



## Contrarians: 1 TSX Stock to Buy for 200% Returns in 5 Years

### Description

The worst trading day in five years, Friday saw the **TSX** plummet 700 points, as investors sold shares in every sector across the board. U.S. markets saw \$5 trillion wiped out last week, with oil down to more than year-long lows at \$45 a barrel, while the VIX index [flashed a fear indicator](#) not seen since 2011. Not one TSX stock hit a 52-week high, though 29 posted year-long lows.

Panic has entered the markets, and early trading behaviour this week will be an indicator of which way investors will migrate. With the CNN Fear and Greed Index deep in the red at the end of last week's bloodbath, panic-selling typified North American markets while panic-buying was sweeping supermarkets around the world.

The rout could have big implications politically as well as financially: "If the coronavirus epidemic materially affects U.S. economic growth, it may increase the likelihood of Democratic victory in the 2020 election," **Goldman Sachs** suggested midweek. Given the rapid spread of the virus beyond China coupled with the U.S. healthcare (another hot political topic), the writing may be on the wall.

But never mind the sell-off; for investors [following a contrarian strategy](#), value opportunities can be found in every industry you can think of right now. Many stocks were down by around 10% by close of play Friday, with names from **Brookfield Renewable Partners** to **Restaurant Brands** and even blue-chip gold miners like **Newmont** all on sale.

**Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is another top TSX stock to consider with three great qualities: great value for money, great track record, and a great dividend. And this is all on top of a defensive play for energy production and utilities — an aspect that is taking on greater significance as the market correction — now officially underway — threatens to turn into a recession.

Cheap stocks make for higher returns, and with a combination of its 3.7% and steep share price appreciation, Algonquin Power & Utilities could net total returns of 202% by 2025. Value is almost a moot point at the moment, but even with the leveling effect of the correction, this stock is nicely priced relative to its sector, with a P/E of 14.5 and P/B of 1.5 undercutting the integrated utilities average.

Algonquin Power & Utilities goes ex-dividend at the end of the month, so investors have some time to ponder its combination of value, solidity against market forces, and a 51% diversified payout ratio. The later facet of this stock makes it a key play in the energy production and utilities space for dividend growth. The company's strong renewables exposure also makes it a play for green economy capital gains.

## The bottom line

At this stage, investors with long-term portfolio goals should know what they're holding and have confidence to stick with their choices. While last-minute selling could be part of an investor's plan to free up capital, the thesis for buying in the current market is strong. However, investors should be making a list of stocks to back up the truck on in the event that the selloff deepens in March.

### CATEGORY

1. Dividend Stocks
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### TICKERS GLOBAL

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

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