Presidents don't matter for markets as much as you may think

Investors may think the stock market does better under a certain party. But the party in power hasn't historically affected the market over the long term.

Talking points

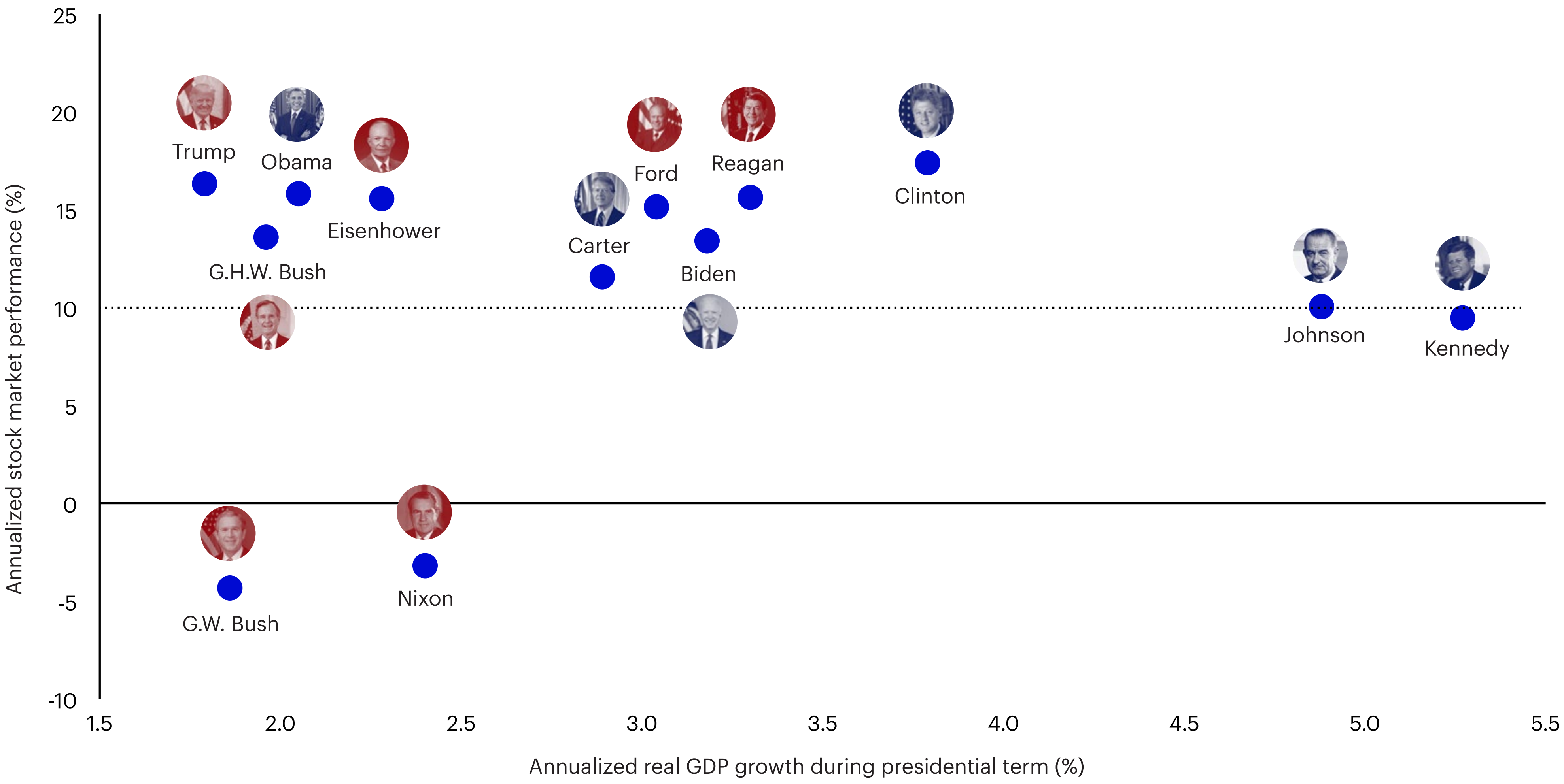
1. Neither party can claim superior market performance.
2. Investors have typically been better off staying invested across administrations.
3. Investors haven't needed to approve of the president for markets to go up.
4. Starting points have tended to matter more for markets than governing approach.

Proof points

- The S&P 500 Index delivered an average annual return above 10% since 1957, through both Democratic and Republican administrations.
- Equities posted positive, annualized double-digit returns across 11 of the last 13 administrations.
- Stocks were only negative during Nixon's term, which he didn't finish, and George W. Bush's term, which ended in a global financial crisis.

Neither party can claim superior market performance

Stock market returns vs. economic growth during presidential terms (1957-2024)



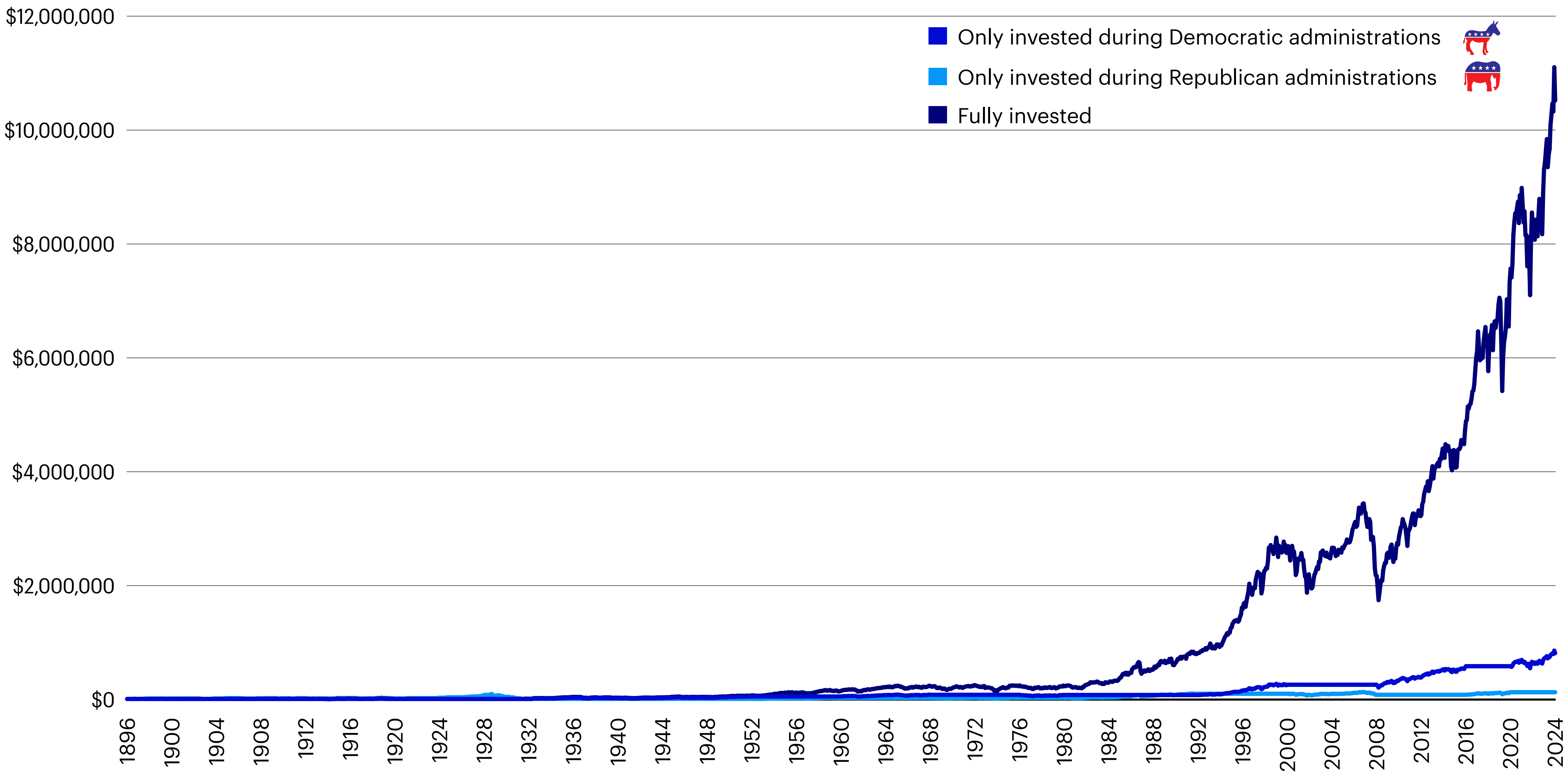
Sources: Haver, Invesco, 6/10/25. Note: President Eisenhower's second term only is shown. Stock market performance is defined by the S&P 500 Index total return. The S&P 500® Index is a market-capitalization-weighted index of the 500 largest domestic US stocks. An investment cannot be made in an index. Gross domestic product (GDP) is a broad indicator of a region's economic activity, measuring the monetary value of all the finished goods and services produced in that region over a specified period. **Past performance does not guarantee future results.**

Proof points

- The best performing of the three portfolios over the past 120 years was the one that stayed fully invested through both Democratic and Republican administrations.
- A portfolio that invested only when a Democrat or Republican was in office would've vastly underperformed a portfolio that stayed invested regardless of who was in power.

Investors have typically been better off staying invested across administrations

Growth of $10,000 in the Dow Jones Industrial Average (1896-2024)



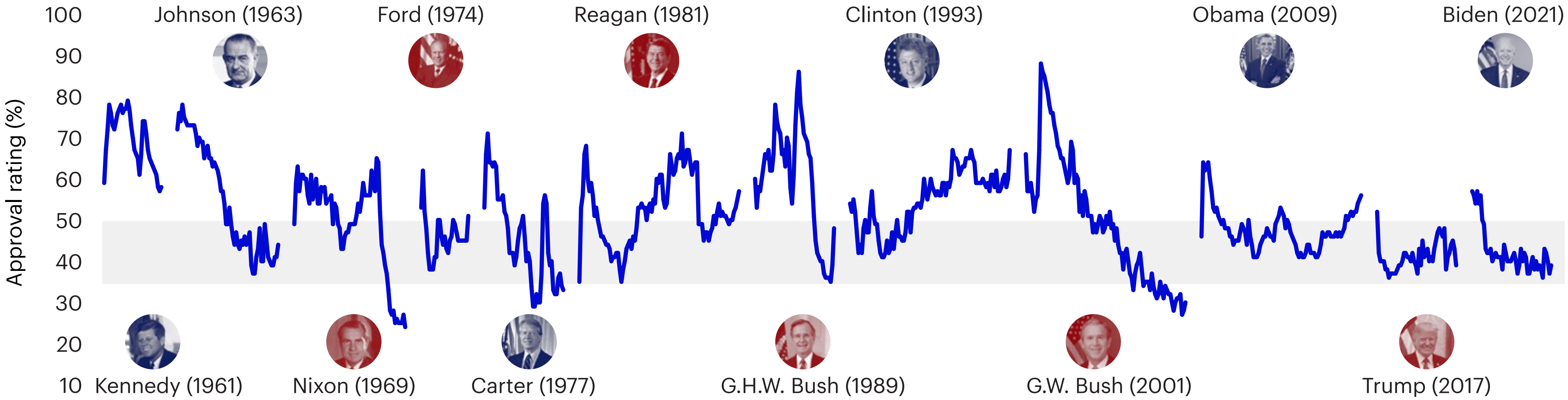
Sources: Haver, Invesco, 12/31/24. The Dow Jones Industrial Average is a price-weighted index of the 30 largest, most widely held stocks traded on the New York Stock Exchange. An investment cannot be made in an index.
Past performance does not guarantee future results.

Proof points

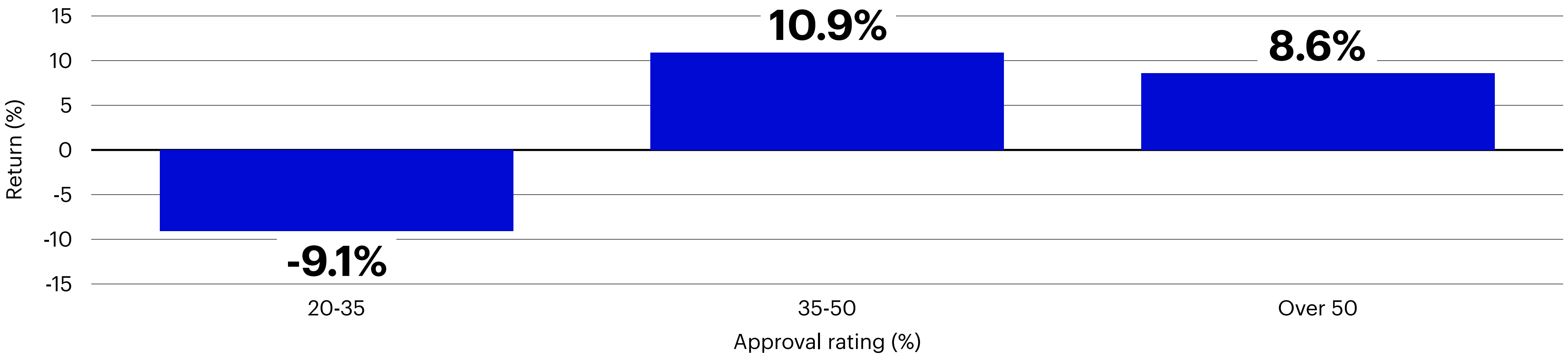
- There has been little correlation between the president's approval rating and the direction of the stock market.
- In fact, stocks performed best when the president's approval rating was between 35 and 50.

Investors haven't needed to approve of the president for markets to go up

Gallup poll on presidential approval ratings (1961-2024)



S&P 500 Index return by presidential approval rating (1961-2024)



Sources: Bloomberg, L.P. and Gallup, 12/31/24. Latest data available. An investment cannot be made in an index. **Past performance does not guarantee future results.**

Proof points

- Republican Ronald Reagan and Democrat Barack Obama — two very different presidents — took office during recessions.
- When each became president, equities were historically cheap.
- Reagan and Obama both benefited from monetary policy actions designed to restore an ailing economy to health.
- Reagan and Obama were both helped by favorable demographic trends.

Starting points have tended to matter more for markets than governing approach

S&P 500 Index during President Ronald Reagan

+207%

Cumulative price return (1/20/1981-1/20/1989)

S&P 500 Index during President Barack Obama

+234%

Cumulative price return (1/20/2009-1/20/2017)

Source: Bloomberg L.P., National Bureau of Economic Research, US Federal Reserve, US Census Bureau. Chart is meant for illustrative purposes only and is not meant to depict or predict the performance of any investment strategy. Indices cannot be purchased directly by investors. Analysis of stock valuations is based on the price-to-earnings ratio of the S&P 500 Index. The price-to-earnings (P/E) ratio measures a stock's valuation by dividing its share price by its earnings per share. The S&P 500® Index is an unmanaged index considered representative of the US stock market. Analysis of stock valuations is based on the price-to-earnings ratio of the S&P 500 Index which was trading at price-to-earnings ratio of 9.1x and 10.4x, respectively, at the beginning of the Reagan and Obama terms. The average price-to-earnings ratio for the index was 16.7x from 1957 to October 2023. The price-to-earnings (P/E) ratio measures a stock's valuation by dividing its share price by its earnings per share. The S&P 500® Index is an unmanaged index considered representative of the US stock market. **Past performance does not guarantee future result.**

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