



This 3-Stock Portfolio Is Ripe With Income and Growth Opportunities

Description

One of the most concerning aspects of investing, particularly for those that are new to the market, is finding a good mix of investments that can grow into a sizable nest egg. For many, meeting that first goal involves seeking out one or more strong growth picks with the thought that within a few decades that investment can be ported over to a safer dividend-paying investment that provides a steady stream of income.

That approach is fine but risky, particularly if the market begins to shift, as we saw in this week's 5% slide.

Fortunately, there are several great investments on the market at the moment, which, in addition to providing strong growth, can also provide a growing and steady stream of income, which can be reinvested for even further growth.

Here's a look at some of those options to consider.

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a stock that continues to baffle me. On the one hand, Enbridge has an incredibly ludicrous business model that has the company collecting fees for allowing energy companies to transport oil and natural gas across Enbridge's massive pipeline network. The model has some similarities to a toll-booth model in that there is a constant and therefore mostly secure, recurring source of revenue. Further, Enbridge's backlog of projects, which is measured in the billions, should expose even further growth opportunities for the foreseeable future.

So, how then is it possible that such an intriguing and profitable business could be trading down 20% this year?

The answer to that can be traced in part to Enbridge's acquisition of Spectra Energy. The multi-billion-dollar deal took a toll on Enbridge's bottom line, which in turn prompted the rating agencies to cut its credit rating. While Enbridge has since slashed costs and restructured itself to a more beneficial structure for operational and taxation purposes, the stock remains down.

Investors considering Enbridge will love the quarterly dividend that currently boasts an incredible

6.16% yield.

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is another great growth/income play. Canada's second-biggest (or is it now *the* biggest?) bank in Canada has a number of appealing factors for investors, many of which can be traced back to the masterstroke series of deals that transpired before and during the financial crisis a decade ago, in which the company acquired and merged several lenders along the U.S. east coast, resulting in a sprawling U.S. network that stretches from Maine to Florida.

That U.S. segment has been on fire for the bank, with double-digit gains not uncommon during earnings season. Also lifting the bank up, particularly over its peers, is the fact that TD's U.S. segment is benefiting from the strong market conditions in the U.S., which include higher interest rates and a greater number of loans and deposits.

In terms of potential, the bank's expansion into the south is impressive, but still only encompasses less than a third of all states. In other words, there is massive potential for TD to grow further, particularly over some of its [big bank peers](#) that have been more conservative.

In terms of a dividend, TD's quarterly payout provides a respectable 3.48% yield.

Utilities are often seen as the [ultimate option in defensive investments](#), and **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is the third investment worthy of consideration. Utilities are interesting investments — they provide a service we must purchase at a price that is regulated and typically pay a handsome dividend to investors that is funded through a secure and recurring revenue stream.

In the case of Algonquin, the company pays a quarterly distribution with a yield of 5.21%.

Even with that impressive dividend, Algonquin offers growth-minded investors some hope as well. One of the company's two subsidiaries, Liberty Power, has a portfolio of nearly three-dozen renewable energy facilities within the U.S., which puts the utility at a competitive advantage over its other fossil fuel-burning peers. Algonquin's other subsidiary, Liberty Utilities, provides water, electricity, and gas utility service to customers in over a dozen states. In total, the company has a firm and growing reach into the U.S. market with over 750,000 customers.

CATEGORY

1. Investing

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

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