4 Canadian Stocks That Could Increase Dividends by at Least 5%

Description

Investing in stocks that consistently pay and increase their dividend can help generate a stellar inflow of cash. So, for investors looking to generate a growing passive income through dividends, below are my top picks.

Notably, I'll focus on Canadian companies with a history of consistently increasing their dividend and clear visibility over future cash flows. Further, these Canadian corporations could continue to hike their dividend by at least 5%.

goeasy

Financial services company **goeasy** (TSX:GSY) has been paying dividend for 18 years and consistently increased it for eight years. However, what sticks out is the rate at which goeasy has raised its dividend. Its dividend has had a CAGR of 34.5% since 2014. Moreover, its stellar sales and earnings growth indicate that goeasy could continue to hike it further at a high rate.

This subprime lender's top and bottom lines have been growing at a breakneck pace, which supports higher payouts. Further, its ability to drive loans, strong payment volumes, product expansion, and acquisitions provide a solid base for multi-year growth. Its growing earnings base will drive its future payouts. Meanwhile, goeasy offers a dividend yield of 3.3%.

Algonquin Power & Utilities

This utility company has raised dividend for 11 years in a row. Further, **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) increased it at a CAGR of 10% during the same period. Its low-risk business, solid regulated asset base, and steady cash flows support higher payouts.

Further, Algonquin Power expects its rate base to grow at a mid-teens rate annually through 2026, which will drive its EBITDA and earnings. Algonquin Power expects its bottom line to increase at a CAGR of 7-9% over the next five years, indicating that its dividend could rise similarly. It offers a yield of 4.9%, while its payouts are well covered.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) has been a highly dependable stock for income investors. Its low-risk business model, rate-regulated assets, and strong cash flows have driven its dividend payments higher for 48 years. Further, this utility company is upbeat about its future earnings and cash flows and projects a 6% increase in its annual dividend through 2025.

Notably, the company expects its rate base to increase at a CAGR of 6% over the next five years. This will expand its earnings and drive dividend payments. Further, its growing renewables portfolio and opportunistic acquisitions augur well for growth and support my bullish view.

AltaGas

AltaGas (TSX:ALA), with its high-quality portfolio of low-risk regulated assets and high-growth midstream business, is another solid investment to generate a growing passive income. It recently hiked the 2022 dividend by 6% and expects to grow it at a CAGR of 5-7% through 2026.

AltaGas's projection is backed by the continued increase in its rate base and higher export volumes. Notably, AltaGas's rate base is projected to increase at a CAGR of 8-10% through 2026, which will drive its earnings base and dividend payments. Moreover, it expects global export volumes to increase at a CAGR of 10% in the midstream business, which will support its financials. AltaGas stock offers a yield of 3.8%.

CATEGORY

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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:ALA (AltaGas Ltd.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:FTS (Fortis Inc.)
6. TSX:GSY (goeasy Ltd.)

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