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## **The Election and the Stock Market**

The months leading up to a presidential election is one of my least favorite times. The non-stop political ads, the unsolicited phone calls and text messages, and the never-ending arguments on social media can be stressful and overwhelming. It almost seems the election season tends to bring out the worst in some people.

But this Benedict Brief is not about personal preferences, it's about the election and the stock market. We've received a lot of questions over the last few weeks regarding this topic, so we thought we should share our thoughts on the subject.

A typical question is something like, "Should we get out of the market before the election?"

Most of you probably know our answer to that question, but let's look at some facts and history:

### **Predictions are hard, especially about the future**

We try to prepare rather than predict and we prefer to follow a well-designed plan or strategy.

### **Markets have historically performed well under both parties**

History shows us that markets have performed well under both parties. Surprisingly, the best returns happen under a divided power, proving that the markets prefer a checks and balance system rather than a unified situation.

### **Commerce trumps politics**

This is just a simplified way to think about long-term investing success. Overall economic activity is more important than what happens in Washington. Instead of focusing on all the noise surrounding politics, the news headlines and the crisis du jour, try to remember that long-term global economic activity is the primary driver of stocks.

### **Extreme dislike for the government or a politician is not a good investment strategy**

Politics are emotional. Many of us have strong opinions on issues and the media

knows that and plays into it. Their ads can stir up fear, worry and anger. But these emotions are an investor's biggest enemy. Many times, emotional decisions are not the best decisions. Remain focused on a well thought out plan or strategy rather than letting your emotions guide your thinking.

Regarding the question, "should we get out of the market before the election?" Our answer is, we are not making drastic changes in our investment strategy due to the upcoming general election. Our focus remains on owning high quality assets that generate current income and have the potential to increase that income in the future. We strive to own quality businesses that can survive and thrive under any economic (or political) environment.

We continue to advise clients to focus on what they can control...their monthly spending, debt levels, reserve cash in the bank, etc.

We have several more weeks until the election and, undoubtedly, the ad spending will increase, the media coverage will be relentless, and emotions will be running high. But with everything else going on in the world today, a little kindness and respect would be a welcomed change.

As always, please contact us with any questions or concerns.

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## WHAT WE DO...

**We prepare retirement income plans, which are essentially blueprints to help our clients pursue their long-term retirement goals.**

**We manage our clients' investment accounts on a fee basis with discretionary authority focusing on meeting their objectives rather than focusing on what the financial markets may be doing.**

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