



# **Game Changer: Election Observations and Takeaways**

**November 7, 2024**



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**We thank you for participating in the conference call and we look forward to helping you reach your investment goals.**





## Meet Our Investment Committee

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## **Bull and Bear Markets Created and Undermined**

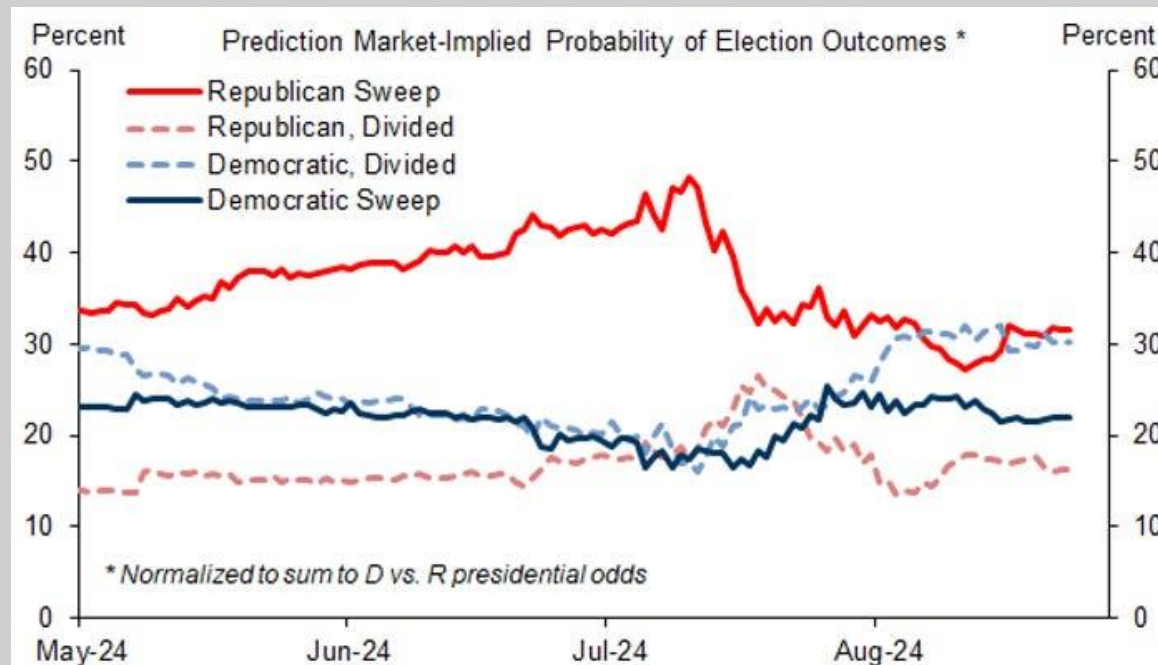
**The election outcome, together with current economic and geopolitical trends, will create both bullish and bearish dynamics across asset classes, sectors, and industries.**

**The shifting landscape impacts investment strategies and long-term market stability.**



## Bull and Bear Markets Created and Undermined

**If the result caught you off guard, we note that we highlighted prediction market trends in September suggesting this result was the most probable**







## **Effects of Election and Trump Proposals**

*If Republicans secure a 15-vote majority in the House, Trump proposals are 20% more likely to pass.*

- **Stabilization of the U.S. dollar (ideal is flat value vs world).**
- **Simplified deficit financing through easier debt sales.**
- **Projected increase in the U.S. deficit, potentially leading to a rise in interest rates.**
- **Tariffs as a negotiation tool: effective in the short term, but potentially problematic long term.**
- **Possible cuts in U.S. government expenditures, affecting global military budgets and foreign policy stances, particularly toward NATO allies.**



## **Global Liquidity and Collateral Value Volatility**

### *Decline in Global Liquidity*

- **Global liquidity is contracting, contributing to increased volatility in collateral assets and affecting lending practices.**

### *China & U.S. Potential Liquidity Interventions*

- **Possible liquidity increases from China and the U.S., though no decisive actions have been taken yet.**
- **Implications for global markets if either country enacts significant liquidity measures.**



## **Interest Rate Outlook and Policy Uncertainty**

### *Impact of Market and Election Changes on Interest Rates*

- **Uncertainty in U.S. interest rate policy, compounded by election results and fiscal strategies.**
- **Projected inflation rebound within a year, which could drive rate adjustments.**

### *Long-term Interest Rate Trends*

- **Anticipated rise in interest rates over the next 1-2 years due to inflationary pressures.**
- **Election-driven fiscal policies could accelerate this trend.**





## **U.S. Stock Market as a Hedge**

### *Growth in Tech and Major Market Sectors*

- **Technology and major growth sectors may act as inflation hedges.**
- **Potential policy benefits for fast-growing industries such as technology, electronics, and medical equipment, encouraged by supportive fiscal measures.**



## **Alternative Assets and Inflation Hedging**

### *Bitcoin, Gold, and Other Inflation Protection Assets*

- **Increased interest in assets like Bitcoin and precious metals (gold, copper, uranium) as inflation hedges.**
- **Suggested focus on Bitcoin, particularly in volatile economic times, alongside traditional hedges.**



## **Government and Fiscal Policies Impacting Market Dynamics**

### *Fiscal Policies and Spending Cuts*

- **Potential government size reduction and federal employee cuts, with a \$500 billion annual savings target.**
- **Continued reliance on AI, streamlined processes, and cuts to redundant departments.**
- **Corporate tax rates may remain at 21% beyond 2026, encouraging corporate growth.**

### *State-Level Tax Implications*

- **Business migration trends from high-tax states to low-tax states (e.g., Texas, Florida, Tennessee), benefiting these economies while challenging states like California and New York.**





## **Domestic and Global Risks**

### *Major Domestic Financial Risks*

- **Fear of rising deficits and the 2026 debt wall raise concerns of potential banking crises, and inflation and interest rate spikes.**
- **Aggressive government spending reduction program, targeting up to \$2 trillion in annual savings, will undermine broad GDP growth.**

### *Global Risks and Defense Strategies*

- **Increased pressure from global allies and adversaries for financial and military support.**
- **Proposed strategic shifts in U.S. military presence, reducing land and sea commitments by 75% in regions like Germany, Ukraine, South Korea, and Japan.**
- **Solutions include enhanced airborne defense and strategic alliances.**



## **Regulation Shifts and Beneficiaries**

### ***Lighter Regulation and Who Benefits***

- **Potential easing of regulations, which could benefit specific sectors and market participants.**
- **Impact analysis on industries that would gain from a lighter regulatory environment.**



## **Themes / Industries to Focus On**

***Fast-Growing Sectors:* AI-enabling technology, electronics, medical equipment**

***Consumer Seeking Value:* Increased focus on consumer value, particularly in the discount retail sector as a response to inflation.**

***Reshoring:* Investments focused on domestic production and supply chains.**

***Oil and Gas:* Improved drilling technology and lighter regulation may drive down oil and gas prices.**

***Agriculture:* Advances in technology improve yields and help control food inflation. Improved profitability, less reliance on high grain prices. Farm-related REITS benefit.**





## **Cutting Wasteful Spending**

### *Focus on Reducing Unnecessary Expenditures*

- **Legislative proposals emphasize the importance of cutting wasteful spending.**
- **Numerous U.S. agencies and departments face rationalization.**
- **Developing long-term strategies for reducing government and corporate inefficiencies.**



## **Major Risks to the USA**

### *Domestic and Global Financial Risks*

- **Growing deficits and the 2026 debt wall are major domestic risks.**
- **Solutions include investing in U.S. growth stocks and focusing on waste and debt reduction.**

### *Global Adversaries and Allies*

- **Increased international pressure for support, requiring a shift in defense priorities and alliances.**
- **Enhanced defense capabilities, with a focus on airborne and electronic warfare rather than traditional land or sea defense.**



## **Priorities Shift**

### *Universities and Foreign Influence*

- **U.S. universities that support (and have been supported by) controversial foreign entities may face decreased funding and foreign enrollment.**

### *Institutional Positioning on Cultural Issues*

- **Expect corporations to take fewer overt stances on ideological issues, especially those labeled as “woke”; however, such activities may remain prevalent in academia.**





## **Priorities Shift**

### *Global Warming and Environmental Initiatives*

- **Reduced U.S. support for dramatic climate initiatives, which get continued low/no engagement in regions like China, India, Africa, and Asia.**

### *Military and Budget Allocations*

- **Reduced defense budgets in western Europe and the U.S. as a percentage of overall spending, potentially shifting priorities away from expansive military engagements.**



## **Discussion and Q&A**

**If we do not get to your questions, please feel free to send questions to [aford@guildinvestment.com](mailto:aford@guildinvestment.com), and we will respond.**

**Or call us: 310-826-8600**

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