



*"Risk means more things can happen than will happen."*

Elroy Dimson

Clearly the overwhelming event of the December quarter was the election of Donald Trump as President of the United States.

The consequences of this event are still largely unknown. Throughout the campaign Trump made many, often contradictory, promises. Which ones, if any, are implemented remains to be seen. If and when those measures gain the support of Congress is another unknown. It will be a delicate dance that is played out over the next year or two at least.

There are a multitude of events that can occur; only some of them will. As investors, our job is not to predict events. It is to prepare our portfolios for whatever events are thrown in our path. Investing is generally a probabilistic activity, rarely a predictive one. It's not about picking one horse in the race and going "all in" on the result. As the election of "The Donald" shows us, every now and then a hundred-to-one nag crosses the line first.

December 2016