



Defence or Growth? 1 Stock Providing Both

Description

The way that markets have been acting lately, it's tough to decide whether to position your portfolio for more growth or add some defensive stocks in case of a recession.

On one hand, the market has been rallying to all-time highs, creating a tonne of new wealth for investors all around the world.

On the other hand, many investors have called for a recession and market crash soon, which would lead investors to want to gain exposure to a different set of stocks than if they were investing during a bull market.

The last few days haven't helped either, as they have been filled with volatility and uncertainty, causing stocks to selloff wildly, especially the higher-risk stocks that tend to have more volatility both in good times and bad.

So, the question becomes: should you be looking to buy growth stocks or [defensive stocks](#) today?

Algonquin Power and Utilities Corp ([TSX:AQN](#))([NYSE:AQN](#)) is a stock that offers investors exposure to both growth and defence and fared better than the rest of the market during the mini market selloff on Monday and Tuesday.

Because Algonquin is such a high-quality business, offering investors major long-term growth potential through its renewable operations, as well as stability through its utility operations, investors have more confidence in the business long term, which has left the stock in a much better position than a number of others.

Currently, the stock has a beta of just 0.49, meaning that it's roughly half as volatile as the broader market, and with the **TSX** down nearly 4.5% the last two days, Algonquin was down by just a little over 2%.

The company operates through two subsidiary companies, Liberty Power and Liberty Utilities.

Liberty Power owns a portfolio of 35 renewable energy generating assets with more than 1,500 megawatts of generating capacity.

Renewable energy is a growing industry, and as costs continue to come down with the technology and the world moves toward eliminating harmful fossil fuels, renewable energy companies will have a massive runway for growth over the next few decades.

That alone would make Algonquin an attractive company and top investment; however, with the stability it can provide thanks to its major utility subsidiary, it's the perfect long-term stock for any investor to buy and hold forever.

Liberty Utilities has utility assets and operations in 12 states south of the border, delivering water, electricity and gas to more than 800,000 customers.

Utility businesses are some of the best businesses to own in a recession, because for starters, the operations of the business will be less affected than almost any other business, as heat, power and water are all staples that consumers and businesses can't go without.

Utilities also do well because of the debt they carry, and as economies start to slow down, central banks look to add stimulus by increasing the money supply, lowering interest rates and consequently lowering the interest expense for these companies, thus improving their margins and making them more profitable.

Algonquin currently pays out roughly 70% of its earnings through its dividend that's yielding approximately 3.35%.

The company is included on the Canadian Dividend Aristocrats list, as it continually increases its payout, and has raised it more than 60% the last five years, as it grows its operations.

As we enter a period with more uncertainty, investors are better off exposing their portfolio to more defence. However, when you can find a company like Algonquin that will give you major upside potential and return cash to shareholders too, that's when you know it's a perfect long-term stock.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
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