2 Cheap TSX Stocks With Growing Dividends

Description

What makes a great dividend? Not just upfront yield or stability, but also growth potential over the long term. In this piece, we'll have a look at some of the better-looking high-yield **TSX** stocks with some of the best dividend growth prospects. Without further ado, consider **CN Rail** (TSX:CNR)(NYSE:CNI) and **Restaurant Brands International** (TSX:QSR)(NYSE:QSR), which yield 1.8% and 3.4%, respectively, at the time of writing.

TSX stocks with swollen dividends

While neither company may be remarkable on the upfront yield front, in terms of dividend growth and total returns potential, each name is worth hanging onto for decades at a time. Why? Not only does each firm have a wide moat and a resilient operating cash flow stream, but both firms have highly predictable earnings growth. With predictable earnings over time, one can project dividend growth regardless of the market environment. In essence, both names are great for all seasons and all types of economic conditions.

But which is the better buy right here? Let's have a closer look.

CN Rail

The business of railways is unlikely to change over the next decade and beyond. While cyclical, they tend to hold up in times of recession and always end up bouncing back when a new bull market is born. As the economy continues bouncing back from the COVID-19 crisis, I'd look for freight volumes to take off in a big way. CN Rail isn't just one of the most extensive North American railroads, it's also one of the best-managed. Although 2020 was a less-than-stellar year for the firm, COVID-19 disruptions had an impact on margins and volumes.

As the stock continues to sag over its bidding war with **CP Rail**, I'd look to initiate a starter positionright here. I think the battle for **Kansas City Southern** has clouded the favourable environment thatmay just be sitting around the horizon. In terms of dividend growth, not much has changed.

The TSX stock boasts a nearly 2% yield, which is on the higher end. Although the payout isn't the main attraction today, investors should pay more attention to the magnitude of dividend growth that's likely to be on the higher end of the range over the next decade.

Restaurant Brands International

Restaurant Brands International can't seem to gain any traction these days. After clocking in a consensus-crushing second quarter (Q2/2021), you'd think that shares would start to play catch up.

Although the immediate post-earnings reaction was positive, it didn't take long for industry headwinds to scrape back the gains. Delta variant fears have been a major overhang on restaurant stocks. As the wave looks to peak, I'd look for the reopening plays to make up for lost time again. In such a scenario, I'd look for Restaurant Brands to make up for lost time as it looks to finally break above its consolidation around the $80 mark.

The company is doing a lot right, and once the restaurant industry can move closer toward 2019 levels of normalcy, I'd look for QSR stock to spike. Nobody knows when the TSX stock will wake up again. But there *is* a juicy dividend yield of 3.4% to collect while you wait.

With the possibility of further variant-driven waves, it could be a long time before QSR stock finally breaks out to hit a new all-time high. At the very least, income investors will have something to show for their patience.

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