



3 Canadian Bigwigs That Could Outperform in Volatile Markets

Description

If you are avoiding investing in stocks because of the volatility, you are probably overestimating the risk. There are plenty of Canadian stocks that are less volatile and offer appealing risk/reward prospects. Let's take a look at three stable, dividend-paying Canadian bigwigs that could stand strong in the volatile markets.

Algonquin Power & Utilities

Utility stocks generally pay stable dividends for decades but offer subdued growth. That's not entirely true for **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). It is a great combination of stability and growth.

That's because it derives its earnings from a combination of regulated operations and renewables assets. This healthy blend has been highly effective and drove its above-average earnings growth in the last decade. This superior earnings growth fueled its market performance and remarkably outperformed bigger utility stocks.

AQN stock returned 540% in the last decade, against the industry average returns of 150% in the same period.

Utilities like Algonquin earn stable cash flows irrespective of the economic conditions. Thus, investors turn to these safe havens because of their slow stock movements when broader markets turn rough.

AQN stock yields 4.5% at the moment, which is higher than TSX stocks at large. The company's visible earnings growth will likely fuel stable dividend growth for the future as well. If you are looking for a less-volatile stock with decent dividends, Algonquin should be on top of your watchlist.

Enbridge

The energy sector has been on a roll this year. So, almost all the energy stocks have been rising high

in 2021. Interestingly, slow-growing stock **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) has returned 25% in the last 12 months.

However, midstream energy stocks do not have a significant correlation with crude oil prices as oil-producing stocks have. From 2014 to 2020, global energy markets witnessed a huge turmoil, and the sector saw a record number of companies reporting bankruptcies. However, Enbridge has stood firm and kept reporting stable earnings growth all these years. It has managed to increase its [dividends](#) by 10% CAGR during this period.

ENB is an attractive bet for income-seeking investors. Note that the stock has notably underperformed, gaining just 30% in the last five years. It's not like Enbridge lost its sheen during this period. But it is a stable midstream energy play for a very long term. ENB has remarkably [outperformed](#) broader markets in the last two decades. Its large pipeline network and visible earnings growth could continue to drive shareholder value in the future.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) stock stands tall among peers on several fronts. For starters, it has the highest dividend yield of 6% among the top three telecom giants. That means if you invest \$10,000 in BCE stock, it will generate close to \$600 per year in [dividends](#). As the company grows its profits, shareholder payouts will also increase over the years.

BCE also sports an appealing valuation at the moment, despite its decent recovery since last year. It currently trades 25 times its historical earnings, close to the industry average. Telecom companies like BCE earn stable revenues even in economic downturns. This cash flow visibility plays well for a consistent dividend increase. That's why BCE has increased its dividends for the last 13 consecutive years.

Also, stocks like BCE are low-beta stocks and thus exhibit significantly lower volatility compared to broader markets. So, BCE could be an apt pick for you if you are looking for decent dividends with relatively lower risk.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BCE (BCE Inc.)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BCE (BCE Inc.)
6. TSX:ENB (Enbridge Inc.)

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