



Market Intel Exchange

Market data and insights from Lincoln and industry asset management partners

As of 6/30/2024

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Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value



Market intelligence, made easy

Saving you time.

Helping you stay informed.

Providing you valuable insights.

Market Intel Exchange.

2024 was the second-best six month start to a presidential election year for the S&P 500 since 1928 (+15.3%).



Historically, when the index finished the first half of an election year in positive territory, the remaining six months gained on average 7% (see page 13).

Did you know?

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These problems aren't new



It may feel like we're living in uncertain times. Americans noted economic concerns like high inflation and the state of the U.S. economy as the most important problems, but also existential concerns such as government dysfunction and the sustainability of the nation's democracy. Interestingly, these were many of the same problems that confounded the nation's founding fathers!

What do you think is the most important problem facing the country today?

Select answers to a Gallup Poll question

Economic

- Economy in general
- High cost of living/inflation
- Federal budget deficit/debt

Non-economic

- Government/poor leadership
- Unifying the country
- Democracy

These aren't new problems

“The (US central bank) is one of the most-deadly hostilities existing, against the principles ... of our constitution.”

– Thomas Jefferson

“Public debt is a public curse.”

– James Madison

“(Inflation is) a gradual tax upon them.”

– Ben Franklin

“The distemper in our nation is ... certainly incurable.”

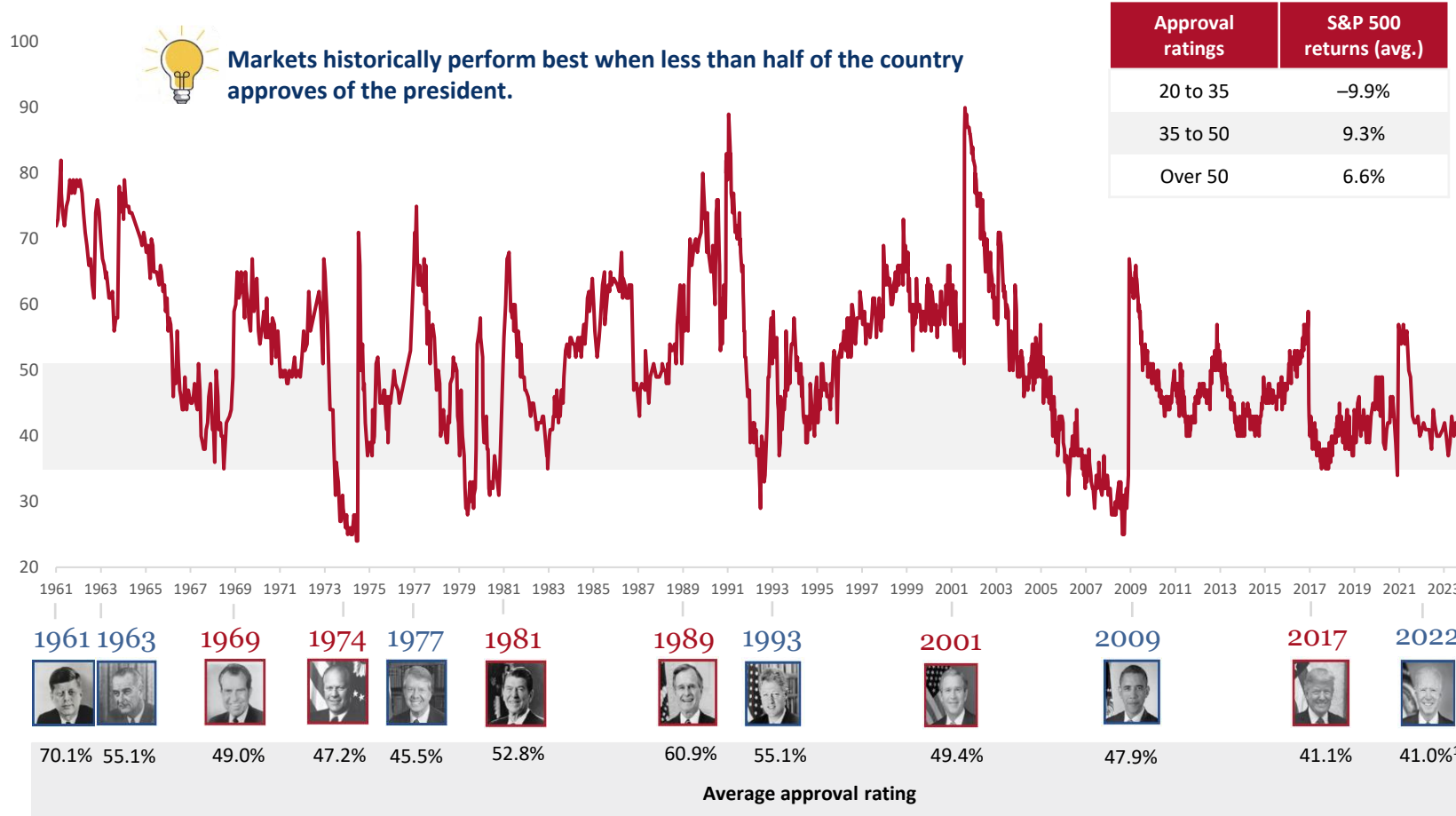
– George Washington

“Democracy never lasts long. It soon wastes, exhausts and murders itself.”

– John Adams

Presidential approval ratings and market performance

Presidential approval ratings, Gallup poll (%)



What is this chart showing?

This chart shows the average presidential approval ratings from 1961 through January 31, 2024, as well as the average historical market performance under different presidential approval rating ranges.

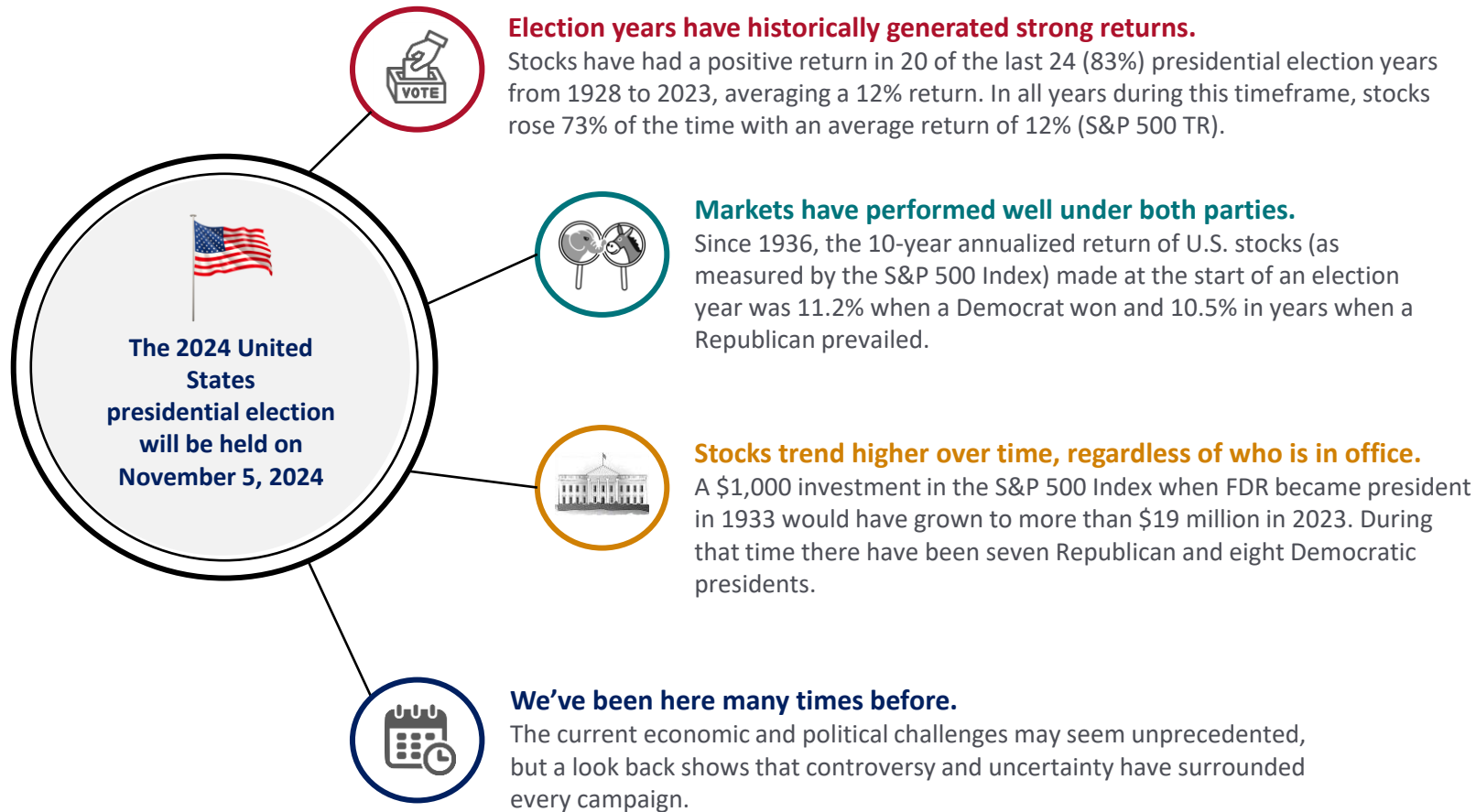
Why is it important?

Investors don't need to agree with political agendas to do well in the markets. In fact, some of the best returns in the market happened when approval ratings were between 35% and 50%. In other words, strong returns came even when less than half the country approved of the current administration.

Source: Presidential portraits. Library of Congress, <https://www.loc.gov/free-to-use/presidential-portraits>. Invesco.

Bloomberg, Gallup. Data as of 1/31/2024. ¹Biden approval rating as of 1/31/2024. **Past performance is not indicative of future returns.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

Markets and election years



What is this chart showing?

This chart highlights key points related to election years and market performance — a timely and relevant topic given the U.S. presidential election that is upon us in 2024.

Why is it important?

Investors may be thinking about how the added uncertainty that comes with an election year could impact markets, and their portfolios.

The highlighted points can help ease concerns and reinforce the fact that while near-term events like presidential elections can bring short-term volatility, it is often short-lived.

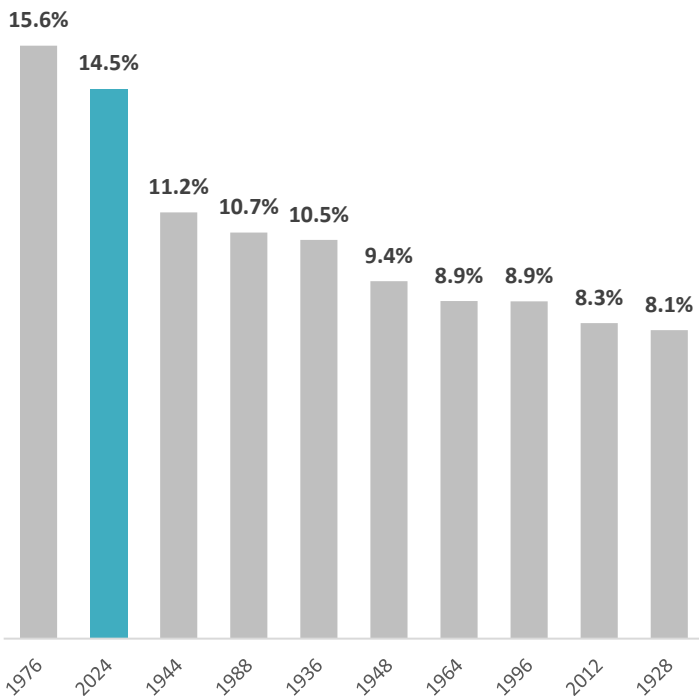
Therefore, the best approach for many is to tune the noise out and stay focused on their long-term goals.

Source: DFA matrix book for S&P total returns, Invesco, Capital Group, Hartford Funds.

Past performance is not indicative of future returns. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Market momentum has historically continued after a positive start to an election year

S&P 500 price return in the first half of presidential election years since 1928 (10 highest)



Source: Morningstar, Macrotrends.net. S&P 500 price return, does not include dividends. Past performance does not guarantee or predict future performance. Index performance is for illustrative purposes only. You cannot invest directly in an index.

Presidential election year returns in instances when the first six months were positive

Year	First 6 months	Next 6 months	Calendar year return
1976	15.6%	3.0%	19.2%
2024	14.5%	?	?
1944	11.2%	2.3%	13.8%
1988	10.7%	1.5%	12.4%
1936	10.5%	15.8%	27.9%
1948	9.4%	-9.2%	-0.7%
1964	8.9%	3.7%	13.0%
1996	8.9%	10.5%	20.3%
2012	8.3%	4.7%	13.4%
1928	8.1%	26.9%	37.9%
1980	5.8%	18.8%	25.8%
1952	5.0%	6.5%	11.8%
1972	4.9%	10.2%	15.6%
1956	3.3%	-0.6%	2.6%
1968	3.2%	4.3%	7.7%
2016	2.7%	6.7%	9.5%
2004	2.6%	6.2%	9.0%
Average	7.9%	7.0%	15.0%

What is this chart showing?

This chart shows the ten highest returns for the S&P 500 in the first half of election years since 1928 (left) and returns for first 6 months and next 6 months following a positive start to an election year (right).

Why is it important?

The first half of 2024 marked the second strongest start for stocks in a presidential election year since 1928.

Historically, when the S&P 500 registers a positive return over the first six months of an election year, the next six months are strong, with an average additional gain of 7%.

Furthermore, the average 1- and 3-year cumulative returns following a positive first half of a presidential election year were 8.8%, 24.5%, respectively.

The markets and U.S. presidential elections



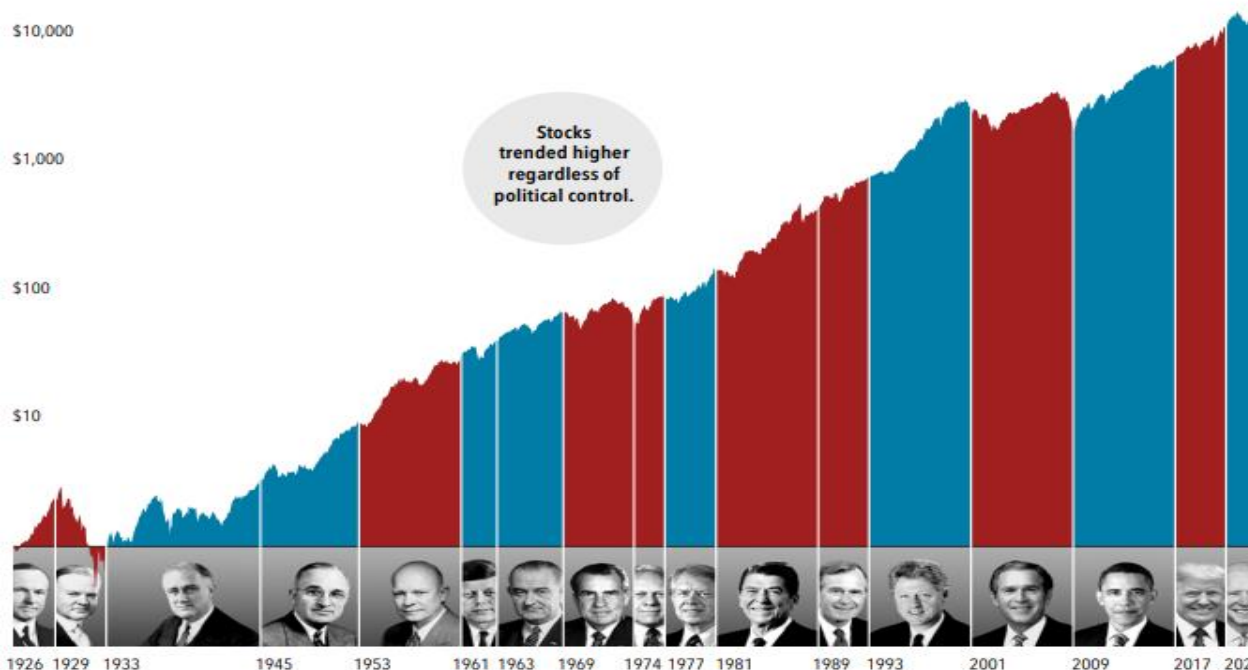
It's natural for investors to look for a connection between who wins the White House and which way stocks will go. But regardless of who wins, nearly a century of returns shows that stocks have trended upward.

Shareholders are investing in companies, which focus on serving their customers and growing their businesses, regardless of who is in the White House.

U.S. presidents may have an impact on market returns, but so do many other factors — the actions of foreign leaders, interest rate changes, changing oil prices, and technological advances, just to name a few.

Stocks have rewarded disciplined investors for decades, through both Democratic and Republican presidencies.

HYPOTHETICAL GROWTH OF \$1 INVESTED IN THE S&P 500 INDEX
1926–2023



Source: Dimensional. *Reprinted with permission from Dimensional. Past performance is no 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 USD. Growth of wealth shows the growth of a hypothetical investment of \$1 in the securities in the S&P 500 Index. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Data presented in the growth of wealth chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment. Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.

Additional information

Index descriptions

S&P 500 Index is a market-cap weighted index that measures the performance of 500 widely held large capitalization stocks in the U.S. equity market. It is regarded as the best gauge of the U.S. equity market.

Russell 2000 Index measures the performance of the small cap segment of the U.S. equity universe. It is a subset of the Russell 3000.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that measures equity market performance in large and mid cap representation across 27 emerging market countries.

MSCI EAFE Index is a free float-adjusted equity index that captures large and mid cap representation across 21 developed market countries, excluding the U.S. and Canada.

MSCI All Country World Index (ACWI) is a free float-adjusted market capitalization index that captures large and mid cap representation across 23 developed markets and 27 emerging market countries.

Bloomberg Commodity Total Return Index is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 13-week (3-month) U.S. Treasury bills.

Bloomberg Barclays Global High Yield Index is a multicurrency flagship measure of the global high yield debt market. The index represents the union of the U.S. High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices.

The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS, ABS and CMBS.

The FTSE Nareit All Equity REITs Index is a free float-adjusted market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

The Bloomberg Barclays U.S. Treasury Bills 1–3 Month Index includes all publicly issued zero coupon U.S. Treasury bills that have a remaining maturity of less than three months and at least one month, are rated investment-grade, are U.S.-dollar denominated, nonconvertible, and have \$300 million or more of outstanding face value.

University of Michigan (UoM) Inflation Expectations measures the percentage that consumers expect the price of goods and services to change during the next 12 months.

Capital market expectations

- BlackRock: <https://www.blackrock.com/institutions/en-us/insights/charts/capital-market-assumptions>, as of May 2024. 10-year return time period.
- J.P. Morgan Asset Management, 2024 Long Term Capital Market Assumptions: <https://am.jpmorgan.com/us/en/asset-management/adv/insights/portfolio-insights/lcma/>.
- StateStreet: <https://www.ssga.com/us/en/intermediary/ic/insights/long-term-asset-class-forecasts-q2-2023>, as of May 2023. 10+ year return time period.
- Goldman Sachs: Goldman Sachs: US Q1 2024 Multi-Asset Solutions (MAS) Team Strategic Long-Term Assumptions. 10-year return time period, as of March 31, 2024. <https://visit.lfg.com/GSMAS>

Sources for economic trends

- Economic Growth:** U.S. Bureau of Economic Analysis, Gross Domestic Product (GDP), retrieved from FRED, Federal Reserve Bank of St. Louis; Data as of June 30, 2024.
- Inflation:** Consumer Price Index (CPI) retrieved from Bureau of Labor Statistics; Data as of June 30, 2024.
- Consumer Sentiment Index:** University of Michigan, University of Michigan: Consumer Sentiment (UMCSENT), retrieved from FRED, Federal Reserve Bank of St. Louis; Data as of June 30, 2024.
- Retail Sales:** Advance Monthly Sales for Retail and Food Services, Year-over-Year (YoY) percent change retrieved from U.S. Census Bureau; Data as of June 30, 2024.
- Unemployment Rate:** U.S. Bureau of Labor Statistics, Unemployment Rate (UNRATE), retrieved from FRED, Federal Reserve Bank of St. Louis; Data as of June 30, 2024.
- Monthly Nonfarm Payrolls:** U.S. Bureau of Labor Statistics, All Employees, Total Nonfarm (PAYEMS), retrieved from FRED, Federal Reserve Bank of St. Louis; Data as of June 30, 2024.
- Corporate Earnings:** Earnings Growth retrieved from FactSet; Data as of June 30, 2024.

Economic and market indicators

- Consumer sentiment based on month-end data, starting in Jan. 1978 to June 2024. +/- 1 std. deviation of historical value range from 98.10% to 71.63%.
- Economic expansion (CQQQ Index) based on QOQ % change data of quarterly data, starting in June 1947 to March 2024. +/- 1 std. deviation of historical value range from 7.75% to -1.37%.
- Inflation (CPI) based on YOY % change of monthly CPI seasonally adjusted data, starting in Jan. 1947 to May 2024. +/- 1 std. deviation of historical value range from 7.02% to 0.47%.
- Market volatility (VIX) based on average daily closing values for the month of the CBOE VIX index from Jan. 1990 to June 2024. +/- 1 std. deviation of historical value range from 24.81% to 10.95%.
- Unemployment based on month-end data, starting in Jan. 1948 to May 2024. +/- 1 std. deviation of historical value range from 7.40% to 3.99%.
- 10Y U.S. Treasury yield based on daily data, starting in Jan. 1962 to June 2024. +/- 1 std. deviation of historical value range from 8.82% to 2.89%.

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The MSCI EAFE Price Return Index follows the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

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