



PRESIDENTIAL ELECTIONS, MARKETS, AND STAYING THE COURSE

In less than one month, Americans will head to the polls to elect the next president. While the outcome is unknown, one thing is certain—there will be a steady stream of opinions from pundits and prognosticators about how the election will impact the market. Every four years, as politics and the market converge, we receive questions similar to these: What are the economic implications of the election? Is one candidate (party) better (or worse) for the economy? How should I position my portfolio for this uncertainty?

This year, understandably, the levels of anxiety and concern are even higher than most election years because the country is dealing with the worst healthcare crisis in the past hundred years. And this election season will be the same as prior ones in that investors should brace themselves for vitriol on both sides of the political spectrum.

Politics and investing often seem to be mentioned in the same breath, and even presidents attempt to link the performance of the stock market to the effectiveness of their policies, but the data does not support this link, and investors would be wise to think carefully before making an investment decision based solely on who is in the White House. Hating the government is not an investment strategy. Today's prevailing thought is, "*This time it has to be different.*" History does not support that thought.

Let's look at two recent examples: In 2000, the result of the election was not known for weeks, and the ultimate decision was partially decided by the courts. This was also when the tech bubble was beginning to implode, and we were unknowingly

only months away from the terrorist attacks of 9/11—two prime factors leading to the market downturn rather than the election results. And in 2008, the country faced a financial and housing crisis when differences between presidential candidates was sharp and the outcome of the election held ramifications for the country, economy, and capital markets—much like we are witnessing today.

While our own biases and predictions about politics or the markets make for good conversation fodder, they are not good for an investor's long-term financial health. If investors in 2008 thought that a newly-elected Democratic president would be terrible for the markets, those investors would have missed out on the longest bull market in U.S. history. The key drivers of long-term market performance continue to be earnings and economic growth, regardless of who occupies the White House.

Successful investing does not require predicting the future with precision. Our job here at Compass is not to predict. Our responsibility is to manage client portfolios day by day, applying sensible, time-tested disciplines that address client needs and responding appropriately to changing realities. This is our resolution at Compass: We hold 25 high-quality stocks in our clients' portfolios where stocks are appropriate and high-quality, intermediate-term bonds in clients' portfolios where bonds are appropriate. We have been following this discipline since 1988 because it makes sense and has produced strong results with reasonable risk characteristics. In a world where the everyday cadence has been upended, let us help you.



FIRM

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AUM

\$1.6 billion

INCEPTION

1988

COMPASS PHILOSOPHY

As an independently-owned firm, Compass provides customized investment services to individuals, foundations/endowments, trusts, and retirement plans. Our objective is to preserve and enhance the real purchasing power of our clients' wealth over time.

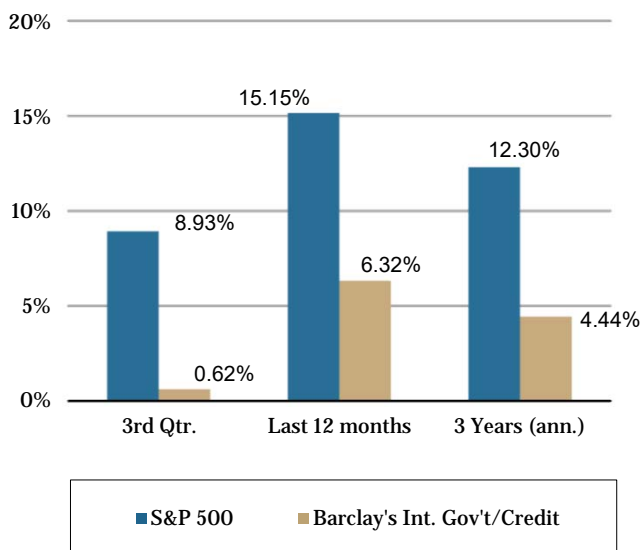
Our clients value working directly with a seasoned and experienced team of portfolio managers to help them navigate their investments relating to:

- Building a quality portfolio
- Divorce
- Retirement
- Inheritance
- Sale of a business
- Trust distribution

Our experienced team is always available to provide financial advice and review your financial assets.

MARKET INDICES

Total Return as of 09/30/2020



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