# The Best Canadian Utility Stocks to Buy and Hold in 2020

## Description

Investors may be aware of the balance between fear and greed, the two prevailing emotions that drive the stock market. However, the new decade has already been characterized by another pair of opposites: Risk and respect. What this means in simple terms is that for all the risk inherent in the markets right now, not enough respect is being paid. In other words, the Bull Run should have ended.



The logical conclusion here is that a bear market is imminent. Factor in the ongoing uncertainty added to the markets by the coronavirus, the weakening of manufacturing data, the increasingly bleak outlook for fossil fuels (which still compose a not-insignificant percentage of the average fund), as well as untold other stressors and a full-blown recession is likely at worst — and worth preparing for at best.

However, the good news is that the **TSX** is rallying right now, driven by gains in the energy sector. This is a sign that investors are gearing up for a run on defensive assets, indicating that some of the strongest Canadian energy producers and utilities could see stronger capital appreciation this year.

From **Fortis** to **Algonquin Power & Utilities**, the TSX packs a punch when it comes to power-driven passive income. Debating which one is Canada's best utilities stock is almost a national pastime, and there are some solid buys on the TSX to consider. From its 3.26% yield to steady gains, Fortis is up by more than 25% in the past year.

Algonquin Power & Utilities has done even better, riding the green power revolution to gain 52% in the last 12 months. The top renewable stock pays a 3.37% dividend yield, making for a strong buy.

Its low 36-month beta of 0.49 also denotes a stock that's half as volatile as the market — a characteristic that makes it idea for the casual investor with little to no appetite for risk in the current economic climate.

With a 4.6% yield, **Polaris** is an even richer option for energy investment, and as such would satisfy a shareholder with narrower financial horizons than a first-time investor coming to the **TSX** in search of safe dividends.

With this in mind, the retiree might find the higher yield of Polaris suits a strategy of shorter-term returns. This is therefore one of the best Canadian utility stocks to buy for retirement.

Of course, any of the three TSX stocks listed above would also suit the general low-risk Canadian investor seeking out top companies to buy shares in for long-term passive income.

As a safe-haven asset, buying energy utilities stocks is a textbook play for readying a portfolio for a market crash.

## The bottom line

Whether you’re worried about a market downturn or packing stocks in an RRSP or TFSA, utility stocks are one of the strongest additions to a TSX portfolio.

The classic defensive qualities of utilities stocks, driven by the recession-proof nature of energy production, wide-moat attributes of customer retention and strong market share, add up to a solid buy for Fortis, Algonquin Power & Utilities, and Polaris shares.

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**Date**
2025/08/23
**Date Created**
2020/02/20
**Author**
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