



October 7, 2016

## The Election & The Media

The third-quarter ended with a positive surge in many world markets and, here in the U.S., domestic markets had their best quarter of the year. The S&P 500 returned 3.85% and the Dow checked in with a 2.78% gain<sup>1</sup>. The Fed did not raise interest rates and the Brexit vote in June has not destabilized the markets.

On the other side of the coin, we have the on-going anticipation that the Fed will raise rates this year and the chaos of the U.S. election season. We would not be surprised to see sporadic or wild swings of market volatility before year's end.

We are not going to attempt to forecast the results or the implications of those results - that isn't our bailiwick. Furthermore, we have been terribly disappointed with the media's presentation of, not only the presidential race, but candidates and this election circus from the state level on up.

Whoever comes out on top in November will not be the elected "Dictator for Life". We are a democracy with three branches of government. Perhaps now is the time for a more vocal, grassroots involvement. Both major candidates have strong opposition. The 1960 Kennedy-Nixon election was characterized by vicious attacks from some religious groups that the Pope would dictate how to run our government if a Catholic candidate, Kennedy, were elected. He won with 49.7% of the vote versus Nixon's 49.5%<sup>2</sup>. I don't think the Pope ended up having a say in our government during Kennedy's term.

The world markets, in this age of up-to-the-second news, react instantaneously to developments (positive and negative). The way we protect against this volatility is by diversification across, and within, asset classes. We remain focused on your long-term investment goals.

Being a stalwart of the financial industry for more than three decades, John Ferguson gets called on by news outlets for his opinion on breaking stories. It has been his experience that the media isn't looking for a rational, measured response. They simply want reinforcement of the speculation or fear surrounding the news.

We do not make investment decisions based on the media's pronouncements of how the markets will react if (fill in the blank) is elected. When you hear the words "growing concerns", please just dismiss them. Every day someone in the financial world has "growing concerns" about something. If you take a step back it all ends up just being noise.

We will exercise our right to vote on November 8<sup>th</sup>. We may also exercise our right to celebrate or cry the next day. God bless America.

John, Derek, Jon, Stacie, and Andrew

<sup>1</sup> Source: Morningstar, Inc.

<sup>2</sup> Source: National Archives and Records Administration

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Investing internationally carries additional risks such as differences in financial reporting, currency exchange risk, as well as economic and political risk unique to the specific country. This may result in greater share price volatility. Shares, when sold, may be worth more or less than their original cost

Neither Asset Allocation nor Diversification guarantee a profit or protect against a loss in a declining market. They are methods used to help manage investment risk.

Indices are unmanaged and investors cannot invest directly in an index. Unless otherwise noted, performance of indices do not account for any fees, commissions or other expenses that would be incurred. Returns do not include reinvested dividends.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. It is a market value weighted index with each stock's weight in the index proportionate to its market value.

The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 actively traded "blue-chip" stocks, primarily industrials, but includes financials and other service-oriented companies. The components, which change from time to time, represent between 15% and 20% of the market value of NYSE stocks.

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