One Top Canadian Energy Stock to Buy for Dependable Wealth Creation

Description

Individual stocks can add risk to a personal investment portfolio, which is why so many investors choose to go with either funds or vehicles that spread that risk across a mix of assets. There are some top asset classes on the TSX, though, that offer direct access to some tasty passive income with relatively low risk. Today we'll take a look at one of the most classically defensive stock types: utilities.

Utilities are a classic play for defensive backbone in a the stock segment of an investment portfolio. If you look at the numbers for the top players in this solidly dependable space, you'll see some similarity across all of them: Low volatility, a steady track record going back over 10 years, and a reasonable share price that makes for some attractive market ratios.

A 45-year history of dividend hikes

The best utilities seem custom-made for the long-term investor looking to cream some moderately rich passive income from the best blue-chip companies on the TSX. Often yielding somewhere between 3% and 6%, Canadian utilities are just right for the passive TFSA investor or a portfolio holder looking toward a comfortable retirement. That's why utilities stocks suit slow and steady growth with lower risk.

There's a reason why pundits, asset managers, and financial advisors alike all recommend **Fortis** (TSX:FTS)(NYSE:FTS) to new investors, or indeed to veteran portfolio holders who want to add a bit of backbone to a spread of stocks. Its market ratios are in line with other players in this space, making it relatively good value for money.

As one of the foremost dividend stocks on the TSX, it has a reassuring pedigree. Having grown its payouts since the early 1970s, Fortis has one of the strongest lineages of any Canadian stock. An incredible 45-year track record of payment hikes easily stands out as one of the biggest selling points for Fortis.

Utilities are well-known for their risk-lowering properties, and Fortis is no different. With a belt of FERC-regulated electric transmissions assets that spans the U.S., as well as regulated gas and electricity assets across North America and the Caribbean, Fortis is a defensive investment that can help long-term investors with dependable wealth creation.

Investors seeking new trends in the energy sector can help themselves to a range of green options, such as **Algonquin Power and Utilities**, or hold out for a hot new IPO. While new stocks are few and far between on the TSX, a company called Heliogen could make an appearance sooner rather than later if its innovative, cost-effective solar power system can catch the eye of investors and be marketed at scale.

The bottom line

Investors on the lookout for the best defensive stocks to power up a dependable, low-risk portfolio based around dividends have an exceptionally strong play in the Canadian utilities space with Fortis. Its reassuring mix of growth, reliability, and relative safety to the rest of the market makes for a solid addition to the TSX segment of any portfolio of investments.

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