HUDSON
*DYNAMIC RETIREMENT*
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Brief Notes 11/14/2016

# The Election & Your Portfolio

Differentiating pandering campaign "promises" from realistic government policy that may actually get implemented make the results of this election difficult to evaluate when it comes to economic and investment performance. Additionally, in many cases, financial market growth is not directly correlated to economic growth. The uncertainty this election has created regarding these issues is nothing new. History has shown that the effect of election results on short term market performance, as is usually the case when it comes to investing, is impossible to predict. Fortunately however, there is no evidence to suggest that election results negatively affect long term market performance. Regardless of who wins on November 8th and any subsequent short term market reaction it may cause, our diversified portfolio approach should remain an effective strategy in continuing to address your financial goals.

## Policy Promises to Market Performance

I of course have my opinions as to what proposed policies might be beneficial to the long term growth prospects of your portfolio. Each candidate and their respective parties offer both advantages and disadvantages. As a small business owner, I have little doubt that reducing income taxes and overburdening government regulation (not all regulation of course) would be an economic benefit. But at the same time, it is hard to argue against free-trade as a means of fostering overall long term global growth and opportunity.


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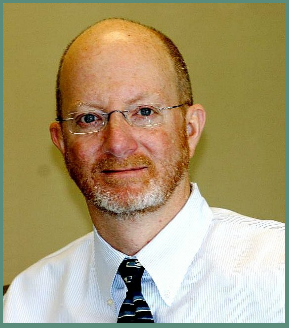

Andrew Brief, ChFC

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From another perspective, "uncertainty" is generally an environment that is unfavorable when it comes to short term market performance. I guess both sides could put up a strong argument as to the result that would cause more uncertainty! The consensus initially portrayed Trump as the less "stable" choice due to his demeanor and personality. However, FBI investigations of Hillary and the Clinton Foundation make her future ability to govern unclear as well.

Regardless of the uncertainty that all elections create, market performance does not appear to be correlated to presidential election results. Double-click the following pdf developed by Dimensional Fund Advisors. It nicely consolidates this data and helps put things in perspective:

Presidential Elections & the Stock Market (pdf)

## Your Retirement Plan is the Best Defense Against Uncertainty

Over many presidential election seasons things have certainly changed. There are countless variables affecting world events motivating us to try and find new solutions to both systemic and new problems and issues. Fortunately however, sound investment fundamentals and prudent portfolio management have changed very little over time. Developing a clear understanding and being able to quantify one's financial goals remain as the vital "first steps" in this process. Implementing and *maintaining* a well-balanced, diversified portfolio in the face of all the uncertainty we face on an ongoing basis has, and should continue to be, an effective solution for meeting our retirement


planning objectives. Although presidential elections and media attention provide the impression that the uncertainty created is something more meaningful when it comes to our financial security, not reacting and looking beyond the short-term turmoil is still the recipe for success.

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**Best wishes,**

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## Hudson Dynamic Retirement

[1]Using asset allocation and diversification as part of your investment strategy neither assures nor guarantees better performance and cannot protect against loss of principal due to changing market conditions

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