


Rochester Financial Services

Fee-Only Financial Management Services*

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Principal

November 10, 2016	Dow Jones	S&P 500	NASDAQ	Russell 2000	10 yr Treas	Earnings Yield (S&P)	Crude Gold	Oil	
	18,808	2,167	5,209	1,252	2.12%	5.80%	\$1,266	\$45.10	

Investment Strategy Report

A Week To Remember

We all can now say that we were witnesses to history, a historic election that was one of the greatest upsets in American political history. While comparisons might be made to Truman's upset victory over Dewey in 1948, at least Truman was a sitting president at the time. Donald Trump came out of nowhere to defeat the heir apparent to the presidency, Hillary Clinton. So how will this / has this affected our investments?

Well, for the week and a half preceding the election, the markets seemed to be wanting a Clinton presidency. When FBI Director James Comey reopened the investigation of Hillary's emails, the stock market fell into a funk. When Comey declared a day before the election that he was closing the investigation, stocks soared. And on Tuesday night when everything seemed to be going as planned, the stock market was doing fine. But then as Trump's fortunes began to improve late Tuesday night, stock futures began to plummet. The Dow futures were down over 800 at one point. The stock market was not happy about the prospects of a Trump presidency. But by Wednesday morning, things began to calm down somewhat, with futures down "only" about 250 points. By the 9:30 am open, the market opened flat and then continued moving higher during the day, finishing up 257 points.

Did investors have a change of heart about Trump, about whether he would be good for business? Well apparently so, because after Wednesday's rebound higher, the Dow finished up another 218 points today. It seems like the message now is that Trump is good for business, or at least some businesses.

The winners thus far have been health care companies, financials, and infrastructure plays. Without Hillary's campaign against the pharmaceutical companies, they, along with biotechs have surged. With less regulation seen for the investment banks, the financials have spiked higher. Trump's plan to increase spending to improve our infrastructure has caused interest rates to surge, which is also good for the financials. The big loser has been bonds, as the rise in interest rates has caused bond prices to decline.

Keep in mind that it has only been 2 days since Trump's victory. I feel that we are in the middle of a whirlpool, with all these currents going back and forth. We will need to see things settle down before any discernible trend becomes apparent. However, there is no doubt that business will not be proceeding as usual and that we will need to adapt our investments to the changes that develop. The good news is that the election is now over. Many investors felt parallelized beforehand, not wanting to make any commitments until after it was over. That uncertainty is now gone.

There is also the hope that a more presidential Trump is now emerging, as his conciliatory acceptance speech and meeting with President Obama today seem to be indicating. If that is the case, then his pro-business policies might indeed be good for the stock market and this 2 day rally might be an indication of more good things to come.

Required IRA Withdrawals – I have contacted all those who are required to make IRA distributions this year. Please call me if you need help taking care of this.

My Radio Interview - I have posted on my website my November 1st interview on the Wharton School Business Radio show. You can go to my website, RochesterFinancial.com, and click on the link in the middle of my home page. *Jeff Feldman*

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