



## Let's Get Ready To Rumbbbbbbble!

Vince McMahon couldn't have scripted a more theatrical prologue to the 2020 Presidential Election than the one investors currently have a front-row ticket to. Moreover, few sequels were better than the original; we can think of *The Godfather II*, *Terminator II*, and *the Empire Strikes Back*, to name a few. However, the drama and circumstance leading up to the next election could prove more outrageous than 2016. At this point, we remind our readers that we have long held ourselves out to be politically agnostic as it relates to advising and position our client's portfolios to generate risk-adjusted total returns commensurate with their goals and objectives. Still, we have not deviated in our opinion, suggesting as the probability increases that Democrats win the White House in 2020, so does the potential for increased market volatility and the likelihood of significant near-term market retracement. Thus the latest skirmish between the left and the right stemming from the whistleblower complaint reinforces our beliefs and now fast-tracks the probability for an impeachment hearing in the Senate. Until this week, the House found ways to keep impeachment on the back-burner, despite the rallying cries from more progressive factions of the caucus. However, even Speaker Pelosi could no longer turn a blind eye, notwithstanding any potential negative policy backlash (USMCA/prescription drug legislation).

The question we pose is, "did the POTUS want this all along?" Because from our perspective, the House will certainly impeach the POTUS under Article II, Section 4 of the US Constitution, under some interpretation of a high crime. However, we doubt the Senate will have enough votes to remove President Trump from office, despite emerging details within the whistleblower report, that some believe are more scathing than the original call transcript between President Trump and Ukraine President Zelensky.

So what is next? At this point, Speaker Pelosi has launched a formal impeachment inquiry but has not called for a formal vote. We believe this is key because the Speaker doesn't want to call out over 40 Democrats in vulnerable voting districts. History has not looked kindly on the political party driving any Presidential impeachment process. So from our perspective, any impeachment proceedings will: 1) derail any chance of significant legislation between now and the 2020 election, 2) detract campaign messaging from several Democratic candidates away from real policy issues, and 3) further divide an already polarized electorate. By the same notion, we do not believe the POTUS emerges from this entirely politically unscathed. Certain aspects of the whistleblower report are raising eyebrows even among conservatives, while also deepening the divide between the Executive and other branches of government.

So we see no tranquil pathway forward for US equity markets. Impeachment proceedings will only cause both political parties to dig-in more than they are already. Concerns are emerging that Leader McConnell may not even entertain impeachment in the Senate, while candidates on the left are still pitching aggressive tax proposals (capital-gains/higher corporate taxes), the latest of which is Vice-President Biden's Wall Street Tax. As a result, we continue to promote de-risking across both equities and fixed-income; the next 14 months will be a roller-coaster filled with promises, tweets, debates, and political flash-points.



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