4 Cheap TSX Stocks for Regular Inflow of Cash

Description

Despite the growing macro and geopolitical concerns, a few high-quality TSX stocks can afford to pay regular dividends. Against that background, Let's look at four Canadian companies whose cash flows and payouts are well protected. Further, the list includes stocks that are cheap and well within investors' reach. Let's begin.

Telus

With its ability to consistently drive its user base, profitable growth, and focus on enhancing shareholders' value, **Telus** (TSX:T)(NYSE:TU) is a solid investment. Its stock is trading under $50 and is well within investors' reach. Further, its EV/EBITDA multiple of 10.2 appears reasonable due to its solid growth.

Under its multi-year dividend-growth program, this telecom giant has been consistently returning cash to its shareholders. Telus has paid about $15.7 billion in dividend since 2004. Its accelerated investments in the 5G network, product development, broadband build, and enhancing reliability position it well to add new customers and deliver profitable growth in the coming years. Also, its diverse asset mix and operating efficiency augur well for profitability and future payouts. Telus yields 3.9%.

Algonquin Power & Utilities

A low-risk business and predictable cash flows make **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) an attractive investment for a reliable income stream. Its rate-regulated assets and long-term contractual arrangements generate solid cash and support higher payouts. Algonquin Power has increased its dividend for 11 years, while its dividend has a CAGR of 10% during the same period.

Algonquin Power and Utilities expects its rate base to increase at a mid-teens rate over the medium term, which will expand its high-quality earnings base. Thus, it projects to grow its earnings at a CAGR of 7-9% through 2026. With increased visibility over its future earnings, Algonquin Power could continue to grow its dividend. The stock is trading under $20 and yields 4.4%.

AltaGas

Despite the recent appreciation, **AltaGas** (TSX:ALA) stock appears reasonably priced at current levels and is a solid investment for growth and income. Its low-risk utility assets and high-growth midstream business support its earnings and cash flows and position it well to deliver solid shareholders' returns.

The company expects its rate base to increase at a CAGR of 8-10% over the next five years, which would expand its earnings base. Further, it sees export volumes increase at an annualized rate of 10% during the same period, which would support growth in its midstream operations. Thanks to the ongoing strength in its business, AltaGas expects its dividend to grow by 5-7% annually through 2026. Moreover, it offers a yield of 3.4%.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is an obvious choice for investors looking for regular cash inflow. While Enbridge stock has recovered its lost ground, its valuation is in line with the historical average. It has been paying dividend for about 67 years and has increased it at a CAGR of 10% since 1995.

The recovery in energy demand, improving mainline volumes, inflation-protected revenues, and continued strength in the base business augurs well for growth. Further, its diverse cash streams, contractual arrangements, solid secured capital projects, and expansion of renewables capacity will likely support its earnings and payouts. It projects a 5-7% increase in its distributable cash flow per share in the medium term and offers a solid yield of 5.9%.

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3. NYSE:TU (TELUS)
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