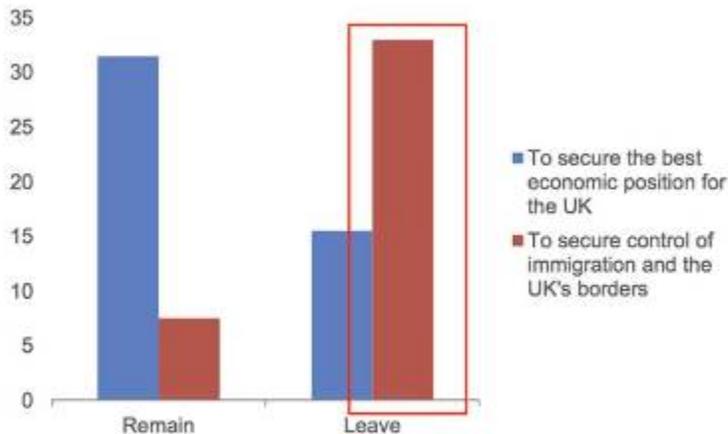


## What You Need To Know About The Brexit Vote

By Katherine S. Newton, CFP®, ChFC™

This week we are all going to hear more about the vote regarding Britain exiting the European Union. The polls indicated Monday morning that Britain will not exit and markets seem to be moving higher. While the vote is really about immigration, it also has financial and economic consequences so we wanted to drop you a note to share our perspective.

The key issue causing the vote is immigration. The chart below shows that the tradeoff seems to be between what's good for the economy and what's good for immigration.



Source: ORB, averaged scores from March and April polls. Choices in response to a list of 8 options describing how the respondent intends to use their vote in the referendum

Europeans are moving to the United Kingdom because the country has a better job market. When compared to the rest of Europe, the U.K. has less regulation around employment and fewer employee protection laws (it's a more capitalist and less socialist job market). It should be no surprise that the U.K. creates more jobs and Europeans who are willing to move are in turn relocating to the U.K.

Investment markets hate uncertainty in the short term and Britain exiting the EU creates uncertainty. We are not sure how other countries will react, how trade between Britain and continental Europe will change or how global currency markets will be affected. Therefore, a vote to exit the EU will most likely be viewed as a negative decision by the financial markets.

We think that in the end Britain will not vote to leave and the polls are trending that way. If Britain does vote to leave, there will be very little long-term impact to the U.S.

Brexit is just the new global worry. In the long term this will go down as one of the many global issues that caused short-term uncertainty in financial markets and then faded away. We are hopeful that Britain votes to stay because we do believe that exiting would slow down what will likely be a very sluggish recovery in Europe.

**Bottom Line:** Brexit isn't an issue worth worrying about for U.S. investors. We simply view this as just more noise. It gives us something to talk about, but isn't likely to affect long-term returns.

*The views are those of Katherine Newton and should not be considered as investment advice or to predict future performance.*

*Past performance does not guarantee future results.*

*All information is believed to be from reliable sources.*

*However, we make no representations as to its completeness or accuracy.*

*Please note that neither Cetera Advisor Networks, LLC, Carroll Financial Associates or any of their agents or representatives give legal or tax advice.*

*For complete details, consult with your tax advisor or attorney.*

***Katherine Newton, a 30-year veteran of the financial services industry and Certified Financial Planner™, crafts protectorates for her clients' wealth so they have confidence to pursue what's most important in their lives.***

***You can reach Katherine at her company Waite Financial in Hickory at 828.322.9595***

***or by email at [katherine@waitefinancial.com](mailto:katherine@waitefinancial.com).***

***Her registered branch address is P.O. Box 1177, 428 4<sup>th</sup> Ave., NW, Hickory, NC 28603, 28601.***

*Registered Representative of and Securities offered through Cetera Advisor Networks, LLC. Member FINRA/SIPC. Advisory services offered through Carroll Financial Associates Inc., a Registered Investment Advisor. Waite Financial, Cetera Advisor Networks, and Carroll Financial Associates are unaffiliated.*