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From: Ermes Monaco
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To: Ermes Monaco
Subject: VALUED CLIENT MAIL LIST: Post U.S. Election perspectives
Attachments: Scotiabank - A U.S. Election Shock — Take A Deep Breath (November 9, 2016).pdf;
Scotiabank - Impact of U.S. Elections - Initial Thoughts_Hollis.pdf

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Source: Google Images

Attached are two HollisWealth research papers providing some detail and perspective on the surprise outcome of the U.S. election wins November 8. Much of the surprise was due to predictions which called for a Clinton win. Instead, the Republican party has swept both houses and the presidency. The significance of this miscalculation is that it came so soon after the Brexit vote outcome which was similarly driven by disaffected voters railing against the status quo. This has been attributed to a large degree of support Mr. Trump received despite the vitriol of his campaign. A split of old world/new world views is plaguing many countries around the world and will likely continue to contribute to conflicts and uncertainty as power shifts occur.

In the near term, a transition period will occur during which uncertainty will persist pending U.S. federal policy formalization and enactment. This is a phase during which we must step back, remain cautious and assess rather than feel the need to react. This has been the market reaction during this post-election honeymoon phase and a Republican majority presence is expected to facilitate policy enactment. Water ultimately finds its course and capital will eventually flow to where it is needed and provides the best return. Political and personality preferences aside, they are important for our purposes only to the extent to which they economically impact the markets and our financial interests.

A defensive profile as we have outlined in recent newsletters remains appropriate during this current phase. We should be aware of any market strength in the near term being followed by profit taking as well

the likelihood of a re-emergence of old economy industries, including fossil fuels and defense. Ultimately, the quality of the investments will help withstand recurring market events and cycles going forward and contribute to continued growth and returns.

Regards

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