2 Canadian Stocks That Could Double Their Dividends Over the Next 5 Years

Description

As most investors probably know, after all the recent volatility, there are plenty of high-quality Canadian stocks to buy in this environment. For months, it was mostly growth stocks that had sold off, but now there are plenty of stocks across the board, including high-quality Canadian dividend stocks that are trading undervalued and worth a buy.

Even stocks with tonnes of growth potential and high-quality operations have been selling off recently. So, this is an opportunity that you don't want to miss out on.

And while you'll want to focus on finding the best value and buying stocks that make sense for your portfolio, there's no doubt that investments that offer both capital gains growth and consistent dividend increases are understandably some of the best to buy.

If you're looking to buy high-quality Canadian dividend stocks in this environment, here are two that could double their dividend payments over the next five years or perhaps even sooner.

A top Canadian growth stock

One of the best Canadian stocks you can buy today that has been achieving tonnes of growth and has also been rapidly increasing its dividend in recent years is **goeasy** (TSX:GSY).

goeasy's operations have grown at an impressive rate thanks to many factors, including tailwinds from the economy, impressive execution from management, and a core business with highly attractive economics.

This consistent growth has led to a significant rally in the share price over the last few years. However, as profitability has been skyrocketing, the company has also been increasing its dividend considerably.

In just the last five years, goeasy has increased its dividend from $0.72 annually in 2017 to $3.64 annually today. That's a massive increase of more than 400% in just five years, showing how much growth goeasy has achieved.

Plus, considering the stock is still in growth mode, and its dividend still only has a yield of roughly 3.1% today, it's clear that over the next few years, there is more potential for considerable dividend increases.

If you're looking for high-quality Canadian dividend stocks to own for years that can grow in value and return growing passive income, goeasy is, without a doubt, one of the best to consider, especially after its recent selloff.

One of the best Canadian dividend stocks to buy now

In addition to goeasy, one of the best Canadian dividend stocks to buy now has to be **Freehold Royalties** (TSX:FRU), a lower-risk energy stock. Freehold owns land that other energy companies produce oil and gas in exchange for a royalty payment.

The stock is constantly bringing in tonnes of cash flow, which is part of the reason it's such an excellent dividend stock.

Over the last year and a half, as the energy industry has recovered, Freehold has increased its dividend on six separate occasions from $0.18 annually at the end of 2020 to $0.96 annually today. And while I don't expect the same growth rate going forward in the dividend, there is still a tonne of potential for more dividend increases in the coming years.

Depending on how oil markets perform and what goes on with the war in Ukraine, it's not out of the question to see Freehold continue to increase its dividend, especially when you consider that right now, its payout ratio is extremely safe right at the bottom of its target payout ratio, which is between 60% and 80% of free cash flow.

Even if Freehold doesn't double its dividend in the next five years, it still offers incredible capital gains potential. Not to mention, the stock has an incredibly attractive yield today of roughly 6.5% and will almost surely offer at least some dividend growth in the coming years.

Therefore, if you're looking for high-quality Canadian dividend stocks to buy while they're undervalued, Freehold is one you'll want to check out.

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