

Primaries, Caucuses and Elections — Oh My!

Politics and stock market behavior



Americans (and most of the world) will spend a lot of time up until November 2024 watching political ads, newscasts and debates leading up to Election Day. The question many have is, “What does it mean for me (and the stock market) if (insert name/party) wins?” While no one knows how the market will actually perform in any year, the charts below may offer some historical perspective on election years.

Exhibit 1: The market during election years: 1928–2020

The market (S&P 500 Index) performed better on average when the incumbent party won the election, regardless of whether it was the Democratic or the Republican party.

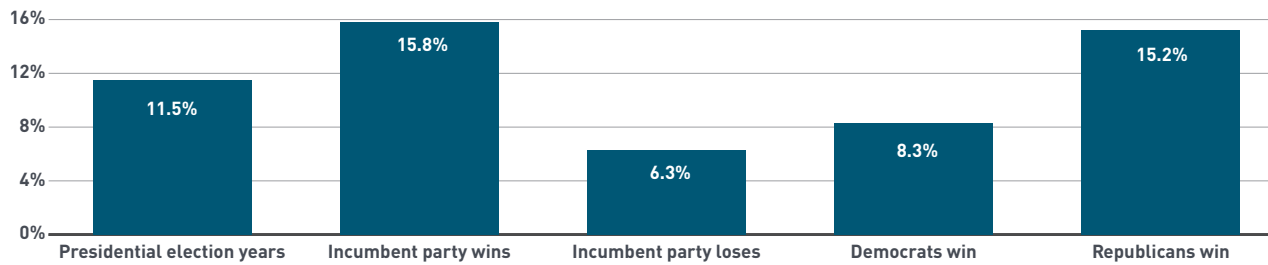
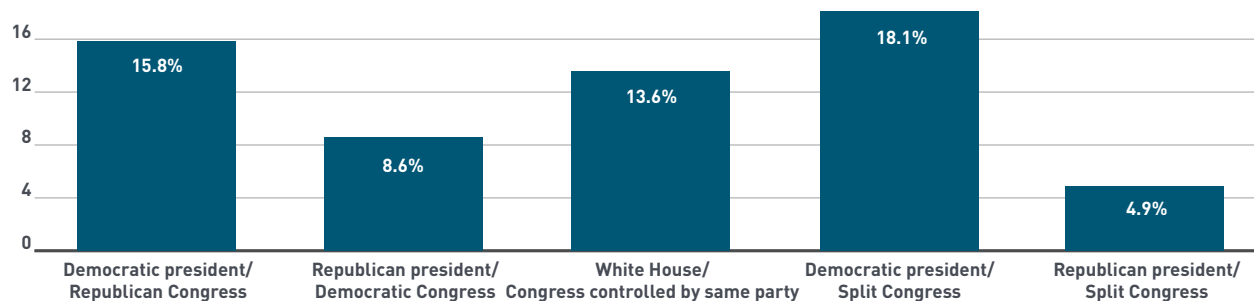


Exhibit 2: Political control and the market: 1926–2023

In the years 1926 to 2023, the S&P 500 Index was up 15.8% per year (total return on average) under Democratic presidents and a Republican-led Congress, almost two times the 8.6% annual return achieved under Republican presidents when both houses of Congress were controlled by Democrats.

When both the White House and Congress were run by the same political party, the S&P 500 gained 13.6% per year. When Congress was split, with one party controlling the House and the other controlling the Senate, the S&P 500 gained 18.1% under Democratic presidents and 4.9% under Republican presidents.



Source: Bespoke Investment Group LLC Research, as of December 31, 2023, used with permission.

Perspective

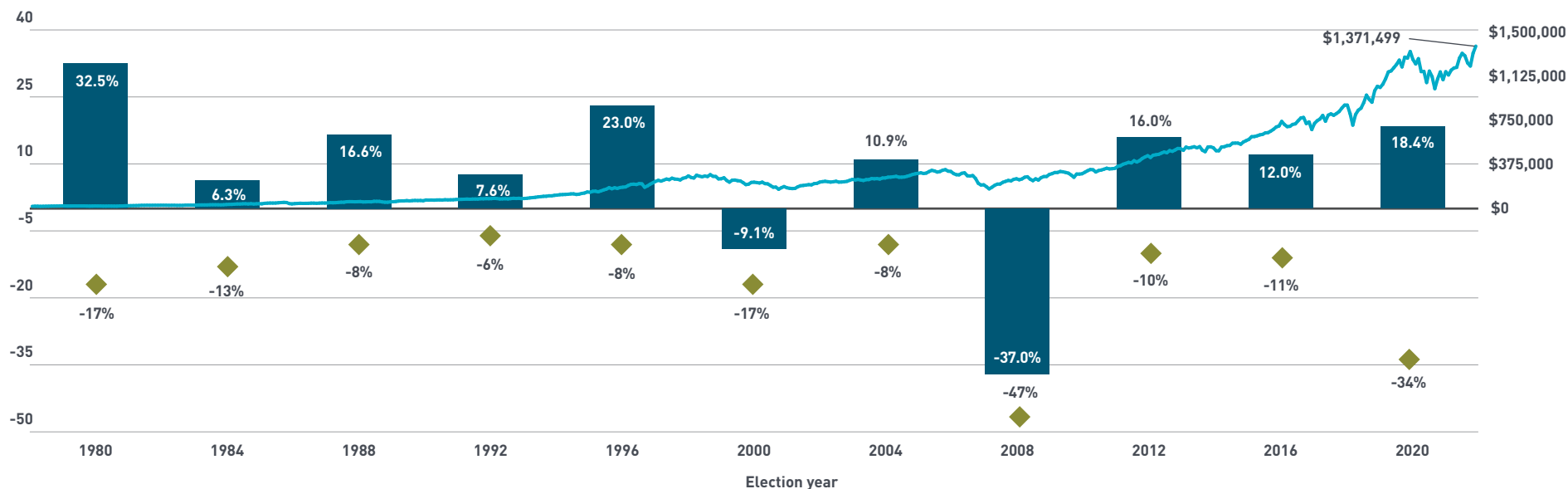
Presidential elections tend to evoke a range of emotions and discussion topics around the stock market, including unwarranted concern. As an observer, focus on what matters to you. As an investor, consider distancing yourself from the rhetoric and hype and remember that the long-term trends in company earnings, worker productivity and global competitiveness may matter the most.

Past performance is no guarantee of future results. It is not possible to invest directly in an index.

This has been provided for informational purposes and reflects the current opinion of the author, which is subject to change without notice, as are statements of financial market trends, which are based on current market conditions. Bespoke Investment Group LLC Research is not affiliated with MFS® Investment Management nor any of its subsidiaries.

Exhibit 3: S&P 500 Index returns during election years

◆ Intra-year low¹ (Left Axis) ■ Growth of \$10,000 (Right Axis) ■ S&P 500 calendar year returns



Source: Bespoke Investment Group LLC Research. Election years from 1980–2020. Growth of \$10,000 is from 1/1/80 to 12/31/23.

¹ Intra-year decline is the largest price drop from peak to trough during a calendar year.

The **S&P 500 Index** measures the broad US stock market. Index performance does not take into account fund fees and expenses. It is not possible to invest directly in an index. **Past performance is no guarantee of future results.** This data is not intended to represent the performance of any MFS® portfolio. For more information on any MFS product, including performance, visit mfs.com. For illustrative purposes only.

“Standard & Poor’s®” and S&P “S&P®” are registered trademarks of Standard & Poor’s Financial Services LLC (“S&P”) and Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”) and have been licensed for use by S&P Dow Jones Indices LLC and sublicensed for certain purposes by MFS. The S&P 500® is a product of S&P Dow Jones Indices LLC, and has been licensed for use by MFS. MFS’ products are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P, or their respective affiliates, and neither S&P Dow Jones Indices LLC, Dow Jones, S&P, their respective affiliates make any representation regarding the advisability of investing in such products.

The views expressed are those of the author(s) and are subject to change at any time. These views are for informational purposes only and should not be relied upon as a recommendation to purchase any security or as a solicitation or investment advice from the Advisor. No forecasts can be guaranteed.

Unless otherwise indicated, logos and product and service names are trademarks of MFS® and its affiliates and may be registered in certain countries.

Distributed by:

U.S. - MFS Investment Management; **Latin America** - MFS International Ltd.

Please note that in Canada and Europe, this document is intended for distribution to investment professionals and institutional clients only.

Canada - MFS Investment Management Canada Limited. No securities commission or similar regulatory authority in Canada has reviewed this communication.

U.K. - MFS International (U.K.) Limited (“MIL UK”), a private limited company registered in England and Wales with the company number 03062718, and authorized and regulated in the conduct of investment business by the U.K. Financial Conduct Authority. MIL UK, One Carter Lane, London, EC4V 5ER UK provides products and investment services to institutional investors.

This material is for use only in **North America, South America, Latin America and Europe.**