

CAPITALE | INVESTMENTS

President Trump and The Markets

Dear Friends and Clients,

Here are my latest thoughts on the markets for your review.

The S&P 500 has risen nicely since the election, as investors have focused on the pro-growth policies of President Trump. Trump's "America First" policies present a potential risk to growth and markets.

I believe the risks associated with "America First" have a low probability over the long term investment horizon. Protectionist measures are more likely to affect individual countries than be broadly applied and the border-adjustment tax (BAT) is opposed in the senate.



Improving economic and corporate fundamentals will outweigh risks associated with protectionism. **I am keeping my overweight position on both US and Global stocks.**

With equity markets at record levels, the fear of the market at highs is a common phobia, with many investors waiting for stocks to fall. We will have corrections within this bull market, which is normal and healthy as it allows the market to digest gains.

I went back and researched the market over the last 50 years, and my research showed that returns were above average, at 3% or higher, during the 6-month period following all-time highs. Investors should remember that the S&P 500 is at an all-time high in price terms, however when adjusted for earnings growth it is still 50% below the highs of the dot com boom of 1999 and 2000.

Please feel free to contact me should you have any questions.

Sincerely,

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