



## Inauguration Day: 1 Top Canadian Stock to Buy in Celebration

### Description

“I do solemnly swear...”

Beginning with these simple words, a new political era will be kickstarted today. Joe Biden will take up residence at the White House, his new home for the next four years. A lot of things will change — for Canadians as well as for Americans. For instance, the trade and tariff uncertainties that racked international relations — globally and at our border — could be expected to be consigned to history.

This and other considerations mean that now is a good time to reflect on a personal investment portfolio exposed to the United States. For Canadians, everything from **CN Rail** to **TD Bank** and from energy to commodities could see changes. Optimizing a portfolio for a very different brand of American politics is the order of the day. But how should TSX investors go about this daunting task amid so much uncertainty?

The good news is that there are some big, obvious themes to conjure with here. The biggest and most obvious are renewables and cannabis. These are two areas seen to be favoured by the incoming administration. Investors may wish to single out stocks such as **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)).

Other themes are less well advertised. However, a rolling back of isolationism may favour strongly international names such as **Scotiabank**. This sometimes overlooked Big Five/Six ticker packs a punch when it comes to [international access](#). Going global could be a sound investment theme, as the world's markets roll back measures put in place to counter four years of ratcheted trade aggression.

## Isolating solid stocks for post-isolationism

With a forward annual dividend yield of 3.6%, AQN is one of the better income stocks in the [green power space](#). Debt to equity is acceptable at 0.83, which goes some way to reduce the anxiety of anew shares purchase. Further signs of a sleep-easy portfolio addition include a low 0.26 three-year beta. At just a quarter of the market's own volatility, AQN is shaping up to be a low-stress pick for passive income.

A technical reading would suggest that AQN is a touch overvalued. This view relies on several market ratios that are indeed a little puffy in relation to AQN's peers. For instance, a P/B of 2.2 times slightly overhangs the integrated utilities average of 1.9. Its P/E shows a very similar relationship to the sector. However, in relation to the company's own estimated future cash flows, AQN may actually be 40% undervalued.

There is, of course, always more than one way to play any stock. Around 140% total returns could await the loyal shareholder by 2026. This, combined with share price targets, adds up to a consensus "moderate buy" signal at the moment. While market uncertainty remains high, building and trimming is still the preferable stratagem.

Of course, the contrarian reaction would be to trim such a stock. And with the "Biden Bull" thesis powering renewables at the moment, gradually trimming names on hype would make a certain amount of sense. Either way, and dependent on individual exposure, investors should make use of the market to optimize their portfolios today.

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1. Dividend Stocks
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## POST TAG

1. renewable energy stocks

## TICKERS GLOBAL

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

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