

## Election Day Jitters

November 3, 2020

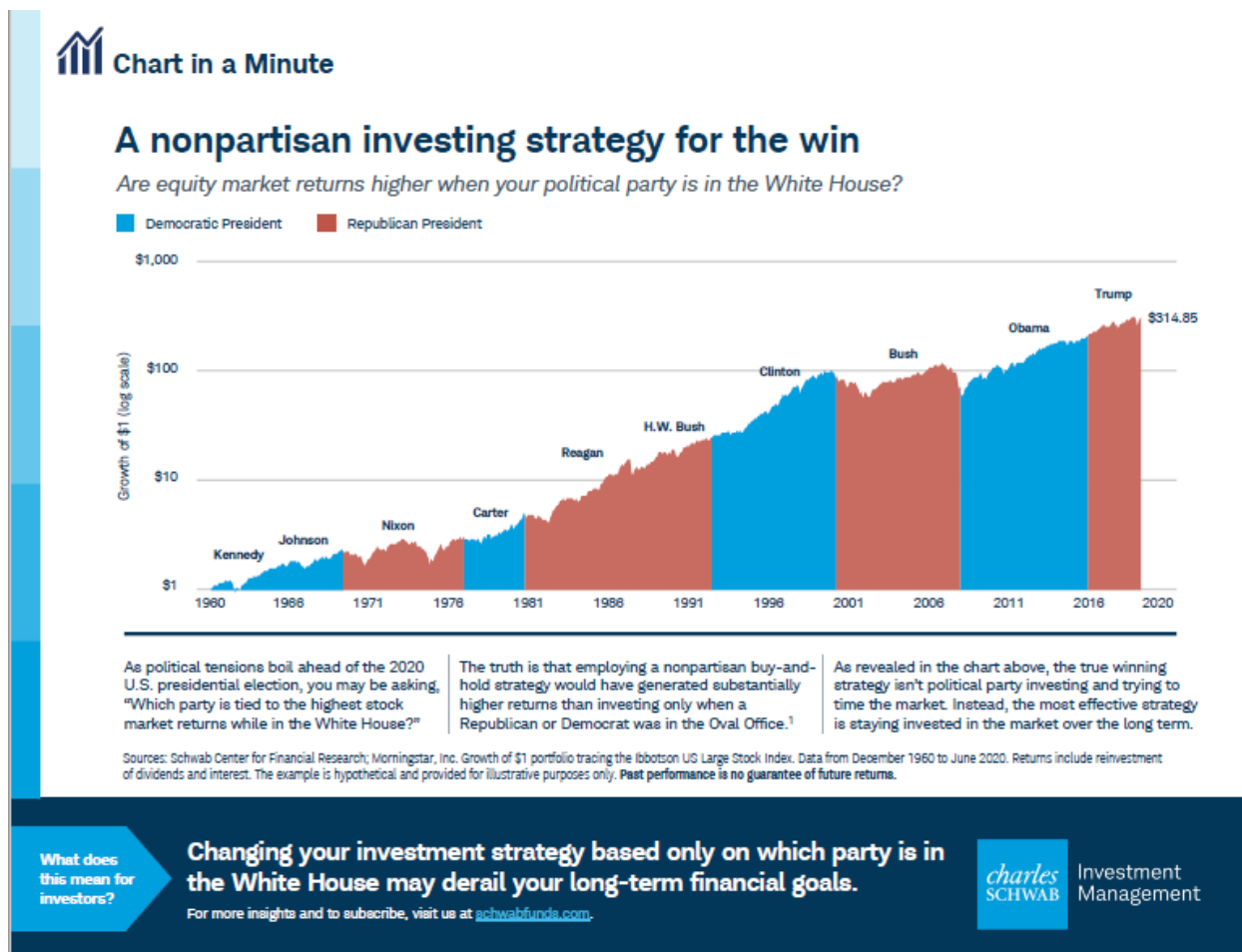
Election Day is finally(?) here. As I write this, nearly 100 million ballots have already been cast and many states are preparing for an extended counting process. Americans are being advised to go to bed tonight without knowing the results of the election.

U.S. stocks were in rally mode again today, for the second session, after the worst week since March. The bounce back is supported by hopes for a clear-cut election outcome though we know that outcome will not likely come tonight.

Though today is Election Day and our focus should be on the next leadership of our Country, there are so many concurrent issues demanding our attention and influencing the election – the outcome of the election, the spread of COVID-19, the soaring and yet incredibly volatile stock market, the short and long-term impact of the economic recession, and the lack of a fiscal relief package. This uncertainty is likely to inject fresh volatility into stocks. Last week's decline was the worst since March but also the third meaningful pullback since the March 23 low. The COVID virus itself continues to be a culprit in the market volatility but the lack of a fiscal relief package and heightened election uncertainty are also to blame.

I could fill this page with charts and data about what the market has done during past elections, but I will save my charts and analysis for a future communication. For today let us focus on how you and your portfolio are positioned in these shifting waters. We are committed to discipline, diversification, and periodic rebalancing during these uncertain times. We have shifted into high-quality investment grade bonds and Treasury securities on the principal protection side, and into disruptive technologies and clean energy on the opportunity side. Of course, we continue to maintain diversified exposure to all classes of the market but have prioritized our focus to limit downside risk. With these adjustments we remain committed to full investment throughout the current and likely upcoming volatility.

Historical data is clear that it is far more profitable to remain invested through all political cycles rather than just when one party or another is in office. In fact, the markets tend to perform best when there is bi-partisan representation in Congress and the White House. The chart below, put together by Charles Schwab Investment Management, illustrates this rationale.



So, though we are all experiencing election night jitters, and these jitters will likely continue for several days until we have an acknowledged outcome of the election, we need to remember our mantra – discipline and diversification.

2020 may be a year for the record books and not in a positive way. As we experience disheartening levels of conflict and violence among Americans let us each remember what we can do to support one another. We are here to support you. Please do not hesitate to reach out to us with any questions or concerns.

Warmest wishes,

Priscilla N. Gilbert, CFP®