October 2026 Investment Commentary

In 1910, Americans were preparing for what some feared could be the end of the world. Astronomers had determined that Earth would pass through the tail of Halley's Comet, which contained a poisonous gas called cyanogen. Newspapers published frightening predictions that the gas could enter our atmosphere and potentially extinguish life on Earth. The public reaction was extraordinary. Some individuals purchased special "comet pills" to protect themselves, while others even bought insurance policies against the impending catastrophe.[(1)]

Fast forward to 1999, and Americans were once again preparing for a potential catastrophe. This time, the threat was not coming from outer space but from our own computers. As the millennium approached, fears surrounding the Y2K computer bug led to predictions that banking systems would collapse, airplanes would be grounded, and electrical grids would fail. While the underlying computer problem was real and required extensive preventative work, the widespread catastrophe that many feared never materialized.[(2)]

These two historical events, though separated by nearly a century, demonstrate a flaw that is inherent in our human nature; namely, when we face uncertainty, we tend to envision the worst possible outcome and allow those fears to influence our behavior.

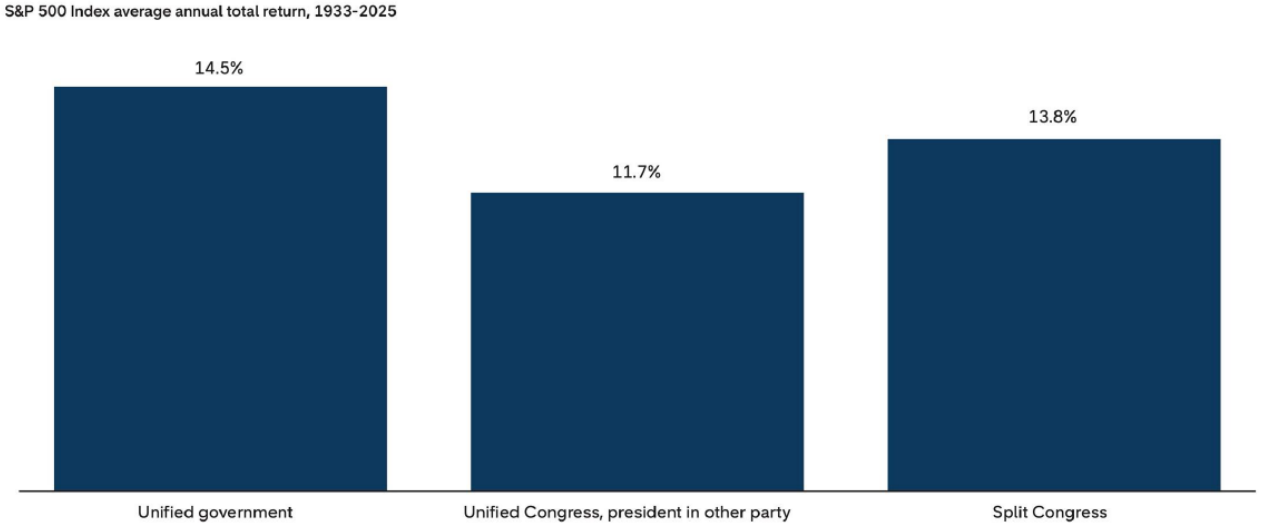
As we approach the November 3 midterm elections, we believe investors are once again confronting this all-too-human tendency. Although the stakes are certainly different from those of a passing comet or the millennium bug, the emotional response to uncertainty can be remarkably similar. To be fair, the concern is understandable. Elections have meaningful consequences for our country, and the policies enacted by our elected officials can affect businesses, taxes, and economic growth. However, recent data indicates that Americans may be placing too much emphasis on politics alone. For example, findings from the University of Michigan's Survey of Consumers show that in recent years Americans' optimism about the economy changes almost entirely based on their political affiliation. When President Trump won the election in 2016, Republican consumer sentiment surged while Democratic sentiment fell sharply. When President Biden won in 2020, the pattern reversed. Following President Trump's victory in 2024, we witnessed another reversal, with Republican optimism rising and Democratic sentiment declining. [(3)]

These findings are one reason why we think it is important to look at history as a guiding light, albeit an imperfect one. When we do this, we find a few interesting takeaways related to midterm elections:

1) **The president's party tends to lose**: Over the past 23 midterm elections, the president's party has lost an average of 27 seats in the House of Representatives and three in the Senate. In fact, there have been only two instances when the president's party gained seats in both chambers.[(4)]
2) **Stock market volatility increases**: Since 1970, the median annualized volatility during midterm election years has been nearly 16%, compared with approximately 13% during other years. Interestingly, this makes midterm election years more volatile than even presidential election years.[(4)]
3) **As political uncertainty disappears, stock returns increase**: A 2021 academic study titled *Asset Prices, Midterm Elections, and Political Uncertainty*, published in the *Journal of Financial Economics*, found that stock market returns, mutual fund flows, and real business investment growth tended to strengthen

following midterm elections. Their findings were consistent with the idea that investors become more willing to take risks once political uncertainty begins to dissipate.[5] This may help explain why, looking back at the 19 midterm elections from 1950 through 2022, the S&P 500 was higher one year after every single midterm election, with an average gain of approximately 15%! [6]

4) **Positive market returns exist in different political environments**: As the figure below shows, the stock market can move higher regardless of whether Republicans or Democrats hold a majority of the legislative party or have to attempt to work together. [4]



Sources: Capital Group, Office of the Clerk — U.S. House of Representatives, Senate.gov, S&P Global. Unified government indicates White House, House and Senate are controlled by the same political party. Unified Congress indicates House and Senate are controlled by the same party, but the White House is controlled by a different party. Split Congress indicates House and Senate are controlled by different parties, regardless of the White House control. Data excludes 2001 due to Senator Jim Jeffords switching party mid-year. As of December 31, 2025. Past results are not predictive of results in future periods.

To be clear, our commentary should not be interpreted as suggesting elections are unimportant. As citizens, we know the decisions made by our elected officials can have profound consequences for our communities and our nation's future.

However, as investors, it is important to recognize that what matters deeply to us politically does not always translate to the investment landscape. History reminds us time and again that a healthy dose of optimism, something often missing from our everyday lives and political discourse, has been one of the most consistently rewarding qualities an investor can possess.

Wishing you and your family a wonderful Fall season,
The Michel Team
Susan, Rob & Carol Ann

Disclosure: This commentary is furnished for the use of Glen Eagle Advisors, LLC, an SEC Registered Investment Advisor; Glen Eagle Wealth, LLC, Member FINRA & SIPC. The information presented is believed to be factual and up to date, but we do not guarantee its accuracy and is subject to change without notice. Commentary is for informational purposes only and is not meant to be investment advice or a recommendation of securities to any individual. It is not prepared with respect to the specific objectives, financial situation, or particular needs of any specific person. Investors reading this commentary should consult with their Glen Eagle representative regarding the appropriateness of investing in any securities or adapting any investment strategies discussed in this commentary. All ideas, analysis, and commentary are original work of the Glen Eagle Investment Committee. Editorial tools including AI may be used to enhance grammar, clarity, and readability without altering the underlying views or conclusions.

1. Science History Institute "The Comet Panic of 1910, Revisited" **2.** Smithsonian Institution, Y2K, National Museum of American History **3.** University of Michigan "The Widening Gap Between Political Affiliation and Consumer Sentiment" **4.** Capital Group "How U.S. Midterm Elections May Affect Markets" **5.** Chan, K., and Marsh, T., Asset Prices, Midterm Elections, and Political Uncertainty, Journal of Financial Economics, July 2021. **6.** Tempora, "U.S. Midterms and the S&P 500: The Full Table, and Why We Do Not Trade It"

4422C Route 27, Kingston, NJ 08528
Business: (609)-631-8231 Fax: (609)-631-8237
Securities offered through Glen Eagle Wealth, LLC, member of FINRA, SIPC and MSRB.
Advisory Services offered through Glen Eagle Advisors, LLC
www.gleneagleadv.com