



## Earn 5% Passive Income for Less Than \$20

### Description

A portfolio of [dividend stocks](#) that pays at least 5% should be very attractive to income investors. However, the combination of **TransAlta Renewables** ([TSX:RNW](#)), **Superior Plus** ([TSX:SPB](#)), and **Choice Properties** ([TSX:CHP.UN](#)) is super attractive, because all three trade for less than \$20.

[Would-be investors](#) get real value for money from two utility stocks and one real estate investment trust (REIT). Every \$20 investment will generate \$1 in passive income. If your position is 1,500 times more, the dividend income should be \$1,500.

### Fully contracted assets

TransAlta Renewables's primary objective is to create stable cash flows and consistent returns for investors. The investment vehicle to achieve its objective is through its power-generation facilities (wind, hydro, and gas). Also, the assets of this \$4.99 billion company are fully contracted and long term with credit-worthy counterparties.

The renewable utility company operates in Canada, Australia, and the United States. According to management, all of its facilities are fully operational, notwithstanding the pandemic-related challenges. The share price fell to \$16.38 on news TransAlta's turbine in New Brunswick collapsed.

TransAlta Renewables will spend \$75 million to \$100 million to replace the foundation at the wind farm. It will take until year-end 2023 to finish the job. According to the company statement, it expects to lose \$3.4 million per month in revenue while the turbines are offline. If you invest today, the dividend yield is 5.22%.

### Mature industry

Superior Plus is a distributor and marketer of propane and distillates in Canada and the United States. The \$2.39 billion company aims to create value through differentiation and best-in-class operations in all of its operating business segments. In Q3 2021, total revenue increased 41.2% versus Q3 2020,

although the third quarter is Superior's seasonally lowest.

Luc Desjardins, president and CEO of Superior Plus, said, "Our sales volumes were higher due to acquisitions completed in the past 12 months." The company spent around \$625 million for the deals. Likewise, continues to see a robust pipeline of acquisition opportunities in the home country and across the border.

Superior operates in a mature industry, and therefore, there are high barriers to entry plus substantial free cash flow potential. More importantly, the business of distributing propane and propane-related products and services is enduring. The utility stock trades at \$12.94 and pays a 5.57% dividend.

## National footprint

Choice Properties is a [pure dividend play](#). The \$4.71 billion REIT owns, operates, and develops high-quality commercial and residential properties. Its diversified portfolio (718 income-producing properties) has a national footprint. The REIT also has a strategic relationship with **Loblaw**, Canada's largest retailer.

Loblaw is an among the Choice Properties's top 10 tenants and contributes 55.3% of gross revenue. Other high-quality tenants include **Canadian Tire** and **Dollarama**. After Q3 2021, the occupancy rate is 97%, while the remaining lease expiry is 6.1 years (6.7 years for Loblaw).

Another strong point is the REIT's focus on necessity-based retail tenants with a strong composition of national retailers. About 70% of retail net operating income (NOI) comes from grocery stores and pharmacy. The real estate stock trades at \$14.80 and pays a flat 5% dividend.

## Feast on the high yields

Yield-hungry investors can feast on the dividends from three relatively cheap income stocks.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
2. TSX:RNW (TransAlta Renewables)
3. TSX:SPB (Superior Plus Corp.)

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