

# 5 BREXIT TAKEAWAYS

## for U.S. INVESTORS

Great Britain shocked the world by voting to exit the European Union (EU) on June 23rd.

This 'Brexit' is unprecedented, and the anxiety around what happens next is stoking volatility in global financial markets. Here are five guidelines to help U.S. investors chart a course through the uncertainty:

### 1. MARKETS OFTEN OVERREACT TO HEADLINES.

In the long term, stock movements tend to mirror economic and financial fundamentals. However, in the short-term, events like the Brexit can cause markets to whipsaw in response to

fear and uncertainty. These short-term reactions don't tell us much about what lasting effects the Brexit might have on markets and the global economy.

*As an investor, it's important to keep calm and avoid becoming part of the overreaction.*

### 2. THINGS MAY GET WORSE BEFORE THEY GET BETTER.

Historically, markets have often oversold after a geopolitical shock and then regained ground in the weeks and months that followed. We don't know if that will happen now, but expect plenty of volatility and exaggerated headlines as Britain negotiates its messy divorce.

*Tune out the noise and be ready to ignore the barrage of Brexit-related headlines in the coming weeks and months.*

### 3. IT'S TOO SOON TO MAKE PREDICTIONS.

Right now, there are too many unknowns in Britain and Europe to make accurate predictions. That doesn't mean you won't see pundits predicting everything from a glorious new day to the apocalypse. Most of these predictions will turn out to be wrong.

*Instead of worrying about predictions and polls, we focus on market and economic fundamentals when making investment decisions.*

**4. EXPECT SURPRISES ALONG THE WAY.** Britain's vote was just the first of several key elections in Europe, and it's unclear how the Brexit will affect those votes. We also have no official timeline for the exit, and there's a very small possibility that a Brexit may not happen at all since the referendum result isn't binding.<sup>1</sup> Markets will likely experience continued volatility as investors digest possible outcomes.

*Savvy investors stay flexible and look for opportunities amid the turmoil.*

### 5. ASK YOURSELF: HAVE MY FINANCIAL GOALS ACTUALLY CHANGED?

In and of itself, a market event isn't a reason to change strategies. Though market pullbacks can provoke anxiety, it's important not to make emotional decisions. No one can say how the Brexit will play out, but prudent investors who keep their cool can pursue their goals regardless of what happens.

*We position our clients to pursue success in a wide variety of market conditions and are carefully analyzing the data to determine whether to make prudent adjustments to our strategies.*

<sup>1</sup> <http://www.vox.com/2016/6/25/12031254/no-brexit-article-50>

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