



## 3 Ways to Biden-Proof Your Portfolio

### Description

U.S. elections tend to become a global phenomenon. That country's position in the global political and economic landscape and the fact that the U.S. dollar is the world's reserve currency means that a change in the country's leadership will impact things on a global scale. The impact of a new president will be felt everywhere, and the stock market is no exception.

We can be reasonably sure that Biden's leadership would steer the U.S. in a slightly different direction than where the previous president was taking the country. His stance on green energy and how to handle the pandemic might have farther reaching implications than many people realize, and his decisions might cause some stocks to fall while strengthening others.

With that in mind, there are three things you might want to do to ensure that Biden's upcoming decisions don't severely impact your [investment portfolio](#).

### Foreign exposure

This is a positive change you might be able to bring to your investment portfolio. Biden is expected to repair and renew the country's relations with other nations, which could also result in new contracts and trade deals, potentially boosting the regional economy. So one thing you may want to look into is adding some foreign ETFs, preferably emerging markets, into your portfolio.

A precedent for this move already exists, since Buffett invested in the Japanese markets. The right ETF might become a powerful addition to your portfolio during Biden's presidency.

### Energy and oil

U.S. and Canadian economy relies quite heavily on oil, and that's not going to change anytime soon. But Biden might as well be the first agent of this change and starts to move the country (and the economy) away from oil. That doesn't mean you should panic and start shedding energy stocks from your portfolio right away, especially now when most of them are trading at a loss.

But you may want to form a plan just in case. If you see the energy and oil stocks staying down, even after the pandemic is over and the demand reaches the pre-pandemic levels, you may want to start working on the order in which you will sell your oil stocks. Exploration stocks might be the first ones you want to get rid of.

## Clean energy

Biden is a strong advocate of green energy, so it might be a good idea to [start looking into](#) a green stock like **TransAlta Renewables** ([TSX:RNW](#)). This Calgary-based company focuses on clean energy sources like hydro, wind, and gas. The company is currently offering a juicy yield of 5.44% at a payout ratio of 284%. Its share price history hasn't been very consistent, but the company did recover at a decent pace after the market crash.

Green energy companies can become huge in the near future. It takes time to develop green energy facilities and build the relevant infrastructure. So even if the shift from oil to clean energy is expedited, it would take time for new companies to find a solid footing. It means that established players like TransAlta can benefit from the rising demand.

## Foolish takeaway

Before making any radical changes in your investment portfolio, wait and see if Biden is taking action and actually sticking to the promises he made. His first priority would be to deal with the pandemic situation, which might make him put his other plans on hold.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:RNW (TransAlta Renewables)

### PARTNER-FEEDS

1. Business Insider
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