



The 3 Best Stocks to Buy for 2020

Description

A word has been floating around: [recession](#). It's time to take a defensive position in your portfolio to take advantage of three trends that will withstand any contraction of the economy. The three trends are shifting to home-based healthcare, a return to basics, and a need to hedge against inflation.

Viemed Healthcare ([TSX:VMD](#))([NASDAQ:VMD](#)) provides [equipment and home therapy](#) to people with respiratory disease, oxygen problems, and sleep apnea. It announced a 48% year-on-year revenue increase between 2018 and 2019. Viemed hasn't yet paid a dividend, but its stock has performed very well in the last year, seeing a 77% one-year total return. The stock still has room to grow.

This company is positioned at the nexus of two trends. On the health side of things, over three million Canadians suffer from respiratory diseases and need the treatment Viemed Healthcare can extend. Regardless of when the recession hits, patients will continue to need treatment, and if it's not readily available through publicly funded health care, they will seek it in the private sector.

Another factor that makes Viemed Healthcare interesting is that it offers home-based therapies. Receiving treatment at a hospital is far more expensive than receiving treatment at home. Governments are keen to find ways of treating patients outside hospitals. I expect to see this trend accelerate during a recession when the government puts additional emphasis on cutting costs.

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) is my second pick. It operates water, gas, and electricity utilities in the United States and owns hydroelectric and wind farms in Québec, Ontario, New York, and New Hampshire.

Algonquin Power & Utilities stock has a solid performance history with a five-year total return of 92.24%. Over the past two decades, its stock has rebounded quickly after initial market shocks.

When there are signals of a recession, I want to cover the basics. I want to make sure the utilities companies have enough cash flow to keep my lights on, my water flowing, and my house warm. That's the logic I'm applying with Algonquin Power & Utilities.

What I like about Algonquin Power & Utilities is that it continues to expand its operations. In March

2018, Algonquin announced an agreement with Spain's Abengoa to develop clean energy and water infrastructure assets. In January 2019, it bought Bermuda's primary electricity provider. When looking to recession-proof a portfolio, it's always good to have geographic diversity.

Over the past two years, Algonquin Power & Utilities has paid down 10% of its debt and has maintained an annual dividend income of 4.39%. It pays higher dividends than other Canadian utilities companies and will help provide a steady stream of income to wait out the recession.

Eldorado Gold ([TSX:ELD](#))([NYSE:EGO](#)) is a gold mining company. Eldorado had trouble in recent years with acquisition problems and production issues. To put the problems in context and how they are being sorted, a five-year return is -73.84% and a one-year return is 92.61%. That's quite a wild swing, but Eldorado Gold has turned the corner.

I don't know how long or how deep the recession will be, but gold will protect my wealth from inflation. Eldorado Gold is an undervalued stock. Eldorado's earnings-growth rate is predicted to come in at 390.48% by December 2020. This is compared to gold giant **Barrick Gold's** forecasted earnings-growth rate of 34.42%. Yes, Barrick Gold is larger, and it takes more to make it grow, but Eldorado has a lot of momentum behind it, as the company has sorted some of its operational issues.

Looking at the forecasts for the gold market, the current price per ounce is \$1,515 and has a projected price of \$1,673-\$1,849 by December 2020. A projected minimum increase of 10% in the price of gold signals more and more investors are worried about a recession. With Eldorado Gold, you can gain two ways: investing in gold and buying into the company when it's on the upswing.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:EGO (Eldorado Gold Corporation)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:ELD (Eldorado Gold Corporation)
5. TSX:VMD (Viemed Healthcare)

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