2 Top TSX Stocks to Buy in 2020

Description

The pandemic has affected every area of investment. Some areas will take years to recover, while other industries might not recover at all. But there are at least a few areas of investment that ought to strengthen in the coming months.

Today we'll review two themes that could see steady growth as the world begins to shake off the coronavirus.

Sustainability is key to a long-term portfolio

ESG is going to be big in this decade. But what is it exactly? Environmental, Social, and Governance: These three themes are beginning to drive investment theses. Think "green economy" – a major growth international trend.

But ESG scoring isn't some wishy-washy concept: Long-term sustainability affects businesses' bottom lines, which means that companies that score higher on ESG themes are simply better long-term investments.

Investor values are becoming increasingly important to fund managers — and are driving companies to reflect ethical considerations. One business that adheres to the tenets of ESG is **Air Canada** (TSX:AC). The airline is likely to have a tough 2020.

However, its track record for sustainability is impressive. Air Canada has racked up accolades such as the Best Corporate Sustainability Report in the Canadian Transport Sector, and 2018 Eco-Airline of the Year.

Air travel is nobody's idea of a safe investment theme in the middle of a pandemic. But there are three solid reasons why Air Canada could be the "secret millionaire" stock of the **TSX.** First off, Air Canada is likely to be in line for a bailout.

That makes the nation's flag-carrying airline operator technically bulletproof. Second, it's close to being the cheapest it will ever be. And third, that will mean nothing but upside.

Investors were stashing shares in Air Canada even when they thought it was at risk of bankruptcy. As a company, its outlook was always somewhat turbulent. A sustained market rally will likely see Air Canada’s share price recover to some extent.

But investors who get in now while this battered stock is cheap could see mountains of upside when the world finally emerges from lockdown.

Consumer staples stocks are a strong play

Consumer staples investors have no doubt been keeping a close eye on the delivery network in this country. Tech investors have been eyeing e-commerce name Instacart for an IPO, though the breakthrough is yet to happen.

However, **Loblaw Companies** still has to be one of the top defensive plays in the consumer staples space. It’s an exemplary business, packing consumer staples stability with diversified business operations. This one name covers everything from groceries to medical supplies and clothing.

If you want a pure-play on consumer staples, though, why not go straight to the source? **Nutrien** is a strong buy for agri inputs exposure. It’s got attractive fundamentals, too, plus reassuring earnings growth and a defensively wide economic moat.

Investors could consider holding Nutrien and Loblaw for defensive consumer staples exposure.

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