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November 9, 2016

## **Our Thoughts on the 2016 Presidential Election:**

In a historic victory that shocked the political establishment and global financial markets alike, Donald Trump will become the 45th president of the United States. In an uncanny echo of the Brexit outcome, millions of Americans frustrated with the country's direction voted against the perceived status quo in the world's wealthiest and most powerful democracy. While we expect market volatility to continue as investors adjust to the reality of a new balance of power in Washington, questions about how the new president-elect actually will govern pose both risks and opportunities for investors. We can say that a Trump administration does mean a significant shift in Washington policy for at least the next four years.

Investors and international leaders must wait to see how a Trump presidency actually takes shape and Americans will have to adjust to the style and tone of a self-proclaimed outsider in the White House. As the Republican Party will control both houses of Congress, a Trump administration should have fewer roadblocks to passing legislation. We expect priorities will be infrastructure spending and tax cuts. Both may serve as a handoff from accommodative monetary policy to the much-desired fiscal expansion that central bankers have long advocated for. An expansion of federal spending may provide sufficient support for the economy, allowing them to move toward rate normalization. Investors now spooked by Trump's election may find themselves surprised next summer by the economic stimulus Trump's Washington enacts.

In the end, what happens today or tomorrow doesn't matter much - it's where we are in 5, 10, 20 years that matters most. It's very important that we never let emotions influence our investment decisions. Investment decisions need to be based on simple math. We cannot buy something because we are happy and we cannot sell something because we are scared. We let the math lead us.

As Warren Buffet says, price only matters twice. The day you buy something and the day you sell it. The price on any other day has no significance. In the history of our country we have had both popular and unpopular presidents - good presidents and bad presidents. Regardless, the United States has continued to thrive over the long term and we believe this time will be no different. Over the long run, the U.S. economy is likely to remain one of the strongest in the world no matter who resides in the White House.

As we've mentioned in our earlier commentaries this year, we continue to be cautious in our investment approach and we expected the increased volatility that we've recently seen. We will continue to watch closely on your behalf for new developments in the political and economic landscape and are thankful for the opportunity to help you achieve your financial goals. As always, we are here for you and welcome your questions, comments and/or concerns.

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