Put Your Cash to Work: 3 Cheap TSX Stocks (With Dividend Yields of +5%) to Buy Now

Description

Sitting on extra cash (total cash reserve less money needed for emergency purposes) will limit your potential to create wealth. Thus, it is important to put your money to work and optimize its value through investing.

Thanks to the market downturn, one can invest extra cash into top tech stocks trading significantly lower than their highs. Meanwhile, for investors unwilling to take much risk, dividend stocks could fetch steady yields. Here, I'll focus on the latter and examine three dividend stocks that are trading cheap (below $20) and offering reliable dividend yields of more than 5%.

Algonquin Power & Utilities

With a low-risk business, solid payout history, and a high dividend yield of 5.4%, shares of **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) are excellent investments at current levels. This utility company grew its dividend for 12 consecutive years (its dividend has a compound annual growth rate, or CAGR, of 10%). Meanwhile, Algonquin expects its earnings to grow at a CAGR of 7-9% through 2026, implying its dividend could increase at a similar pace.

Algonquin Power owns rate-regulated, power-producing assets that generate stable cash flows. Further, long-term power-purchase agreements and rate base growth bode well for future earnings and dividend payments. Notably, Algonquin expects its rate base to grow at a CAGR of about 15% in the medium term, which will support its cash flows and help drive the dividend higher.

TransAlta Renewables

Within the low-risk electric utility space, **TransAlta Renewables** (TSX:RNW) is another stock that can be relied upon to earn a steady yield. TransAlta owns a diversified portfolio of renewable assets and benefits from the highly contracted nature of its business. Its contracts are long term, which adds stability to its payouts.

TransAlta Renewables has maintained its dividend for the past four years and is yielding about 6% at the current price levels. Besides the high yield, its growing contracted power-generation capabilities and low-risk business make it a reliable bet.

NorthWest Healthcare Properties REIT

REITs (real estate investment trusts) are another attractive avenue for investors to earn steady yield. Among top REITs, I am bullish about **NorthWest Healthcare** (TSX:NWH.UN). It owns a defensive portfolio of real estate assets with a high-quality tenant base. For instance, its assets are healthcare focused, and 80% of its tenants are supported by government funding.

Besides a high-quality tenant base, its leases have a long expiry term of 14 years. Another key highlight is that about 82% of its rents have protection against inflation. Further, its occupancy rate of 97% attracts.

Overall, its diversified real estate portfolio, expansion in the U.S. expansion, and solid developmental pipeline augur well for growth. NorthWest Healthcare offers monthly payouts and an attractive dividend yield of 7.2%.

Bottom line

These stocks are trading under $20 and offering solid dividend yields. On average, these TSX stocks offer a yield of 6%, implying an investment of $30,000 in these stocks would fetch an income of $150 per month.

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)
4. TSX:RNW (TransAlta Renewables)

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. kduncombe
2. snahata

Category

1. Dividend Stocks
2. Investing

Date
2025/07/17
Date Created
2022/09/26
Author
snahata