3 Under-$20 Dividend Stocks to Boost Your Passive Income

Description

With inflation at a multi-decade high, the Federal Bank has increased interest rates and expects to raise them further in the coming months. The rising interest rate could increase borrowing costs, thus hurting the margins of growth stocks. So, given the uncertain outlook, investors could strengthen their portfolios by investing in quality dividend stocks.

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If you are ready to invest, here are my three top picks that you can buy for under $20.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) operates regulated utility assets and is also involved in renewable power production. Its solid underlying utility business, long-term power-purchase agreements, and strategical acquisitions generate stable and reliable cash flows. Supported by these robust cash flows, the company has raised its dividend for 12 years. It had increased its quarterly dividend by 6% to $0.2345/share earlier this month, with its forward yield currently at 5.1%.

Meanwhile, the company is continuing its capital investment program of $12.4 billion for the next five years, which could grow its rate base at a CAGR of 14.6%. The rate base growth could expand its adjusted EPS at a 7-9% annualized rate. So, the company is well positioned to continue its dividend growth in the coming years. Given its growth prospects, high dividend yield, and attractive NTM price-to-earnings multiple of 19.2, I believe Algonquin Power & Utilities would be an excellent addition to your portfolio.

Pizza Pizza Royalty

Supported by its highly franchised business model, **Pizza Pizza Royalty** (TSX:PZA) generates stable cash flows irrespective of the economic cycle. Meanwhile, with the easing of restrictions, the company has reopened its non-traditional restaurants and dining spaces, which could boost its walk-in sales.The company has restarted its restaurant development program and expects to increase its restaurantcount by 5% this year.

Along with these initiatives, the company's investment in strengthening its digital channels could continue to drive its sales. So, I believe Pizza Pizza Royalty's dividend is safe. With a monthly dividend of $0.065/share, its forward yield stands at a juicy 6.22%. Meanwhile, the company's NTM price-to-earnings stands at 15.3, making it an attractive buy.

NorthWest Healthcare Properties REIT

REITs must pay 90% of their net earnings to shareholders, thus making them a reliable source of stable passive income. So, I have picked **NorthWest Healthcare Properties REIT** (TSX:NWH.UN) as my third pick. Supported by its highly defensive healthcare portfolio, long-term agreements, and government-backed reliable tenants, the company's occupancy and collection rate remain higher.

Also, its strategical acquisitions and inflation-indexed rent boost its cash flows, allowing it to pay a dividend at a healthy rate. With a monthly dividend of $0.0667, its forward yield stands at a juicy 6.18%.

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Meanwhile, NorthWest Healthcare delivered three fully leased projects valued at around $103 million in the first quarter. It has around $306 million worth of projects under construction. It is also working on expanding its presence in Australia, the U.K., and the U.S. It also strengthened its liquidity position by raising approximately $174 million through new equity offerings. So, given its growth initiatives, stable cash flows, and strong balance sheet, I believe NorthWest Healthcare is well equipped to continue paying a dividend at a healthy rate.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:PZA (Pizza Pizza Royalty Corp.)

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