



3 Cheap Dividend Stocks That You Can Buy Under \$30

Description

The ongoing selloff provides long-term investors a chance to buy quality stocks at a lower price. Investors have seen a sharp correction in stock prices, which has driven dividend yields higher. A company's stock price has an inverse relationship with its dividend yield.

As valuations are compressed, investors are likely to benefit from capital gains as well over time. Here, we'll take a look at three cheap or undervalued [dividend stocks](#) trading on the TSX that should be on the radar of income investors right now.

Algonquin Power and Utilities

The first stock on my list is **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)), which has slipped 19% from all-time highs. However, AQN stock has returned 350% to investors in dividend-adjusted gains over the last 10 years. At the time of writing, Algonquin offers investors a forward yield of 4.9%.

In Q3 of 2021, Algonquin increased sales by 40% to \$528.6 million while adjusted EBITDA rose to \$252 million — an increase of 27% year over year. Algonquin has spent \$3.4 billion in capital expenditures in the last three quarters and is on track to increase the figure to \$4 billion by end of 2021.

Algonquin is forecast to increase sales from \$1.7 billion in 2020 to \$3.4 billion in 2022. Comparatively, its earnings per share are expected to rise at an annual rate of 11% in the next five years.

Given consensus price targets, AQN stock is trading at a discount of 20% right now. After accounting for its tasty dividends, total returns will be close to 25% in the next year.

Keyera

The energy sector has staged a spectacular comeback since the bear market of 2020. The [Canadian energy sector](#) has returned 107% to investors in the past year. Alternatively, **Keyera** ([TSX:KEY](#)) has gained “just” 22% since January 2012 and is trading 17% below 52-week highs. At current prices,

Keyera offers investors a forward yield of 6.94%.

Keyera is an energy infrastructure company and operates through multiple segments that include gathering & processing, liquids infrastructure, and marketing. It has 4,400 kilometres of gathering pipelines and holds interests in 12 active gas plants in Alberta.

The company continues to maintain a strong financial position and ended Q3 with a net debt to adjusted EBITDA ratio of just 2.7 times. It also ended the quarter with \$1.4 billion in available liquidity.

Analysts tracking KEY stock expect shares to rise by 21% in the next year, which suggests investors could gain close to 28%, given its forward yield.

TransAlta Renewables

The final stock on my list is **TransAlta Renewables** ([TSX:RNW](#)), which is one of Canada's largest renewable energy companies. RNW stock is down 26% from record highs and offers a forward yield of 5.6%.

Bay Street [expects the company](#) to increase sales from \$355 million in 2020 to \$481 million in 2022. Comparatively, its adjusted earnings per share are forecast to rise at an annual rate of 28.4% in the next five years.

RNW stock is trading at a forward price-to-earnings multiple of 24, which is quite cheap, given its earnings forecast. After accounting for its dividend payout and price target estimates, investors can expect a 16% return in the next year.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:KEY (Keyera Corp.)
4. TSX:RNW (TransAlta Renewables)

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