



2 TSX Stocks to Buy Before October

Description

It's been a crazy year. Stock markets began 2020 near all-time highs. Then the COVID-19 crisis sent everything into free fall. Today, markets are back near all-time highs.

The roller coaster should continue. Jeremy Grantham, head of GMO Asset Management, summed up the situation nicely.

"There are no certainties here," Grantham [began](#). "Everyone can see and feel that this is different and can sense the bizarre nature of the market response: we are in the top 10% of historical price earnings ratio for the S&P on prior earnings and simultaneously are in the worst 10% of economic situations, arguably even the worst 1%!"

His advice is to stay cautious. "Unanticipatable outcomes seem to be guaranteed," Grantham concluded.

What will the future hold? Will there be more gains or another downturn? Stay prepared with the two stocks below.

This stock can win

Worried about another stock market crash? Your best bet is **Hydro One** ([TSX:H](#)). When markets fall, there are few safer places to be. That's because its business model is insulated from economic shocks.

Hydro One is a utility company, but unlike many competitors, it's not involved in energy generation. Instead, this company is completely focused on energy distribution. It owns power lines that cover 98% of the Ontario province. It's basically a monopoly.

If you live in Ontario and have electricity, you likely have Hydro One to thank. All it does is sit in the middle of the supply chain, taking power that other companies generate and delivering it to end users.

Power demand is very steady from year to year, even during a recession. It's a recession-proof

business. Plus, regulators guarantee Hydro One certain pricing, often years in advance. These two factors combine to create a stable cash flow machine, which makes the stock a reliable bet in any environment.

Right now, Hydro One stock delivers a dividend yield of 3.6%. Add in annual top-line growth of 5%, and investors stand a good chance of earning 8% or 9% annual returns even if COVID-19 persists for many years.

Bet on a turnaround

Think the future is uncertain, but in a [positive way](#)? Take advantage of the turmoil by picking up shares in **Brookfield Property Partners** ([TSX:BPY.UN](#))(NASDAQ:BPY).

As its name suggests, Brookfield is in the property business. Nearly every stock in this industry has been crushed. That's because millions of businesses are now working from home, and a sizable amount of retail spend has shifted from physical locations to e-commerce. In short, it's a tough time to own property.

The upside is that real estate stocks are priced at bargain levels. Brookfield shares, for example, trade at a 60% discount to their book value. That book value was determined before the pandemic began, but if you believe a turnaround is underway, this is a quick way to profit.

Even if this stock traded at a 20% discount to book value, there would still be 100% upside from today's levels. You just need to believe that workers will return to physical offices, and that shoppers will still frequent physical storefronts. That seems like a reasonable bet.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:BPY.UN (Brookfield Property Partners)
2. TSX:H (Hydro One Limited)

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