



3 Cheap Canadian Dividend Stocks to Buy Right Now

Description

Amid the rising COVID-19 cases, slowdown of vaccination in Europe, and high valuation, the Canadian equity markets could be volatile in the near term. Meanwhile, you can buy these undervalued dividends stocks to strengthen your portfolio and also earn stable passive income. Amid their steady payouts, dividend stocks tend to outperform non-dividend-paying stocks during a volatile environment.

TC Energy

After a tough 2020, **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) has recovered some of its declines, with its stock price rising by 15% since the beginning of this year. However, its valuation still looks attractive, with its forward price-to-earnings and forward price-to-sales multiple standing at 14.5 and 4.1, respectively.

Meanwhile, the company's management has planned to invest around \$20.2 billion over the next four years, with around \$4.2 billion worth of projects projected to be put into service this year. These investments could drive the company's earnings and cash flows in the coming years. So, I believe its dividends are safe.

TC Energy has rewarded its shareholders by increasing its dividends at a CAGR of 7% over the last 21 years. Last month, the company's board had increased its quarterly dividends by 7.4% to \$0.87 per share, with its forward dividend yield standing at 5.85%. Further, the company's management expects to raise its dividends at a 5-7% rate over the next couple of years. So, given its healthy growth prospects, steady cash flows, and high dividend yield, I believe [TC Energy is an excellent buy for income-seeking investors](#).

BCE

The lower consumer and commercial activities amid the pandemic-infused restrictions had weighed heavily on **BCE's** ([TSX:BCE](#))([NYSE:BCE](#)) [2020 financials](#), dragging its stock price down. However, the company has made a bright start to this year, with its stock price rising by 5.7%. Meanwhile, I believe

the uptrend will continue due to the rising demand for telecommunication services in this digitally connected world and its investment to strengthen its infrastructure.

BCE has planned to spend around \$1.2 billion over the next two years to expand its broadband fibre and wireless networks. The company expects to add 900,000 fiber and rural wireless home internet connections this year while doubling its 5G coverage.

Besides, the company has been paying dividends since 1983. The company's board had increased its 2021 dividends by 5.1% to \$3.50 per share, with its forward dividend yield currently standing at 6.1%.

Algonquin Power & Utilities

My final pick would be **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)), which operates a low-risk utility business serving around one million customers and power-generating facilities from renewable sources. Meanwhile, the company sells most of its power through long-term contracts, thus delivering stable and predictable cash flows. Supported by these cash flows, the company has raised its dividends by above 10% in the last 10 consecutive years. The company currently pays quarterly dividends of \$0.1959 per share, representing a dividend yield of 3.9%.

Meanwhile, the company's management had recently announced that the deep freeze in Texas and some parts of the central U.S. had restricted the power production in some of its facilities, thus lowering its 2021 adjusted EBITDA by \$45-\$55 million. The announcement had dragged the company's stock price down.

However, Algonquin Power & Utilities's long-term growth potential remains intact. The company will be investing around \$9.4 billion over the next five years, including \$6.3 billion on utility assets and the remaining \$3.1 billion on renewable energy assets. These investments could boost the company's rate base at an annualized rate of 11.2%. Further, the management expects its adjusted EPS to grow at a CAGR of 8-10% during this period.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BCE (BCE Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BCE (BCE Inc.)
6. TSX:TRP (TC Energy Corporation)

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Date

2025/08/24

Date Created

2021/03/26

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