3 Top TSX Stocks to Buy in October 2020

Description

The markets are expected to remain volatile as we head into the last quarter of 2020. This year has been an unforgettable one, to say the least, as the COVID-19 pandemic continues to wreak havoc on the global populace.

There are fears of a second wave of the dreaded coronavirus that might send markets tumbling lower once again, especially if lockdown restrictions are reimposed. In these uncertain times, it makes sense to place your bets on companies that have a strong balance sheet and a recession-proof business model. Let's take a look at three such companies trading in the **TSX**.

An e-commerce giant

The first stock on the list is **Shopify** (TSX:SHOP)(NYSE:SHOP), a large-cap company that has completely been immune to COVID-19. In fact, the pandemic has acted as a major tailwind for Shopify and e-commerce peers sending the stock to record highs.

Shopify is now Canada's largest company in terms of market cap and valued at $173 billion. Shopify stock has returned 164% in 2020 and is up a staggering 6,200% since its IPO in May 2015.

While investors might be concerned over the company's high valuation metrics, Shopify has consistently beaten Wall Street earnings and revenue estimates to crush broader market returns.

In the second quarter of 2020, Shopify sales were up 97% as its gross merchandise volume grew by 119% year-over-year. As businesses were shut, people had no option but to shop online, accelerating the online shopping trend in the last two quarters.

A health-tech company

Another company that is coronavirus-proof is **Well Health Technologies** (TSX:WELL), a healthcare-focused tech company. Well Health stock has been on an absolute tear in 2020 and has returned

400% year to date. Further, it has gained a monumental 7,000% since the stock went public in April 2016.

This means a $1,000 investment in Well Health stock just after its initial public offering would have returned over $70,000 today. Well Health has focused on acquisitions to drive revenue growth and acquired six clinics in February 2018 and another 13 clinics in November 2018. It is a SaaS-based company and launched a telehealth service in March 2020 to connect physicians with patients via messaging, phone, and video.

Well Health aims to modernize healthcare assets and leverage digital technologies to streamline processes, which should improve operational efficiencies for healthcare providers and provide the patient with a satisfying experience.

An energy infrastructure heavyweight

While **Enbridge** (TSX:ENB)(NYSE:ENB) has fallen over 30% amid the COVID-19 pandemic, it remains a top bet despite ongoing weakness in the energy sector. Enbridge is an energy infrastructure behemoth and derives almost 95% of its cash flows from fee-based contracts. This business model ensures steady cash flows and the company's focus on pipeline expansion has allowed Enbridge to increase dividends at an enviable rate of 11% annually in the last 25 years.

Enbridge is a Dividend Aristocrat with a tasty dividend yield of 8.4%, which means a $10,000 investment in the stock will result in annual dividend payments of $840. Enbridge has a strong balance sheet with a low payout ratio. It has enough liquidity to tide over the recessionary business environment making a dividend cut highly unlikely.

Analysts tracking Enbridge have a 12-month average target price of $53 on the stock, 35% above its average trading price. If you include the company's dividend yield, you can generate over 40% returns in the next year.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:SHOP (Shopify Inc.)
5. TSX:WELL (WELL Health Technologies Corp.)

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