

On The Mark

August 2026

Midterm Elections in Perspective

Key Takeaways

- The U.S. midterm elections have remained in the background for markets but **are likely to move back into focus**.
- Midterm elections have **historically increased market uncertainty** leading up to Election Day.
- Over time, **economic fundamentals**—not political headlines—have mattered most.

Artificial intelligence, geopolitics, and the Federal Reserve have dominated investors' attention this year. The U.S. midterm elections, by comparison, have remained relatively quiet. But as Election Day approaches, they are likely to become another source of uncertainty for markets.

The good news? They're just one piece of the puzzle.

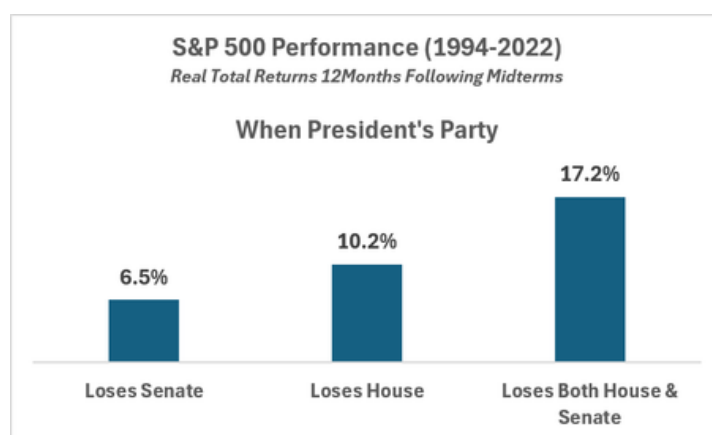
History offers a comforting reminder: while elections may shape the headlines, markets have historically returned their focus to the fundamentals that drive long-term returns.

Looking back over the past three decades offers a valuable perspective.

History Offers Perspective

Between 1994 and 2022, investors navigated the technology bubble, the Global Financial Crisis, the COVID-19 pandemic, wars, inflation shocks, and one of the fastest interest-rate hiking cycles in history. Each of those events captured investors' attention. Each felt uniquely important at the time. Yet each was eventually replaced by the next headline.

Although every market cycle is different, one historical observation is that stocks have posted positive returns in the 12 months following each U.S. midterm election over the past three decades.



Source: BCA Research

Markets Follow Fundamentals

The takeaway isn't that elections don't matter or that one political outcome is inherently better than another.

Rather, the historical record reminds us that markets have consistently looked beyond election uncertainty and returned their focus to the broader forces that have historically driven long-term returns. Corporate earnings, economic growth, inflation, and interest rates have repeatedly proven to be far more influential than political outcomes alone.

Bottom Line

Think about investing like putting together a puzzle.

When people are asked what the most important piece of a puzzle is, many point to a corner piece or the first piece they find. In reality, the most important part of any puzzle

is the picture on the box. Without that picture, it's difficult to know where each individual piece belongs.

Investing works much the same way.



Artificial intelligence, inflation, interest rates, geopolitical events, and the upcoming midterm elections are all individual pieces of the investment puzzle. Each deserves attention, but none should distract investors from the bigger picture.

That bigger picture is the financial plan—the goals an investor establishes with their financial advisor and the diversified portfolio built to help achieve them.

The individual pieces of the puzzle will continue to change.

The picture on the box shouldn't.

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