



Top Stocks 2020: 3 Picks for the 4th Quarter

Description

2020 has been a hectic year, and it looks like the massive volatility and uncertainty will continue. Because of this crazy volatility, for some investors, 2020 has been one of the best years to buy top **TSX** stocks.

With several events in the fourth quarter and the possibility of another market crash, we want to cover all our bases as investors and make sure our portfolio is highly resilient.

To do this, we need to make sure it's well diversified and invested in only the best of the best. And with the unusual circumstances of 2020, some of those top stocks have changed.

For example, **Air Canada** is usually one of the top stocks on the TSX; however, in 2020, and for the rest of the pandemic, I would avoid it.

Here are three of the best picks for investors to buy in the fourth quarter instead.

Top consumer defensive stock

With all the uncertainty, it's important to make sure you have a good portion of your portfolio allocated to defensive businesses.

One of the top stocks of 2020 so far, and a great stock to add to your portfolio in the fourth quarter, is **North West Company** ([TSX:NWC](#)).

North West is a consumer staple that operates supermarkets in mostly remote communities. Supermarkets selling essential goods are extremely defensive. And because North West has done a lot of work to improve the efficiency of its business over the last few years, it's been capitalizing on the increase in demand this year.

So, in addition to being a stock you can count on to stay resilient through a recession, the stock has also been growing rapidly. That's why its stock trades less than 5% off its [52-week high](#). But even at

these levels, the stock is still a buy; plus, it yields an impressive 4%.

Top long-term growth stock

It's always important, no matter what the current circumstances, to make sure that you have a long-term investment philosophy.

You may make certain moves in the short term to help shore up your portfolio, such as adding some defensive businesses. However, your total portfolio strategy should always be focused on steady long-term growth.

If you're looking to add one of the top long-term stocks on the TSX this quarter, I'd suggest a company like **Northland Power** ([TSX:NPI](#)).

Northland is one of the best green energy stocks on the TSX. The stock has had an extremely impressive performance in the past, and with all the growth projects in its pipeline, it will continue to offer investors huge [growth potential for the long term](#).

This is especially true, as more and more governments around the world continue to mandate higher green energy usage. Plus, with the economic improvements of renewable energy, it's increasingly becoming the most cost-effective way to produce electricity.

Northland is one of the top businesses in the industry with years of top-notch experience. So, you know you can count on it to offer superior exposure over the next few decades.

Top value pick

It never hurts to add an undervalued stock to your portfolio, so long as it's a high-quality business like **InterRent REIT** ([TSX:IIP.UN](#)). It's crucial the businesses are top notch, as anything less could result in you buying into a value trap.

You don't have to worry about that with InterRent, however. The company is one of the top residential real estate REITs in Canada, especially for growth investors.

Over the last number of years, InterRent has done a tonne of quality work improving and upgrading its residential buildings. This has two effects. It helps draw in more tenants and improves the occupancy rate. However, it also allows InterRent to severely increase the rent it charges as leases are turned over.

That's a major reason why the stock has been such a high-quality growth business. In just the last three years, despite a massive fall from its pre-pandemic price earlier this year, InterRent is still up more than 50%.

And with the stock now down by roughly 33% from its 52-week high, there is certainly a tonne of value with this top TSX stock.

Bottom line

There's a lot happening in 2020, which can make investing a little difficult. However, with so much potential, you can't afford to miss out.

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1. Investing
2. Stocks for Beginners

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1. Editor's Choice

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1. TSX:IIP.UN (InterRent Real Estate Investment Trust)
2. TSX:NPI (Northland Power Inc.)
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