
2 Cheap Canadian Dividend Stocks to Buy in August

### Description

Retirees and other income investors are searching for top Canadian dividend stocks to add to their TFSA and RRSP portfolios. While the overall market looks overbought, some great Dividend Aristocrats still trade at reasonable prices.



## Algonquin Power

**Algonquin Power** (TSX:AQN)(NYSE:AQN) is a growing renewable energy and utility firm. The assets include wind, solar, and geothermal power generation, along with natural gas, water, and electric utility businesses. The board raised the dividend by 10% for 2021, and steady distribution gains should be on the way in the coming years.

Adjusted net earnings rose 21% in Q1 2021 compared to the same period last year. Acquisitions and organic projects continue to drive revenue growth.

The stock is a great ESG pick for your portfolio. As institutional investors focus more on green energy assets, Algonquin Power should attract more attention. In fact, it wouldn't be a surprise to see a major alternative asset manager consider a takeover of the company. Algonquin Power's current market capitalization is about $12 billion, so the big-money players could easily take it private.

At the time of writing Algonquin Power trades near $20 per share compared to the 2021 high above $22.50. Investors who buy the stock at the current price can pick up a solid 4% dividend yield.

## Pembina Pipeline

**Pembina Pipeline** (TSX:PPL)(NYSE:PBA) has a 60-year history of providing midstream services tothe Canadian oil and gas industry. The company grows through a combination of strategic acquisitionsand internal development projects. Pembina Pipeline recently abandoned its bid to buy **Inter Pipeline**.As the energy infrastructure sector continues to consolidate, Pembina Pipeline could find itself atakeover target in the next few years.

The company raised capital at the start of the pandemic to shore up the balance sheet. As a result, investors should feel comfortable with the safety of the generous dividend. Pembina Pipeline trades near $41 per share right now and offers a 6% dividend yield. Investors who'd bought the stock close to the 2020 low are already sitting on great gains, and more upside should be on the way. Pembina Pipeline traded near $53 per share before the pandemic, so there is good upside potential as the energy industry rebounds.

Pembina Pipeline is also making ESG investments. The company is partnering with **TC Energy** to build carbon sequestration facilities to help their customers meet net zero goals. Pembina Pipeline and TC Energy have key infrastructure in place to uniquely serve the carbon recapture market, adding a new revenue stream while diversifying into the ESG market.

## The bottom line on cheap dividend stocks



Algonquin Power and Pembina Pipeline are top Canadian dividend stocks paying attractive distributions that should continue to grow in the coming years. The share prices look cheap right now, giving new investors a chance to pick up some nice capital gains on the next surge.

An investment split between the two stocks would provide a 5% annualized yield right now. That's a lot better than any GIC, and you get a decent shot at some strong upside in the share prices. If you have extra cash sitting on the sidelines for a TFSA or RRSP dividend portfolio, I think these stocks deserve to be on your buy list.

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2. Investing

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**Date**
2025/08/26
**Date Created**
2021/08/05
**Author**
aswalker