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# The Election Is Over. What Changes for Investors?

THE TREMLETT BRIEF

A new political landscape in Washington, what it means for the economy and markets, and the investment opportunities ahead.

## A NEW POLITICAL LANDSCAPE

The midterm elections are behind us, with Democrats now controlling both the House and Senate, and President Trump remaining in the White House. While politics can create headlines and short-term volatility, the real focus for investors is how potential policy changes could impact the economy, corporate earnings, interest rates, and specific industries.

***We don't typically let politics drive our investment decisions, but this election could have meaningful implications for certain sectors, capital spending, and business economics.***

### THE NEW WASHINGTON DYNAMIC




A divided government creates a new set of policy dynamics for the economy, businesses, and investors.

## DIVIDED GOVERNMENT — WHAT ACTUALLY CHANGES?

With a Democratic Congress and a Republican president, passing major new legislation becomes more difficult. Democrats can introduce legislation, control committee agendas, and increase oversight, but the president still has veto authority, and overriding a veto requires a two-thirds majority — a high bar.

As a result, sweeping policy changes are less likely, and both sides will need to negotiate on key issues such as government spending, tax policy, and infrastructure.

***The most probable outcome is a more moderate policy environment, with targeted changes rather than major overhauls.***

### DIVIDED GOVERNMENT: THE INVESTMENT REALITY




Expect a period of compromise, not extreme policy shifts.

## KEY POLICY AREAS TO WATCH

Several policy areas could influence markets and create both opportunities and challenges for investors:

- **Government Spending** – Likely more scrutiny, which could slow the pace of new spending initiatives.
- **Taxes** – Major tax changes are less likely, but certain provisions could be revisited or adjusted.
- **Tariffs and Trade** – Ongoing trade tensions remain a consideration, particularly for global and industrial companies.
- **Infrastructure** – Still a potential area for bipartisan support, which could benefit industrials, materials, and select technology companies.

### POLICY AREAS WITH INVESTMENT IMPACT




## IMPLICATIONS FOR THE ECONOMY AND MARKETS

The election results don't change the core drivers of the economy overnight. Corporate earnings, interest rates, inflation, and business investment will continue to play a much larger role in market performance than the political makeup of Washington.

That said, certain industries may experience more favorable conditions, while others could face additional costs, regulation, or delays in planned investments.

***The economic backdrop remains constructive, and we continue to see opportunities across a broad range of industries.***

### THE BIGGER MARKET DRIVERS REMAIN IN PLACE




## OUR INVESTMENT APPROACH

We continue to build portfolios from the top down, focusing on the macroeconomic environment, policy developments, and industry trends, while also evaluating individual companies and valuations.

We're not making wholesale changes to portfolios based on the election results, but we are refining our positioning and identifying areas where we see the best risk-adjusted opportunities.

***Our focus remains on high-quality businesses, strong balance sheets, and industries with durable, long-term growth drivers.***

### WHERE WE SEE OPPORTUNITY




A disciplined, diversified approach keeps portfolios positioned for opportunity in a dynamic policy and economic environment.

### WHAT I'M WATCHING



- Policy developments in Washington
- Potential changes to spending, taxes, and trade
- Impact on key industries (infrastructure, healthcare, energy, industrials)
- Corporate earnings and guidance
- Interest rates and inflation trends
- New investment opportunities

### FINAL THOUGHT



***"The election changes the political landscape, but it doesn't change our investment discipline. We're focused on what it means for the economy, for businesses, and for the opportunities ahead."***

**— Scott Tremlett**

Founder, CEO & Chief Investment Officer

