

# Trust & Investment Management Group

**“The stock market is designed to transfer money from the active to the patient.”**

- Warren Buffett



## Two rules seem quite clear to me these days.

Don't invite your Michigan and Ohio State friends to the same pool party and don't ask your Democrat and Republican friends to the same dinner party. Trust me, even though these events are now held over Zoom, it's not going to be a very pleasant experience.

In a similar spirit, there are a couple of other dynamic duos in life that go together like Ferris Bueller and Principal Rooney at a poetry reading:

- ▶ Politics and investing
- ▶ Financial plans and short-term investing

Regardless of your politics, it is usually a coin flip on whether it is better for your investment portfolio to have a Democrat or Republican in the White House. It typically depends more on the starting point and what type of expectations are priced in for future returns.

George W. Bush had a terrible starting point as he took over in 2001 following a 210% rise in the S&P 500 during the Clinton years. Barack Obama, in hindsight, had a terrific starting point as the S&P 500 was down by 40% during the Bush years. Franklin D. Roosevelt wound up

presiding over an extremely volatile period from 1933-1945 but led an overall 199% gain in the market... following a 82% drop during Herbert Hoover's tenure.

The reality is, it is very hard to accurately measure if we are at a "good" or "bad" starting point. We only get to know this in hindsight. Investing in the future will always involve risk and uncertainty, and today is no different.

Human beings crave certainty. It helps bring us a sense of comfort, control, safety and security. Uncertainty comes with feelings of anxiety, stress and fear. Fear drives us to imagine negative and sometimes worst-case scenarios that can lead us to make poor decisions that have significant long-term negative impacts on our health, finances and relationships.

# PRESIDENTIAL PERFORMANCE

## S&P Return (%)

PRESIDENT	POLITICAL PARTY	YEARS IN OFFICE	S&P RETURN (%)
William J. Clinton	D	1993 - 2001	210
Barack H. Obama	D	2009 - 2017	182
Dwight D. Eisenhower	R	1953 - 1961	129
Ronald W. Reagan	R	1981 - 1989	117
Harry S. Truman	D	1945 - 1953	87
George H. W. Bush	R	1989 - 1993	51
Lyndon B. Johnson	D	1963 - 1969	46
Donald J. Trump	R	2017 -	43
Jimmy E. Carter	D	1977 - 1981	28
Gerald R. Ford	R	1974 - 1977	26
John F. Kennedy	D	1961 - 1963	16
Richard M. Nixon	R	1969 - 1974	-20
George W. Bush	R	2001 - 2009	-40

Source: YCharts. Table: Forbes  
Performance represents price change only. Figure for Truman reflects the Dow Jones Industrial Average.

## Building yourself and your family a well-thought out, goals-based financial plan helps you feel more in control and guards against the temptation to act in haste during times of uncertainty.

It is helpful to battle test your plan with trusted friends and advisors to both gain others perspectives and hold yourself accountable to sticking to your plan. Staying the course and remaining patient is usually a winning strategy in investing and life. It is not easy to weather times of heavy market volatility, especially when the media, financial commentators, your mom and your neighbor might be in your ear about their worries about the market.

Perhaps we need to reframe the term “volatility” into something that

sounds safer to us such as “natural ups and downs” or “waves”. We accept there will be ups and downs in important areas of our life such as our friendships, our relationships with our loved ones, our professional development and our interests. Yet, many of us get scared when we hear calls of impending volatility and worry about our portfolio balances declining.

Morgan Housel, author of The Psychology of Money, writes: “When volatility is guaranteed and normal but is often treated as something

that needs to be fixed, people take actions that ultimately just interrupts the execution of a good plan. ‘Don’t do anything,’ are the most powerful words in finance. But they are both hard for individuals to accept and hard for professionals to charge a fee for. So, we fiddle. Far too much.”

American economist and Nobel Prize winner Paul Samuelson once stated “investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas.”

Go ahead and vote for the candidate that most reflects your values and beliefs, but let the paint dry, the grass grow and your retirement assets compound naturally.

For more information regarding Presidential Performance visit: <https://www.forbes.com/sites/sergeiklebnikov/2020/07/23/historical-stock-market-returns-under-every-us-president/#2a86ac15faaf>

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