

It Is a Mistake to Mix Politics and Investment Strategies

People invest in stocks, bonds or real estate to make money. Citizens vote for politicians who will pursue policies that the citizens favor. In a recent interview Warren Buffett said that it is a mistake to mix politics and investment strategies. That Mr. Buffett is following through on this philosophy is borne out by the fact that he was an ardent Clinton supporter but has poured \$20 Billion into the stock market since the election of Donald Trump. In an interview with *CNBC* Buffett said that how Trump handles the primary **threat to US security** is how he should be judged.

Buffett said on “Squawk Box” his top concern is how to prevent rogue nations from getting weapons of mass destruction, and he singled out North Korea as a specific threat.

The health of the economy at the end of four years is a second yardstick by which Buffett said he’d evaluate the Republican Trump administration.

“And then third, I’ll judge him on if the economy does well, which I expected it to do, how wide the participation in a better economy extends.”

*To that end, Buffett told *CNBC* on Monday that mixing politics and investment strategies would be a “big mistake.”*

Meanwhile to so-called Oracle of Omaha has poured money into the market.

“Probably half the time [in] my adult life, I’ve had a president other than the one I voted for,” he said. “But that’s never taken me out of stocks.”

But how does this approach work for so-called green investors of people who oppose the tobacco industry? The logical answer is that you do not need to invest in any stock that you do not like. And if you have a favorite that matches your social and political concerns go ahead and invest. But if what you want are profits it is a mistake to mix politics and investment strategies because the most socially acceptable stocks are often not the best money makers.

Long Term Money Makers

Part of why an investor like Buffett is successful is that he only invests in companies whose businesses he understands. And he only invests when he can safely predict profits into the

ten year or more range. In this regard take a look at our articles about [how many years are required to make an investment long term](#) and [what stocks make the most money over the long term](#). Buffett's second and third measures of how he would judge Trump are the growth of the US economy and whether or not the benefits of that growth are widely spread across the socio-economic spectrum. Companies like the old AT&T and General Motors grew with the country. So have Coca Cola, GE, Exxon and Proctor & Gamble. To the degree that your political concerns are primarily that the economy does well you may be mixing politics and investment concerns but in the end investment decisions should be based on [intrinsic stock value](#) and not the politics of the president. Pick your stocks based on expected profits and vote for president based on your social and economic concerns. And don't mix the two.

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