



Passive-Income Investors: 3 Stocks With Fast-Growing Dividends

Description

It's no secret that inflation is running rampant this year. In March 2022, the national [inflation rate](#) was reported to be 6.7%. That's much higher than the long-term average of 2% and even higher than the reported inflation rate in February. With that in mind, investors need to be conscious about how this is affecting their sources of passive income.

As inflation increases, investors lose buying power. This means that investors focused on establishing a large amount of [passive income](#) need to find stocks that can increase their dividend distribution faster than the rate of inflation. In this article, I'll discuss three stocks with very fast dividend-growth rates.

A leader in an important industry

The railway industry has played a large role in helping create the country's economy as we know it today. As it stands, there still isn't a viable way to transport large amounts of goods over long distances if not via rail. Because of that, I believe that the railway companies operating in Canada could continue to see a lot of demand over the coming years. That's why **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) stands out as a good company to hold in a portfolio.

However, what makes this company even more impressive is its outstanding dividend. Canadian National has increased its dividend in each of the past 25 years. That makes it one of only 11 Canadian companies to reach that milestone. In addition, its dividend has grown at a CAGR of 12.2% over the past five years. That keeps its dividend-growth rate above even this year's inflation rate.

This stock is greatly underappreciated

Another stock that deserves consideration for any passive-income portfolio is **Alimentation Couche-Tard** ([TSX:ATD](#)). This company may be one of the most underappreciated stocks on the **TSX**, in my opinion. It doesn't operate a very exciting business, but it has steadily grown into a large global entity. Today, Alimentation Couche-Tard operates about 15,000 stores across 15 countries.

Listed as a Canadian Dividend Aristocrat, Alimentation Couche-Tard has increased its dividend in each of the past 11 years. Over the past five years, its dividend has grown at a CAGR of 19.6%. Alimentation Couche-Tard doesn't offer investors a very attractive forward yield. However, its payout ratio is still very low (11.4%). That means it could continue to increase its dividend at a very fast rate over the coming years.

One of the most impressive dividend-growth rates around

Whenever I think of companies with a very fast dividend-growth rate, I always think of **goeasy** ([TSX:GSY](#)). For those that are unfamiliar, this company operates two distinct business segments. First is easyfinancial, which provides high-interest loans to subprime borrowers. Second, it operates easyhome, which sells furniture and other home goods on a rent-to-own basis.

Like the other companies discussed here, goeasy is listed as a Canadian Dividend Aristocrat. It has increased its dividend in each of the past eight years. Over the past five years, this stock has grown its dividend at a staggering rate of 32.2%. That greatly outpaces the inflation rate. Despite those increases, goeasy manages to maintain a very low dividend-payout ratio (18%). Investors could see this dividend continue to grow at a fast rate in the future.

CATEGORY

1. Dividend Stocks
2. Investing

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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