



Why You Should Buy These 5 Top TSX Metals Stocks in 2020

Description

Commodities are largely undervalued, offering clear opportunities for eagle-eyed investors seeking contrarian opportunities. Growth could abound in the following five metals, so let's examine an exemplary stock for each one, along with the five persuasive reasons to get invested.

Three metals stocks for energy disruption

It's no secret that hydrocarbon energy is a rapidly weakening investment thesis. Even perma-bull Jim Cramer has eschewed oil stocks, calling them "tobacco" and stating his inability to make people money with them.

The alternative is green energy, a growing sector that packs sustainable upside with a range of other investment criteria. From value to income, commodities can further an array of portfolio ambitions.

Copper is a play for growth all by itself. But it also scratches the green energy itch. The orange metal is an integral component of the systems used for renewables, as well as a key material used by the electric vehicle industry.

By adding shares in a heavily exposed producer such as **Lundin Mining**, investors can instantly add growth, passive income (see a dividend yield of 2.4%), and ESG characteristics to a stock portfolio.

Lithium is a high-profile metal used extensively in the electric vehicles industry. Investors eyeing electric vehicle manufacturers, for instance, may want to swap out some auto shares themselves for a pure-play on essential metal stocks.

Lithium Americas satisfies this growth investment thesis, standing out from the crowd with a projected 56% annual growth in earnings. It also boasts appealing fundamentals, such as a P/E of 8 times earnings.

Uranium is an unloved metal and mining pick that brings the promise of nuclear energy upside. A resurgent nuclear industry could see steep capital appreciation in names like **Cameco**. This is a

strategic pick for [long-term uranium exposure](#) and could see significant improvement as more reactors come online in the future.

Cameco also boasts a near-perfect balance sheet, which should reassure the long-range shareholder.

Slash portfolio risk while adding growth potential

Gold is a fairly obvious play for low-risk portfolio balancing. Producers of the yellow metal tick a lot of boxes, from the safe-haven asset angle to long-term passive income provision. Additionally, gold stocks suit a range of investment styles, and can even add steep capital gains to a stock portfolio.

For an example of this, look at last year's **TSX 30**, which was strongly represented by gold miners whose share prices appreciated steeply in the preceding three-year period. Names to buy for steep momentum include **Kirkland Lake Gold**, which placed fourth on the inaugural list.

For a big name in mining and a long-term play for dividends, investors should consider buying and holding shares in Kirkland.

Palladium is an often overlooked metal, albeit one that deserves more than a second glance. This metal is used in catalytic converters, for instance, which supports a lower-carbon world and satisfies an [ESG investment thesis](#).

North American Palladium is the clear pure-play stock to buy in this space. Apart from ethical considerations, palladium is an undervalued commodity which could see upside in the coming years.

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