



How Will a Trump or Clinton Presidency Affect Your Portfolio?

Description

As August turns to September, what certainly seems like the longest presidential race in history finally enters the home stretch. We're just a little over 60 days away from the election itself and fewer than 30 days away from the first official debate between Republican Donald Trump and Democrat Hillary Clinton.

Although Clinton does have a sizable lead over Trump in current polls, there are still plenty of reasons folks shouldn't count the famous billionaire real estate developer out. Trump has been an underdog this whole election; he's proven that he can come back from long odds.

There are threats to Clinton as well, including constant questions about her health as well as the email scandal—a story that just won't go away.

Trump is hardly a perfect candidate either. Although he has toned down some of his anti-immigration rhetoric, many voters still refuse to give him a chance because of these strong opinions. This could end up causing him the White House.

This election isn't just an entertaining side show for Canadian investors. It is likely to impact our portfolios in at least a small way. Let's take a closer look at what a win for each candidate will mean for us.

Trump wins

A likely first move if Donald Trump gets elected is the weakening of the U.S. dollar. This is bad news for Canadian exporters, but good news for importers.

Our retailers are the easy winners in such a scenario, assuming the weakness in the U.S. dollar lasts. **Dollarama Inc.** ([TSX:DOL](#)) would be a particular winner. The company responded to the recent weakness in the Canadian dollar by raising the prices on many of its imported items, passing on the costs to shoppers.

It proved to be a successful strategy; results in recent quarters were better than ever. But at the same

time it may be hard to continue to pass through these price increases. With items in stores reaching as high as \$4 each, at what point do customers start feeling a little alienated?

Another potential winner if Trump wins is **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)). The company's proposed Keystone XL pipeline was struck down by current president Obama back in 2015 after years of environmentalists fighting the expansion.

Trump has not only promised to take another look at TransCanada's application, but he's actually made several campaign promises to approve Keystone XL. If Trump is elected, look for TransCanada shares to rally.

Clinton wins

Hillary Clinton has vowed to be tough on pharmaceutical companies about rising drug costs. If she's elected, it's likely that both **Valeant Pharmaceuticals Intl Inc.** ([TSX:VRX](#))([NYSE:VRX](#)) and **Concordia International Corp** ([TSX:CXR](#))([NASDAQ:CXRX](#)) will get hit again.

Neither of these companies can really afford the added scrutiny of the White House making an example of them. Both are down substantially from their peaks as investors realized there were serious warts on each company.

Valeant has been accused of using innovative accounting, and Concordia has been deemed guilty by association. Both companies are also dealing with a large amount of debt, which could be potentially fatal. The last thing they need is a Clinton White House forcing them to accept lower prices for their drugs.

It is also possible a Hillary Clinton presidency is bearish for U.S. bonds. Clinton plans to spend more aggressively than Trump, investing in infrastructure, medicare, social security, and other programs that cost money. The government will borrow to make these things happen.

Eventually, investors will grow weary of all the borrowing the U.S. government does, which could cause the prices of treasuries to fall, increasing the yield. Yields from other bonds would then increase as well, bringing up interest rates across the board.

Conclusion

Ultimately, these are all guesses. Nobody really knows what will happen in the future. But whether Clinton wins or Trump finds a way to come back, each candidate will have an effect on your portfolio. The only question is how much it'll matter.

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2. NYSE:TRP (Tc Energy)

3. TSX:BHC (Bausch Health Companies Inc.)
4. TSX:DOL (Dollarama Inc.)
5. TSX:TRP (TC Energy Corporation)

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