INVESTOR'S BUSINESS DAILY®

Investors Should Stay The Course During Election, Planners Say

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September 2, 2016

The divisions are deep in this year's presidential election, but there's one thing that investment advisors can agree upon: Don't let politics play too strong a role in your long-term financial decision-making.

Or as some incumbents might say during a re-election campaign: Stay the course.

For one, there may end up being very few differences in what Democrat Hillary Clinton and Republican Donald Trump are able to accomplish once in office that would affect the markets. And two, recent history shows that stock market performance has proved to be what some might say is a little counterintuitive.

But that doesn't mean investors won't react to what's coming on Nov. 8, experts say.

"It's likely you'll see heightened volatility leading up to an election -- especially this one," said Bijan Golkar, a financial planner with FPC Investment Advisory in Petaluma, Calif. He adds, though: "The election is like, really, who cares?"

David Mitchell, a senior fellow at the Cato Institute in Washington, D.C., says there's really not much to fret over.

"Is there really that much difference in economic policy between Trump and Clinton?" Mitchell asked.

He points out that elected officials often have very little to do with how a market performs, adding that unless something actually happens to the economy, there's little investors can do.

"I think markets are in the doldrums and will stay in the doldrums because there's nothing remarkable on this horizon," he said.

Take a look at recent history, says Neal Frankle, certified financial planner with Wealth Resources Group in Westlake Village, Calif. Frankle also is editor and publisher of **WealthPilgrim.com.**

Investors who believe the economic policies of Republican presidents would favor them more haven't done so well under the last two GOP administrations. The S&P 500 gained roughly 48% under the George H.W. Bush administration and fell nearly 40% under George W. Bush.

Under Democrat Bill Clinton, however, the index saw its biggest gains in the modern era, jumping more than 210% in the eight years he served. And under the Democratic incumbent, Barack Obama, the S&P 500 has surged more than 160% since he came into office.

While investors who fled to cash positions when Clinton and Obama were elected would have missed out on some significant gains, it was more their policies that mattered -- among other things, says the Cato Institute's Mitchell.

"It's not whether someone had an 'R' or 'D' next to their name. We did pretty well under Bill Clinton," he said. "The party labels don't matter. Timing and luck matter, and policy matters."

But as Frankle and others point out, timing also has a lot to do with how markets perform under a president. When George W. Bush assumed the mantle in January 2001, markets were beginning to tumble from the dot-com boom and bust. After a few years, the S&P 500 managed to touch the highs reached at the height of the Clinton wave, but then quickly fell when the Great Recession hit beginning in late 2007.

Frankle says investors will react to this year's election regardless. Indeed, some of the market's current sluggishness may be due to the uncertainty over this election.

He notes that 67 million people watched the first debate between Obama and Republican challenger Mitt Romney in 2012. That kind of audience can be expected when Hillary Clinton and Donald Trump face off.

"That'll impact the markets one way or the other," he said.

Noted FPC's Golkar: "Markets love it when nothing happens politically."