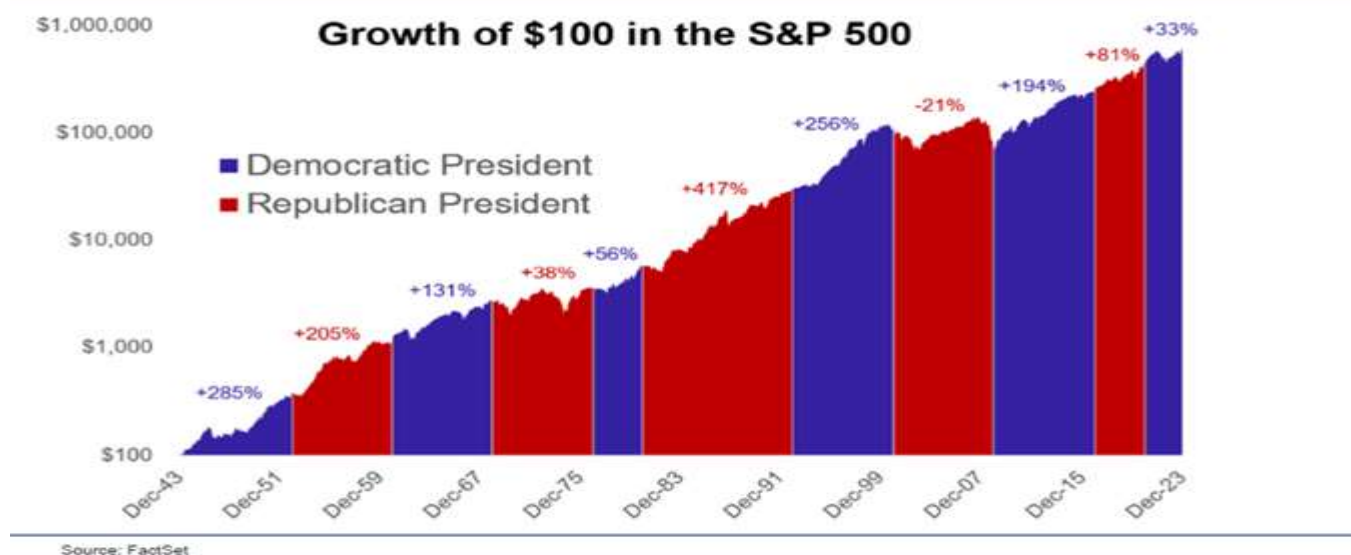


We had the wonderful opportunity to have Baird's head market strategist, Mike Antonelli, in town last week and I wanted to share some of the insights for those who were not able to attend one of his presentations. Before I share the notes that I took from his presentation, I would recommend everyone check out his blog, "Bull & Baird Blog" and his video series on YouTube called "All That Matters with Mike and Ross."

- 1) Mike talked about baby boomers being the largest generation in the U.S... until the millennial generation. Millennials are hitting their "economic prime", the ages between 35 and 45 where they will likely spend the most money (houses, cars, toys, vacations, children, etc.). We saw great market performance from 1980-2000 when the baby boomers hit their "economic prime" and we will likely continue to see good market performance as millennials continue through their economic prime.
 - In summation, millennial spending is a big factor in what is driving the markets right now.
- 2) Mike spent a lot of time talking about this chart:

Market's trend is apolitical



Below are the important notes on this chart:

- a) Over those 80 years the market turned \$100 into \$1,000,000, if you were able to invest and then **IGNORE** the results of every election for the next 80 years.
- b) In the 1980s, a young Howard Schultz had an idea to distribute the most bitter, burnt coffee to the entire world (Starbucks). Starbucks has had incredible market performance since then and is a huge part of the global economy. In 1993 at a meal at Denny's, Jensen Huang and 2 others decided that they wanted to start making graphics processing units for PCs (Nvidia). Nvidia is now a trillion-dollar company. Both Howard and Jensen didn't say, "Hey I have this wonderful idea, but I don't like the political landscape right now so I'm going to wait until the people are in office that I want to be in the office."

- c) These companies are examples of what caused the market over that 80-year period to grow from \$100 to \$1,000,000. People are worried about the policies that Harris or Trump have talked about. In that 80-year chart there are hundreds and hundreds of political policies that were discussed... it didn't matter. When it comes to the market, the policies don't matter, the president doesn't matter, what matters are the businesses that are providing us with the products we use every day.
- 3) Mike talked about attention being your most valuable resource and a calm mind being the most important thing you can have. When you go on vacation with friends or family and spend a week having a great time with them you come back feeling wonderful. Compare that to being locked into a room being forced to watch political news stations for a week straight. You would come out of the room after that week thinking the world is more divided and corrupt than it has ever been. Our phones do just that to us. They are providing non-stop stimulus, drawing our attention away from the things that really matter.
- He said, "I've never had a client come into my office that said, 'I don't watch any news, but I'm really worried about the markets.'"

Q&A:

- 1) **Question about the national debt:** Mike had slides of political cartoons, from many different decades going back to 1937, stating how worried people were about the national debt. He said we've been worrying about it for 100 years and look how well the market and economy have done over those hundred years. It's not something we need to worry about in our lifetime
- 2) **Question about bitcoin:** He said it will be around for a long time, but it will be more like fine art or fine wine. It will be a collectible and those that are passionate about Bitcoin will invest, but it will never replace the dollar. Visa can execute more than 65,000 transactions per second, bitcoin can process approximately 7, and therefore will never be the world's global currency.
- 3) **Question about taxation of unrealized capital gains:** Mike said it would never happen, but let's run it out as a scenario. First, Harris would have to win. Then we'd have to get 50 senators to vote to approve it, and then she would have to have 218 votes from the house. Keeping in mind all these people own stocks and will get hit with the tax as well. If that somehow all goes through yes, the market will likely go into a bear market. What happens two years later? Both the house and senate will have a major swing to the republicans because of the repercussions of that bill. The bill will immediately get reversed and in 2 more years we'll have a republican president. Do you really think that bill is what Harris, and the democrats want to use up the entirety of their political capital on for the next six plus years?

- Tyler O. Vallano, CFP®

The information reflected on this page are Baird expert opinions today and are subject to change. The information provided here has not taken into consideration the investment goals or needs of any specific investor and investors should not make any investment decisions based solely on this information. Past performance is not a guarantee of future results. All investments have some level of risk, and investors have different time horizons, goals and risk tolerances, so speak to your Baird Financial Advisor before taking action.