

PASADENA BUSINESS NOW

More Certainty in a Clinton Presidency than a Trump Presidency, Says Pasadena-based Investment Advisor

From STAFF REPORTS

Published : Tuesday, November 8, 2016 | 2:53 PM

With a Trump victory, investments could drop solely due to uncertainty, because the consensus is that investors believe there is more known about a Clinton presidency, than a Trump presidency. Mitchell Kauffman, Managing Director of Pasadena-based Kauffman Wealth Management, offers this and other insights on the most likely outcomes of today's election and how they would impact the financial market and investments.

Based on a Wells Fargo Investment Institute analysis titled "Guide to the 2016 Elections," Kauffman, a certified financial planner, said it would be better for investors to "ride out the waves of campaign rhetoric," and to stick to a long-term financial plan.



In the Guide, analysts Paul Christopher and Craig Holke offered four likely outcomes of the elections and the probability of each of them occurring: a Democrat president and a divided congress, 40 percent probability; a Republican president with a divided congress, 30 percent; a Democrat president with a Republican congress, 10 percent; and a Republican president and congress, 20 percent.

The analysts are also projecting a neutral market impact for the first scenario, a slightly negative impact on the second scenario, a slightly positive impact from the third scenario, and from the fourth a negative market impact.

"We know that Secretary Clinton is promising new initiatives in taxes, spending and regulations which may be negative for the market, but the hope is that there's room for congressional compromises that could blunt some of that impact," Kauffman said. "And so you combine that with a positive trade policy which we're assuming Clinton would be more positive on trade than Donald Trump, that's where get the overall expectation of market neutral."

Explaining how Clinton would be more positive on trade, Kauffman said Trump has been negative on the trade pacts and actually indicated that some of these will need to be renegotiated.

"The thing that markets and business need is certainty and predictability. When you have uncertainty resulting from anticipated major change, that makes businesses and investors

hesitant to take normal steps that they need to be productive in their endeavors,” Kauffman added. “When you have hesitation which we have been seeing in the economy of late – you know, businesses hesitate to restock inventories – that’s the kind of thing that does not bode well.”

Asked whether the uncertainty would be long-term effect on a Trump victory, Kauffman said historically, much of free enterprise as we know it works based on confidence.

“One of the prime things that contributed to the financial crisis of 2008-2009 was that confidence just got decimated by a tremendous uncertainty, with major institutions failing and all the stuff that resulted from that,” Kauffman continued.

In earlier statements, Kauffman has said political volatility, disagreements between Congress, and the uncertainty about the next Supreme Court justice make it difficult for investors to plan large portfolio changes.

He recommends these portfolio changes solely based on election fears and speculation should be avoided.

Kauffman’s firm has been providing wealth management and financial advisory services to clients for over 30 years.

He is also an accomplished writer and speaker, whose contributions to his profession have been published in the Los Angeles Times, Chicago Tribune, and Kiplinger, as well as several publications in Southern California. His books, “Are You on Track? Your A-Z Financial Freedom Resource,” and “Are Your Heirs Prepared? Your A-Z Moneywise Family Resource,” were published in 2016.

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Mitchell Kauffman provides wealth management services to corporate executives, business owners, professionals, independent women, and the affluent. He is one of only five financial advisors from across the U.S. named to Research magazine’s prestigious Advisor Hall of Fame in 2010, and among a select list of 100 over the past 20 years.

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Kauffman's articles have appeared in national publications, and he is often quoted in the media. He is an Instructor of Financial Planning and Investment Management at the University of California at Santa Barbara and Santa Barbara City College.

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