

Chart of the Month

American citizens are four months away from casting their ballots for the next president of the United States. As it relates to the investment landscape, major events such as the U.S. election can stoke anxiety and uncertainty about the future of the market, but is it warranted?

In this month's chart we dig into the numbers of the past, seeking to understand how the market has fared over prior presidential cycles. In reviewing the past 24 presidential elections, we found that returns, on average, are strongest and more frequently positive in the 3rd and 4th (final) years of a term compared to the 1st and 2nd. This is not that surprising given that the 3rd and 4th years are often most associated with the incumbent government doing all in their power to get re-elected, effectively stimulating the economy.

We also look at a full presidential term but exclude the three-month "lame duck" window for another perspective. This tells us that, on average, a president has overseen an annualized return of 9.6% while in office, and there are only four terms (17%) in which the S&P 500 has been lower during a term. Those four instances were a result of the Great Depression (two from 1930s), post-Dot Com Bubble, and the Great Financial Crisis.

Neither data point is suggestive that the U.S. presidential election really matters to the market. The S&P 500 has an annualized return of 9.7% since 1928 and is positive in nearly 75% of all calendar years. While the results may come as a surprise to some, to us, it reiterates our philosophy on creating a plan and sticking to it, no matter the noise coming from the outside.

Year in Office	1st	2nd	3rd	4th (Election Year)
Average Return	10.3%	7.1%	17.6%	11.0%
Down Market Frequency?	42%	42%	8%	17%

*There are 24 election cycles - Data from 1928-2023

Presidential Term excluding Lame Duck Period*		S&P 500 Historical Data (1928 - June 2023)	
Average Return	9.6%	Annualized Return	9.7%
Down Market Frequency?	17%	Down Market Frequency?	27%

*Measured as annual return from Feb. following an election until end of Oct. preceding the next election (45 months); excludes current cycle (2020-present)

Source: Bloomberg
Data as of: 6/28/2024



Creating Equal vs. Equitable Inheritances

Engage a financial advisor for estate planning to help ensure your legacy goals.

For most of us, the point of making money is doing what we want with it, as far as possible. That could mean building a business, giving to a special cause, supporting a family, and indulging in a hobby. An inheritance plan is an important part of planning for the future. Without a plan, there is no guarantee that your final wishes will come to be. One place to start the conversation could be with the question of whether to create a plan that distributes assets on an equal basis, or one that seeks to create equitable outcomes.

The most common form of estate plan is leaving assets to family members in equal shares. Another way is equitably - considering the needs of survivors and adjusting gifts accordingly.

There are possible issues that could arise, such as resentment or contesting the will. Having conversations with family members can help address those disagreements before they happen and give you the opportunity to express your wishes.

It's just as important to have a say in what happens to your wealth after your life ends. Reach out to your advisor to discuss your customized estate planning goals. Visit [6meridian.com/resources](https://www.6meridian.com/resources) to learn more about estate planning and wealth preservation.

Source: Bloomberg 2024		June	YTD	2023	ETFs/Benchmarks
Stocks	United States	3.5%	15.2%	26.2%	SPDR S&P 500 ETF (SPY)
	Intl Developed	-1.8%	5.8%	18.4%	iShares MSCI EAFE ETF (EFA)
	Emerging Markets	2.6%	6.7%	9.0%	iShares MSCI Emerging Markets ETF (EEM)
Bonds	US Investment Grade	0.9%	-0.7%	5.7%	iShares Core U.S. Aggregate Bond ETF (AGG)
	US Municipals	1.0%	-0.5%	5.6%	iShares National Muni Bond ETF (MUB)
	Intl Investment Grade	0.6%	0.2%	8.5%	iShares Coare Int'l Aggregate Bond ETF (IAGG)
	Global High Yield	0.0%	-0.4%	13.5%	iShares Global HY Corp Bond UCITS ETF (HYLD)
	Emerging Markets \$	-0.2%	1.4%	10.6%	iShares JP Morgan USD EM Bond ETF (EMB)
Other	Commodities	1.0%	8.9%	-6.5%	iShares GSCI Commodity Dynamic Roll ETF (COMT)
	Gold	0.0%	12.8%	13.1%	Gold New York Spot (\$/oz)
	Oil	5.9%	13.8%	-10.7%	Crude Oil WTI/Global Spot NYMEX

E / contact@6meridian.com • P / 316.776.4601 / 855.334.2110 • F / 316.776.4620

WWW.6MERIDIAN.COM • 8301 E 21st St N, #150, Wichita, KS 67206

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