

10 Best Dividend Stocks of 2020 and Beyond

Though they may seem inconsequential to some investors, [dividend stocks](#) are pivotal to building a portfolio to increase wealth despite the previous [bear market](#) in this economy [changed by the coronavirus](#). This TradingSim article will help investors find the best dividend stocks of 2020 to buy and hold in order to [rebalance their portfolios](#). This article will also help investors determine the best stocks to help them [improve their investment strategies](#).

What are dividend stocks?

Dividend stocks are shares from corporations that offer extra payouts every quarter to investors. With many dividend stocks, investors can purchase low-risk [value stocks](#). With companies giving dividends, corporations pay investors in shares instead of cash.

How are dividend stocks beneficial to investors?

Because they offer tax benefits, corporations that offer dividends are beneficial to investors. With corporations offering dividends, the IRS doesn't usually collect capital gains taxes. The IRS doesn't collect capital gains taxes unless investors sell the shares at a profit. In addition to that tax advantage, corporations with dividends have special tax perks.

If an investor buys stock before the reinvestment date, there is a benefit. That benefit increases if investors keep the stock for 60 days. If an investor holds a stock for two months or longer, the IRS treats the dividend as a qualified

dividend. In that case, the IRS taxes the dividends at low tax rates between 5-15%.

If investors are looking for the best stocks that offer dividends, here are 10 of the top choices for investors.

1. AT&T



AT&T is one of the best dividend stocks of 2020

If investors are looking for the best companies offering dividends, AT&T (NYSE:T) is a good choice. Because the company has been around for over a century, AT&T's dividend yield of 6% is great for investors.

The telecommunication's stock is a dividend aristocrat. With dividend aristocrats, investors are buying stocks that consistently pay high dividends to investors for at least 25

years. Because AT&T is a dividend aristocrat, the company is a great dividend stock in 2020 and beyond.

AT&T Q2 2020 earnings deliver strong results

In addition to strong dividends, the telecommunications giant also had a robust Q2 earnings report. [AT&T reported revenue of \\$41 billion.](#) In the last quarter, The company's profits took a hit. AT&T's revenue slightly dropped because its movie division was stalled during the nationwide quarantine. Even though profits were down, they still beat Wall Street expectations. John Stankey, the company's CEO, [spoke about the results.](#)

"Our solid execution and focus in a challenging environment delivered significant progress in the quarter, most notably the successful launch of HBO Max, resilient free cash flow and a strengthened balance sheet," said Stankey.

The chief executive officer also spoke about [AT&T's positive cash flow.](#)

"Our resilient cash from operations continues to support investments in growth areas, dividend payments and debt retirement. We are aggressively working opportunities to sharpen our focus, transform our operations and continue investing in growth areas, with the customer at the center of everything we do," added Stankey.

AT&T chief financial officer John Stephens also touted the [success of its HBO Max streaming service.](#)

"One month after launch, HBO Max had about 3 million retail subscribers. 4.1 million subscribers had 'activated' their Max account. Of those, more than 1 million are wholesale subscribers through AT&T," said Stephens.

AT&T stock gets buy ratings from analysts as one of the best dividend stocks of 2020

Even though AT&T's Q2 2020 revenue beat expectations, two different financial analysts have different takes on the stock. Bernstein analyst Peter Supino said that AT&T stock is a buy because of its [increased mobile service during COVID-19.](#)

"Critically, mobility service revenues, adjusted for roaming, grew by more than 1%," noted Supino.

Morningstar analyst Mike Hodel also rates AT&T as [one of the best dividend stocks for 2020 and beyond.](#)

"Looking at AT&T's businesses individually, we believe the firm still deserves a narrow moat based primarily on cost advantages within the wireless business and intangible assets acquired with Time Warner. These advantages should enable the firm to maintain relationships with customers and increase free cash flow," said Hodel.

Some analysts see AT&T as a weaker dividend stock

While Peter Supino rates AT&T stock a buy, other analysts are bearish on the telecom company's site. MoffettNathanson analyst Craig Moffett wrote in a note to clients that he is [skeptical that AT&T can compete with other wireless companies.](#)

"Their loss of postpaid phone subscribers owes, in part, to the necessity of prioritizing free cash flow over growth in order to mitigate the weakness in their media and wireline businesses. And, perhaps more importantly, it is unclear

whether AT&T has the balance sheet to vigorously compete in the FCC's upcoming auctions for mid-band spectrum," wrote Moffett.

Even though analysts are split on whether to buy AT&T stock, the company's strong dividend makes the stock a good long-term buy for investors.

2. Microsoft



Microsoft stock is one of the best dividend stocks for investors

In addition to AT&T, tech giant Microsoft (NASDAQ:MSFT) has one of the best dividend stocks of 2020 for investors. Microsoft's dividend yield is small at 1%, but offers a robust dividend. In addition to a reliable dividend, Microsoft's last earnings report was better-than-expected as well.

Microsoft has positive Q3 2020 earnings as one of the best dividend stocks

In its Q3 2020 earnings report, Microsoft had a strong Q3 2020 earnings report. The company's CEO Satya Nadella, [spoke about the positive results.](#)

"We've seen two years' worth of digital transformation in two months. From remote teamwork and learning to sales and customer service to critical cloud infrastructure and security – we are working alongside customers every day to help them adapt and stay open for business in a world of remote everything. Our durable business model, diversified portfolio, and differentiated technology stack position us well for what's ahead," said Nadella in a statement.

Microsoft's quarterly revenue grew to \$35 billion. The corporation's [revenue increased](#) because of "cloud usage increased, particularly in Microsoft 365, including Teams, Azure, Windows Virtual Desktop, advanced security solutions, and Power Platform, as customers shifted to work and learn from home", noted Microsoft in its earnings report.

Microsoft is a buy for some financial experts

Wedbush analyst Dan Ives noted that Microsoft stock is a buy because of its successful cloud technology. He also thinks that the tech company is [benefiting from many workers working more from home.](#)

He also noted "this current remote work from home (WFH) environment is further catalyzing more enterprises to make the strategic cloud shift with Microsoft the main beneficiary as evidenced by the solid results."

“In a nutshell, Nadella & Co. continue to lead a transformational cloud story narrowing the gap vs. Bezos and AWS into 2021,” added Ives.

Amana Mutual Funds also is bullish on Microsoft stock [because of its cloud technology.](#)

“Microsoft has done an excellent job building its Azure cloud services business, while we believe a strong period of semiconductor demand will arrive in the new decade supporting Microchip and Taiwan Semiconductor. Whether the rally starts in 2020 or 2021 remains to be seen but recent signs have been positive.”

Because of Microsoft’s strong Q3 2020 results and bullish analysis from experts, Microsoft has a dividend stock that investors should choose.

3. Johnson & Johnson

Like AT&T, Johnson & Johnson (NYSE:JNJ) is another high-yield dividend aristocrat that is a good choice for investors. The company’s dividend yield is a healthy 2.76%.

The healthcare company overcame controversy for [allegedly producing toxic baby powder](#). The corporation is moving beyond that tumultuous period as the corporation develops a COVID-19 vaccine.

Paul Stoffels, M.D., Vice Chairman of the Executive Committee and Chief Scientific Officer, is supervising the project. He spoke about the [potential treatment in a statement.](#)

“We are excited to see these pre-clinical data because they show our SARS-CoV-2 vaccine candidate generated a strong antibody response and provided protection with a single dose. The findings give us confidence as we progress our vaccine development and upscale manufacturing in parallel, having initiated a Phase 1/2a trial in July with the intention to

move into a Phase 3 trial in September,” said Stoffels.



Johnson & Johnson is a top dividend stock in 2020

“Based on the strength of the preclinical data we have seen so far and interactions with the regulatory authorities, we have been able to further accelerate the clinical development of our investigational SARS-CoV-2 vaccine, Ad26.COV2-S, recombinant,” said Stoffels.

“Simultaneously, we are continuing our efforts to build important global partnerships and invest in our vaccine production technology and manufacturing capabilities. Our goal is to ensure we can deliver a vaccine to the world and protect people everywhere from this pandemic,” added Stoffels.

Johnson & Johnson stock rises on promising coronavirus vaccine trial

Mathai Mammen, M.D., Ph.D., is the global head of Janssen Research & Development, LLC at Johnson & Johnson. He noted that the [potential for the vaccine](#) can have a great impact on

the world.

“As we collectively battle this pandemic, we remain deeply committed to our goal of providing a safe and effective vaccine to the world. Our pre-clinical results give us reason to be optimistic as we initiate our first-in-human clinical trial, and we are excited to enter the next stage in our research and development toward a COVID-19 vaccine,” said Mammen.

“We know that, if successful, this vaccine can be rapidly developed, produced on a large scale and delivered around the world,” added Mammen.

Financial analysts say Johnson & Johnson is one of the best dividend stocks of 2020

CNBC financial analyst Jim Kramer thinks that Johnson & Johnson stock is a buy because of its strong dividend and its [vaccine development](#).

“J&J has the best pipeline of these drug companies,” said Cramer. “Their vaccine could fail and the stock wouldn’t even go down. That’s how cheap this thing is. I think it’s a buy right here,” said Cramer.

In addition to Cramer, Merrill Lynch analyst Bob Hopkins is [bullish on Johnson & Johnson stock](#). He believes that the company can overcome its past troubles if the coronavirus vaccine is effective.

“We continue to like the risk reward in JNJ. While visibility remains low with litigation, Covid’s impact on the economy could well bring names like JNJ back into favor and goodwill from a successful vaccine could limit drug pricing risk,” wrote Hopkins in a note to clients.

Because of its healthy dividend and promising vaccine, investors can pick Johnson & Johnson stock.

4. Altria

While Johnson & Johnson wants to be a dividend stock that promotes health, Altria (NYSE: MO) is a “sin” dividend stock. The tobacco company has an impressive 8% dividend yield. In Altria’s Q2 2020 earnings report, chief financial officer Sal Mancuso spoke about Altria [raising its dividend payout](#).

“We are pleased to announce that yesterday, our board declared the quarterly dividend ahead of our normally scheduled declaration date. The board declared a quarterly dividend of \$0.86 per share, representing a new annualized dividend rate of \$3.44 per share,” said Mancuso.

“This represents an increase of 2.4% from the previous annualized rate of \$3.36 per share and marks the 55th dividend increase in the past 51 years. Our balance sheet is strong, and our core tobacco businesses continue to generate significant cash,” added Mancuso.

Altria stock rises as Q2 2020 earnings beat expectations

Despite the slowdown in tobacco sales, the tobacco company had an [increased earnings per share](#) in its latest earnings report.

“Despite the challenges of the COVID-19 pandemic in the U.S., our employees continue to execute against our 10-year vision with strong focus and commitment,” said Altria in a statement.

“Over the first-half of 2020, we believe Altria showed resilience in volatile market conditions, growing adjusted diluted earnings per share by 8.5%, ” said Altira. The company’s earnings were “driven by the outstanding financial

performance of our core tobacco businesses. We've also hit key milestones and made steady progress behind our noncombustible product portfolio," added Altria.

Financial analysts bullish on Altria as one of the best dividend stocks of 2020

Morningstar analyst Phillip Gorham rates Altria as an underrated stock. He notes that the overall robust cigarette industry [makes the stock a buy](#).

"Underlying trends in the U.S. cigarette industry appear to be intact following Altria's first-quarter results, which included very strong shipment numbers, with comparability affected by a number of technical issues," he said.

"Aside from adjusting for the timing of some of the company's shipments that were brought forward into the first quarter, we are making only modest tweaks to our estimates for the remainder of the year and our longer-term outlook is unchanged. We are reiterating our wide-moat rating and \$54 fair-value estimate," added Gorham.

Stifel analyst Christopher Growe noted that Altria had controversy [because of its vaping products](#).

"The tobacco stocks, especially Altria, seem to find controversy at every turn, with investors increasingly focused on the negatives and the risks, which have always been ever-present for this industry, and not rewarding the improvement in the fundamentals," said Growe.

However, during the pandemic, people have been buying more tobacco products in bulk during the quarantine. Because of an increase in tobacco use, Growe rates Altria one of the best dividend stocks of 2020 to buy.

“We remain confident in Altria’s ability to lead a price increase again this fall, in line with our estimate (+6% price per pack growth this year) supporting the 4% profit growth we estimate for Altria’s Smokeable division,” said Growe.

If investors want to pick a dividend stock with a strong customer base, Altria is a good choice.

5. Exxon

Even though oil prices have dropped, gas giant Exxon (NYSE:XOM) is still one of the best dividend stocks of 2020. In its [latest earnings report](#), Exxon had a decline in revenue, but still maintains its hefty 8.27% dividend yield.

“Second-quarter results included a \$1.9 billion noncash benefit from inventory valuation, largely reversing the first-quarter impact due to the improvement in commodity prices relative to the end of March and resulted in a second-quarter U.S. GAAP loss of \$1.1 billion,” noted Exxon.



ExxonMobil is one of the best dividend stocks of 2020 to buy and hold

“Excluding identified items, there was a \$3 billion loss in the second quarter,” noted Exxon.

The oil giant noted that its revenue was “down \$5.3 billion from the first quarter driven by the effects of COVID-19, including the unprecedented decline in oil and product demand, resulting in significant declines in prices.”

ExxonMobil is still one of the best dividend stocks of 2020 despite earnings miss

Because of the global shutdown, many cars stayed off the road and the need for gas declined greatly. As a result, oil company Exxon had a [whopping net loss of \\$1.08 billion in Q2](#)

[2020](#). Exxon chief executive officer Darren Woods explained that the coronavirus caused a [decline in the corporation's profits](#).

“The global pandemic and oversupply conditions significantly impacted our second quarter financial results with lower prices, margins, and sales volumes,” said Woods.

Exxon vice-president Neil Chapman noted that despite the revenue drop, Exxon [remains one of the best dividend stocks](#).

He noted that the oil company has “a long history of providing a reliable and growing dividend. A large portion of our shareholder base has come to view that dividend as a source of stability in their income,” said Woods.

“We take that very seriously,” added Woods.

Chapman also noted that reducing expenses will help Exxon [maintain its high dividend](#).

“The plans will include further reducing operating expenses and identifying additional opportunities to efficiently defer more capex. Doing so will enable us to maintain the dividend and hold debt at its current level,” said Chapman.

Financial analysts rate ExxonMobil as one of the best dividend stocks of 2020

Because of Exxon's spending reduction, Cowen & Co. analyst Jason Gabelman rates [Exxon as one of the best dividend stocks of 2020](#). He commented that Exxon's asset sales could help reduce

“It has fallen a bit behind schedule but there have been reports there are several packages out,” said Gabelman.

“Given the current environment, XOM[Exxon] will likely need to continue defending its long-term view of energy growth that underpins its counter-cyclical capex [capital expenditure] program that could ramp back up next year,” added Gabelman.

Morningstar strategist Allen Good also rates Exxon as one of the best dividend stocks of 2020. He noted the [company's low expenditure costs](#).

“We[Morningstar] continue to rate Exxon Mobil as one of the higher-quality integrated firms, given its ability to capture economic rents along the oil and gas value chain. While its peers operate a similar business model with the same goal, they fail to do so as successfully, as evidenced in the lower margins and returns. Exxon generates its superior returns from the integration of low-cost assets combined with a low cost of capital; this combination produces excess returns greater than those of its peers,” said Good.

“Additionally, its decision to increase investment relative to peers during the next five years is also likely to narrow the gap in returns with peers,” added Good.

Other financial experts think investors should sell ExxonMobil stock

While some analysts are bullish on Exxon stock, others think that the dividend aristocrat is still a pass for investors. Citi analyst Alistair Syme doubts that the oil corporation can [maintain its high dividend with declining oil sales](#).

“The dividend is undoubtedly the real question, or maybe more correctly the forward scenario that the company is adopting to underpin shareholder returns,” said Symes.

RBC Capital Pavel Molchanov wrote in a note to clients that

Exxon's high dividend yield can withstand extra debt.

"While we see the dividend as safe – if for no other reason than management's desire to maintain S&P Aristocrat status – the cash flow outpend is colossal under current conditions," wrote Molchanov.

ExxonMobil is undergoing a lot of turbulence, but is still one of the best dividend stocks of 2020 to buy and hold.

6. Chevron

In addition to ExxonMobil, Chevron is an oil giant that is struggling with the COVID-19 pandemic fallout. Despite diminished sales, Chevron's dividend yield is still a healthy 6.15%.

Chevron Q2 2020 earnings down because of COVID-19

The oil company had a staggering [\\$8.3 billion loss in the past quarter.](#) Chevron CEO Pierre Breber spoke about the [corporation's disappointing Q2 2020 revenue report.](#)

"Second quarter was a challenging one for the company. Financial results included \$4.9 billion in special item net charges and a foreign exchange loss of over \$400 million. Excluding special items and FX, the quarter resulted in a \$3 billion loss or \$1.59 per share," said Breber.



Crude Oil Futures Price levels 1987 through 2017 before coronavirus hurt Chevron as a dividend stock

Morningstar rates Chevron as one of the best dividend stocks of 2020

Morningstar analyst Allen Good noted that Chevron is one of the best dividend stocks of 2020 because of its [expanded natural gas production](#).

“Although Chevron is an integrated energy company, its narrow economic moat rests on the quality of its upstream portfolio. Chevron’s upstream segment holds a low-cost position based on an evaluation of its oil- and gas-producing assets, using our exploration and production moat framework. Its greater exposure to liquids and liquids-linked natural gas production has produced peer-leading cash margins during the past five years,” said Good.

Good also noted Chevron’s expanded global oil exploration. The growth [makes Chevron stock attractive to the financial expert](#).

“New production from its LNG projects Gorgon and Wheatstone, offshore oil developments in the Gulf of Mexico and West Africa, and tight oil growth should preserve this exposure. We forecast that Chevron can deliver a midcycle cash operating

margin of nearly \$30 per barrel of oil equivalent, the highest in its peer group,” said Good.

Some analysts see Chevron stock as a sell despite dividend

While some analysts are bullish on Chevron stock, others are bearish on one of the best dividend stocks of 2020. Goldman Sachs analyst Neil Mehta was [pleased with Chevron's oil production](#).

“Production came in above our expectations, with volumes primarily beating our estimates on U.S. (both liquids and gas) and International liquids,” wrote Mehta in a note to clients.

While Mehta notes Chevron's increased oil production as a plus, [he thinks Chevron stock isn't a buy](#).

“We [Goldman Sachs] see the absolute decline in [the] share price as a function of the collapse in oil demand and oil prices,” said Mehta.

Citi analyst Alistair Syme also doubts that Chevron's worse-than-expected results mean [that the corporation's stock may tumble](#).

“2Q results show a picture that is perhaps not as resilient as the market thought it might be,” said Syme.

Chevron stock may be volatile because of COVID-19. However, Chevron is still one of the best dividend stocks of 2020.

7. Pfizer

Pfizer (NYSE: PFE) stock has an impressive dividend of 3.95%. The pharmaceutical company's stock rose because of a [promising COVID-19 vaccine](#). Pfizer's [\\$11.8 billion revenue](#) beat Wall Street expectations. The company's CEO, Albert Bourla, [spoke](#)

[about the potential coronavirus vaccine.](#)

“We remain fully committed to confronting the public health challenge posed by the COVID-19 pandemic by collaborating with industry partners and academic institutions to develop potential approaches to prevent and treat COVID-19,” said Boula.

“Our researchers and scientists have made important progress toward developing an effective vaccine though significant additional work remains,” added Boula.

Some financial analysts rate Pfizer as one of the best dividend stocks of 2020

Because of Pfizer’s coronavirus vaccine and high dividend, some financial experts rate the company’s stock as a buy.

Edward Jones analyst Ashtyn Evans noted that [Pfizer’s other successful medications make the stock a buy.](#) She said that Edward Jones’ “positive view of the stock is driven by the company’s extensive pipeline and lower valuation relative to peers.”

Morningstar rates Pfizer stock as a buy

Morningstar director Damien Conover cited Pfizer as one of the best dividend stocks of 2020 [because of its impressive cash flow.](#)

“Pfizer’s operating structure allows for cost-cutting following patent losses to reduce the margin pressure from lost high-margin drug sales. Overall, Pfizer’s established product line creates the enormous cash flows needed to fund

the average \$800 million in development costs per new drug. In addition, the company's powerful distribution network sets up the company as a strong partner for smaller drug companies," said Conover.

"Pfizer's entrenched consumer and vaccine franchises create an added layer of competitive advantage", added Conover.

Conover also noted that Pfizer is [one of the best dividend stocks](#) "stemming from brand power in consumer healthcare and manufacturing cost advantages in the vaccines division. Pfizer recently created a consumer healthcare joint venture with GlaxoSmithKline that could lead to an eventual divestment of the unit."

Pfizer's impressive cash flow and potential profits from its COVID-19 vaccine make Pfizer one of the best dividend stocks of 2020 and beyond.

8. Coca-Cola

While Coca-Cola(NYSE:KO) stock dropped because of the coronavirus crisis, the beverage company has one of the best dividend stocks of 2020. Coke's dividend yield of 3.47% should be impressive to investors.

Coke's chief financial officer, John Murphy, spoke about [Coke's net profit decline to \\$1.78 billion](#).

"Organic revenues declined 26%, driven by a 22% decline in concentrate shipments and a 4% decline in price/mix," said Murphy.

Financial experts rate Coke stock as a buy

Morningstar analyst Nicholas Johnson believes [Coca-Cola can withstand the current economic volatility](#).

“At a high level, we believe there are characteristics endemic to the nonalcoholic beverage industry more generally, as well as Coca-Cola’s specific positioning within this industry, that result in a competitively advantaged business,” said Johnson.



Coca-Cola stock is one of the best dividend stocks of 2020

“While the company is disproportionately exposed to beverage categories that are in secular decline, we believe it has the brand equity to induce demand for reformulated variants of its most popular trademarks, the resources to reorient its portfolio toward drink categories that are more consistent with the consumer ethos, and the scale to fulfill these endeavors profitably,” added Johnson.

In addition to Morningstar, HSBC analyst Carlos Laboy said that [Coke stock is undervalued](#). He also believes that Coke bottlers are “poised to accelerate their growth contribution [to Coca-Cola’s profits] as they grow into market developers

with better tools and a richer service culture.”

Coca-Cola is one of the best dividend stocks of 2020 because of its cash flow and resilience through economic downturns.

9. Home Depot

As the coronavirus pandemic hurt many corporations, Home Depot's (NYSE:HD) sales rose. The corporation's stores helped many people who were homebound in the spring. Home Depot's [Q1 2020 revenue jumped 7% to \\$28.26 billion](#). The company's 2.27% dividend yield makes it a good dividend stock to buy for investors. Home Depot's CEO, Craig Menear, [spoke about the company's results](#).

“As the COVID-19 pandemic evolved, we anchored to the core values of our Company by focusing on two key priorities: working to ensure the safety and well-being of our associates and customers, and providing our customers and communities with essential products,” said Menear in a statement.

“We took early and decisive action to intentionally limit customer traffic in our stores which we believe had a significant impact to sales in many markets,” added Menear.

Home Depot is one of the best dividend stock to financial experts

Brian Nagel is the senior equity research analyst at Oppenheimer. He believes that Home Depot is one of the best dividend stocks of 2020. He thinks that Home Depot benefited from the [recent nationwide quarantine](#).

“I think Home Depot is one of the companies that is benefiting or really capitalizing, performing well through this Covid-19 crisis and is likely to perform well as the crisis headwinds abate,” said Nagel.

“More people are spending more time in their homes, and you’re seeing that increase spend as more people spend more time working on their houses,” added Nagel.

Jefferies equity analyst Jonathan Matuszewski noted that Home Depot should improve in its next earnings report [because of Memorial Day sales.](#)

“Given HD’s commentary, it will be key to understand the maintenance or potential loosening of such actions heading into the typically-promotional Memorial Day Weekend,” said Matuszewski.

“If the home improvement centers can constrain incremental expenses to meet outsized traffic while still protecting customers/employees, EPS[earnings per share] should improve,” added Matuszewski.

Home Depot is one of the best dividend stocks of 2020 because of its service to customers through the COVID-19 pandemic.

10. Merck

In addition to Pfizer, Merck is a pharmaceutical company that is one of the best dividend stocks of 2020. Merck’s dividend yield of 3.16% is impressive to investors.

Merck’s Q2 2020 revenue dropped to \$10.87 billion because of the COVID-19 crisis. CEO Ken Frazier [spoke about the results.](#)

“As expected, social distancing measures in many regions negatively impacted second-quarter volumes for many of our products. However, customer access to care is steadily improving, including in our portfolio of vaccines, which was hit particularly hard this quarter,” said Frazier.

Merck expects revenue to improve as it [develops a COVID-19 vaccine.](#)

“Both vaccine candidates will soon enter the clinic and we have begun investing to facilitate our ability to manufacture hundreds of millions of doses,” said Frazier.

Financial experts say Merck stock is a buy

Morningstar director Damien Conover is bullish on Merck stock. He noted that Merck’s patents make the company one of the [best dividend stocks of 2020](#).

“Patents, economies of scale, and a powerful intellectual base buoy Merck’s business and keep it well shielded from the competition. Patent protection should continue to keep competitors at bay while the company strives to introduce the next generation of drugs,” said Conover.

Conover also commented that Merck’s cash flow makes the [pharma company’s stock a buy](#).

“Further, the company’s enormous cash flows support a powerful salesforce that not only sells currently marketed drugs but also serves as a deterrent,” said Conover.

“As a result, Merck offers a powerful partnership opportunity for externally developed drugs. The cash flows also put the company in the rare position of supporting the approximately \$800 million in research and development,” added Conover.

For investors that want a strong pharma stock with good dividends, Merck is an excellent choice.

The best dividend stocks of 2020 show resilience

While 2020 has been a brutal year for many stocks, dividend stocks have proven resilient. With strong cash flows and

reliable quarterly payouts, investors can rest assured with these stocks in their portfolios. With TradingSim's blogs and charts, investors can find the best dividend stocks of 2020 to buy and hold.