



2 Top Stocks to Buy in November 2020

Description

Our Foolish writers enthusiastically came up with [16 top TSX stock ideas](#) to buy in November 2020.

A top income stock

Investors with an investment horizon of at least three years can consider **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) as a top income stock idea from the list. There are good reasons why two Foolish writers chose the bank as their top stocks to buy this month.

Many Canadians have experienced cuts in their income that were induced by COVID-19 disruptions. Don't sweat it, though. You can refill some of the lost income with the bank's juicy dividend yield of close to 6.4%.

BNS stock has a long dividend-paying track record — 187 years to be exact! If you do the math, the bank has paid dividends *every single year* since 1833.

The bank's last reported quarter ended on July 31. Year to date, its revenue increased by 3.3%. It's always good to see growing revenue. Unfortunately, higher provision for credit losses from pandemic disruptions to the economy dragged down its net income. The impact is particularly serious in emerging markets. This resulted in BNS's net income falling 24% to \$4,954 billion and a sustainable payout ratio of just under 70% in the period.

Assuming the prior-year period, in a normal environment, the bank experiences a similar percentage of provision for credit losses, its net income would have grown 16% to about \$7,557 billion instead. This would have translated to diluted earnings per share growth of almost 20% to \$5.92.

Be assured that the bank's earnings will eventually rebound. Just bear in mind that it could take a few years. By then, you would have pocketed awesome dividends from your investment and be sitting on nice price appreciation of more than 40% from current levels.

Gold stocks

I thought I should also highlight that three Foolish writers (myself included) picked a [gold stock](#) as their top idea. Another writer and I chose **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) as the top stock for November.

First, Barrick Gold stock experienced some support at the end of October after a selloff of 15%.

Second, Barrick enjoys industry-leading margins and benefits incredibly in today's high gold price environment. From Q1 to Q3, its EBITDA margin, which is a measure of a company's operating profit as a percentage of its revenue, jumped from 46.4% to 60.3%. Similarly, its free cash flow generation tripled in the period.

With all the money printing that's going on around the world, gold prices are set to soar higher in the near to medium term. Currently, analysts have an average 12-month price target of US\$35.10, which represents 21% near-term upside potential. However, you can expect the price target to rise when gold prices head even higher.

More food for thought

Other than Bank of Nova Scotia and Barrick Gold, **Goodfood Market**, **Northwest Healthcare Properties REIT**, and **TransAlta Renewables** were also top ideas that two Foolish writers picked.

Personally, I think they would be good considerations on dips. Goodfood is a high-growth play, while Northwest Healthcare Properties and TransAlta Renewables offer nice income.

The Foolish takeaway

If I had extra cash, I'd consider picking up some Bank of Nova Scotia stock for income and some gold miner shares for a near- to medium-term trade.

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1. Editor's Choice

TICKERS GLOBAL

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2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:ABX (Barrick Mining)
4. TSX:BNS (Bank Of Nova Scotia)

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