



## 2 Under-\$20 Stocks (With High Dividend Yields) for Passive Income

### Description

For investors planning to start a secondary income stream, stocks can be an attractive investment avenue. Stocks are cheap, and anyone can start investing with whatever amount they have. In this article, I'll focus on shares that are trading under \$20 and have [attractive dividend](#) yields, implying investors can make reliable passive income by investing in them at current levels.

### Algonquin Power & Utilities

**Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) has a solid history of enhancing its shareholders' value, which makes it an attractive stock for passive-income investors. It operates a regulated utility business that remains immune to economic cycles and generates solid cash to support its dividend payments. This makes it a [safe stock](#) for income investors.

It's worth mentioning that Algonquin Power has raised its dividend for 12 years. Further, its dividend reflects a CAGR (compound annual growth rate) of 10% during the same period.

Its growing profitability supports its payouts. Notably, Algonquin's adjusted net income increased at a CAGR of 12% since 2015. Furthermore, the company expects its adjusted net income to grow at a CAGR of 7-9% through 2026.

Through its US\$12.4 billion capital program, Algonquin Power expects to expand its rate base further. It projects its rate base to grow at a CAGR of 14.6% through 2026, driving its earnings and dividend payments.

Its growing rate base, increase in renewable power generation capacity, acquisitions, and solid balance sheet position Algonquin well to deliver strong returns in the coming years. Algonquin Power's target payout ratio of 80-90% of adjusted net income is sustainable in the long term, implying that its payouts are well protected. Further, Algonquin offers a solid dividend yield of 5%.

## NorthWest Healthcare Properties REIT

REITs (real estate investment trusts) are always a dependable source of passive income. As REITs distribute most of their earnings, their payouts are usually high. While the TSX has several top-quality REITs, I am optimistic about the prospects of **NorthWest Healthcare** ([TSX:NWH.UN](https://www.tsx.com/stocks/nwh-un)).

NorthWest owns a high-quality portfolio of healthcare-focused properties that generate resilient cash regardless of the economic situation. Besides its defensive portfolio, NorthWest's assets are geographically diversified. Its high-quality tenant base (about 80% of its tenants have government support) and inflation-index rents (more than 82% of its rents are indexed against inflation) support its payouts.

Moreover, its long lease expiry term and a high occupancy rate (over 97%) add stability to the business and drive its funds from operation.

Overall, NorthWest's resilient payouts and a high yield of 6.3% make it a must-have, passive-income stock.

## Bottom line

These under-\$20 TSX stocks have a resilient business and have been paying dividends for a long time. Further, their businesses remain strong with visibility over future cash flows. Thus investment in these stocks would help you earn a steady passive income. Additionally, on average, these companies offer an attractive dividend yield of approximately 5.7%, which can help you make about \$283/month with an investment of \$60K.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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

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1. kduncombe
2. snahata

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**Author**

snahata

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