# Passive Income: 1 Unstoppable Canadian Dividend Stock to Own Forever

### Description

If you need passive income now, you might pass over **goeasy** (TSX:GSY) stock, because it only yields about 3.4%. In the current macro environment, income investors could get bigger and safe passive income from other dividend stocks. However, if you have a long-term investment horizon, parking some capital in the growth stock could be one of the best investment decisions you make in your life! That's because it is one unstoppable Canadian dividend stock.



## Strong dividend growth

Its 15-year dividend-growth rate is 17.3%. And its recent dividend-growth rate has only become stronger. For instance, its five-year dividend-growth rate is 39.5%.

It makes sense. goeasy is the leading non-prime lender in Canada. Canadians who can't borrow from traditional means end up borrowing through the company's products and services at high interest rates. However, the company doesn't leave these Canadians hanging. Instead, it aims to help them improve their credit scores and lower their interest rates over time.

For the record, its long-term dividend-growth rate was "low" because it maintained the same quarterly dividend between 2009 and 2014. You may recall the start of that period was heavily impacted by the global financial crisis, during which the capital market pretty much came to a halt.

Fast dividend growth will increase your passive income faster. For example, an investor who bought goeasy shares 15 years ago would have roughly 10 times their income from their shares.

## Good time to buy the dividend stock

goeasy stock's recent performance has been disappointing. Year to date, it has fallen 40%! It's down but not out. In fact, high inflation could drive more Canadians to borrow from goeasy. Canadians who already borrow from it could also borrow more.

At $107.38 per share at writing, the dividend stock trades at about 9.4 times earnings, which is a discount of 22% below its historical levels. Analysts also believe it's a good time to accumulate shares. The 12-month consensus price target across nine analysts is $198, which implies a substantial discount of 46%.

## The business model

Lending to non-prime Canadians may seem like a high-risk business, but there are benefits as well. Its customers work in a diverse range of industries. So, goeasy does not have concentration risk in any particular industry. Additionally, management noted that these lenders have 55% less debt than prime consumers.

Furthermore, almost half of goeasy's portfolio has loan protection insurance for unemployment risk, and greater than 37% of its portfolio is loans secured by hard assets, such as real estate or vehicles.

goeasy doesn't lend to Canadians based on their credit score. Instead, it has dynamic and proprietary credit and underwriting models that are two times more predictive than traditional credit scores.

Management estimates net charge offs of 8.5% to 10.5% through 2023 and an improvement to the 8.0% to 10.0% range in 2024. Its strong operating margin of about 35% and many operating expenses that are adjustable allow its net charge offs to double before compromising the profitability of the business!



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