



This 1 Defensive Stock Has a 5% Dividend Yield

Description

In today's economic environment, with talk of nuclear warheads and a Trump deflation trade on the minds of traders around the world, defensive names are beginning to get more attention. Investors are looking for relatively safe places to park profits, but in a world filled with valuations approaching all-time highs, finding the right places to stash away some of the cream off the top of a frothy portfolio can be difficult.

One stock that has been on an amazing run this year is **Algonquin Power & Utilities Corp.** ([TSX:AQN](#)) ([NYSE:AQN](#)). While Algonquin may appear to be quite expensive compared with other utilities based on high-level analysis of the company's ratios compared to the industry, this utilities giant has a unique stable of assets and strong free cash flow generation that puts this company ahead of the pack in terms of its ability to generate profits long term, leading to the premium its stock price demands.

As Fool contributor Joey Frenette has [pointed out](#), the make-up of Algonquin's utilities portfolio is what many astute investors are clamouring for. While electricity and gas utilities are largely regulated and generate consistent and predictable cash flows, water utilities are scarce, profitable, and highly sought after in comparison.

Algonquin's unique asset portfolio, totaling over \$10 billion combined with a competent and strategic long-term plan, allows management to continue to grow and boost profits and the company's equity valuation, while continuing to provide investors with enviable profit growth and a growing dividend which should continue to provide investors with a significant return irrespective of how the stock performs over the long run.

While the market considers the potential impact of rising rates, many utilities have seen valuations decline or stabilize over the past months while the market finds its equilibrium. Algonquin has continued its aggressive rise since the Trump election, signalling to the market that this utilities company has something the others don't.

The long-term stability that water utilities provide, in addition to the company's electricity and natural gas portfolio, makes Algonquin a unique and interesting name for long-term investors to consider in an

otherwise unpredictable market. This stock provides investors with a dividend-growth profile that many other utilities lack.

I will be analyzing this name in more detail in the coming quarters as the company continues to execute its growth strategy.

Stay Foolish, my friends.

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Date

2025/08/05

Date Created

2017/04/20

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