



4 Top Dividend Stocks to Buy Under \$20

Description

Amid rising hopes that the economic impact from the Omicron variant would not be as intense as earlier estimated, the Canadian equity markets have bounced back strongly. The **S&P/TSX Composite Index** rose 2.6% in the last two days. However, I expect the volatility in the equity markets to continue in the near term. So, investors can strengthen their portfolios and earn healthy passive income by investing in the following four under-\$20 Canadian [dividend stocks](#).

Algonquin Power & Utilities

Given its low-risk utility and regulated power-producing business, **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) generates predictable and robust cash flows, allowing it to increase its dividend at a rate of over 10% per year for the previous 11 years. Its forward dividend yield currently stands at 4.79%.

Meanwhile, Algonquin Power & Utilities has [planned to invest around \\$12.4 billion](#) over the next five years, strengthening its utility and renewable power-generating assets. The company focuses on closing the acquisition of Kentucky Power Company and Kentucky Transmission Company. With these investments, the company's management expects its adjusted EPS to grow at a 7-9% CAGR during this period. Given its healthy growth prospects, stable cash flows, and liquidity of US\$2.78 billion, I believe Algonquin Power & Utilities's dividend is safe.

NorthWest Healthcare

Given its highly defensive portfolio of 192 healthcare properties, government-supported tenants, and long-term agreements, **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)) enjoys high occupancy and collection rates. So, the company's cash flows are stable irrespective of the economic cycle.

Meanwhile, NorthWest Healthcare has around \$1 billion of projects in the development stage and is working on acquiring several assets in Australia, the United States, and Europe. So, these investments

could boost its financials, thus allowing the company to continue paying dividends at a healthier rate. It currently pays a monthly dividend of \$0.0667, with its forward yield standing at a juicy 5.88%. So, [NorthWest Healthcare could be an excellent buy right now](#).

Pizza Pizza Royalty

With a high dividend yield of 6.1%, **Pizza Pizza Royalty** ([TSX:PZA](#)) would be an excellent bet in this volatile environment. The company operates Pizza Pizza and Pizza 73 brand restaurants through franchisees. Its highly franchised business model generates stable cash flows, thus allowing it to pay dividends at a healthier yield. Also, it has outperformed the broader equity markets this year, with total returns of 35.9%.

Meanwhile, its investment in expanding digital and delivery channels and consumer-centric safety measures could boost Pizza Pizza Royalty's sales. Also, the improvement in economic activities could increase footfalls, driving its financials in the coming quarters. Despite the strong momentum in the company stock price, it still trades at an attractive forward price-to-earnings multiple of 14.9.

Extendicare

With a forward dividend yield of 6.71%, **Extendicare** ([TSX:EXE](#)) would be an excellent buy for income-seeking investors. The company serves around 83,500 senior Canadian citizens through long-term care, retirement living, and home healthcare services. With the operations returning to normal, the company's top line increased by 4.5% in the September-ending quarter.

Meanwhile, I expect the demand for the company's services to rise amid the growing aging population and increasing income. The company is constructing a new 192-bed long-term-care home in Kingston, Ontario, and a new facility in Sudbury, Ontario, to meet the increasing demand. These investments could boost its financials in the coming years. Extendicare's financial position also looks solid, with its cash and cash equivalents standing at \$132.2 million.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:EXE (Extendicare Inc.)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
5. TSX:PZA (Pizza Pizza Royalty Corp.)

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