

AAII
San Diego Chapter
October 10, 2020

Presented by:
Ken Fisher, Founder, Executive Chairman & Co-CIO

FISHER INVESTMENTS[®]

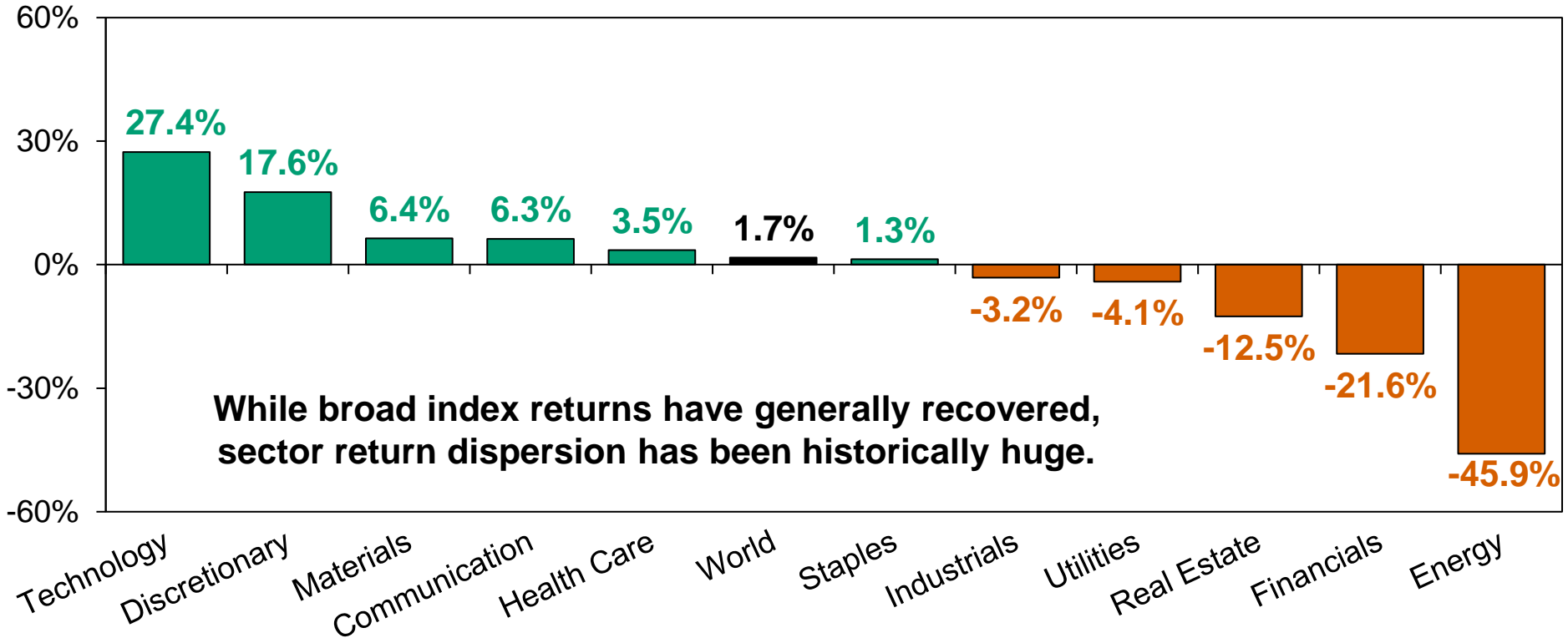
Stocks Look Ahead 3 to 30 Months

In a panic, stocks react to events at the **VERY** short end of this window.

But once panic is done, markets price conditions further into the future.



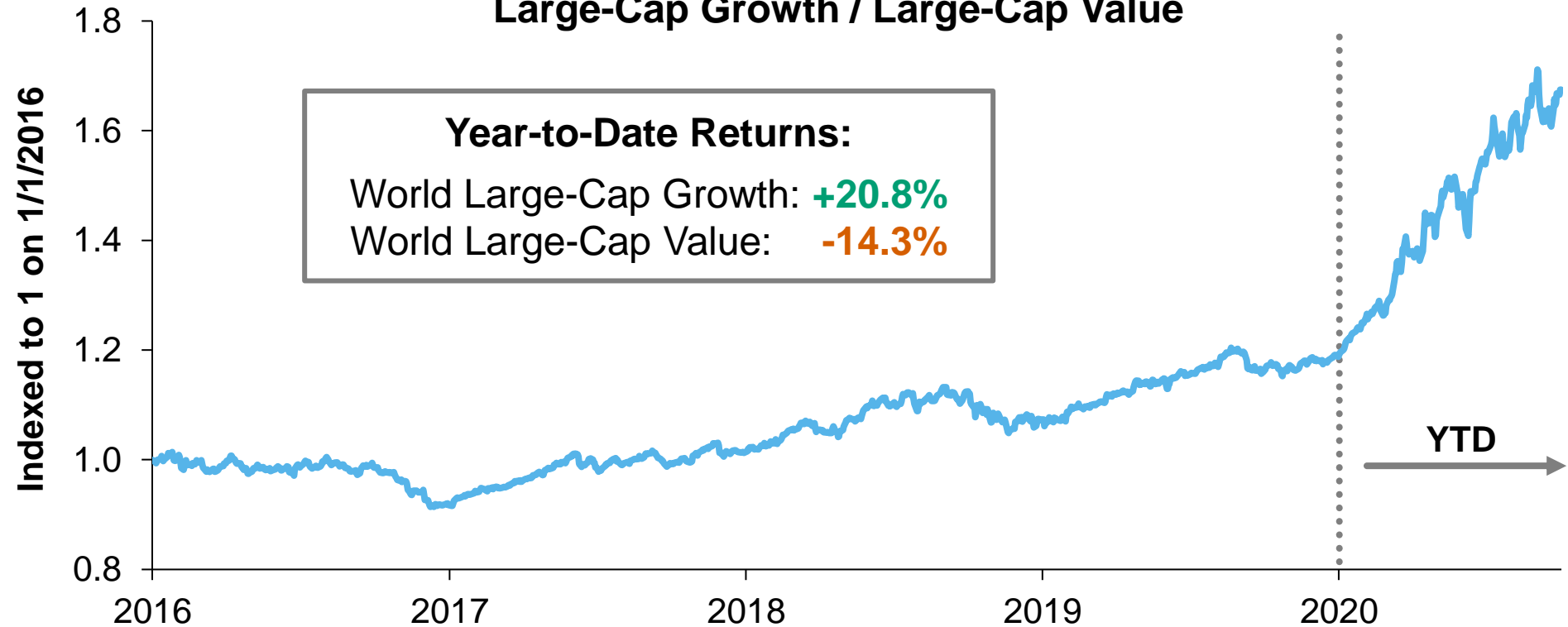
MSCI World Sector Returns YTD



Source: FactSet, as of 10/6/2020. MSCI World Total Return Index sector returns, daily, 1/1/2020 – 9/30/2020.

Large-Cap Growth vs. Large-Cap Value

Large-Cap Growth / Large-Cap Value



Source: FactSet, as of 10/6/2020. MSCI World Large-Cap Growth versus MSCI World Large-Cap Value Total Return Indexes, net, daily, 1/1/2016 – 9/30/2020.

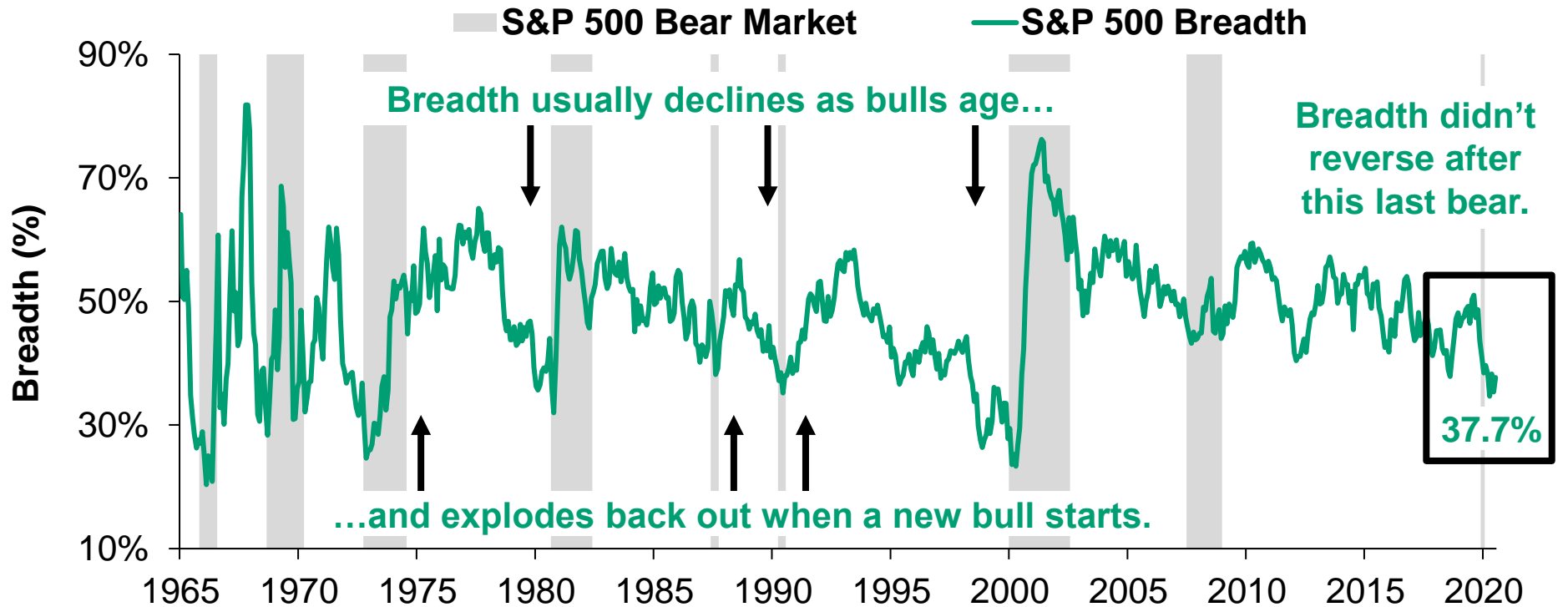
Index Returns From Cycle Peak

Headline Indices	Dates		Peak to Trough		Peak to Current	
	Peak	Trough	Dur. (M)	Return	Dur. (M)	Return
MSCI ACWI (USD)	9/2/2020	9/24/2020	0.7	-7.5%	0.9	-4.9%
MSCI ACWI (Local)	9/2/2020	9/24/2020	0.7	-6.9%	0.9	-4.6%
MSCI EAFE (USD)	1/17/2020	3/23/2020	2.2	-34.2%	8.4	-9.8%
MSCI EAFE (USD)	10/31/2007	3/9/2009	16.3	-61.8%	155.0	-22.3%
MSCI EAFE (Local)	2/12/2020	3/23/2020	1.4	-30.9%	7.6	-13.3%
MSCI EM (USD)	1/17/2020	3/23/2020	2.2	-33.9%	8.4	-5.7%
MSCI EM (USD)	10/29/2007	10/27/2008	11.9	-66.1%	155.0	-19.2%
MSCI EM (Local)	1/26/2018	3/23/2020	25.9	-32.1%	32.1	-5.8%
MSCI World (USD)	9/2/2020	9/24/2020	0.7	-7.8%	0.9	-5.1%
MSCI World (Local)	9/2/2020	9/24/2020	0.7	-7.2%	0.9	-4.7%
MSCI World ex USA (USD)	1/17/2020	3/23/2020	2.2	-34.9%	8.4	-10.0%
MSCI World ex USA (USD)	10/31/2007	3/9/2009	16.3	-61.8%	155.0	-22.4%
MSCI World ex USA (Local)	2/12/2020	3/23/2020	1.4	-31.4%	7.6	-13.1%
MSCI Europe (USD)	1/17/2020	3/23/2020	2.2	-36.0%	8.4	-11.4%
MSCI Europe (USD)	10/31/2007	3/9/2009	16.3	-64.5%	155.0	-28.6%
MSCI Europe (Local)	2/19/2020	3/18/2020	1.0	-33.7%	7.4	-15.7%
MSCI Europe ex UK (USD)	2/12/2020	3/18/2020	1.2	-34.4%	7.6	-6.7%
MSCI Europe ex UK (USD)	10/31/2007	3/9/2009	16.3	-64.0%	155.0	-19.6%
MSCI Europe ex UK (Local)	2/19/2020	3/18/2020	1.0	-34.3%	7.4	-13.6%
Russell 2000	8/31/2018	3/18/2020	18.6	-43.1%	25.0	-13.4%
Russell 2000 Value	8/22/2018	3/23/2020	19.0	-47.9%	25.3	-27.5%
Russell 2000 Growth	9/2/2020	9/24/2020	0.7	-7.8%	0.9	-4.1%
Russell 1000 Value	1/17/2020	3/23/2020	2.2	-38.6%	8.4	-14.5%
Russell 1000 Growth	9/2/2020	9/23/2020	0.7	-11.4%	0.9	-7.1%
S&P 500	9/2/2020	9/23/2020	0.7	-9.6%	0.9	-6.1%

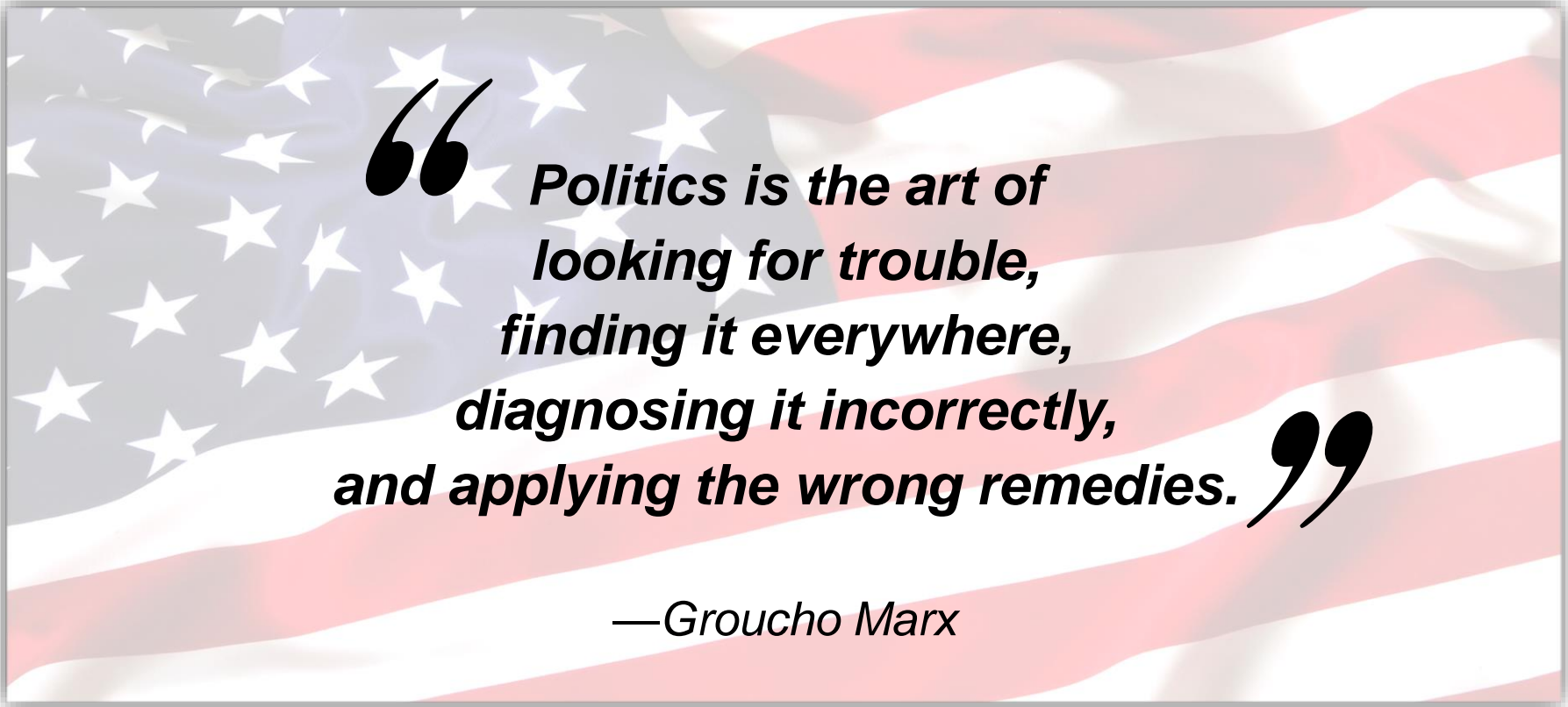
Country Indices	Dates		Peak to Trough		Peak to Current	
	Peak	Trough	Dur. (M)	Return	Dur. (M)	Return
MSCI Australia (USD)	1/22/2020	3/23/2020	2.0	-46.4%	8.3	-16.9%
MSCI Australia (USD)	11/1/2007	3/9/2009	16.3	-67.4%	155.0	-35.7%
MSCI Australia (Local)	2/20/2020	3/23/2020	1.1	-36.6%	7.3	-21.0%
MSCI Canada (USD)	2/20/2020	3/23/2020	1.1	-42.7%	7.3	-11.8%
MSCI Canada (USD)	11/6/2007	3/9/2009	16.1	-61.6%	154.8	-23.7%
MSCI Canada (Local)	2/20/2020	3/23/2020	1.1	-37.0%	7.3	-11.0%
MSCI China (USD)	9/2/2020	9/25/2020	0.8	-7.5%	0.9	-4.7%
MSCI China (USD)	10/30/2007	10/27/2008	11.9	-73.9%	155.0	-6.3%
MSCI China (Local)	9/2/2020	9/25/2020	0.8	-7.5%	0.9	-4.8%
MSCI China (Local)	10/30/2007	10/27/2008	11.9	-73.9%	155.0	-6.3%
MSCI France (USD)	1/17/2020	3/18/2020	2.0	-39.6%	8.4	-15.6%
MSCI France (USD)	10/31/2007	3/9/2009	16.3	-61.6%	155.0	-26.2%
MSCI France (Local)	2/19/2020	3/18/2020	1.0	-38.7%	7.4	-20.8%
MSCI France (Local)	9/4/2000	3/12/2003	30.3	-64.5%	240.9	-21.7%
MSCI Germany (USD)	1/23/2018	3/18/2020	25.8	-49.1%	32.2	-18.2%
MSCI Germany (Local)	1/23/2018	3/18/2020	25.8	-42.3%	32.2	-14.3%
MSCI Italy (USD)	2/19/2020	3/12/2020	0.8	-39.7%	7.4	-20.7%
MSCI Italy (USD)	5/18/2007	3/12/2020	153.8	-74.5%	160.4	-66.5%
MSCI Italy (Local)	2/19/2020	3/12/2020	0.8	-41.3%	7.4	-27.0%
MSCI Italy (Local)	3/6/2000	7/24/2012	148.6	-71.4%	246.8	-62.5%
MSCI Japan (USD)	1/24/2018	3/20/2020	25.9	-32.8%	32.2	-10.1%
MSCI Japan (Local)	1/20/2020	3/16/2020	1.9	-28.4%	8.3	-6.9%
MSCI Japan (Local)	2/26/2007	6/4/2012	63.3	-62.8%	163.1	-14.5%
MSCI Netherlands (USD)	8/26/2020	9/25/2020	1.0	-5.9%	1.1	-3.3%
MSCI Netherlands (Local)	2/13/2020	3/18/2020	1.2	-33.8%	7.6	-6.3%
MSCI Spain (USD)	2/19/2020	3/23/2020	1.1	-37.8%	7.4	-27.6%
MSCI Spain (USD)	11/8/2007	7/24/2012	56.5	-70.5%	154.7	-64.8%
MSCI Spain (Local)	2/19/2020	3/16/2020	0.9	-39.4%	7.4	-33.4%
MSCI Spain (Local)	11/8/2007	7/24/2012	56.5	-64.1%	154.7	-55.9%
MSCI Sweden (USD)	9/18/2020	9/24/2020	0.2	-7.2%	0.4	-2.4%
MSCI Sweden (Local)	2/19/2020	3/23/2020	1.1	-32.6%	7.4	-4.1%
MSCI Switzerland (USD)	9/16/2020	9/24/2020	0.3	-5.1%	0.5	-4.2%
MSCI Switzerland (Local)	2/19/2020	3/23/2020	1.1	-26.9%	7.4	-9.5%
MSCI UK (USD)	1/2/2020	3/23/2020	2.7	-42.8%	8.9	-25.7%
MSCI UK (USD)	10/31/2007	3/9/2009	16.3	-65.5%	155.0	-48.9%
MSCI UK (Local)	5/22/2018	3/23/2020	22.0	-37.3%	28.3	-27.6%
MSCI USA (USD)	9/2/2020	9/23/2020	0.7	-9.6%	0.9	-6.0%

Source: FactSet, as of 10/6/2020. Various headline and country price returns, daily, 1/1/2020 – 9/30/2020.

Market Breadth: S&P 500



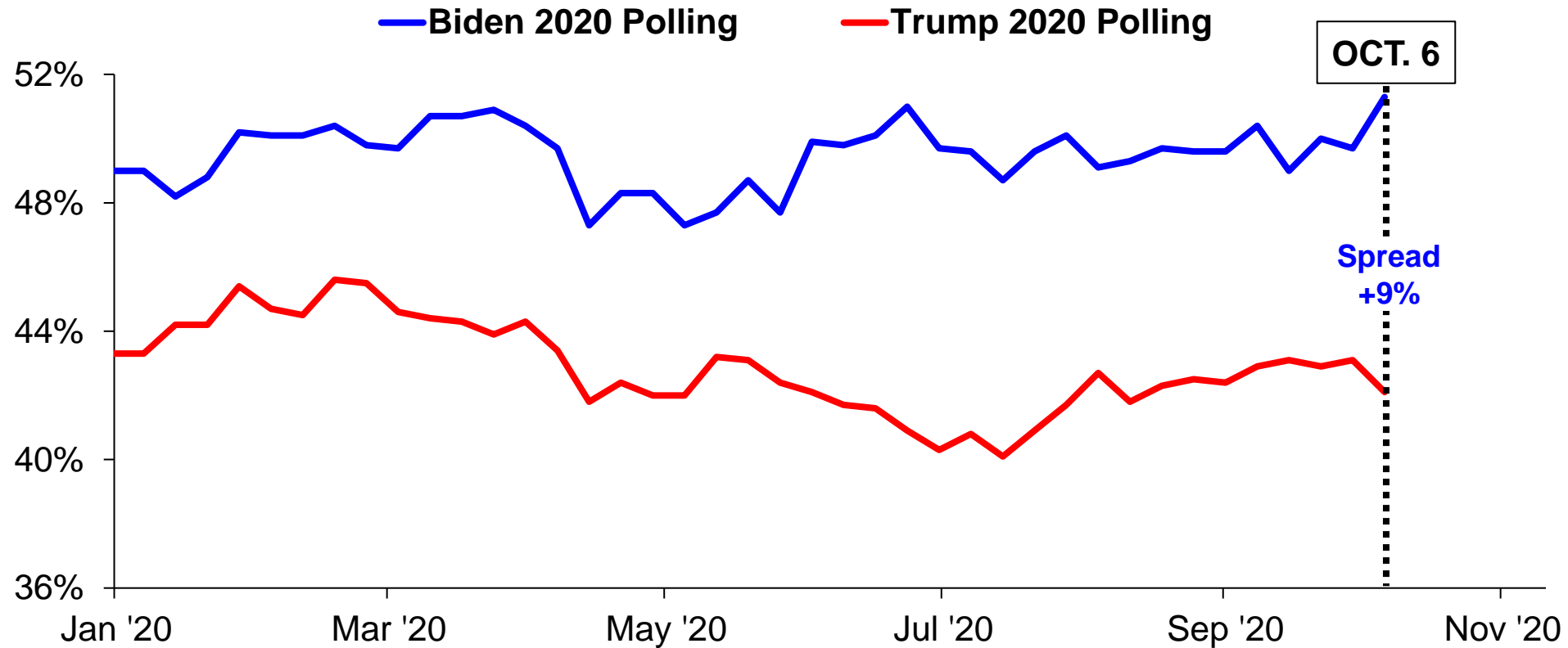
Source: ClariFi, as of 10/2/2020. S&P 500 constituent and headline index prices, monthly, 3/3/1964– 9/30/2020. Breadth is defined as the number of companies outperforming the headline index on a trailing twelve month basis divided by the total number of constituents in the index. Index constituents on a given date are from twelve months prior. Forward twelve month returns are then calculated and lagged to show them on a trailing twelve month basis.



***“ Politics is the art of
looking for trouble,
finding it everywhere,
diagnosing it incorrectly,
and applying the wrong remedies. ”***

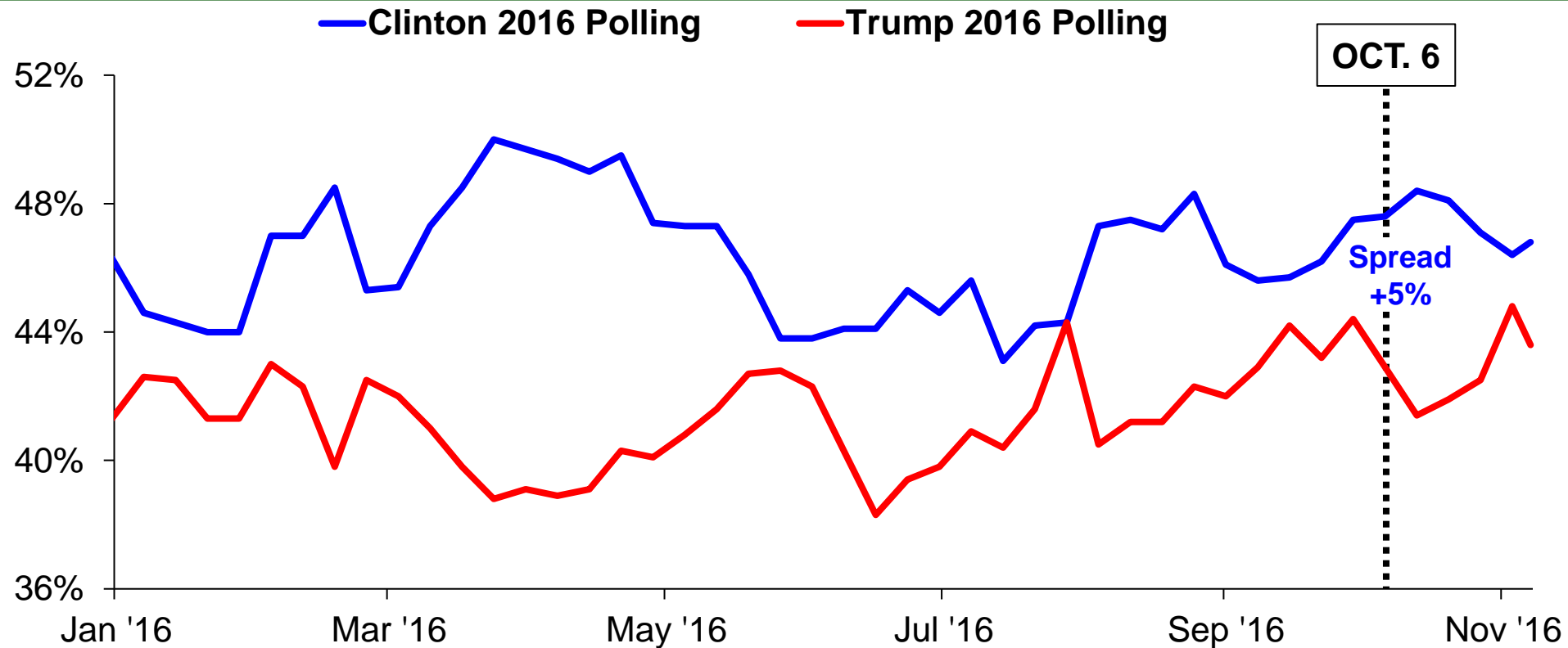
—Groucho Marx

2020 General Election Polling



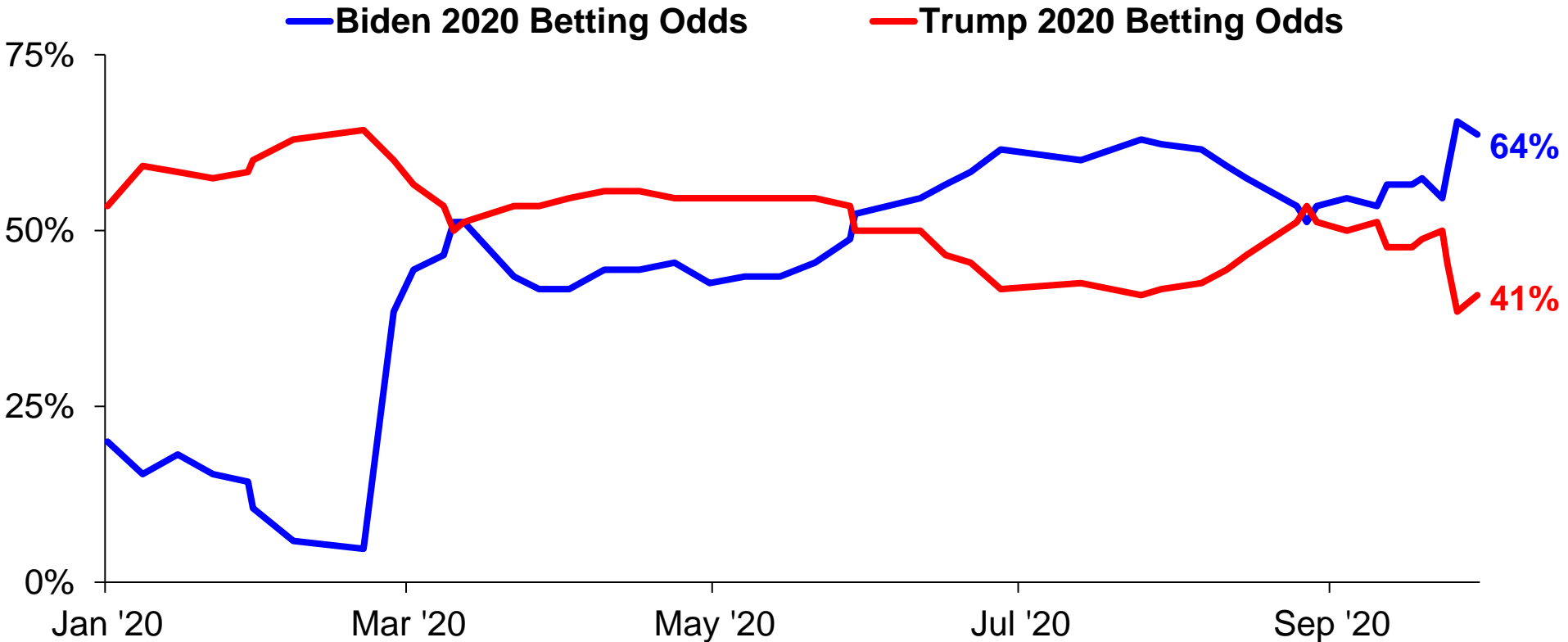
Source: RealClearPolitics, as of 10/6/2020. 2020 general election polling, weekly, 1/1/2020 – 10/6/2020.

2016 General Election Polling



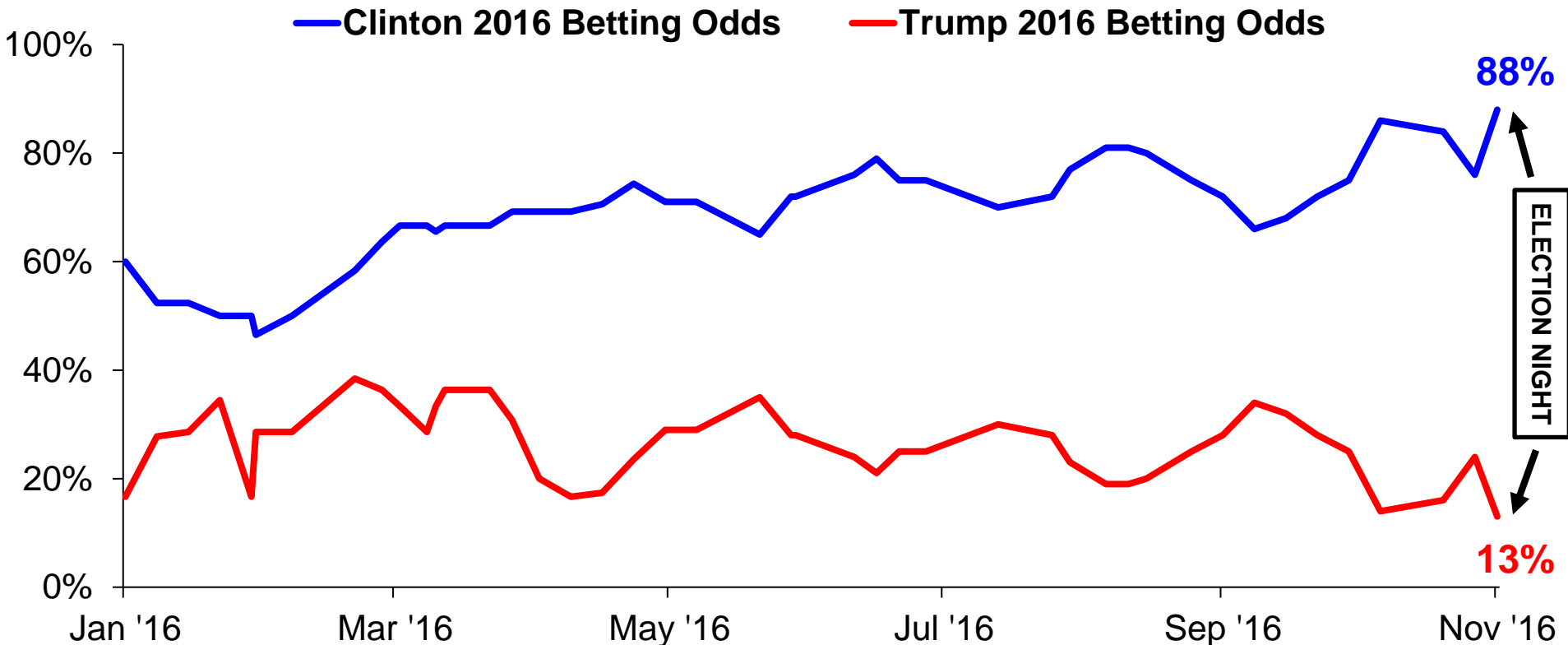
Source: RealClearPolitics, as of 10/6/2020. 2016 general election polling, weekly, 1/1/2016 – 11/7/2016.

2020 Presidential Election Betting Odds



Source: OddsShark, as of 10/6/2020. 2020 presidential election odds for Joe Biden and Donald Trump, 1/6/2020 – 10/6/2020.

2016 Presidential Election Betting Odds



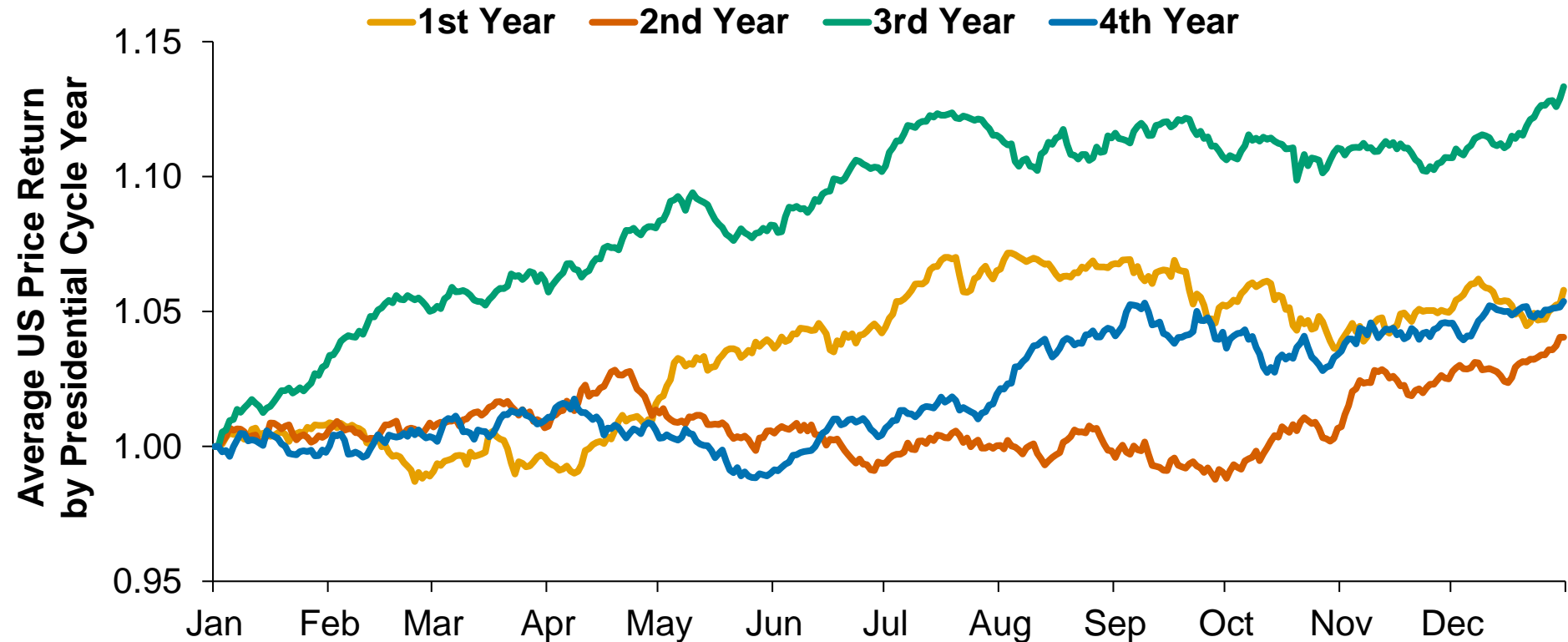
Source: OddsShark, RealClearPolitics, as of 9/28/2020. 2016 presidential election betting odds for Hillary Clinton and Donald Trump, 1/6/2016 – 11/7/2016.

Presidential Term Anomaly

President	Inaugural Year		Second Year		Third Year		Fourth Year	
Coolidge	1925	29.5%	1926	11.1%	1927	37.1%	1928	43.3%
Hoover	1929	-8.9%	1930	-25.3%	1931	-43.9%	1932	-8.9%
FDR – 1 st	1933	52.9%	1934	-2.3%	1935	47.2%	1936	32.8%
FDR – 2 nd	1937	-35.3%	1938	33.2%	1939	-0.9%	1940	-10.1%
FDR – 3 rd	1941	-11.8%	1942	21.1%	1943	25.8%	1944	19.7%
FDR/Truman	1945	36.5%	1946	-8.2%	1947	5.2%	1948	5.1%
Truman	1949	18.1%	1950	30.6%	1951	24.6%	1952	18.5%
Ike – 1 st	1953	-1.1%	1954	52.4%	1955	31.4%	1956	6.6%
Ike – 2 nd	1957	-10.9%	1958	43.3%	1959	11.9%	1960	0.5%
Kennedy/Johnson	1961	26.8%	1962	-8.8%	1963	22.7%	1964	16.4%
Johnson	1965	12.4%	1966	-10.1%	1967	23.9%	1968	11.0%
Nixon	1969	-8.5%	1970	4.0%	1971	14.3%	1972	18.9%
Nixon/Ford	1973	-14.8%	1974	-26.5%	1975	37.3%	1976	23.7%
Carter	1977	-7.4%	1978	6.4%	1979	18.4%	1980	32.3%
Reagan – 1 st	1981	-5.1%	1982	21.5%	1983	22.5%	1984	6.2%
Reagan – 2 nd	1985	31.6%	1986	18.6%	1987	5.2%	1988	16.6%
Bush	1989	31.7%	1990	-3.1%	1991	30.5%	1992	7.6%
Clinton – 1 st	1993	10.1%	1994	1.3%	1995	37.6%	1996	23.0%
Clinton – 2 nd	1997	33.4%	1998	28.6%	1999	21.0%	2000	-9.1%
Bush, G.W. – 1 st	2001	-11.9%	2002	-22.1%	2003	28.7%	2004	10.9%
Bush, G.W. – 2 nd	2005	4.9%	2006	15.8%	2007	5.5%	2008	-37.0%
Obama – 1 st	2009	26.5%	2010	15.1%	2011	2.1%	2012	16.0%
Obama – 2 nd	2013	32.4%	2014	13.7%	2015	1.4%	2016	12.0%
Trump	2017	21.8%	2018	-4.4%	2019	31.5%	2020	
Percent Positive	58.3%		62.5%		91.7%		82.6%	
Average Positive Return	26.3%		21.1%		22.1%		16.9%	
Average Return	10.5%		8.6%		18.4%		11.1%	

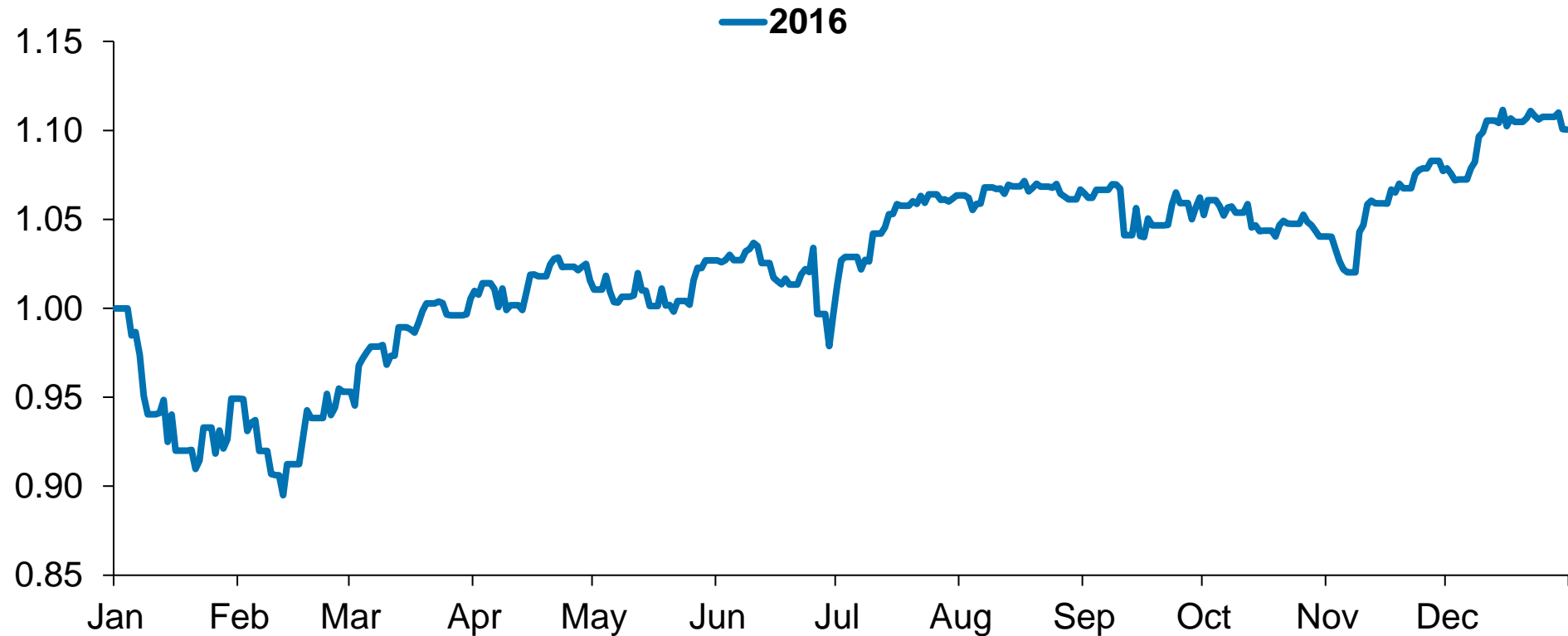
Source: Global Financial Data, as of 1/2/2020. S&P 500 Total Return Index, 1925 - 2019.

Stock Markets and Presidential Cycles



Source: Global Financial Data, as of 2/3/2020. Average S&P 500 price returns, indexed to 1 on 1/1/1925, 1/1/1925 – 12/31/2019 (2020 excluded).

S&P 500: 2016



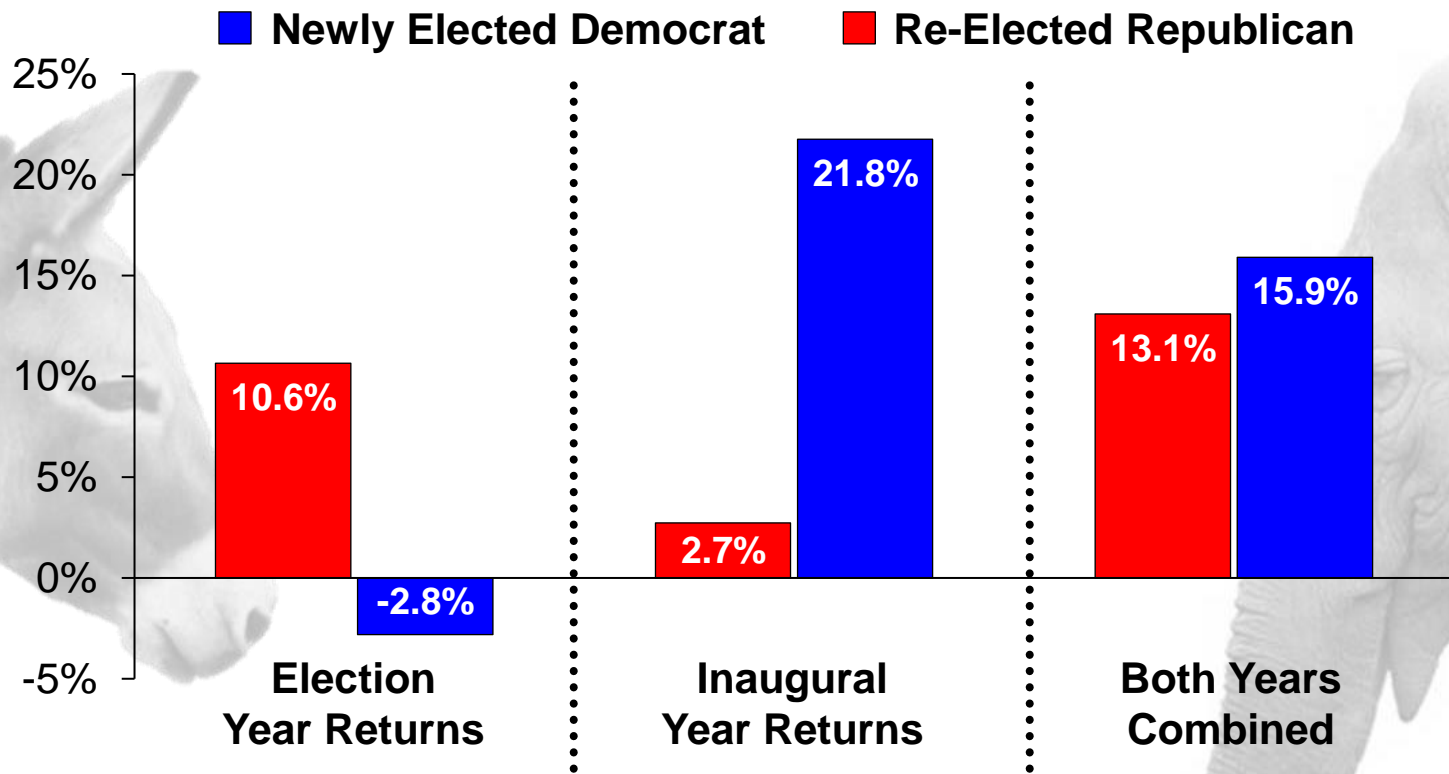
Source: Global Financial Data, as of 9/25/2020. S&P 500 Price Index, indexed to 1 on 1/1/2016, 1/1/2016 – 12/31/2016.

S&P 500: 2017



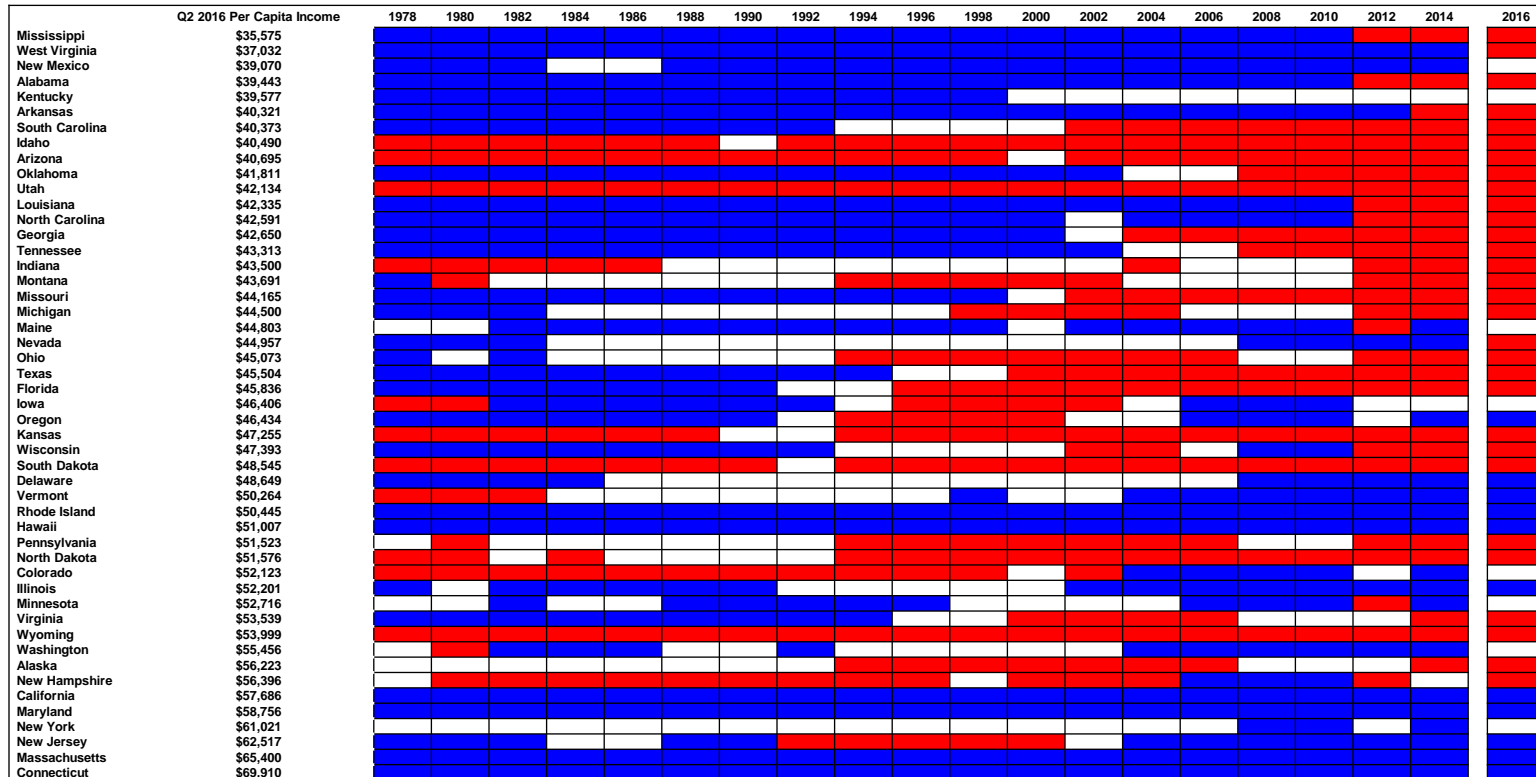
Source: Global Financial Data, as of 9/25/2020. S&P 500 Price Index, indexed to 1 on 1/1/2017, 1/1/2017 – 12/31/2017.

Relative Expectations: The Perverse Inverse



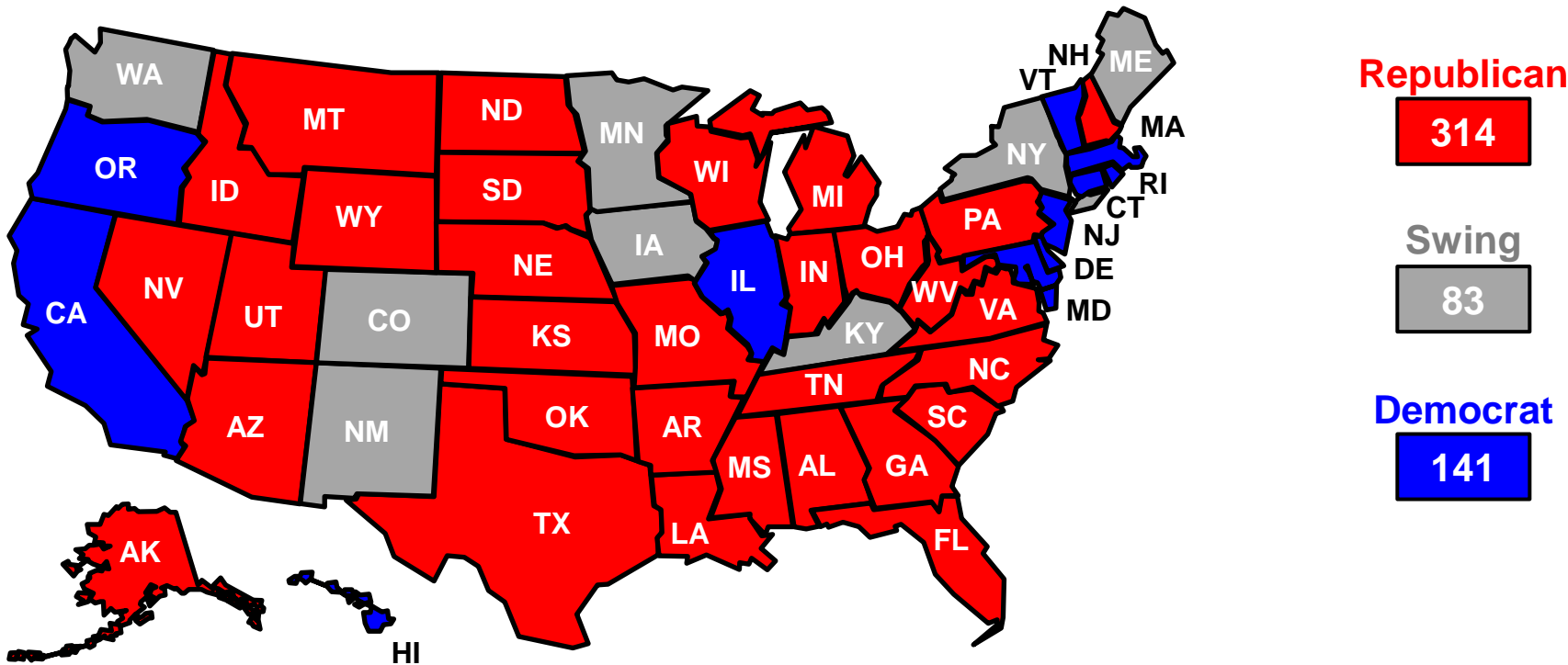
Source: Global Financial Data, as of 7/30/2020. S&P 500 Total Return Index, 1925 – 2017.

Partisan Composition of State Legislatures: 2016



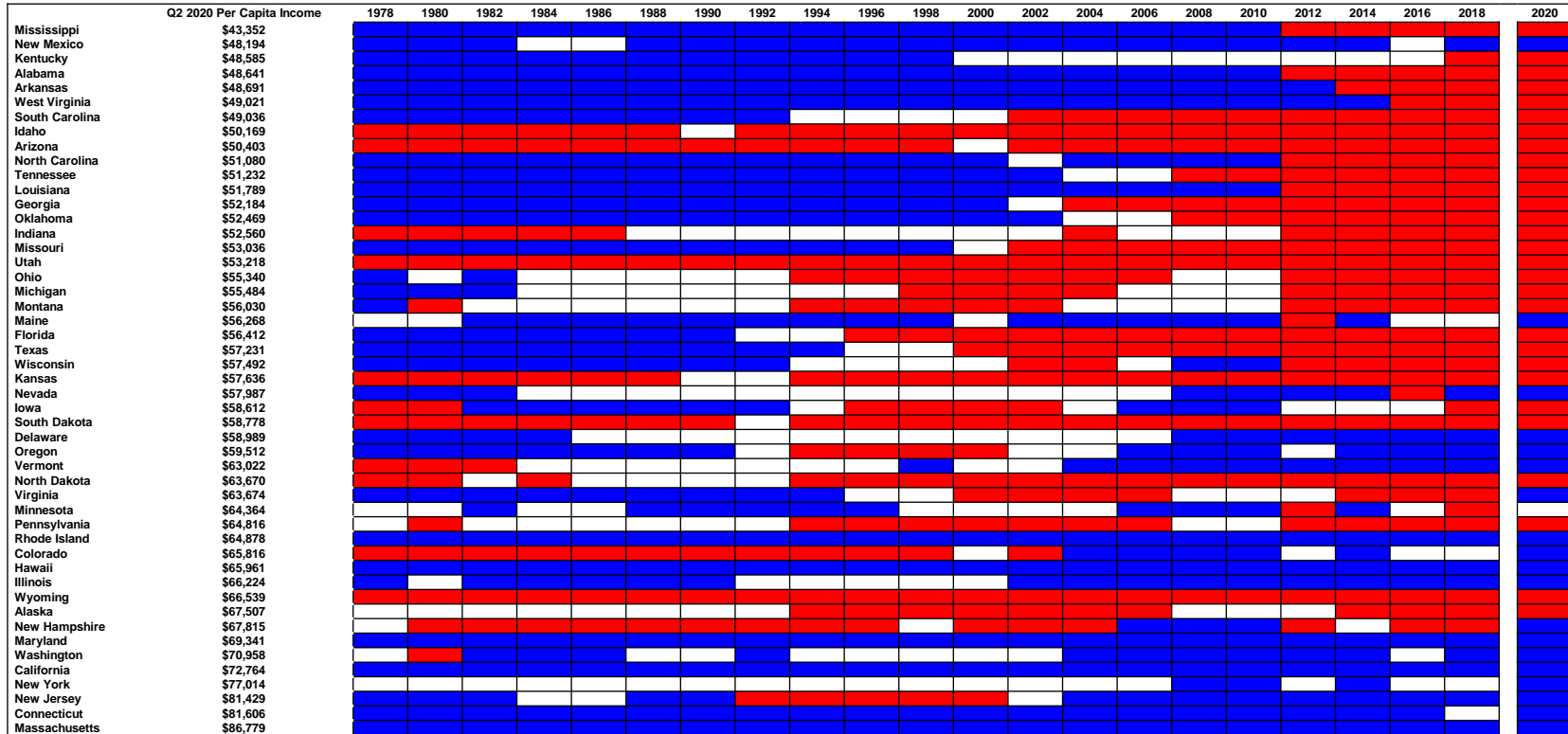
Source: National Conference of State Legislatures, US BEA, as of 9/29/2020. 1978 - 2016 legislative partisan composition by state and Q2 2016 per capita income by state. *Excludes Nebraska (non-partisan unicameral legislature).

Pre-2016 Election State Legislature Composition



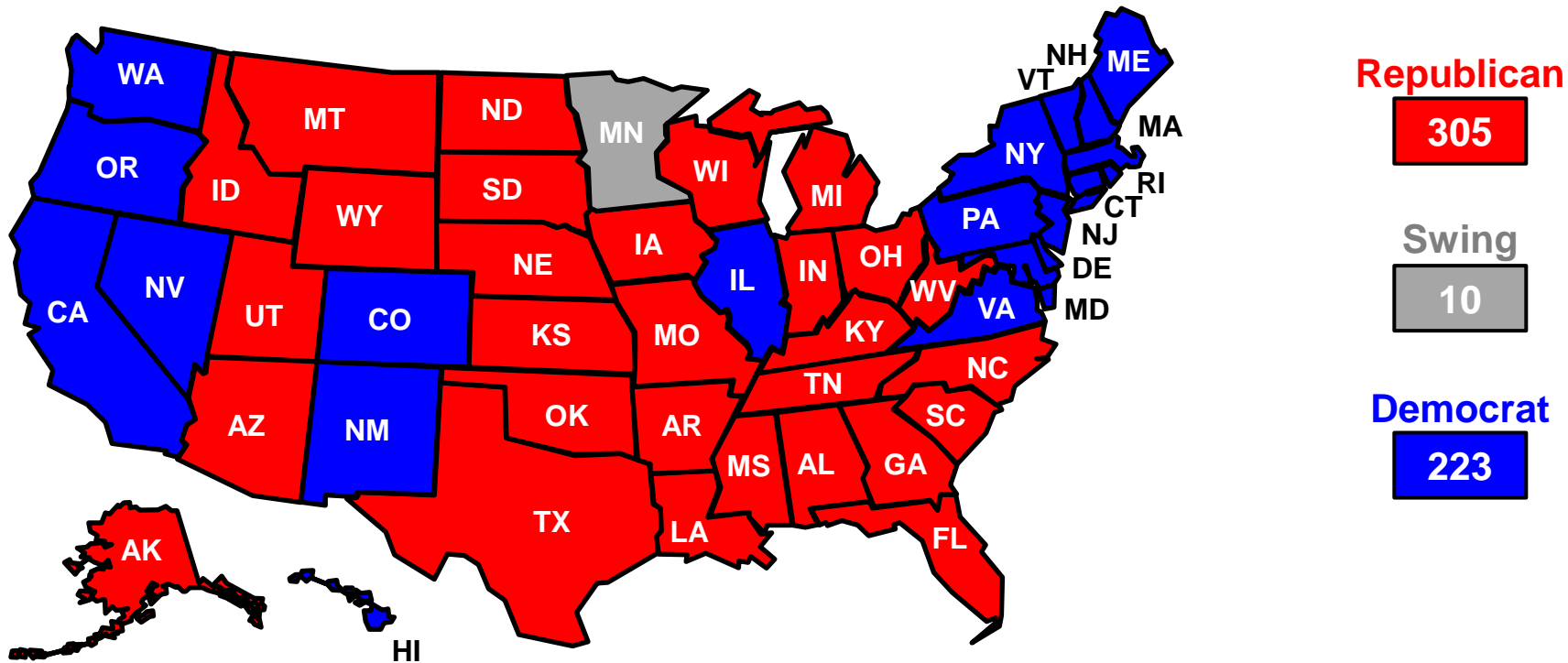
Source: US National Archives, National Council of State Legislatures, Fisher Investments Research, as of 9/29/2020. State legislative partisan composition as of January 2016. "Swing" state defined as a state without uniform party control of the legislature. Nebraska has a non-partisan, unicameral state legislature but leans Republican (5 electoral votes). Washington, D.C. leans Democratic (3 electoral votes).

Partisan Composition of State Legislatures: 2020



Source: National Conference of State Legislatures, US BEA, as of 9/29/2020. 1978 - 2020 legislative partisan composition by state and Q2 2020 per capita income by state. *Excludes Nebraska (non-partisan unicameral legislature).

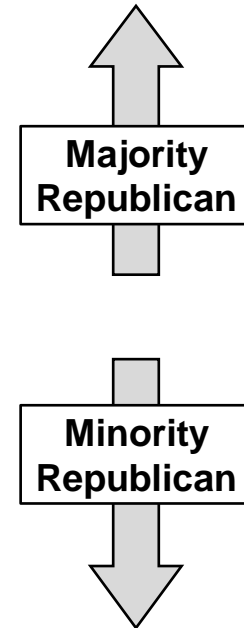
Pre-2020 Election State Legislature Composition



Source: US National Archives, National Council of State Legislatures, Fisher Investments Research, as of 9/29/2020. State legislative partisan composition as of January 2020. "Swing" state defined as a state without uniform party control of the legislature. Nebraska has a non-partisan, unicameral state legislature but leans Republican (5 electoral votes). Washington, D.C. leans Democratic (3 electoral votes).

2020 Senate Elections: Few Vulnerable Seats

Senator	State	2016 Trump % Popular Vote	2012 Romney % Popular Vote	Average Republican Vote
Enzi, Mike**	WY	70%	69%	69%
Moore Capito, Shelley	WV	69%	62%	66%
Inhofe, Jim	OK	65%	67%	66%
Jones, Doug	AL	63%	61%	62%
McConnell, Mitch	KY	63%	60%	62%
Risch, Jim	ID	59%	65%	62%
Rounds, Mike	SD	62%	58%	60%
Alexander, Lamar**	TN	61%	59%	60%
Cotton, Tom	AR	60%	61%	60%
Sasse, Ben	NE	60%	60%	60%
Cassidy, Bill	LA	58%	58%	58%
Roberts, Pat**	KS	57%	60%	58%
Hyde-Smith, Cindy	MS	58%	55%	57%
Daines, Steve	MT	57%	55%	56%
Graham, Lindsey	SC	56%	55%	55%
Cornyn, John	TX	53%	57%	55%
Sullivan, Dan	AK	53%	55%	54%
Loeffler, Kelly*	GA	51%	53%	52%
Perdue, David	GA	51%	53%	52%
McSally, Martha*	AZ	50%	54%	52%
Tillis, Thom	NC	51%	50%	51%
Ernst, Joni	IA	52%	46%	49%
Shaheen, Jeanne	NH	47%	46%	47%
Peters, Gary	MI	48%	45%	46%
Warner, Mark	VA	45%	47%	46%
Gardner, Cory	CO	45%	46%	46%
Smith, Tina	MN	45%	45%	45%
Collins, Susan	ME	45%	41%	43%
Merkley, Jeff	OR	41%	42%	42%
Booker, Cory	NJ	42%	41%	41%
Coons, Chris	DE	42%	40%	41%
Udall, Tom**	NM	40%	43%	41%
Durbin, Dick	IL	39%	41%	40%
Reed, Jack	RI	40%	35%	38%
Markey, Ed	MA	34%	38%	36%



Source: Ballotpedia, US Senate, as of 1/10/2020. Senators up for re-election in 2020. *Indicates a 2020 special election. **Indicates not seeking reelection.

Q&A