



## **Should Investment Decisions Be Based on Political Outcomes?**

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Let's face it – 2016 has been one of the most tumultuous election years in our country's history. No matter whether you're a Republican or Democrat, we can all agree that the divisiveness of this year's political cycle is unprecedented, from the race for President all the way down to local offices. It's safe to say that this year's elections are generating strong emotions among voters, no matter which candidates they prefer.

These emotions are extending to voters' investment decisions as well. According to a recent poll by the Tampa Bay Business Journal, more than 60% of readers responding to a survey say they are waiting to make investment decisions, whether for themselves or their businesses, until after the elections. As investors, we typically associate uncertainty with volatile stock performance. It makes sense—we want to make sure our portfolios are protected, and we are inherently more likely to buy when we feel confident and comfortable. However, when planning your financial goals, it is important to not base your investment decisions on election outcomes.

Presidential election years are not historically poor years for the stock market. In fact, it's quite the opposite: markets have gone up in 17 out of 21 presidential election years since the Great Depression. Additionally, it is important that we not lose sight of the fact that, it is the fundamentals of the economy that drive markets over a long term, not election results.

In 2016, investors should not be asking themselves what to do based on which candidate wins in November, but rather, what are your long-term financial goals? The key to a successful financial investment strategy is to develop a plan and stick to it. Some questions investors should ask themselves and their financial advisor this year, rather than worrying about election outcomes, are:

- What are my long-term financial goals?
- How much money do I need to save for retirement?
- How much do I need to save for my children's education?
- How diverse should my portfolio be?
- What is my monthly budget, and how much should I allocate toward investments?

It is imperative that investors understand that elections and their results are short-term events. Investment decisions should not be driven by events like elections, but rather by sound reasoning as in any normal situation. By focusing on your specific, long-term financial needs and goals, you and your financial advisor will be able to develop a sound strategy to pursue your needs – regardless of who wins the White House in 2016.

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