



4 Fundamentally Strong Dividend Stocks Under \$40

Description

Buying stocks that consistently pay solid dividends can be rewarding amid uncertain times. Besides offering regular income, dividend stocks are relatively stable, which reduces the downside risk of your portfolio. However, not all dividend-paying companies are worth investing in, and investors should assess how well a company's payouts are covered.

With stable dividend earnings in the backdrop, let's look at four top Canadian corporations that investors can easily rely upon for safe dividend income. What's more? Shares of these dividend-paying companies are trading under \$40.

Telus

Telecom giant **Telus** ([TSX:T](#))([NYSE:TU](#)) has consistently delivered profitable growth and enhanced its shareholders' value through its dividend-growth program. It's worth mentioning that Telus has returned about \$16 billion to its shareholders in the form of dividends since 2004.

Its large and growing customer base and diversified asset mix augur well for future earnings growth. Further, accelerated investments in 5G, broadband build, and enhanced product development provide a multi-year growth opportunity. By investing in Telus stock, investors will get a yield of 4.5%.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is a [safe stocks to buy](#) for generating consistent income irrespective of the market conditions. It operates a conservative business underpinned by contractual arrangements and a rate-regulated asset base.

It's worth mentioning that Algonquin Power has raised its dividend for more than a decade. Furthermore, its dividend increased at a CAGR of 10% during that period. Its rate-regulated assets add visibility over future cash flows and payouts and easily cover its dividend payments.

Algonquin Power expects to grow its earnings by 7-9% in the coming years, which augurs well for future payouts. The company's earnings guidance is backed by continued growth in its rate base, which Algonquin Power predicts to increase by the mid-teens rate over the next five years. Algonquin Power stock trades cheap and offers a reliable yield of 5.2%.

AltaGas

AltaGas ([TSX:ALA](#)) stock offers income and growth. Its low-risk, rate-regulated assets easily cover its dividend payouts. Meanwhile, its high-growth midstream operations support its overall financials. AltaGas is confident of expanding its rate base by 8-10% annually through 2026. Moreover, it expects export volumes to grow at a CAGR of 10% during the same period.

It recently announced a 6% hike in its 2022 dividend. Furthermore, it expects to grow its future dividend by a CAGR of 5-7% over the next five years. AltaGas stock has remained resilient so far in 2022 and offers a yield of 3.6%.

NorthWest Healthcare Properties REIT

Investors can earn a stable income by investing in a REIT (real estate investment trust). Meanwhile, **NorthWest Healthcare** ([TSX:NWH.UN](#)) appears to be an attractive investment option within REITs.

It owns a diversified and defensive portfolio of healthcare real estate assets that consistently generate strong cash flows and support its dividend payouts. Furthermore, its tenants are supported by the government. Also, NorthWest Healthcare benefits from the long lease expiry term, which adds visibility over future payouts. Meanwhile, its occupancy remains high.

It's worth noting that most of NorthWest's rents are inflation indexed. Moreover, the stock offers a high yield of 6.3%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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