APOLLON

The Markets and US Presidential Elections

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Elections' Impacts on the Stock Markets

Over the past year, investors had a lot on their minds including heightened inflation, the Federal Reserve's policies, the debates between a soft vs a hard landing, geopolitical tensions and conflicts, the strength of corporate earnings, and the resiliency of consumer spending and the labor markets.

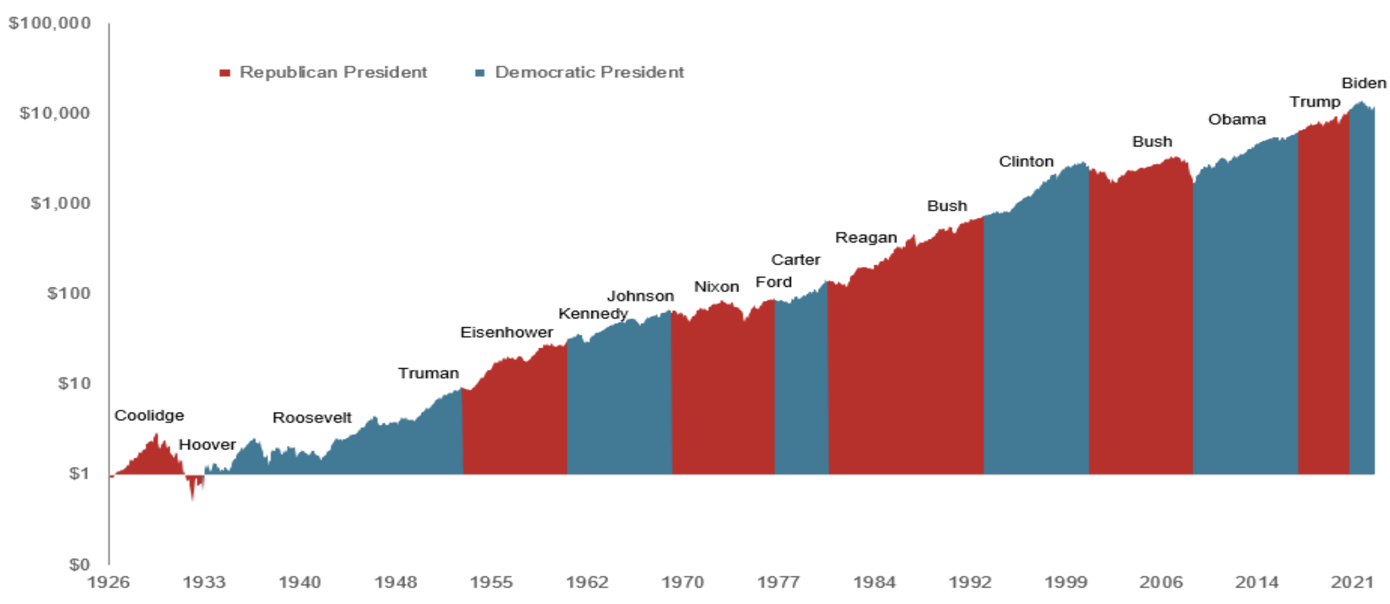
2024 may add another concern into investor's minds as campaigns for the upcoming US Presidential election will gain more momentum in the coming months. Market volatility can increase during periods of uncertainty. Since 1932, the S&P realized volatility was 16.5% during election years and 15.3% during non-election years.

Some investors may stray from long-term investment strategies during these times of uncertainty by making emotional investment decisions, which, in turn, can cause unnecessary financial setbacks. Staying disciplined to long-term investment strategies has proven to be essential to investors meeting their financial goals as market timing is just as difficult during election years as any other year, especially with increased volatility.

Investors should also remember that the economy and the market have typically performed well regardless of which party wins the White House as evidenced in the chart below.

Markets Have Rewarded Long-Term Investors Under a Variety of US Presidents

Growth of a dollar invested in the S&P 500: January 1926–December 2022

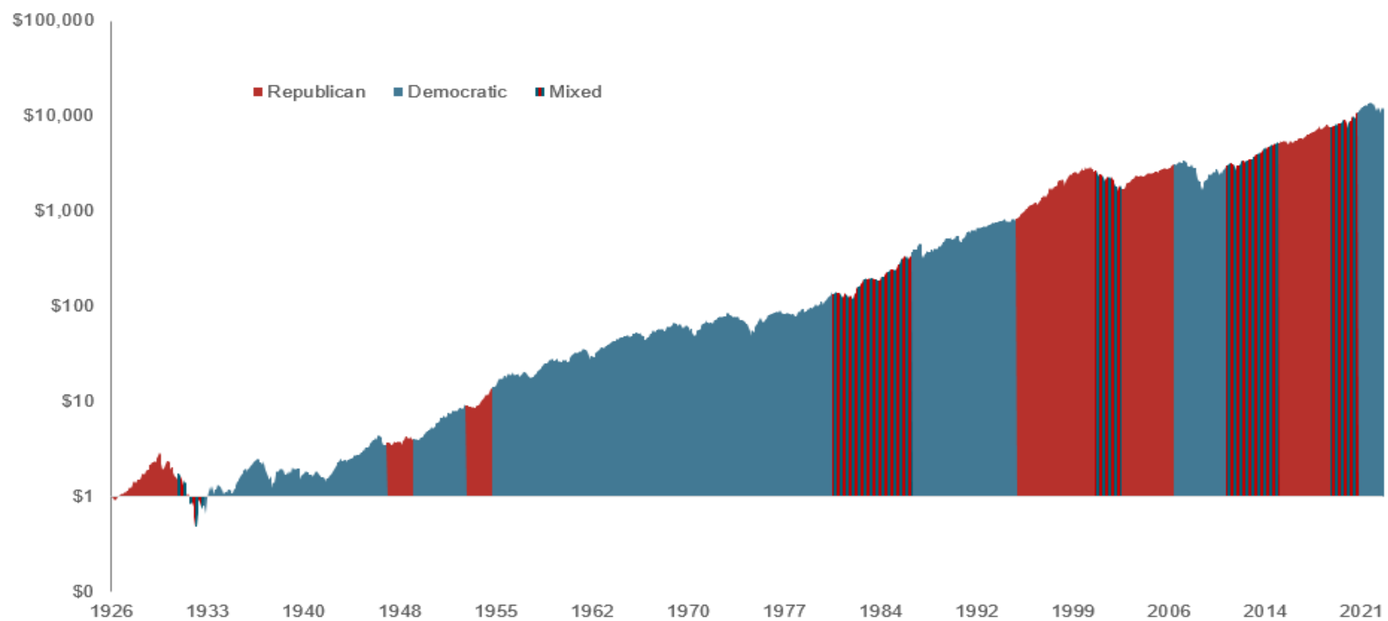


Past performance is not a guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. Source: S&P data

The same can be said of market performance as it relates to which political party controls Congress. Long-term investors have fared well regardless of political leadership.

Hypothetical Growth of $1 Invested in the S&P 500 Index and Party Control of Congress

January 1926–December 2022



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What Should Investors Do?

Political views should be expressed in the polls, but not in portfolios. Investors should remember that while US Presidents may have an impact on market returns, so do many other factors including interest rate changes, technological advances, corporate profits, economic growth, consumer spending and the labor markets to name a few. There is no strong correlation of how election outcomes affect future stock returns.

Investors should avoid any investment decisions based upon political opinions, and instead should remain disciplined to their long-term investment strategy. This discipline is critical for investors to achieve their financial goals and dreams.