3 TSX Stocks With Dividends That Outpace Inflation

Description

Inflation has worried many investors this year. With inflation rising faster than usual, buying power has plummeted. This can cause a lot of issues when it comes to dividend investors, some of which rely on dividends as their primary source of income. If your dividend portfolio cannot keep up with inflation, then it's imperative that you make changes in order to continue being able to live comfortably.

In this article, I'll discuss three blue-chip stocks that could help you outpace inflation.

Start with this insane dividend-growth machine

When it comes to dividend growth, **goeasy** (TSX:GSY) is always the first stock that comes to mind. This company operates two distinct business lines. easyfinancial, its first business segment, 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. Because of the nature of its business, goeasy saw a massive boost in revenue over the past couple of years.

As of this writing, goeasy offers investors a dividend of $0.91 per share. Although that may not seem like a lot, it's important to note that this stock offered a $0.085 dividend per share in 2014. That indicates a compound annual growth rate (CAGR) of about 34.5% over the past eight years. With a payout ratio of 35.39%, goeasy has a lot of room to comfortably raising its dividend over the coming years.

An underappreciated company

Alimentation Couche-Tard (TSX:ATD) is the second stock that investors should consider buying in order to beat inflation. This company operates convenience stores around the world. As of its most recent earnings presentation, Alimentation Couche-Tard operates more than 14,000 locations across 24 countries and territories.

Since 2012, Alimentation Couche-Tard's dividend has grown nearly 10-fold. That signifies a CAGR of about 25%, which is much greater than the long-term inflation rate. Like goeasy, Alimentation Couche-Tard maintains a very low dividend-payout ratio (12.35%). I believe this company could continue to lengthen its 12-year dividend-growth streak.

One of the best stocks around

If you're assessing a dividend stock for all that it's worth, then **Canadian National Railway** (TSX:CNR) should always appear to be one of the best stocks around. By that, I mean look at its industry dominance, stable revenue, and dividend reliability. There are very few Canadian companies that can compete with Canadian National on all of those counts.

Looking at its dividend, investors can note a 26-year dividend-growth streak. That makes it one of only 11 TSX-listed companies to currently surpass the quarter-century mark when it comes to increasing its dividend over consecutive years. Over that period, Canadian National's dividend has grown at a CAGR of 15.66%. This company comes in with the highest dividend-payout ratio among the three stocks listed in this article (37.02%). However, I remain confident that Canadian National could continue to increase its dividend at a fast rate over the coming years.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:CNR (Canadian National Railway Company)
3. TSX:GSY (goeasy Ltd.)

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Date
2025/06/28
Date Created
2022/11/30
Author
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