3 Stocks to Buy Instead of Enbridge (TSX:ENB) in 2020

### Description

Investors looking for businesses that can thrive in weak markets as well as strong ones have a solid pick in **Enbridge** (TSX:ENB)(NYSE:ENB), and with attractive market fundamentals, the stock is a play on good value relative to the sector. However, there are some attractive alternatives to consider buying first in the new year.



## An alternative to pipeline hold-ups

Challenges to the Mainline System haven't just been regulatory. Competition has been heating up in the form of crude by rail, a system of fuel transportation that came under the spotlight this year thanks to the rail strike that affected **Canadian National Railway** and virtually every sector that relies on it.

Investors should note several potentially overlooked selling points that were highlighted by the strike this year. First, CN Rail's share price hardly budged. Second, it quickly became very apparent that the Canadian economy is dependent on CN Rail to a significant degree. Third, CN Rail's crude-by-rail enterprise has quickly become one of the major routes of the black gold out of the west.

## Skip the middleman and buy gas

Natural gas investors have a strong play in **Tourmaline Oil**, a beaten-up stock that has had a rough ride in 2019, to put it mildly. The stock has a solid outlook for a number of reasons that aren't immediately obvious. Aside from its good value for money, Tourmaline Oil has a significant level of insider shareholders, meaning that there is plenty of confidence in the company's future among those in the know.

Tourmaline Oil also has a clean balance sheet with high-quality assets, including untapped reserves and considerable cash flow. For a mix of canny management and rewarding passive income (see Tourmaline Oil's 3.23% dividend yield), this cheap stock still trades close to its 52-week low and has very strong upside potential in the new year.

## The diversified clean energy option

For a green economy power play, a popular choice among alternative energy investors is **Algonquin Power and Utilities**. It's a low-risk play on defensive quality and with a positive outlook, the stock rewards investors with growing dividends, with a current 4% yield. A mix of hydroelectric, wind, solar, and other renewables add to its natural gas portfolio.

Getting defensive is a good move at the moment, with the uncertainty that marred much of the second half of 2019 only briefly subsiding on the dual tailwinds of a trade war breakthrough and a temporary respite from the spectre of a messy Brexit. By adding low-risk energy stocks to a dividend portfolio, an investor with broad financial horizons can strip back some of the lingering risk that 2020 will likely bring to the markets.

## The bottom line

Enbridge is one of the strongest income stocks on the TSX and a strong addition to any portfolio. For direct Canadian fuel exposure, however, a bargain hunter might want to snap up battered Tourmaline Oil. Oil bulls wary of pipeline bottlenecks may want to plump for CN Rail's innovative crude-by-rail system and exposure to a broad range of Canadian industrial sectors.



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