



## Canadian Investors: Prepare Your Portfolio for the Upcoming Federal Election

### Description

The Canadian federal election is less than two months away, meaning it's time for investors to start to think about how it will affect their portfolio. There are still a lot of unknowns that remain in regard to each party and candidate's platform, but as we get closer and get a clearer picture, it's important to start to pay attention to what really matters.

It's also important to begin to plan what may happen and how you would react. I would caution against trying to bet on a specific candidate's win, regardless of how sure it seems. As we all saw in 2015 with President Trump's win, you never know until it's over.

What you should do is continue to implement the same strategy you have had all along; just start to think and prepare for what you will do — what sectors you'll move in and out of and what stocks in those sectors you'll consider.

Some stocks you may want to think about to prepare for a Conservative win are oil and gas stocks. Andrew Scheer has made it clear he wants to invest in energy infrastructure; he even has an ambitious plan to make Canada energy independent in 10 years.

Knowing this, investors should start to think about what oil stocks they may buy if the Conservatives win the election.

Two top stocks to think about are **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) and **Baytex Energy** ([TSX:BTE](#))([NYSE:BTE](#)).

### Canadian Natural

Canadian Natural Resources is the largest oil producer in Canada, with volumes exceeding a million barrels of oil equivalent per day. It has operations in North America, the North Sea, and off the coast of Africa.

The majority of its operations are located in Canada, specifically in the oil sands. This makes [Canadian Natural](#)

a prime candidate to benefit from a pro-energy government.

It has even written an open letter with other Canadian energy companies highlighting the need for Canadian oil to have access to markets for the future of Canada but also to help keep emissions down. Shutting down Canadian oil only opens the door to oil from other countries, which most likely was produced with higher emissions than in Canada.

From an investment standpoint, the company is in as good a position, as it could be already, given the ongoing circumstances. Its stock is trading at a price-to-earnings ratio less than eight times, and it pays a dividend that yields nearly 5%.

## Baytex

Baytex is significantly smaller than Canadian Natural; despite that, it would still be positively impacted by the election of a pro-energy government. It produces roughly 100,000 barrels of oil equivalent per day, of which 83% is oil and liquids.

Most of its operations are located in Canada, but it does have some operations in Texas. The Canadian operations would be positively impacted by new regulations in the energy industry because of the large percentage of heavy oil it produces. The heavy oil has the worst differentials, and it has forced Baytex to strategically re-position itself in the meantime.

Baytex is in the midst of completing its re-positioning, which should improve its current standing. If the conservatives won and implemented pro-energy legislation, it would immediately improve and accelerate Baytex's path back to profitability.

## Bottom line

Elections are a great opportunity for savvy investors, because they naturally bring with them a change in legislation that creates investing opportunities.

There will also be other opportunities outside the oil and gas industry, that will become clearer as we get closer to the election. Regardless of your political views and who you want to win, it's important to understand all the possible scenarios and have a plan for all possibilities.

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### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. TSX:BTE (Baytex Energy Corp.)
3. TSX:CNQ (Canadian Natural Resources Limited)

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