2022 Midterm Elections & The Markets

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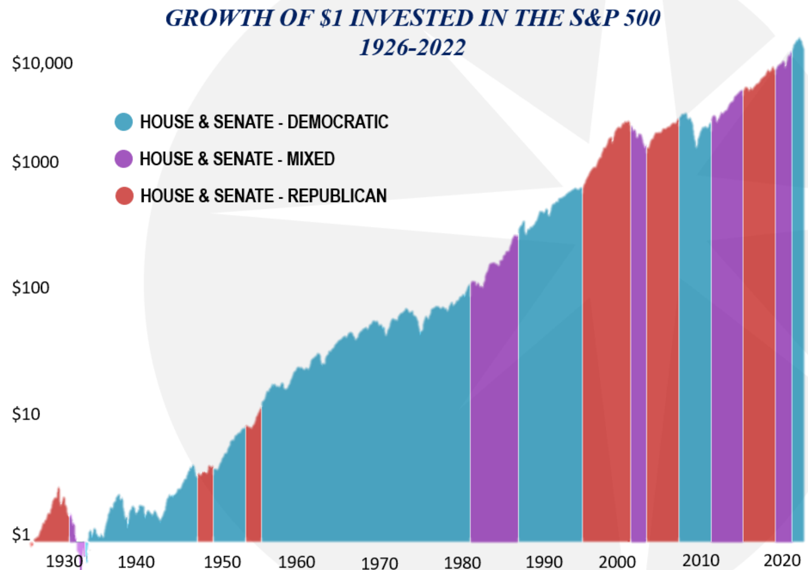


*Hypothetical growth of $1 investment in the S&P 500 index. Past performance does not guarantee future results. Indices are not available for direct investment. For illustrative purposes only.

Soon, our Nation's midterm elections will take place. Politics may be a challenging topic for many, and while it may be important to you, we should not confuse politics with our investment decisions. Almost a century of US stock market returns reminds us that making investment decisions based solely on which party is in control of Congress is unlikely to lead to better investment results. Let's look at history and remember some practical solutions to prepare for what lies ahead.

INVEST IN COMPANIES, NOT POLITICS OR A POLITICAL PARTY

Far too often, investors confuse investment strategy with their political partisan. While you and I have values and reasoning for the way we vote, markets are insensitive to these values. When we look at the S&P 500 Index dating from 1926 through 2022, we can see that stock values increased regardless of who was in control of the House and Senate. Actions taken by Congress may potentially have an impact on returns, but there are always many other factors at play. Geopolitical events, inflation, interest rates, supply & demand, natural disasters, innovation, and technological advancements are all influences on the markets, and decades of research suggests that current market prices have incorporated ***all*** these influences. The bottom line is this: companies are going to continue serving their customers regardless of what happens in Washington. We invest in companies – not a political party.

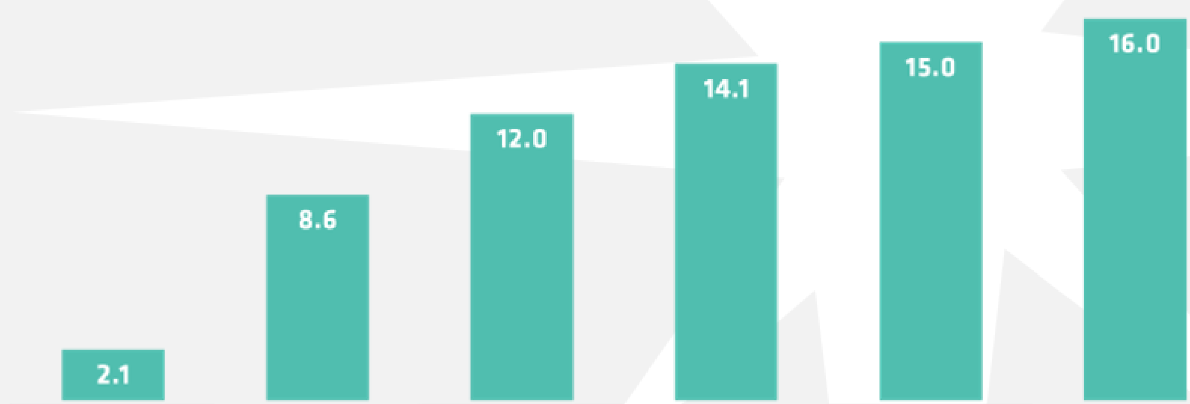
MARKETS PERFORM WELL UNDER A DIVIDED GOVERNMENT WITH CHECKS AND BALANCES

Now that we know US markets have risen over time regardless of which political party held control, is it possible to determine if the market has a preference? History shows us that stocks have performed better when Congress was split between Democrats and Republicans. Our economy prefers checks and balances to make sure one party can't affect too much change. The benefit of our checks and balance system is that everyone's voice is heard, and a divided government isn't likely to pass any significantly sweeping legislation. When it comes to the markets, investors don't want too many major changes in a short period of time. These changes can wreak havoc on corporations and consumers trying to adjust. For example, sweeping regulations that could change corporate earnings for a particular industry would force the companies in that industry to quickly adjust, and that could perhaps affect their labor force. If the affects were negative to workers, then consumer spending would slow. Slower consumer spending would then mean a decrease in profits for *other* companies. The market is earnings based – so when corporate earnings are lower, stock prices fall lower. When earnings and profits rise, stock prices follow. Let's look at the next two charts, one dating back to 1928 and the other showing data from 1950. We can see from this data that while stock values have increased regardless of the makeup of Congress, returns have been *slightly* favorable when Congress is split. So, what can we learn from this? Frankly, it doesn't make a statistically significant difference who is in control. Investors should be focused on the economic indicators that will be responsible for market returns in the period ahead. How the economy affects corporate earnings has influenced markets much more than politics. In fact, throughout history, economics have affected politics more than politics have affected economics. When checks and balances have allowed the economy to organically grow, there has been a positive influence on markets.

Historically, Markets Have Done Well Despite Gridlock in Washington

Average Annual S&P 500 Total Returns Based on Control of White House and Congress

1928-2018 (Percent)



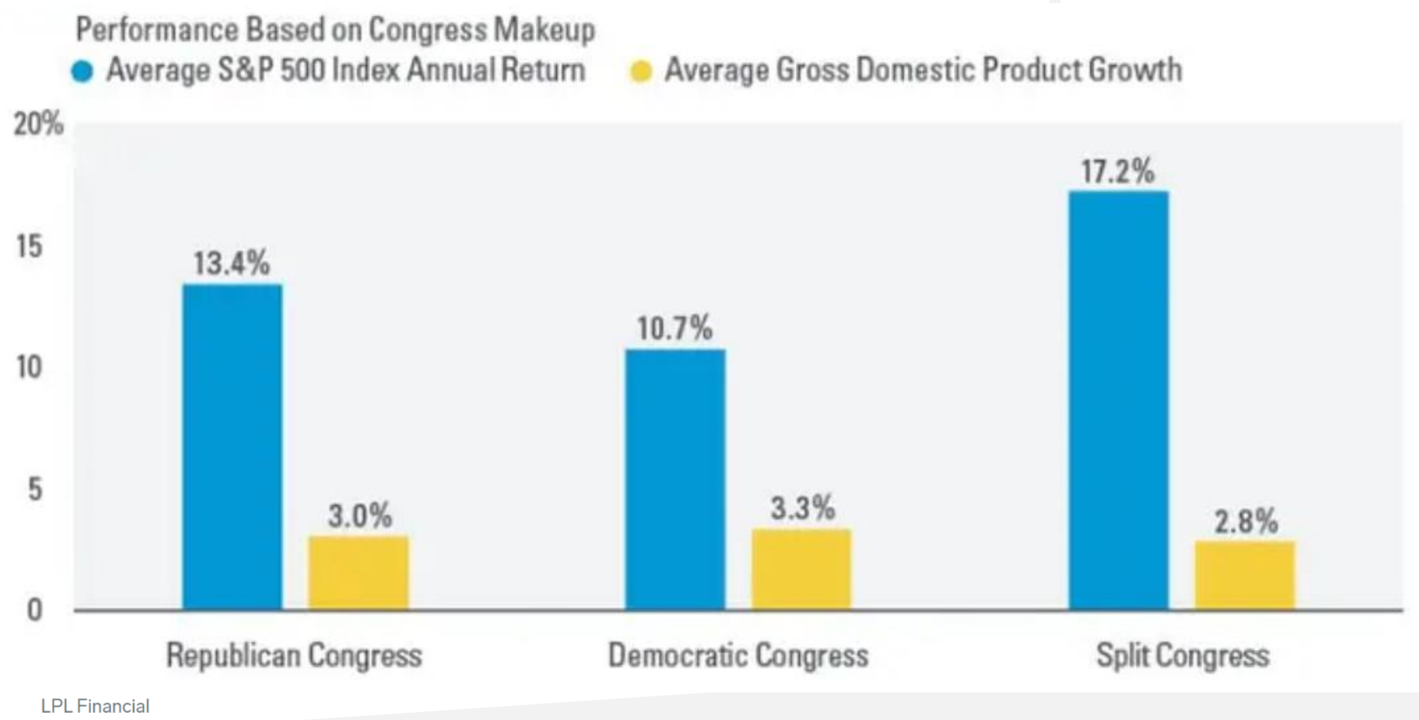
President	Republican	Republican	Republican	Democratic	Democratic	Democratic
Congress	Republican	Democratic	Split	Democratic	Republican	Split
Number of Years Occurred	12	22	7	34	10	4

As of August 31, 2018

Current analysis does not guarantee future results.

Note: Excluding 2018, average for Republican President, Democratic Congress is 10.2%. Total returns 1936–present and price returns prior to that

Source: Bank of America Merrill Lynch, FactSet, S&P and AB *Chart via Alliance Bernstein. Raymond James is not affiliated with Alliance Bernstein.*



PRACTICAL SOLUTIONS THAT HAVE OUR Vote

1. HAVE A SOLID BLUEPRINT. Ensure you take the steps to solidify your portfolio through a diversification strategy catered to your unique goals, risk tolerance, and time horizon.

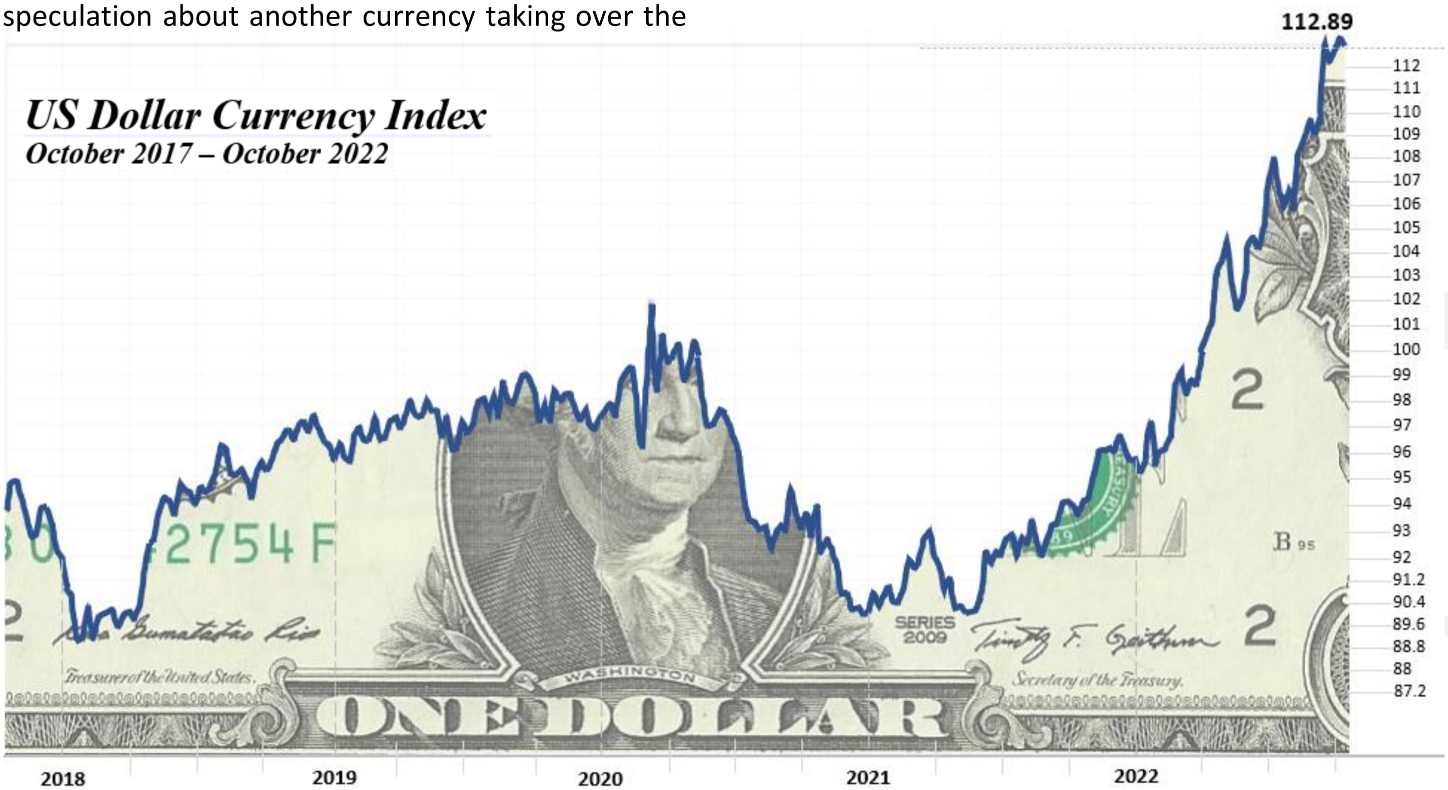
2. STRESS TEST YOUR BLUEPRINT. Make sure you are stress testing your portfolio against future bear markets, financial crises, and unexpected obstacles to ensure your portfolio's longevity. We can help you perform a stress test.

3. STICK TO YOUR BLUEPRINT. The best financial plans are built upon unbiased, quantitative data with regards to your most important financial goals. Careful and thoughtful preparation throughout the planning process helps avoid the need for audibles and emotional decisions down the road. Strategic changes should be made during proactive reviews using logic, not emotion.

4. MAKE FRIENDS WITH VOLATILITY. Uncertainty is unavoidable, and with uncertainty comes market volatility. Don't let market movement cause you to deviate from your long-term investing goals. The best blueprints have opportunity funds available and ready to take advantage of volatility as opposed to letting it derail them.

A LONG-TERM BET AGAINST AMERICA HAS ALWAYS BEEN A BAD BET

America's free market economy, capitalism, political system, and world leading innovation are still superior to all other countries on the globe. Are you comparing today's America to the America you grew up in and you're disappointed? Markets don't react the same way. Markets react to a comparison of one country to another within today's global economic timeframe. Here's an example, we've all heard the speculation about another currency taking over the US Dollar as the world's trade currency. But what are the facts? Throughout the current global economic challenges, the US Dollar has strengthened. Yes, even with our national debt and inflation, the US dollar is still the most solid in comparison to other nations. The chart below shows how the US Dollar has risen in value recently in comparison to different currencies around the world.



The U.S. Dollar Index tracks the strength of the dollar against a basket of major currencies. U.S. Dollar Index goes up when the U.S. dollar gains "strength" compared to other currencies. The following six currencies are used to calculate the index: Euro, Japanese Yen, Pound sterling, Canadian dollar, Swedish krona, Swiss franc.

We understand how uncertainty about the future can cause concern. When your concerns grow into worry, please remember, we can provide solid, logical reasoning and practical solutions to help keep you on track – emotionally and logically – to achieving your most important financial goals.