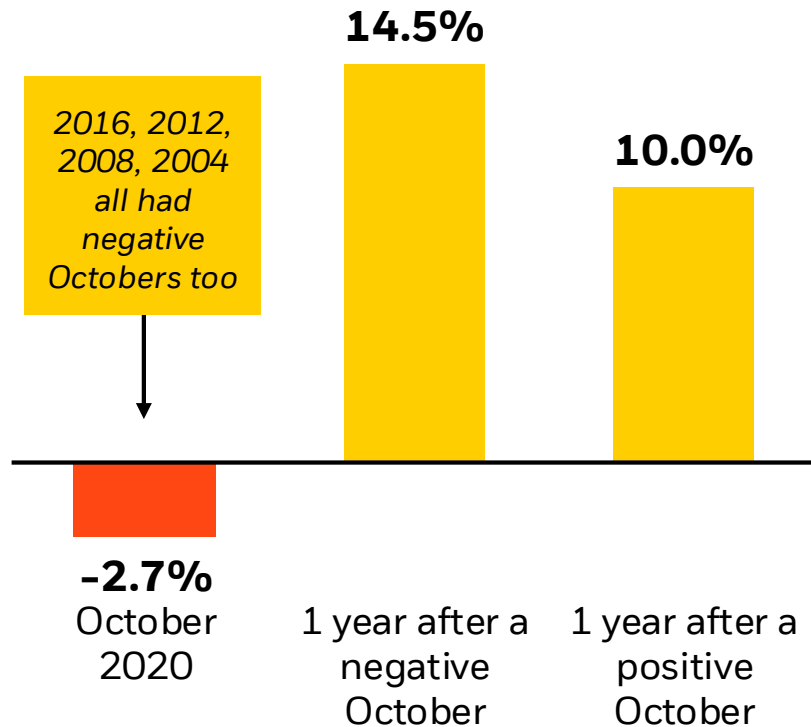


# Is a negative October good for stocks?

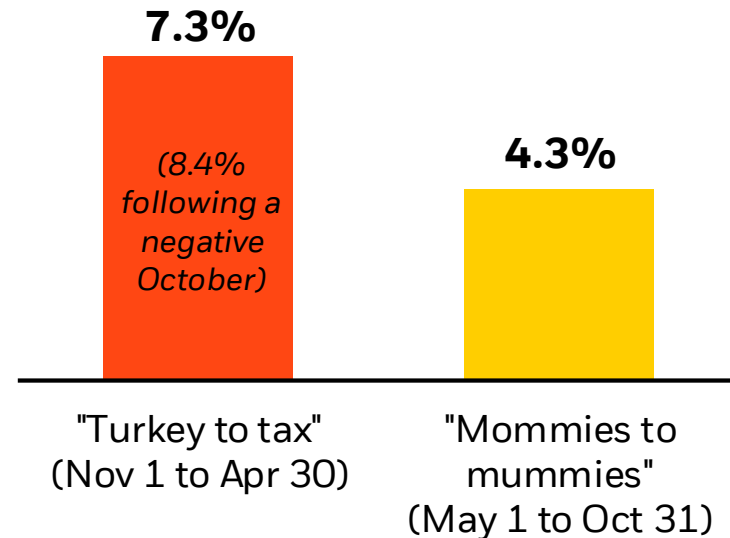
## U.S. stock market performance

Average return, 1/1/26 – 10/31/20



## Seasonal U.S. stock market performance

Average return, 1/1/26 – 10/31/20



Source: Morningstar as of 10/31/20. Stock market represented by the S&P 500 Index from 1/1/70 to 10/31/20 and IA SBBI U.S. large cap stocks index from 1/1/26 to 1/1/70. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

# U.S. stock sectors by President

## Sector performance

Average annual return for length of presidency, each sector of the S&P 500

Clinton	Bush	Obama	Trump
Tech 30.3%	Energy 9.9%	Consumer Disc. 18.6%	Technology 26.8%
Financials 22.4%	Materials 6.6%	Technology 16.4%	Consumer Disc. 18.6%
Healthcare 21.8%	Consumer Staples 4.2%	Healthcare 14.2%	Healthcare 12.7%
Industrials 18.5%	Utilities -0.1%	Consumer Staples 12.8%	Utilities 9.9%
Energy 16.0%	Industrials -1.0%	Industrials 12.7%	Materials 9.9%
Comm. Services 15.1%	Healthcare -2.2%	Real Estate 12.7%	Comm. Services 9.1%
Consumer Disc. 14.0%	Consumer Disc. -2.3%	Utilities 10.9%	Industrials 8.5%
Utilities 13.4%	Financials -4.4%	Materials 10.1%	Consumer Staples 7.4%
Consumer Staples 13.0%	Comm. Services -5.1%	Comm. Services 9.5%	Financials 6.8%
Materials 6.6%	Technology -8.7%	Financials 7.2%	Real Estate 6.5%
		Energy 5.0%	Energy -16.4%

The top 3 performing sectors have been the same under Obama and Trump

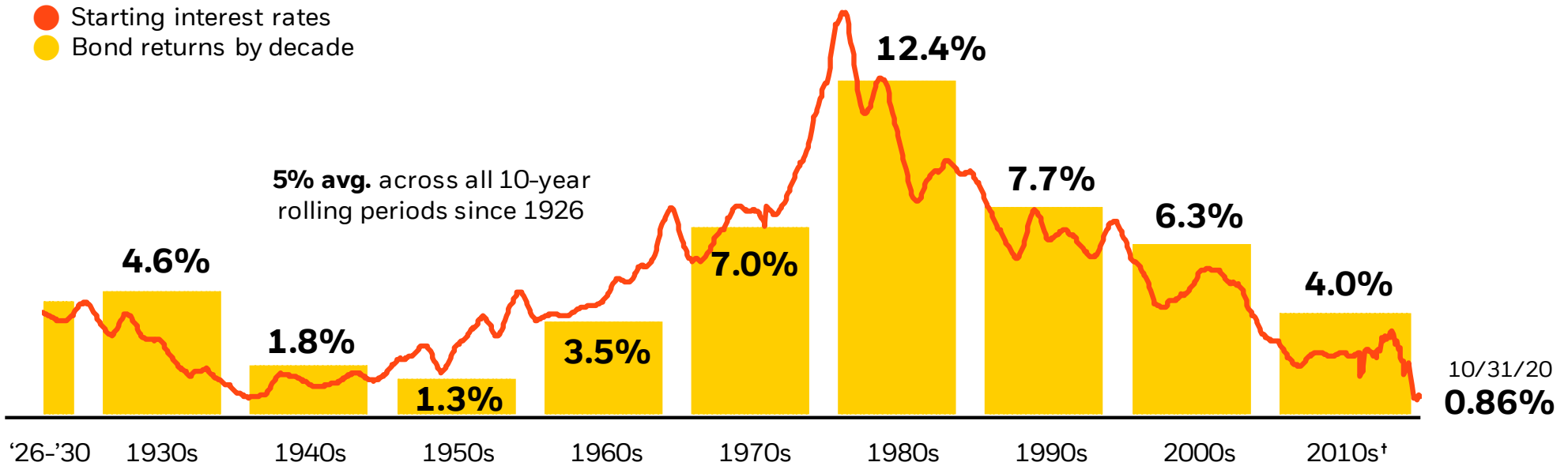
The worst performing sector has been the same under Obama and Trump

Source: Morningstar as of 10/31/20. Technology represented by the S&P 500 information technology sector index, Health care represented by the S&P 500 health care sector index, Financials represented by the S&P 500 financial sector index, Industrials represented by the S&P 500 industrial sector index, Materials represented by the S&P 500 materials sector index, Consumer discretionary represented by the S&P 500 consumer discretionary sector index, Communication services represented by the S&P 500 communication services sector index, Real estate represented by the S&P 500 real estate sector index and Consumer staples represented by the S&P 500 consumer staples sector index. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index. Clinton period is from 11/4/1992 to 12/13/2000, Bush time period from 12/14/2004 to 11/4/2008, Obama time period from 11/5/2008 to 11/8/2016 and Trump time period from 11/9/2016 to 10/31/2020.

# Lower bond returns taking hold

Bonds on pace for the lowest returns since the 1960s

## U.S. bond returns follow interest rates (Avg. annual 10-year returns since 1926)










Source: Morningstar and U.S. Treasury as of 10/31/20. †Represents return decade-to-date (1/1/10 to 10/31/20). U.S. Bonds represented by the IA USIT Govt Tr Index before 1979 and by the BBgBarc US Agg Bond Index after 1979. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

DIVERSIFICATION CAN FEEL DISAPPOINTING

# A diversified portfolio can work even though it never feels good

Last 20 years

40% U.S. stocks, 10% international stocks, 5% small cap stocks, 5% emerging market stocks, 30% U.S. bonds, 10% high yield bonds

Years	S&P 500	Diversified Portfolio	
2000–2002 <sup>†</sup>	-18.4%	-6.8%	 "I lost money"
2003–2007	82.9%	80.1%	 "I didn't make as much"
2008	-37.0%	-24.0%	 "I lost money"
2009–2019	351.0%	195.9%	 "I didn't make as much"
2020 <sup>†</sup>	-30.4%	-20.7%	 "I lost money"
2020 <sup>‡</sup>	51.8%	30.0%	 "I didn't make as much"
<b>Total Return</b>	<b>247.1%</b>	<b>253.5%</b>	 "Diversification can work even when it feels like its losing"
<b>Gr \$100K</b>	<b>\$347,100</b>	<b>\$353,530</b>	

Source: Morningstar as of 9/30/20. <sup>†</sup>Performance is from 10/1/2000 to 12/31/02. <sup>\*\*</sup>Performance is from 1/1/20 to 3/23/20. <sup>‡</sup>Performance is from 3/24/20 to 9/30/20. Diversified Portfolio is represented by 40% S&P 500 Index, 10% MSCI EAFE Index, 5% Russell 2000 Index, 30% Bloomberg Barclays US Aggregate Bond Index, and 10% Bloomberg Barclays US Corporate High Yield Index, 5% FTSE Emerging Stock Index. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index.

# Student of the Market: November 2020

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