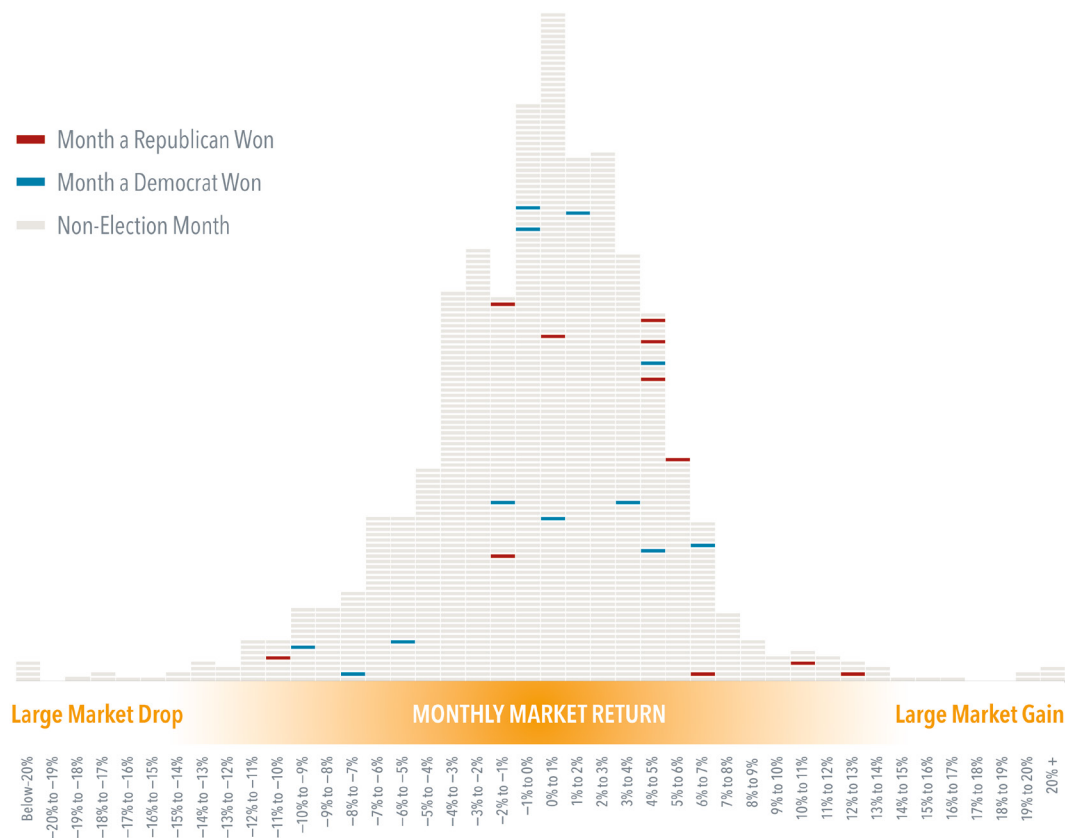


How US Stocks Have Behaved in an Election Month

US PRESIDENTIAL ELECTIONS AND MONTHLY RETURNS
Distribution of returns for Fama/French Total US Market Research Index
January 1926–June 2020



The history of the stock market going back to 1926 shows that returns in months when presidential elections took place don't reflect any consistent patterns.

- This chart shows monthly returns for a broad-market US index. Each horizontal dash represents a month, arranged from left to right by market return in 1% increments¹. Blue shows a month when a Democrat won the White House and red a Republican.
- Most election months haven't produced extreme returns in one direction or the other. And the winning party hasn't been a reliable driver for the direction or magnitude of market movements in those months.
- During an election cycle, expectations are continuously reflected in current stock prices. Surprises are, by definition, unpredictable—and they don't always lead to clear-cut investment outcomes.

Many factors can affect stock returns. The history of market behavior during election months makes a strong case for sticking with a plan to achieve long-term goals and minimize costly mistakes.

1. Dashes representing returns for a given month are stacked in ascending order of return within each column, with highest return within that range on top.

Past performance is not a guarantee of future results. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

In US dollars.

Fama/French Total US Market Research Index: This value-weighted US market index is constructed every month, using all issues listed on the NYSE, AMEX, or Nasdaq with available outstanding shares and valid prices for that month and the month before. Exclusions: American depository receipts. Sources: CRSP for value-weighted US market return. Rebalancing: Monthly. Dividends: Reinvested in the paying company until the portfolio is rebalanced.

Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP.

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