Contested Election: How to Buy Winning Stocks for 4 More Years

Description

Canadian investors may want to dig in for the long haul as one of the most hotly contested elections in history goes back to the drawing board. Scouring the system for every last vote amid bipartisan legal machinations, it's beginning to look as though the outcome of the U.S. election won't be known for some time.

But one thing has already been made clear. Even if they win the election, the Democrat landslide expected by the pundits has broadly failed to materialize. But how should **TSX** investors tentatively begin optimizing their stock portfolios for a potential second Donald Trump term?

Energy stocks are at a crossroads

Two broad strategies are on offer to investors seeking post-election wealth creation. Plainly speaking, these strategies involve buying stocks specifically for a second Donald Trump term on the one hand. On the other, investors might wish to look beyond the U.S. and consider global growth trends. For these two strategies, let's examine a handful of pertinent stocks and how best to buy them for long-term gains.

Canadians are as divided as Americans when it comes to the tumultuous political landscape south of the border. Playing into this, investors may want to optimize a basket of North American stocks for four more years of Team Trump. This can be achieved by leaning into oil and gas stocks, along with extra helpings of financials.

Names such as **Enbridge** and **Canadian Natural Resources** fit the bill. These stocks have the dual benefit of being both reasonable value for money while also paying rich and reliable dividends. Enbridge in particular is a strongly wide-moat choice for a long-term TSX stock portfolio. As a midstreamer, it avoids some of the risk of a fuel producer, and also packs a rich dividend that currently yields 8.8%.

Lean into green energy stocks to diversify

A wider focus on international growth can help to round out a TSX stock portfolio optimized for a Republican-led neighbour. There are a number of global growth trends to choose from, and the majority of them have to do with clean energy. From the potential resurgence of nuclear power to electric vehicles, from precision farming to renewable energy, there are a few growth options for the geographically diversified portfolio.

Northland Power is especially diversified, both in terms of energy sources as well as geographical reach. This key green power stock also pays a dividend yield of 2.7%, making it a welcome addition to an income-focused portfolio. Northland's growth thesis is further backed up by a strong international deal-making focus, as well as a total returns projection of % by the middle of the decade.

Investors may wish to invest in both strategies. In some readings, this may create a contradictory thesis. However, by betting on umbrellas and sunscreen, the low-risk investor broadens their chances for upside and lowers the risk of capital loss. In short, by investing in big corporations while stacking shares in green power, a portfolio builder can diversify across ideologies while planning for multi-year wealth creation.

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