



3 Top Canadian Stocks for U.S. Exposure

Description

Holding stocks with strong operations in the United States is one way to hedge your [portfolio](#) against potential trouble in Canada.

Let's take a look at three Canadian stocks that offer solid U.S. exposure.

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#))

Bank of Montreal's major foray into the U.S. market began in 1984 when it purchased Harris Bank. A number of additional transactions have since occurred, and BMO Harris Bank, based in Chicago, now has over 600 branches serving retail and commercial customers, primarily in the U.S. Midwest.

Bank of Montreal reported adjusted fiscal Q2 2018 net income of \$1.46 billion, representing a 13% increase over the same period last year. Adjusted earnings per share increased 15%.

The U.S. operations reported adjusted net income of US\$280 million, up 50% over Q2 2017. Tax-reform benefits represented US\$25 million of the gain.

Bank of Montreal recently raised its quarterly dividend by \$0.03 to \$0.96 per share. That's good for a yield of 3.7%.

Algonquin Power and Utilities Corp. ([TSX:AQN](#))([NYSE:AQN](#))

Algonquin Power owns renewable energy and natural gas distribution assets, primarily located in the United States. In fact, more than 90% of the company's revenue comes from its businesses located south of the border.

The company has grown through an aggressive acquisition strategy, buying more than 10 companies in the past four years, including the \$3.2 billion purchase of The Empire District Electric company in 2017.

Management just raised the dividend by 10%. The current payout provides a [yield](#) of 5.4%.

Fortis Inc. ([TSX:FTS](#))([NYSE:FTS](#))

With assets of close to \$50 billion, Fortis is now a major player in the Canadian and U.S. utility sector.

The company made two large acquisitions in recent years, including the US\$4.5 billion purchase of Arizona-based UNS Energy in 2014 and the US\$11.3 billion takeover of Michigan-based ITC Holdings in 2016. Those moves tilted the asset balance to the point where more than 60% of the company's revenue is now generated in the United States.

The focus on regulated assets makes the stock an attractive pick for buy-and-hold dividend investors. Fortis has increased the distribution annually for more than four decades and plans to raise the payout by at least 6% per year through 2022, supported by a \$15.1 billion capital program.

At the time of writing, the stock provides a yield of 4%.

The bottom line

Bank of Montreal, Algonquin Power, and Fortis provide investors with a great way to get U.S. exposure through Canadian companies. An equal investment in all three stocks would generate an average yield of better than 4.3%.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BMO (Bank of Montreal)
3. NYSE:FTS (Fortis Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BMO (Bank Of Montreal)
6. TSX:FTS (Fortis Inc.)

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