Retired Canadians: Protect Yourself With These Proven Stocks

Description

Retirement should be a period of comfort and relaxation, but if your portfolio isn't positioned correctly, you could be in trouble. Millions of Canadians have saved for decades to build up enough capital to retire, yet many don't take the precautionary measures that ensure their portfolios can sustain them for decades to come, avoiding major losses along the way.

If you're approaching retirement or are already retired, take a close look at the two stocks below. Both have multi-decade histories of producing growth, income, and most important: stability.

Own this monopoly

As you're well aware, it pays to own a monopoly. These businesses benefit from several unique advantages.

The first is pricing power. As the only competitor, these companies can charge high rates without pushing away customers. The second is resilience. When times get tough, monopolies don't need to worry about competitors shaking up the market.

As the largest pipeline owner in North America, **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) demonstrates all of these characteristics.

Pipelines are by far the faster, cheapest, and safest way to ship oil and natural gas. Wherever a pipeline exists, energy companies will choose it over every alternative. The only time they'll turn elsewhere is if there isn't any pipeline capacity left.

Additionally, pipelines are incredibly expensive to build, requiring years of permitting, which is why there are only a handful of pipeline operators across both Canada and the U.S.

These factors naturally create monopoly-like conditions. Pipeline companies like Enbridge have a stranglehold on their local markets, and the odds of new market entrants are low.

Since 2006, Enbridge has generated a return *five times* that of the **S&P/TSX Composite Index**. Its lofty 6.4% dividend is fully back by internal cash flows.

Because of the structurally increased demand for pipeline capacity in Canada, which should mount over the coming decade, Enbridge is positioned to capitalize on its monopoly-like characteristics for years to come.

Slow and steady

Algonquin Power & Utilities Corp (TSX:AQN)(NYSE:AQN) is another Canadian classic that has weathered storms for decades. Since 2009, shares have risen by more than 400%. When including dividends, investors have *never* experienced a year with negative returns.

What's Algonquin's secret? Roughly two-thirds of its revenue comes from regulated sources. This segment has government guarantees on how much it can charge customers, providing stable, predictable earnings and downside protection.

The company uses some of this high-visibility cash to fund its growth portfolio, which focuses on non-regulated renewables generation.

While not regulated, these assets are tied to long-term contracts averaging roughly 15 years. Despite its $9.8 billion market cap, management sees $6.7 billion in growth opportunities over the next five years.

If markets keep rising, expect Algonquin to continue outperforming the market, as it has for nearly a decade. However, shares will truly shine during a bear market thanks to its rate-regulated business and long-term renewables contracts.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:ENB (Enbridge Inc.)

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