



## **America First Allocation**

January 31, 2017

**Several of our clients have asked about moving to an allocation driven primarily with American owned companies – What if President Trump is successful energizing U.S. companies?**

In upward moving markets:

- The first to benefit traditionally are small-cap and mid-cap companies – those that can react more quickly. Additionally, they generally only serve the domestic market, making them less susceptible to trade wars, tariffs, etc.
- Secondly will be the large-cap firms – S&P 500 members. Firms that will be slower to react due to their size and global operations. Because many of the largest companies in America receive more than half of their revenue from outside the United States, they could be harmed by foreign policies which are viewed as protectionist.

The "Equity" side of the allocation could be 40% small-cap, 40% mid-cap and 20% S&P 500 – each category rated a 3-High Risk out of 4. The America First Allocation on the VVC site.

For those that are younger or are "all in" behind the America First initiative, these three fund objectives are all you need – managed, index funds or combination.

For those that want to be less aggressive, you can add a "Cash" element – in this case U.S. based Bond fund – those in the 2-Moderate Risk range.

**Remember** – Stocks and Bonds can move like a child's teeter-totter – as Stock returns rise, Bond returns fall, and vice-versa.

**These are the principles of an America First Allocation. On the flip side of the coin, it may be wise to stick to a long term asset allocation plan, instead of trying to second guess the markets short-term.**

**Please contact me if you would like to consider a personal allocation with these objectives.**