



2 Cheap Dividend Stocks to Buy in November for Passive Income

Description

Dividend investors have an opportunity to get high yields from some of Canada's top stocks for passive income.

Algonquin Power

Algonquin Power ([TSX:AQN](#)) ([NYSE:AQN](#)) just reported solid Q3 2021 results, yet the stock trades near its 2021 low and now offers a 4.95% dividend yield.

The company generated a 40% increase in revenue in the quarter compared to the same period last year. Adjusted net earnings rose 11% to US\$97.6 million and were unchanged on a per-share basis at US\$0.15.

The recent drop in the share price is connected to Algonquin Power's new US\$2.846 billion deal to buy Kentucky Power. Algonquin Power raised \$800 million through a bought-deal stock sale at \$18.15 per share. The source of the rest of the funding is still unknown, and that might be why the market is nervous.

At the time of writing, the stock trades near \$17.50 per share, so the banks are underwater on the bought-deal sale right now. The shares traded for close to \$22.50 earlier this year.

Management says the remaining financials for the acquisition will come from a possible combination of hybrid debt, equity, and/or the sale of non-regulated assets.

Near-term volatility might continue, but the stock appears oversold at this level. Algonquin Power has a strong track record of making strategic acquisitions to drive growth. The company has raised the dividend by 10% per year for a decade and more increases should be on the way.

TransAlta Renewables

TransAlta Renewables trades for \$19 per share and offers a 4.9% dividend yield. The stock was as high as \$24 in January, so investors have a chance to buy the renewable energy provider on a decent pullback.

The company grows through a combination of acquisitions internal projects. Earlier this month, TransAlta Renewables bought a 122 MW portfolio of 20 solar facilities in North Carolina.

The company is also building a solar power and battery storage site in Australia.

TransAlta Renewables ran into some operational challenges in the past few months that have impacted revenue. The company saw lower wind power generation than expected across a number of its wind farms. An unplanned outage at a gas-fired power plant also hit cash flow. In addition, the collapse of a wind tower at its Kent Hills site in New Brunswick has led to the shutdown of the entire facility.

The 50 turbines at the site are offline, and the company says cracks in the foundation of several turbines have been identified and that a significant number of the turbines will need to have their foundations replaced. That will cost up to \$2 million per foundation. Revenue loss is expected to be \$3.4 million per month while the facility is out of operation.

This is bad news, but the issues will get resolved, and the selloff in the stock price appears to be overdone. The dip should be a good opportunity to add a quality [ESG](#) stock to your income portfolio.

The bottom line on cheap income stocks

Algonquin Power and TransAlta Renewables trade at cheap prices today and offer attractive dividends with above-average yields. If you have some cash to put to work in a portfolio focused on passive income, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:RNW (TransAlta Renewables)

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