3 Top Stocks You Can Still Buy for Under $20 a Share

Description

Every investor loves a good bargain — especially if the stocks in question have a good history of paying out high dividends. Investors who don't have a lot of cash to spare and are looking for regular income should check out these three stocks — all of which are trading below $20.

In addition to dividend payouts, investors should also benefit from long-term capital gains over time. These three dividend-paying stocks on the TSX are relatively low risk with stable and predictable revenue streams.

Algonquin Power & Utilities

Algonquin Power and Utilities (TSX:AQN)(NYSE:AQN) is an alternative energy utilities provider with over a million customers across the U.S., Canada, Bermuda, and Chile. Its revenues are largely regulated, which means AQN has predictable cash flows. In Q1 of 2022, AQN reported revenue of $735 million — an increase of 16% year over year.

The company also pays investors a tasty dividend yield of 5.3%. So, for every investment of $1,000 in Algonquin Power & Utilities investors will generate $53 in dividends each year. Further, these payouts have increased annually by 10% in the last decade, making it attractive to income-seeking investors.

AQN stock is currently priced at $17.95, and the average target price for the stock is $21.16, which is a potential upside of over 18%. When you take into account the dividend yield, you are looking at returns of around 23%.

Freehold Royalties

Freehold Royalties (TSX:FRU) is an oil and gas stock with a twist. It doesn't extract oil or natural gas from the earth. Instead, it owns real estate that houses these commodities. Freehold Royalties lets other companies extract these resources and charges a royalty on the same.

The risks for Freehold are significantly lower than those for regular energy companies. A lower-risk profile allows the company to pay investors a dividend yield of 6.61%. Given consensus estimates, Freehold Royalties is trading at a discount of 42%. After accounting for its dividend yield, total returns will be closer to 49% in the next year.

The company aims to target a dividend-payout ratio of between 60% and 80%, given the cyclical nature of the energy sector. An inflationary environment should help Freehold Royalties increase cash flows significantly in 2022.

Freehold Royalties expects funds from operations (FFO) to range between $230 million and $250 million in 2022. So, the stock is trading at less than 10 times FFO, which is quite reasonable.

NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties REIT (TSX:NWH.UN) is one of the safest stocks around, given it's part of a recession-resistant industry. NorthWest Healthcare deals in real estate for healthcare and is expanding its base in the United States. The stock dropped after the pandemic due to the market-wide selloff. However, it is still pretty resilient and is down only 3.9% year to date.

NorthWest Healthcare offers diversification, as it provides investors access to a portfolio of quality healthcare real estate assets. It owns 149 income-producing properties spanning 15.3 million square feet of gross leasable area across the Americas, Europe, and Australia.

The REIT offers investors a forward yield of 6.1%. As its cash flows are backed by long-term contracts, NorthWest is poised to derive robust earnings across business cycles.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:FRU (Freehold Royalties Ltd.)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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