November 6th Has Finally Arrived.

November 6, 2024

Throughout the 2024 presidential election process, the candidates have captivated us with specific priorities and significant policy differences that could impact the wealth strategies of our clients. With a President-Elect election decision in place and the need to foster important policy conversations, we were motivated to share the following as we continue to navigate through policies of a new administration in concert with the economy, markets, taxes, and Fed.

Our Mission is to Inform and Inspire.

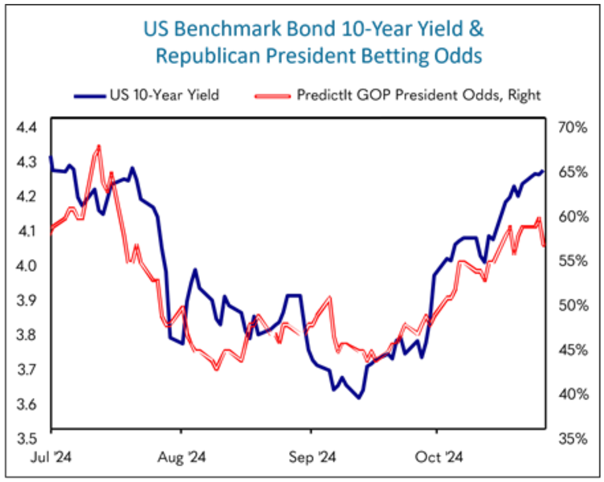
The uncertainty around who will be the next President of the United States has been lifted. The outlier risk of a delayed election result has been removed and visibility has improved within the space of a few short hours.

Certainty boosts confidence amongst consumers and businesses. Equity markets have rallied on the primary basis of less regulation ahead, whereas the bond markets have sold off in anticipation of a higher deficit and inflationary pressures under the Trump administration. The so called "Trump trade" was in effect for weeks, with a slight hiccup occurring over the weekend after markets priced in the results of a Des Moines Register poll showing Kamala Harris in the lead. This indicator proved to be false. Once again, markets seemed to anticipate last night's results much better than the pollsters. We are seeing an extension of the "Trump trade" with today's market action.

At the time of this writing, U.S. Small Caps are up 5% as investors deem a Trump presidency as more supportive for small business, while Financials are up 4.5% as investors expect more merger and acquisition activity and less regulation under Trump. In short, a Trump administration should benefit domestic companies that stand to gain from pro-growth policies and deregulation.

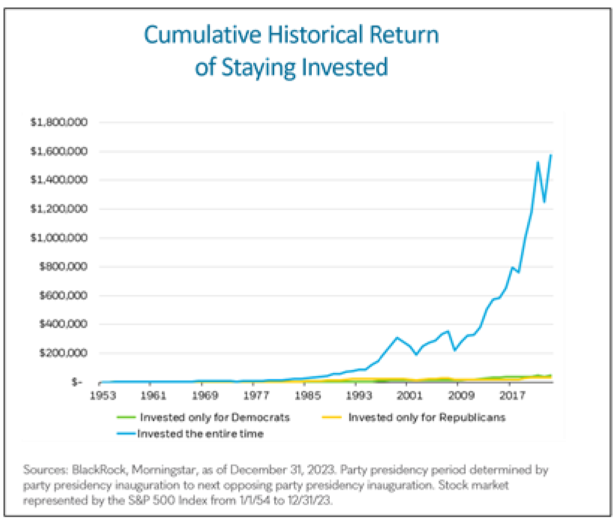
Escalating US-China tariffs and a more aggressive stance on immigration could lead to higher prices for the consumer and wage pressure for businesses. The short-term reaction from markets is a higher expected inflation backdrop, which is one reason why interest rates have headed higher.

The market began to anticipate this outcome prior to the election, as shown in the illustration below:



Source: Strategas as of 11/06/24

Today's market rally reminds us of the importance of staying in the market. We commented in our last Outlook that staying invested regardless of election outcome has historically been the best strategy:

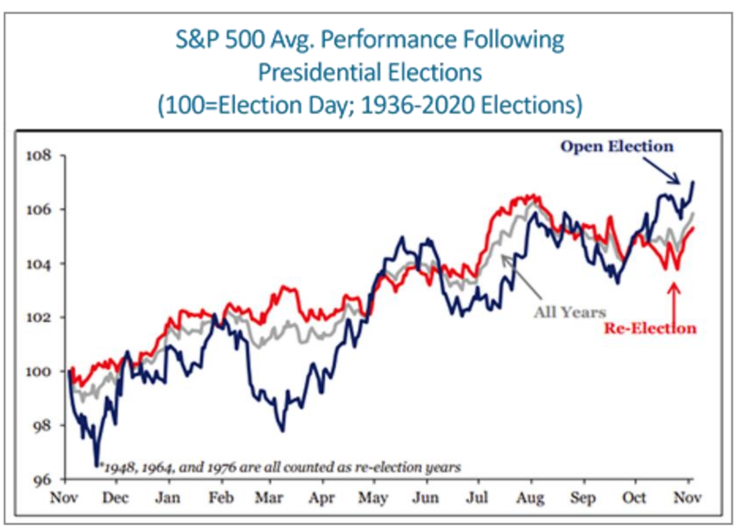


S&P 500 Annualized Total Return
by Presidential Election Term*

President	Return
Carter	12.0%
Reagan	15.1%
Bush 1	14.6%
Clinton	17.5%
Bush 2	-4.5%
Obama	16.3%
Trump	16.3%
Biden**	12.9%

Sources: Richard Bernstein Advisors LLC, Bloomberg Finance L.P. * Presidential Term measured by Inauguration dates. ** Biden returns are calculated through 8/31/2024.

We would also note that as long as a recession is avoided, markets have historically performed well in the 12 months after an election.



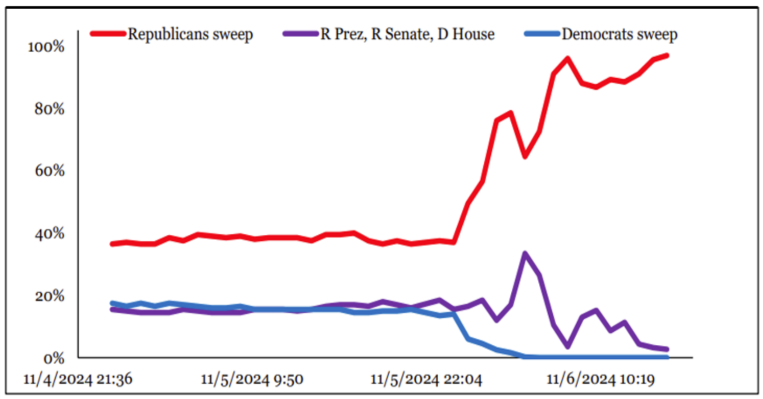
Source: Strategas as of 11/06/24

With the information we have today, we lean towards owning more short duration fixed income, U.S. small caps, financials, and energy at the margin while reducing exposure to long duration fixed income, real estate, and select international equity markets.

Increased spending combined with the expectation of a more aggressive tariff policy implies more inflation, with the Federal Reserve more likely to slow Fed Fund rate cuts in the medium-term as the impact on the economy can be assessed.

To counter this effect, we would note that supportive liquidity measures are expected from the Treasury at the beginning of next year. There is also a view among government policy experts that deficit spending vs. consensus expectations comes in lower than expected. Both would provide support for bond prices.

Betting Odds: 2024 Election Balance of Power
(Polymarket)



Source: Strategas as of 11/06/24

From a tax perspective, it is likely that the 2017 tax cuts will be extended. It is also likely the estate tax lifetime gift exemption ($13.99mm for 2025) will remain in place, as it is a highly lobbied topic. A red divided government will create gridlock delays, which could lead to a sunset of the current TCJA provisions and the need for more legislative action.

With a Republican sweep, issues may be addressed quickly in the first quarter of 2025. If we have a divided Congress, we should expect delays until the last quarter of the year.

The key is to prepare for the unexpected without letting fear drive decisions. If you have not already, discuss your unique situation with your advisor so you're ready to act either way in 2026. Remember that important professionals such as appraisers and attorneys will be busy in 2025. It is essential where warranted to prepare for a possible gridlocked government, which could lead to a sunset of current TCJA provisions. If there's time, new legislation may emerge, but being prepared is crucial. Stay prepared, stay flexible, and avoid making decisions based on fear.

Finally, we leave you with a chart provided by the Strategas policy team which depicts the potential winners and losers of "Trump 2.0". While it is not a comprehensive list, it is an informative view of the trends that have taken place in markets over the past few weeks and the trends that may lie ahead. We will continue to monitor markets and policy as more information becomes available.

Trump 2.0 Investing Environment

Countries & Regions	
Winners	**Losers**
US Dollar	Foreign Currencies
India	China
Taiwan	Mexico
Israel	Europe
Saudi Arabia	Bond Yields
Sectors/Industries	
Winners	**Losers**
Immigration: For-Profit Prisons, Security	Consumer: Staples, Child Tax Credit
Financials: Banks, Mergers, Payments	Housing: Homebuilders, Materials
Tech: Yen Carry Trade, Taiwan Protection	Health Care: Medicaid HMOs, Hospitals
Energy: LNG, Midstream	Health Care: Life Sciences Tools & Services
Cryptocurrency	Industrials: Defense, Trade Stocks
For-Profit Education	Energy: Renewable Energy
Tax Preparation Companies	Utilities: IRA Levered Stocks
Medicare Advantage	Materials: Strong Dollar
Defense: Space & Satellites	Real Estate: Defense, Life Sciences, Trade
Themes	
Winners	**Losers**
China Alternative Countries Ex. Mexico	Manufacturing Exposure To Mexico, China
US Companies With Limited Foreign Revenue & Supply Chain Exposure	Highly Visible US Companies In China At Risk Of Retaliation (AAPL, NKE)
M&A (Excluding Big Tech)	Companies At Risk Of Europe Tariff Retaliation
Deregulation	Immigration-Levered Names (remittances, labor)
Immigration Enforcement	IRA-Exposed Renewable & Construction Companies
Reduced Tax Risk (GOP Sweep)	Safety Net Beneficiaries
Artificial Intelligence	
Less Aggressive Drug Pricing Agenda	
GSE Reform	

Source: Strategas as of 11/06/24

Your Edge Advisors are poised to help you navigate the complexities of estate planning strategies, facilitate discussions regarding your plans and possible tax law changes, and guide you through to ensure your wealth is preserved and transferred according to your wishes. Please reach out to your Edge Advisor for further discussion. On behalf of our team, thank you for allowing us to take care of you, your families, and institutions throughout your financial journey — yesterday, today, and tomorrow.

Respectfully,

Stephen Halkos, CFA
Head of Investment Strategy

AK Hendrix, CFP®
Head of Wealth Strategy

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[1]Estimated as of July 11, 2024. Includes Edge's regulatory assets under management (RAUM) along with other assets for which Edge may make recommendations and/or provide reporting but does not have the ability to effect transactions.

[2]Estimated as of July 11, 2024. Measured by assets under advisement (AUA).

All figures are estimated and unaudited.