



AQN Stock: 3 Reasons Algonquin Power Is a Buy

Description

As the market environment has consistently worsened throughout the year, the importance of owning high-quality stocks continues to increase as well.

And while many investors are looking to buy the cheapest stocks possible in this environment, others are looking to shore up their portfolio ahead of a possible recession and buy highly defensive businesses, such as **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) stock.

Algonquin is a utility stock and one of the top Dividend Aristocrats you can buy in Canada. So, let's look at why Algonquin is such an excellent company and why AQN is a top stock to buy for your portfolio, especially in this highly volatile investing environment.

Algonquin is an impressive and reliable stock with high-quality operations that you can have confidence owning for years

First off, if you're looking to find high-quality stocks that are [less volatile](#) than their peers and have business operations you can be comfortable owning for years, you're going to want to look for a defensive business.

And while there are many industries that can be considered defensive, one of the best and safest to find investments in is utilities. So, it's no surprise that AQN stock, which gets about 70% of its business from its utility operations, is one of the best and safest stocks you can buy.

Furthermore, because the utility industry is regulated, much of Algonquin's future earnings and future growth potential is predictable. That's part of the reason that the investment is so safe and why AQN is one of the least-volatile stocks you can buy.

In addition, the other roughly 30% of its business comes from renewable energy generation. This is another industry that's highly defensive but also offers plenty of long-term growth for Algonquin.

So, whether or not a recession materializes next year, AQN stock and the essential services it provides make it one of the best and most defensive stocks you can buy for your portfolio today.

Algonquin pays an attractive dividend and offers impressive dividend growth

The main benefit of highly defensive and predictable income is that AQN is a lower-risk investment. However, another significant benefit is that because the stock is a cash cow, it's a top dividend stock. In fact, right now, AQN stock offers an impressive dividend [yield](#) of more than 5.5%.

That's not all, though. In addition to the significant dividend yield today, Algonquin also offers impressive dividend growth. Therefore, not only can you begin to receive attractive passive income soon after you buy AQN stock, but over the years, those payments should continue to increase significantly.

So, AQN stock is one of the best investments you can make, especially if you are worried that a recession might be on the horizon.

After its recent selloff, AQN stock now offers great value

Finding high-quality stocks with reliable operations and strong cash flow generation is crucial. However, when you can buy the stock undervalued as well, it creates a significant opportunity.

And after AQN stock has fallen by more than 15% in the last two-and-a-half months, it now offers investors insane value in addition to the fact that its dividend yield has now risen to above 5.5%.

After falling below \$17 a share, not only is AQN stock trading at the bottom of its 52-week range, but it's also ultra-cheap on a historical scale.

Currently, AQN stock trades at a forward price-to-earnings ratio of just 16.9 times. That's nearly the cheapest it's been in the last decade. It's also well below its 10-year average of 21.6 times earnings.

Therefore, while this highly defensive and reliable company trades at ultra-cheap prices, it's certainly one of the best stocks you can buy now.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)

PARTNER-FEEDS

1. Business Insider

2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. danieldacosta
2. kduncombe

Category

1. Investing

Date

2025/08/24

Date Created

2022/06/21

Author

danieldacosta

default watermark

default watermark