



## Fannie Mae: Special Situations

The market started to quickly vote post-election on what it believes will be the number-one investment opportunity with president-elect Donald Trump. Since the election on November 8<sup>th</sup>, shares of **Fannie Mae (OTC: FNMA)** have risen a substantial 86%, outpacing every other beneficiary of Trump's post-election agendas.

Our recent stake has been properly structured in our accounts for limited risk, while still positioning us for potentially the greatest gains yet to come. **FMT Advisory** believes **Fannie Mae** still has the most substantial profit potential ahead of it from the Trump victory – with returns potentially ranging from 600% to 2000% from today's price of \$2.74.

We don't have a **Special Situations** category for nothing. And we don't mind using the whole toolbox to manage our wealth accordingly. In this case, owning shares of this GSE, structured wisely, is indeed a special choice.

The thesis is straight-forward: **FMT Advisory believes there is no viable replacement to Fannie Mae.** Imagine deleting the railway transportation system from our country and the repercussions of such an outcome: bottlenecks, chaos, rising prices, shortages, and a complete breakdown of **U.S.A. Inc.'s** operations.

This is exactly analogous to what losing **Fannie Mae** would mean to our country's infrastructure. The housing market would implode, mortgage rates would double over night, the 30-year fixed-rate pre-payable mortgage would disappear, and the mortgage market would be paralyzed.

Our country would be sent right back to where we started with the housing market during the Great Depression, where the necessary liquidity for attaining pre-payable, long-term fixed rates would be non-existent. This would doom us today.

Therefore, re-privatizing **Fannie Mae** is not only in the country's best interest, but it is in *Donald Trump's best interest, too.*

With Donald Trump's ambitious infrastructure plans that are already estimated to be at least a half trillion in outlays... Trump can do right by America by not only engineering **Fannie Mae** back to private hands (and out of the government's), but since the government also owns 79% of the company through its warrants, the government itself can profit by \$200 –to– \$300 billion with a world-class move of re-privatizing **Fannie**. And the only way the government can get at *this* money is to re-privatize the company.

**Trump could use the proceeds of such an astute move for his infrastructure projects.**

This is exactly what our government did with **General Motors (NYSE: GM)** and **AIG (NYSE: AIG)** after injecting capital into them during the financial crises in 2009. Once re-privatized, the government made out like shrewd businessmen, and so did shareholders and the country. The same route should and can be paved ahead for **America** and our all-important mortgage market now that president-elect Donald Trump is taking office.

**Importantly**, Trump has already *hired two economic advisors that are pro-privatization* of **Fannie Mae**, and Trump is all-ears with the hedge fund industry on how best to create a stronger and better **Fannie**, while fortifying the great American housing market.

In a way, betting on **Fannie** is a bet on Trump's entire agenda: deregulation, pro-growth, pro-business, pro-infrastructure projects, and pro-real estate. If Trump goes the way we think he could, the best is yet to come in the shares of our new holding, given that we believe the company could be worth well north of \$30 per share if re-privatized.

This is one special bet **FMT Advisory** is willing to take, and the market is sending a soaring confirmation that all may be right with Fannie and America for at least a little while longer.

**FMT Advisory Research**