

CONTACT: Abigail Wuest
PHONE: 608-712-7078
EMAIL: goodsuniteus@gmail.com



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NEW REPORT FINDS STRONG CORRELATION BETWEEN DEMOCRATIC POLITICAL CONTRIBUTIONS AND STOCK PERFORMANCE

For decades, the Republican Party has claimed to be the party of financial responsibility and economic growth. Indeed, it still touts itself as being pro-business.

But do Republican ideologies and policies actually lead to better business performance?

Are the companies that support Republicans actually better off for doing so?

And similarly, do companies that are run by Republican-leaning executives have better overall corporate performance?

Goods Unite Us - a Madison, Wisconsin-based non-partisan political data company - has just released a new study that sheds some light on these questions.

While there's no way to know how executives at companies are actually voting at the ballot box, by analyzing a company's and its senior executives' political contribution data, we believe we can determine which companies have Republican values and are likely run by Republicans. (And vice versa.)

And that's what Goods Unite Us has done: run a first-of-its kind analysis comparing political contributions with stock performance over the last five years.

More specifically, Goods Unite Us's data analysts split all of the S&P 500 companies into two groups: one that contributed more to Republican politicians and PACs over the last three federal election cycles (2016, 2018, & 2020) and one that contributed more to Democrats over the same period.

The Republican group was made up of 275 S&P 500 companies; the Democratic group included 211 companies (a few companies had to be excluded due to lack of data).

Our analysts then calculated each group's stock performance over the last five years using both an equal weighting and a market cap weighting methodology.

Findings

Our findings were unequivocal. The Democratic group of companies *significantly* outperformed the Republican group over the five year period using either methodology. The Democratic group also outperformed the Republican group in four out of the five years on an annualized basis, and outperformed the entire S&P 500 over the same five year term on a market cap basis.

Goods Unite Us's CEO, Abigail Wuest, had the following to say regarding the study results:

"Goods Unite Us is a non-partisan political data provider, so we went into this analysis looking to create the fairest comparison of company performance possible. That's why we used both the equal weighting and the market cap weighting methodologies. Frankly, the clarity of the results really surprised us. We can't wait to see what other insights are in this dataset."

Key takeaways:

- If you had invested \$1,000 at the start of 2016 into both the Democratic and Republican groups of companies, the Democratic group would have outperformed the Republican group by more than 8% per year (market cap).
- The Democratic group would have yielded an 18.4% average annual return between 2016 and 2020.
- The Republican group would have yielded a 10.3% average annual return during the same period.

- The entire S&P 500 had an average annual return of 12.7% over the same period.
- Using equal weighting reduced the Democratic group's overperformance to a little over 5% per year (19.1% annually for the Democratic group versus 14.0% for the Republican group).

You can access our full report [here](#) and download our data set by going [here](#).