# Offense and Defense: Buy This Stock for the Best of Both Worlds

## Description

I’ve mentioned for a while now how one of my favourite industries for growth going forward is the renewable energy industry. It’s clear that the world needs more sources of clean energy.

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While for a long time it didn’t make economic sense, renewable energy is now — thanks to increased technology and better scale — much more competitive and growing at a much faster rate. The rate at which renewable energy is installed will only increase as more countries incentivize companies to build the infrastructure and more energy capacity is needed globally.

Another industry I’ve mentioned as one that I would be overweight on is the utility industry. Utilities are highly defensive, and given our current economic cycle, adding some defense and stability to your portfolio is a top priority.

In addition, utilities always tend to pay out passive income to investors, as most or all of the cash flow will be regulated and therefore stable. Income stocks tend to be some of the best performers during periods of market turmoil, so this only adds to the reasons to be overweight utilities.

One stock that will offer investors the best of both worlds is **Algonquin Power and Utilities Corp** ( TSX:AQN)(NYSE:AQN).

Algonquin owns a portfolio of renewable energy generating assets and utilities across North America operating under its Liberty Power and Liberty Utilities companies.

The utilities business gives it stability and predictable cash flows, especially because it accounts for roughly two thirds of the company’s business.

It offers water, gas and electric utilities with more than 750,000 customers in total, across 13 states and one province. Its regulated assets total roughly $6 billion USD.

As it operates in many jurisdictions, it gives itself diversity against potential regulatory issues. Algonquin estimates that it will invest roughly $5.3 billion in its utility business over the next five years.

Its non-regulated renewable portfolio has 36 total assets or clean energy facilities that also span North America. Roughly three-quarters of the generating capacity comes from wind, with solar, hydro and thermal all equally making up the remaining quarter.

In total, its generating capacity is about 1.5 gigawatts, and of that, 86% is under-long term contracts that have built in price inflation escalators. The average length of its power purchase agreements are 14 years, giving it plenty of long-term stability.

Along with the $5.3 billion it will invest in utilities, Algonquin plans to invest roughly $1.7 billion in the renewable business over the next five years.

The two industries give Algonquin solid stability to be able to pay a dividend and protect investors capital while also offering significant growth potential and the ability to create new wealth for investors.

It has a long and solid history of dividend growth and is even included in the Canadian Dividend Aristocrats index. Today the dividend yields just over 4%, plus it's highly sustainable and will offer continued growth.

Amid a period of much uncertainty in the markets, protecting your capital without sacrificing growth opportunities will put you in the optimal position.

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