<u>**What Will Happen to You When Hillary or Donald Wins? – Alex**</u>

Many of you have asked me about the presidential election. This topic is almost always the number one question on your minds. My first reaction is to remind investors that proposal differences during the election are always bigger than implementation differences post-election. Our current divided government ensures that presidents get only a small portion of what they want. This usually means that investors put too much weight on election outcomes vis-à-vis portfolio expectations. Guessing whether Secretary Clinton will be bad for healthcare stocks or Mr. Trump will be good for military/defense stocks is a poor way to construct a long-term portfolio.

Just because I offer this advice to our clients, it is often not enough to soothe all of their nerves. Last week I was asked by two married couples to discuss if they should sell their stock portfolios and "hide" in cash until the election is over. This is the eighth presidential election that I have been a financial advisor. It is easy to say that I have never seen this level of investor concern with the two presidential candidates.

Are there substantial differences between Hillary and Donald? I would answer yes. The major differences are on immigration, tax reform and future Supreme Court appointments. They somewhat agree on infrastructure repair of our roads, bridges and airports. They also have some agreement on closing some tax loop holes that favor higher tax bracket individuals.

Clinton publicly supports the new fiduciary rule promulgated by the U.S. Department of Labor (DOL), which requires financial advisers and institutions that are making recommendations on the investment of retirement accounts to act in the best interests of clients. Trump hasn't taken a position on the DOL's fiduciary regulation, although some believe he will stop the rule, and Republican lawmakers are mostly against the rule.

Regardless of the winner, Washington gridlock won't likely produce major policy changes, although some modest corporate tax reform and infrastructure projects are possible. While long-term return implications are uncertain, many financial professions believe Mr. Trump's newcomer status and lack of policy history would make him the source of more short-term volatility. I don't favor trying to time the stock market by selling stocks and sitting in cash. If one was certain that one candidate would cause the United States economy to slide into a deep recession, then yes, of course I would consider reducing our client's stocks allocation. But no one has that kind of window into the future. We have been through the resignation of Richard Nixon and the impeachment of Bill Clinton, and yet the markets are at nearly all-time highs. I advise clients to develop a financial goal plan that includes their risk tolerance, and their future dollar needs. If an investor needs growth to reach their goals, then they should consider owning high quality stocks for the long haul and decline the urge to time the market based on who wins the 2016 election.