



## Here's Why Canopy Growth (TSX:WEED) Stock Belongs With TD Bank (TSX:TD) in a Portfolio

### Description

Let's take a look at one of the leading Canadian marijuana producers and see why new investors and seasoned veterans alike should pair it with what is arguably Canada's biggest Bay Street banker. We've thrown in a couple of other "big deals" for this hypothetical mini-portfolio, tailor made for bold investors in the **TSX index**.

### Canopy Growth ([TSX:WEED](#))(NYSE:CGC)

This is arguably the one cannabis stock that deserves to be on a low-risk investor's watch list, no matter whether they're a bull or a bear on the green stuff. Its interest in acquiring **Acreage Holdings Inc.** post-legalization in the U.S. marks one of the biggest potential game changers in the cannabis space, and puts [Canopy Growth](#) front and centre of Canadian marijuana's Big League.

Up 11.58% in the last five days at the time of writing and with yearly returns of 98.7%, Canopy Growth is an outperforming ticker to watch. With a beta of 3.86 relative to the market, and selling at over five times its future cash flow value, Canopy Growth has all the momentum a capital gains investor might want. It's fairly good value for a cannabis stock, with a P/B of 2.8 times book, and with an 86.5% expected annual growth in earnings, it's a solid option for high growth investors.

### Toronto-Dominion Bank ([TSX:TD](#))(NYSE:TD)

[TD Bank](#) is up 2.81% over the last five days, and like Canopy Growth it can sock it to its peers: see TD Bank's returns of 7.9% that beat the Canadian banking average for the past 12 months. Its track record is solid for a banker, with a one-year past earnings growth of 10.6% matching the Canadian banking average for the year, while its five-year average past earnings growth of 10.1% is a couple of percentage points higher than the industry for the same period.

An interesting statistic to look at with banking is return on assets (ROA); TD Bank's ROA for the past

year was 1%, which, minimal as it is, beats the Canadian banking average of 0.8% for the same period. Combined with good value (see a 35% discount off its future cash flow value, P/E of 12.5 times earnings and P/B of 1.8 times book), this makes for a solidly positioned stock.

## Nutrien ([TSX:NTR](#))([NYSE:NTR](#))

Up 3.7% in the last five days at the time of writing, Nutrien is a remarkable TSX Index stock that straddles mining, materials, and agriculture all in one investment, all while providing upward momentum to capital gains investors. Indeed, with its beta of 1.73 relative to the chemicals industry and 37% expected rise in earnings, Nutrien is shaping up to be a suitable stock for momentum investment.

Nutrien's one-year returns of 21.3% beat the Canadian chemicals industry average of 13.9%, which itself outperformed the market more than three times over. A healthy and decently valued stock (see a debt level of 37.8% of net worth and P/B of 1.3 times book for respective stats), Nutrien would round out an investment in cannabis and financials, while adding a dividend yield of 3.18%.

## The bottom line

Stacking Canopy Growth shares alongside the classic mix of banks and dividend-paying materials could be the future. TD Bank's stable dividend yield of 3.91%, matched with a 9.7% expected annual growth in earnings provides the passive income needed to balance out a cannabis investment in a low-risk TSX Index stock portfolio.

### CATEGORY

1. Bank Stocks
2. Cannabis Stocks
3. Dividend Stocks
4. Investing
5. Metals and Mining Stocks
6. Stocks for Beginners

### TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NYSE:NTR (Nutrien)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:NTR (Nutrien)
5. TSX:TD (The Toronto-Dominion Bank)
6. TSX:WEED (Canopy Growth)

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