



Dear Client:

The mid-term elections are over, and everyone can claim victory over some of the results and dismay over others. Most importantly, what might the results mean for the economy and for your investment portfolio?

You can expect to see gridlock in Washington, D.C. With Democrats in control of the House of Representatives, they can block any legislation proposed by the president. And any legislation approved by the House will likely either be voted down in the Republican-controlled Senate or ultimately vetoed by President Trump. So, expect to see little legislation that might have a material effect on the economy.

Wall Street hates uncertainty, and this election has made it clear there's going to be gridlock in Washington. Status quo means no new tax laws, no new environmental or economic restrictions, no surprises. Business can focus on business, instead of worrying about what might be coming next from the nation's capital.

Wall Street certainly responded favorably to the election's outcome on the day after the election. And it's not just Wall Street that's feeling good. The latest Money Anxiety Index, just published, is at its lowest level since November 1968.¹ Many Americans are feeling better about money than at any time in their lives — probably including you.

But as exciting as this all may be, you might be scratching your head because, with all the ups and downs, your account value may not have risen over the past year. Well, that's because the year-to-date performance of the investment markets have been low or even negative (as noted below):

S&P 500 stock index*:	1.97%
MSCI EAFE International Index*:	-10.25%
Bloomberg Barclays US Aggregate Bond Index*:	-2.41%
Nasdaq Composite stock Index*:	4.81%
MSCI Emerging Markets Index*:	-15.73%

*Year-to-date as of Nov. 11, 2018

So, what does all this mean for your investment strategy going forward?

It means nothing at all. Let's keep in mind that the markets have been enjoying rising prices for 10 years — the longest-running bull market in U.S. history.² So it's natural for securities prices to hit rough patches or stall for a while, and that's what we're experiencing right now. Nevertheless, most national economic indicators are still pointing up. The unemployment rate is at the lowest since 1969,³ wage growth is the highest in 9 years,⁴ GDP growth this year has been the strongest in four years,⁵ and we see little reason to believe any of this will change anytime soon — especially since little interference or distraction is expected to come from Washington.



Your portfolio has been designed based on your goals, and if those goals haven't changed, then you should continue doing what you're doing. Stick with your portfolio and continue adding to it as best you can. And if substantive changes are needed, you can be sure that we'll let you know.

We are honored that you have chosen us to be your partner. Please let us know if you have any questions or concerns.

Regards!

Ric Edelman
Founder and Chairman, Financial Education and Client Experience

©2018 Edelman Financial Engines, LLC. Financial Engines® and Edelman Financial Engines™ are trademarks of Edelman Financial Engines, LLC. All advisory services offered through Financial Engines Advisors L.L.C. (FEA), a federally registered investment advisor and wholly owned subsidiary of Edelman Financial Engines, LLC. FEA may also be referred to as Edelman Financial Engines or Financial Engines. Results are not guaranteed. CPY22155

1 "A Proven Predictor of Financial Confidence." Money Anxiety Index.

2 Frazee, Gretchen. "What the Longest Bull Market in History Means for the Economy and Your Investments." PBS, Public Broadcasting Service, 22 Aug. 2018.

3 "The Employment Situation - October 2018." Bureau of Labor Statistics, U.S. Department of Labor's Bureau of Labor Statistics, 2 Nov. 2018.

4 Bartash, Jeffry. "Wages Rise at Fastest Pace in Nine Years as U.S. Adds 250,000 Jobs in October." MarketWatch, MarketWatch, 2 Nov. 2018.

5 Robb, Greg. "GDP Growth of 3.5% Marks Best Two-Quarter Stretch in Four Years." MarketWatch, MarketWatch, 26 Oct. 2018.

You are receiving this email because you are a client of Edelman Financial Engines, LLC. To be sure you receive communications from us, please add client@ricedelman.com to your email address book. If you would like to unsubscribe from non-regulatory communications, click here. Please note that even if you unsubscribe, we are still required to send you regulatory communications.

This message was sent by Edelman Financial Engines, LLC - 4000 Legato Road, 9th Floor, Fairfax, VA 22033-4055 - (888) 752-6742.

Privacy