



Investing in 2020: 3 Themes for Your Portfolio

Description

The year 2020 is shaping up to be a big year in the markets. We continue to see all-time highs in U.S. markets despite what looks to be a peaking economy both north and south of the border.

The state of the economy isn't the only theme going into 2020, however, as there are a number of other themes to consider when shaping your portfolio for the next year.

Renewable energy will also continue to be an important theme going forward, after one of the biggest growth years for renewables in 2019 and the continued call globally for everyone to do more to help the environment.

The last theme will be about crafting your portfolio with high-quality companies with stable earnings, unlike some of the growth companies that have been some of the best performers the last few years.

Three stocks to consider are **Brookfield Renewables Partners L.P** ([TSX:BEP.UN](#))([NYSE:BEP](#)), **Newmont Goldcorp Corp** ([TSX:NGT](#))([NYSE:NEM](#)) and **Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)).

Renewable energy

The first theme that will dominate 2020 is the continued increase in green energy we are seeing come online, and the continued interest from investors to get solid exposure ahead of this major shift.

In a year where we are expected to get a lot of slowing in economic growth globally, renewables will be the top growth industry, so positioning yourself now could be extremely profitable.

Brookfield Renewables is one of the top renewable energy companies in the world, with operations that span the globe with more than 18,000 megawatts of capacity.

As it's a Brookfield company, you know it's well run, and the company has a stated goal of trying to deliver 12% to 15% long-term annualized returns for shareholders.

It also aims to grow its distribution between 5%-9%, with the growth expected to come from the company growing its business organically as well as through the developments it's working on building and bringing online.

Its dividend yields currently sits roughly 4.3%, which is nice to sit and collect while you hold the company for the long run.

Increased defence

Heading into 2020, it's no secret that many investors are preparing for a bear market, which makes adding defence a crucial prerequisite to having a successful 2020.

There are a number of high-quality defensive stocks and industries you can consider, but it's widely agreed that a large gold mining conglomerate will be one of the best defensive stocks you can add.

Newmont has been challenging **Barrick Gold Corp** for [top spot](#) in the industry, growing its business through major acquisitions to become one of the most important gold miners in the world, with annual production of 6.5 million to 7 million ounces per year.

Its production is so large and impressive that it estimates a \$400 million increase to its cash flow for every \$100 gold's price increases.

Going forward, it plans to pay down debt in order to get it to its target of 1.0 times net debt to earnings before interest, taxes, depreciation and amortization (EBITDA) as well as increasing its share repurchases.

Income stocks

When adding [defensive stocks](#), it's also a good idea to consider adding more income to your portfolio, especially stocks which businesses will be minimally impacted by a slowing economy and therefore have some of the safest and most sustainable dividends today.

Enbridge is a great example because its stock yields more than 6.4%, its business is extremely resilient and a staple of our economy.

The company is extremely reliable, consistently hitting the growth numbers it puts out in guidance. Going forward, you can expect it to conservatively grow at 5% to 7% a year while it brings some much-needed upgrades to its infrastructure.

It's done a lot of work recently to get its debt level in an adequate range of between 4.5 to 5.0 times EBITDA; 2020 distributable cash flow per share will be roughly \$4.65 giving it an implied payout ratio of 70% on its dividend.

Bottom line

Having a good idea of where the market is going to move in the coming year and how your portfolio should be positioned can make a world of a difference.

It's important to have some growth potential in the form of a renewable energy company while also building up a strong foundation of defensive and income stocks in order to protect your portfolio from any downside risk.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:NEM (Newmont Mining Corporation)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:NGT (Newmont Mining Corporation)

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Author

danieldacosta

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