3 TSX Dividend Stocks to Hold for Passive Income

Description

Investing in [dividend stocks](#) is a great way for the everyday person to generate massive amounts of passive income. When looking for dividend stocks to add to your portfolio, there are many things to consider.

One aspect that I don't see talked about enough is how fast a company is able to grow its dividend distribution. Ideally, investors should target stocks with a five-year dividend-growth rate of at least 10%. By finding companies with a sufficiently high dividend-growth rate, investors can rest assured that their source of passive income is able to beat inflation each year. In this article, I'll discuss three **TSX** dividend stocks you should hold for passive income.

A reliable dividend stock

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) has long been known as an elite dividend stock. It holds a dividend-growth streak of 25 years. This makes it one of 11 TSX-listed companies that would qualify as a Dividend Aristocrat by American standards. For those that are unfamiliar, stocks are required to increase dividends for 25 years in the United States in order to be named a Dividend Aristocrat. This compares to just a five-year requirement in Canada.

Even more impressive than its dividend-growth streak is Canadian National's dividend-growth rate. In 2017, the company offered investors a quarterly dividend of \$0.4125 per share. Today, its quarterly dividend is \$0.7325 per share. That represents a five-year dividend-growth rate of 12.2%.

Have you considered investing in this company?

Alimentation Couche-Tard ([TSX:ATD](#)) is a company that many investors may be sleeping on. It doesn't operate the most exciting business, but it's a rather important one. Alimentation operates more than 15,000 convenience stores across 15 countries. In addition to its flagship Couche-Tard and Mac's stores, this company operates under different banners such as Circle K, On the Run, 7-jours, Dairy Mart, Daisy Mart, and Winks.

If you thought Canadian National's dividend-growth rate was impressive, take a look at these numbers. In 2017, Alimentation offered a quarterly dividend of \$0.045 per share. Today, its quarterly dividend is \$0.11 per share. That represents a five-year dividend-growth rate of 19.6%! You may have noticed that Alimentation's dividend is rather low, but with an 11% payout ratio, the company has a lot of room to increase its distributions in the future.

One of the fastest-growing dividends

goeasy ([TSX:GSY](#)) may have the most impressive dividend-growth rate that I've seen. Before getting into the numbers, here's a refresher on what goeasy does. This company operates two distinct business lines. First, it provides high-interest loans to subprime lenders. Second, goeasy sells furniture and other durable home goods on a rent-to-own basis. Given the nature of its business, it's easy to see why the company saw record revenue numbers over the pandemic.

Now, onto its [dividend growth](#). In 2017, goeasy offered investors a quarterly dividend of \$0.18 per share. Today, its quarterly dividend is an astonishing \$0.91 per share. That represents an incredible five-year dividend-growth rate of 38.3%. Like Alimentation, goeasy has a very low dividend-payout ratio (18%). This means that it's very possible that investors could continue to see this dividend increase at a fast rate in the coming years.

CATEGORY

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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:ATD (Alimentation Couche-Tard Inc.)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:GSY (goeasy Ltd.)

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