



## Warren Buffett Approach: The Top Stock to Buy in 2021

### Description

As we enter 2021, there is a lot of optimism in stock markets. Investors, analysts, and economists all expect the economy to have a big recovery, as more of the population becomes vaccinated and we emerge from the coronavirus pandemic. Despite this optimism, risk levels remain high. This makes it crucial that we are thoughtful when assembling our portfolios this year and heed the advice of Warren Buffett.

Taking a Buffett-like approach to building your portfolio means investing for the long run. There will undoubtedly be several short-term headwinds that impact certain stocks or sectors before the pandemic is fully in the rear-view mirror.

Investors need to be prepared for this volatility. That means not being in a vulnerable position. It means staying discipline throughout the year. However, it also means taking advantage of opportunities when they arise.

### Warren Buffett: Invest for the long run

Throughout 2021, there will undoubtedly be opportunities to take advantage of companies that are recovering from the coronavirus pandemic.

Businesses like **Cineplex** will have upside potential once it's clear the pandemic is over. However, it could be several months before the company can get back to normal operations.

Furthermore, these opportunities are limited. And while they could provide some growth for your portfolio, the focus in 2021 should be on the long term.

Finding stocks that can grow substantially over several years is what Warren Buffett will likely focus on. These companies will not only provide far greater returns in the long run. And because they aren't distressed businesses hoping for a recovery, you'll take on a lot less risk buying them today.

There are several industries with significant potential for growth over the next decade. [Cryptocurrency](#),

artificial intelligence, and 5G are just a few of the long-term investments with massive growth prospects to consider in 2021.

Another popular industry that continues to offer investors growth potential is renewable energy. That's why if there was just one stock you could buy today for 2021, I would recommend **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)).

## Algonquin Power and Utilities

[Algonquin](#) is an ideal stock for 2021, and one Warren Buffett would surely approve of. It's both a utility company and a renewable energy business. That's an ideal combination given the long-term potential of green energy coupled with the stability of its utilities operations. Regardless of what happens in 2021, Algonquin is a stock that should do well.

If the market happens to crash again, its utilities business will stay resilient and provide the company with solid cash flow. So, you don't have to worry about its 3.7% dividend being at risk.

At the same time, however, if the economy recovers rather smoothly and markets rally, the momentum and growth potential of renewable stocks could help Algonquin outperform.

There is a tonne of long-term potential for the renewable energy industry over the coming years. This is due to the major increase in energy demand and the need to reduce the usage of fossil fuels. So, if you want to invest like Warren Buffett, taking a long-term position in Algonquin is a prudent move today.

Plus, most of its operations are in the United States. So, with President-Elect Joe Biden taking office later this month, you can expect Algonquin to have a tonne of organic growth prospects over the next few years.

## Bottom line

There are certainly other high-quality stocks to buy alongside Algonquin. However, if you want to invest like Warren Buffett and buy just one stock in 2021, given all the risk and uncertainty, Algonquin is the perfect choice.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)

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