



## 1 Top Defensive Pick for October

### Description

As the market continues to claw back losses from earlier this year, many stocks are still flat or trading at a discount in 2020. This presents a [unique opportunity for investors](#) with long-term plans. While there is no shortage of discounted picks, there are some top defensive picks that stand out over others.

### My top defensive pick

**Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) should be on the radar of every investor. Utilities are superb long-term picks. They generate stable and recurring revenue streams that stem from regulated contracts. Those contracts can span a decade or more in duration, making a utility a great buy-and-forget candidate.

Algonquin's all-renewable portfolio comprises of over 50 solar, wind, and hydro facilities that have an installed capacity of two GW. This puts Algonquin into an advantageous position over its fossil-fuel burning peers still looking at the costly transition to renewables.

That's not to say that Algonquin isn't continuing to look at growth. The company has taken an aggressive stance towards expansion, which takes the form of tuck-in acquisitions. By way of example, earlier this month, Algonquin announced that it acquired 53.5% of a Chilean water utility that has 230,000 connections in the south of Chile.

This is contrary to the stereotype view that utilities are boring investments that lack any type of growth. Fortunately, Algonquin is anything but boring.

Another interesting point of mention is Algonquin's *other* business segment. The company's renewable energy business I've mentioned so far falls under the Liberty Power banner. Algonquin's utility service arm is known as Liberty Utilities. The utility segment serves customers in a dozen U.S. states by providing water, electric, and sewer service.

Together, both segments provide that something extra, which makes it a top defensive pick.

## Why not earn some income, too?

In addition to operating in the ultra-defensive utility segment, Algonquin boasts a handsome dividend. The company offers a quarterly dividend that currently works out to an impressive yield of 4.40%. That yield is competitive with some of the best dividend stocks on the market.

If that weren't reason enough to consider Algonquin, there's still more. Prospective investors can take solace in the fact that Algonquin has provided annual bumps to that dividend for years. In fact, over the past decade, that growth has compounded into an impressive 10% annually.

## Final thoughts

No investment is without risk, but Algonquin currently represents a unique opportunity for investors. The company remains a stellar long-term opportunity for both growth and income-seeking investors. In short, buy this top defensive pick now and [hold it forever](#).

### CATEGORY

1. Dividend Stocks
2. Investing

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