TRIVETT WEALTH MANAGEMENT

THE PRESIDENTIAL SWEEPSTAKES

AND A DANGEROUS CONFLATION

As I enter my 20th year as a professional investment counselor I have come to understand an extremely basic, yet profound truth about money and the nature of financial decision-making. Namely, that investment success is a pursuit that rewards temperament far more than intellect. There remains an unrelenting correlation between how emotional we get and how bad an investor we are.

Permit me to put an even finer point on it: one's cerebral acumen, education, or even income level are no better at predicting investor returns than one's hair color.

What does this have to do with presidential elections? Turns out a lot.

At present, we are a mere three months away from what will inarguably be the most heated and passion-filled election in my lifetime. The first presidential debate is slated for September 29 at Notre Dame University. By that point, I suspect rage throughout the Republic, on both sides of the aisle, will be abundant and without recess.

You may very well be someone who internalizes the happenings of our political process. There are those who, God help us, spend hours every day staring at FOX NEWS or MSNBC with bloodshot eyes, while stewing at whatever apocalypse du jour is being disseminated.

To that, I say go for it. If politics is your entertainment venue of choice in the absence of a robust lineup of college and professional sports, then cheer for your team until you run out of breath. Get passionate. Vociferously voice your position. It's your constitutional right. After all, elections matter. Presidential elections, in particular, have significant cultural and social implications for our nation. Nowhere in this article will you find an argument to the contrary. In fact, I concur with the notion that this election in particular is far more consequential than most.

But let's stop right there. When your political leanings begin to persuade your investment decisions, you are entering dangerous waters. Passion, while serving you well in many areas of existence, proves to be an expensive enemy for your wallet.

My point*:* A diversified investment portfolio of mainstream equities is, in the long-term, gloriously indifferent to who holds political power. The most well-funded institutions in the world find ways, over time, to make money, *despite* the political landscape and/or the corresponding tax or trade policy.

If companies don't like what's going on in Washington DC, they could do a host of things . . . move business overseas, cut their domestic workforce, or simply sit on cash until the political winds change. No matter the case, corporations are brutally innovative when it comes to profitability. They can't help it. It's hardwired into their DNA – not to mention being implicit within a board of directors' fiduciary obligation to their shareholders.

Every day nearly 300 million Americans wake up with the singular goal of improving their lives—which, by the way, has been the case with every preceding generation. And on the other side of that ever-present desire are those same adaptive, nimble, innovative, and well-funded enterprises just itching to serve that need and generate profits for their shareholders.

Incidentally, you can bet the farm that in the months to come there will be an endless line of blathering prophesiers, eagerly predicting the market's reaction to the election outcome (for the record, I have not the interest nor the aptitude in making such predictions). And due to the sheer volume of these prophesies, some of these prognosticators will inevitably be right – just like my 4-year-old is right 50% of the time when we play the coin flip game. It should be manifestly obvious that there could be a sudden surge or slump in the equity markets in the days immediately following a heated election, depending on the outcome. This reality should remain wholly immaterial to the long-term investor.

Aside from the fact that no one should ever be investing for today, let us also remember that market volatility and permanent loss don't sleep in the same bed. And in the long run, that is all that should matter to the efficient accumulator of shares.

So, let's all do ourselves a favor and aggressively dispatch with the notion that whoever gets elected will thoroughly demolish or exalt (choose one, depending on your political persuasion) your long-term investment portfolio.

As for me, I'm throwing in with history, which time after time has demonstrated the market's beautiful agnostic orientation to the momentary occupier of The White House; all the while, straining to avoid the sirens of market timing and what John Dos Passos described in 1941 as the "idiot delusion of the exceptional Now."

And in spite of this election's hyper-anxious climate, (and we might as well sprinkle in a global pandemic and social unrest) in the end there remain merely two types of investors: those who say 'this time is different' and those who say 'this too shall pass.' I hope you will join me in remaining firmly and perpetually footed in the latter camp.

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