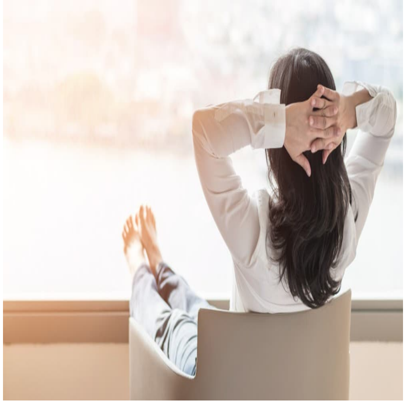

1 Top TSX Stock I Recently Bought

Description

Since this market crash began, several investors, myself included, have used the opportunity to buy high-quality **TSX** stocks at low prices.

Some of the stocks I bought, I already owned, and have been doubling down at these ultra-low share prices. Other stocks I bought for the first time. Either way, if I'm buying a stock it was for three reasons.

First and foremost, the company has to be extremely high-quality. If it's not one of the best in its industry or has some of the best potential for growth, I won't be interested in the stock.

Secondly, the price has to be right. Price doesn't matter all the time, especially for long-term investors buying high-quality companies.

However, in this environment, with so many high-quality opportunities in the short run, it doesn't make sense from an opportunity cost standpoint to overpay for quality with so many stocks trading cheap.

Finally, the stock and its industry both have to fit my vision of how I expect the current environment to play out.

For example, **Air Canada** is a high-quality TSX stock, and it trades at an extremely attractive valuation. However, I see longer headwinds ahead for Air Canada than many are anticipating.

Instead, my focus has been to add companies with resilient operations first, and long-term growth potential second.

Resilient TSX stocks

Heading into the coronavirus pandemic, the average Canadian consumer was already at record-high debt levels.

With economic activity slowing down, and numerous people losing their jobs it's therefore little surprise that the Canadian consumer will continue to see higher debt levels.

I expect this will lead to a reduction in discretionary spending, leaving many of those stocks at risk.

Instead, consumers will have to focus on paying their essential bills (food, housing, and utilities) while paying down debt.

To minimize my portfolio's exposure to what I see as an inevitable shift in consumer spending, I've been increasing my portfolio weighting to defensive businesses such as utilities.

TSX stock I bought

Given my outlook on the economy, one of the most recent TSX stocks I've bought is **Algonquin Power and Utilities Corp** (TSX:AQN)(NYSE:AQN).

Algonquin has been on my radar for a while due to the highly attractive make-up of its business. The company is split into its two main subsidiaries, Liberty Power and Liberty Utilities.

Liberty Utilities accounts for roughly two-thirds of Algonquin's business. The business is spread across numerous states in the U.S with water, gas, and electrical utilities.

Because utilities compose the majority of its revenue, Algonquin offers investors safety and reliability first. That's important — and makes it especially attractive in this environment.

The top **TSX** stock's long-term potential comes from its rapidly growing renewable energy business.

Power generation is also a considerably defensive industry, and with the majority of its assets producing from renewable sources, you know Algonquin will be a top growth stock for decades.

At the moment, the company has over 2,100 megawatts of capacity, with another 400 in development, adding significant upside potential for Algonquin in the short run.

The stock also pays an attractive dividend that yields roughly 4.5%.

Bottom line

Amid an environment of considerable uncertainty, Algonquin is a top choice. It's a highly attractive TSX stock that can offer investors both reliability and significant potential for decades of growth.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

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

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