4 Canadian Income Stocks to Buy Under $40

Description

Investing in dividend stocks provides a regular source of income. Moreover, as dividends are paid through profits, a dividend-paying company is mostly well-established and consistently generates resilient earnings and cash flows. While several Canadian stocks offer dividends, let's look at a few dependable ones trading under $40.

Algonquin Power & Utilities

Let's start with **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) stock, which raised its dividend for 11 consecutive years and offers a lucrative yield of 4.4%. It's worth noting that the company operates a low-risk business that generates predictable cash flows. Its regulated assets and contractual arrangements make it relatively immune to economic cycles and support its payouts.

The utility company aims to grow its rate base at a CAGR of 14.6% through 2026. This will likely drive its EBITDA and, in turn, expand its earnings base. Algonquin Power & Utilities sees its earnings growing at a CAGR of 7-9% through 2026, implying that its future dividend could increase similarly. Overall, its rate-regulated business, expanding renewables capacity, visibility over earnings growth, and opportunistic acquisitions bode well for dividend growth.

AltaGas

AltaGas (TSX:ALA) stock is another solid investment to generate regular income. Its robust portfolio of regulated and midstream assets generates stellar cash flows that support dividend payouts. The company recently announced a 6% hike in its 2022 dividend. Moreover, AltaGas expects to increase its future dividend at an annualized rate of 5-7% through 2026.

AltaGas expects its rate base to increase by 8-10% per annum through 2026. Meanwhile, it sees global export volumes rise by a CAGR of over 10% during the same period. Given the ongoing strength in its existing assets, rate base growth, and higher export volumes, AltaGas is well positioned to deliver 5-7% annual dividend growth in the coming years. Moreover, it offers a well-protected yield of

3.8%.

Telus

The third stock on this list is **Telus** (TSX:T)(NYSE:TU). Thanks to its ability to deliver profitable growth, this telecommunication company has consistently enhanced its shareholders' returns through dividend payments and share repurchases.

Its diverse asset mix, ability to grow its customer base, investments in network infrastructure, and accelerated pace of broadband expansion indicate that the company could continue to deliver stellar returns. Since 2004, it has returned about $20 billion to its shareholders, including $15 billion in dividends. It recently raised its dividend by 5.2% and offers a yield of 4.1%.

NorthWest Healthcare Properties REIT

I'll wrap up with **NorthWest Healthcare** (TSX:NWH.UN), a reliable investment to generate monthly income. NorthWest Healthcare owns a high-quality portfolio of healthcare real estate assets that remain immune to wild market swings and generate strong cash flows. Currently, its yield stands at 5.7%, which is dependable.

It's worth noting that NorthWest Healthcare's tenants are mostly government-backed, which suggests that its payouts are well protected. Further, its long lease expiry term, high occupancy rate, and inflation-indexed rents bode well for future payouts. NorthWest Healthcare's defensive business assets, strong balance sheet, entry into high-growth markets, and strategic acquisitions could continue to support its financials and drive future payouts.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TU (TELUS)
3. TSX:ALA (AltaGas Ltd.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
6. TSX:T (TELUS)

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