

It's On.

Everyone I know is weary. Weary of months of distancing and caution, weary of worrying about our loved ones' health, finances and spirits. Weary of environmental disasters, civil conflict, and (particularly) weary of so much political strife.

In the last few weeks, I've noticed that this exhaustion and underlying stress has spilled over into my clients' financial thoughts. Several have asked whether we should "wait it out" and keep more cash until the election is over. Those who know me well prefaced the question with, "Adrienne, I know we can't time the market, but don't you think it makes sense in this case to..."

First – I get it. We've been a rowboat tossed about all year and want to spare ourselves more turbulence.

Second – I'm sorry, but there are no 'sidelines' in asset allocation. This isn't a hockey match, where you can be a passive supporter in the stands. No, this is Kevin Costner's "Waterworld,"¹ in which there are 2 choices – land or water – and if you don't pick one as your survival platform, you have by default picked the other. The idea of 'I won't choose' does not exist. You're always somewhere.



For argument's sake, let's say an investor deliberately chooses cash. So in holding excessive cash, what is he or she trying to accomplish, and will it work?

Investors who hold cash crave 'clarity,' of some kind. Here they want 'clarity' in the political arena, after which they will know the name of the next President, and thus expect equity markets to become less volatile. They will 'feel safer' and can 'prudently' invest once they see a clear path to recovery.

Fine. But this is a fool's errand, not least because from day-to-day and week-to-week market prices do not

correspond with companies' earnings (which is what boosts market prices in the long-run).

I also must admit I am unclear what 'clarity' looks like (as, I suspect, are they). Do we have clarity once all ballots are counted (however long that may take) and the President has been elected? Or do we have clarity once he has taken office and begun fleshing out his fiscal and monetary objectives? Or do we have clarity only once he proposes a new tax plan to Congress (or actually – only once both houses have voted and passed it)? Or maybe we have clarity only after we see the economy strongly on the mend? And for how long? And the trade imbalance, and the strong dollar – shall we wait for all of that to play out?

Ultimately, the financial growth of

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companies is what matters. Public policy affects international trade, industry regulation, tax brackets, and health care. But will you make yourself better off making short-term allocation bets based on speculation? Statistically, no. Should we wait until things 'become clear'? Statistically, again, no.

Because things never become quite 'clear.' **Policy and economic development happen in real-time.** Once the election is done, proposals a candidate has stumped on the campaign trail are negotiated in the actual world of political and financial reality and turn out looking different. And economic challenges persist regardless of who's elected – e.g., will the election outcome change the need to increase future tax revenues to pay for expensive (but necessary) pandemic relief packages such as the \$2trn CARES Act? Doubtful.

This is one reason that good financial planning is dynamic. (But not impulsive). **We adapt as the world changes around us. Just as good companies do.**

And in the end, we invest in companies. Here are my questions for you:

- Will innovation, medical development, and the relentless competition of public companies halt, depending on who is elected?
- Will the President significantly alter our desire and need for choice, comfort, and consumption?
- Will great companies retain their ability to adapt to changes in the business environment, regardless of who wins? And if they cannot, do we really believe that no smaller, scrappier companies headed by eager leaders will rise to take advantage of an opportunity in the marketplace?

Most of you know where I stand in this election cycle. But in the larger scheme of things, it doesn't matter what I think. And from a pure investment standpoint, it also doesn't matter who wins. Good companies will adapt, prevail, and grow.



As your advisor, I offer: Don't let your fear or confidence get the best of you as we wait for the answer of whom our next President will be.

And tomorrow (or whenever the final count is through), may the best man win.

May he, truly.

—Adrienne

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¹Quarantine has been long, and we all need divertissement.

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