



## Trump Triumphs Once Again

Donald Trump wins the 2024 U.S. Presidential Election

The U.S. will be heading back to the “Age of Trump” as Donald Trump has been declared the winner of the 2024 U.S. Presidential election. The result, in one of the most intense and contentious U.S. presidential election campaign seasons, finally came to a close and surprised some as Kamala Harris had strong momentum during much of her candidacy. But, as we have seen in the past, “it isn’t over till it’s over”, and Trump will be in the Oval Office once again.

The big question for investors is, how will the next four years of Trump potentially impact the markets?

### What does it mean for markets?

A Trump Presidency will likely result in an isolationist America First stance that could be more extreme than his first term as President, without the previous cohort of relatively more moderate advisors. The previous Trump administration spent years slapping tariffs on Chinese goods and targeted Canada, Europe and other American allies. He would look to possibly expand on these tariffs. For U.S. consumers, a 60% tariff on Chinese imports and a 10% universal import tariff on other imported products being proposed by Trump will be a major hit for lower income

households. It is also inflationary and could reduce real Gross Domestic Product (GDP) by up to 2% (if fully implemented).

Trump also plans to cut the corporate income tax rate to as low as 15%. That alone could mean a double-digit percentage-point upward swing in S&P 500 Index earnings. Additionally, beyond preserving existing tax policy, Trump proposes to eliminate taxes on Social Security benefits at a cost of \$1.2 trillion.

Does Trump's pro-business, 'America First' agenda and low tax proposals bode better for higher stock valuations? From a general standpoint, equity markets would be buoyed by lower taxes and lighter regulation. However, once Trump's more Wall Street-friendly policies are partially offset by concerns

about the costs and inflation impacts of higher tariffs and trade wars, the net impact may only be slightly positive. Combined with possible trade tensions and deportations of unauthorized immigrants, Trump's policies may end up being an outright drag on GDP.

## TD Wealth Asset Allocation Committee (WAAC) Perspective

Our investment teams don't believe that positioning portfolios based on election outcomes is a sustainable investment approach. That is not to say we don't monitor the potential implications of policy changes on economic growth, capital markets and the impact on companies. Ultimately, our goal is to ensure we are allocated to companies with strong earnings visibility, sustainable free cash flows and quality management teams. We believe these factors ultimately drive outperformance well beyond the election.

Within our investment mandates, our portfolio managers have been carefully assessing the many risks on the horizon, including potential effects from the outcome of the U.S. election. They have sought to position their portfolios to minimize potential negative impacts while also seeking long term opportunities to benefit from attractive valuations and possible market overreactions. They will continue to monitor and evaluate the risks and rewards around the globe and to assess conditions with the objectives and best interests of our clients in mind.

### Election result implications for investors

For investors, a prudent plan and a long-term diversified allocation across asset classes and geographies, with a focus on evolving economic data, and how this data could shape market performance, is more important than the election result. In addition, policy itself is only part of the overall investment mosaic. Company fundamentals, idiosyncratic business models, and the growth/inflation trajectory are likely to matter much more in terms of long-term performance, than individual elections. ■

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