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Dear Starfox Clients

Finally after what seems to have been almost 2 years of fear and indecision caused by the uncertainty associated with 2016 presidential elections it's over. As the process unfolded and the rhetoric from each candidate (and the media) became more polarizing, the uncertainty in the markets mounted. Factors that typically inform the markets like earnings, economic growth and fiscal policy took a back seat to the massive amount of uncertainty over who would be elected, and what policies might impact how business is going forward. Public figures and pundits whipped up additional fear by insisting a Trump win would result in an immediate drop in the markets, and even lead to a recession. It appears the markets remained relatively stable, after trading in a narrow range for many months in a row, because investors assumed a Clinton win was a virtual given.

We anticipated the likelihood that Trump would be elected, and began to hold more cash during the lead up to the election in preparation of any potential buying opportunities. We continue to expect a retest of the lows we saw leading up to the election, and consider these lows an opportunity to put excess cash to work. For many, the election of Donald Trump was a complete surprise, causing an almost immediate reaction in the world markets. Fortunately (or un-fortunately) it seems the bulk of the correction resulting from the "surprise" election of Donald Trump occurred during the overnight markets. When the markets finally opened they opened to the positive and ran up from there. The expectation going forward is that a Republican president and Republican Congress will lead to policy changes that spur more economic growth and inflation, earnings potential and fiscal policy. As the economy expands and investors begin to return to the markets, we anticipate the markets will reach new highs.

Keeping current market conditions in perspective can be difficult, especially when emotions run high as they are now. It may be helpful to note that for all that has occurred over the past 18 months (market correction, Brexit, post-Brexit rally, election worries and post-election rally) the S&P 500 has changed just better than 1% since May of 2015, while providing a few unique buying opportunities along the way. Starfox was able to take advantage of some of those opportunities.

We will continue to use our research to monitor how the markets digest the new political climate and future earnings. We believe when it is all said and done it is earnings that drive the market up or down in the long term.