

The Top 50 gained a solid 9.2% through the first three quarters of 2024, led by credit, fixed-income, and equity managers. These three strategies, which account for 17 funds, generated 10% gains. But emerging market funds continue to lead the pack, returning 13.3% in dollar terms. And one EM manager--Sandglass Capital--returned more than 24%--the only fund that outpaced the S&P 500.

by Eric Uhlfelder
25 November 2024

NOTHING BUT NET: MARKET ACCELERATES PAST HEDGE FUNDS

The Republican election sweep should ensure the market rally continues through winter while generating a tail wind for hedge funds that are strongly correlated to the S&P 500.

Two consecutive years of 20%+ returns.

Even for the market, that's rarified space. But that's what the S&P 500 is poised to deliver, supercharged by the Republicans' sweeping victory in the November elections.

Alternative funds are not going to come close to matching these gains. The Top 50's solid returns of 9.2% through September pale in comparison.

Nevertheless, many hedge fund allocators appeared satisfied with their consistent performance.

Cedric Dingens, head of global investment solutions who oversees alternatives at the \$12 billion Swiss-based NS Partners, says the firm's profitability across the first

three quarters of the year has been driven by hedged equity exposure, especially in the US.

"While rate cuts so far have not been as sharp as we expected due to sustained US economic strength," says Dingens, "we've also been profiting from the steepening yield curve."

Patrick Ghali, managing partner at the London-based investment advisory Sussex Partners, has seen his hedge fund exposure generate solid returns through the first three quarters of the year. In addition to benefitting from US-focused hedged equities, he's also seen decent returns from fixed-income relative value and regional stock market exposure. Sussex is increasingly constructive

about select discretionary US small- and mid-cap funds.

Market and the Hedge Fund Performance

The Top 50 has seen its collective performance steadily increase over the first three quarters of the year returning 9.2%. It's on pace to match its trailing 3-year and 5-year trailing annualized returns through 2023 of 12.3% and 13.7%, respectively.

But the market's continued outperformance of the Top 50 has doubled from 6.4 percentage points as of March 31st to nearly 13 percentage points as of September 30th.

Even before the post-election bump, the market's returns of more than 22% through September are blowing past its trailing 3- and 5-year annualized

returns of 10% and 15.7%, respectively.

That's also the case for the average hedge fund that reported to BarclayHedge, which exceeded the Top 50 for 2024 through September, gaining 9.5%. Strategies that boosted returns were led by emerging markets, equity long-bias, and fixed-income arbitrage.

If the industry's gains continue through the rest of the year, the average hedge fund is on pace to also dwarf its 3- and 5-year annualized returns through 2023 of 3.4% and 6.3%, respectively.

This suggests the average manager's exposure is increasingly correlated to the market, which to some LPs may be fine while the bulls are running.

Even before this year, for the five years through 2023, the BH average fund correlation to the S&P 500 was already a very high 0.91. In sharp contrast, the average market correlation of the Top 50 was 0.31.

The average fund's high correlation to the market makes it hard to justify manager fees when turbulence again buffets stocks.

Leading Strategy and Fund Performance

The Top 50's emerging market funds continued to outperform all other strategies year-to-date through September, delivering gains of 13.3%.

Genna Lozovsky's Sandglass Capital (ranked No. 33 in this year's survey) was a key driver of returns. The strategy was up a whopping 24.2% through September. The PM explained gains were supported by sovereign debt investments in Argentina, Sri Lanka and Ghana, and corporate credits in Brazil and Ukraine. Equity investments in markets including Argentina and Kazakhstan also contributed to returns, though there has been recent weakness in some of these positions.

After participating in our recent EM [webinar](#), the manager told [Bloomberg](#) that he believes there's more upside in investments in countries that continue to pursue struc-

tural reforms coupled with attractive economic growth supported by an improving global outlook.

Sandglass' returns are driven by idiosyncratic investments, which Lozovsky says is key in distinguishing opportunities across the distressed credit space where there has been a wide dispersion in performance.

Waha Emerging Markets Credit (No. 37) and Enko Africa Debt (No. 18) funds have also rallied more than 15% over the same period.

Waha PM Mohamed El Jamal has seen his fund partially rally from significant spread tightening due to the Fed's first oversized rate cut, which "precipitated strong demand for all assets, HY and IG, and especially front-dated bonds."

Returns were also boosted, says El Jamal, by "large inflows into EM bond funds for the first time since the start of 2023." Even though anticipated rate cuts through 2025 have been pared back from 10 to fewer than 6, which has dampened a bit of the euphoria, El Jamal views, "the backdrop as constructive for EM Credit."

(Waha's 6th-ranked MENA Equity fund is having an uncharacteristically off year. It's been flat through September while the BarclayHedge MENA Index has climbed by more than 14%.)



CONSOLIDATED TOP 50 HEDGE FUND PERFORMANCE BY STRATEGY YTD THRU 3Q24

No. of Funds	Strategy*	YtD Thru 3Q24	5-Year Sharpe Ratio **
6	Emerging Markets	13.27	1.16
7	Credit and Fixed Income	10.38	1.00
10	Equity	9.99	1.29
5	Macro	7.95	1.15
10	Multistrategy	7.52	2.13
2	Event Driven	6.30	0.70
2	Municipal Credit	5.14	1.90
Top 50 Averages		9.20	1.43
BarclayHedge Index		9.48	0.53
S&P 500 Total Return		22.08	0.75

* Eight other funds in the Top 50 involved different strategies
** 5-Year Sharpe Ratio is Thru 2023.

Source: BarclayHedge and proprietary sources

SPECIAL COMMENTARY ON THE ELECTION

What the November results mean (and reject) and how these findings may affect the economy and markets.

Please turn to pp. 7-8.

“The market isn’t just making all-time highs; by many measures, it’s the most expensive stock market that we have seen since the founding of Greenlight (which dates back to 1996).”

- David Einhorn, Greenlight Capital

Craig Stanley, COO at Enko Africa, also found the Fed’s easing as “supportive of risky assets with both the hard currency and local currency indices posting strong returns in September.”

He explains that the increasingly benign EM credit environment has, “helped African high-yield outperform in the credit space, with Kenya and Egypt outperforming over the period after their previous relative underperformance.”

Stanley, however, does caution that, “the escalation of the conflict in the Middle East over the past few weeks has increased the risk to an otherwise supportive global outlook.”

Equity and credit/fixed income strategies each returned around 10%.

The high-yield credit shop Millstreet Capital (No. 17), which has qualified for this survey since the current parameters were adopted back in 2019, generated returns of

11.3% through September. It has continued its remarkable run of 18 straight months of positive returns, having added 3.4% in the third quarter.

Effective credit assessment and valuation along with the fund’s low average duration of 2.1 years and average maturity of 3.3 years has helped it sustain consistency.

But co-PM Craig Kelleher explains these kinds of tight credit parameters have largely prevented the fund from benefiting from the Fed’s aggressive rate cuts. He says that move actually produced a “relative headwind since the portfolio has far less spread duration versus the overall market.”

In propelling equity markets to all-time highs, the manager has responded by adding marginally to long positions whose prospects appear to be improving as spread compression over the past quarter declined by 55 bps. But his team is also, “increasing our short exposure as the

strong rally in the market created more opportunities with many over-levered credits now trading at or above par.”

The most caution was expressed by Greenlight Capital’s David Einhorn. His 10th-ranked hedged equity fund gained a respectable 9% through September. While the manager sheepishly acknowledged significantly trailing the market, he explains that “the market isn’t just making all-time highs; it is, by many measures, the most expensive stock market that we have seen since the founding of Greenlight,” which dates back to 1996.

In his third-quarter investor letter, he was reticent to call, “this market a bubble, and simply observed that the dividend yield is low and the P/E ratio is elevated despite corporate earnings being cyclically high, if not top-of-cycle.”

Einhorn nods to Warren Buffett’s decision to aggressively sell out of a substan-

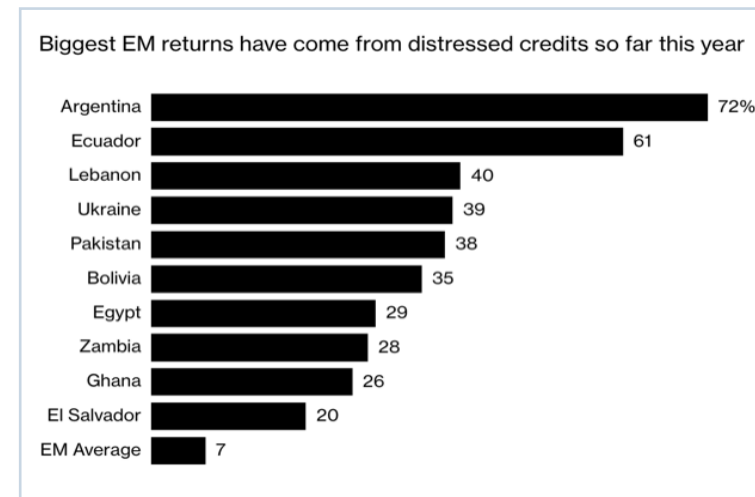
tial number of profitable long-standing positions. The PM doesn’t believe this means a bear market is approaching any time soon. But he does read Berkshire’s move as expressing, “a long-term view that right now is not a great time to have a lot of equity exposure, and that the opportunity set is expected to be better at some point in the not-so-distant future.”

Five macro, ten multistrategy, and two event driven funds comprised the bulk of the Top 50 strategies, respectively returning 8%, 7.5%, and 6.3%.

With global macro funds being up by more than 8.5% through September according to BarclayHedge, the strategy is on pace to have its best year since 2020. This indicates the average macro fund has done even better than those that made the Top 50.

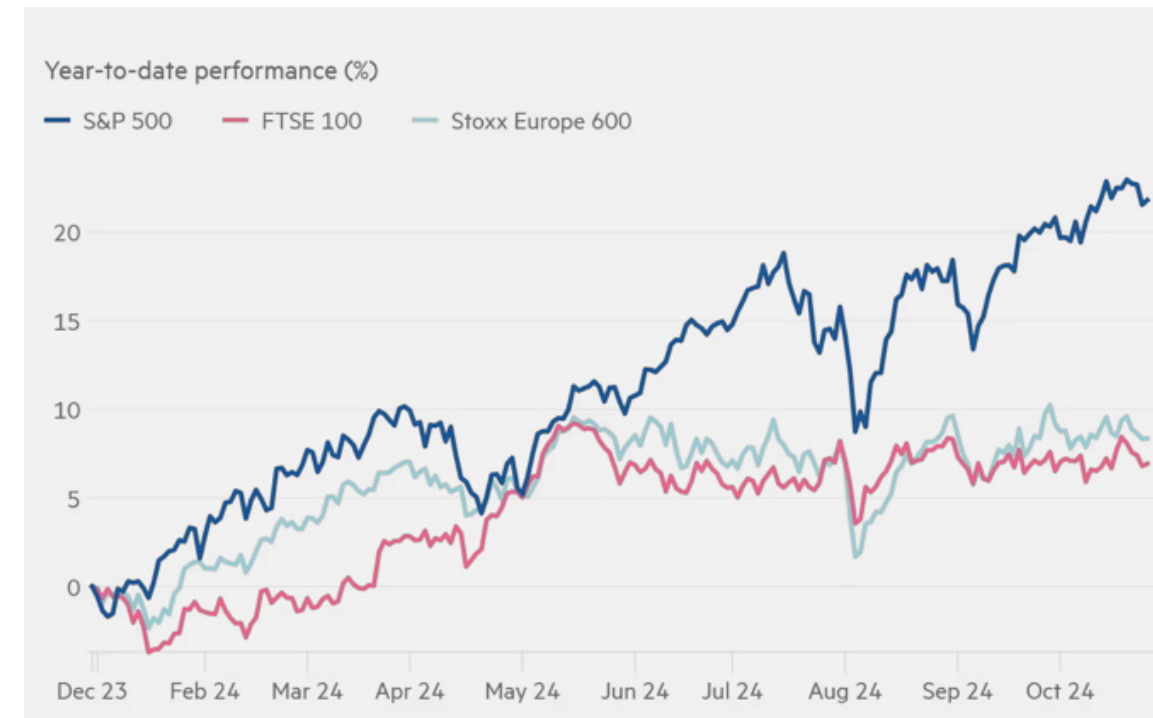
The performance of the average multistrategy fund

DISTRESSED SOVEREIGN DEBT RETURNS



Source: Bloomberg

ECONOMIC DATA FUELS ‘AMERICAN EXCEPTIONALISM’ IN STOCKS



Source: LSEG

is underperforming its Top 50 counterpart. The database reports average gains of 5.8%, which is nearly two percentage points behind the returns of multistrategy funds in the Top 50. (Note: a number of the largest funds in the survey that continue to thrive do not report to BarclayHedge.)

Despite the strategy’s consistent profitability, Sussex Partners’ Patrick Ghali fears possible contagion across mega multistrat funds when a negative event hits. He believes their sheer size forces many into the same large markets and consequently often into the same trades. “Even if there’s only temporary dislocation in these markets,” says Ghali, “that could quickly cascade triggering serious consequences.”

That growing concern may in fact be a key reason behind reduced risk taking and diminishing returns in many of these mega funds.

The average event driven fund generated comparable returns to multistrategy, rising about 5.4% across the first nine months of the year. That’s about one percentage point behind the two event funds that made the survey. This indicates that equity performance is largely being triggered by fundamentals, outlook and momentum rather than by a spate of special corporate actions.

Looking Ahead

How long will investors propel the current rally?

Lots of folks are in the bull camp. Lead amongst them is economist Ed Yardeni, who

has tossed aside his usual balance and has gone all in. He predicts the S&P 500 will end this year at 6,100, rally to 7,000 in 2025, and then add another 1,000 points in 2026. He sees corrections happening along the way, but nothing that will likely derail this train.

More caution is expressed by David Kelly, chief global strategist at J.P. Morgan Asset Management, who thinks even partial implementation of Trump’s proposed policies, “would likely result in sharply-rising government debt and the potential, in some areas, for building economic and market risks.”

Combining this scenario along with the further rise in U.S. equity valuations after the election, Kelly thinks, “investors would be well

advised to continue to rebalance portfolios both across asset classes and around the world.”

Proposed policies that seek to spike an already robust economy and market could lead to overheating, fears PIMCO’s chief investment officer Dan Ivascyn. He notes the sell off that’s already occurring in Treasuries as risk assets have soared on the back of likely hefty tax cuts and universal import tariffs.

While Anthony Novara, partner and research director at the \$310 billion Chicago-based Fiducient Advisors, isn’t surprised by the post-election rally, he already saw US equities as richly valued and presently doesn’t see a great deal of compelling opportunities.

He’s not certain of the net benefits of levying broad import tariffs. But Novara remains cautiously optimistic about the current investment environment.

Even before the elections, NS Partners’ Cedric Dingens accurately surmised that the Republican victory would drive further market bullishness from which he says the firm is positioned to benefit.

He notes that with new Republican leadership comes greater inflationary concerns along with the resurgence of US instability under a Trump presidency, which he surmises will not be contained within America’s shores.

Though NS Partners is not particularly keen on core

When a Remarkably Consistent Fund Fails

DYNAMIC ALPHA SHUTS DOWN

It was hard to see this coming. But not impossible.

This volatility trader, which was launched in May 2016, had been realizing consistent gains of 16% annually for more than 8 years. And it was doing so more impressively than most of its larger competitors by focusing exclusively on the S&P 500.

After it racked up five years of performance to qualify for this survey, the fund earned the 21st spot in 2022 along with a profile.

From reading of its documents and discussions with management, the argument for trading only a single asset—as opposed to a basket of indices—was convincing. The manager believed it would have far greater sensitivity to the pulse and risks of this familiar asset, especially when compared to less frequently traded indices.

The fund's strategy: to capture market inefficiencies in the highly liquid S&P 500 Index options market. It arbitrated the spread that inherently exists between implied volatility (prices investors are willing to pay to hedge future volatility) and realized volatility (the value of the actual variances over the same period).

Until this summer, the fund's only serious misstep had occurred at the start of the pandemic when it didn't have sufficient custody backup. Dynamic Alpha's custody provider backed away from its traditional role which quickly undermined the fund's trading options and ability to manage risk just at the time markets started to tank. The fund proceeded to lose more than 20% in February. But after it secured new custody support, Dynamic Alpha made up all it had lost and then some in March.

Dynamic Alpha proceeded to inch up in each subsequent annual survey to 15th in 2023 and then 14th in this year's report.

The fund was always clear, however, about its Achilles Heel: Soaring short-term market volatility without a major market selloff. This didn't seem a likely scenario. But markets can deviate from the logical.

That's exactly what happened in early August. Problems started after the Japanese Central Bank decided to counter rising inflation and nudge up interest rates by a mere 15 bps, pushing overnight rates to just 25bps.

This triggered extensive unwinding of Yen carry trades, which had extended well into US equities. Stocks started selling off. Then a misread of a single monthly unemployment rate cast doubt about US corporate strength and the country's solid macroeconomics.

A panic ensued and intraday S&P volatility spiked above 65,

and over several days the S&P lost 6%.

All this came to a head for management when it saw option chain pricing of the S&P 500 break down. The normal bid-ask spread of around \$1 soared to an inexplicable \$180 in pre-market trading on Monday August 5th. A contributing factor, according to a source familiar with options trading, was major market makers significantly pulled back, effectively reducing liquidity, hampering pricing and exaggerating the chaos.

The fund suddenly found itself down by more than 20%. Management believed it was looking down a barrel of a gun.

It's unclear whether the team had gamed out various scenarios to deal with this worst-case risk.

It seems management, like many fearful investors at the time, was laser-focused on what it was seeing on its screens and didn't believe the market would promptly refocus on strong prevailing macro conditions to avert more catastrophic losses. Accordingly, the team decided it could no longer sustain trading without taking on greater risk than it was willing to face.

No doubt the immediate situation looked extremely grave. Management had its own material exposure to the fund. But if it had decided to ride out this very rough patch, according to sources familiar with the fund's trading, Dynamic Alpha might have recovered (as it had in early 2020) and turned a profit in August, adding to its gains through July of 7-plus percent.

Instead, management decided to shut down the fund.

In doing so, it compounded existing losses, failing to benefit from the recovery that started just a few days later. By the time the fund had fully liquidated its positions, August losses cascaded to 40%. Dynamic Alpha did not gate nor suspend the fund and offered complete redemption.

It then launched a new, less levered version of the fund with lower targeted returns. A large majority of investors stayed on. The previous high watermark was maintained, which enables them to avoid paying performance fees for a while.

There are basic parallels between LTCM and Dynamic Alpha: strategies were sound, but during an extreme condition, execution was flawed.

Extreme decoupling of the VIX and the market was a very low probability tail risk. But it was always there. So the key takeaway: if there is a weakness in any strategy, despite the remoteness of it happening, push managers to see if they have studied such scenarios and have conceived a variety of potential responses—short of shutting down.

European investments, especially in Germany and France, Dingens does see Spain, Portugal, Greece, and Ireland regaining their attractiveness.

Sussex Partners' Patrick Ghali anticipates several layers of response to a Republican victory. The initial product will likely be less regulation combined with more tax cuts which will likely further boost markets and merger activities.

The second response will be the likelihood of trade wars resulting from the broad imposition of import tariffs which will further increase volatility.

While Sussex intends to keep significant levels of unencumbered cash, it still is overweight US, with half its exposure in America. Between one-quarter to one-third of the firm's exposure remains focused in Asia, with a bias towards under-researched and more thinly traded Japanese stocks.

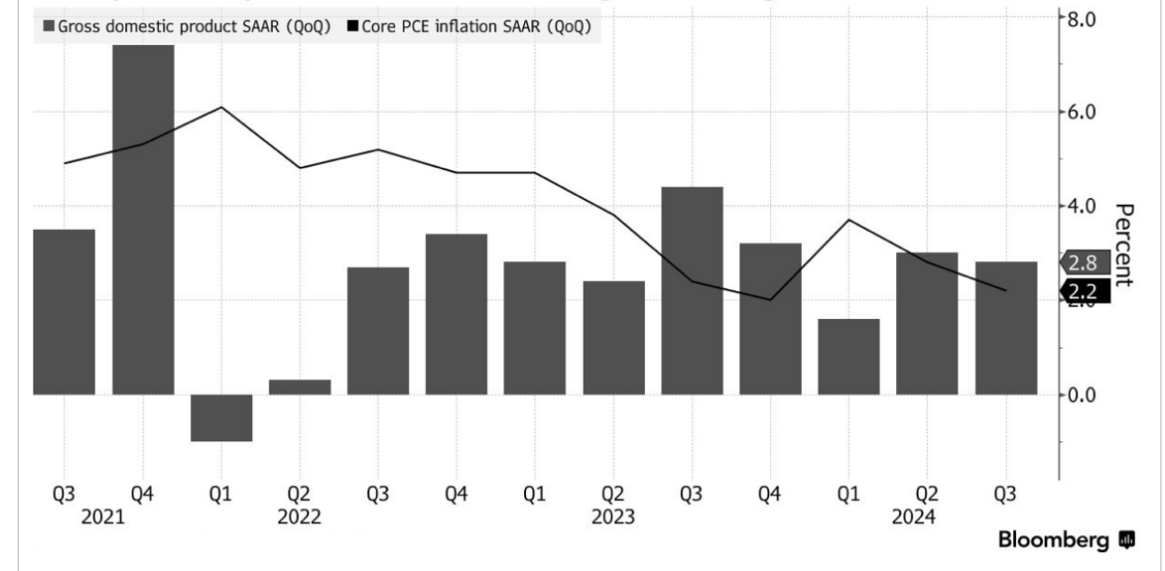
Sussex is not bullish about Europe or emerging markets. It prefers Asian exposure for macro and market neutral, as well as CTAs which focus on niche markets and that trade shorter time frames with little over-night risk.

The firm sees equity market neutral as less attractive compared to variable, low-net managers, especially those focused on specific sectors or niches where a clear edge is discernible versus broader exposure.

“Latest data confirms our thesis that the US is in the midst of the Roaring 2020s, propelled by technology-driven productivity growth.”

- Ed Yardeni, Economist

US Economy Keeps Expanding as Inflation Eases
Fed's preferred price measure was near target in third quarter



Source: Bureau of Economic Analysis

Even with the likely sharp change in US economic policies and related market implications, Anthony Novara doesn't see Fidcuient materially repositioning its current exposure.

The asset manager intends to sustain half its hedge fund exposure in credit and fixed income strategies, one third in equity market neutral and low-net strategies, and around 10 percent in uncorrelated strategies. These include discretionary macro and volatility traders.

Though Warren Buffett and Berkshire Hathaway haven't chimed in about the post-election results and rally, it just may be that the firm was anticipating a sweeping Republican victory.

I have no clue if that factored into the firm's decision to stockpile record cash of \$325 billion. In doing so, the firm has clearly reduced its market exposure.

As David Einhorn recently told investors, Buffett has an uncanny ability to do what

even he says can't be done--time the market.

Einhorn recalls Buffett having closed his fund by the end of the 1960s, sidestepping the ensuing lost decade. He again sold "nearly everything" before the 1987 crash. And he was well positioned to exploit opportunities after the 2008 financial crisis.

For hedge fund managers and investors who can't resist the current narrative, it may be worth noting what's going on in Omaha. ■

COMMENTARY: THE ELECTION, ECONOMY, AND MARKETS

This quarterly and annual report on hedge funds focuses on significant macro forces that affect economies, markets, and performance.

Such events have included the pandemic, war, global supply chains, inflation, and interest rates.

The reelection of Donald Trump is an event of equal magnitude because of his stated goals.

This coda will briefly address what the election results affirm and what they deny in assessing what they may mean for economies and markets.

The sweeping Republican victory was a reversal of voting trends that started in 2018 and continued through 2022 when a Red Wave failed to materialize.

In having given control of congress and the presidency to one party, the vote was a partial indictment of Democratic leadership. It ended divided government for at least the next two years, and is a call for different action.

This includes changes at the border and to end uncontrolled migrant flows into the country.

The election says that prices are too high, and in certain localities questions how well local governments are enforcing law and keeping order.

The results may also be a call for less regulations and a diminished role of government.

But if that's so, voters have apparently discounted the value of significant long-term infrastructure, chips, and environmental programs that were signed into law by the current Democratic administration, which made it the most productive legislatively since the Johnson Administration.

The election results ignored the global

underlying forces that have pushed prices higher everywhere. Incumbents from around the Western world lost power for that reason. But misunderstanding inflation may lead to its return. More about this below.

Voters ignored warnings issued by leading officials from President Trump's first term about his fitness to hold office again.

They also question the need to confront belligerent foreign advisories that have fractured the Western order established after World War II—an existential piece of history that more than half the electorate know little about along with the importance of NATO.

Taxpayers across the West have a right to feel an inadequate return on their investment against Moscow's aggression. But failure of Ukraine to have effectively pushed back the Russians was directly due to the constraints placed on Kyiv by the US and NATO, which ensured no more than a stalemate and now maybe not even that.

The election dismissed the import of January 6th and the need to find accountability for one of the most shocking events in recent American history. Accordingly, there will never be a formal legal rendering about that day.

This matches the lack of accountability from which many Wall Street executives escaped for the toxic brew of securitizations and malfeasance that led to the most serious global economic crisis since the Great Depression.

In financial parlance, Wall Street calls this lack of accountability Moral Hazard. Now we have the same phenomenon in our politics.

In search for solutions, the election results question the extremely complicated

nature of our most significant problems, and sow doubt about the value of robust debate, institutional rules, and the need to compromise in finding responsible solutions

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The Wall Street Journal recently wrote that the economy (re inflation) was voters' top concern.

Future policy that seeks to restrain inflation must understand what causes it. **Many blame Biden's American Rescue Plan for a sky-rocketing CPI. But that doesn't square with the simultaneous rise in prices globally.**

Despite what any politician claims, little can be done to bring down prices short of triggering deflation, which is not on anyone's agenda.

While it may provide an edge for domestic-made products, imposition of broad import tariffs in 2025 does risk inviting US businesses to again raise prices and trigger a new bout of inflation along with a trade war.

If this occurs, the Fed will be challenged to sustain further rate cuts and may possibly push rates higher. Pressure from the incoming administration may again challenge such a turn, as President Trump did during his first term.

Easing financial regulations that will likely stimulate mergers is argued to be good for efficiency and stock prices. But unchecked deal-making and the increasing concentrated ownership of goods and services usually comes with enhanced pricing power which can be inflationary.

Environment and climate risks are a reality across the country and globe and various businesses are reacting to them, from the explosion of alternative energy firms to property insurers.

Chronic large storms are draining FEMA resources and those of other disaster relief agencies. But if these risks are not recognized by leadership, then they will be left to intensify and cause environmental, economic and inflationary problems.

Bottom line: The anticipated Republican agenda may prime Wall Street for near-term gains. But spiking an already healthy economy could lead to bubbles, excesses, and unintended but predictable consequences.

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Early in Donald Trump's first term, his lead counselor Kellyanne Conway tried to explain one of her boss' dubious claims by expressing belief in there being more than one reality, that there are indeed Alternative Facts.

I always figured as a seasoned communicator, Conway simply gaffed, probably meaning to say Alternative Perspectives. That would've made more sense even if her argument didn't.

But the more I've thought about this, I think she said what she meant. And now that the Republican party is faithfully behind the president elect, failure to recognize and respond to reality is playing a dangerous game.

Investors require transparency and clarity to assess conditions on which to base decisions. And they need government to take the same critical approach to governing. But the next administration by its own admission is likely to be lacking in broad and challenging discourse.

I'll leave the last word on what that might mean to the *Financial Times*, whose recent editorial addressed President Trump's first set of actions after winning back the White House.

Financial Times Editorial

16 Nov 2024

Donald Trump's alarming picks for government

The president-elect has put unwavering fealty above competence or suitability

As Donald Trump's choices for his top team have been revealed this week, it has been hard to know which is the most dumbfounding. Is it the Fox News presenter Pete Hegseth as head of the world's most powerful defence department? Is it Matt Gaetz, who has said the FBI and justice department must be brought "to heel" or abolished, as chief law enforcement officer? Or is it the vaccine sceptic Robert F Kennedy Jr to lead the \$1.7tn health budget?

What is clear is that many of Trump's choices are about as bad as could have been expected. The "adults in the room" who provided some checks in his first term will be replaced this time by appointees chosen entirely for loyalty and subservience, not experience or suitability. This may yet be a moment of over-reach. Senate Republicans, some as aghast as anyone at Trump's picks, might side with Democrats to block one or two. Some appointees may cause chaos — though Trump thrives on chaos. At worst, however, his choices may represent the lurch towards authoritarianism that his opponents and many US allies have feared.

His picks are not universally disastrous. Marco Rubio as secretary of state and Mike Waltz as national security adviser are traditional foreign policy figures who believe in a strong America and spending on its armed forces.

Charging two entrepreneurs, Elon Musk and Vivek Ramaswamy, with pruning government red tape and spending is not, in principle, a nonsensical idea. But Musk's hard-charging approach risks destabilising US governance, and the world's richest man has a chance to bend regulators to his will, apparently unconstrained by huge conflicts of interest. At the Department of Health and Human Services, meanwhile, the appointment of Kennedy, whose maverick

views put him at odds with the very agencies he would supervise, could do real damage.

It is in the security, defence and law enforcement fields, however, that Trump's choices sound the loudest alarms. Step one in the strongman leader's playbook is to ensure control over the spies, generals and prosecutors. As director of national intelligence, former Democrat Tulsi Gabbard combines all the zeal of a Trump convert with unsettling apparent sympathies for Russia's Vladimir Putin. Hegseth, the Pentagon pick, shares Trump's obsession with ending "woke shit" such as diversity, equity and inclusion programmes that they claim have weakened the military. But alongside reports of a potential executive order to create a review board to remove generals "unfit" for leadership, his appointment raises concerns that the president-elect aims to purge any who might reject orders they see as unconstitutional.

Trump's nomination for attorney-general, Gaetz, has faced a justice department investigation into alleged sex trafficking, and a House probe into alleged ethics breaches including sexual misconduct, drug use and the acceptance of gifts — all of which he has denied. But his obeisance to Trump seems without limit. His confirmation would clear the way for Trump to use all the might of US law enforcement to exact vengeance on those — in politics, the media and the justice system itself — he believes have wronged him.

Two sources of hope remain. One is that the powerful defence, justice and health bureaucracies can stand up for the rule of law and for public accountability, including upholding scientific standards. The second is that the few Senate Republicans who have not entirely thrown in their lot with Trump are prepared to put country ahead of party and reject the most egregious nominations — Gaetz above all — and resist the president-elect's push to make recess appointments that would circumvent the Senate approval process. This ability to act as a check on the presidency is among the most vital powers of the upper chamber. The reality, however, is that since 2016, Trump has remade the Republican party in his own image. Now he is poised to do the same with the US government itself.