3 Cheap TSX Dividend Stocks Under $50

Description

Investors planning to invest their surplus cash into high-quality dividend stocks that are trading cheap, consider buying **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN), **Enbridge** (TSX:ENB)(NYSE:ENB), and **Canadian Utilities** (TSX:CU) stock.

It's worth noting that these stocks are Dividend Aristocrats, implying that these companies have been consistently paying and growing their dividends over the past several years (more than a decade in the case of these stocks).

Besides their solid dividend payment history, there are good reasons to believe that these companies could continue to hike their dividends at a decent pace in the coming years. Further, their payouts are very safe while they are trading under $50. Let's look at the factors that support my bullish view.

Algonquin Power & Utilities

Algonquin Power & Utilities is among the top income stocks listed on the TSX. Its low-risk business, high-quality regulated assets, and predictable cash flows drive its higher dividend payments. Notably, this utility company has raised its dividends for 11 years in a row (CAGR of 10%). Moreover, its growing rate base and long-term contractual agreements suggest that its earnings could continue to grow at a decent pace, which will likely drive its dividend payments.

Its $12.4 billion five-year capital program will likely drive its rate base in the coming years. Algonquin Power expects its rate base to increase at a CAGR of 14.6% through 2022, which will lead to a 7-9% annual increase in its earnings during the same period.

Overall, its predictable cash flows, visibility over future earnings, and opportunities in the renewable power segment indicate that Algonquin Power & Utilities could continue to increase its dividends in the coming years. Meanwhile, AQN offers a dividend yield of 4.7%.

Enbridge

Enbridge has been paying dividends for over 66 years. Moreover, it has consistently increased its dividends for 27 years (CAGR of 10%). Its strong dividend payments are supported by diversified cash flow streams and contractual arrangements.

The ongoing momentum in its core business, improving mainline volumes, multi-billion-dollar secured capital program, revenue inflators, and productivity initiatives will likely drive its distributable cash flows and, in turn, its dividend payments.

Enbridge forecasts its DCF (distributable cash flow) per share to increase by 5-7% annually through 2024, implying that its quarterly dividends could grow at a mid-single-digit rate. Further, Enbridge's payout ratio is sustainable in the long run, while its high yield of 7.1% makes it an attractive income stock.

Canadian Utilities

Canadian Utilities is among the most reliable dividend stocks. It has increased its dividends for 49 years, the highest among the Canadian companies listed on the TSX. Moreover, Canadian Utilities offers a solid dividend yield of 4.8%.

Its high-quality regulated and contracted assets generate highly predictable cash flows that support increased dividend payments. Moreover, its continued investments in the regulated utility and infrastructure assets drive its earnings.

Overall, its low-risk business, growing rate base, cost optimization, and strategic acquisitions will drive its profitability in the long run and, in turn, its dividend payments.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:ENB (Enbridge Inc.)

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Date
2025/08/24
Date Created
2021/12/22
Author
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