The personal, the political and your client’s portfolio

As Americans grapple with the decisions of the current administration, the political and cultural chasms are as wide as ever in our country.

For financial advisors, it’s most evident as they watch their clients’ political persuasions drive investment decisions and conversations.

For 30 years, through six administrations, Brinker Capital has successfully guided our clients and their capital, regardless of the party holding the Presidency and Congress. Our focus has always been on understanding policy and how it may impact the economy and markets so we can appropriately position our portfolios.

Leading up to and after the November 2016 election, Brinker Capital made portfolio adjustments based on the sentiment at the time.
Pre-2016 presidential election

A campaign like no other:
- US equities were well into the seventh year of a bull market
- Market valuation was stretched
- A presidential campaign was unfolding, marked by a level of vitriol not seen in the modern era
- Most market and political prognosticators assumed Clinton / Kaine would win

Brinker Capital's reaction:
- We trimmed risk and equity exposure in portfolios in mid-2016

Post-2016 presidential election

Will markets ever recover?
- Shockingly, Donald Trump wins the US Electoral College and the US Presidential election
- Post vote, futures plunged overnight causing several leading economists and investors to predict a market rout; *The New York Times* columnist and Nobel Laureate Paul Krugman famously predicts markets will never recover
Post-2016 presidential election

Will America be great again?

- Brinker Capital monitored the campaign and understood the policy proposals of both tickets and believed the Trump/Pence ticket promised to pursue a very pro-growth agenda.

Brinker Capital's reaction:

- We added risk and equity exposure to portfolios immediately after the Presidential election.

Beyond the 2016 election

Today, the US economic expansion continues with U.S. markets rallying to an all-time high. While realizing little legislative success to date, the Trump Administration continues to pursue a very pro-growth, pro-capita agenda. Brinker Capital, however, is more optimistic than most as it relates to eventual legislative success. On a regulatory front, the Administration has successfully pursued a very pro-business agenda, with the financial services and energy industries being the early beneficiaries. Beyond the Administration’s agenda, the economic fundamentals are sound with corporate earnings rising; unemployment claims and rates at a multi-year low; global growth accelerating; low interest rates; and, corporations and individuals having ample access to credit. While we are in the later stages of the economic and market cycles, our expectation is the economy will continue to expand and risk assets will move higher.
Lessons learned from the past

Global events, such as the current decisions of the Trump Administration, are certain to generate some periods of market volatility of varying lengths. However, we urge financial advisors and investors to retain a few dos and don’ts laid out for us by the past.

Do:
- Do know your history
- Do take responsibility
- Do work with an investment professional

Don’t:
- Don’t equate risk with volatility
- Don’t give in to action bias
- Don’t focus on the minute-to-minute

Removing the political and personal from portfolio construction

Since 1987, Brinker Capital’s investment team has constructed dynamic, diversified, multi-asset class portfolios intended to produce a specific investment outcome. As a firm, Brinker Capital partners with advisors to help them, and their clients, remove emotions – both personal and political biases – from the investment decision making process.