



1 High-Yield Dividend Stock to Buy in 2020 and Hold Forever

Description

Despite all the talks of recession, the TSX Index is phenomenally high. There were a few dominant themes in the market in 2019. One of the themes is the fear of recession, with a market crash appearing on the horizon. A lot of investors have started to look for defensive stocks, as they prepare to protect themselves from the effects of the economic downturn.

Another significant trend in the market has been the growth of renewable energy, increasing every day. An increasing number of countries and companies are looking to the use of clean energy as opposed to traditional energy. There is a more significant focus on protecting the future of the planet with alternative and renewable energy sources.

In challenging economic times, stocks of companies in the utility sector have become some of the most sought after for investment purposes. It would help if you also began searching for high-quality, dividend-paying stocks as a precautionary measure for the incoming recession.

I think **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) stock could be the ideal stock to consider in times like this.

Defensive stock

[Defensive stocks](#) fare better in economic downturns than others when it comes to protecting your wealth. Investors are looking for defensive industries and companies in those sectors they can invest in for a reasonable price.

Algonquin is a company with a substantial branch for its utilities, serving more than 800,000 customers through 12 states in the United States. The company provides services like wastewater treatment, water distribution, natural gas distribution, and electricity to its customers. The business is diversified through the three primary services it offers, generating more than 60% of the company's revenue.

In a downturn, the demand for utilities never goes away, and that is why stocks from the sector are more defensive.

Renewable energy trend

If there is a renewable energy bandwagon, Algonquin is one of the companies leading it in Canada. Renewable energy continues to become a hot topic throughout the world. An increasing interest in generating energy from renewable resources is opening the door for green energy projects companies like Algonquin can leverage.

Algonquin's renewable energy portfolio exists and runs through its subsidiary called Liberty Power. The subsidiary is acquiring a growing number of renewable energy production assets. Algonquin has interests in more than 50 clean-energy facilities that amount to roughly 2.2 gigawatts of generating capacity.

Foolish takeaway

A defensive stock that looks poised to handle the dynamic change in energy demand, the company also pays a significant dividend yield to its shareholders. With a yield of more than 4.02%, AQN stock trade for \$18.31 per share at writing and a payout ratio of 75%.

The company generates a stable income, and it has a sustainable payout ratio that can keep money flowing into your Tax-Free Savings Account. The company's solid fundamentals and growth have allowed it to continually grow its dividend, making it one of the [Canadian Dividend Aristocrats](#).

I think Algonquin could be a stock worth considering for the long term.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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