



## 2 Stocks Income- and Growth-Seeking Investors Cannot Ignore

### Description

Is your portfolio diversified? Market volatility this past summer has shown us the importance of spreading out risk through a variety of different investment options. For those investors looking to diversify, the market provides us with plenty of options to consider, many of which offer a handsome dividend and growth opportunities.

Here are two examples that should fit nicely in nearly any portfolio.

### This defensive investment offers future potential

Utilities are often mentioned as [perfect investments for defensive investors](#). From the stable and recurring business model to the handsome dividend payout, utilities offer a mix of growth and income-earning potential rarely seen elsewhere. **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) takes that appeal one step further by also offering something that few traditional utilities currently can — a renewable energy portfolio.

Algonquin's Liberty Power subsidiary generates power through a portfolio of solar, hydro, wind, and thermal facilities. Those facilities are scattered across a dozen U.S. states, providing a further element of diversification. Algonquin's other subsidiary, Liberty Utilities, has facilities that offer a generating capacity of 1.5 GW, and nearly 90% of the power generated from those facilities is under long-term contracts spanning longer than a decade. Liberty Utilities provides water, electric, and gas utility service to nearly 800,000 customers across the U.S.

Turning to results, Algonquin reported net income of US\$156 million, or US\$0.31 per share, in the most recent quarter, reflecting handsome gains over the same period last year. As an income-producing investment, Algonquin offers an appetizing quarterly dividend that currently provides a handsome 4.15% yield.

### A forgotten telecom with plenty of upside

Canada's telecoms are often mentioned as outstanding long-term options for any portfolio. There's a good reason for that view, with everything from the growing importance of wireless devices and data in our modern, connected lives to the immense moat that the telecoms boast over would-be competitors. One telecom with significant upside to consider is **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)).

In recent years, Rogers has fallen out of demand with income-hungry investors, as the company ceased dividend hikes while it focused on improving areas of its business, such as paying down debt and improving customer churn numbers. While that approach makes perfect business sense, during that same period, [Rogers's peers](#) continued to hike their dividends, attracting income-seeking investors.

Rogers's efforts have been successful, and investors have started to notice. In the most recent quarterly update, Rogers saw net income surge 10% over the same quarter last year to \$597 million. The company also saw free cash flow grow by 2% over the prior period to \$609 million.

Turning back to the dividend, Rogers's quarterly payout currently works out to a respectable 2.98% yield. That lower payout, particularly when compared to its Big Three telecom peers, reflects Rogers's decision to suspend dividend hikes. Rogers rewarded investors with a hike earlier this year but noted that debt reduction and investing in future growth initiative would be prioritized over additional dividend hikes.

## Final thoughts

Both Algonquin and Rogers provide investors with a strong defensive option to augment nearly any portfolio. In addition to operating in defensive segments, the companies are also backed up by solid (and growing) dividends, which should appeal to income-seeking investors keen on a buy-and-forget investment style.

In my opinion, both Rogers and Algonquin are great long-term investments that should form a core of nearly any well-diversified portfolio.

### CATEGORY

1. Dividend Stocks
2. Investing

### POST TAG

1. Editor's Choice

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