



2 Top Canadian Stocks Providing Excellent Portfolio Diversification

Description

The search for portfolio diversification is *a/ways* on. In this context, I think finding top Canadian stocks with excellent [underlying value](#) is extremely important.

In this article, I'm going to highlight why **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) and **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) are two such stocks long-term investors should consider. Let's dive in.

Top Canadian stocks: Algonquin Power

As a utilities player, Algonquin Power is a top choice for long-term investors because the company's cash flows are about as stable as they come. Algonquin's growth in its core business remains strong, and on this basis alone, I like this stock. The excellent free cash flows Algonquin generates helps to pay out a [4.4% dividend yield](#). This dividend is paid out in U.S. dollars, providing Canadian investors with some level of currency diversification as well.

In addition to Algonquin's strong core utilities business, the company also has a growing presence in renewables. Given the ESG-oriented shift investors and the market are currently undertaking, this is a very important aspect to consider. Currently, approximately one-third of Algonquin's overall revenues come from renewables. I expect this line of business to continue to grow and become a greater proportion of Algonquin's overall mix.

Indeed, from a growth, income, and value perspective, there's a lot to like about Algonquin. This is a company with an excellent historical track record of performance. I think the future holds much more in the way of impressive growth for long-term investors.

Barrick Gold

There's perhaps no more defensive company on the **TSX** than Barrick Gold. Indeed, as far as top TSX stocks go, Barrick continues to make my list for a variety of reasons.

First, I like the company's exposure to the price of precious metals. Amid this current environment of uncertainty, I think gold is likely to outperform. As long as the stimulus remains strong (which I anticipate it will) and interest rates remain low (which seems to be the case), gold and gold miners should do very well.

Barrick's outperformance in this regard is noticeable. A higher price of gold has understandably contributed to excellent free cash flow growth of late. Barrick has used this excess free cash flow to pay higher dividends to investors, rather than making big acquisitions. In fact, the company's CEO has purposely stayed quiet on this front for fear of overpaying for deals. Indeed, prudent management teams are hard to come by today. And Barrick Gold happens to have one of the most prudent in the business.

Accordingly, Barrick Gold remains a top Canadian stock for long-term investors seeking defensiveness and growth over the medium-term.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:B (Barrick Mining)
3. TSX:ABX (Barrick Mining)
4. TSX:AQN (Algonquin Power & Utilities Corp.)

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