



## A Huge Second Coronavirus Wave Could Be Coming! Buy This Defensive Dividend Stock to Prepare

### Description

The coronavirus disease 2019 (COVID-19) is a socio-economic disaster that's not yet over. With the broader markets flirting with correction territory, there's no telling if the tech-driven sell-off will drastically worsen before it gets any better. While it's comforting to have the U.S. Fed standing in your corner, one must be ready for any one of the wide range of possibilities that could happen with this horrific pandemic.

It's nice to hope for the best, but preparing for the best, with little to no "plan B" for when things head south if a sure-fire way to take on more damage than was probably necessary. The pursuit of gains makes the stock market compelling to new investors, but paying little to no consideration for downside risks can be harmful to your wealth.

The stock market may always bounce back. But if your portfolio isn't adequately diversified given the slate of risks brought forth by COVID-19, you could be in for a long and challenging recovery. That is if your portfolio isn't badly hit enough to result in irrecoverable losses from potential insolvencies at the hands of the novel coronavirus.

### Don't discount coronavirus risks!

Greed and complacency can be a prominent enemy of the investor. In an age of profound uncertainty, not keeping COVID-19 risks can be harmful to your wealth. That's a huge reason why Warren Buffett de-risked his portfolio earlier in the year, through the sale of airline and bank stocks and the purchase of gold miners and grocers.

Playing defence can't make you rich. But it can help you *stay* rich. And in times like these, defence is capable of winning championships.

This piece will have a glimpse at a bruised Canadian stock that will be resilient if we're in for a repeat of the type of [environment](#) we had to endure back in February and March.

Without further ado, consider **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)), an on-sale defensive [dividend growth](#) stock that's a relatively resilient play as the markets continue heading south on more ominous news relative to the second coronavirus wave.

## Resilient renewable assets will power Algonquin out of this coronavirus crisis

Algonquin is a premier renewable energy and regulated utility firm with assets that were built to survive and thrive in an era of heightened uncertainty. While Algonquin stock has taken a hit to the chin amid the COVID-19 crisis, with shares currently down around 15% from its all-time highs, none of the damage will be longer-term in nature.

The company has a solid balance sheet and is likely to avoid any business erosion (longer-lasting damage to a firm's growth profile as a result of limited financial flexibility). While COVID-19 does stand to disrupt nearer-term growth projects, the renewable energy kingpin's operating cash flow stream is far more resilient than most other firms out there.

Many utilities and renewable stocks have unfairly taken a hit, and the best-in-breed ones like Algonquin are must-buys here if you're looking to batten down the hatches before coronavirus fear grips the **TSX Index** once again.

## Too cheap to ignore

At the time of writing, Algonquin trades at 2.2 times book value and 12.6 times EV/EBITDA, both of which make AQN stock a cheap way to defend against the new normal that is off-the-charts market volatility. Algonquin boasts a 0.52 five-year beta, which means that shares are more likely to zig when the markets zag and the large dividend just helps to further dampen any downside.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks

### TICKERS GLOBAL

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

### PARTNER-FEEDS

1. Business Insider
2. Koyfin

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5. Sharewise
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### **Date**

2025/08/02

### **Date Created**

2020/09/28

### **Author**

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