



financial fitness

By Jennifer Osgood, Wagner Wealth Management

How Elections Affect Markets

How much do elections impact the stock market and portfolio returns? Should elections even matter to long-term investors? These are the questions investors and financial professionals often consider in election years.

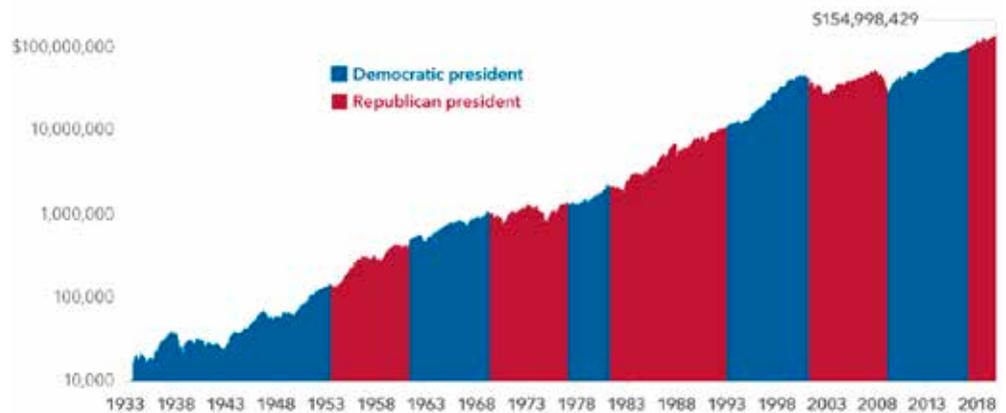
When the political and economic climate are challenging, the market discounts the added uncertainty of the election outcome and what policy changes may occur, which can lead to higher volatility. Historically, no matter which party wins or loses, election volatility has usually been short-lived and gives way to upward moving markets.

History shows that stocks have done well regardless of the makeup of Washington. Since 1933, there have been 42 years where one party has controlled the White House and both chambers of Congress at the same time. During such periods, stocks have averaged double-digit returns. This is nearly identical to the average gains in years when Congress was split between the two parties.

Politics can bring out strong emotions, but investors would be wise to tune out the noise and focus on the long term. Historically speaking, election outcomes and which party is

in power have made essentially no difference when it comes to long-term investment returns. Over the last 85 years, there have been seven Democratic and seven Republican presidents, and the general direction of the market has always been up. What should matter more to investors than election results is staying invested.

Growth of a hypothetical \$10,000 investment in the S&P 500 Index



Sources: Morningstar, Standard & Poor's. The start date is March 4, 1933, and the end date is August 31, 2020. Dates of party control are based on inauguration dates. Values are based on total returns in USD. Shown on a logarithmic scale.

Some have called the 2020 election the most important in our lifetime. But that has been said about previous elections and will be said again about future elections. This year has been unique in countless ways, but a look at past election cycles shows that controversy and uncertainty have surrounded many campaigns. And in each case, the market continued to be resilient. By maintaining a long-term focus, investors can position themselves for a brighter future regardless of the outcome on Election Day.

Securities offered through Triad Advisors, LLC Member FINRA/SIPC. Advisory Services provided through Wealth Management Advisors, LLC, A Registered Investment Advisor. Wealth Management Advisors, LLC is not affiliated with Triad Advisors, LLC. Wealth Management Advisors, LLC and Wagner Wealth Management are not affiliated with Triad Advisors.

Wagner Wealth Management is located at 3 Legacy Park Rd., Suite A, in Hollingsworth Park. Call us at 864-236-4706 or visit www.wagnerwealthmanagement.com to learn more about our firm.

Source: Capital Group September 2020