



2 Top Utility Stocks for Your TFSA

Description

When it comes to investing, some decisions that make sense for certain investors may not necessarily make sense for you. We all have our own risk tolerances, goals, and personal preferences, which means you won't always be buying the same stocks as everyone else. With that being said, though, in this environment, buying top utility stocks for your Tax-Free Savings Account (TFSA) is something all investors should consider.

Investing is all about balance. When you're buying stocks, you're naturally balancing risk vs. reward. However, you're also balancing growth potential vs. safety when it comes to building a portfolio.

And in this environment, where there is tonnes of uncertainty and a potential recession on the horizon, having adequate defensive investments will be crucial to protecting your hard-earned capital.

So, with that in mind, if you're looking to add some of the [safest stocks](#) possible to your portfolio, here are two top utility stocks you can buy for your TFSA today.

One of the top Canadian utility stocks to buy for your TFSA today

Utility stocks are highly safe and reliable investments, which is why investors look to add them to their portfolios in times of uncertainty, such as what we're seeing today. But when you can buy an incredibly safe utility stock that also offers attractive long-term growth potential, such as with **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)), then you can commit to owning these stocks for the long haul.

Algonquin is predominantly a utility stock. Roughly 70% of its operations are in its utility segment. However, it also has an attractive green energy segment, which offers investors several benefits.

First off, it helps Algonquin to diversify its operations while still being highly reliable. Power generation may not be regulated like top utility stocks are. However, the operations are still incredibly defensive.

Furthermore, there are tonnes of potential both in the short and long term for Algonquin to considerably

grow its green energy operations.

Therefore, in addition to being an incredibly defensive stock and an excellent investment for dividend growth, Algonquin also offers tonnes of long-term growth potential.

And right now, because its stock is still trading well off its highs and in the middle of its 52-week range, not only can you buy it at a discount, but you can lock in an attractive [dividend yield](#) of 5.1%.

Therefore, if you're looking to add more defence to your portfolio in this environment, Algonquin is one of the top utility stocks you can buy for your TFSA.

An excellent stock to buy for dividend investors

In addition to Algonquin, another one of the top utility stocks you can buy for your TFSA and another excellent dividend-growth stock is **Emera** ([TSX:EMA](#)).

Emera is a utility company with assets in six countries across North America. It offers electricity and gas services giving its operations tonnes of diversification. Furthermore, like many of its utility stock peers, Emera's future operations, as well as growth potential, are highly predictable.

This, of course, makes the investment much less risky. However, it also allows Emera to offer multiple years of guidance and set a dividend-growth plan that can last for years.

Currently, it's in the midst of a multi-year capital plan that will improve Emera's profitability and allow it to continue increasing the dividend each year. So, until at least the end of 2024, you can continue to expect Emera to increase its dividend payments by 4-5% annually.

And when you consider that the stock is already offering an attractive dividend of 4.4%, it's clear what a high-quality investment it is in this environment.

Therefore, if you're looking to shore up your portfolio and buy one of the top utility stocks in Canada, Emera is a company that's perfect for your TFSA.

CATEGORY

1. Investing

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:EMA (Emera Incorporated)

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