



Canadian Investors: Your Donald Trump Survival Guide

Description

Today is finally the day.

After months of speculation, we'll actually get to see President Trump. The scary thing is, we really don't know what will happen. Trump really is that unpredictable.

If Trump's time as president-elect is any indication, he'll continue to go aggressively at companies that are attempting to move jobs out of the United States as well as those that supply equipment to the military. Drug manufacturers will likely be a target as well, and we can all only guess at the consequences if Trump's team follows through on the promise to rip up NAFTA.

In other words, it'll be an interesting four years. Here's how investors can prepare themselves for a Trump presidency.

First, don't panic

It's easy to be pessimistic and paint a troubled future for the next four years. Not only could President Trump's policies prove disastrous, but a million other things could happen. ISIS could successfully pull off a big terrorist attack. Russia could invade one of the Baltic countries. Or North Korea could finally show off its nuclear capabilities.

But there are a couple of problems with betting on events like that. For one, they're really hard to predict. We also tend to bounce back from them fairly quickly. In other words, betting against human prosperity hasn't been a trade that's really worked out — ever.

Besides, humans are, collectively, terrible at predicting the future. Especially when it comes to the stock market. Many predicted stocks would crash if Trump got elected. They did, but only for a few hours. Nobody saw that coming.

Thus, the first thing to do to plan for a Trump presidency is absolutely nothing. Remember that long-term investment plans shouldn't be altered based on speculation.

Stick to Canada

There's an easy way to avoid most of the impact of a Trump presidency that may be unfriendly to other nations like Canada. All you need to do is stick to stocks that do all of their business inside Canadian borders.

Take **Intact Financial Corporation** ([TSX:IFC](#)), Canada's largest property and casualty insurer. There's no feasible argument to be made that it would suffer under a Donald Trump presidency, no matter how crazy things may get south of the border.

Intact operates strictly in Canada and is concerned with consolidating the fragmented Canadian insurance market. Its underwriting is consistently the best among its peers as well. If anything, a Trump presidency is positive for the company, since it could lead to higher interest rates, which would result in higher investment income.

Look at logical targets

It'll be nearly impossible to predict how a Trump presidency will impact certain companies. Other stocks will be much easier.

Take **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) as an example. Trump has already pledged to allow its Keystone XL pipeline — the same project President Obama vetoed — to proceed. Trump has even gone as far as to say it'll be one of the first things he does as president.

Trump's friendliness to energy will likely lead to more opportunities for pipeline companies like TransCanada. The stock is the kind of company an investor should look at owning in today's world.

Alternatively, it's easy to make the argument against buying **Magna International Inc.** ([TSX:MG](#))([NYSE:MGA](#)), which exports millions of car parts from Canadian factories for use by U.S. automakers. Trump's protectionism stance could put at least part of Magna's business into jeopardy.

The bottom line

For the most part, I'd recommend investors do absolutely nothing to prepare for a Donald Trump presidency. Most everything is still going to be the same. It doesn't make any sense to guess how the markets will ultimately react. We just don't know.

There are a few companies that could be impacted, like TransCanada or Magna. If you own stocks that are likely to be in the cross-hairs, there's a case to be made for making a move, but, ultimately, investing in a Trump world will likely look a lot like investing in today's world.

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2. NYSE:TRP (Tc Energy)
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