



ESTABLISHED 1876  
ASSET MANAGEMENT

**The US government partially shut down this week** and clients are asking if we are making changes to our portfolios in reaction to it. LTAM is not changing our overall portfolio strategy because as you will see with the points below we do not believe there will be a great economic impact.

1. There have been 10 similar shutdowns in the last 30 years, none lasting for any significant amount of time, with minimal long-lasting economic or market impact.
2. According to Bloomberg, during the past 12 government shutdowns, the S&P 500 rose an average of 11% in the ensuing 12 month period.
3. Any government shutdown that lasts over a month could slow the GDP annualized growth rate by 1%.
4. The annual budget deficit has decreased by \$500 billion for the year, due to increased tax revenue and reduced government spending. The decreasing budget deficit should lessen the shutdown and debt ceiling debate as the US budget has improved.

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