



Strengthen Your Portfolio With These 3 Under-\$20 Dividend Stocks

Description

Rising bond yields, geopolitical tensions, weak numbers from China, and multiple interest rate hikes have made investors nervous, dragging the equity market down. Given the weakness in the broader equity markets, investors should look to strengthen their portfolios with safe [dividend stocks](#) that are less susceptible to market volatilities.

Given their stable cash flows, regular payouts, and healthy dividend yields, these three Canadian stocks would be excellent additions to your portfolio in this volatile environment.

Algonquin Power & Utilities

Given their low-risk businesses, utility companies deliver stable and reliable financials irrespective of the state of the economy. So, I have selected **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) as my first pick. It serves around one million North American customers, meeting their water, natural gas, and electricity needs. It also owns and operates renewable power-producing facilities that sell their power through long-term power-purchase agreements, shielding against price and volume fluctuations.

Supported by these reliable cash flows, the company has raised its dividends by over 10% annually for the previous 11 years. Currently, its forward yield stands at a healthy 4.9%.

Meanwhile, Algonquin Power & Utilities has [committed an investment of \\$12.4 billion](#) for the next five years, which could grow its rate base at an annualized rate of 14.6%. Supported by these investments and strategical acquisitions, the company's management projects its adjusted EPS to grow at a 7-9% rate during this period. Despite its high growth prospects and healthy dividend yield, the company's valuation looks attractive, with its NTM price-to-earnings multiple standing at 18.3. So, I believe [Algonquin Power & Utilities would be an excellent buy](#) in this volatile environment.

Pizza Pizza Royalty

Pizza Pizza Royalty ([TSX:PZA](#)) would be my second pick. Given its highly franchised business, the company's cash flows are more stable and predictable compared to its peers. Supported by its solid cash flows, the company had increased its monthly dividend by 8.3% to \$0.065/share in February. Meanwhile, its forward yield stands at a juicy 6.1%.

The reopening of non-traditional restaurants and dining spaces amid the easing of pandemic-related restrictions could drive its sales. Meanwhile, the company has restarted its restaurant network expansion plans with the hope of increasing its restaurant count by 5% this year. Strengthening its digital and pickup channels could continue to resonate with its customers. So, I believe Pizza Pizza Royalty's dividend is safe.

TransAlta Renewables

TransAlta Renewables ([TSX:RNW](#)) reported a solid first-quarter performance last week, with its adjusted EBITDA and free cash flow increasing by 13% and 9%, respectively. Since the first quarter of 2021, the company has added 428 megawatts of power-producing capacity, which has boosted its financials. It has a solid pipeline of projects, with over two gigawatts of projects in the evaluation stage. With a liquidity of \$900 million, the company is well positioned to support its growth initiatives.

Further, TransAlta Renewables's long-term contracts and strategic acquisitions could also drive its financials in the coming quarters. It could also benefit from the rising transition towards clean energy. So, its outlook looks healthy. Meanwhile, the company currently pays a monthly dividend of \$0.07833/share, with its forward yield at 5.42%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:PZA (Pizza Pizza Royalty Corp.)
4. TSX:RNW (TransAlta Renewables)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. rnanjapla

Category

1. Dividend Stocks
2. Investing

Date

2025/07/20

Date Created

2022/05/10

Author

rnanjapla

default watermark

default watermark