Have Extra Cash? 3 Cheap Stocks (With Dividends) to Buy Now

Description

With high inflation and rising interest rates, equities could remain under pressure. However, holding extra cash will not do any good, as it will not increase in value. Thus, instead of sitting on extra cash and earning little interest, it is prudent to put it into stocks of companies that are relatively stable and offer reliable dividend yields.

If you have extra cash and don't need it for emergency purposes, consider investing it in the following three dividend stocks.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is a relatively safe stock to bet on for steady income amid all market cycles. Its stock remains immune to wild market swings thanks to its rate-regulated assets. Further, its predictable cash flows support higher dividend payments (increased dividend for 12 consecutive years).

It is worth mentioning that Algonquin's earnings have grown at an average annualized rate of about 11% in the last five years. Further, it projects its earnings to increase at a CAGR (compound annual growth rate) of 7-9% over the next five years.

Strong visibility over its future earnings potential supports my bullish outlook. Moreover, its growing rate base is positive. Notably, Algonquin Power expects its rate base to grow at a CAGR of over 14% through 2026, which will expand its earnings base.

While its core business remains strong, its stock is trading cheap, providing investors an opportunity to invest in it at current levels and earn an attractive yield of 5.2%.

Enbridge

Amid high inflation and uncertainty, **Enbridge** (TSX:ENB)(NYSE:ENB) emerges as a reliable stock for investors to earn steady dividend income. Its solid history of dividend payment and growth, diversified cash sources, and inflation-protected EBITDA (earnings before interest, taxes, depreciation, and amortization) support its cash flows and dividend payments.

Notably, it has increased its dividend for 27 years. Meanwhile, Enbridge stock offers a high yield of more than 6%.

Enbridge's 40 diversified sources of income, utility-like business model, high asset utilization, and strong demand bode well for future dividend growth. Meanwhile, its solid secured capital program, acquisitions, and expansion of renewable power-generation capabilities will support its growth.

NorthWest Healthcare Properties REIT

NorthWest Healthcare (TSX:NWH.UN) operates as a REIT (real estate investment trust). Its high payout ratio (approximately 95%) and a solid dividend yield of over 6% make it an attractive investment to earn a steady income from your investments.

What stands out for NorthWest is its defensive portfolio of healthcare-focused assets, which remains leased for years. Further, its high-quality tenant base is another positive (nearly 80% of tenants have support from the government).

Also, NorthWest benefits from its long-term leases (weighted average lease expiry term of 14 years) and high occupancy rate (over 97%). This adds visibility over future cash flows. Meanwhile, 82% of its rents have protection against inflation.

Overall, NorthWest's defensive portfolio, well-diversified real estate portfolio, expansion in the U.S., and stellar yield make it a top stock for investors looking to earn a regular income, irrespective of where the market moves.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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snahata