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*"Presidents don't cause recessions, and presidents don't cause recoveries. They can only hope to get out of the way and not hinder the economic forces at play."*

— Alan Greenspan

Let's delve into a controversial discussion – Politics and Presidents.

Regarding investing, emotions can run high, especially when politics are at the forefront. It is easy to get caught up in the idea that the party in power will significantly impact your investment returns.

So, I decided to do some research. It makes sense to start this analysis in 1945, considered the Modern Era of U.S. history. After the Great Depression and at the conclusion of WWII with the passing of one of the highest ranked Presidents. Franklin D. Roosevelt was elected to an unprecedented four terms (the 22<sup>nd</sup> Amendment of 1951 began limiting Presidents to two terms), credited with digging us out of the Great Depression, helping us find our way into and out of WWII, and cementing our role as a global Superpower.

Since FDR passed and Truman took the oath of office on April 12, 1945, we have had 14 presidents, 7 Democrats and 7 Republicans. Through the end of August 2024, there have been 19,965 trading days. A Democrat was in the Oval Office for 9879 (49.48%) of those days and a Republican for 10,086 (50.52%) days.<sup>1</sup>

For the analysis I assumed \$1000 was invested in the S&P 500 the day Truman took office. Presume you were 100% invested on any day that "your" party was in office and 0% invested when your party was not in office. For the Republicans, that \$1000 would have grown to just over \$8000. For Democrats that same \$1000 would have grown to over \$40,000.<sup>2</sup>

So, that is it. It is settled. We should only invest when a Democrat is in office – right?

But wait. What if we completely ignored which party was in control of the executive branch?

If we just stayed invested regardless that \$1000 would have grown to over \$400,000, a ten-fold improvement.

Political landscapes are ever-changing, and market reactions to political events are often unpredictable. Maybe the economy benefited or suffered from the leadership of a prior administration. A policy that might seem detrimental to the market in the short term could have long-term benefits, and vice versa. A tax cut might provide a temporary boost to corporate profits, but without sustainable growth, the benefits may be short-lived. Also, regulations that initially seem burdensome might force innovation and efficiency gains that benefit the economy and the stock market over time.

Remaining focused on long-term goals and adhering to a disciplined process help guide us through the inevitable difficulties of the market. This allows you to participate in the growth of the economy over time, regardless of the political environment. It also helps to avoid the pitfalls of emotional decision-making, which can lead to buying high and selling low—one of the most common mistakes investors make.

It is important to remember that while presidents and parties come and go, the stock market has historically trended upward over time. This growth is driven by the collective efforts of millions of businesses, entrepreneurs, and workers who strive to create value every day. These fundamental economic drivers are far more powerful than any single political administration.

While it is natural to have concerns about how political events might impact your investments, the data clearly shows that staying the course is the most effective strategy. By sticking to an investment process through all market conditions and political climates, you are positioned to participate in the long-term growth of the market.

I remain committed to helping you achieve your long-term goals, no matter which party is in office.

Please let me know if you have any questions about this or anything else on your mind,

Sincerely,



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1 Presidential Terms. Sourced from - <https://historyinpieces.com/research/presidential-inauguration-dates>

2 Historical S&P 500. Sourced from - <https://finance.yahoo.com/quote/%5EGSPC/history/?period1=-788918400&period2=1726065410>