ASTOR INVESTMENT MANAGEMENT | Fundamentally Driven.

Event or non-event—that is the question.

As investors ask about what could, conceivably, impact the market, consider these timely examples:

- Nov. 1-2 FOMC meeting. While FOMC meetings often qualify as events, the November meeting is widely viewed as a "non-event," with no expectations for a rate hike. At Astor, we agree with the consensus opinion that a rate hike is far more likely to occur at the December meeting (Dec. 13-14).
- Nov. 8 Election Day. An event, regardless of the outcome, if for no other reason than determining who will occupy the Oval Office starting in January 2017. While presidential elections do lead to conjecture about how economic policies might change, it's important to remember that such changes take time.

Beyond parsing events from non-events, we, at Astor, believe it's more important to take a longer-term, fundamentally driven view. Investing solely based on "events," we think, is inherently risky.

- While there may be some links, at least psychologically, between politics and the economy, the bigger and more impactful thing to watch is the $18 trillion U.S. economy.
- Based on our study of the stock market over nearly 100 years, we believe that the prevailing economic trend to be the best gauge of how and where to invest. As our research shows, periods of economic expansion tend to favor exposure to equities (beta), while periods when the economy is contracting or in recession do not favor equities and may be more appropriate periods for holding fixed income and/or even inverse equity positions.

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