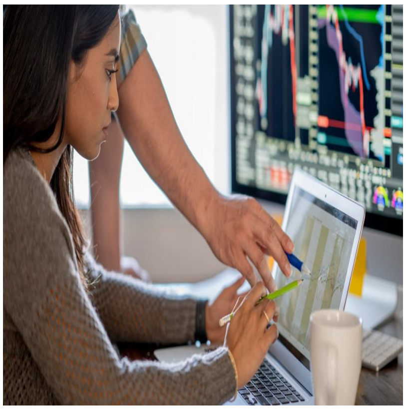

Buy These 3 Dividend Stocks to Beat Inflation

Description

Investing in dividend stocks can be an excellent way to build a source of passive income. However, it's important that investors find stocks that are able to keep up with inflation. Failing to do so could result in a loss of buying power over time. Over the long term, inflation usually rises around 2-3% per year. However, there are some years like this one, where inflation is rampant. In March, Canada's inflation rate was 6.7%. That's the greatest jump that we've seen in the country's inflation rate in the past 30 years.

In this article, I'll discuss three dividend stocks that investors should consider holding in their portfolios. These three companies could help you beat inflation and maintain a solid source of passive income.

Start with this stock

Canadian National Railway (TSX:CNR)(NYSE:CNI) may be one of the most recognizable names in Canada. It operates the largest railway network in the country, with more than 30,000 km of track. However, what you may not know about Canadian National is how impressive of a dividend company it is. Listed as a Canadian Dividend Aristocrat, this company has raised its dividend distribution in each of the past 25 years.

As I alluded to previously, it's not simply an increase in a company's dividend that investors should be looking for. It's how fast that company has been able to grow its dividend over the years. Although Canadian National holds one of the longest active dividend-growth streaks in Canada, its five-year dividend-growth rate should be highlighted. With a dividend that has grown at a CAGR of 12.2%, investors can beat inflation even during years like this one.

Buy one of the banks

Canadians could also do well by investing in one of the Big Five banks. The Canadian banking industry is highly regulated. That has allowed the Big Five to establish very formidable moats. Like Canadian National, these companies are very recognizable around the country. It could be a good move to invest in the bank you do business with if you're happy with how it's run.

If I had to choose, I would pick **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) for my portfolio. Another Canadian Dividend Aristocrat, it has increased its dividend distribution over the past 11 years. Over the past five years, Bank of Nova Scotia has increased its dividend at a CAGR of 5.6%. That beats the long-term growth rate of Canada's inflation rate. However, that rate wouldn't do so in a year like this one. Fortunately, the company has recognized this and agreed to increase its dividend by 11% in 2022.

Have you ever considered this company?

Investors should also consider investing in **Alimentation Couche-Tard** (TSX:ATD). A less-recognized name, Alimentation Couche-Tard operates under many different banners which you may be more familiar with. Its stores include the likes of Mac, Circle K, and On the Run, among many more.

Another excellent Dividend Aristocrat, Alimentation Couche-Tard has increased its dividend distribution in each of the past 11 years. Over the past five years, Alimentation Couche-Tard has grown its dividend at a CAGR of 19.6%. This means that investors would easily be able to beat inflation by investing in this stock.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CNI (Canadian National Railway Company)
3. TSX:ATD (Alimentation Couche-Tard Inc.)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:CNR (Canadian National Railway Company)

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