



## 3 Cheap Dividend Stocks to Earn a Yield Over 5%

### Description

While high inflation, rising interest rates, supply-chain concerns, and fear of an economic slowdown keep the market volatile, investors can still earn a steady income from dividend stocks. Let's look at a few cheap dividend stocks that one can buy to earn a yield of at least a 5%.

### Algonquin Power & Utilities

Trading under \$20, **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) stock could be a solid investment at current levels to earn steady income irrespective of the volatility. Its conservative business, underpinned by rate-regulated and contracted assets, helps it generate stable earnings and cash flows that support higher dividend payments.

Notably, this utility company has raised the dividend for more than a decade. Furthermore, its dividend has a CAGR of 10% during the same period.

Looking ahead, Algonquin Power is well positioned to deliver strong earnings growth led by continued growth in its rate base. It expects its rate base to increase by the mid-teens rate over five years. This would drive its adjusted EBITDA, earnings, and future dividend payments.

The company sees its earnings growing by 7-9% annually over the next five years, while its target payout ratio of 80-90% is sustainable in the long term. By investing in Algonquin Power stock, one can earn a reliable dividend yield of 5.2%.

### NorthWest Healthcare Properties REIT

Real estate investment trusts, or [REITs](#), are among the top investments that fetch stable income. One can consider buying the shares of **NorthWest Healthcare** ([TSX:NWH.UN](#)) within the Canadian REIT space. NorthWest owns a defensive portfolio of healthcare-focused assets that remain relatively immune to the economic cycles.

What's more, most of its tenants have government support, which adds stability and visibility to its future cash flows.

NorthWest has strategically diversified its operations into high-growth regions, which is positive. Further, its long lease expiry term (approximately 15 years) and ability to drive occupancy (about 97%) support my bullish view. Also, most of NorthWest's rents are inflation-indexed, which is encouraging.

NorthWest stock is trading under \$20 and offers an attractive yield of 6.1% at current levels.

## Telus

Telecom company **Telus** ([TSX:T](#))([NYSE:TU](#)) is cheap and reliable income stock. Thanks to Telus's ability to consistently generate strong profits, Telus has enhanced its shareholders' value through a multi-year dividend-growth program.

For context, Telus has paid nearly \$16 billion in dividends since 2004. Moreover, investors can earn a solid yield of 4.3% by investing in Telus stock at current levels.

Overall, Telus offers a unique mix of growth and income. Its growing 5G network, investments in product development, and broadband augur well for future growth and will likely drive its payouts. Also, the ongoing momentum in the business, growing customer base, diverse asset mix, and operating efficiency will support its earnings.

## Bottom line

These TSX stocks have a solid track record of dividend payments. Moreover, their growing earnings base and sustainable payout ratio are positives. By investing in these three stocks, investors can earn an average yield of about 5.2%, which is attractive in this volatile market.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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

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