5 Top TSX Stocks to Buy in May 2020

Description

Don't feel bad if you missed the market crash low in March 2020. You might just get another chance to buy at close to a bottom this month or over the next few months. The market may just be on the verge of a reversal!

Here are five top TSX stocks you should buy in May 2020 if the market dips.

Top TSX stock: Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) is a wide-moat growth stock that pays a dividend.

It's a global alternative asset manager with about US$540 billion of assets under management. Not only is it geographically diversified, but it's also diversified by asset type. Specifically, BAM invests in real estate, infrastructure, renewable power, private equity, and credit — its areas of expertise.

Brookfield Asset Management takes an operations-oriented approach to enhance value. It's a value investor that makes disciplined acquisitions. That is, it aims to pay good valuations for quality assets that fit its models. Simultaneously, BAM has the expertise to improve operations.

As a result of BAM's efforts, the company has become more and more valuable over time. For example, its amount of fee-bearing capital has tripled since 2015 to US$290 billion. The remarkable Oaktree addition was a big boost to that.

Similarly, BAM's fee-related earnings and performance fees have also climbed as time passes. Therefore, the company will be able to increase its dividend payout while substantially growing the company for the next century.

Market crashes give rise to wonderful buying opportunities, as the growth stock will get whipsawed. May 2020, and really through the year, is a great time to accumulate BAM stock for long-term investors.

Buy REITs for income

To complement BAM's substantial growth, investors can consider getting income from real estate investment trusts (REITs). They're trading at much lower levels after the market crash.

Over May 2020 and through the year, there will likely be market dip opportunities for investors to boost their income in **Canadian Apartment Properties REIT**, **Dream Industrial REIT**, **NorthWest Healthcare Properties REIT**, and **H&R REIT**.

As a diversified REIT, H&R REIT has a diversified portfolio in retail, office, multi-residential, and industrial assets.

If you invest the same amount of money in the four REITs, you'll get an average yield of about 8.3%. This is a much higher rental income than what one would get from being a landlord.

Additionally, REITs provide *passive income*. Investors just need to buy the right stocks when they're cheap, and they can sit back and collect juicy income forever! Imagine the amount of tax-free passive income you'd generate from holding a substantial REIT portfolio in your TFSA!

The above companies make a diversified REIT portfolio with residential, industrial, healthcare, and office assets real estate.

Buying $300,000 worth of shares in this group ($75,000 in each REIT) will generate $24,900 of passive income a year (or $2,075 a month).

Top TSX stocks to buy in May and through 2020

Brookfield Asset Management and the REIT stocks discussed are top TSX stocks for investors to accumulate in May and through 2020 on any market dips. They provide a good mix of growth and income.

In fact, if I didn't own any shares, I would be inclined to start nibbling BAM, NorthWest Healthcare Properties, and H&R REIT right away, as they should deliver excellent long-term returns from current levels.

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