



Got \$1,000? Here Are 4 Top Under-\$20 Dividend Stocks

Description

Dividend stocks are a must for a balanced portfolio. Given their solid fundamental and regular payouts, these companies are less susceptible to market volatilities, thus delivering stability to your portfolios. So, if you are ready to invest in dividend stocks, here are four top stocks that you can buy below \$20.

Pizza Pizza

Pizza Pizza Royalty ([TSX:PZA](#)), which operates Pizza Pizza and Pizza 73 Rights and Marks brand restaurants, would be an excellent bet amid the reopening of the economy. With the easing of restrictions, the company can reopen its dining space and also non-traditional restaurants. Besides, the investments in digital channels and improving economic activities could drive its financials in the coming quarters.

Meanwhile, in August, Pizza Pizza had [raised](#) its monthly dividend by 9% to \$0.06 per share, with its forward yield standing at a juicy 6.35%. The raising of dividends shows the management's confidence in its future cash flows. Additionally, the company is currently trading at an attractive forward price-to-earnings multiple of 14.4.

Extendicare

Extendicare ([TSX:EXE](#)) would also be an excellent addition to your portfolio, given its high dividend yield of 6.68%. It provides care and services to around 83,500 Canadian senior citizens. Amid the growing aging population, the demand for the company's services is rising. The company focuses on increasing its capacity and upgrading its facilities. Currently, it is constructing a new 192-bed long-term care home in Kingston, Ontario, and a new facility in Sudbury, Ontario. So, these investments could boost the company's financials in the coming years.

Meanwhile, Extendicare rewards its shareholders with monthly dividends, with its forward yield standing at 6.68%. So, given its high growth prospects and a healthy financial position, I believe its dividends are safe. Besides, its forward price-to-sales multiple stands at an attractive 0.5.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) operates low-risk utility businesses and regulated power-generating facilities, generating high-quality earnings and cash flows. Meanwhile, these predictable cash flows have allowed the company to raise its dividends by over 10% for the last 11 years. Its forward yield currently looks attractive at 4.65%.

Meanwhile, Algonquin Power & Utilities is expanding its rate base, with an investment of \$9.4 billion, expanding its utility and renewable power-generating facilities. Along with these investments, its solid underlying business, strategic acquisitions, and increased shift towards renewable energy could drive its financials in the coming years. So, [I am bullish on Algonquin Power & Utilities](#).

Transalta Renewables

My final pick would be **TransAlta Renewables** ([TSX:RNW](#)). It operates or has an interest in 47 power-generating facilities, with most of the power sold through long-term contracts. The long-term contracts shield its financials through short-term price and volume fluctuations, thus generating predictable cash flows. The company also relies on strategic acquisitions to drive its growth. Last month, the company signed an agreement to acquire solar facilities from Copenhagen Infrastructure Partners, which could increase its capacity by 122 megawatts.

Notably, TransAlta Renewables has raised its dividends at a compound annual growth rate (CAGR) of over 3% since its initial public offering (IPO) in 2013. Its forward dividend yield currently stands at 4.97%. Meanwhile, I believe the company could continue paying dividends at a healthier yield, given its solid underlying business, healthy pipeline of projects, and strategic acquisitions.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:EXE (Extendicare Inc.)
4. TSX:PZA (Pizza Pizza Royalty Corp.)
5. TSX:RNW (TransAlta Renewables)

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Date

2025/07/22

Date Created

2021/10/13

Author

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