

# GREYCOURT

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Outlined below is a brief note from Greycourt's Chief Executive Officer, Greg Friedman, addressing the presidential election.

Much to the consternation of pundits, pollsters and financial markets Donald Trump has, against all odds, won the presidency of the United States. He clearly has tapped into a deep vein of middle and working class dissatisfaction with the status quo that seems to have been simmering for decades and is far deeper and more pervasive than most of us thought. His victory represents America's Brexit moment.

Predictably, equity market futures began plunging early last night as Trump's success became imminent, with Dow futures down over 800 points at their overnight trough. The Mexican peso, a proxy reflecting a Trump victory, fell by over 13%. Such emotionally-driven knee jerk reactions are quite predictable as markets HATE surprises...and few thought Trump would prevail. The sharp early sell-offs in stock, bond, and currency markets largely reversed this morning after the initial rout with U.S. stocks rising modestly in early trading. Interestingly, the U.S. 10-year bond price is down this morning, with yields pressing through 1.95%. Why the recovery in stocks and rise in yields? We suspect that markets are now weighing the heightened prospect of long overdue and badly needed fiscal policy actions including lower taxes and lightened regulations given that the presidency and both chambers of congress are under Republican control.

Regardless of one's personal views about the ultimate ramifications of a Trump presidency, the expected overshoot of financial markets to the down side likely represents an attractive buying opportunity for investors. As many of you know, we have been researching a wide range of credit-oriented managers, value leaning strategies and equity long/short hedge funds in anticipation of a liquidity-driven sell off. Trump's election may be the very catalyst we were looking for to initiate attractive purchase prices. With many of our strategies recently underwritten and ready to go, we will be keenly focused on determining when to recommend our clients pull the trigger on new investments.

**Gregory R. Friedman**  
**Managing Director**  
**Chief Executive Officer**