



2 High-Quality Growth Stocks to Take Advantage of a Santa Claus Rally

Description

As we near the end of the year and are mostly through the tax-loss selling period, it's time to put the final preparations on our portfolios going into 2020.

There is still some uncertainty in world markets, but one thing that looks like it will give a boost around the world is a Santa Claus rally.

You may have heard or read before somewhere about a [Santa Claus rally](#) — a Santa Claus rally is a sustained increase in the markets during the last week of December and the first few trading days of January.

When tax loss selling officially ends, just before Christmas, it relieves some selling pressure the market has been feeling and invites buyers back into the marketplace.

When you couple this buying activity with low volume levels due to a number of people being off work for holidays in the last week of December and first week of January, it usually leads to significant gains to start off the year.

Two stocks that will be prime buy candidates ahead of this year's potential Santa Claus rally are **Aphria Inc** (TSX:APHA)(NYSE:APHA) and **Cineplex Inc** ([TSX:CGX](#)).

Aphria

I believe that many of the pot stocks will get a boost heading into the new year, but I included Aphria on this list because it is one of the top companies in the cannabis space.

Like many of its peers, it's been sold off dramatically in 2019, with the stock currently sitting down more than 55% off its 52-week high.

If you're looking for quick gains in pot stocks like we saw a few years ago, you're out of luck, but for long-term investors willing to wait it out, the pot stocks and especially the top ones like Aphria offer

huge potential down the line.

Since day one, Aphria was built up conservatively and with strategic investments to put it in the best position to become a global leader in the cannabis industry.

It's focused on building up its technology and brands, two main factors it believes will differentiate itself from the rest of the licensed producers.

Aphria still has \$464 million in cash and equivalents too, giving it lots of liquidity and ability to be flexible when it comes to investing in the future.

It's one of the largest and is the best positioned Cannabis stock going forward, offering huge upside for investors.

Cineplex

Cineplex has also had a bit of a rough year, currently trading below the midpoint of its 52-week range and more than 15% off its 52-week highs. That doesn't tell the full story, however, as Cineplex's stock has been struggling for a few years and is actually down more than 50% off its highs in 2017.

The popularity of the movies has been declining slowly over the years, and the market finally caught wind and sold the stock off heavily.

Cineplex had already begun transitioning its business a while back.

The company is now focused on growing its ancillary business, which still have ties to its main business and fit into the portfolio well.

The prospects for the company remain positive in my view, although the dividend is something that may need to be addressed soon.

At its current earnings levels its dividend which yields about 7.25% is unsustainable, so it will be interesting to see if it needs to trim it or whether earnings can be increased soon enough that it will remain unchanged.

That's not something huge to worry about, however, as the growth potential that exists will more than make up for a potential dividend cut.

Bottom line

Having an idea of what your portfolio will look like in 2020 as early as possible is key in order to continue to optimize your holdings and position yourself well heading into the new year.

The Santa Claus rally is one that has occurred in the majority of years dating back to the sixties, and although it's no guarantee, one thing is certain: The decreased volume levels will drive higher volatility through that stretch, so keep that in mind and prepare your portfolio for a prosperous 2020.

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TICKERS GLOBAL

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