



## 3 Top TSX Stocks Under \$20 a Share

### Description

Price-conscious income investors should find high-yield dividend stocks trading below \$20 per share attractive prospects. Among the [Canadian stocks](#) that offer both are **Freehold Royalties** ([TSX:FRU](#)), **Acadian Timber** ([TSX:ADN](#)), and **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). The average yield of the trio is 6.18%.

Assuming you own \$10,000 worth of shares of each stock, the combined passive income you can generate every quarter is \$463.50. If held in a TFSA, the payout is tax free.

### Low-risk returns

The energy sector, where Freehold Royalties belongs, is the **TSX's** top performer so far in 2022. As of this writing, the royalty stock is up 30.01% year to date. At \$14.77 per share, the dividend offer is 6.27%. The \$2.22 billion company isn't an oil producer, but it owns a large portfolio of royalty lands in North America.

Freehold's land base, where it derives oil and natural gas royalties, is still expanding. The customers or operators of the asset portfolio pays the royalty company a percentage of their production. As such, Freehold can provide would-be investors with lower-risk returns, sustainable dividends, and long-term growth.

In Q1 2022, royalty and other revenue increased 136.7% to \$87.6 million versus Q1 2021. Net income soared 581.4% year over year to \$38.39 million. The \$71.9 million funds from operations during the quarter were also a record for Freehold. Given the favourable pricing environment, management is confident that the strong momentum from 2021 will carry over into 2022.

### Favourable market outlook

Acadian Timber had a solid start to 2022, despite the significant inflationary pressures in the first quarter. In the three months ended March 26, 2022, sales increased 2.9%, while net income fell 28.6%

versus Q1 2021. The materials stock is down 9.06% year to date (\$17.19 per share) but pays a fantastic 6.78% dividend.

This \$287.86 million company owns timberlands in Eastern Canada and the northeastern United States. Currently, the size of the land under management is approximately 2.4 million acres. The company is a leading seller of softwood and hardwood sawlogs, pulpwood, and biomass by-products.

Its president and CEO Adam Sheparsi said, "Acadian posted a solid start to the year benefiting from strong pricing and demand for sawlogs, together with improved pricing and demand for softwood pulpwood. Deliveries were negatively impacted by reduced trucking capacity, but we expect to catch up on this volume through the remainder of the year."

## Predictable cash flows

Utility stocks like Algonquin are ideal hedges against rising inflation, because most of the utility assets are regulated. The \$11.63 billion diversified international generation, transmission, and distribution utility company has over one million customer connections in North America.

In Q1 2022, management reported net earnings of US\$91 million, which represents a 555% increase from Q1 2021. Arun Banskota, Algonquin's president and CEO, said, "We remain committed to delivering on the Company's \$12.4 billion capital plan from 2022 through 2026 to drive growth in earnings and cash flows." He added that both should support compelling shareholders' returns.

If you invest today, Algonquin trades at \$17.22 per share (-4.70% year to date) and pays an attractive 5.5% dividend.

## Formidable portfolio

Freehold, Acadian Timber, and Algonquin should form a formidable stock portfolio. The respective businesses can endure the current headwinds and sustain the generous payouts.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:ADN (Acadian Timber Corp.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:FRU (Freehold Royalties Ltd.)

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