WINANS INVESTMENTS
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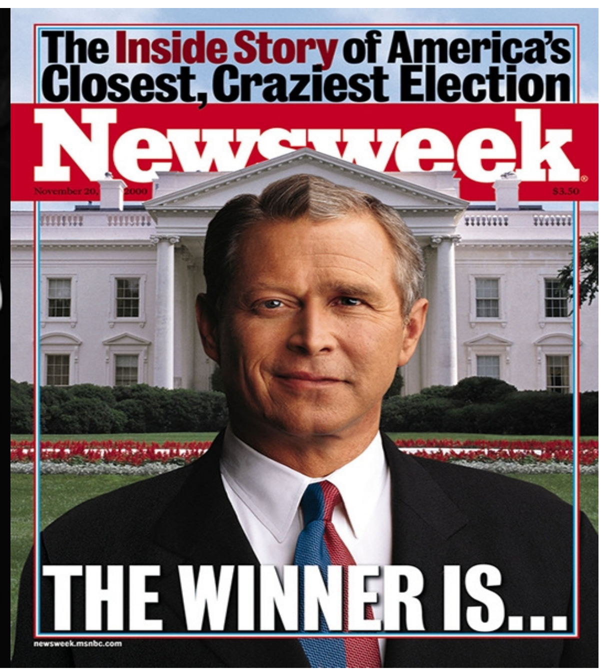
Special Investment Report
December 27, 2016

The Trump Years
Will They Resemble Reagan's Stock Bull or George W's Real Estate Bear?

"Crazy Elections" Have Happened Before!



1948 - Truman & Dewey **2000 - Bush & Gore**

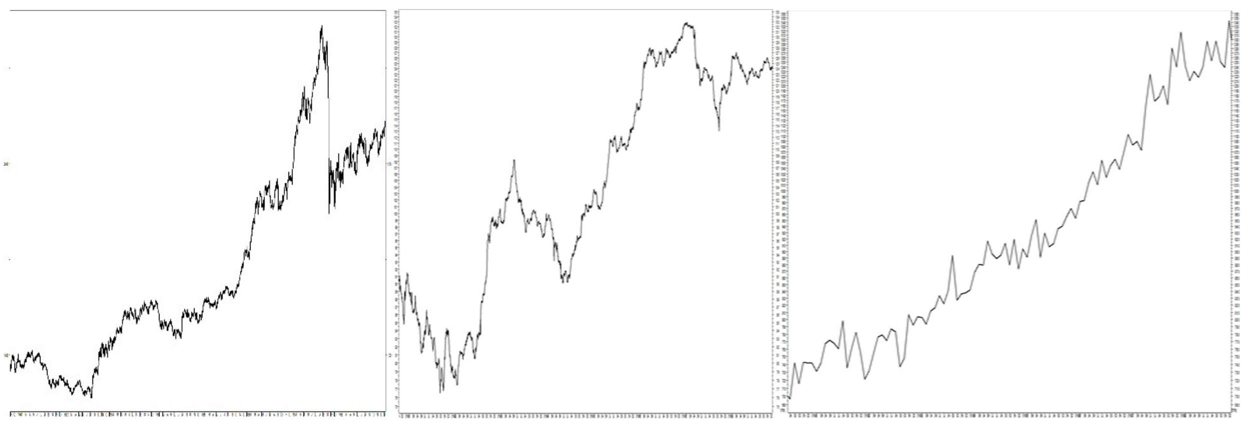
"Whether you are a Republican, Democrat or an Independent - we are ALL investors!"
Ken Winans, 2016 Winans Investment Conference

We study financial history to provide important clues about future opportunities and the near-term investment risks. Our new award-winning, history book, **“Investment Atlas II”** examines all U.S. presidents since 1849 and how stocks, bonds and housing performed during their terms.

Our research has found compelling comparisons to past presidential elections. In the wake of Trump’s victory, the media is focusing on parallels with “Give-em Hell” Harry’s surprise 1948 victory over Dewey, or the “Hanging Chad” mess of 2000 that required the U.S. Supreme Court to rule in favor of George W. Bush.

However, investors should focus on the Carter-Reagan transition of 1980-81 in which the 9% post-election stock market rally ushered in one of the greatest investment booms in U.S. history!

The Great Investment Boom of 1980 - 1988



Dow Jones Industrial Average Up 138% | Dow Jones Corporate Bonds Up 162% | Winans Real Estate Index Up 72%

While today’s economic picture is not identical to the 1980’s (especially when it comes to the level of interest rates and inflation), there are Reagan/Trump positive similarities that investors need to know:

Lower Business Taxes – Since 1913, U.S. corporate income taxes have ranged between 53% - 1% with the current tax rate at 36%. The Trump plan to reduce business income taxes to 15% would be the largest tax cut for corporate America ever! Bottom-line: lower business taxes suddenly makes U.S. stocks attractively valued versus other global investments.

Reduced Regulations – The regulatory pendulum is swinging away from post-Great Recession punishment towards deregulation in order to spur economic growth. This has caused a large shift in stock market leadership towards financial services, manufacturing and energy shares.

Lower Investor Taxes – In addition to a proposed reduction in individual tax rates from 40% to 25%, investment related taxes (capital gains, dividends, etc.) are also going to be substantially reduced. The Trump plan also calls for phasing out the Obama Care investment tax and lowering tax rates for short-term capital gains.

Stronger U.S Dollar – As economic growth expands, a country’s currency should increase in value. Similar to the U.S. dollar’s historic rally in 1985, demand for foreign purchases of U.S. stock, bond and real estate investments should boom!

There are other positive economic developments to also consider:

Gradual Interest Rate Increases- It appears that the Federal Reserve will not make the mistakes it made in the late 1930's when it mishandled exiting its Depression Era "0% interest rate" policy and triggered the Roosevelt Recession. Today, inflation pressures are relatively low, and the process of raising the Fed Fund's Rate ¼ point at a time will gradually return the U.S. to a normalized interest rate environment while economic growth accelerates in a healthy manner.

Republican Controlled Congress - Unlike Reagan, who faced challenges from a Democrat controlled Congress through his entire presidency, Trump should have a faster & easier time enacting much of his pro-business agenda over the next two years.

Lots of Fuel For an Extended Bull Market – Since 2008, many investors have kept large amounts of cash in money market accounts and CDs. As the economy expands over the next few years, much of this money could be invested into U.S. stocks. There could also be an investment shift from low yielding municipal and treasury bonds into U.S. equities.

Winans' Market Research is Very Positive - Our 20 time-tested key investment indicators are positive and confirm the current stock market rally has the breadth and trading volume to go significantly higher. While stocks don't go straight up, we don't expect pullbacks in 2017 to exceed 7%.

What Should Investors do?

The post-Great Recession period brought us historic declines to near 0% interest rates in support of a recovering economy. During this time, income investments (bonds, preferred stocks, reits, etc.) offered investors a total market return far in excess of the dividend/interest income generated without the stock market's high volatility. In fact, many stock investors heavily invested in corporate bonds even though they didn't need investment income.

With the Trump administration's ambitious economic agenda, U.S. common stocks should greatly outperform income investments and could achieve annual returns not seen since 1990's (In fact, the S&P 500 Index had average annual returns of 19% from 1992-1999!).

We recommend that our clients (who do not need investment income and have an average tolerance to financial risk) consider reallocating their portfolios into more U.S. common stocks. For example, investors with a blended portfolio of 50% stocks, 50% income investments might want to shift to 75% stocks, 25% income holdings to take advantage of this financial opportunity.

Please keep in mind that any reallocation into more stocks is not without risk. Historically, US common stocks have negative years 27% of the time and serious bear markets 8% of the time (like the 50% corrections suffered in the Dotcom Bust of 2000-02 and 2008-09's Great Recession). Simply put, any decision to increase exposure into more stocks must include a disciplined plan to exit the stock market when our key indicators turn negative in the future.

Finally, many of you remember that we issued similar special reports in 2003 and 2009 that were followed by strong market rallies. Clearly, we're optimistic at this time and have a high level of confidence in our conclusions.