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Important Notes

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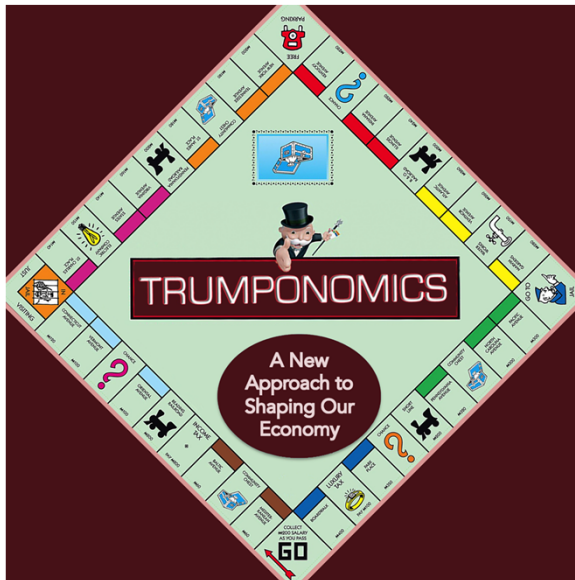
Branch Address: 4141 Parklake Avenue - Suite 120 - Raleigh, NC 27612



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Winds of Change

Most working adults understand capitalism and how things work in the American economy. If President Trump is successful at moving his economic policy ideas forward, the new rules may be game-changers.



Trump's Perspective

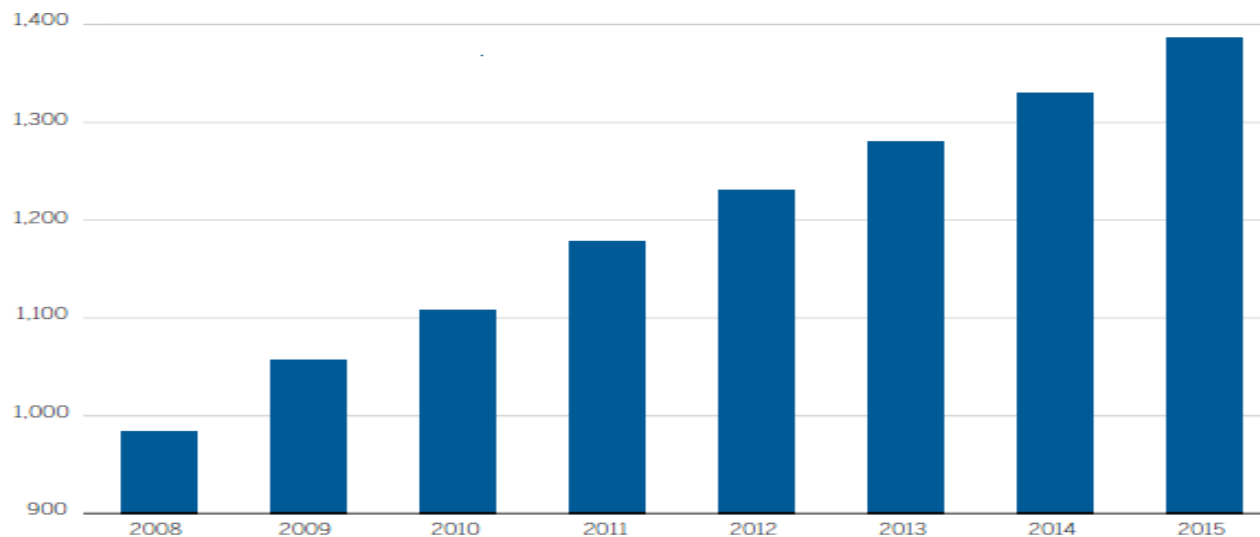
- Excess regulation hurts the American economy
- Investment in American infrastructure is required
- Nationalism will create American jobs
- Wage inflation will increase American labor force
- Increased spending in technology and military
- Increased deficit spending is not a concern



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Excess Regulation

Steady climb of regulations since financial crises



Number of U.S. presidential “economically significant” federal regulations by calendar year

Source:
Hartford



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Infrastructure Spending

Potential areas for spending

American Society of Civil Engineers Report Card for American Infrastructure			
Borderline Failing	Overall Rating	D+	The use of private investment has become increasingly important.
	Solid Waste	B-	Americans generate 250 million tons of trash.
	Public and Recreation	C-	140 million Americans use public parks as part of their daily lives.
	Ports	C	95%+ of trade produced/consumed by U.S. moves through our ports.
	Bridges	C+	200 million trips taken yearly over deficient bridges. 1 in 9 deficient.
	Rail	C+	Amtrak ridership at record high.

American Society
of Civil Engineers
Report

Source:
Deutsche
Global
Markets



Infrastructure Spending

Certain areas for spending

Failing	Aviation	D	Cost of airport congestion and delays is \$22 billion.
	Inland Waterways	D-	Waterways not updated since the 1950s.
	Levees	D-	There are 100,000 miles of levees in the U.S.
	Dams	D	Average age of dams in the U.S. is 52, 4,000+ are deficient.
	Drinking Water	D	Pipes are over 100 years old. 240,000 water main breaks per year.
	Hazardous Waste	D	1 in 4 Americans live within three miles of hazardous waste site.
	Roads	D	Roads cost economy \$101 billion in wasted time and fuel annually.
	Schools	D	Spending on schools half the level spent prior to "Great Recession."
	Transit	D	1/3 of Americans don't drive cars, 45% lack access to public transit.
	Waste Water	D	Government required more than \$15 billion in pipes, plants.
	Energy	D+	Electrical grids and pipeline systems originated in the 1880s.

American Society
of Civil Engineers
Report

Source:
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Global
Markets



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What is Nationalism?



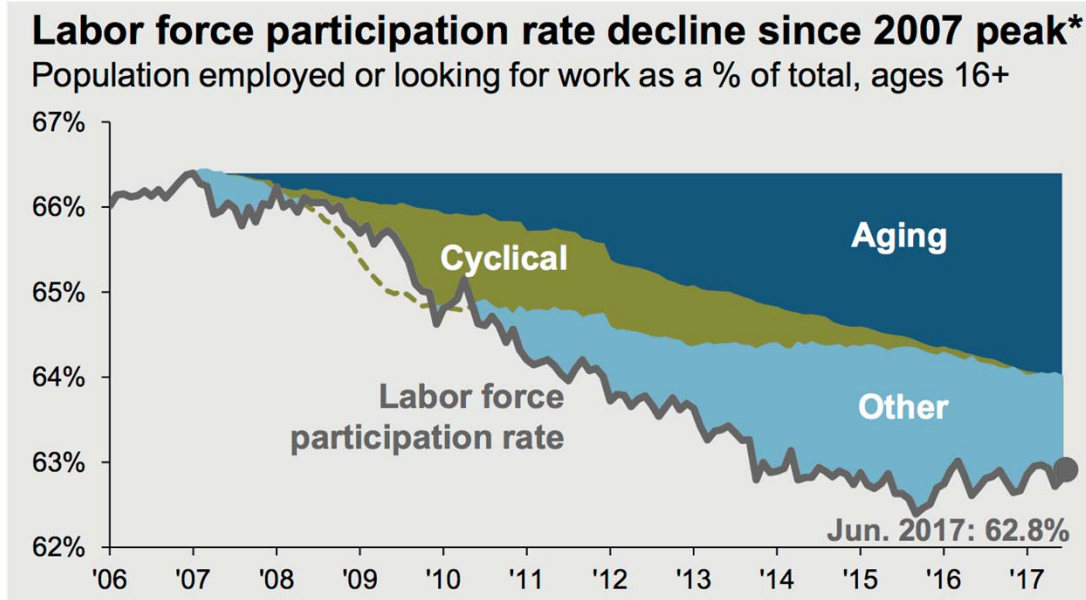
The process of creating and providing for all needed goods and services within our own borders.

Consider **Nationalism** to be the opposite of **Globalization**.



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Nationalism effect on Jobs



Driving up wages on entry level jobs could attract workers back to into employment.

Source:
JP Morgan



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More Jobs, No Extra Workers =



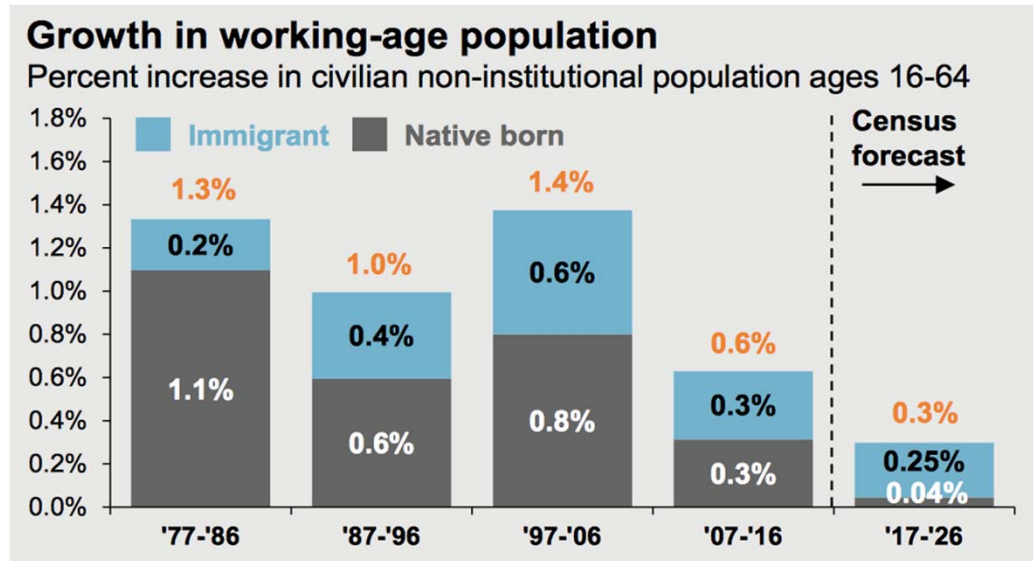
Employers are forced to pay higher wages to maintain staff to meet demand for services as more jobs are created on a static labor pool.

The result is **wage inflation**.



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Wage Inflation will Result



from increasing the number of jobs available without increasing the supply of workers.

We are projected to have less than 1% per year workforce growth in the U.S.

Source: JP Morgan



Increased Technology Spending



If the President's plan to dramatically increase U.S. jobs is successful, then we would anticipate widespread technology investment by companies seeking to control rising wage costs (by increasing their productivity per employee.)



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Increased Military Spending



President Trump has noted repeatedly his intention to build up our armed forces capabilities. Additionally, he has referenced that the USA will be collecting payment for the use of our military assets.



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Trump's Tax Reform



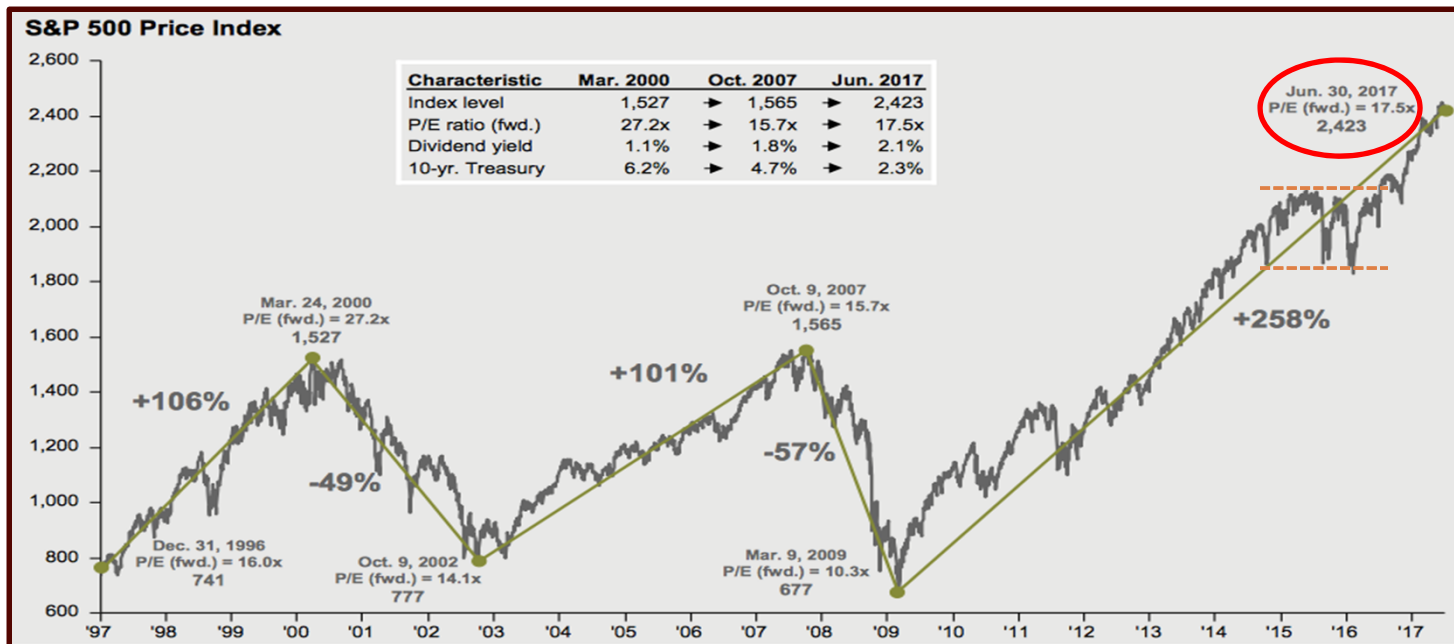
- 3 Tax Brackets – 10%, 25%, 35%
- No Estate Tax, NO AMT, No Obamacare Surcharge
- Only personal deductions are mortgage & charitable
- Corporate tax of 15%
- Standard deduction amounts double

Source: WSJ May 11



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Why are Stock Prices Rising?



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Why are Stock Prices Rising?

On March 2nd, 2017 former Federal Reserve Chairman Alan Greenspan responded “**..stock prices are beginning to reflect the removal of a long period of political uncertainty.** We are beginning to see valuations move back toward more normal multiples.”



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Why are Stock Prices Rising?

- Expected higher corporate earnings from increased infrastructure, military, and technology spending
- Trump's clear intention to reducing costs of excess regulation
- Nationalistic policies putting more U.S. workers to work creates more income to spend.
- (Improving global economy is contributing too.)



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So, What is the Downside?

Consequences of inflation include-

- Investors tend to be better served than savers
- Inflation without productivity gains diminish corporate profits
- Americans living on fixed income struggle to maintain lifestyle
- Deficit spending can cause structural problems



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Increased Federal Deficit?

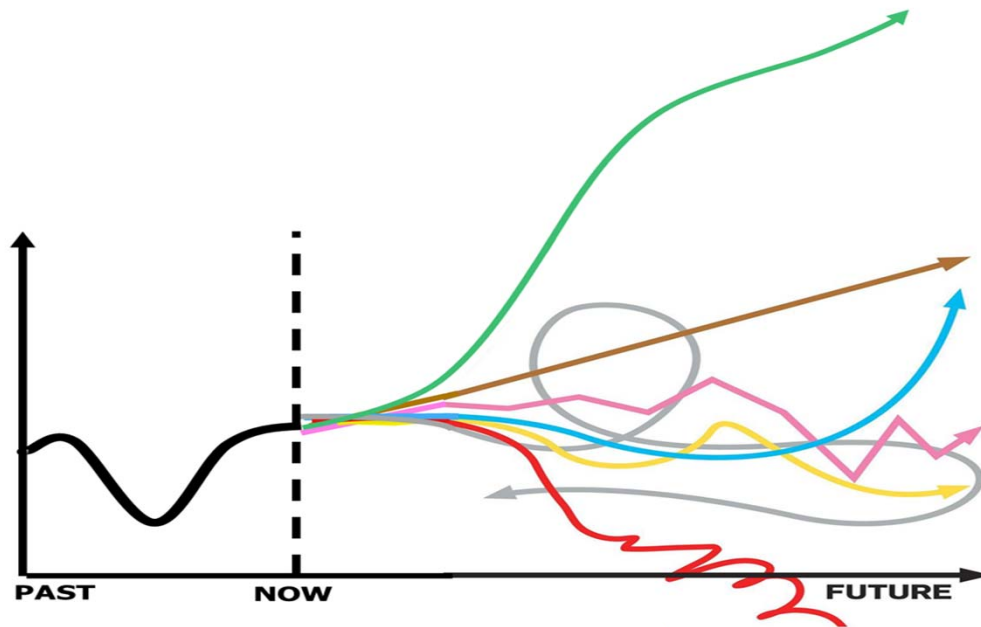
President Trump has a long standing history borrowing in order to grow revenue. With our current national deficit lingering around 75%¹ of one year's GDP, chances are that the President's vision would allow that to float even higher if the borrowed money is being invested into American assets that will grow our economy.

¹ Source: JP Morgan



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The Trump Outlook



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How to Invest from here...

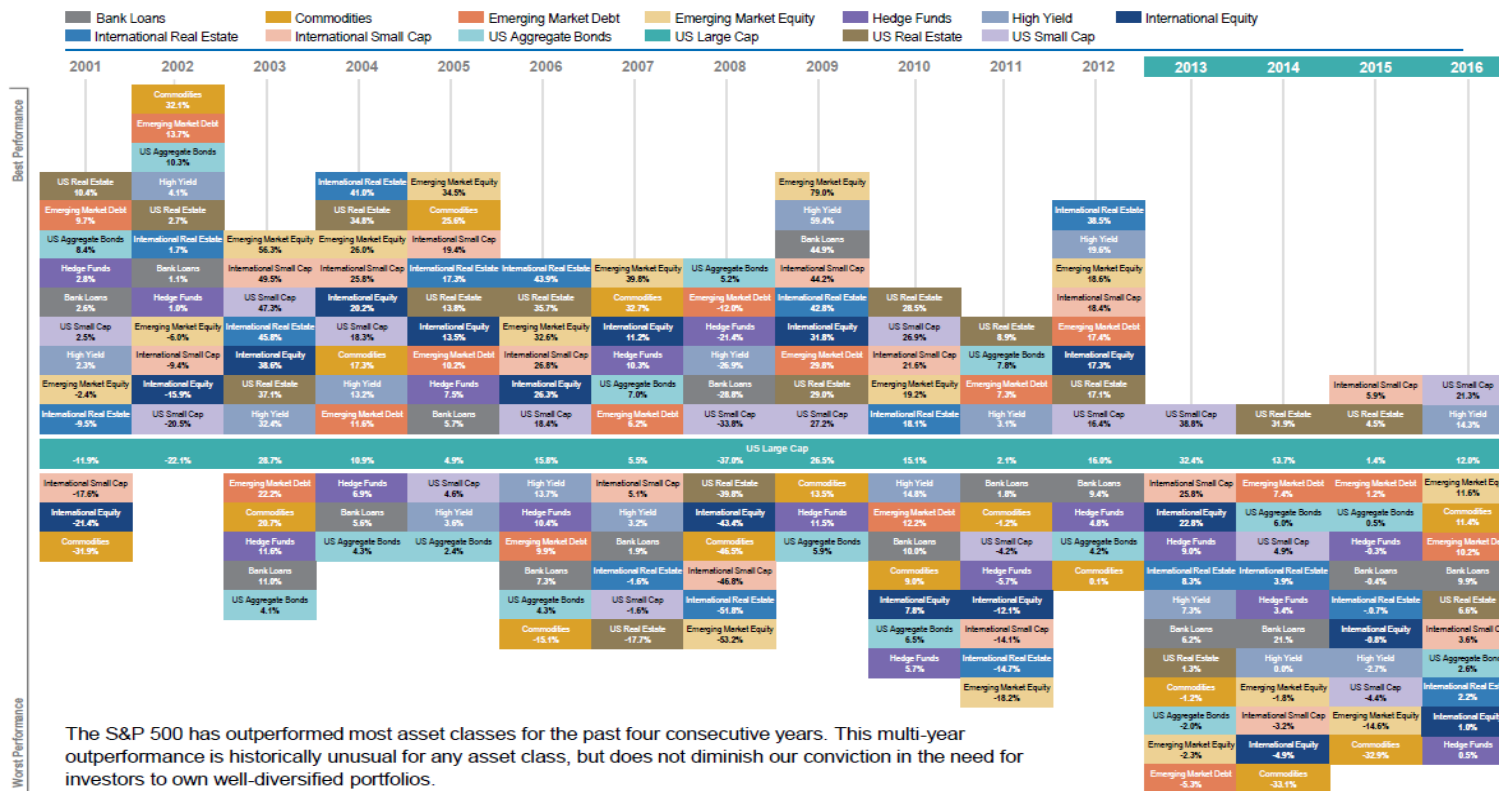
If Trump policies work to produce a robust American Economy, we would want to own U.S. Stocks.

If Trump policies produce economic instability, political turmoil, or spiraling debt, we would want to avoid U.S. Stocks.



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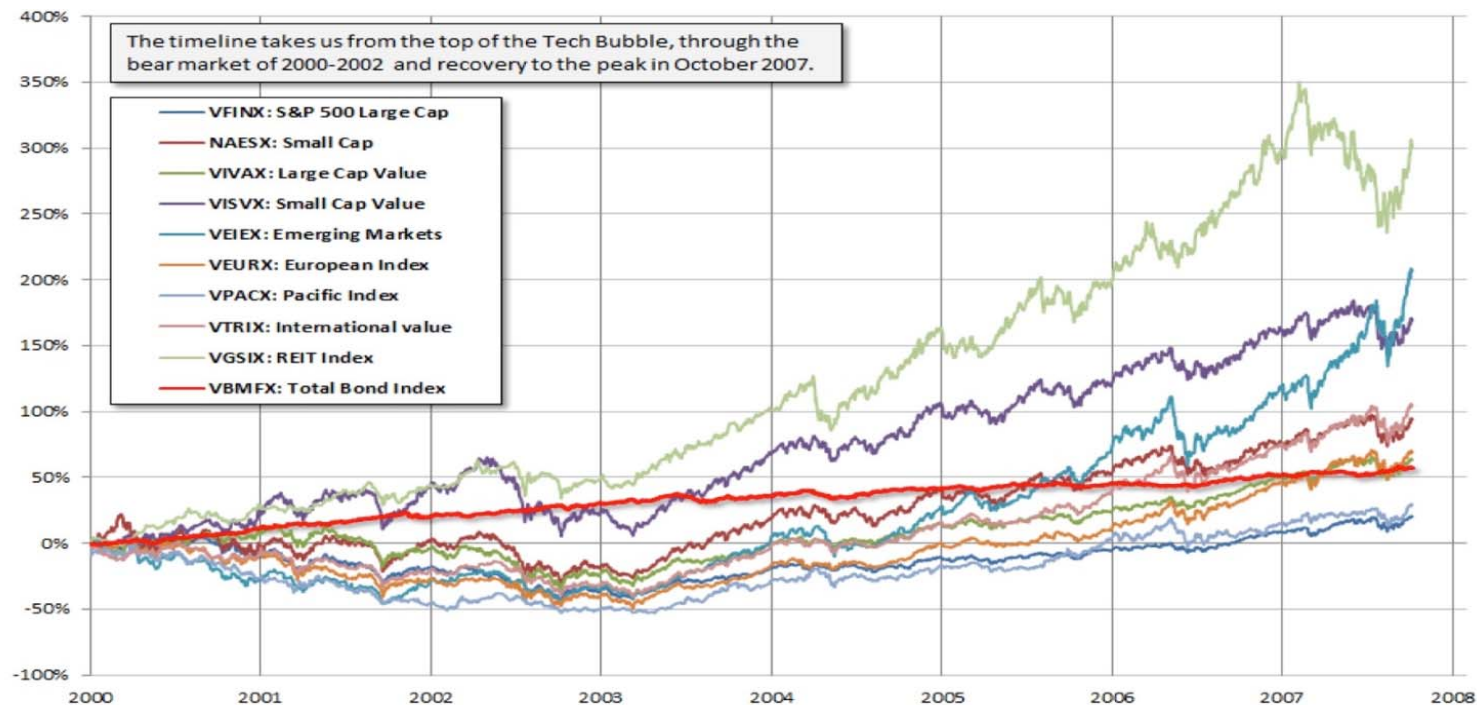
The Need to Diversify



Source:
Goldman Sachs
Asset Management



Diversification works to limit volatility



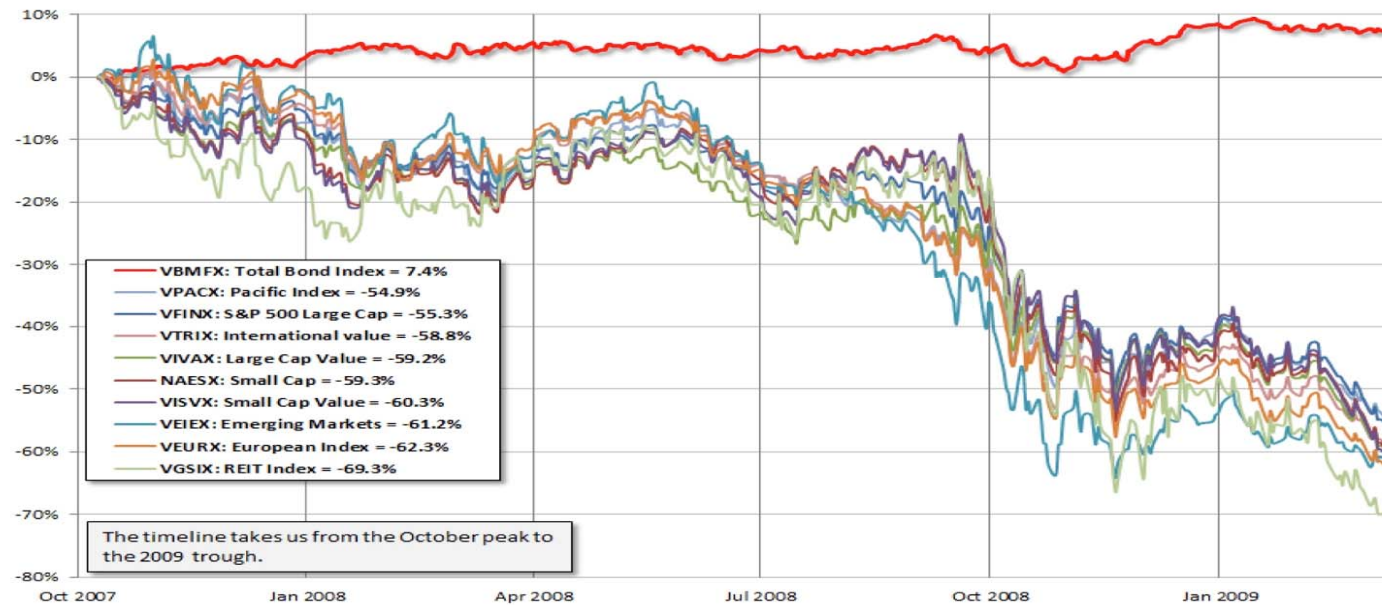
Source:
D-short.com,
data thru
November 2014



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Until it doesn't work...

Declines from October 9, 2007 to March 9 2009



Source:
D-short.com,
data thru
November 2014



AFP Defined Risk Strategy



Risk management process is designed to help limit large losses that typically result from short-term fear selling in the stock market. It is essentially a stop-loss process triggered when a specific equity benchmark trades below its 200-day average (we sell stock holdings on this trigger.)

Complete information at www.adamsfinancial.com



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Conclusions

- Job market to continue to produce more jobs with rising wages.
- Improved earnings in manufacturing, cyclicals, materials, and technology stocks in response to emphasis areas of Trump agenda.
- Cost for goods and services are likely to rise greater than interest rates.
- It will become important to own assets that benefit from inflation, but equally important to have a risk management process in place.



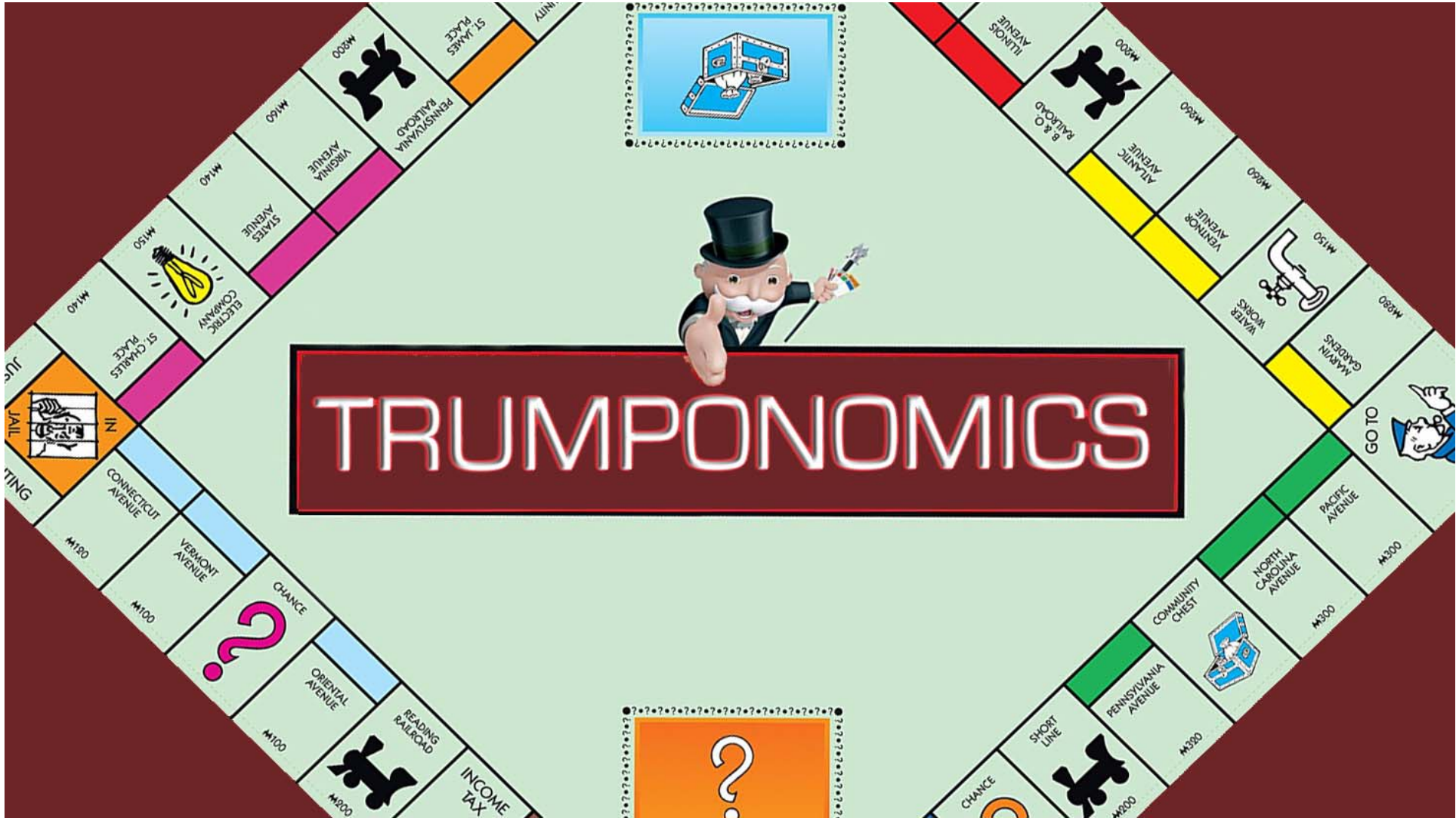
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Questions?



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Fall Learning Lab Sessions start Sept 12



Next year is too late to think about saving on this year's taxes.

Reducing your tax bill in 2018 depends on what you do in 2017.

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Millennials face the largest divide between the rich and the poor in history.

Financial knowledge will decide what camp they land in.

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Making the wrong choices about Social Security will cost you the rest of your life.

What you don't know about Social Security can hurt you.

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Navigating your way through Medicare is enough to make you sick.

Want to know more about retirement healthcare costs?

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How is the Trump economy affecting your economy?

Trumponomics will change the way you think about money.

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Think you're ready to start your own business? Good luck with that.

We know what it takes to start a successful business. Let us help.

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Catered Client Session - Oct 4th & 5th



Next year
is too late to
think about
saving on
this year's
taxes.

Reducing your tax bill
in 2018 depends on
what you do in 2017.

