Passive Investors: Watch These 3 Trends in 2020

Description

Still think **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) isn't the top stock of the Big Five? Shareholders in the Bay Street favourite will gain exposure to a trillion-dollar behemoth as of the third financial quarter of the new year thanks to the financial merger of the year.

This M&A move creates a financial giant

Creating a US$5 trillion entity, the **Charles Schwab** and **TD Ameritrade** merger makes TD Bank one of the most important financials on the North American markets.

Paying a 3.8% yield, TD Bank is a rewarding, low-risk way for a passive investor to play the sea change, and remains a solid addition to a TFSA or retirement savings plan. The merger will effectively reshape the online brokerage space in 2020.

As TD Bank already has high analyst ratings, further positive moves are unlikely to result in improvements on that front. However, for value investors eyeing the financials space for the best-performing dividend payers, TD Bank is an increasingly secure place to protect wealth in the long term and earn some dependable passive income.

Oil fields could be repurposed for clean energy

It's not a new idea, but the tech to extract hydrogen from oil sands has been prohibitively expensive. However, a new cost-effective technique has now been developed that draws hydrogen from the oil, leaving the carbon behind. When produced at scale, the fuel could be cheaper and safer than oil – and potentially competitive on energy markets.

In short, the energy sector is potentially in line for a huge shake-up. While the green economy is already a global mega-trend ripe with upside, new tech could see the sector explode.

On the flip side however, long-term passive investors in traditional energy sources may want to scale back or diversify their portfolios into renewable energy stocks.

The streaming industry will be further disrupted

Disney has jumped a few points on news that it's been capturing a million new subscribers per day to its new streaming platform, Disney+. It's a two-horse race now, with **Netflix** going toe-to-toe with the House of Mouse. But what does it mean for Canadian media investors?

There aren't many **TSX** stocks that offer direct exposure to growth in the content streaming sector. In fact, Canadian businesses may find themselves at risk of market share loss more than anything else.

However, there are a couple of options for investors with high hopes for Canadian media: **Corus Entertainment** and **BCE**. Both stocks are dividend payers and have had a solid run so far this year.

Paying a 4.1% yield, Corus is one of the leading original media content stocks on the TSX. Trading over 35% higher than its 52-week low, Corus has appreciated overall by more than 21% in the last 12 months.

BCE pays a higher yielding dividend, just shy of 5%, meanwhile. The parent company of Canadian streaming platform Crave has appreciated 12% this year and trades 20% above its 52-week low.

The bottom line

The biggest financial M&A news of the year puts TD Bank stock back in the spotlight, underlining its suitability for a tax-free savings account or other long-term stock portfolio.

Meanwhile, the energy and media sectors are undergoing a sea change, meaning that low-risk passive investors should proceed with a little extra caution.

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