



MEMO

To: Beacon Pointe Clients

From: Beacon Pointe Investment Committee

Date: November 9, 2016

Regarding: Post-Election Update

The unexpected happened again and markets' initial reaction indicated dislike for this particular surprise. The American people elected Donald Trump to lead them over the next four years, while financial markets sold off overnight but largely recovered the morning after. Surprisingly, U.S. stock exchanges are trading in positive territory today. Volatility is unsettling, naturally, but as always it creates opportunities. Our clients' portfolios are managed by professional money managers and are invested in businesses that can thrive under different administrations and political regimes. These managers are uniquely qualified to take advantage of any market dislocations that the current post-election environment may create.

In general, markets dislike uncertainty. And Mr. Trump as President is largely an unknown commodity. A long entrepreneurial track record notwithstanding, he lacks political and public service experience, a fact that ironically made him the more desirable candidate for the disenchanted electorate who are seeking change from the status quo. A fresh set of eyes, a different perspective is what Washington needs, goes their reasoning. His campaign promises obviously made a big impression on voters, now we have to wait and see how many of them become reality.

From the perspective of economic and financial markets implications, a Trump presidency will almost surely take some time to digest and sort out. Everyone will have opinions, some based on facts, others pure speculation. Gradually, we will gain clarity on Mr. Trump's agenda and specific policies on all the key issues, at which point markets are likely to stabilize. Potential negatives include the renegotiation of trade deals and a push towards protectionism. On the other hand, Mr. Trump is committed to lower taxes, less government/regulation, and pro-growth initiatives. In the meantime, specific high quality securities may go on sale, creating attractive entry points for patient, long-term investors. Beacon Pointe's clients and the investment managers we recommend are well positioned to benefit from that.

Built into the American system of government, the world's gold standard in freedom and democracy, are important checks and balances. The different branches of government have to work together in order to pass laws and effect change. Furthermore, Mr. Trump's acceptance speech last night showed a new willingness to reach across partisan lines and lead a united country. Let us hope that the divisive and hostile rhetoric of the election campaign is left behind as we look to the future and tackle the issues facing our country and the world today.

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