



4 Insanely Cheap Canadian Stocks to Buy for Passive Income

Description

If you want to earn passive income, there continue to be some attractive bargains in the stock market today. You may need to be a contrarian and look past the current economic challenges, but there could be significant upside both in passive income and capital returns. Here are four cheap [Canadian stocks](#) that pay attractive dividends and look very cheap right now.

A renewable power stock for growth and passive income

Northland Power ([TSX:NPI](#)) is a Canadian leader in offshore wind power development. It also has a diverse portfolio that includes a utility in Colombia, and wind, solar, and natural gas facilities in North America and Europe. It operates three gigawatts (GW) of renewable power today, but it has a project development backlog that is nearly double its current power capacity.

Today, Northland stock only trades with an EV/EBITDA (enterprise value-to-earnings before interest, tax, depreciation, and amortization) ratio of 12. That is below its 10-year average of 14.5. Likewise, it pays an attractive 3.23% dividend yield. For growth and income, this is an attractive stock if you have a [long-term investing mindset](#).

A utility not getting its proper value

AltaGas ([TSX:ALA](#)) operates a natural gas utility business in the U.S. and an integrated midstream energy business in Canada. The utility is growing at an attractive high-single digit rate, and the midstream business has been profiting from recent elevated energy prices.

Over the past few years, AltaGas has drastically cleaned up its balance sheet and seriously focused its operations. This has resulted in more consistent and predictable earnings growth.

Despite its outlook continuing to improve, AltaGas trades at a discount to both its utility and midstream peers. It trades with a price-to-earnings (P/E) ratio of 13.5 right now. This passive-income stock pays a very attractive 4.6% dividend yield, and it [just raised its dividend](#) (again) in late 2022.

An energy stock with a big yield

Another [energy stock](#) that continues to be very cheap is **Whitecap Resources** ([TSX:WCP](#)). It produces around 160,000 barrels of oil equivalent per day across Alberta and Saskatchewan. As with many other energy stocks, the company has been enjoying a cash flow windfall from strong energy prices.

The company is focused on drastically reducing its debt levels. Currently, it sits with \$1.8 billion of net debt, but when it hits \$1.3 billion in mid-2023, it plans to increase its quarterly dividend to \$0.15 per share (a 26% increase).

Right now, this passive-income stock trades for a [cheap](#) 5.3 times earnings and 5.2 times free cash flow. It pays a substantial 5.2% dividend yield, which could get much richer if it hits debt targets in 2023.

A cheap REIT for passive income

If you don't like energy, real estate might be an interesting asset class to consider. Many [real estate](#) stocks have dropped recently, presenting attractive valuations and higher-than-normal yields.

European Residential Real Estate Investment Trust ([TSX:ERE.UN](#)) is intriguing for many of these reasons.

It owns a large portfolio of residential properties in the Netherlands. The Netherlands has high immigration, low housing supply, and limited land for development. This creates very attractive fundamentals (like high occupancy and strong rental rate growth) for an apartment REIT.

The stock is down 15% over the past year, despite it delivering very strong results. It pays a well-covered 4.7% dividend yield and trades at a meaningful 40% discount to its net asset value. If you can be comfortable with European exposure, this is an excellent value-priced stock to buy for passive income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:ALA.PRH (AltaGas Ltd.)
3. TSX:ERE.UN (European Residential Real Estate Investment Trust)
4. TSX:NPI (Northland Power Inc.)
5. TSX:WCP (Whitecap Resources Inc.)

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. robbbrown

Category

1. Dividend Stocks
2. Investing

Date

2025/09/26

Date Created

2023/01/29

Author

robbbrown

default watermark

default watermark