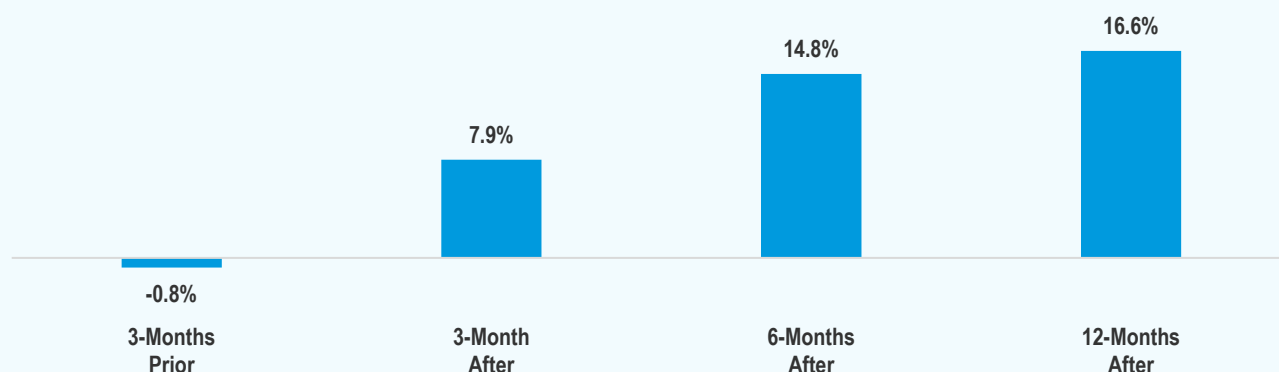


# / Alger On The Money

## Post-Election Bump?

With the 2026 midterm elections approaching, investors are weighing what the results could mean for taxes, spending and regulation. Before drawing conclusions, it is worth asking what history tells us about how stocks have fared before and after midterm elections.

### Average S&P 500 Returns Before and After Midterm Elections



Source: FactSet, S&P Global, and Alger. Chart shows the average S&P 500 Index price return in the three months before and after each of the 19 U.S. midterm elections from 1950 through 2022, measured from October month-end of each election year as a proxy for Election Day. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results.**

- Since 1950, the S&P 500 has delivered relatively weak returns in the three months leading up to midterm elections, as shown in the chart above. However, returns following the midterms have historically been much stronger as uncertainty fades and potential policy changes (or the lack thereof) become clearer.
- Campaign season produces a stream of competing proposals, and this year affordability, including the electricity costs voters increasingly associate with data centers, has become a central issue for both parties.<sup>1</sup> However, campaign rhetoric often differs from enacted policy, and markets typically respond favorably as uncertainty gives way to greater clarity. If history is any guide, we believe pre-election weakness may offer long-term investors a potential buying opportunity.
- Regardless of the outcome, we caution against repositioning portfolios around election results. Congress changes hands every few years, while the forces driving corporate earnings play out over decades. Artificial intelligence (AI) offers a timely example. Demand for AI workloads continues to outstrip the infrastructure to support it, and political opposition that slows data center construction may extend the buildout rather than end it, reducing the risk of overbuilding along the way. In our view, companies with durable competitive advantages at the forefront of such innovation may be well positioned to deliver long-term shareholder value, whichever party controls Washington.

<sup>1</sup> Bloomberg, "Why Data Center Backlash Is Shaping the 2026 US Midterm Elections," September 9, 2026.

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