



Buy This 1 Canadian Utilities Stock for Safe Dividends

Description

Canadian shareholders may be wondering whether their investment style fits their financial goals at the moment. It's a common conundrum right now, with the pandemic putting pressure on portfolios to outperform the markets. One way to get around the issue is to buy stocks that suit a range of styles. **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) suits a lot of different investment strategies, making it an ideal stock for uncertain times.

A top pick for any dividend stock portfolio

A 4.7% dividend yield is on offer from this attractive and robustly diversified energy name. AQN is a popular pick for energy investors looking for a clean play on natural resources. It's also a rewarding choice for the long-term ethical investor [seeking upside and dependable passive income](#) in the green energy space. In short, this is a top TSX stock that suits a wide range of investment styles and wealth-creation strategies.

A 78% payout ratio suggests room for payment growth in the long term, while also signifying decent coverage. Indeed, a projected 89% payout ratio by 2023 backs up this dividend-growth theory. Needless to say, any dividend-growth potential adds to the buy signal flashing over AQN. Investors looking to buy stocks once and forget about them have a key name here, and one well worth adding to a TFSA, for instance.

Build a portfolio by building positions

Investors looking to build a position in AQN should think about the entry points at which they would like to invest. They should also consider factoring in the [risk of further market disruption](#). One way to do this is to divide up an eventual position and buy in stages upon negative market movements. Investors should also revise downwards any expectations of earnings during the next few months.

Doing this will allow an investor to grow their holdings in AQN during a period that is likely to be exceptionally frothy. A downgrading of expectations will also make it easy to buy and hold. After all, the

greater one's expectations, the easier it is to become disillusioned with the market. Indeed, it's precisely that kind of hopeful bullishness that could make the next market crash so potentially dangerous.

AQN has a two-tier revenue stream setup that strengthens its business model and helps provide defensive backbone in a portfolio. This twin-stream revenue is fueled by Liberty Power and Liberty Utilities. AQN pumps out hydroelectric, wind, and solar energy through its Liberty Power segment. Meanwhile, the company provides stabilizing diversification through its water, natural gas, and electricity utilities.

This is a reasonably priced stock, too, with some steep earnings-growth potential. AQN sells at a 30% discount off its fair value, despite looking at potential annual earnings growth of 38%. This follows on from 18% growth in the same area over the past 12 months. Income investors looking for secure payments have a strong play here, worthy of long-term positions in a TFSA or RRSP.

CATEGORY

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2. Energy Stocks
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