



1 Top TSX Hybrid ESG Play to Buy Today

Description

In recent years, there has been a stark shift in how investors select their portfolio picks. Today, multiple criteria are used to select stocks. Yes, capital appreciation and dividends are great. Indeed, total returns are still the primary focus of investors. However, the social impact of the stocks one owns is growing increasingly important today.

Various institutional investors have implemented ESG-related mandates to their portfolios. And retail investors are jumping aboard this move.

Accordingly, companies like **Algonquin Power & Utilities Corp.** ([TSX:AQN](#))([NYSE:AQN](#)) are beginning to [look attractive](#) today. Here's why I think investors should consider this hybrid ESG play today.

Balanced business model with an ESG tilt

Algonquin's growth path hasn't been a traditional one utilities investors may be used to. Indeed, this utilities player has prioritized renewable energy production for decades, acquiring its way into new businesses Algonquin's management team believed to be the future.

Whether these are regulated water utilities, hydroelectric facilities, or other renewable energy projects, Algonquin has amassed an impressive portfolio of energy and utilities businesses. The company's renewable energy installed capacity of over 2 GW makes Algonquin a decently-sized player in this space.

Of course, Algonquin's regulated utilities business serving over 1 million customers in Canada and the U.S. shouldn't be overlooked. The defensiveness of these regulated revenues provide gives investors a nicely balanced business model.

On the one hand, the long-term growth of Algonquin's renewable energy portfolio is attractive. On the other hand, investors get an extremely stable defensive utilities play.

Fresh off of a correction

Despite otherwise decent earnings, Algonquin has been selling off in recent weeks. In fact, the company's share price is now down more than 10% from its 52-week high amid broader market volatility which has brought down valuations across the board.

Now, Algonquin did miss on its recent earnings, reporting quarterly EPS of \$0.20 per share versus an estimated \$0.21 per share. This miss of only one penny echoes the previous quarter's results as well. Accordingly, given the expectations that are being priced into all stocks today, it's perhaps unsurprising to see the stock market take a breather here.

However, for long-term investors looking for a nice entry point on a high-quality long-term holding, this is it. Investors are now able to pick up shares of Algonquin with a yield of more than 4% at the time of writing. For a company with the growth prospects of Algonquin, such a yield certainly looks attractive today.

Bottom line

Algonquin is one of those rare hybrid ESG plays I think is well-suited to every long-term investor portfolio.

This is among the highest-quality companies on the **TSX** and continues to offer investors a healthy long-term growth trajectory. Finding well-balanced plays like this is difficult to do. Accordingly, I think investors ought to consider Algonquin at these levels today.

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4. growth stocks
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2. TSX:AQN (Algonquin Power & Utilities Corp.)

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