



3 Top Stocks to Buy Before 2020 Year-End

Description

The market is making new highs. It probably recovered and rallied sooner than a lot of investors thought it would. After all, we're not exactly out of the woods with the novel coronavirus pandemic. It's just that it's around the holiday season and the commencement of vaccine distribution that there's optimism in the market.

There are risks. For example, how much of the population will accept the vaccines? Will the vaccines be effective? If so, how long will the immunity last?

With these thoughts in mind, here are three top stocks to buy before year end.

Wheaton Precious Metals

Money printing is still ongoing as central banks around the world continue to pump money into the economy. Think about pandemic relief/benefits programs, bailouts of large companies, and the effort to keep the economy going despite far and wide economic disruptions and economic contractions.

In this kind of scenario, gold and silver prices should continue to head higher. As of writing, the gold and silver prices are at US\$1,885 and US\$26 per ounce.

One stock that'll benefit immensely from higher precious metal prices is **Wheaton Precious Metals** ([TSX:WPM](#))([NYSE:WPM](#)). As one of the largest precious metals streaming companies in the world, it enjoys predictable costs for having predetermined cost per ounce on the precious metals it gets from its streaming partners across 21 operating mines.

Year to date, its sales growth was 27% to US\$810 million, resulting in net earnings of more than US\$350 million. It therefore reaps high net margins, and its trailing 12-month net margin is 41.5%.

[Wheaton Precious Metals](#) have a 12-month average price target of US\$60.80 per share across 15 analysts. So, it has +40% near-term upside potential. It also offers a dividend yield of 1.1% as a bonus.

Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) is a great core holding for long-term growth. The global alternative asset manager aims for a 12-15% return on its investments. It derives a good portion of those returns from its underlying cash cow assets in the infrastructure, renewable power, and real estate industries.

Through its subsidiary, **Brookfield Business Partners**, it buys, improves, and sells businesses for long-term annualized returns in the 18-20% range.

BAM earns management fees that have been growing at about 20% per year. Its annualized fee-related earnings is about US\$1.4 billion.

Moreover, its net accumulated unrealized carried interest was almost US\$2.3 billion at the end of Q3. (BAM earns gains from its private funds when investors receive a predetermined minimum return. These gains are accumulated as carried interest that's typically paid to BAM toward the end of the life of a fund after the capital is returned to investors.)

[BAM](#) is a Canadian Dividend Aristocrat that has increased its dividend since 2012. Its quarterly dividend is 12% higher than it was a year ago. Currently, it yields almost 1.2%.

Enbridge

The other two stock picks are growth-oriented. Here's **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) to add some diversity to the mix as a value play. The stock hasn't really participated in the market rally. Enbridge stock trades at about the same levels as it did in early 2019. However, its dividend is bigger, as it tends to increase its dividend. Currently, it yields 7.9%.

Those investors who are concerned that the market rallied too quickly too soon can consider value stocks like Enbridge that provide satisfactory returns from a nice dividend. This way, even if we do experience another market correction in the near term, you can still collect nice returns from dividend income.

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1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:WPM (Wheaton Precious Metals Corp.)
4. TSX:BN (Brookfield)

5. TSX:ENB (Enbridge Inc.)
6. TSX:WPM (Wheaton Precious Metals Corp.)

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