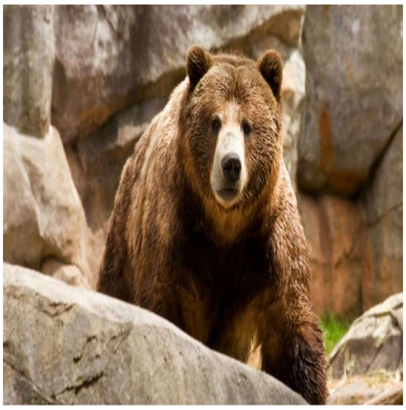

Bear Market: Make $1000 a Month With This Dividend Stock

Description

A bear market is underway. But investors should not *sell, sell, sell.* Instead, Canadian investors should get ready to buy. Now is the time buy more shares of top companies on their way down. Investors should also start to steadily reduce risk in stock portfolios.

Any looming rally will represent an opportunity to trim anything that leaves a portfolio overexposed to risk. Contrarians should sell the market when it's up, and buy when it's down. Or, as Michael Caine puts it in the classic war movie, *Too Late The Hero*: "You zig, I'll zag."

How to play a bear market

The W.H.O. has now declared COVID19 a pandemic, and the **TSX** lost 3.5% on the news. A prolonged bear market is likely underway, with fiscal stimulation unlikely to rescue the markets from a protracted slump. Oil prices have cratered and air travel is declining.

Manufacturing is slowing amid weakening consumer demand. A growing number of businesses are working social distancing into their day-to-day operations.

Oil and pipeline stocks are therefore looking like a prime targets to trim in the current climate. The thesis for both pipelines in particular and fossil fuels in general facing mounting headwinds. Times are tough for oil, from the current economic to the political climate.

A greener approach may suit the long-range buyer looking to gain some defensive dividends. Several key stocks are a buy for upside in the energy sector plus regular passive income.

Algonquin Power & Utilities is down a few points this week, albeit the green sector has taken nowhere near the battering that oil suffered. The stock pays a 3.7% dividend yield. It offers key diversification across several renewables, including hydroelectric, wind, solar, and thermal.

Northland Power is also down a few points, but nothing major considering the market right now. It pays a 4% yield and is an especially strong play for offshore wind growth.

A top stock for dividend yield

But there's an even better buy if it's yield you're after. Check out **TransAlta Renewables** (TSX:RNW) for a 6.2% dividend. That's even better than **Enbridge**'s yield, but without the worry of oil. TransAlta Renewables is down 11% this week, making for a clear value opportunity.

TransAlta Renewables sells for $15 a share. That means you get about $1 back a year. To make $1000 a quarter you'd need to buy 4,000 shares. That's an outlay of $60,000.

Investors get part ownership of a solidly diversified electric utility company. Its three segments are Canadian Wind, Canadian Hydroelectric, and Canadian Gas. It's fairly geographically diverse, too, across Canada, the U.S., and Australia.

A projected 66% total return on investment is on offer for TransAlta Renewables shareholders. The name is a strong buy for classic defensiveness. After all, society needs energy no matter what happens. Throw in a the high growth potential for the green energy sector and you have a solid buy.

The bottom line

Buying shares in this Canadian renewables stock will help diversify an energy portfolio. TransAlta Renewables adds upside potential combined with passive income. Investors may want to buy shares in incremental packets as the market drops.

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