



4 Top Under-\$20 Dividend Stocks to Buy Right Now

Description

The Canadian equity markets continue to rise on the back of improving corporate earnings, with the **S&P/TSX Composite Index** rising over 23.5% for this year. However, rising inflation, supply chain issues, and expensive valuations could be a cause of concern. So, given the uncertain outlook, investors can strengthen their portfolios by adding high-quality [dividend stocks](#). So, if you would like to invest in dividend stocks, the following four under-\$20 Canadian stocks provide excellent buying opportunities.

Pizza Pizza

Amid the reopening of the economy, **Pizza Pizza Royalty** ([TSX:PZA](#)) could be an excellent buy right now. With the relaxation in the restrictions, the company can operate its dining spaces and reopen its non-traditional restaurants. Its investments in strengthening digital channels and new restaurant openings could boost its financials in the coming quarters. Amid the expectation of improving financials, I believe its dividend is safe.

Pizza Pizza had increased its monthly dividend by 9% to \$0.06 per share in August. The raising of the dividend also depicts the management's confidence in its future cash flows. Meanwhile, its forward yield currently looks attractive at 6%. So, Pizza Pizza could be an excellent buy for income-seeking investors.

Savaria

Savaria ([TSX:SIS](#)) provides accessibility and mobility solutions to physically challenged people. The demand for the company's products is rising amid a growing aging population and increasing income levels. The acquisition of Handicare has expanded its product offerings, strengthened its production capabilities, increased its distribution network, and improved its efficiency. The acquisition has also diversified Savaria's revenue stream, with Handicare generating over 70% of its revenue from Europe.

Despite its healthy growth prospects, Savaria currently trades at an attractive forward price-to-earnings

multiple of 25.7. The company had [raised its monthly dividend](#) by 4.17% to \$0.0417 per share in September. Its forward yield currently stands at a healthy 2.6%. So, given its high-growth prospects, attractive valuation, and healthy dividend yield, [I am bullish on Savaria](#).

Algonquin Power & Utilities

My third pick is **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)), which has increased its dividend by over 10% every year for the last 11 years. Although the company has underperformed the broader equity markets, I am bullish on the stock, given its low-risk utility assets, long-term power-purchase agreements, growing renewable assets, and strategic acquisitions.

Meanwhile, the company plans to invest around US\$9.4 billion through 2025, increasing its utility and renewable assets. Last month, it had also signed an agreement to acquire Kentucky Power Company, which could increase its rate base by US\$2 billion. Also, its financial position looks healthy, with its liquidity standing at US\$2.18 billion. So, Algonquin Power & Utilities is well equipped to continue paying its dividend at a healthy rate. Currently, its forward dividend yield stands at 4.81%.

TransAlta Renewable

My final pick is **TransAlta Renewables** ([TSX:RNW](#)), which reported a solid third-quarter performance today. Its revenue grew by 20%, while its adjusted EBITDA increased by 6%. Meanwhile, the uptrend in the company's financials could continue amid the acquisition of solar facilities in North Carolina, which increased its power-producing capacity by 122 megawatts. It is continuing with the 48-megawatt Northern Goldfields Solar project, which could become operational in the second half of 2022.

Along with these growth initiatives, the rising transition towards renewable energy and its long-term contracts could boost its cash flows in the coming years, thus allowing TransAlta Renewables to continue with its dividend growth. Also, its financial position looks healthy, with the company having access to \$0.8 billion of liquidity at the close of the third quarter. Meanwhile, it currently pays a monthly dividend of \$0.07833, with its forward yield standing at 5.1%.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:PZA (Pizza Pizza Royalty Corp.)
4. TSX:RNW (TransAlta Renewables)
5. TSX:SIS (Savaria Corporation)

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