



Chart of the Week

Weekly market analysis on key market indexes

November 21, 2023

Stock market returns in presidential election years

Year	S&P 500 Index annual total return: Election year	S&P 500 Index annual total return: One year later	S&P 500 Index annual total return: Two-year compound annual average
1928	43.6%	-8.4%	14.7%
1932	-8.2%	54.0%	18.9%
1936	33.9%	-35.0%	-6.7%
1940	-9.8%	-11.6%	-10.7%
1944	19.8%	36.4%	27.8%
1948	5.5%	18.8%	11.9%
1952	18.4%	-1.0%	8.3%
1956	6.6%	-10.8%	-2.5%
1960	0.5%	26.9%	12.9%
1964	16.5%	12.5%	14.4%
1968	11.1%	-8.5%	0.8%
1972	19.0%	-14.7%	0.8%
1976	23.8%	-7.2%	7.2%
1980	32.4%	-4.9%	12.2%
1984	6.3%	32.2%	18.5%
1988	16.8%	31.7%	24.0%
1992	7.6%	10.1%	8.8%
1996	23.0%	33.4%	28.1%
2000	-9.1%	-11.9%	-10.5%
2004	10.9%	4.9%	7.9%
2008	-37.0%	26.5%	-10.7%
2012	16.0%	32.4%	23.9%
2016	12.0%	21.8%	16.8%
2020	18.4%	28.7%	23.4%
Average	11.6%	10.7%	10.0%

Sources: Wells Fargo Investment Institute, Ibbotson Associates, and Bloomberg data, as of October 26, 2023. *Bold data represents instances where the S&P 500 Index gained in an election year but declined in the subsequent year. **Past performance is no guarantee of future results.**

Election years: An imperfect guide to long-term investment strategy

- The S&P 500 Index recorded positive returns in 20 of 24 U.S. presidential election years going back to 1928; however, the S&P 500 retraced those gains the following year in 8 of those 20 instances (bold data).
- We believe long-term investors are best served by avoiding portfolio decisions based on generalizations about the market's past election-year performance. We anticipate elevated market volatility in response to a turn into a deeper economic slowdown with a subsequent pivot to recovery — even if there were no elections scheduled in 2024.

Gary Schlossberg and Jennifer Timmerman, excerpted from *Special Report*: “Campaign 2024: Political issues with staying power” (November 20, 2023)

Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value

Risk Considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors.

Definitions

An index is unmanaged and not available for direct investment.

S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

General Disclosures

Global Investment Strategy (GIS) is a division of Wells Fargo Investment Institute, Inc. (WFII). WFII is a registered investment adviser and wholly owned subsidiary of Wells Fargo Bank, N.A., a bank affiliate of Wells Fargo & Company.

The information in this report was prepared by Global Investment Strategy. Opinions represent GIS' opinion as of the date of this report and are for general information purposes only and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally. GIS does not undertake to advise you of any change in its opinions or the information contained in this report. Wells Fargo & Company affiliates may issue reports or have opinions that are inconsistent with, and reach different conclusions from, this report.

The information contained herein constitutes general information and is not directed to, designed for, or individually tailored to, any particular investor or potential investor. This report is not intended to be a client-specific suitability or best interest analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities. Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. The material contained herein has been prepared from sources and data we believe to be reliable but we make no guarantee to its accuracy or completeness.

Wells Fargo Advisors is registered with the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority, but is not licensed or registered with any financial services regulatory authority outside of the U.S. Non-U.S. residents who maintain U.S.-based financial services account(s) with Wells Fargo Advisors may not be afforded certain protections conferred by legislation and regulations in their country of residence in respect of any investments, investment transactions or communications made with Wells Fargo Advisors.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company. PM-05172025-6107315.1.1