2 Top Blue Chip Stocks to Buy Before 2020

Description

It's pretty clear what the main goal of investing is: to make money. If you're like most investors, you want to find stocks that will provide the greatest gains with the least amount of risk. That's why blue chip stocks are seemingly the perfect option.

Blue chip stocks offer investors the historical performance that proves gains are basically imminent. It also provides the market capitalization that proves the company will be around for decades to come.

Ideally, these companies are leaders within the industry, taking a substantial share of the market, and will continue to do so for decades more.

While these stocks sound perfect, most of the time the share price isn't exactly cheap. But if you're buying up a bunch of these stocks for the long-term, then now is still the time to buy. 2019 has been a rough year, but things could soon start to improve.

That all means that there's a closing window of opportunity for these top blue chip stocks — and that window could be closed by 2020.

Canadian Pacific

Canadian Pacific Railway Ltd. (TSX:CP)(NYSE:CP) is an ideal buy-and-hold stock right now. Shares have been growing steadily for decades, yet the stock is still undervalued by about 6% as of writing.

The stock has been consistently growing its profits over the last few years, putting money into its infrastructure while also cutting costs any way it can.

This has led to a streamlined company with a strong future ahead of it. With cut costs and updated infrastructure, the company has even fewer costs in its future, meaning that it can put all that cash away.

It has also become more efficient, investing in high-efficiency rail that is already starting to come online, leading to more products shipped for less cost. In fact, over the next three to five years, analysts predict the company will grow earnings by about 11% per year.

It's not like you won't get anything while you wait to sell this stock, however. CP currently offers a 1.08% dividend yield of $3.32 per share per year, giving a $25,000 investment annual income of about $270 as of writing.

TD

Another stock far below where it should be is **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD). This top banking stock has been steadily climbing for decades, yet has been in a funk lately, trading about 9% below fair value at the time of writing.

This likely is coming out of fear for what a Canadian recession might look like, but again, long-term investors should snap up this opportunity.

TD has actually been growing, while many of its peers have been in survival mode. Its U.S. footprint keeps expanding and it has more room to grow as one of America's top 10 banks. It has also entered the business of wealth and commercial management, a highly lucrative market moving forward.

TD also offers investors a strong dividend — one with the best track record of increases over the last five years and is on track to grow a further 8-10% per year over the next few years as well.

At writing, the stock offers a 3.96% dividend yield of $2.96 per share per year, giving a $25,000 investment about $1,000 in annual income.

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