Committee Perspectives
U.S. Election Guide

Ameriprise Global Asset Allocation Committee

Outline

1. Historical Presidential Election Cycles
2. Election Uncertainty and Market Volatility
3. The Makeup of Congress Matters
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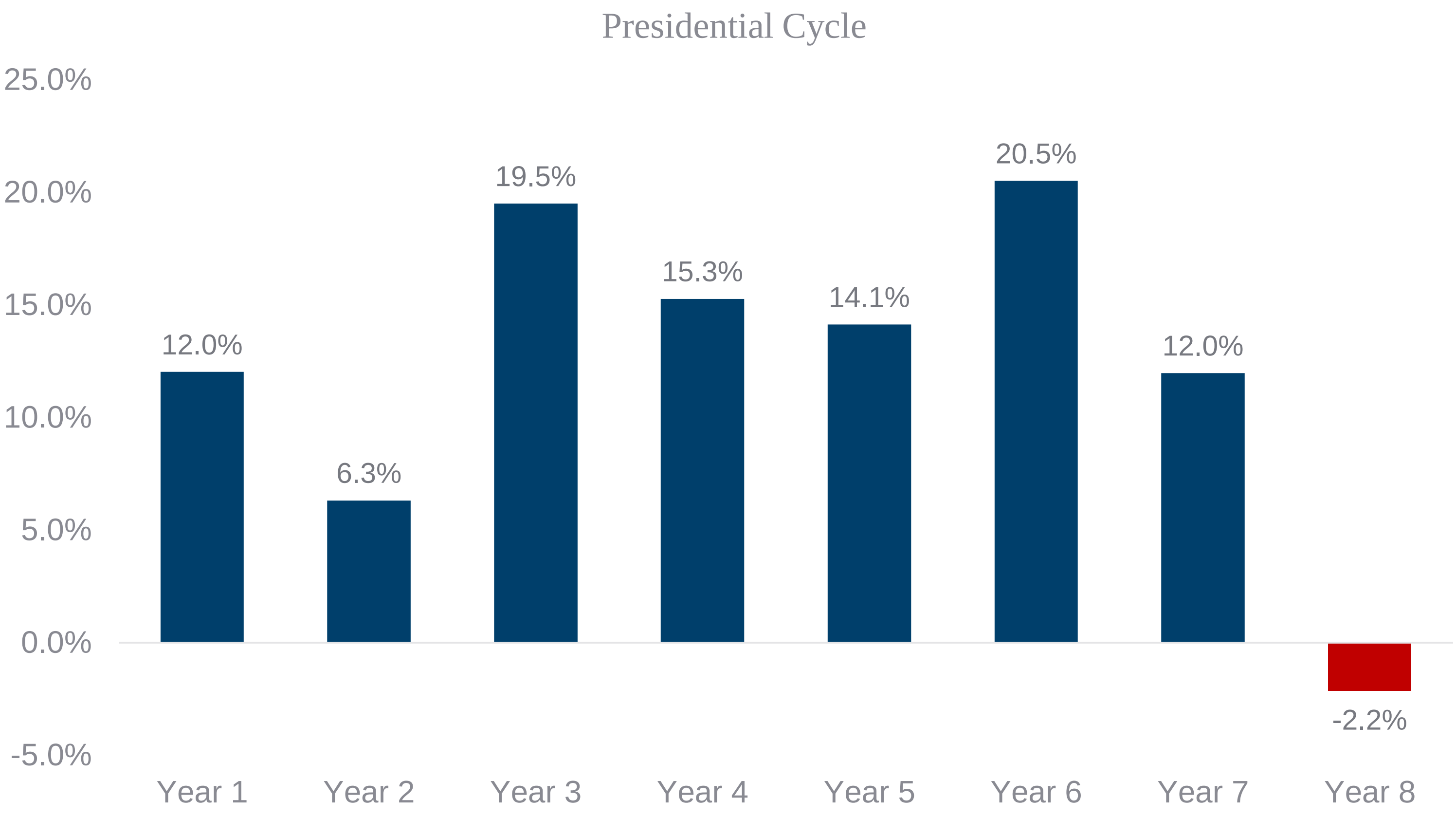
Historical Presidential Election Cycles

Election Cycle - S&P 500 Total Return



Election Cycle Theory claims that the stock market follows a pattern based on the year of a president's term.

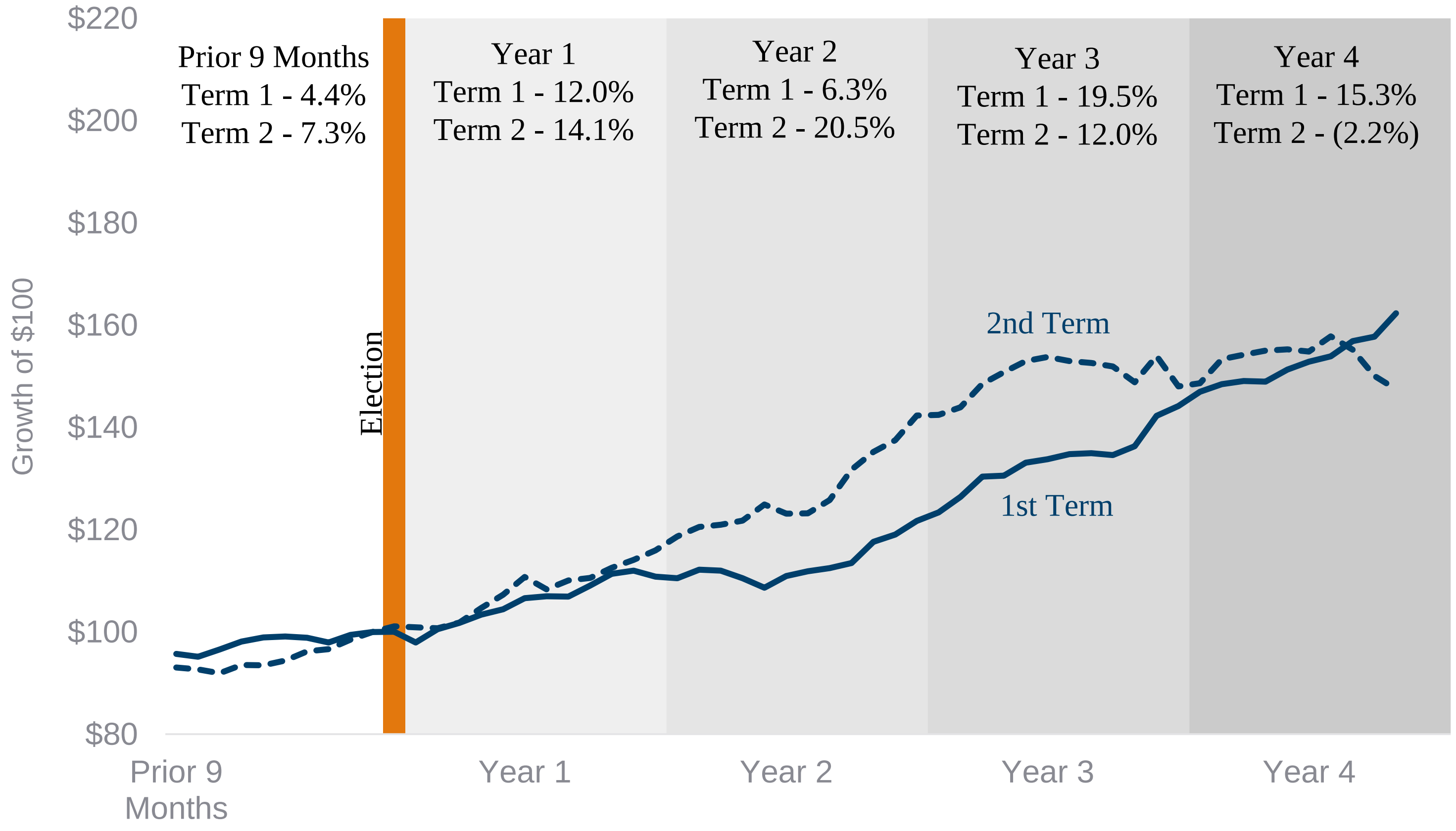
According to this theory the first two years are focused on political and social interests rather than economic.

However, in years three and four attention turns to economic policies as the president eyes re-election.

When looking at an eight-year cycle the data suggests the greatest market strength comes in the middle of the second term, possibly due to more established policies and expectations from the president's administration.

Sources: Bloomberg, S&P Dow Jones Indices. Presidential cycle years start the first month a president enters office and ends the last month they are in office. Not all presidents finish their entire term. Presidents are included for each full year completed. Data is calculated on average monthly performance. Data as of 9/30/2020, beginning in April 1928.

Election Cycle – Historical Market Performance



Sources: Bloomberg, S&P Dow Jones Indices. Growth of $100 invested in S&P 500 begins 9 months prior to a president entering office with the data indexed at $100 the month the president enters office. Not all presidents finish their entire term. Presidents are included for each full year completed. Data is calculated on average monthly performance.
Data as of 9/30/2020, beginning in April 1928.

Market returns in the first year of a presidency tend to be strong following the excitement of promises made during the political campaign.

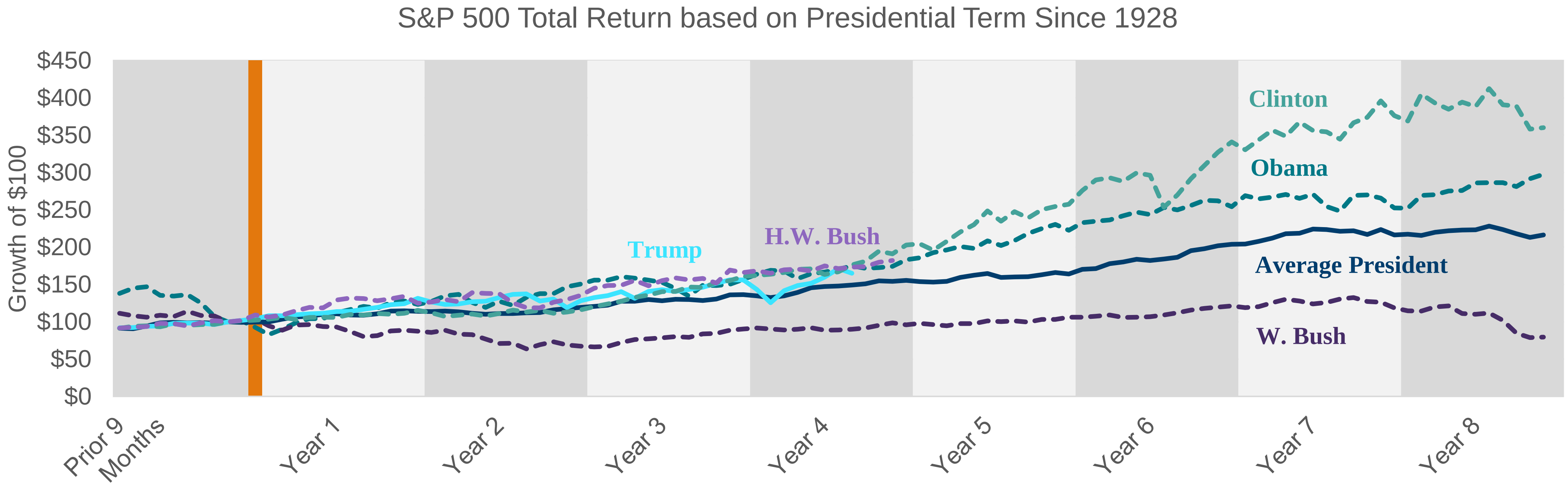
However, policies can be difficult to pass though Congress, leading to a second-year slump. By year three, presidents are more likely skilled at navigating Congress and better able to accomplish their goals.

If reelected, presidents can then lean on their experience, which could lead to a strong second term.

In the final year of a president's second term the market prepares for the uncertainty of the next administration.

Market Performance During Recent Presidents

Since the 1990’s, average market returns have been positive, but each administration has faced unique circumstances over their tenure in office.



Sources: Bloomberg, S&P Dow Jones Indices. Growth of $100 invested in S&P 500 begins 9 months prior to a president entering office with the data indexed at $100 the month the president enters office. Average president data only includes presidents that completed a full year. Presidents that didn’t finish their full term were only included for each full year completed. Data is calculated on average monthly performance. Data as of 9/30/2020, beginning in April 1928.

Presidential Comparison since 1974

Some presidents' results are propelled by global developments or a strong dollar. Others have faced more challenging circumstances. Overall, average market returns have been positive.

President	Term	Party	S&P 500 Return	MSCI EAFE Return	US/EAFE Difference	Dollar Strength
Gerald Ford	Aug 1974 - Jan 1977	Republican	18.4%	3.9%	14.5%	2.3%
Jimmy Carter	Jan 1977 - Jan 1981	Democrat	11.7%	15.7%	-4.0%	-9.8%
Ronald Reagan	Jan 1981 - Jan 1989	Republican	14.2%	21.0%	-6.8%	1.6%
George H. W. Bush	Jan 1989 - Jan 1993	Republican	15.7%	-6.0%	21.7%	-4.4%
Bill Clinton	Jan 1993 - Jan 2001	Democrat	17.2%	10.6%	6.6%	19.5%
George W. Bush	Jan 2001 - Jan 2009	Republican	-2.9%	0.4%	-3.3%	-22.2%
Barack Obama	Jan 2009 - Jan 2017	Democrat	14.4%	7.6%	6.9%	15.7%
*Donald Trump	Jan 2017 - Current	Republican	5.7%	0.9%	4.8%	-5.7%
	Average President		11.8%	6.8%	5.0%	-0.4%
	Average Republican		10.2%	4.0%	6.2%	-5.7%
	Average Democrat		14.4%	11.3%	3.2%	8.5%

Sources: Data Source: Bloomberg, S&P Dow Jones Indices, MSCI, St. Louis Federal Reserve. Dollar strength measured by the U.S. Dollar Index. Return fields are calculated as annualized total return during the presidential term. *Through 9/30/2020.

Presidential Comparison –
Returns for the Dow Jones Industrial Average since 1900

President	Term	Party	Annualized Return (%)
Theodore Roosevelt	Sep 1901 - Mar 1909	Republican	2.65
William Howard Taft	Mar 1909 - Mar 1913	Republican	-0.33
Woodrow Wilson	Mar 1913 - Mar 1921	Democrat	-0.89
Warren Harding	Mar 1921 - Aug 1923	Republican	6.88
Calvin Coolidge	Aug 1923 - Mar 1929	Republican	25.48
Herbert Hoover	Mar 1929 - Mar 1933	Republican	-35.64
Franklin D. Roosevelt	Mar 1933 - Apr 1945	Democrat	9.32
Harry Truman	Apr 1945 - Jan 1953	Democrat	7.98
Dwight Eisenhower	Jan 1953 - Jan 1961	Republican	10.37
John F. Kennedy	Jan 1961 - Nov 1963	Democrat	4.96
Lyndon B. Johnson	Nov 1963 - Jan 1969	Democrat	9.17
Richard Nixon	Jan 1969 - Aug 1974	Republican	0.51
Gerald Ford	Aug 1974 - Jan 1977	Republican	14.36
Jimmy Carter	Jan 1977 - Jan 1981	Democrat	5.73
Ronald Reagan	Jan 1981 - Jan 1989	Republican	16.51
George H. W. Bush	Jan 1989 - Jan 1993	Republican	13.69
Bill Clinton	Jan 1993 - Jan 2001	Democrat	18.45
George W. Bush	Jan 2001 - Jan 2009	Republican	-1.31
Barack Obama	Jan 2009 - Jan 2017	Democrat	15.09
*Donald Trump	Jan 2017 - Current	Republican	12.11

Since 1900, 16 of 20 presidential terms have resulted in positive returns for the stock market. While other factors drive market performance, an administration’s policies can add or detract from the market’s momentum.

Sources: Bloomberg, S&P Dow Jones Indices. Prior to 1945 Annualized returns are reflective of price return rather than total return. *Through 9/30/2020.

S&P 500 Calendar Year Returns

Whether led by Republican or Democrat the market tends to rise in any given year.

S&P 500 Calendar Year Returns Since 1928

Number of Positive Years 68
Democrat at helm: 38
Republican at helm: 30

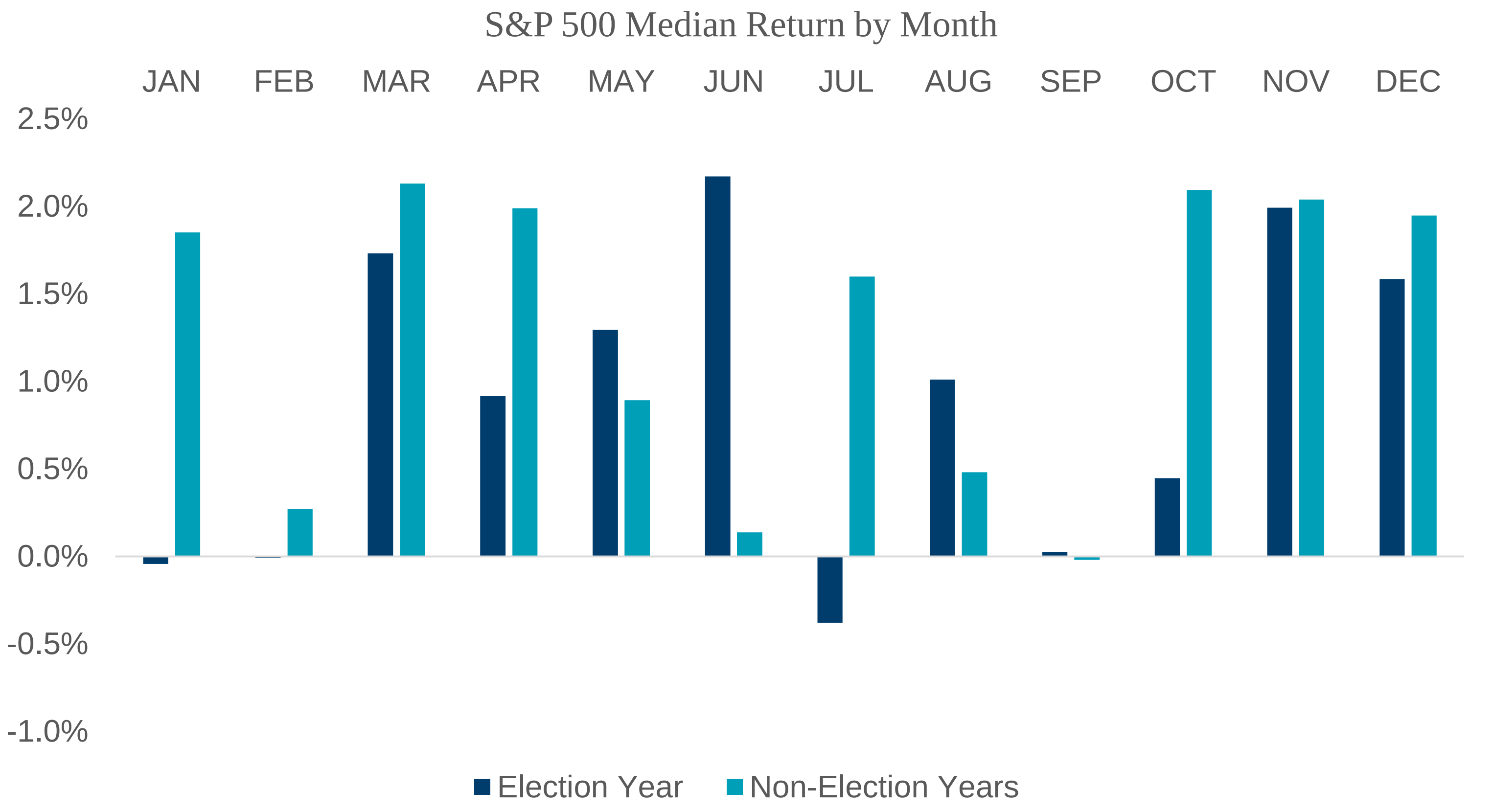
Number of Negitive Years 25
Democrat at helm: 10
Republican at helm: 15

< -40 %	-40% to -30%	-30% to -20%	-20% to -10%	-10% to 0%	0% to 10%	10% to 20%	20% to 30%	30% to 40%	> 40%
						2016			
						2014			
						2012	2017		
					*2020	2010	2009	2019	
					2015	2006	2003	2013	
					2011	2004	1999	1997	
				2018	2007	1993	1998	1995	
				2000	2005	1988	1996	1991	
				1990	1994	1986	1983	1989	
				1981	1992	1979	1982	1985	
				1977	1987	1972	1976	1980	
			2001	1969	1984	1971	1967	1975	
			1973	1962	1978	1968	1963	1955	
			1966	1953	1970	1965	1961	1950	
			1957	1946	1960	1964	1951	1945	1958
		2002	1941	1940	1956	1959	1949	1938	1954
	2008	1974	1932	1939	1948	1952	1943	1936	1935
1931	1937	1930	1929	1934	1947	1944	1942	1928	1933

Source: Bloomberg, S&P Dow Jones Indices. Each cell above reflects the total return of the S&P500 for each individual year bucketed by 10% increments. The oldest year is placed at the bottom of each bucketed group and the newest stacked on top. *Data as of 09/30/2020.

Election Uncertainty and Market Volatility

Election Year Market Returns



Monthly returns vary throughout the year as investors respond to seasonal catalysts such as holiday spending and summer slowdowns.

Election years have their own patterns, historically performing better in late spring and early summer than non-election years, but often underperforming as the presidential election nears.

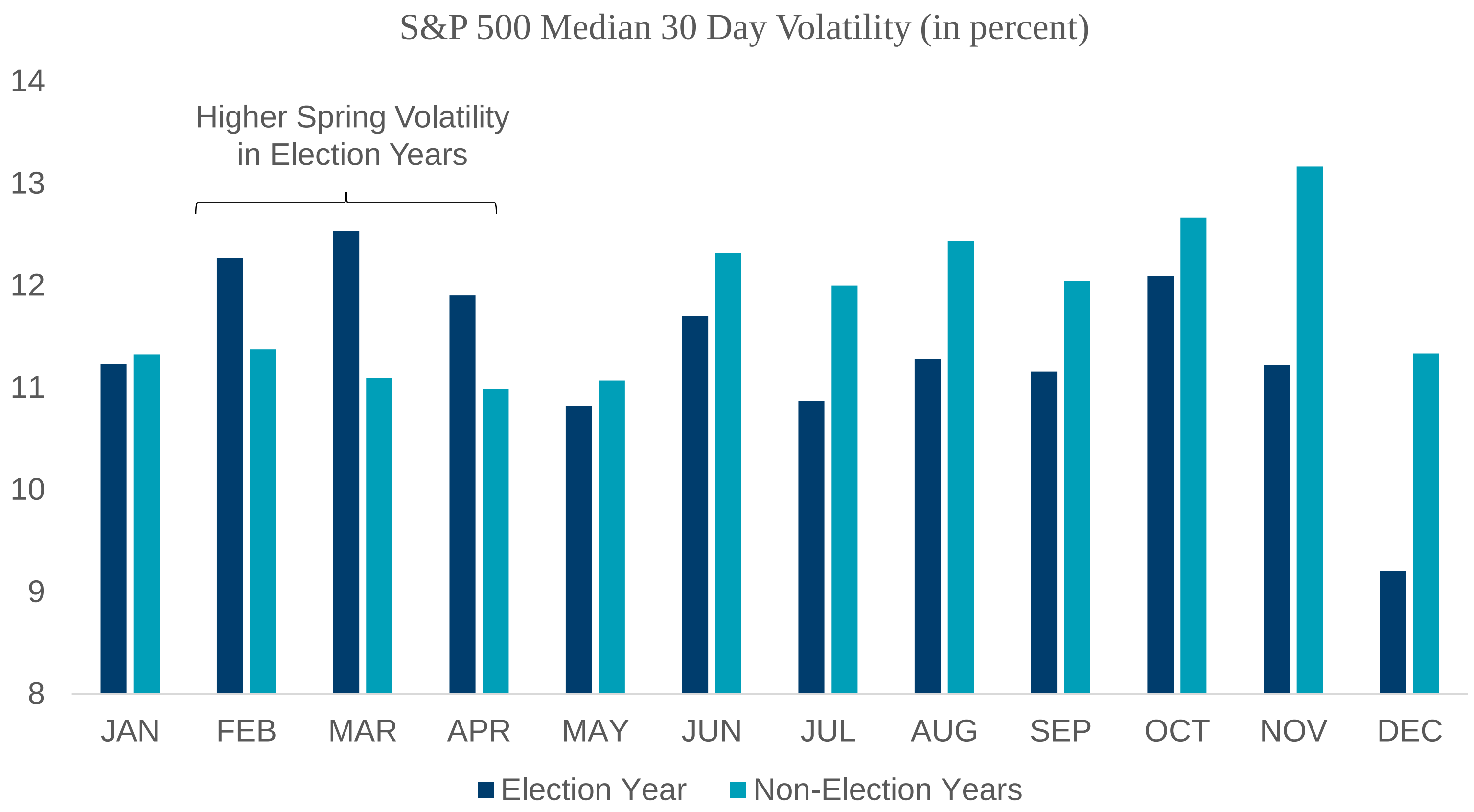
Sources: Bloomberg, S&P Dow Jones Indices. S&P 500 market returns during election years based on calendar month. Election years reflect only years with a presidential election. Non-Election years include all years without a presidential election. Data as of 9/30/2020, beginning in 1946.

Election Year Market Volatility

Market volatility tends to rise in the fall during both election years and non-election years.

However, election years tend to have higher volatility in the spring as voters participate in primaries, and there are often a number of candidates running for office.

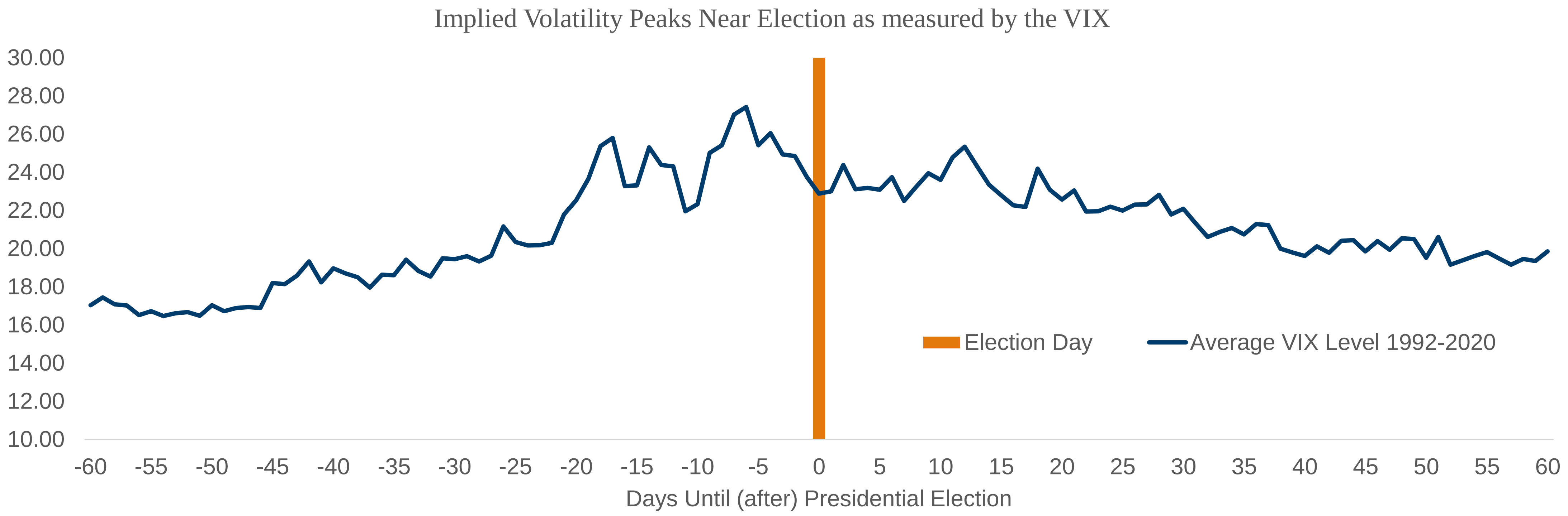
Interestingly, volatility in election years tends to be lower in the summer, as the presidential field typically narrows.



Sources: Bloomberg, S&P Dow Jones Indices. S&P 30-day volatility during election years based on calendar month. Data as of 09/30/2020, beginning in 1946.

Market Volatility 60 Trading Days Leading into the Election

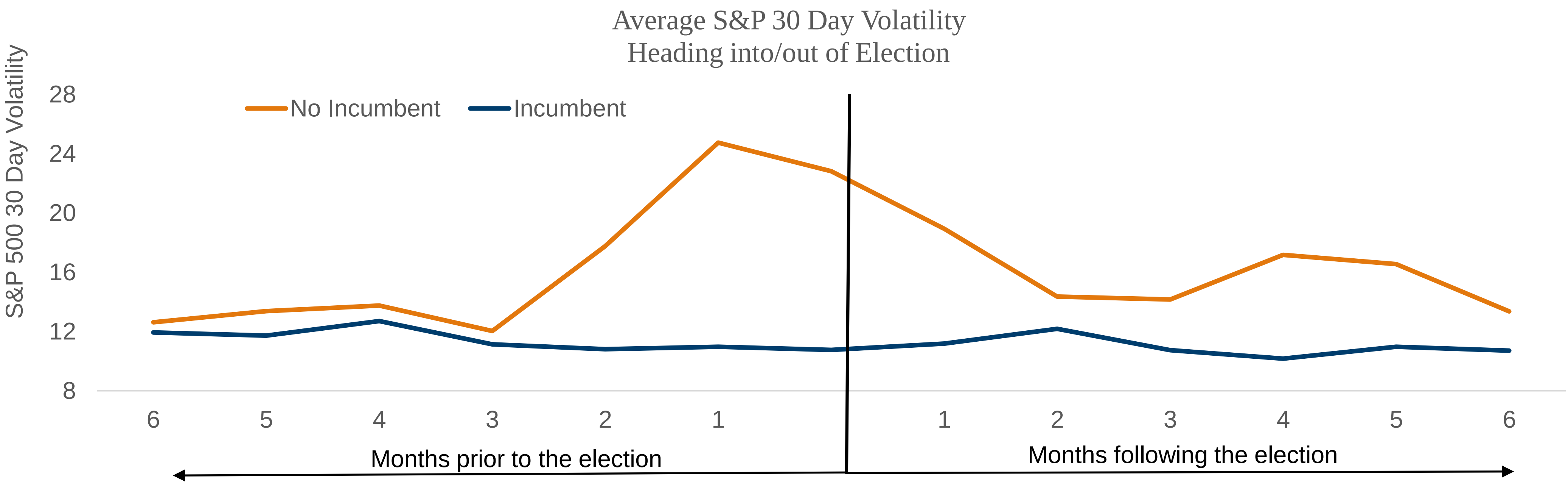
Market volatility has a history of peaking ahead of an election, then fading back to normal levels after election day.



Sources: Bloomberg, S&P Dow Jones Indices. Average S&P 500 total return 30-day volatility, 60 trading days prior to elections. Data as of 9/30/2020, beginning in 1992.

Market Volatility with and without an Incumbent in the Race

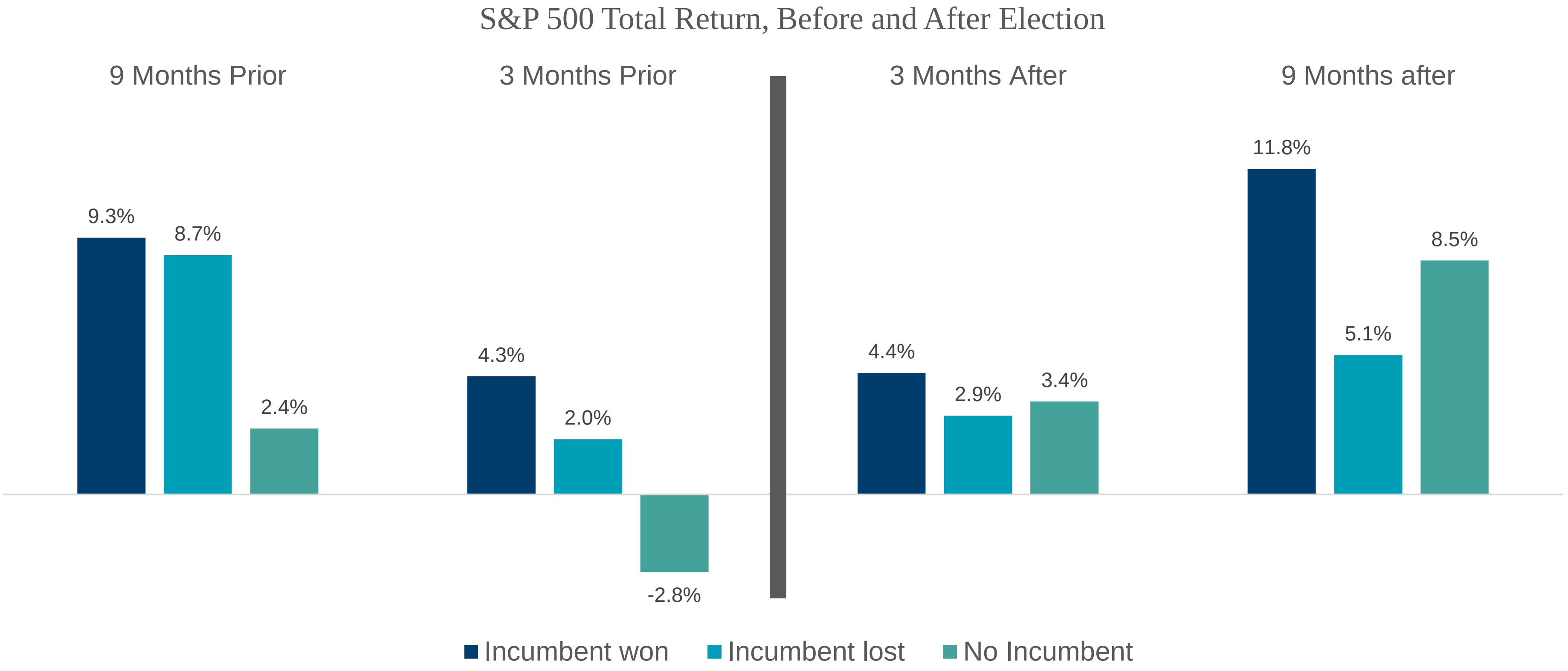
Much of the market volatility approaching an election has historically come when the voting public has to choose between two first-time candidates.



Sources: Bloomberg, S&P Dow Jones Indices. Average S&P 500 total return 30-day volatility, 6 months prior to the election. Data as of 09/30/2020, beginning in 1946.

Market Results with and without an Incumbent in the Race

Historically, the S&P 500 has seen higher returns heading into an election when an incumbent is in the race. Likewise, the market generally has the best near-term results if an incumbent is reelected.

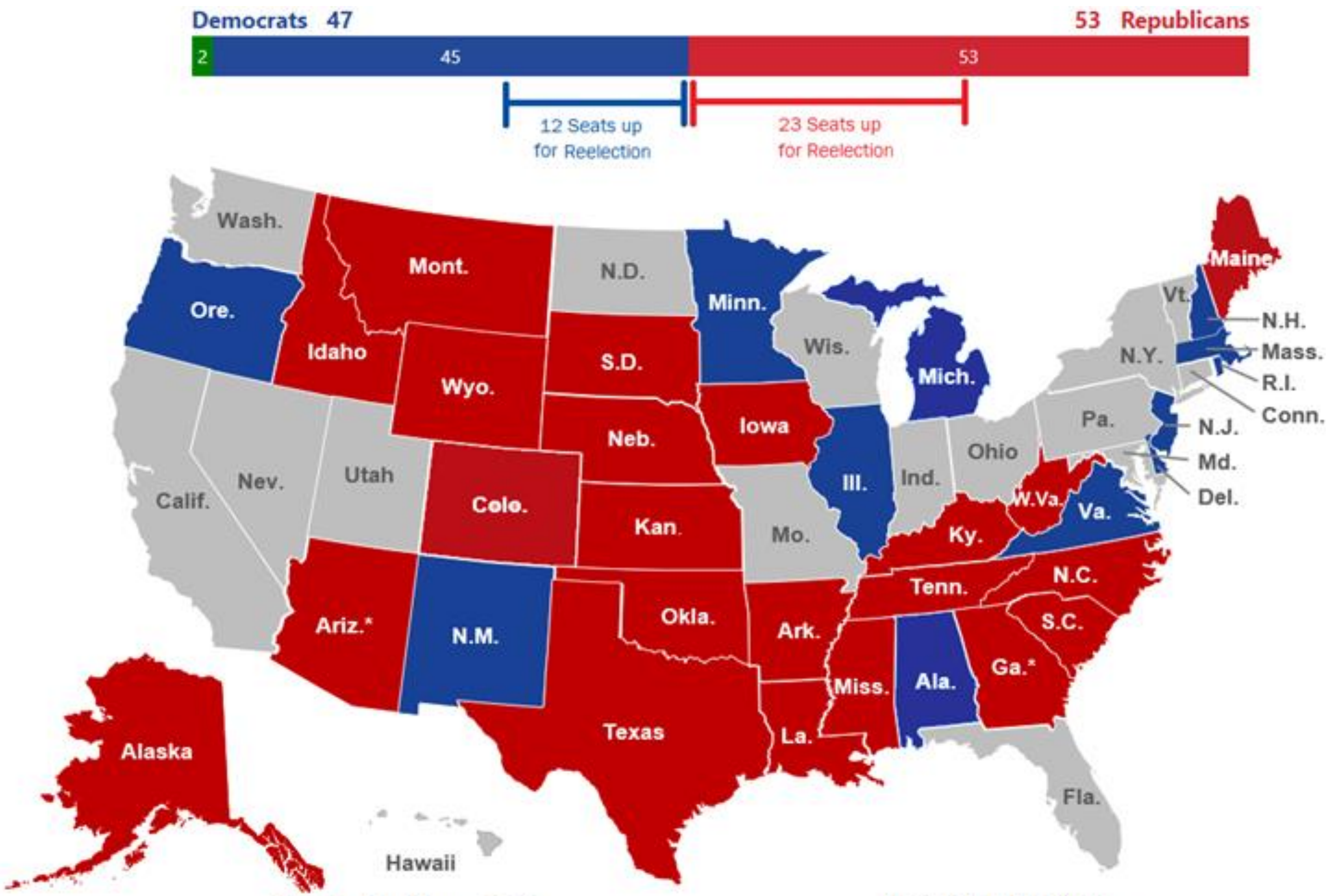


Sources: Bloomberg, S&P Dow Jones Indices. Data as of 09/30/2020, beginning in 1945.

The Makeup of Congress Matters

Senate

The Senate majority currently falls in the hands of Republicans, but by only 3 seats. With 35 seats up for grabs in 2020 (23 Republican and 12 Democrat), this election may swing which party is in control.



Senate Elections 2020

	Democrats	Republicans	Other
Current	47	53	
Forecast	47	53	0

Forecast: 2020 Consensus

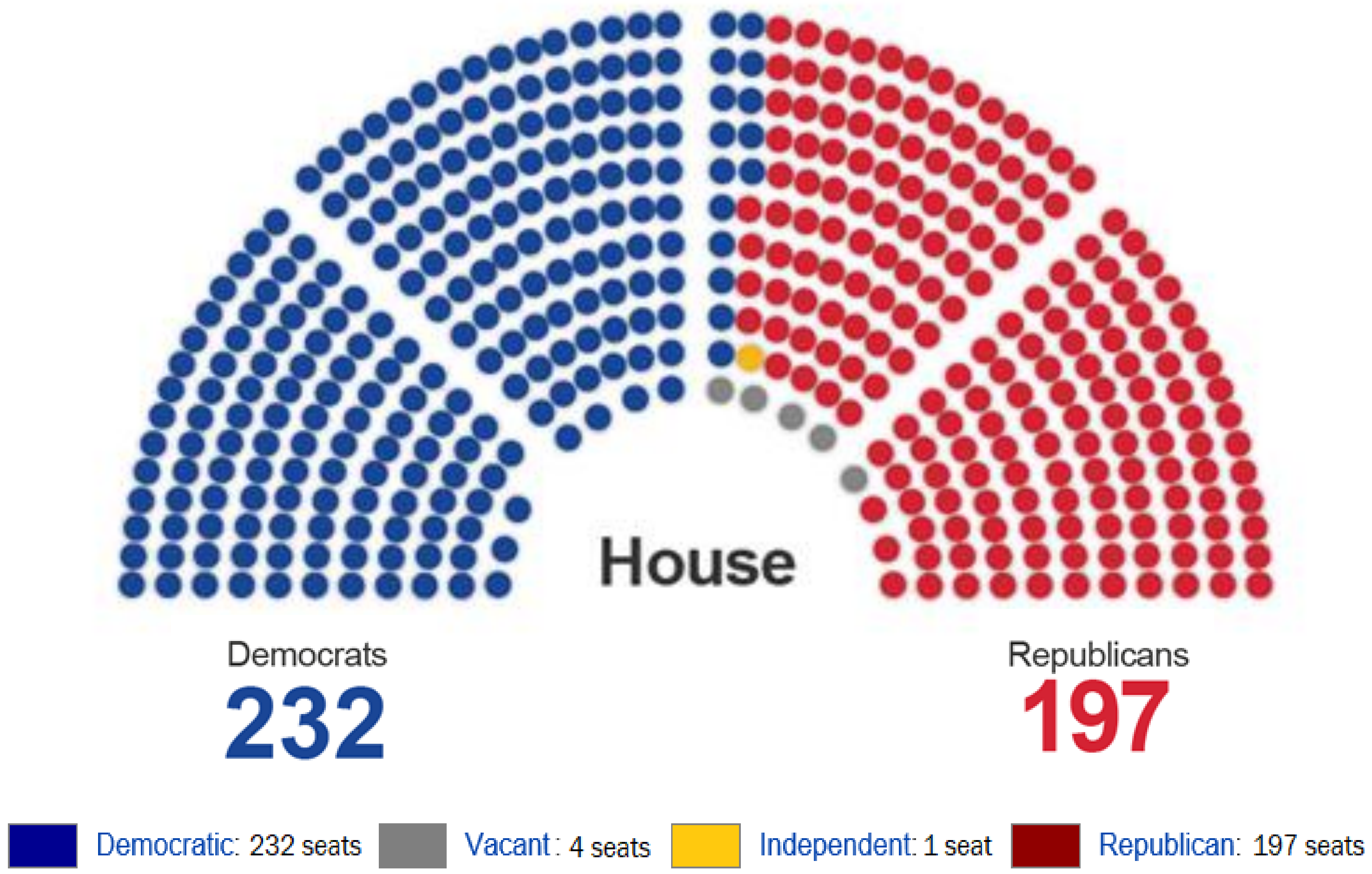
Upcoming Elections

	2020	2022	2024
Democrats (blue)	12	12	21
Independents (green)			2
Republicans (red)	23	20	10

Source: Bloomberg Government.

Current House

Democrats currently hold a majority in the House of Representatives. All 435 House seats are up for election, as is the case every two years.

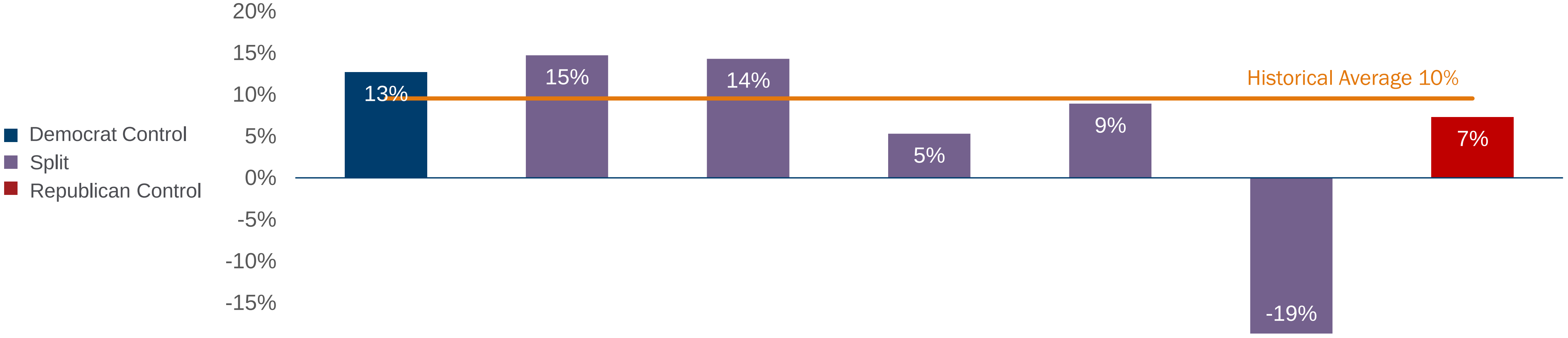


Source: Bloomberg Government.

S&P 500 Return in Different Political Environments

A split government tends to lead to market outperformance.

S&P 500 Annualized Total Returns in Different Political Environments

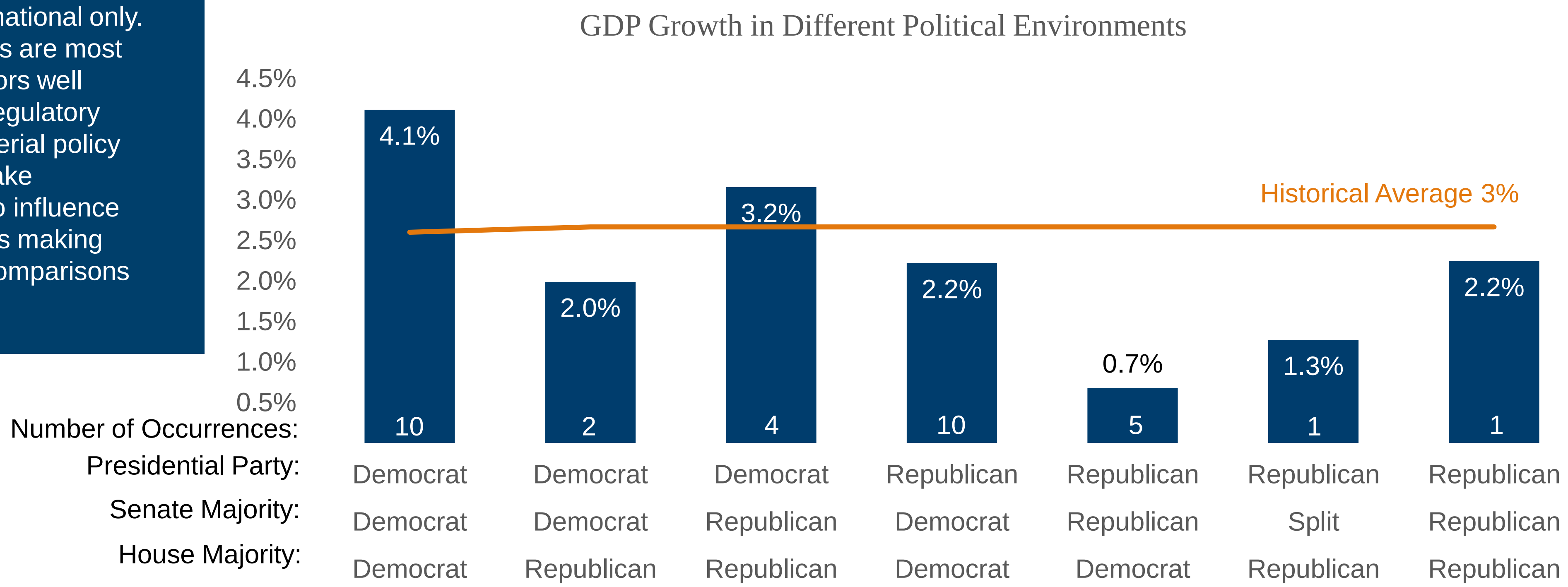


Number of Occurrences:	17	2	5	5	11	1	5
Presidential Party:	Democrat	Democrat	Democrat	Republican	Republican	Republican	Republican
Senate Majority:	Democrat	Democrat	Republican	Democrat	Republican	Split	Republican
House Majority:	Democrat	Republican	Republican	Democrat	Democrat	Republican	Republican

Performance begins the first month a president enters office to the last month they are in office. Data as of 09/30/2020, beginning in 1928. Data Source: Bloomberg, S&P Dow Jones Indices.

GDP Growth in Different Political Environments

Note: Data presented here should be viewed as informational only. Economic conditions are most often driven by factors well beyond fiscal and regulatory policies alone. Material policy changes can also take considerable time to influence underlying dynamics making direct time period comparisons spurious.



GDP begins the first quarter a president enters office to the last quarter they are in office. Data as of 09/30/2020, beginning in 1945. Data Source: St Louis Federal Reserve

Economic Data by President

President	Party	Annualized GDP Growth	Federal Net Debt Growth	Net Debt to GDP at start of term	Net Debt to GDP at end of term	Corp Profit Growth	Unemployment at beginning of term	Unemployment at end of term
Dwight Eisenhower	Republican	2.6%				2.3%	2.9	6.6
John F. Kennedy	Democratic	5.8%				14.3%	6.6	5.5
Lyndon B. Johnson	Democratic	5.8%				10.0%	5.5	3.4
Richard Nixon	Republican	3.0%				16.5%	3.4	5.1
Gerald Ford	Republican	2.5%	20.3%	5.9%	8.6%	10.8%	5.1	7.5
Jimmy Carter	Democratic	3.6%	11.9%	8.6%	11.1%	10.6%	7.5	7.5
Ronald Reagan	Republican	3.9%	22.0%	11.1%	23.4%	3.6%	7.5	5.4
George H. W. Bush	Republican	2.1%	12.3%	23.4%	32.4%	4.9%	5.4	7.3
Bill Clinton	Democratic	4.3%	1.0%	32.4%	26.0%	7.6%	7.3	4.2
George W. Bush	Republican	1.8%	12.4%	26.0%	45.1%	13.1%	4.2	7.8
Barack Obama	Democratic	2.3%	13.8%	45.1%	80.0%	9.4%	7.8	4.7
*Donald Trump	Republican	-1.2%	13.2%	80.0%	118.8%	-5.5%	4.7	7.9
Average Republican		2.1%	16.0%	29.3%	45.7%	6.5%	4.7	6.8
Average Democrat		4.4%	8.9%	28.7%	39.0%	10.4%	6.9	5.1

Data Source: Bloomberg, U.S. Bureau of Economic Analysis (BEA), St. Louis Federal Reserve. *Unemployment data as of 9/30/2020. All other economic data as of 6/30/2020, beginning in 1953. Corp Profit Growth represents period over period growth in corporate profits after tax (without IVA and CCAdj) as defined by the BEA.

Appendix

Ameriprise Global Asset Allocation Committee

Led by top Ameriprise strategists, this Committee is a team of experienced investment professionals focused on delivering asset allocation guidance and actional investment strategies.

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Vice President
Chief Market Strategist

Brian M. Erickson, CFA
Vice President
Fixed Income Strategy

Anthony M. Saglimbene
Vice President
Global Market Strategist

Russell T. Price, CFA
Vice President
Chief Economist

Justin H. Burgin
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Equity Research

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Manager Research

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Patrick S. Diedrickson, CFA
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Frederick M. Schultz,
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Mark S. Phelps, CFA
Director
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Daniel Garofalo
Director
Equity Research

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There are risks associated with **fixed-income investments,** including credit risk, interest rate risk, and prepayment and extension risk. In general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer term securities.

Index Definitions

DEFINITIONS
Unless otherwise noted the following indices were used throughout this document.

S&P 500 Index - The S&P 500 Index is a basket of 500 stocks that are considered to be widely held. The S&P 500 index is weighted by market value (shares outstanding times share price), and its performance is thought to be representative of the stock market as a whole. The S&P 500 index was created in 1957 although it has been extrapolated backwards to several decades earlier for performance comparison purposes. This index provides a broad snapshot of the overall US equity market.
MSCI EAFE Index – The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following 21 developed market country indexes: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom, as of June 2017.
Dow Jones Industrial Average - The Dow Jones Industrial Average (DJIA) is likely the most widely known measure of American stock market indicators. The index is more than 100 years old, includes only 30 individual stocks and is comprised of the largest, most established firms across a broad range of industries. The DJIA is calculated based on share price – providing a greater weighting within the index to those companies with a higher share price. Due to the small number of issues contained in the index, it does not always provide the most accurate measure of aggregate stock market performance.
U.S. Dollar Index – The U.S. Dollar Index (USDX) indicates the general international value of the US Dollar. The USDX does this by averaging the exchange rates between the USD and other major world currencies.

INDEX DEFINITIONS
An index is a statistical composite that is not managed. It is not possible to invest directly in an index.
Definitions of individual indices mentioned in this report are available on our website at ameriprise.com/legal/disclosures/ in the **Additional Ameriprise research disclosures** section, or through your Ameriprise financial advisor.

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