3 of the Smartest Canadian Stocks to Buy in December

Description

Canadian stocks have just pulled back very severely from all-time highs. While panicked speculators sell in the madness of a correction, smart investors wait patiently to snatch up great stocks at bargain prices. If you want to build a fortune in the stock market, you need patience, a long-term mindset, and a calm, rational demeanour.

It is never easy to buy stocks when everyone is selling. Yet that is a wonderful way to increase your returns over time. As Warren Buffett has said, "When it's raining gold, reach for a bucket, not a thimble." If you have a bucket today, here are three Canadian stocks I would consider swiping up on the decline:

- **Enbridge** (TSX:ENB)(NYSE:ENB)
- **Shopify** (TSX:SHOP)(NYSE:SHOP)
- **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM)

Enbridge: A top Canadian dividend stock

Enbridge stock gave up nearly six months of gains over November. In fact, since November 5, it has pulled back nearly 8.5%. This Canadian stock was punished due to a fast decline in oil prices over the new COVID-19 variant news. Likewise, Enbridge received a negative regulatory decision regarding its Mainline pipeline contracting. Fortunately, while interim toll agreements roll off, Enbridge has sufficient time to create an economic tolling or cost-of-service model for the Mainline.

Overall, Enbridge has a large and diverse portfolio of energy infrastructure assets. In 2021 alone, it will place $10 billion of new projects (including the new Line 3 pipeline) into service. All this should provide solid cash flow growth in the coming year.

Today, at $49 per share, Enbridge yields a 6.9% dividend. Just a few days ago, Enbridge announced it would raise its annual dividend by $0.10 per share (or 3%). It will likely grow its dividend by a similar rate for the coming years ahead.

Shopify: The top Canadian technology stock

With a market capitalization of $241 billion, Shopify is the largest stock on the TSX for a reason. The company has built out an e-commerce platform that could one day rival **Amazon.com** to some extent. Shopify's stock has recently pulled back around 13%. It certainly looks more attractive here than at 52-week highs.

The fact is, Shopify is not a cheap stock. It has a price-to-sales ratio of 42. Perhaps it is deserved, especially considering it is growing revenues by +50% a year and earnings are growing even faster. It has tons of growth optionality both in terms of products/services and geographic reach. The digitization of commerce should continue to be a strong growth tailwind for this Canadian stock for many years to come.

Brookfield: A top financial stock for any portfolio

Brookfield Asset Management is the one Canadian stock in this list that experienced only a minor decline on the recent market correction. While Brookfield is one of the largest asset managers in the world ($650 billion of assets under management), it still trades at a discount to peers and below intrinsic value.

With interest rates near all-time lows, Brookfield has been seeing institutional capital flock to it. As a result, over the past five years, BAM has been growing distributable earnings by a compounded annual growth rate of 32%. Earnings growth is accelerating, as BAM starts to realize gains from mature funds and assets.

This Canadian stock has a great balance sheet, a top management team, and a stable growth profile for years ahead. It looks like a great diversified anchor stock for any investor's portfolio.

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