Justin Dyer ([00:05](https://www.rev.com/transcript-editor/shared/3eJBwxS_u6kY5q7AgJ4EMg_O-TZkJI4l6fTAQi7jQ3iN3y10PlrsAN-6V_Vys3fMhBhr3-RodVAcwPFzO-QHRgYmx2A?loadFrom=DocumentDeeplink&ts=5.1)):

Hey everyone. Welcome back to another episode of AWM Insights. I'm joined here by Mena Hanna, pinch hitting for Brandon. You guys have gotten to know Mena over the last couple months, years, et cetera, as a pinch hitter. When Mena's here, we're going to talk a little bit more granular details around data. The two CFA's like to get together and dig into the details a little bit. Now we will a tad, but we'll try and keep it still high level and relatable and not let anyone's eyes glaze over. We're going to continue the little series we kicked off last week around the election. Really the year as a whole looking forward is the overarching topic here. Election's going to be a big focus, already seeing headlines and rumblings and the season has truly kicked off and really just want to help clients, listeners level set, bring us back to what's important. Bring us back to have proper expectations on how to cope with the year ahead because, like we said last week, it will be a year that tests the behavioral side of investing.

([01:21](https://www.rev.com/transcript-editor/shared/zNExdbC0wpEq94pPhz4DZQWApNDy1v9SQNK1z4Jqeiqd8bUAK6ICqKUu17SCqj9mGEd0tmI8P2VM0C-c-aElFjUd4Hk?loadFrom=DocumentDeeplink&ts=81)):

Certainly there's nothing in the data to support us making any drastic changes when it comes to investing, which we're going to get into a little bit today. Mena, along those lines, let's jump in. What does the data actually say when it comes to election years? Are they good times to invest? Are they bad times to invest? I'm throwing out a lofty little softball question for you right there, but yeah, tell us what the data says.

Mena Hanna ([01:47](https://www.rev.com/transcript-editor/shared/XwICC1xlWB_09jwMdRBbTRmpOT0Fpt9ocG7grc2xNgW71V7uM_3PgVFbgc86tv7mnNc9VMgiQiEnl_qshsXVg6T62tw?loadFrom=DocumentDeeplink&ts=107.79)):

I think the data says that we put maybe a little bit too much importance on elections and their impacts. Just to highlight 11.5% is the return during election years for the S&P 500, which is actually above average, the following year's return kicks down to 10.8%. So 70 basis point drop, maybe you sell out during the second year and avoid that. Obviously, just joking there, but it's not as impactful as you would think. I think the data just tells you that this is one factor out of truly trillions that determine how markets perform, how companies end up performing. Ultimately, that's what moves markets, and there just isn't a lot to support that elections really move markets in any which way, whether it's a change in Presidency, a change in the House, the Senate, any combination of factors, it's just not as impactful as we all think.

Justin Dyer ([02:53](https://www.rev.com/transcript-editor/shared/fGF-2HlfymxbarcsjT5YJ3aqzbu9gn3nsEM93PDmBUAFSSA5A-73bEIzHc4giXSltTYYSllpAhH2Ndeook2GeMC5IZw?loadFrom=DocumentDeeplink&ts=173.13)):

Yeah, that's great. Great data. I think I mentioned last week, go vote in the ballot box, not with your portfolio because the data just really doesn't support that practice or that endeavor. Maybe the one thing to close this out in this short little episode, and we'll keep dripping these little facts and tidbits over the coming weeks around the election, this is a unique year. It's unique in the data that you just highlighted. It doesn't mean we make any drastic changes to our portfolio, portfolios that we construct are really built to adapt to the uncertainty that is going to be evident this year. That's the point I want to conclude with is that markets really don't like uncertainty. Regardless of what your political leanings are, elections actually help bring a little bit more certainty to at least the foreseeable future, to the next couple of years.

([03:51](https://www.rev.com/transcript-editor/shared/pqTbP_pKjGJWkRZDe9OfLmb5dvodeoq9ud_oSV1VdQhVzyIimX6PjTkMw3XBHYjDHM-i-WIbzOCrYNBosBetA771Fqo?loadFrom=DocumentDeeplink&ts=231.66)):

Leading up there might be a little bit more volatility this year as uncertainty still exists and who the front-runners are and who the eventual next President may be. As that picture becomes a lot more clear, and we know really before the end of the year that certainty is actually something that helps markets overall. I want to underscore that though and say that that again is one variable out of trillions, like you said, that goes into this big market dynamic, the public market dynamic that we talk about primarily on this podcast. It may be a big factor this year. It may not be as much of a factor this year. We just don't know. I'm guessing if I were to put some money on it, I'd guess that it's going to be a factor this year and there will be a lot of uncertainty. As we get a little bit more clarity, markets should actually digest that information favorably.

([04:44](https://www.rev.com/transcript-editor/shared/ku5ucfrO8nxCRny2no0Izl-R3oxrvHt1qF2Y1_PxedhaiYN-t80zE249YNXCJ__JGO059M3jASmH-co1QTEy6ucMemQ?loadFrom=DocumentDeeplink&ts=284.22)):

So it's not to say we're going to have a guaranteed positive year, guaranteed negative year, the numbers certainly show us that we shouldn't make predictions one way or the other. We know we should just be a tried and true disciplined investor for the long term, but we should prepare A) our portfolios, which we do very rigorously here at AWM, and then prepare ourselves behaviorally for the potential bumps along the road. Hopefully this was helpful just looking at the actual data, high level, not getting into anything too detailed here today. We'll continue, like I said, touching on this topic a little bit and helping you guys, you all just prepare for the coming weeks, months, and quarters ahead in 2024 as we lead up to this. With that, we will wrap. Own your wealth, make an impact, and always be a pro.