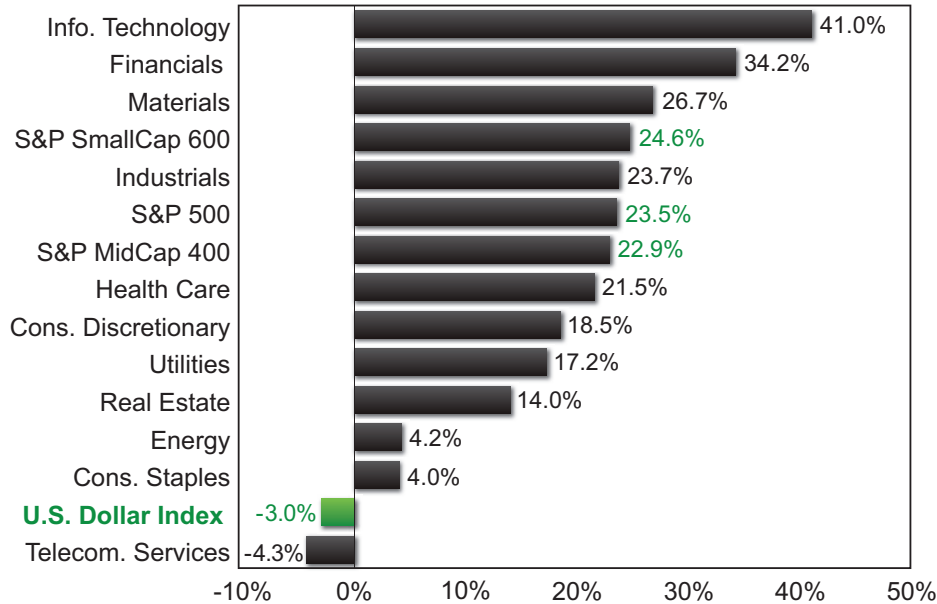


A Year Later Most Of The Major S&P Stock Indices Are Deep In The Black

How The U.S. Dollar & Various S&P Stock Indices Have Fared Since The 2016 Presidential Election
Index total returns & change in the U.S. Dollar Index (DXY)



Source: Bloomberg. Data from 11/8/16 through 11/7/17. Past performance is no guarantee of future results.

View from the Observation Deck

1. The equity markets have posted some impressive gains since the presidential election on 11/8/16. Some in the financial media have dubbed this period the "Trump Rally."
2. The S&P 500 and S&P SmallCap 600 Indices were up 23.5% and 24.7%, respectively, from 11/8/16-11/7/17. For comparative purposes, from 1926 through 2016 (91 years), the average annual total return on the S&P 500 Index was 10.04%, according to Ibbotson Associates/Morningstar. It was 12.12% for small company stocks.
3. While it would be difficult to know exactly how much of the rally in U.S. stocks can be attributed to Donald Trump becoming the 45th president of the United States, we do believe that he has at least injected some optimism into the equity markets via his pro-growth, pro-U.S. policy agenda.
4. President Trump's agenda includes such initiatives as repealing and replacing the Affordable Care Act, which the Republicans were unsuccessful in doing over the past year, corporate and individual tax cuts, which have been outlined but not voted on by Congress, and infrastructure spending, which could come some time in 2018 depending on the outcome of the tax reform effort.
5. On 9/30/17 (latest data point), the NFIB Small Business Optimism Index stood at a reading of 103.0, up from 94.9 on 10/31/16, just prior to the election. In its September release, the NFIB Research Foundation noted that small business owners still expect policy changes from Washington, D.C. that improve their standing with respect to health care and taxes.
6. One thing that we do know is that technology was not one of areas of the market that was initially supposed to benefit from Trump's policy initiatives, and yet it was the top-performing sector in the period, up 41.0% on a total return basis.
7. Tax reform is front and center and the clock is ticking. President Trump and the Republicans need a major legislative win, in our opinion. Keep in mind, we have mid-term elections coming in 2018.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks (currently 505) used to measure large-cap U.S. stock market performance, while the 11 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector. The S&P MidCap 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The S&P Small Cap 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization. The U.S. Dollar Index (DXY) indicates the general international value of the dollar relative to a basket of major world currencies.

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