

RAYMOND JAMES[®]

THE OFFICIAL NEWSLETTER OF REID SHERMAN INVESTMENT GROUP

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SEMI-ANNUAL NEWSLETTER

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Dramatic Changes to Portfolio Allocations Should Not Be Made on the Election Alone

The election is just months away and attention to it is set to ramp up from here. It is historically common for the stock market to be soft in the September-October timeframe. This is particularly the case in contentious elections when the incumbent party has a higher likelihood of losing control. However while emotions may run high and impact market volatility, the overarching themes of the environment remain the most influential forces to returns over the intermediate to longer term. Our upward bias remains to equities with the positives of unprecedented stimulus fueling the economic recovery, record low interest rates, and low inflation outweighing the potential negatives of election uncertainty, tax changes, virus spread, and geopolitical tensions. For this reason, we would not look to make dramatic changes to portfolio allocations in the lead up to election day. We would maintain portfolio diversification, and use any potential weakness as a buying opportunity. Current election betting odds indicate close to a "toss up" in terms of Presidential outcome and potential for a Democratic sweep. The gap has narrowed recently and these odds are set to fluctuate in the weeks ahead.

Also, while current polling odds may indicate current opinions, plenty can change in the lead up to election day. And history suggests these polls need to be taken with a "grain of salt" in predicting future outcomes. Needless to say the uncertainty surrounding the election outcome and its effects to the equity market is high. We remind you that emotions can create volatility for areas of the market that may or may not ultimately meet those expectations. For example, following the 2016 election, technology and health care were two of the immediate underperformers, however they were two of the best areas throughout the presidential term. On the flip side, energy was expected to be a beneficiary of lower regulation and lower taxes; and though it did initially outperform through 2016 year end, it was down in 2017 despite higher oil prices (and is down -48% since 2016 election dav).

For these reasons, we would not look to make dramatic changes to portfolio allocations based on the election alone and would refrain from emotional responses that alter your long term goals and objectives. Equity market volatility can occur (broadly and for specific subsectors), but this often ends up being an opportunity for the longer term.

Disclosure: Any opinions are those of the author and not necessarily those of Raymond James. Expressions of opinion are as of this date and are subject to change without notice. . Past performance does not guarantee future results. Prior to making an investment decision, please consult with your financial advisor about your individual situation.

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Online Client Access

If you haven't yet signed up for Client Access, we encourage you to consider doing so, especially in these times of limited physical contact. This secure, convenient online account access system complements the services we provide, offering instant availability of your financial information wherever you are in addition to the convenience of receiving statements and other communications electronically. To enroll today, visit www.reidshermangroup.com and click 'Client Access,'

Office Happenings

We would like to congratulate John Sparks on passing his SIE and Series 7 exams at the end of 2019

Reid Sherman Investment Group sponsored Oxford School District's Teacher of the Year award at the award luncheon in January

Congratulations to John Sparks and his wife, Wendy, on the arrival of their new baby girl, Sarah!

MID-YEAR REMINDERS:

Please contact us today to schedule an appointment for yearly portfolio review

DID YOU KNOW

The recently passed CARES Act suspends IRA required minimum distributions (RMDs) for 2020.

WORK ANNIVERSARIES:

John Sparks (*Financial Advisor*)- 1 year Anniversary on July 1st

Liz Rousseau (Client Service Associate)- 2 year Anniversary on July 16th

Lisa Williams (*Sr. Client Service Associate*)- 14 year Anniversary with Reid Sherman Group in August

Chuck Sherman (Sr. Vice President, Investments)- 14 year anniversary in October

Conference Attendance

Lindsay, Chuck, and John attended a conference at our home office in St. Petersburg, FL the week of February 24th. They were able to attend a meeting held with Raymond James CEO, Tash Elwyn, where they learned more about the firm's culture and what differentiates Raymond James from other companies. They were also able to meet with several equity analysts and members of the Asset Management team to discuss portfolio approaches for 2020.



Chuck Sherman, Lindsay Reid, & John Sparks at the Raymond James home office in St. Petersburg, FL

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