

June 26, 2024

Thesis:

VGT tends to consistently perform best in the year following a US Presidential Election. Since its inception in 2004, VGT has demonstrated a significant positive return in all post-election years.

Monthly Returns

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------|-------|-------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|--------|-------|-------|
| January | - | -6.0% | 4.0% | 1.5% | -13.2% | -3.4% | -8.2% | 3.9% | 7.9% | 2.2% | -2.3% | -3.5% | -5.9% | 4.3% | 7.6% | 8.0% | 3.8% | -0.7% | -7.8% | 9.7% | 2.0% |
| February | -3.8% | 0.6% | -1.1% | -2.2% | -3.0% | -4.0% | 4.5% | 2.4% | 7.0% | 0.5% | 4.9% | 8.3% | -1.0% | 4.9% | 0.1% | 7.3% | -7.3% | 1.5% | -4.3% | 0.5% | 4.8% |
| March | -2.6% | -2.3% | 2.4% | 0.4% | 0.4% | 11.6% | 6.7% | -1.9% | 4.7% | 2.7% | -0.2% | -2.5% | 8.5% | 2.0% | -3.6% | 3.8% | -10.1% | 0.6% | 3.1% | 9.5% | 1.3% |
| April | -5.4% | -4.5% | -0.8% | 5.0% | 7.2% | 12.9% | 2.2% | 3.1% | -2.0% | 0.5% | -0.9% | 1.3% | -4.7% | 2.3% | 0.0% | 6.4% | 14.2% | 5.1% | -11.8% | -0.3% | -5.6% |
| May | 4.9% | 8.7% | -7.4% | 4.2% | 6.4% | 2.6% | -8.0% | -1.8% | -8.2% | 4.2% | 3.4% | 2.5% | 5.3% | 4.4% | 7.0% | -8.9% | 7.9% | -1.2% | -1.7% | 8.5% | 7.6% |
| June | 2.0% | -1.6% | -1.1% | 0.6% | -9.0% | 4.3% | -6.4% | -2.5% | 3.0% | -3.2% | 3.1% | -3.9% | -2.6% | -2.8% | -0.9% | 8.4% | 6.8% | 7.1% | -9.6% | 6.1% | - |
| July | -8.5% | 5.9% | -4.1% | -1.3% | -1.3% | 9.3% | 7.2% | -0.1% | 0.5% | 5.4% | 0.5% | 2.3% | 7.6% | 4.1% | 2.6% | 3.5% | 5.9% | 3.4% | 13.4% | 2.9% | - |
| August | -4.6% | -0.6% | 7.6% | 2.9% | 2.6% | 2.5% | -6.9% | -6.4% | 5.1% | -0.4% | 4.3% | -5.8% | 2.3% | 3.1% | 8.9% | -2.2% | 11.1% | 3.5% | -5.7% | -2.2% | - |
| September | 2.6% | 0.7% | 3.7% | 3.6% | -13.2% | 4.6% | 12.7% | -4.1% | 1.1% | 3.9% | -1.3% | -2.3% | 2.1% | 0.5% | -0.1% | 0.9% | -5.1% | -6.0% | -12.0% | -6.7% | - |
| October | 5.3% | -2.0% | 4.0% | 6.8% | -18.0% | -1.2% | 6.4% | 12.3% | -6.5% | 3.7% | 1.9% | 10.5% | -0.5% | 7.4% | -8.5% | 3.8% | -4.3% | 8.2% | 7.4% | -1.7% | - |
| November | 5.7% | 7.0% | 3.5% | -8.0% | -11.6% | 5.2% | -0.9% | -2.0% | 1.6% | 3.6% | 5.0% | 1.2% | 0.5% | 1.1% | -1.5% | 5.6% | 12.5% | 3.1% | 5.4% | 13.3% | - |
| December | 1.3% | -2.0% | -1.3% | 1.0% | 1.2% | 5.7% | 5.0% | -1.7% | -0.9% | 3.4% | -2.4% | -3.1% | 1.0% | -0.2% | -8.7% | 3.7% | 5.5% | 2.3% | -8.2% | 4.8% | - |

Annual Returns

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------|------|------|-------|--------|-------|-------|-------|------|-------|-------|------|-------|-------|-------|-------|-------|-------|--------|-------|------|
| -0.4% | 9.4% | 4.4% | 12.7% | -34.8% | 66.8% | 22.1% | -4.0% | 4.3% | 26.8% | 19.5% | 7.4% | 19.2% | 30.0% | -5.8% | 35.9% | 39.2% | 30.4% | -24.4% | 38.1% | - |
| Rep | | | | | Dem | | | | Dem | | | | Rep | | | | Dem | | | |

Does the winning political party influence the returns?

Given the limited amount of historical data, it is difficult to decisively say if the winning political party has an effect on the returns. The table below shows the average annual returns for post-election years by winning party. Since the ETF was established in 2004 Democrats have won 3 presidential elections, and Republicans have won 2 presidential elections.

| Annual Post-Election Year Returns | | | | | |
|-----------------------------------|-------|-------|-------|-------|------|
| 2005 | 2009 | 2013 | 2017 | 2021 | 2025 |
| 9.4% | 66.8% | 26.8% | 30.0% | 30.4% | TBD |

| | |
|---|-------|
| Avg. Annual Return when Republican candidate wins | 19.7% |
| Avg. Annual Return when Democrat candidate wins | 41.3% |
| Avg. Annual return of all post-election years | 32.7% |

Strategy:

My strategy has been to build a position throughout the pre-election and election year, and rotate out of the position into better yielding opportunities exactly one year after the November 2024 election.

Current Results:

| | |
|--------------------|----------|
| Average Cost Basis | \$481.44 |
| Current Price | \$576.41 |
| Current Return | 13.2% |