1 American Stock That Canadian Investors Should Strongly Consider

Description

It's no mystery that the Canadian dollar is ridiculously low when compared to the U.S. dollar right now, and many Canadians are probably disappointed that the loonie pulled back after the impressive rally to go with oil prices. Canadians must now consider the fact that the loonie may stay lower for longer, as the U.S. Federal Reserve is ready to potentially raise interest rates in December.

If you're a Canadian investor, you may think your only option is to stick within Canada, but what if there are deals south of the border? Should you wait for the Canadian dollar to rebound, or should you just bite the bullet and do the exchange?

If you're going to invest in the U.S. markets in a low-loonie environment, then you'd better be sure that you account for the loss you'll realize when you convert the currency. I happen to know of two fantastic American businesses that are trading at a huge discount right now. They're so cheap that it may actually be worth trading your loonies for greenbacks, even at $0.73 per U.S. dollar. They provide a significant margin of safety, so capital losses will likely be minimized over the long term.

Apple: it's oversold and ridiculously cheap right now

It's no mystery that **Apple Inc.** (NASDAQ:AAPL) has been volatile lately, and I believe the bad news is blown out of proportion. Warren Buffett picked up shares of the stock, and he's not a tech investor. He's known for his dislike of tech stocks, because they're simply too difficult to understand. So, Buffett picking up shares in this tech giant must mean there's a significant margin of safety and huge upside from current levels.

The stock is oversold due to fears of slowing iPhone sales, a lack of innovation, and no clear direction for the company. One must realize that traders concerned with just the short term are buying in and selling out of the stock like crazy. You shouldn't fear volatility; a value investor would take advantage of the volatility to pick up shares of this forever stock at a huge discount to intrinsic value.

Apple is still firing on all cylinders. The services business is providing the company with a huge top-line boost, and the cash pile is so big that the company can make a gigantic acquisition in the near future. Investors fail to realize the true potential Apple has. The brand is unmatched and isn't even a part of the valuation, which is dirt cheap right now.

Growth or value?

Many pundits wonder whether Apple is a growth stock or a value stock right now. I believe it's both. It's a growth stock that's trading like a value stock, and this is why if you're looking south of the border, this stock should be first on your radar.

The stock trades at a 13 price-to-earnings multiple and has a 2.1% dividend yield. The stock normally trades at a P/E of 14.1, so there is a significant margin of safety right now, even if Apple fails to announce a groundbreaking product next year.

Treat it like a value stock, and you may be surprised next year if Apple makes a groundbreaking announcement that will send the stock into the atmosphere.

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