



## Got \$1,000? Buy These 3 Cheap Dividend Stocks

### Description

The strong pullback in the equity markets appears to be fizzling out, as the S&P/TSX Composite Index closed in red for the last two consecutive days. The fear that aggressive interest rate hikes by the Federal Bank of the United States could slow global growth has made investors skeptical, leading to a pullback.

Amid rising volatility, here are three cheap Canadian [dividend stocks](#) that you can buy to strengthen your portfolio and earn a stable passive income.

### TC Energy

First on my list is midstream energy company **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)). It earns over 95% of its adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) from long-term contracts or regulated assets, thus delivering stable financials irrespective of the economy. Supported by these regulated assets, the company has posted an average shareholder return of over 13% since 2000. Also, it has raised its dividends at a CAGR (compounded annual growth rate) of above 7% for the previous 22 years. Its yield for the next 12 months stands at 5.53%.

Despite its solid returns, TC Energy trades at an attractive NTM (next 12-month) [price-to-earnings](#) multiple of 15.9. The company is progressing with its \$28 billion secured capital program while expecting to put \$6.5 billion of projects into service this year. These investments could drive its adjusted EBITDA at a CAGR of over 5% through 2026. Amid the expectation of higher cash flows, TC Energy's management hopes to raise its dividends at a 3-5% rate in the next few years.

### Algonquin Power & Utilities

Another excellent dividend stock to add to your portfolio is **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). The utility company, which is also involved in the renewable power-generation business, has been raising its dividend for the previous 12 years at a CAGR of over 10%.

The company sells around 82% of the power produced from its renewable facilities through long-term power-purchase agreements, thus shielding its financials from price and volume fluctuations. Its low-risk utility businesses provide reliable cash flows, allowing the company to raise its dividend consistently. With a quarterly dividend of US\$0.18, the company's yield for the next 12 months stands at a healthy 5.1%.

Meanwhile, the company's planned capital investment of US\$12.4 billion through 2026 could drive its rate base at a CAGR of 14.6%. So, the company's management expects its adjusted earnings per share to grow at an annualized rate of 7-9% in the coming five years, thus allowing the company to continue its dividend growth. Despite these growth initiatives, stable cash flows, and healthy dividend yield, Algonquin Power & Utilities trades at an attractive NTM price-to-earnings multiple of 18.4.

## NorthWest Healthcare Properties REIT

My final pick is **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)), which pays a monthly dividend of \$0.0667/share, with its yield for the next 12 months at 6.14%. The REIT owns and operates highly defensive healthcare properties across eight countries. Its long-term agreements with tenants, inflation-indexed rent, and government-backed tenants have allowed the company to enjoy a high occupancy rate, which stood at 97% in the recently posted June-ending quarter.

Meanwhile, the company has strengthened its asset base with acquisitions of \$934 million this year. It continues to look for new investment opportunities to expand its presence in the United Kingdom, Australia, New Zealand, Germany, and Canada. So, given these growth initiatives and stable cash flows, I believe NorthWest Healthcare's dividend is safe. Meanwhile, the company's valuation also looks attractive, with its price-to-earnings multiple at 7.7.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TRP (Tc Energy)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
5. TSX:TRP (TC Energy Corporation)

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