



3 Cheap Stocks that Pay You Cash

Description

Stocks that pay you regular cash add to your financial stability. While several **TSX** dividend stocks pay you reliable cash, I'll focus on the cheap ones, namely, [dividend stocks](#) that you can buy even with a small amount of capital. So, if you're looking to generate a passive income stream through stocks, here are my top three picks.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) operates a low-risk utility business and is a safe stock to own for regular income. Thanks to its conservative business model and steady cash flows, Algonquin stock is [less volatile](#) and consistently enhances shareholder returns through regular dividend payments in all market conditions.

For context, Algonquin has raised its dividend for 12 consecutive years. Moreover, its solid rate base and earnings growth guidance indicate that the utility could continue to increase its dividend at a solid pace in the coming years.

Algonquin projects its rate base to increase at an annualized rate of approximately 15% over the next five years, driving its earnings and dividend payments. Thanks to the growth in rate base, Algonquin expects adjusted earnings to increase by 7-9% annually during the same period.

Its rate-regulated business, long-term contractual arrangements, growing renewable power generation capabilities, and solid earnings growth guidance indicate that investors can earn reliable passive income. Further, its payout ratio of 80-90% and a high dividend yield of 5% is attractive and sustainable in the long-term.

AltaGas

AltaGas ([TSX:ALA](#)) generates solid cash through its utility and energy infrastructure that supports its payouts. Further, its long-term commercial contracts support its financials and higher dividend

payments. What stands out is that three-fourths of AltaGas' adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) come from assets backed by medium-to long-term contracts. This adds stability and visibility to its cash flows.

Thanks to this solid asset base and growing rate base, AltaGas has consistently paid and raised its dividends. AltaGas predicts its dividend will continue to increase at an annualized rate of 5-7% through 2026.

This dividend growth guidance is backed by an expected 8-10% annualized growth in its rate base. Further, higher export volumes (projected to increase at a compound annual growth rate of 10%) in its midstream operations will support its dividend payments.

Its solid asset mix, strong dividend growth forecast, and dividend yield of 3.6% make AltaGas a reliable investment to derive regular cash.

Telus

Telecom giant **Telus** ([TSX:T](#))([NYSE:TU](#)) is a popular stock for investors seeking reliable income. Telus' ability to grow its customer base and deliver consistent profit supports its payouts. It's worth mentioning that Telus has returned multi-billion dollars to its shareholders through dividend payments since 2004. Meanwhile, through its dividend growth program, it expects to grow its dividend at a mid to high-single-digit rate in the coming years.

Telus' investments in network infrastructure, expansion of the PureFibre network, and growing 5G coverage will likely drive further growth. Lower churn (below 1%) and impressive customer loyalty are additional advantages.

Overall, Telus' ongoing business momentum and ability to grow its earnings indicate that the telecom could continue to boost its shareholders' returns. Meanwhile, investors can earn a well-protected dividend yield of 4.5% by investing in this stock at current levels.

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:T (TELUS)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin

4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. agraff
2. snahata

Category

1. Dividend Stocks
2. Investing

Date

2025/08/24

Date Created

2022/08/25

Author

snahata

default watermark

default watermark