AAII Research Triangle Chapter October 10, 2020

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

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

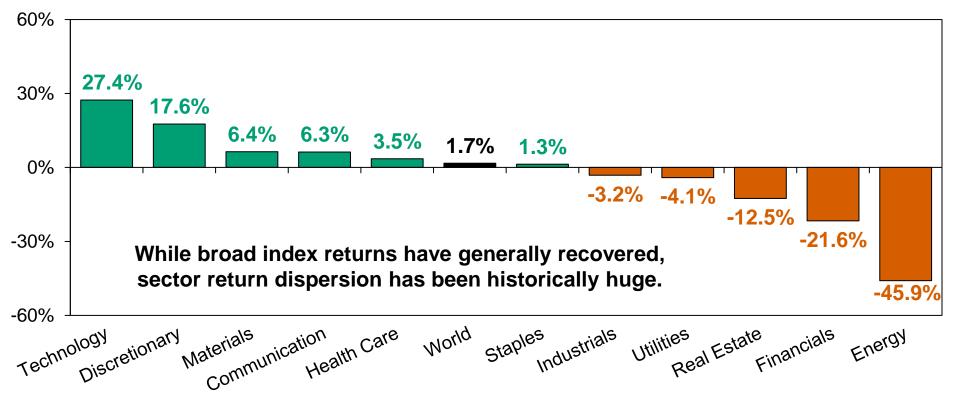
But once panic is done, markets price conditions further into the future.



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MSCI World Sector Returns YTD



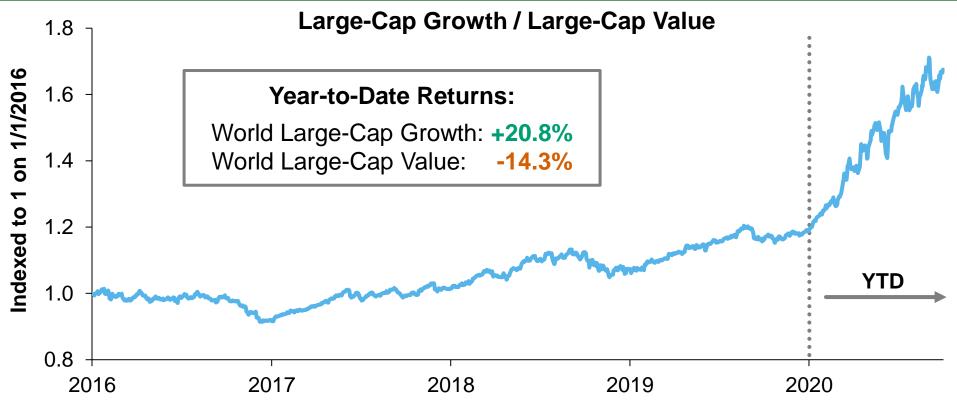
Source: FactSet, as of 10/6/2020. MSCI World Total Return Index sector returns, daily, 1/1/2020 - 9/30/2020.

3

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Large-Cap Growth vs. 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.

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4

Index Returns From Cycle Peak

	Da	ates	Peak to	Trough	Peak to	Current		D	ates	Peak to	Trough	Peak to Current		
Headline Indices	Peak	Trough	Dur. (M)	Return	Dur. (M)	Return	Country Indices	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 Australia (USD)	1/22/2020	3/23/2020	2.0	-46.4%	8.3	-16.9%	
MSCI ACWI (Local)	9/2/2020	9/24/2020	0.7	-6.9%	0.9	-4.6%	MSCI Australia (USD)	11/1/2007	3/9/2009	16.3	-67.4%	155.0	-35.7%	
MSCI EAFE (USD)	1/17/2020	3/23/2020	2.2	-34.2%	8.4	-9.8%	MSCI Australia (Local)	2/20/2020	3/23/2020	1.1	-36.6%	7.3	-21.0%	
MSCI EAFE (USD)	10/31/2007	3/9/2009	16.3	-61.8%	155.0	-22.3%	MSCI Canada (USD)	2/20/2020	3/23/2020	1.1	-42.7%	7.3	-11.8%	
MSCI EAFE (Local)	2/12/2020	3/23/2020	1.4	-30.9%	7.6	-13.3%	MSCI Canada (USD)	11/6/2007	3/9/2009	16.1	-61.6%	154.8	-23.7%	
MSCI EM (USD)	1/17/2020	3/23/2020	2.2	-33.9%	8.4	-5.7%	MSCI Canada (Local)	2/20/2020	3/23/2020	1.1	-37.0%	7.3	-11.0%	
MSCI EM (USD)	10/29/2007	10/27/2008	11.9	-66.1%	155.0	-19.2%	MSCI China (USD)	9/2/2020	9/25/2020	0.8	-7.5%	0.9	-4.7%	
MSCI EM (Local)	1/26/2018	3/23/2020	25.9	-32.1%	32.1	-5.8%	MSCI China (USD)	10/30/2007	10/27/2008	11.9	-73.9%	155.0	-6.3%	
MSCI World (USD)	9/2/2020	9/24/2020	0.7	-7.8%	0.9	-5.1%	MSCI China (Local)	9/2/2020	9/25/2020	0.8	-7.5%	0.9	-4.8%	
MSCI World (Local)	9/2/2020	9/24/2020	0.7	-7.2%	0.9	-4.7%	MSCI China (Local)	10/30/2007	10/27/2008	11.9	-73.9%	155.0	-6.3%	
MSCI World ex USA (USD)	1/17/2020	3/23/2020	2.2	-34.9%	8.4	-10.0%	MSCI France (USD)	1/17/2020	3/18/2020	2.0	-39.6%	8.4	-15.6%	
MSCI World ex USA (USD)	10/31/2007	3/9/2009	16.3	-61.8%	155.0	-22.4%	MSCI France (USD)	10/31/2007	3/9/2009	16.3	-61.6%	155.0	-26.2%	
MSCI World ex USA (Local)	2/12/2020	3/23/2020	1.4	-31.4%	7.6	-13.1%	MSCI France (Local)	2/19/2020	3/18/2020	1.0	-38.7%	7.4	-20.8%	
MSCI Europe (USD)	1/17/2020	3/23/2020	2.2	-36.0%	8.4	-11.4%	MSCI France (Local)	9/4/2000	3/12/2003	30.3	-64.5%	240.9	-21.7%	
MSCI Europe (USD)	10/31/2007	3/9/2009	16.3	-64.5%	155.0	-28.6%	MSCI Germany (USD)	1/23/2018	3/18/2020	25.8	-49.1%	32.2	-18.2%	
MSCI Europe (Local)	2/19/2020	3/18/2020	1.0	-33.7%	7.4	-15.7%	MSCI Germany (Local)	1/23/2018	3/18/2020	25.8	-42.3%	32.2	-14.3%	
MSCI Europe ex UK (USD)	2/12/2020	3/18/2020	1.2	-34.4%	7.6	-6.7%	MSCI Italy (USD)	2/19/2020	3/12/2020	0.8	-39.7%	7.4	-20.7%	
MSCI Europe ex UK (USD)	10/31/2007	3/9/2009	16.3	-64.0%	155.0	-19.6%	MSCI Italy (USD)	5/18/2007	3/12/2020	153.8	-74.5%	160.4	-66.5%	
MSCI Europe ex UK (Local)	2/19/2020	3/18/2020	1.0	-34.3%	7.4	-13.6%	MSCI Italy (Local)	2/19/2020	3/12/2020	0.8	-41.3%	7.4	-27.0%	
Russell 2000	8/31/2018	3/18/2020	18.6	-43.1%	25.0	-13.4%	MSCI Italy (Local)	3/6/2000	7/24/2012	148.6	-71.4%	246.8	-62.5%	
Russell 2000 Value	8/22/2018	3/23/2020	19.0	-47.9%	25.3	-27.5%	MSCI Japan (USD)	1/24/2018	3/20/2020	25.9	-32.8%	32.2	-10.1%	
Russell 2000 Growth	9/2/2020	9/24/2020	0.7	-7.8%	0.9	-4.1%	MSCI Japan (Local)	1/20/2020	3/16/2020	1.9	-28.4%	8.3	-6.9%	
Russell 1000 Value	1/17/2020	3/23/2020	2.2	-38.6%	8.4	-14.5%	MSCI Japan (Local)	2/26/2007	6/4/2012	63.3	-62.8%	163.1	-14.5%	
Russell 1000 Growth	9/2/2020	9/23/2020	0.7	-11.4%	0.9	-7.1%	MSCI Netherlands (USD)	8/26/2020	9/25/2020	1.0	-5.9%	1.1	-3.3%	
S&P 500	9/2/2020	9/23/2020	0.7	-9.6%	0.9	-6.1%	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%	
										1				

MSCI USA (USD)

9/2/2020

9/23/2020

0.7

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

5

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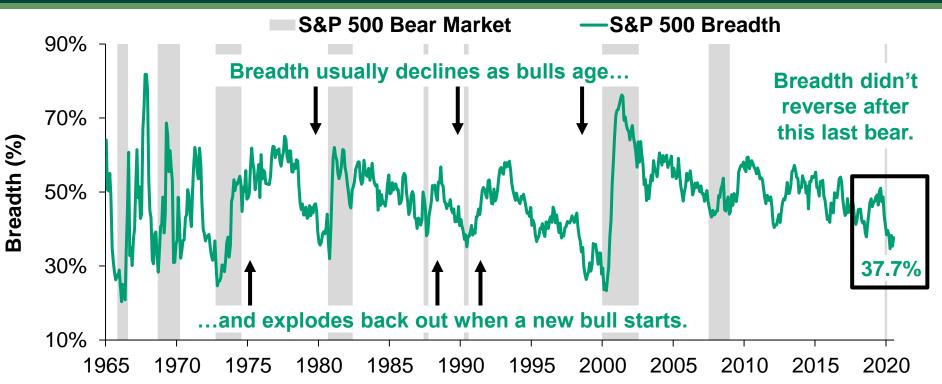
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0.9

-6.0%

-9.6%

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.

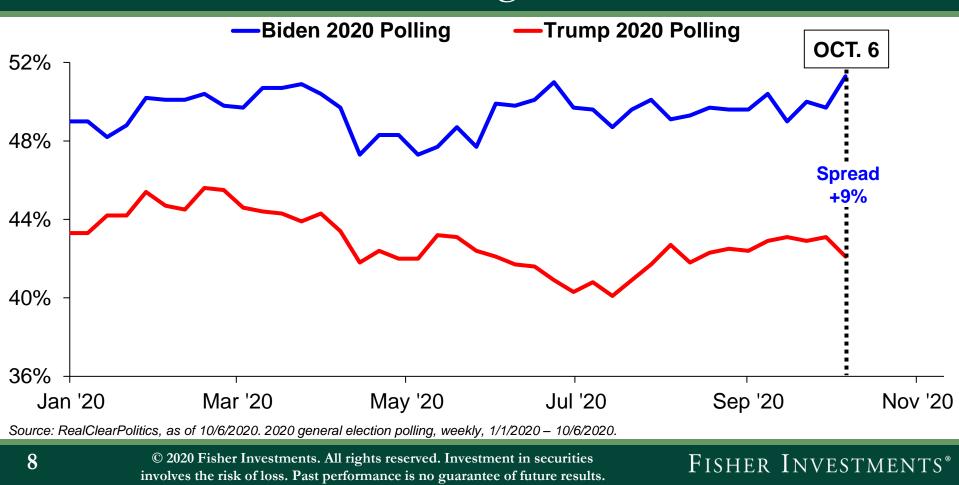
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Politics is the art of looking for trouble, finding it everywhere, diagnosing it incorrectly, and applying the wrong remedies.

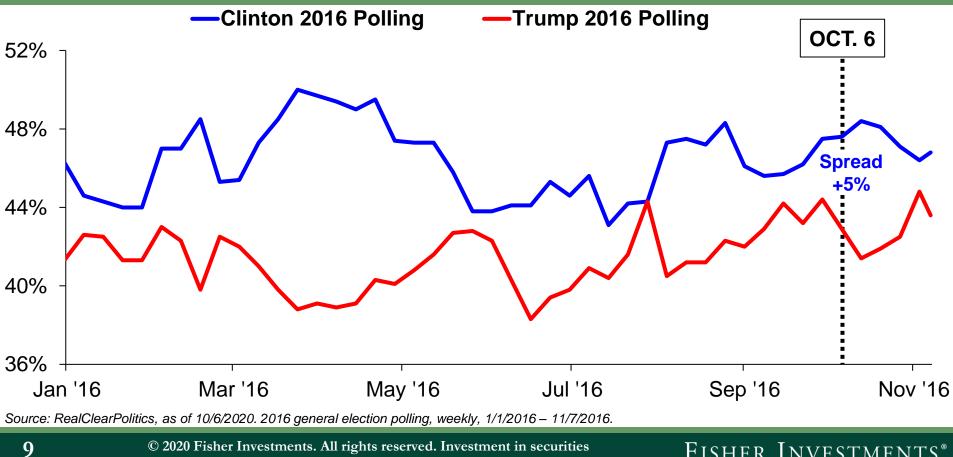
—Groucho Marx

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2020 General Election Polling

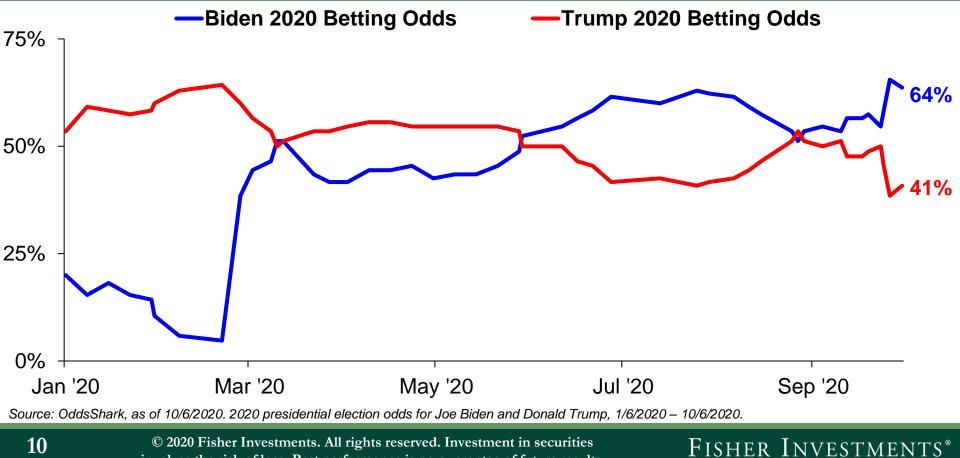


2016 General Election Polling



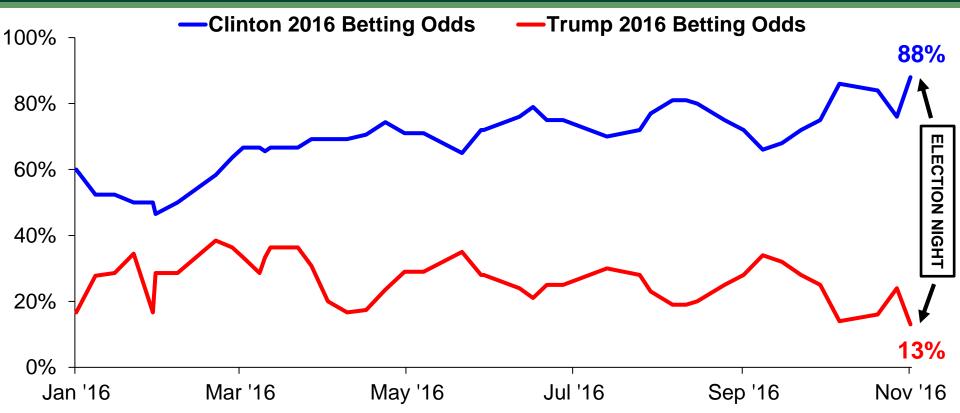
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2020 Presidential Election Betting Odds



involves the risk of loss. Past performance is no guarantee of future results.

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.

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11

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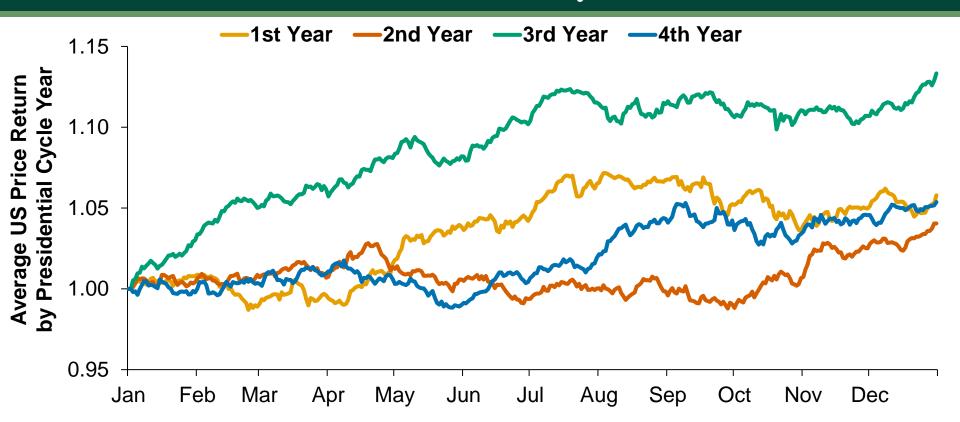
Presidential Term Anomaly

President	Inaugu	ural Year	Secor	nd Year	Thir	d 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%	
lke – 1 st	1953	-1.1%	1954	52.4%	1955	31.4%	1956	6.6%	
lke – 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.

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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).

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S&P 500: 2016

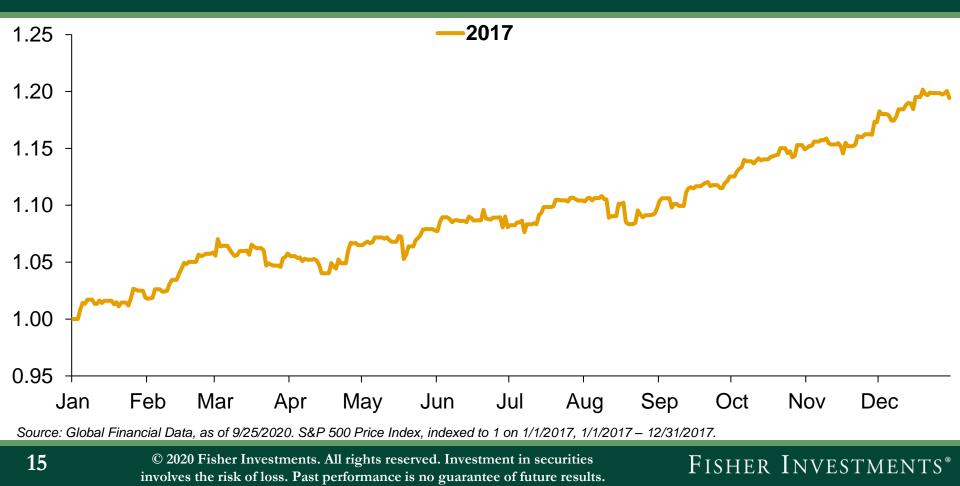


Source: Global Financial Data, as of 9/25/2020. S&P 500 Price Index, indexed to 1 on 1/1/2016, 1/1/2016 – 12/31/2016.

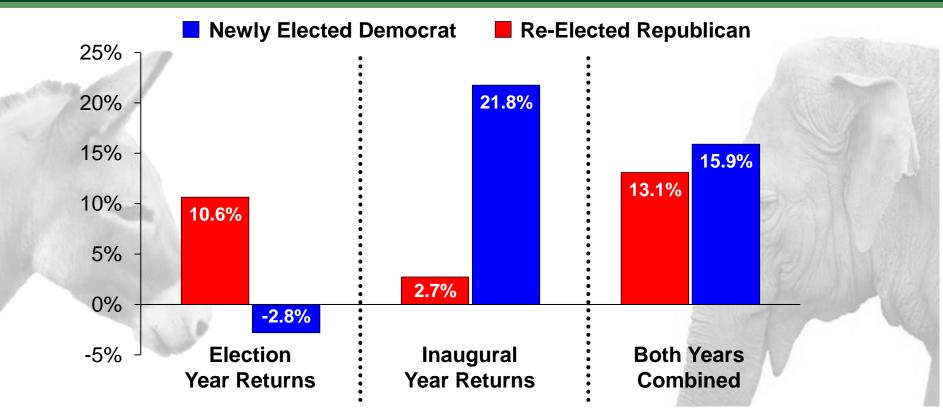
14

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S&P 500: 2017



Relative Expectations: The Perverse Inverse



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

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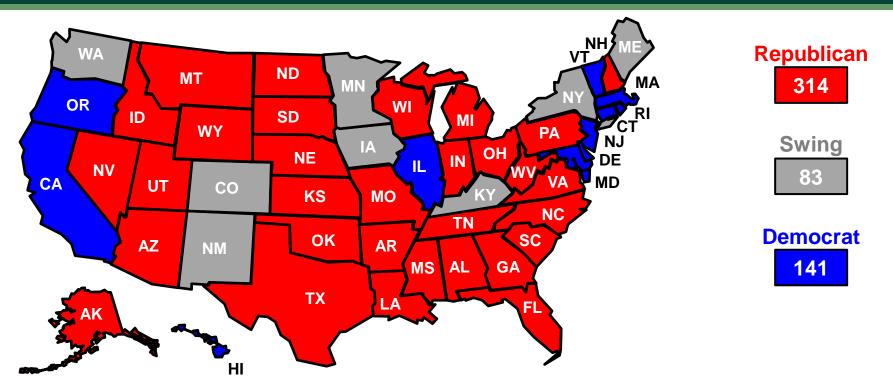
Partisan Composition of State Legislatures: 2016

	Q2 2016 Per Capita Income	1978	1980	1982	1984	1986	1988	1990	1992	1994	1996	1998	2000	2002	2004	2006	2008	2010	2012	2014	201
Mississippi	\$35,575																				
West Virginia	\$37,032																				
New Mexico	\$39,070																				
Alabama	\$39,443																				
Kentucky	\$39,577																				
Arkansas	\$40,321																				
South Carolina	\$40,373																				
Idaho	\$40,373																				
Arizona	\$40,490		-																		
Oklahoma																					
	\$41,811																	_			
Utah	\$42,134																				
Louisiana	\$42,335																				
North Carolina	\$42,591																				
Georgia	\$42,650																				
Tennessee	\$43,313																				
Indiana	\$43,500																				
Montana	\$43,691																				
Missouri	\$44,165																				
Michigan	\$44,500																				
Maine	\$44,803																				
Nevada	\$44,957																				
Ohio	\$45,073																				
Texas	\$45,504																				
Florida	\$45,836																				
lowa	\$45,650																				
Oregon	\$46,434																				
Kansas	\$40,434 \$47,255																				
Wisconsin	\$47,393		_		_													_			
South Dakota	\$48,545		_																		
Delaware	\$48,649																				
Vermont	\$50,264																				
Rhode Island	\$50,445																				
Hawaii	\$51,007																				
Pennsylvania	\$51,523																				
North Dakota	\$51,576																				
Colorado	\$52,123																				
Illinois	\$52,201																				
Minnesota	\$52,716																				
Virginia	\$53,539																				
Wyoming	\$53,999																		_		
Washington	\$55,456																				
Alaska	\$56,223																				
New Hampshire	\$36,223 \$56,396																				
California	\$57,686																				
Maryland	\$58,756																				
New York	\$61,021																				
New Jersey	\$62,517																				
Massachusetts	\$65,400																				
Connecticut	\$69,910																				

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).

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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).

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18

Partisan Composition of State Legislatures: 2020

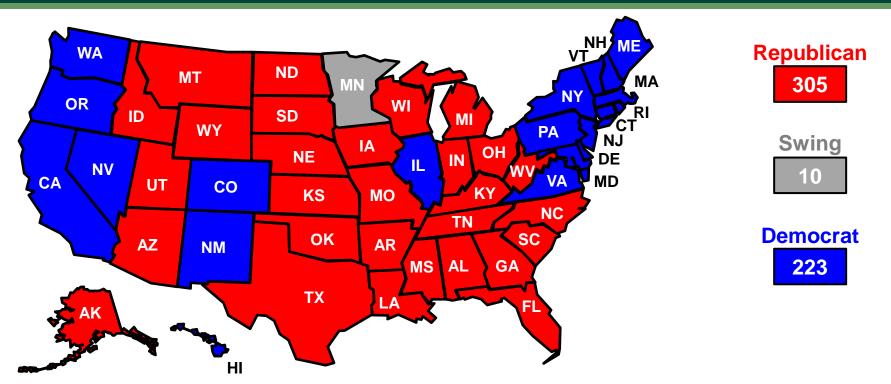
	Q2 2020 Per Capita Income	1978	1980	1982	1984	1986	1988	1990	1992	1994	1996	1998	2000	2002	2004	2006	2008	2010	2012	2014	2016	2018	2020
Mississippi	\$43,352																						
New Mexico	\$48,194																						
Kentucky	\$48,585																						
Alabama	\$48,641																						
Arkansas	\$48,691																						
West Virginia	\$49,021																						
South Carolina	\$49,036																						
Idaho	\$50,169																						
Arizona	\$50,403																						
North Carolina	\$51,080																						
Tennessee	\$51,232																						
Louisiana	\$51,789																						
Georgia	\$52,184																						
Oklahoma	\$52,469																						
Indiana	\$52,560																						
Missouri	\$52,560 \$53,036																						
Utah	\$53,036 \$53,218																						
Ohio	\$55,340																						
Michigan	\$55,484																						
Montana	\$56,030																						
Maine	\$56,268																						
Florida	\$56,412																						
Texas	\$57,231																						
Wisconsin	\$57,492																						
Kansas	\$57,636																						
Nevada	\$57,987																						
lowa	\$58,612																						
South Dakota	\$58,778																						
Delaware	\$58,989																						
Oregon	\$59,512																						
Vermont	\$63,022																						
North Dakota	\$63,670																						
Virginia	\$63,674																						
Minnesota	\$64,364																						
Pennsylvania	\$64,816																						
Rhode Island	\$64,878																						
Colorado	\$65,816																						
Hawaii	\$65,961																						
Illinois	\$66,224																						
Wyoming	\$66,539																						
Alaska	\$67,507																						
New Hampshire	\$67,815																						
Maryland	\$69,341																						
Washington	\$70,958																						
California	\$70,956																						
New York	\$72,764 \$77,014																						
New Jersey	\$81,429																						
Connecticut	\$81,606																						
Massachusetts	\$86,779																						

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).

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19

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).

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20

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%	\wedge
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%	Majority Republica
Daines, Steve	МТ	57%	55%	56%	
Graham, Lindsey	SC	56%	55%	55%	Dopublica
Cornyn, John	ТХ	53%	57%	55%	Republica
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	СО	45%	46%	46%	Minority
Smith, Tina	MN	45%	45%	45%	
Collins, Susan	ME	45%	41%	43%	Republica
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%	∇ 7
Reed, Jack	RI	40%	35%	38%	
Markey, Ed	MA	34%	38%	36%	\sim

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.

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Q&A

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22