



Special Bulletin

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U.S. Election Special Bulletin – TRUMP PRESIDENCY!



Yesterday American voters went to the poles to vote in what has been one of the most bitter and divisive U.S. Presidential election campaigns in recent political history. Widely broadcast scandals plaguing both the Republican candidate, real estate billionaire Donald Trump, and the Democratic candidate, former secretary of state Hillary Clinton, ultimately appeared to set the stage for voters to potentially select between the lesser of two evils, and between two candidates whose political viewpoints and experience, and personal styles have radiated at the opposite ends of the political spectrum.

Through the duration of the election campaign and specifically leading up to election day, pollsters had forecast a Democratic victory with Clinton leading Trump by over 5 percentage points. Polls however can be WRONG! And similar to the U.K. BREXIT vote, the outcome of a very contentious and sometimes emotional campaign can ultimately be very different from expectations. By just after 3am on November

9th, it had become clear that Republican Donald Trump had secured sufficient electoral college votes to claim victory to the oval office. With this outcome, the world must now prepare for at least 4 years with Donald Trump as President of the United States. What seemed merely a long shot not more than 12 months ago, has in fact become reality and not simply the contrived ending to a reality TV show episode of the "Apprentice".

Global financial markets were expecting and pricing in a Clinton victory. The early realization of the apparent Trump win was in stark contrast to expectations, and markets reacted swiftly and negatively in overseas trading that sent the Nikkei and Hang Seng plummeting. What markets hate most is uncertainty, and with the largely unexpected election outcome, and the many polarizing viewpoints expressed by Trump throughout the course of the election campaign, a general unease with Trump as President promoted an initial capital flight to safety.

Investors should equally respect the relevance and safety that their long-term financial strategy offers, and not be swayed into imprudent panic should near short-term volatility present.

In pre-market North American trading, Dow futures contracts were at one point down by over 800 points, before recovering a great deal of these early losses to stabilize down by just 240 points. When North American markets opened, results were surprisingly flat and remained generally unchanged to slightly positive for the balance of the morning. By all reasonable assessments, the market reaction was certainly muted and far less negative than either it could have been or the initial overseas reaction.

Hard fought election campaigns can certainly fuel the fires of divisiveness, as candidates appeal to, and position their campaigns to take advantage of what they perceive as populist sentiment among the contingents from whom they seek support. And nothing could be truer in this election. Americans wanted change, and Donald Trump represented that change. Trump's views however ranging from free trade, to immigration, to healthcare and elsewhere, have been near the extremes of current and conventional policy, and Trump's political style has certainly been a brand not recently seen among U.S. presidential hopefuls. But with the election now over and with Donald Trump set to transition to the reigns of power on January 20, 2017, possibly a slightly softer and more centralist Trump may in fact emerge. While the Republican party now has control of all three levels of power; the Senate, the House of Representatives and the executive branch, Trump's views and potential policies have been polarizing even within his own Republican party. The Republican party at large will likely force a more centralist convergence of attitudes, and even in Trump's own victory speech, we saw tones of a softer, more conciliatory, more presidential Trump.

The extent of this potential shift, and the government that Trump forms and advisors whom he surrounds himself with, may have as great an impact on the financial markets as the actual election result itself. While the surprise of the election outcome to many may drive greater near term volatility as uncertainty lingers, the longer-term direction for financial markets remains stable as markets reflect on the greater checks and balances that the U.S. political system affords.

Investors should equally respect the relevance and safety that their long-term financial strategy offers, and not be swayed into imprudent panic should near short-term volatility present. With uncertainty and potential volatility also comes the potential for opportunity, and investors wishing to maximize their own opportunities should stand ready to capitalize from the short-term buying opportunities along the longer-term path.

The potential impact on the Healthcare sector from Trump's stated intention to eliminate Obamacare may have supportive consequences for the sector, and likewise, a more nationalistic viewpoint and potential focus on protectionist trade (and immigration) policies, including a desire to restructure existing free-trade relationships may have impact, both positive and negative, on different constituents of the economy. Trump for instance stated that he'd be open to revisiting approvals for TransCanada's Keystone pipeline. The complexities of these relationships and how best to capitalize on potential opportunities through this transition period, are thoughts worth thinking and investors are encouraged to seek counsel from their investment advice professionals.

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