

Office Hours Study Guide

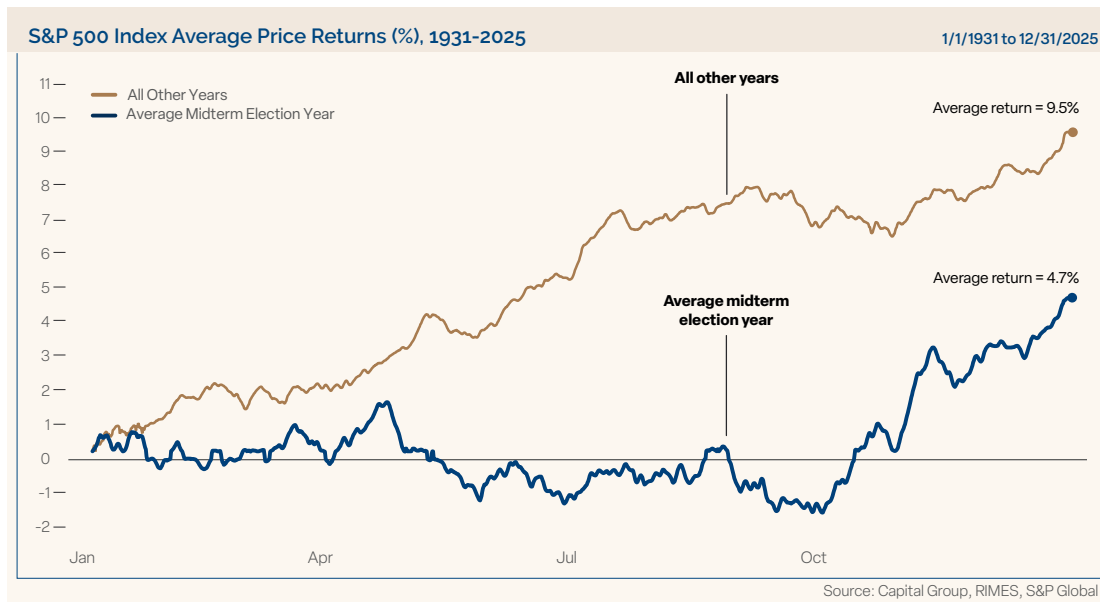
The Midterms

Midterm years bring the same client question every cycle: will this election help or hurt my portfolio? Here's a quick rundown of what history says about markets in years like this one.

THREE THINGS WORTH KNOWING

1. Midterm Years Tend to Be Bumpy

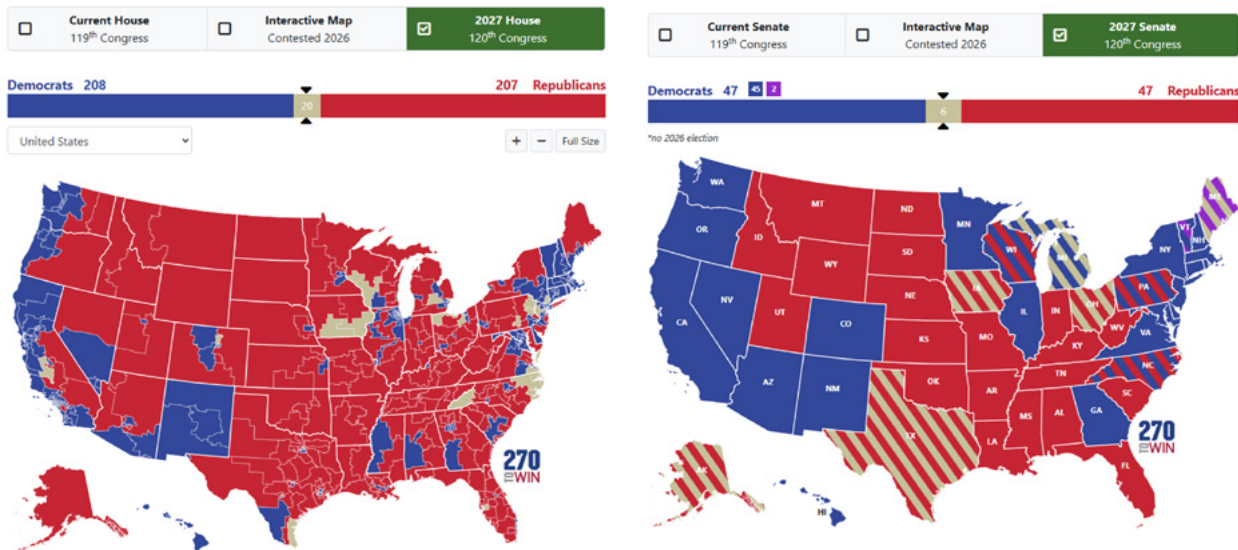
If this year has felt choppy than most, that lines up with history. Since 1931, the S&P 500 has averaged a 4.7% return in midterm years, versus 9.5% in all other years, with more dips and sideways stretches along the way before typically finishing positive. Bumpiness itself isn't a red flag. It's normal for this point in the four-year cycle.



The chart shows the average trajectory of cumulative price returns for the S&P 500 Index throughout midterm election years compared to non-midterm election years. Each point on the lines represents the average year-to-date return as of that month and day, and is calculated using daily price returns from January 1, 1931, to December 31, 2024. Price returns exclude distributions. Past performance is not indicative of future results.

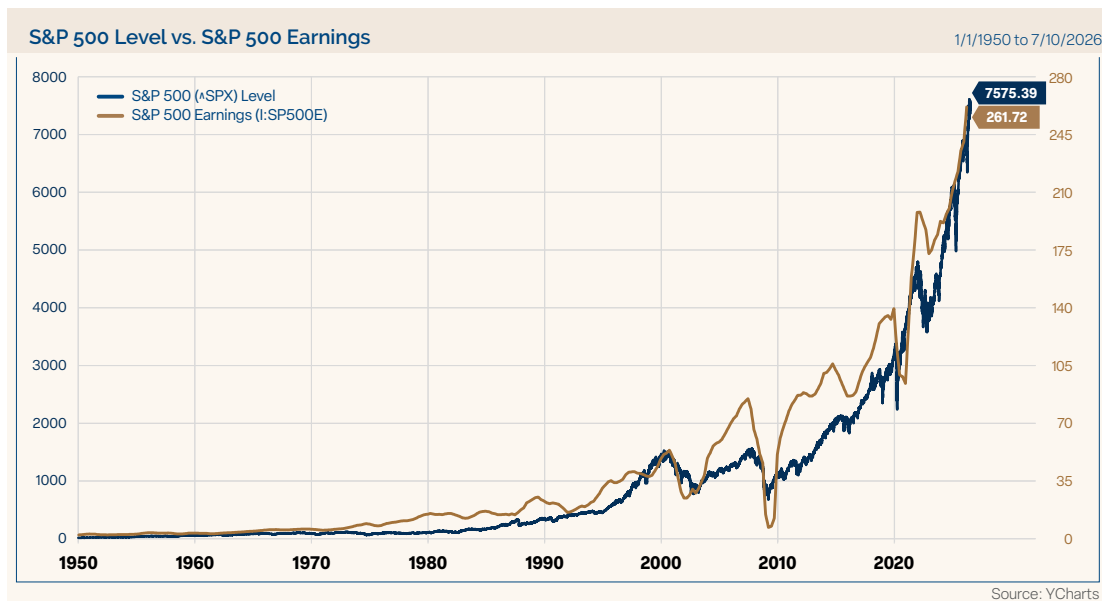
2. Congress Could Flip, But It's Close

Republicans currently hold both chambers — 219 to 214 in the House, 53 to 47 in the Senate. Projections for the next Congress show the House may turn toward the Democrats and the Senate near an even split. Nothing is decided yet, and these odds will keep moving before Election Day.



3. Markets Don't See Red or Blue

Since 1933, stocks have typically done well regardless of who controlled Washington. Years with one party fully in charge averaged a 14.5% return; a split Congress, 13.8%; even a Congress opposite the President's party, 11.7%. Since 1950, the S&P 500's level has tracked corporate earnings far more closely than it's tracked party control. Politics makes headlines, but earnings move stock prices.



For illustrative purposes only. Past performance is not indicative of future results.

THE BOTTOM LINE

Midterm years can feel unsettling in real time, but that discomfort has historically been temporary and hasn't hurt long-term returns. Election outcomes matter for policy. They just haven't been what drives stock prices. Earnings have.

To learn more about this topic, please watch our [Office Hours video](#) or reach out to your investment consultant.

The opinions expressed are exclusively the opinions of the narrator and do not necessarily reflect the views of Clark Capital Management Group. The opinions referenced are as of the date of publication and are subject to change without notice. This material is for informational use only and should not be considered investment advice. Past performance is not indicative of future results. Projections or other forward-looking statements regarding future financial performance of markets are only predictions, and actual events or results may differ materially. All investing involves risk, including loss of principal.

Clark Capital Management Group, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission. Registration does not imply a certain level of skill or training. More information about Clark Capital's advisory services can be found in its Form ADV and/or Form CRS, which are available upon request.

Sources: Capital Group, RIMES, S&P Global, 270towin.com, Kalshi, YCharts, Office of the Clerk — U.S. House of Representatives, Senate.gov.