Want Passive Income? These TSX Dividend Stocks Are for You

Description

Building a source of passive income is one of the main reasons many Canadians start investing. This is especially true today, with the economy on a brink of a recession, rampant inflation, and companies that are employing hiring freezes. The ability to supplement your income through the stock market hasn't been this crucial for many years. In this article, I'll discuss three **TSX** dividend stocks that could help you build a source of passive income today.

A company that deserves more attention

Alimentation Couche-Tard (TSX:ATD) locations have such a large presence in our day-to-day lives. However, this stock doesn't get as much attention as I think it should. If you're reading this thinking, "I've never been to an Alimentation Couche-Tard," then you're likely just unfamiliar with the company as a whole. It also operates as Mac's, Circle K, On the Run, and Daisy Mart, among others. As of June 2022, Alimentation Couche-Tard operates more than 14,000 locations in 24 countries. The company also estimates that it serves about nine million customers per day.

Listed as a Canadian Dividend Aristocrat, Alimentation Couche-Tard has managed to increase its dividend in each of the past 11 years. More impressively, the company has raised its dividend at a compound annual growth rate (CAGR) of 19.6% over the past five years. That fast growth rate allows investors to keep ahead of inflation and is a characteristic that you should look for in the dividend stocks you hold. Alimentation Couche-Tard maintains a payout ratio of 12.44%, suggesting that it has tons of room to continue raising its dividend in the future.

This company could become a major winner again

Through the COVID-19 pandemic, **goeasy** (TSX:GSY) was a major winner. This makes a lot of sense if you understand what the company does. goeasy operates two distinct business segments — the first being easyfinancial, which provides high-interest loans to subprime borrowers. Its second business segment is easyhome, which sells furniture and other home goods on a rent-to-own basis. Through the pandemic, many consumers turned to goeasy, allowing the company to post record highs in many financial metrics.

Its dividend may be the most impressive that I've seen in a long time. goeasy has managed to increase its dividend in each of the past eight years at a CAGR of 34.5%. Of course, it would be very hard for any company to continue growing its dividend at that rate for a long time. If we take a more conservative growth rate of 20% from here and look eight years into the future, goeasy's quarterly dividend could be worth $3.91 per share. With a current payout ratio of 32%, the company certainly has a lot of room to continue raising its dividend.

A large-cap stock with a tremendous dividend

If you're interested in a larger company, then consider **Canadian National Railway** (TSX:CNR)(NYSE:CNI). This is one of the largest companies in Canada and one of the largest railway operators in North America. Its rail network spans from British Columbia to Nova Scotia and as far south as Louisiana. Canadian National operates nearly 33,000 km of track.

This company comes with a dividend-growth streak of 25 years. That makes Canadian National one of only 11 TSX-listed stocks to currently hold a dividend-growth streak of that length or longer. Like the other two companies discussed in this article, Canadian National stock comes with an impressive growth rate. Over the past five years, it has grown its dividend at a CAGR of 12.2%.

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3. TSX:CNR (Canadian National Railway Company)
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