

Joe Biden Is the New President. How is Hamilton Wealth Management Positioning Client Portfolios for the New Administration? Read This to Find Out....

Market Update 01/20/2021, New President, New Thoughts on the Market

A lot has happened since my last article addressing the elections (written before the November Presidential election). Unfortunately, I got one thing very right in that pre-election letter and it has to do with an issue that still has me concerned here in early 2021.

Here's an excerpt from my October 2020 letter explaining why I had big concerns going into the election of 2020.

(Excerpt taken from: Market Update 10/13/2020, The 2020 Election and YOUR Investment Portfolio”

Now, some might say I’m an alarmist, but I see a high potential for violence in our streets over the next several months. We’ve had protests and we’ve had violence over the past summer and the markets sort of ignored it all. However, I’m afraid it could get worse, much worse, in the months ahead. If this happens, will the markets ignore this also? I can’t be sure, but I don’t think so.

Certainly, I hope I’m wrong on this, but “hope” doesn’t help my clients when I am making investment decisions and investing their money. At

Hamilton Wealth Management we put our politics aside and do our fiduciary duty managing client assets in each client’s best interest. As this election gets closer, I’m not at all sure the markets will react well no matter who wins (or claims to win) this November.

So here we are in 2021 and as I write this, Joe Biden has just been sworn in as President of the United States. Also, the House remains controlled by the Democrats and the Senate, while a 50-50 split, is also Dem controlled by virtue of Vice President Harris having the tie-breaker vote.

No, the U.S. stock market didn’t see a big drop with the Biden election, nor did it really react much to the attacks on our nation’s Capital Building. But these things just happened and markets take a long time to react sometimes. Do I think either of these events spell certain doom and gloom for investors? No. Do I think they matter? Yes!

We are very happy to have made the portfolio moves we did in 2020 and are working on our allocation adjustments here in early 2021. While we were concerned about the high price of much of the U.S stock market, our shift towards

international and emerging markets has worked out just fine for our clients. We continue to favor an overweighting of non-U.S. equity investments due to a generally cheaper world market (vs. U.S.) and our fear that tighter regulations and potentially higher taxes are, on balance, not positive for U.S. stock investors.

Please don't make the mistake of believing that means I think U.S. stocks are all bad investments. Certainly not and we certainly still own investments that are focused on U.S. equity markets. We've just increased our exposure to international markets and have added more diversification into our model allocations.

Add to that my belief that the Biden presidency (and Dem controlling both houses of congress), while potentially a negative to certain market sectors, will likely benefit other sectors. I'm not going to list all the sectors we prefer to avoid and which ones we are favoring, but that's part of our portfolio management thought process.

Watch for your Hamilton Wealth Management managed portfolios to reflect our latest investment model tweaks over the coming weeks and months. We will be talking to all our clients over the upcoming months as Lesa sets up the review calls and Zoom meetings.

Stay safe and let's make 2021 a great year....regardless of whether "our candidate" won! America is bigger than that and I think now would be a great time to show it!

....and Go Bills!

Tom

As always, if you are not a client of ours, I cannot provide specific advice, obviously. However, I do strongly urge you to consider the ideas I discussed here and how they may affect your investments. We'd be glad to review your investments on your behalf and let you know how we might manage them differently, if appropriate. Just call or email our office to set a time to talk.

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