3 Dividend Stocks to Buy Now Under $30

Description

Investing in Canadian dividend stocks can be highly rewarding. While investors earn a steady dividend income, they also benefit from appreciation in stock price. Further, investors don't need significant upfront investments to accumulate top dividend-paying stocks. In this article, I'll discuss three cheap stocks that are trading under $30 and have a solid dividend payment history.

Algonquin Power & Utilities

With a market cap of $9.9 billion, **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) operates a utility business underpinned by regulated and contracted assets. Its low-risk business, predictable cash flows, and growing earnings base make it a safe stock for investors to earn a worry-free dividend income.

It's worth highlighting that Algonquin Power's dividend grew at an annualized growth rate or CAGR of 10% in the last 12 years. Its dividend is driven by its growing earnings. For instance, Algonquin Power's adjusted EPS (earnings per share) has grown at a CAGR of 11.1% in the last five years.

The company is confident that it will grow its earnings by a CAGR of 7% to 9% over the next five years. This growth guidance reflects the expansion of its rate base (expected to grow at a CAGR of over 14%). Further, Algonquin Power's dividend growth is tied to its earnings, implying that its future dividend could mark a mid to high-single-digit increase in the coming years.

Algonquin Power's target payout ratio of 80-90% is sustainable, while investors earn a low-risk and high yield of 6.3% at current levels.

Telus

Telus (TSX:T)(NYSE:TU) is an attractive stock for income investors. This telecom giant has a history of delivering profitable growth that supports its higher payouts. Telus has paid over $16.6 billion in dividends since 2004. Moreover, the company targets mid to high-single-digit dividend growth through its multi-year dividend growth program.

What stands out is that Telus has paid such a robust dividend despite significant investments in network infrastructure. Telus' ability to drive its customer base combined with low churn, investment in network infrastructure, and 5G expansion positions it well to deliver solid earnings that will support its future payouts. Also, opportunities in the international market and momentum in the consumer goods and agriculture business will support its growth.

Investors can earn a reliable dividend yield of 4.8% by investing in this telecom stock.

AltaGas

AltaGas (TSX:ALA) is a viable option for income investors thanks to its solid mix of regulated utility assets and energy infrastructure business. Its regulated assets and commercial contracts support its earnings, cash flows, and dividend payments.

The majority of AltaGas' adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is backed by contractual arrangements that add stability. Moreover, its continued rate base growth will likely support earnings growth in its utility business. AltaGas expects its rate base to grow at a CAGR of 8-10% through 2026. Moreover, higher export volumes, take-or-pay contracts, and fee-for-service contracts will likely support growth in its midstream business.

The ongoing momentum in both of its businesses will cushion its earnings. Moreover, AltaGas expects to grow its annual dividend at a CAGR of 5-7% through 2026, which is attractive. Also, investors can earn a worry-free yield of 4.1%.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:TU (TELUS)
3. TSX:ALA (AltaGas Ltd.)
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snahata