



## 1 Top TSX Stock to Buy Now for Income, Growth, and Safety

### Description

A stock that has it all? That's what we're all looking for.

Indeed, I think **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) fits the bill nicely. This stock is typically regarded as a regulated utilities player, which it is. However, I think the company's growing renewables business provides handsome growth for long-term investors.

### Impressive growth profile driven by renewables

Algonquin's growth profile is appealing to me right now. In particular, the company's renewable power assets are what I think will "power" returns for investors long term. The company has engaged in a number of acquisitions in recent years that have turned out to be well timed. Indeed, a spike in interest in ESG investing has been the tide that has lifted all boats in this sector.

The company generates about one-third of its revenue from its renewable investments. Algonquin has also stated it may be looking at more acquisitions on the horizon. I think this utilities player could try to achieve a 50-50 mix of regulated utilities and renewables.

Indeed, an expansion of this line of business would be positive for this stock in a few major ways. First, renewable energy is just good business. Profit margins continue to rise, as input costs are lowered and demand for renewable power increases. This is a sector with excellent fundamentals. I think 10 years down the road, the fundamentals on this business could be much better than they are today.

Second, ESG investing mandates are a real thing. These [secular tailwinds](#) are not just a fad. I think we're going to see capital inflows into this sector continue to surge for decades to come. Indeed, this is a very positive backdrop for investors looking for well-positioned renewables plays like Algonquin right now.

### Income and safety driven by regulated utilities business

Algonquin's growth overlay is very nice. However, I think the company's underlying regulated utilities business (which makes up the majority of its revenue) is attractive as well. This business provides the income and defensiveness component I think are critical for investors looking to hold this stock into retirement.

Indeed, Algonquin's dividend yield of 3.5% isn't anything to write home about. That said, this yield is bond-like. Algonquin's core business provides cash flows which are about as stable as one could ever hope for. These cash flows support this current yield along with long-term dividend increases over time. I anticipate Algonquin will continue to hike its dividend yield in the mid- to high-single digit range long term.

The income and safety Algonquin provides really elevates this renewables stock to the top of my list. Accordingly, I don't think many companies really compare to Algonquin right now in the utilities space on the basis of quality. This is a best-in-class stock for those looking to buy and hold for a few decades.

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