

Ep58: The Election is “Almost” Over – Now What?

November 20, 2020

PATTI BRENNAN: Hi, everybody. Welcome to “The Patti Brennan Show.” Whether you have \$20 or \$20 million, this show is for those of you who want to protect, grow, and use your assets to live your very best lives.

OK guys, the votes are in, and the election is almost over. Joining me today is our chief investment officer, Brad Everett. We’re going to discuss the election and the outcome, and what that might mean for your portfolio, your money, and maybe even your life. Brad, thanks so much for joining me.

BRAD EVERETT: Thanks, Patti.

PATTI: Let’s get something out of the way. Let’s just acknowledge, Brad, that we understand that people might have strong opinions about the election, and the last thing that I want to do is make anybody mad at us, right?

BRAD: Yeah. We want to just make sure that we make everybody mad at us equally. We’re probably going to make everybody upset. Let’s evenly make everybody upset.

PATTI: It’s very democratic, right?

BRAD: Exactly.

PATTI: Everybody is treated equally. There you go. I love it. Here’s the deal, you guys. We’re going to be talking about the economy and the markets.

There are a lot of issues that whoever is elected to lead our nation and lead Congress, etc., they’re going to be making decisions that affect things that may or may not have an impact on your portfolio. Things like gun control, or gay marriage, stuff like that, they’re really important. Civil rights is another example. They’re important.

We’re going to focus on the things that might have an impact on the economy and the markets. Just understand that we recognize that there’s a lot more to the office than that.

Brad, when we were talking about this on Friday, you brought up a good point, and I think



KEY FINANCIAL, INC.

Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

it's important to differentiate about the policy decisions that may have a direct impact on the economy and the markets, and the ones that may have an indirect impact. Can you give me an example of what each one might be?

BRAD: Sure. Just to step back a little bit, there are plenty of things that we could debate that have no impact on our portfolio at all. How much time did we spend debating the updated baseball playoff postseason? We didn't, because that doesn't filter through to the economy, and probably our clients don't care much about it either.

PATTI: It probably doesn't impact the baseball players, either, right?

BRAD: They probably also don't care, exactly. They just want to play. The first question is, does it affect the economy? Does it affect your portfolio at all? If it does, there's a second level of things that just very directly influence the economy, things like a stimulus package, or tax rates, or things like that.

There's another level that maybe on the surface doesn't seem to, at the first order, affect the economy, but long term, it will filter down, like immigration, or foreign relations, or health care law, things like that. Those are all ostensibly about something else, but then they will have some kind of long term economic effects also.

PATTI: That's a really good point. Here we are in the midst of COVID, and you think about health care law and health care in general. I think, for many of us, it's made us painfully aware of what is lacking in that area.

I also think it's important to recognize that the policy makers and leaders can change on a dime. Look at how quickly they're getting a vaccine through the FDA. Normally, it is a painful process, would take up to 7 to 10 years to dot all the i's and cross all the t's, and we're going to have one in 7 months instead of 7 years.

You don't think about that in the election and things of that nature, and as they're grappling with the hundreds of decisions that they have to grapple with when they are doing their debating.

We talked about direct and indirect. Let's talk about what we do know. Let's talk about the things that, at this point, November 16th, as we record this podcast, the things that we do know. We do know who is likely to be our president. How about leadership in Congress? Is it a sweep? Is it going to be divided? What's the impact of that?

BRAD: Yeah, I think the House Republicans is settled, for the most part. That's going to be Democratic House. As of last week, I think we're just waiting for the runoff in Georgia in early January. I think currently it's the Senate's 50 to 48, Republicans to Democrats.



KEY FINANCIAL, INC.
Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

Securities and Advisory Services offered through Royal Alliance Associates, Inc., Member FINRA/SIPC. Insurance services offered through Patricia Brennan are independent of Royal Alliance Associates, Inc. Advisory services offered through Key Financial, Inc., a Registered Investment Advisor, are not affiliated with Royal Alliance Associates, Inc.

If you value a divided government, you would want at least one of those runoffs to be a Republican, and I think that's the way it looks. It might be one to one there, so you're looking at 51 to 49 maybe in the Senate. You would have what you would consider a divided government, sure.

PATTI: You know what I don't get? I don't understand, we elect these people, right? It's so close, 50/50, 51/49. That's going to change the trajectory of all of their decisions, based on what they're labeled, a Democrat or a Republican? It makes me wonder. We elect these people to think, don't we?

BRAD: Yeah. I guess that's always been the nature of democracy, is that the people that are least qualified to make the decision are the ones that get to vote.

A law professor or somebody that studies politics and government doesn't get extra votes. Everybody gets one vote. That's the way it plays out, right?

PATTI: Yeah. It's interesting how things are presented to them and how that might sway their votes, right?

BRAD: Sure.

PATTI: It's funny. I heard a story. I think we were talking about this earlier. There was one politician. I'm not going to say who it was. It was under a different administration.

They said, "I really agree with what you're doing here, but if I vote yes, there is no way I am going to win in my state. I'm sorry. I agree with you. I think it's a great piece of legislation. I've got to vote no. Otherwise, I'm not going to be in office in two years." That's really wrong. That's just crazy to me. Again, that seems to be the way it goes. It is what it is.

BRAD: I guess until we can come up with a better way to do it, I think that's what we get.

PATTI: What I think is fascinating is the Capital Group came out with a great statistic. Since 1933, if we had a unified, all three, both houses as well as the president, all the same, Democrats or Republicans, the average annual return of the S&P 500 was 10 percent.

If you had a unified Congress but then the president was of either party, like if it was all Democrat and then the president was Republican, the average annual return was 7.4. If you had a split Congress, what we might be looking at here, 10.4.

BRAD: It's interesting.

PATTI: When it comes down to it, let's face it, since Herbert Hoover, every president has presided



KEY FINANCIAL, INC.
Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

Securities and Advisory Services offered through Royal Alliance Associates, Inc., Member FINRA/SIPC. Insurance services offered through Patricia Brennan are independent of Royal Alliance Associates, Inc. Advisory services offered through Key Financial, Inc., a Registered Investment Advisor, are not affiliated with Royal Alliance Associates, Inc.

over a stock market high. We talk about the value of a calendar day.

Gee, it just so happens that the market was going gangbusters before COVID. Trump was in office. We got COVID. We're having a recession. If Biden had been in the chair, if his butt was in the chair when COVID, chances are we would have been in a recession as well, right?

BRAD: Yeah. I don't know how you would have avoided it. We've talked about the president is elected on a schedule. When that day comes, that he goes into office and sits down in the chair, there's things that are in place that are far more important in controlling the economy than he.

You've got interest rates, the Fed. You've got new housing starts. You have manufacturers' indices, things like that that are all far more powerful in determining the economy than just a single person.

PATTI: Really, I can't help but think that the CEOs of these major corporations, are they going to be changing what they do based on who is in office? They may be worried about certain things, but they're going to try and drive profitability no matter what, right?

BRAD: Yeah. I think the business cycle is far longer than any president's term. Even if you were an eight year term president, the business cycle is longer than your duration in the office. I think you're just a person that...I don't know. A lot of times, I think of the president as our number one PR person. You're in there to...

PATTI: Good point. They're our voice. I suppose that to a certain extent...Well, I'm not going to say it. You've got to recognize that that's the role. They lead. They set the tone in terms of what they want to have happen. It's also really important to keep in mind that there are other forces, macro forces, that are far more important. That train has left the station.

Let's talk about what we're thinking in terms of what they're thinking, what they're thinking about. It's also important, Brad. Let's face it, for example, President elect Biden came out with this incredible tax package, tax proposal, that he'd like to push through.

To your point earlier, he made some campaign promises when he was running for just the nomination. Then those promises, it changed a little bit when he got the nomination and now he's running for president.

BRAD: There's always been a tendency to be more extreme in the primaries and come back to the middle in the general election. You have to appeal to your own party. You want to be the standard bearer for that party and be the shining example of what the party is supposed to be. You're pure. You're probably more extreme than most.

Then, in the general election, you've won the nomination of your party. Now you're in



KEY FINANCIAL, INC.
Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

Securities and Advisory Services offered through Royal Alliance Associates, Inc., Member FINRA/SIPC. Insurance services offered through Patricia Brennan are independent of Royal Alliance Associates, Inc. Advisory services offered through Key Financial, Inc., a Registered Investment Advisor, are not affiliated with Royal Alliance Associates, Inc.

the general election. You have to moderate your views for A, the undecided voters and the people on the other side. If you hope to convince somebody from a different party to vote for you, you have to moderate yourself.

Of course, a campaign promise is still a promise, but I don't know if you can...There's a big difference between a campaign promise in the primaries and what actually gets put through as legislation. You have to analyze the likelihood of any of those things going through before you can really worry too much about something that was said six or nine months ago.

PATTI: I would imagine that if, in fact, we do end up with a divided government, it's going to moderate some of those proposals anyway.

BRAD: I think it happens naturally, absolutely.

PATTI: Now, let's break this down into the macro stuff, like the fiscal package. There are so many Americans that are still hurting. I saw, on the news this morning, there was a line of cars in Dallas for the food bank. It was miles long.

When they finally got up to the front of the line, they were interviewed. Over 50 percent of those people had never had to go to the food bank before. That's really scary. There are so many people who are hurting that never really were hurting before.

This is a really unusual recession in that it is really focused on the service sector. The manufacturing sector is fine. Typically, a recession, it affects all areas, but this is really hurting the service sector. There's so many people that work in that.

We might get a fiscal package. It's probably going to be trimmed down. It's not going to be another \$2 trillion. It is what it is.

BRAD: It sounds like the stimulus is more to smooth it out for everybody. It doesn't address the underlying cause. Obviously, a stimulus package doesn't solve COVID. It doesn't get people back to work. It's to soften the blow a little bit.

PATTI: It's more like a relief package. It's not stimulus. We've had stimulus packages. They can be really beneficial. This is really a relief package. In that case, I guess we have to count on the Fed to continue its policy.

BRAD: You would assume that they pick up the difference and keep rates low and carry forward with...I wouldn't expect a huge change from them.

PATTI: If we don't expect the tax hikes to go through...Keep in mind, the tax hikes are really aimed at high income people, people making over \$400,000. If we don't think that the dramatic



KEY FINANCIAL, INC.

Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

Securities and Advisory Services offered through Royal Alliance Associates, Inc., Member FINRA/SIPC. Insurance services offered through Patricia Brennan are independent of Royal Alliance Associates, Inc. Advisory services offered through Key Financial, Inc., a Registered Investment Advisor, are not affiliated with Royal Alliance Associates, Inc.

hikes are going to go through and the spending is going to continue, if not even accelerate a little bit, what does that really mean? Something's got to give.

BRAD: I wouldn't think it's far fetched. You'd have to assign some probability to some increase in taxes. If I think back to the Laffer curve in college...I haven't really thought about it much since, but you think about it today. I don't think we're at the point where...

Think of in your own case. If you knew your marginal tax rate was going to go up two percent, do you think you'd just retire early? You would continue to work hard and care about your job and try to innovate and be creative and things like that.

The opposite is true too. If your tax rate went down two percent, I don't think that you would find some extra level of work ethic or creativity that was just waiting for the tax code to change before you decided to release it.

Ultimately, taxes are based on profit and earnings. Obviously, taxes will never be 100 percent of profit. They're never going to be more than your profit.

In most cases, as long as the taxes, it's a minimal change maybe you shift the brackets and add another one at the top that wouldn't surprise me at all, but I also don't think that causes a significant drop in productivity or output in the country at this point.

PATTI: In terms of innovation, I think that one area of innovation that might really be something that could affect what we do for our clients and our clients in general would a change in the estate tax law.

If more of a person's wealth is going to be taxed at what he's proposing 45 percent in Pennsylvania, we got another 4.5 percent, so 50 percent of the excess over, I think it's, \$3.5 million is going to go to the federal government. Right now, you have to have \$11.5 million before that even becomes a factor, and even the rate is lower currently.

In terms of what we think about and how we help people, that's one area that I think that we're really paying attention to. It's not based on income. It is based on wealth.

This has been an issue from the day I started and became a CFP. it used to be really, really bad. Then it got a little better. Then it got a lot better. It could get bad again. We need to be proactive about that.

BRAD: It seems like something that changes quickly with almost every administration.

PATTI: Here's the question. We've got this deficit. We've got this humongous debt with the federal government. If tax rates don't increase and deficit spending continues, that debt's going to get even worse. What is the tell tale sign that we're getting into trouble?



KEY FINANCIAL, INC.
Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

BRAD: I guess you would probably have some kind of...The market would just react. If spending doesn't go down, which...No president has ever really been able to curtail spending in any significant way.

PATTI: Even though they promise in the campaign, even though they say to balance...

BRAD: There's another example, absolutely. If that doesn't change, then the Fed just buys more and more Treasury debt, which, I guess, eventually you would think would lead to some kind of inflation and higher interest rates.

Once the market adjusts, then that's probably...At this point, it hasn't yet. It hasn't become a problem in the eyes of investors anyway. Once that happens, you would...

PATTI: Basically, it's inflation, is the real tell tale sign that something's got to give, right?

BRAD: Yeah, I think so.

PATTI: Let's drill down a little bit. We've talked about some macro. Now let's talk about some of the policies. We'll talk about domestic versus foreign. There's three major themes that I think really could be relevant. Again, just talking about the economy and the market.

The three major themes that we've talked about internally would be, obviously, healthcare, COVID, COVID, COVID, infrastructure, and then regulation. Let's go back to the top, talk about healthcare.

BRAD: Healthcare is a tough one to predict. There was a huge surge in just the market cap of healthcare stocks when it looked like the odds were in Biden's favor to win, maybe with the idea that he would fund ACA more. That's the only thing I can think there. The market doesn't always offer an explanation for why it does things.

PATTI: I know.

BRAD: It just seems to do things without letting us know why.

PATTI: It's a pain in the neck. We've got to guess.

BRAD: The moderating factor there is Biden has been willing to support policies that limit drug prices and things like that. It's hard to know what would net out there. There's some benefits for healthcare but also things that you would think may hold an individual company back a little bit.

PATTI: The third thing that I talked about was regulation. It's so interesting to see how quickly they've pushed this whole thing through with the vaccines. They seem to be really making



KEY FINANCIAL, INC.

Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

it easier for these drug companies to innovate, to use this RNA technology, which had never really been used before but seems to be really effective.

It's not like they're turning a blind eye, by any stretch of the imagination. These vaccines are going to be safe, in spite of what you might hear on social media. That's really opened up other opportunities in healthcare to innovate, to use computer and technology and things of that nature. That's so exciting. At the same point, is it already baked into the cake?

BRAD: A great healthcare analyst would be able to piece together these companies have a better chance than these companies. It's probably, obviously, more narrow than just saying the healthcare industry by itself, but yeah, absolutely.

PATTI: You think about a Moderna. Moderna came out with its news this morning. They've got their vaccine. It's also over 90 percent effective. What makes it different than the Pfizer vaccine is that it doesn't need to be in this 95 sub zero freezing temperatures.

BRAD: It can live in a fridge for 30 days, I saw.

PATTI: Exactly. That really is an interesting development that makes it...Again, getting back to supply chain, now we don't have to have thousands and thousands of these freezers. Maybe we'll still need them, but we don't need as many maybe.

That's another thing. Let's go back to just the crisis part. It's so interesting. You talk about innovation and just the human spirit. The fact that companies were able to pivot on a dime. You go from making cars to making ventilators. You've got even small businesses, they're in the mask business. I got an email today. Do you want to put your logo on a cloth mask?

These are great ideas. These are things that could help people. It's amazing how just when it hits the fan, we rally. We can get things done. That's true no matter who's in office because it's needed. By the way, I believe that to be a fact because it happened not just in the United States but worldwide. That innovation is happening all over.

We've talked about healthcare. What about infrastructure? For years and years and years, Brad, large value, dividend paying companies, these smokestack companies, have languished. Last year, the large value under performed by 14 percent. It's never been this long a period of time and that wide of a gap. What do you think?

BRAD: I would think that is one of the places that both sides have expressed an interest in trying to move forward on. It'd be great if they could get in a room together and actually make some progress. That's all you're hoping, that they can work out the details. That's something that would be beneficial. Both sides have shown to be interested in that.



KEY FINANCIAL, INC.

Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

Securities and Advisory Services offered through Royal Alliance Associates, Inc., Member FINRA/SIPC. Insurance services offered through Patricia Brennan are independent of Royal Alliance Associates, Inc. Advisory services offered through Key Financial, Inc., a Registered Investment Advisor, are not affiliated with Royal Alliance Associates, Inc.

PATTI: The infrastructure companies or the infrastructure projects, that includes climate change, right? Does that include those areas or energy or ways of bringing things to us a little bit easier, a little better? Pipelines, etc.

BRAD: They were probably be defined as different sectors, but there is a lot of overlap there, sure.

PATTI: Those are examples of things that are near and dear to people's hearts, the climate change. That could have long term implications from an economic perspective. What we do about it, yeah, companies could benefit. Yeah, their stocks would benefit, but it really does have important implications much longer term.

The third thing, regulation. We talked about that a little bit. You and I both know, in our own industry, they finally got legislation through called Regulation Best Interest. It's a pain in the neck from our perspective. It increases our compliance costs tremendously, but come on. It's been a long time coming.

I'm embarrassed to say that the industry even has to be legislated to do what is in the best interest of your client. Like I said, it's embarrassing. Yet it happened. It's good. Americans are going to be protected because of it.

Regulation, it doesn't necessarily mean it's good or it's bad. It just is. Sometimes, there are extremes that are happening that need to be reined in. That's a good example of one of them.

Another example might be the antitrust regulation that seems to be bubbling up for technology companies. Yeah, on the one hand, Google, for example, they own the market. They own search.

Did they do it unfairly? What did they do to make sure that Bing didn't get popular or some of these other search engines get popular? Did they just build a better mousetrap and because of that we all go to Google?

BRAD: Now that they have it, are they doing something harmful with the position that they're in?

PATTI: I guess that's for them to prove. Same thing with an Amazon. We're all understanding how convenient Amazon is. I will tell you, I'm embarrassed to tell you, that I order paper towel and toilet paper on Amazon. I'm stocking up, baby, because it's easy. It got delivered. I don't have to have that big old thing in my shopping cart, where I can't fit anything else. Drives me nuts.

Anyway, regulation is important. Let's talk now about foreign policy. That's an important topic, especially with the new administration. You think about China and the tariffs. That was such a big deal for such a period of time. Yet, again, this morning, again, breaking



KEY FINANCIAL, INC.
Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

news. China signed trade policy with 14 other nations, not the United States. Where does that leave us?

BRAD: I was thinking about what you said before about planning. Apple was the great example of when do they start, when do they commit to building something. Just having a policy that's actually known, whether it's a good or bad policy, at least you know.

PATTI: That's a good point.

BRAD: Does Biden provide at least some kind of consistent, stable...Whether you like the policy or not, at least it's known ahead of time. That allows the CEOs to make plans. Once you can make plans, then the relationship becomes a relationship. At least they're planning. They know what to expect 5, 10, 15 years down the road.

PATTI: Speaking of foreign relations, we've got to remember that Britain is nearing the end of its transition period with Brexit. The end of this year, it's done. Their economy is really suffering right now. That's happening there.

Canada's doing pretty well, but Ethiopia is lurching on a civil war. Africa, they've got their things going on. Myanmar, 50 percent of the people in Myanmar don't have access to literally basic things like water, public transportation. There's stuff going on around the world.

As human beings, I think that COVID has really opened everybody's eye that we are a human race. We're not just Americans. We are a human race. Wouldn't it be cool if we could really all pull together and solve problems. After COVID, what else can we solve together? Science is there. People, when we collaborate, it's unbelievable.

I've got to tell you. Even when we're all in here...We're not all in here all the time, but when we're together, just the brainstorming from our different offices and "What do you think about this," I will tell you, Brad I don't mind saying it in front of everybody that's listening here I value our conversations that lead to this podcast.

Like what we talked about on Friday and here it is on Monday. I said, "Brad, we should talk about that and let other people hear what we're thinking as it relates to this election." Here we are.

That happens because we get together and we collaborate, always looking for how can we make a difference, what should we be doing for our clients, and wouldn't it be a good idea if they heard about it too.

Foreign relations is really important. Looking at all of these problems from a worldwide basis, really key. What about immigration? I would really like to understand, Brad. I'm



KEY FINANCIAL, INC.
Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

Securities and Advisory Services offered through Royal Alliance Associates, Inc., Member FINRA/SIPC. Insurance services offered through Patricia Brennan are independent of Royal Alliance Associates, Inc. Advisory services offered through Key Financial, Inc., a Registered Investment Advisor, are not affiliated with Royal Alliance Associates, Inc.

going to pretend I don't know, I don't understand this. Why is immigration so important to the growth of our economy?

BRAD: That's one of the ones that's fraught with political tension. It happens as nations become more and more prosperous. The birth rate drops. We are not replacing our workers as fast as...

PATTI: We're not making babies.

BRAD: Exactly. You're right. Everybody's comfortable 1.9 to 2.1 kids, and that's it. If the labor force is still, that's one of...Labor force growth and productivity growth is what goes into GDP growth.

If you have more employees and those employees are more effective, then the economy is bigger than it was the year before. If the workforce doesn't grow, you can hope that productivity increases, but that's stagnated over the last decade or so too.

PATTI: Which is surprising to a lot of people. Really, when you break it down, the productivity has stagnated. You would think with technology, etc., we're more productive, but we're not.

BRAD: It seems to come in major bursts. The computer was great. We're still working on computers. There's always minimal, incremental changes and incremental growth, but there's certain innovations that come over time that just put it into hyper speed for a while.

Back to the immigration thing, if you can figure out immigration and make everybody comfortable with it, that is potentially a source of new employees and of a growing workforce. That's something that you have to figure out.

PATTI: OK, Brad. Let's pull all this together. There are basically three conclusions that I think we can summarize our conversation. The election results are probably not going to displace the other factors that were already in place, a supportive Fed, stimulus that's in the economy, \$4.5 trillion sitting in cash on the sidelines.

That stuff eventually is going to come in and begin to work. That's probably going to have an impact on the economy as well as the market. These things tend not to be calendar based. You go back to 9/11. We would have gone through a recession if Clinton was in office instead of George W. Bush. Fair to say?

BRAD: Yeah, absolutely. You made a point last week too when we talked about how would you even identify...There's no such thing like Obama's economy, or Trump's economy, or Biden's economy. When does one stop and one start? The day they change positions?

PATTI: That's a good point. That is a really, really good point. If the economy, if the markets



KEY FINANCIAL, INC.
Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

do well, and they do do well, let's say that under Democrats, they do 11 percent, and Republicans, they do 10 percent. Are we going to change investment policy based on that?

BRAD: No. Absolutely not. Even if you knew with 100 percent certainty that one party would outperform the other party by two percent a year, or one percent a year, is that actionable? Would you do anything about it? The answer is no. What are you going to do instead?

PATTI: Exactly. As we ask these questions to each other, the questions are, is it something that can be predicted, number one, and number two, is it actionable? That ultimately is a great framework for everybody listening in terms of your own portfolios. Is there any predictive value, and is it actionable? Most of the time, the answer is no.

The issues that we care about also as it relates to the election, gay marriage, civil rights, gun control, they may have little to no impact on your portfolio. Making extreme choices based on those issues, which are important, I totally get it, I wouldn't necessarily invest one way or the other based on that.

BRAD: It doesn't tell you to buy small cap stocks or large cap stocks or bonds.

PATTI: Safe to say that the economy is just a tad more complicated, right?

BRAD: Yeah, I think it's probably true.

PATTI: Number one is, understand yourself, understand when you need the money, what you're comfortable with, what you can live with. That is the most important thing.

Finally, let us not forget the importance of perspective. Go back to 1970. \$10,000 invested in the S&P 500 in 1970 is worth about \$1.6 million today. I'm going to say it again. Take that in, you guys. \$10,000 is worth \$1.6 million today.

During that period of time, we've had Democratic presidents, and Republican presidents. We've had several wars, some declared, some not declared. We've gone through 12 bear markets, the near collapse of the financial system, and, by the way, a worldwide pandemic. I believe, but I cannot prove, that this trend is probably going to continue.

What do you think about that, Brad?

BRAD: Totally agree.

PATTI: We're good, irrespective of who's in the White House. The longer term trend is going to continue. The innovation, the spirit of human beings, not just Americans, human beings, is going to continue.



KEY FINANCIAL, INC.

Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

Securities and Advisory Services offered through Royal Alliance Associates, Inc., Member FINRA/SIPC. Insurance services offered through Patricia Brennan are independent of Royal Alliance Associates, Inc. Advisory services offered through Key Financial, Inc., a Registered Investment Advisor, are not affiliated with Royal Alliance Associates, Inc.

Brad, thank you so much for your perspective, your humor. You just make doing this stuff so much more fun.

BRAD: Thanks, Patti.

PATTI: Thank you. To all of you, I hope you have a fantastic Thanksgiving. I hope you connect with the people that you love, one way or the other, face to face, or virtually, for many of us. As you go through and as you talk about these issues, share this information with them. Share the podcast, and please feel free to share the fact that we're here.

We really appreciate you. We appreciate you tuning in. Thank you so much for your time. Until next time, on Patti Brennan Key Financial, I hope you have a terrific day.



KEY FINANCIAL, INC.

Wealth Management With Wisdom & Care

KEY FINANCIAL, INC. • (610) 429-9050 • Patti@KeyFinancialInc.com • www.KeyFinancialInc.com

Securities and Advisory Services offered through Royal Alliance Associates, Inc., Member FINRA/SIPC. Insurance services offered through Patricia Brennan are independent of Royal Alliance Associates, Inc. Advisory services offered through Key Financial, Inc., a Registered Investment Advisor, are not affiliated with Royal Alliance Associates, Inc.