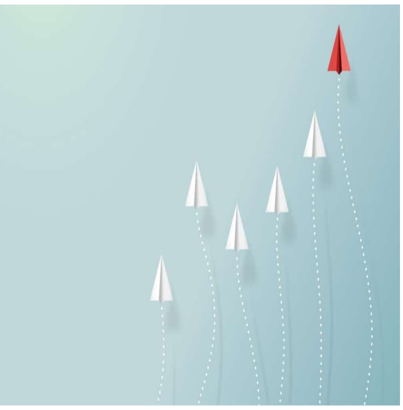

These 3 Stocks Could Soar No Matter Who Wins the Election

Description

Tomorrow, the U.S. will be holding an election that many predict will have a massive effect on global financial markets. Donald Trump has long claimed that his presidency has been good for investors, while Biden has said that Wall Street thinks he'll do better than Trump. No matter who wins, there will likely be some kind of impact on stocks. Trump is a trade hawk whose policies increase costs for exporters, while Biden is pledging to increase the corporate tax rate.

In either of the possible administrations, both Canadian and U.S. stocks will likely be impacted. As of right now, the exact impact is impossible to determine. Nobody can really say whether Trump would put new tariffs on Canadian companies in his second term, nor is there a guarantee that Biden would come through with a corporate tax hike.

Fortunately, you don't need to know these things to invest wisely. By putting your money in Canadian stocks that don't depend on exports to the U.S., you can avoid the portfolio risks associated with the U.S. election. The following three stocks fit that description.

Canadian Tire

Canadian Tire (TSX:CTC.A) is a Canadian retailer that operates almost entirely in Canada. Its flagship store once had U.S. locations but has largely abandoned them. SportChek operates mostly in Canada. Helly Hansen does have a significant U.S. presence, but it's a relatively small part of Canadian Tire's business. Overall, this company doesn't have much involvement in selling to the U.S. — whether through exports or U.S. stores. The company does import some items from the U.S. companies (e.g., **Nike** shoes at its Sportchek stores), but in most cases, these products are physically manufactured abroad. Further, most of Trump's tariffs have been on raw commodities, not manufactured goods. So, Canadian Tire is pretty safe from the main risk factor in a Trump presidency.

Rogers Communications

Rogers Communications (TSX:RCI.B)(NYSE:RCI) is a Canadian telco company that does not have much of a presence outside Canada. Its main holdings are Canadian telco services and Canadian media. The company's Q3 press release does not mention any U.S. source income or exports to foreign countries. The 2019 annual report does mention a partnership with **AT&T** to provide service in the U.S., but that seems to mainly cover Canadians travelling to the country. It does not appear that the partnership will result in Rogers actually earning revenue from the United States. Finally, Rogers's main infrastructure provider — **Ericsson** — is based in the European Union. Given all of these factors, it seems unlikely that Rogers will be seriously affected by the U.S. election outcome.

Dollarama

Dollarama (TSX:DOL) is a Canadian retailer that has two things going for it in the current environment. First, being a dollar store, it is able to thrive amid the currently high unemployment rates. Second, as a Canadian company operating in Canada, it is relatively immune to the effects of the U.S. election. Unlike many other big Canadian companies, Dollarama does not operate U.S. subsidiaries. This makes it immune to possible tax changes under the next president. It does carry some products from U.S. suppliers, but not the types of products that have been targeted in the recent trade wars. In its most recent quarter, the company increased total sales by 7.1% and same-store sales by 5.4% year over year. Overall, it's a highly resilient company amid COVID-19 and is well positioned no matter who wins the presidency.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:DOL (Dollarama Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)

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