



3 Cheap TSX Dividend Stocks to Buy Now and Own for Years

Description

If you are an investor with an extended time horizon (five, 10, 20, or more years), there are plenty of cheap **TSX** dividend stocks out there. The market is unpredictable in the near term. However, over years and decades, investors can earn a lot of wealth by buying good-quality businesses and sticking with them.

At this point in the [bear market](#), almost every sector and asset class has pulled back to some extent. As a result, investors can take the opportunity to upgrade their portfolio in some of the best-quality businesses in the world. If you are an income investor looking for some cheap ideas today, here are three TSX dividend stocks to consider.

Canada's largest stock pays an attractive dividend

Canada's banking sector is known for its dividends and dividend growth. With recession fears looming, the banks have pulled back significantly. This presents a great opportunity to upgrade your position to own the biggest and the best banks. That is why **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is starting to look interesting.

With a market capitalization of \$136 billion, Royal is one of the biggest banks and companies in Canada. It is a leader in Canadian retail banking. However, it is also diversified across wealth management, capital markets, and insurance segments.

After a 7% decline in 2022, this dividend stock is yielding over 4.1%. That is above its five-year average of 3.8%. With an average annual dividend-growth rate of 8%, 10 times earnings seem like an attractive price to pay for this stock today.

An infrastructure stock for income and growth

Brookfield Infrastructure Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) has been an incredible stock for dividends, dividend growth, and capital returns. Despite a 10% decline since April, this stock has

earned a total return of 300% over the past decade. That is a near 15% compounded annual return. For comparison, the TSX Index only delivered a 5% compounded annual return in that time frame.

Brookfield Infrastructure operates a great mix of essential infrastructure businesses across the world. It can do well in almost any market. In good markets, it sells assets at a profit. In bad markets, it swipes up assets while they are dirt cheap.

While this stock only yields a 3.7% dividend yield today, it has a long history of growing its dividend by 7-9% annually. It trades at a cheap eight times free cash flow and 16 times adjusted funds from operation (a key measure for profitability in real assets). The dip looks like [a great time to upgrade](#) into this defensive (yet growing) business.

A top utility stock for dividend income

If you are looking for a defensive stock with an attractive dividend, **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is a great name to consider. Its stock is down 6% in the past month. Right now, it is yielding a 5.4% dividend. That is significantly above its five-year average dividend yield of 4.3%. At 17 times earnings, Algonquin is the cheapest it has been since 2019 (except for the March 2020 crash).

Algonquin has a diverse array of water, gas, and electric utilities. Likewise, it owns numerous renewable power projects across North America and Europe.

Its utilities provide a steady stream of reliable cash flows, while its renewable business has significant growth ahead. As a result, Algonquin expects to grow its dividend by around 7-9% a year for the next several years. For sector-leading dividend growth and a diverse, reliable business, this is a great stock to just buy and hold for years ahead.

CATEGORY

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
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4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
6. TSX:RY (Royal Bank of Canada)

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