



Stock Market Crash 2021: Time to Consider These 3 Utility Stocks

Description

With interest rates being too low, and valuations appearing stretched for most TSX-listed stocks, it's prudent to add some top-quality utility stocks to your portfolio for 2021. Utility stocks offer better yields than bonds, which is almost guaranteed. Meanwhile, they act as a perfect hedge amid a [stock market crash](#), which many fear could occur soon.

So, let's delve into three top utility stocks that are likely to add stability to your portfolio, generate steady income, and provide decent growth in 2021.

Fortis

With its strong operational and financial performance, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) has consistently generated strong returns and handily outperformed the broader markets over the past several years. In the past two decades, Fortis has delivered an average annualized total return of 14%, implying a \$100/month investment in Fortis stock over the past 20 years would now be worth \$131,634.

Fortis's regulated utility assets account for 99% of its total earnings, making it relatively immune to stock market volatility and economic situations. Its high-quality utility assets generate predictable cash flows that drive dividends. Fortis has been increasing its dividend for 47 years and could continue to boost it further, thanks to its continued rate base growth in the coming years.

Fortis expects its rate base to increase by [6% annually](#) over the next five years, which sets the stage for strong growth in its earnings and dividends. The company projects a 6% annual growth in its dividends over the next five years and offers a dividend yield of 3.8%.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is a top dividend-growth stock that should be a part of your portfolio. The company's diversified utility and renewable asset base generate high-quality earnings and drive its dividends.

The company has consistently increased its dividends by 10% annually over the past 10 years and remains well positioned to increase it further at a similar rate in the coming years. Besides paying higher dividends, Algonquin Power & Utilities stock has gained significantly in value over the years. Its stock has jumped over 553% in the last 10 years. Meanwhile, it is up about 16% this year and outperformed all of its peers.

With its growing regulated asset base, accretive acquisitions, and investments in renewable power and infrastructure assets, Algonquin Power & Utilities could continue to deliver impressive growth in 2021. The utility company currently offers a dividend yield of approximately 4%.

AltaGas

AltaGas ([TSX:ALA](#)) offers a perfect mix of income and growth, thanks to its low-risk and high-growth utility and midstream operations. Notably, most of its earnings come from regulated and contracted assets. While the rate-regulated utility assets provide stability and growth, its midstream operations witness higher export volumes and accelerate its growth further.

AltaGas projects a 20% growth in its earnings for 2021, reflecting the strength of its core business. Meanwhile, it raised its dividends by 4%.

AltaGas remains well positioned to deliver robust growth in 2021, thanks to its continued rate base growth, new customer acquisition, higher global export volumes, and cost-reduction measures. The utility company offers a high yield of 5.3%.

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3. TSX:ALA (AltaGas Ltd.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:FTS (Fortis Inc.)

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Date

2025/08/25

Date Created

2020/12/17

Author

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