

Dear Sir, Madam,

The hidden vote has been underestimated. Though a large part of the US population has not been publicly outspoken about Donald Trump, on election day they voted for him. The silent vote has clearly been underestimated and that is why most polls got it wrong. Apparently his straightforward and clear way to speak has appealed to a large portion of the American people. His acceptance speech, surprisingly moderate and unifying, was a turning point for the financial markets and turned them positive for the time being. Many comments will be made in the next few weeks about the aftermath of the election, but here we already present the main takeaways from Trump's victory:

1. An advantage is the end of the gridlock in Washington. Republicans control, House, Senate, and the Presidency.
2. This could get a lot of things going, for example deficit spending with big investments in infrastructure. This could actually be a positive for stocks
3. Corporate tax rates will be slashed. That could bring home the many \$Billions that corporations have stashed unproductively overseas. Could be more capital at work back home. A positive for the economy?
4. In his acceptance speech, Trump's language was conciliatory, reaching out to his fellow citizens.
5. And he prudently reached out to other nations. Which could also mean a better relationship with Russia. And was an unfriendly Russia not the biggest threat in geopolitics. Let's see how that plays out.

We have repeatedly said that volatility is not necessarily our enemy. Nor should it be yours. Volatility leads to huge swings in currencies, interest rates and stock markets. That leads to opportunities for an asset manager like Capital at Work. The reason for that is threefold:

1. We are one of the few remaining asset managers with the ambition to only **invest in what we know**. Even stronger, to only invest in what we have "valued". This in stark contrast to "open architecture" where you can only hope (with fingers crossed) that the selected funds (based on past results) or managers unknown to you, will continue to outperform. Or in contrast to simply buy everything, which means indices.
2. As you know we try to keep **implementation as simple as possible**. That allows us to keep our focus on analysis and active management.
3. And finally **we are active asset managers**. While the underlying investment propositions most of the times only change slowly over time, prices often move brutally, like early this morning. This is true for equities, interest rates and currencies. And, bis repetita bis, like in the aftermath of Brexit, we have been able to do some great things today in our portfolios.

In the equity part of our portfolios we have taken profits on protections that we had bought during the summer. We still have substantial protections in your portfolio if investors were to change their minds about what a Trump presidency could mean for the economy and geopolitics.

We have been saying for quite some time now that the investment proposition in fixed income was complicated with interest rates close to zero. Over the past few days interest rates have been rising strongly. This is based on the belief that Trump has an opportunity to "make America great again" via fiscal stimuli in the economy. This could lead to higher growth, and potentially higher inflation. The fact that interest rates rise is proof of the benefit of doubt that people give him right now. Also in the fixed income part of our portfolios we have taken profits on protection that we bought against rising interest rates. We still keep our duration short with also cash in our portfolios.

And finally, the fact that we are global investors has enabled us to do some interesting things in the currency markets. Early in the morning after the election we have raised the \$ exposure in our portfolios. We continue to be positive on the \$. This is based on a stronger economy than in Europe, higher interest rates than in Europe, and the potential upshot to this all of "making America great again".

We believe this is a sufficient update of the current market conditions and our views. Naturally we are willing to answer questions that you might have.

Yours Sincerely,

The Executive Committee of CapitalatWork Foyer Group

Disclaimer: This document is a marketing communication tool. It does not constitute personal advice, an offer or solicitation to buy or sell, or to participate in an investment strategy. The content is based on information sources believed to be reliable. The information presented may be changed without prior notice. CapitalatWork does not give any express or implied warranty, guarantee or declaration regarding the accuracy, adequacy or completeness of the information provided. The information presented may be changed without prior notice. The information contained in this document cannot be considered as investment advice. Please contact CapitalatWork for further information regarding the risks associated with the financial instrument. Before taking an investment decision, the investor is advised to determine whether the proposed investment is suitable for him or her, taking into account his or her knowledge and experience of investment, investment objectives and financial situation. All rights reserved. No part of this publication may be copied, stored in an information system or forwarded in any form or in any way (mechanically, by means of photocopying, recording or otherwise) without the prior consent of the copyright holder.