

ABOVE THE FRAY

Election Results Shouldn't Dictate Your Investments

Wes Crill, PhD
hD Senior Investment Director and Vice President

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The US presidential election has concluded, but uncertainty remains about what comes next. For those focused on market returns, it can be helpful to look at the historical success of markets [across presidencies](#).

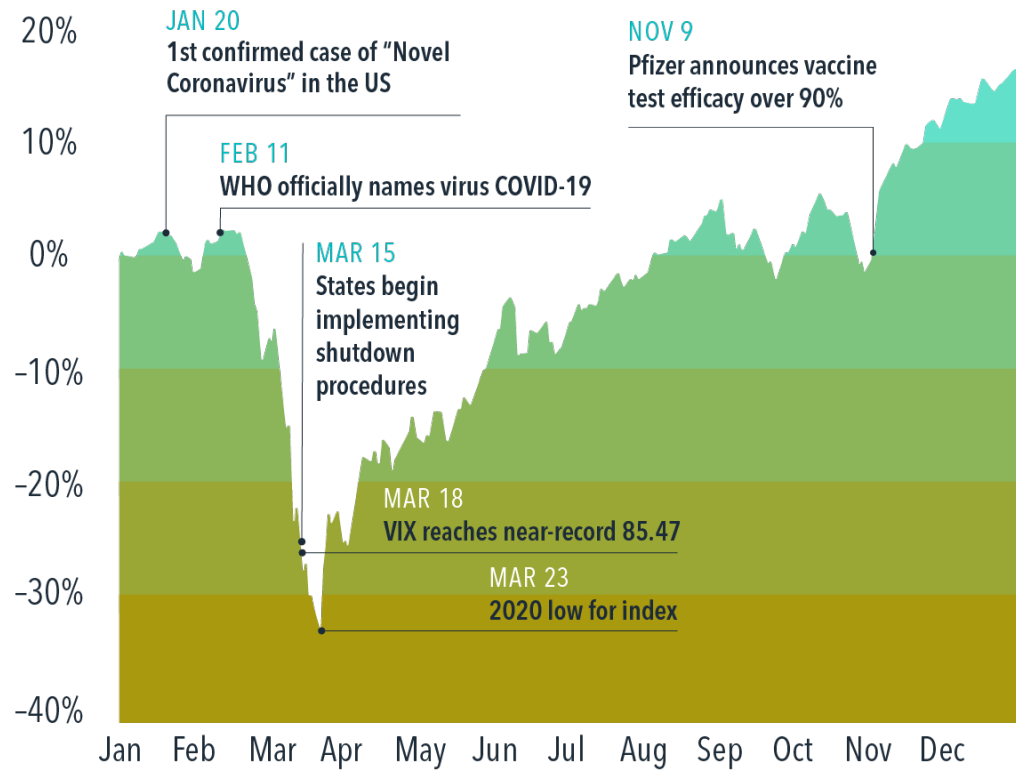
It's important for investors to remember that whether you are optimistic or pessimistic about the future state of the world, you should be optimistic about the market. This is easy to demonstrate using a time when optimism was in short supply. By the end of March 2020, the state of the COVID-19 pandemic painted a scary picture of what the future held for the economy and life in general. And yet, divesting from stocks at that point would have been an expensive mistake. From the market's bottom on March 23 through the end of the year, the MSCI All Country World IMI Index returned nearly 74%, finishing the year higher in level than before the start of the pandemic.

Why did this happen? Market prices continually reset to offer positive expected returns given expectations each day. And consumers continued to consume. We weren't going to malls or theaters. But there was still demand for goods and services, and business owners continued to operate with the goal of profitability. If the world kept spinning on its axis during this period—and markets grew investors' account balances—it's worth asking what will be different this time.

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Exhibit 1
Cumulative Global
Stock Market Return,
2020



Past performance is not a guarantee of future results.

Market return based on the MSCI All Country World IMI Index (net div., USD) sourced from FactSet. COVID-19 event dates sourced from the **CDC Museum**. VIX index obtained from the Cboe MSCI data © 2024, all rights reserved. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

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