3 High-Yield Dividend Stocks to Buy in 2020

Description

The New Year is upon us, and what better time to go shopping for stocks?

It's a Holiday tradition to go bargain hunting after Christmas, and while the **TSX** as a whole is fairly expensive right now, there are still plenty of boxing week sales to be found.

Also, many of the stocks currently on sale have high yields and rising payouts that can reward you handsomely in the years ahead.

With that in mind, here are three of the best high-yield dividend stocks to buy in 2020.

Enbridge

Enbridge Inc (TSX:ENB)(NYSE:ENB) is Canada's biggest and best pipeline company, shipping crude oil and LNG all over North America.

The stock sports a whopping yield of 6.24% as of this writing, and management has been raising the dividend by 17% a year on average. This year the dividend was increased 10%.

Over the last four years, Enbridge has increased its net income from $250 million to $2.8 billion. That's a fantastic growth rate, and it looks set to continue.

Not only did ENB crank out $3.1 billion in adjusted EBITDA in its most recent quarter, but it also has two big infrastructure projects in the works (the Line III replacement and Line V tunnel) that could drive higher earnings.

Fortis

Fortis Inc (TSX:FTS)(NYSE:FTS) is one of Canada's oldest and largest publicly traded utilities. With $53 billion in assets and 3.3 million customers, it's a true utility giant.

FTS is well known as one of Canada's most dependable dividend stocks. It has a 3.5% yield today and has raised its dividend every single year for 46 years.

Over the next five years, Fortis will be undertaking a capital expenditure program aimed at increasing its rate base. The program will cost $18.3 billion and will replace aging infrastructure and increase service area.

The program should increase revenue, but will also increase the amount of debt on Fortis' already heavily leveraged balance sheet.

Algonquin Power & Utilities

Algonquin Power & Utilities Corp (TSX:AQN)(NYSE:AQN) is another Canadian utility company. Compared to Fortis, it's a smaller player, but has enjoyed far better returns over the past 10 years.

Since December 31, 2009, AQN shares have risen 355%. That's a phenomenal return for a utility stock, as utilities are generally considered to be "slow and steady" dividend plays that deliver about market-average returns.

With that said, Algonquin's capital gains have not come at the expense of income. Even with its 355% 10-year return, AQN still yields 4%, and management has been raising the dividend over the years.

This makes the stock a solid dividend play that could also deliver some capital gains if the company keeps growing.

As for whether Algonquin *will* keep growing, that remains to be seen. One encouraging fact about the company is that it has major investments in renewable energy, which position it well for the decade ahead, with its likely increase in climate change-related regulations.

Such regulations will be hard on utility companies that burn coal, but should leave wind, solar and hydro producers (like Algonquin) relatively unscathed.

CATEGORY

1. Dividend Stocks
2. Energy Stocks

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