3 Dividend Stocks I Like Better Than Fortis Inc (TSX:FTS)

Description

Fortis (TSX:FTS)(NYSE:FTS) is one of the best-regarded TSX dividend stocks. Boasting 45 consecutive years of dividend increases, the company has been one of the most reliable income growers around.

Following its most recent annual report, Fortis continued its dividend-growth streak, raising its payout by 5.9%. Although this is a healthy increase, the company's dividend-growth rate is not quite what it was in years past. Whereas Fortis's five-year average dividend-growth rate is 7.3%, management is aiming to increase the payout by just 6% each year going forward.

Fortis's management won't stop paying dividends any time soon. Nevertheless, there are other stocks whose dividend growth could be higher. The following are just three of them.

Canadian Pacific Railway (TSX:CP)(NYSE:CP)

Canadian Pacific is a railway company that mainly makes its money off of shipping coal, energy products, fertilizers, and grain. The company benefits from any increase in shipments of these commodities, so the recent increase in crude-by-rail shipments by Rachel Notley's government could help it.

Canadian Pacific is a fast-growing company, having grown its revenue by 17% in its most recent quarter. Canadian Pacific's dividend is only about 0.94% now, but the stock has a three-year average dividend-growth rate of 21.5%.

Royal Bank (TSX:RY)(NYSE:RY)

RBC is Canada's largest bank. In recent years, it's been bested by **TD** in terms of earnings growth and returns, but a fairly weak Q1 for TD may have changed that. In Q1, TD grew earnings by just 2.4%, while RBC grew its net income by 7%. As a result, the latter had the best Q1 of all the Big Six banks.

Royal Bank compares favourably to Fortis in terms of its dividend yield, which was 3.95% as of this writing. The bank's five-year average dividend-growth rate is also slightly higher than Fortis's at 7.9%.

Restaurant Brands International (TSX:QSR)(NYSE:QSR)

Restaurant Brands is a company with some serious "smart money" backing. With Warren Buffett, Bill Ackman and Jorge Paulo Lemann as major holders, it may be the Canadian stock most favoured by the world's investing elite. Restaurant Brands has three major companies under its umbrella: Tim Hortons, Burger King and Popeyes Louisiana Kitchen. Tim Hortons's growth has been somewhat sluggish lately, but Burger King and Popeyes are both growing at or near double digits year over year.

Earlier this year, Restaurant Brands increased its dividend by 142%. As a result, it now has a 3.2% yield. The recent dividend increase sent the stock's payout ratio to a pretty high level, which, when combined with the slow earnings growth, means we won't likely see that triple-digit increase repeated. Nevertheless, this is a dividend stock with a solid growth track record.

Bottom line

For dividend investors, Fortis has been one of the best performers on the TSX. Boasting an ever-growing dividend and fairly respectable capital gains, it has cemented its place among the top Canadian income stocks. But with management now eyeing only 6% annual dividend increases, it's totally possible to find stocks that offer more dividend growth. The three stocks mentioned in this article are just some among many.

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