HOW WE ANALYSE THE 2020 US PRESIDENTIAL ELECTION

As a reminder, our political commentary is intentionally non-partisan. We favour no politician nor any political party and assess developments solely for potential market impact. We believe political bias can blind—increasing the likelihood of investment error.

KEY POINTS

- History shows election years are typically positive, with returns back-end loaded as uncertainty gradually fades.
- While it is too early to project November's winner, we use both top down and bottom up analysis to evaluate the potential paths to the White House for President Trump and the Democratic nominee, Former Vice President Joe Biden.
- Health Care and Energy are examples of sectors that may be impacted by campaign posturing.

A POLITICAL PRIMER BEFORE THE US ELECTION

With the US elections in November, headlines have begun warning of market turbulence—particularly should presumptive Democratic nominee Joe Biden beat incumbent President Donald Trump. In our view, it is too early to know the winner, let alone their future policies. Further, we think most election fears mistake how politics usually affect markets, overweighting personalities and partisan bias. To that end, we begin this section with a primer on how markets and politics interact before discussing election specifics.

EQUITIES ARE POLITICALLY AGNOSTIC

When analysing politics' market impact, many focus on whether a politician or political party is "market-friendly." However, our view is different. We believe policy, not personality, matters more to markets, and no person or group has a monopoly on legislation markets like (or hate). Equities care primarily about whether new rules will affect critical matters like property rights and the ease of doing business. Campaign trail promises set investors' expectations on this front. Equities then move on the gap between these expectations and what materialises.

With few exceptions, investors' expectations—particularly during election years—stem from generalizations. Because of how each party typically appeals to its base, investors traditionally see Democrats as favouring increased regulation, higher taxes and other "anti-business" policy. In contrast, Republicans usually run on cutting taxes and reducing regulations, making them appear business friendly. However, in reality, neither party is inherently good nor bad for equities. On average, US equities returns are 9.5% yearly under Republican presidents and 14.8% under Democratic presidents.[i]

Both parties have passed policies creating winners and losers. Among Democrats, President Obama signed 2010's Dodd-Frank Wall Street Reform and Consumer Protection Act. Though not a massive negative for US banks, the law unintentionally punished small banks by increasing their compliance costs and giving bigger institutions an aura of safety based on enhanced scrutiny. It also created new regulatory bodies subject to little oversight—posing the risk of "government creep." Additionally, it did not derail the bull market, as the final legislation was more benign than expected. Beyond increasing bank capital somewhat, it did not really address the financial crisis's causes but did produce winners and losers.

On the Republican (GOP) side, President George W. Bush signed 2002's bipartisan Sarbanes-Oxley Act. The law made Chief Executive Officers criminally liable for accounting and reporting errors, burdening Corporate America—and likely extending the 2000 – 2002 bear market. President Nixon enacted price

[i] *Source: Global Financial Data, Inc., as of July 2020. S&P 500 average annual total return in years Democratic and Republican presidents are in office, 1926 – 2019.*

controls and bullied the Federal Reserve to keep interest rates low—setting up high inflation, recession and contributing to the 1973 – 1974 bear market. Overall, there are many other examples of bad policies enacted by both parties.

GRIDLOCK: WHY LESS ACTION IS MORE BULLISH FOR EQUITIES

In the US, major changes generally require legislation. Hence, equities care primarily about how active Congress is and whether sweeping laws can easily pass. The more Congress can get done, the greater the uncertainty. This can discourage risk-taking, as it incentivises businesses to enter wait-and-see mode. For example, if you are concerned future taxes or regulations could impact the return on an investment, you may wait for clarity before launching a project.

Therefore, in our view, the key political positive is not the party in power, but simple gridlock. Since 1970, US equities have outperformed during gridlock and underperformed during one-party rule. (Exhibit 1) When legislatures are too divided to enact radical changes, uncertainty eases, and legislative risk aversion does not weigh on markets. We think investors must weigh not only the presidential contest, but also Congress—and the likelihood of more or less gridlock.

Exhibit 1: US Equities in Gridlock vs One-Party Rule

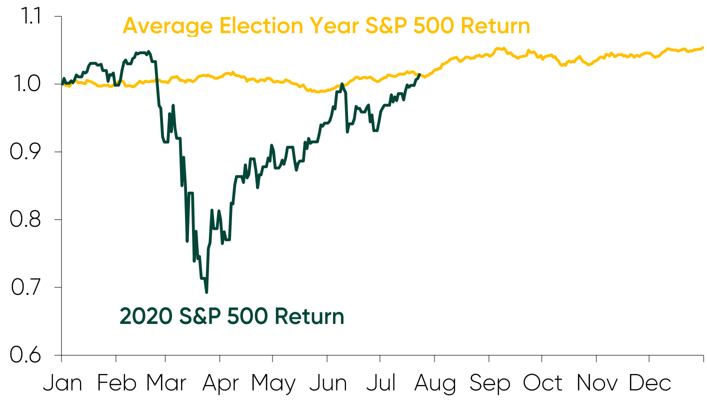
Average Difference Between MSCI USA and MSCI EAFE	Gridlock	No Gridlock
	2.9%	-7.6%

Source: FactSet, as of December 2019. Data shows average difference in total returns between MSCI USA and MSCI EAFE from January 1970 to December 2019.

ELECTION YEARS AND THE PERVERSE INVERSE

Investors' partisan biases can still affect sentiment—and returns—surrounding presidential elections. History shows election years are typically positive, with returns back-end loaded as uncertainty gradually fades. (Exhibit 2) Radical campaign rhetoric can dominate early in the year, weighing on sentiment, while the sheer number of primary candidates makes it impossible to assess the likelihood of any proposal becoming law. As election day gets closer, the range of potential outcomes narrows, reducing uncertainty. The winner's policy stance—and ability to enact big legislation—gets clearer, too, helping markets see forward. Despite huge volatility, US equities are about where they often are at this point in an average Presidential election year. If this election year is back-end loaded as they often are, US equities should finish 2020 positive.

Exhibit 2: Current and Average US Presidential Election Year Returns



Source: Global Financial Data, as of July 2020. Average S&P 500 price returns for 4th presidential year, indexed to 1 on January 1925, January 1925 – December 2019; January 2020 – July 2020, indexed to 1 on January 2020.

Following the election, markets usually follow a trend we call the "Perverse Inverse." When a Republican wins, equities typically do wonderfully during the election year, cheered by the GOP's pro-business reputation. A Democratic victory means muted market returns, as investors fear a tough business environment. These are just perceptions—we are not saying these reputations always match reality. Nevertheless, remember, markets move, always, on changes in relative expectations.

This phenomenon reverses the following year. When a Republican administration is, inaugurated, elevated sentiment sets up high expectations, which often leaves investors disappointed when the president inevitably begins to moderate, or gridlock blocks big changes. A Democratic president also moderates upon entering the White House, but that reality usually *exceeds* investors' dour expectations.

The upshot: Returns over this two-year stretch show no party favouritism. It is merely a matter of when the returns come. (Exhibit 3)

Exhibit 3: Perverse Inverse

	Election Year	First Year
Republican Elected	15.2%	2.6%
Democrat Elected	7.4%	16.2%

Source: Global Financial Data, Inc., as of October 2018. S&P 500 total return in election and inaugural years, 1928 – 2017.

NOT YOUR TYPICAL CANDIDATES

Contrary to popular belief, Joe Biden's path is not easy. Firstly, he is not the kind of Democratic candidate that typically wins. Since the Civil War, unless the Democratic candidate was already president, no one who was perceived as a likely candidate four years earlier has won. Grover Cleveland (a prime example for this phenomenon), Woodrow Wilson, Franklin D. Roosevelt, John F. Kennedy, Jimmy Carter, Bill Clinton, Barack Obama—all were completely unexpected nominees four years before winning. Certainly, a fresh face is not an automatic ticket to victory. Some have lost by running poor campaigns—like Michael Dukakis or George McGovern.

However, some fresh faces are literally new, youthful blank canvases. Others are older but newcomers to the national scene and therefore carry no baggage. A fresh start allows the party to brand and paint the campaign in ways that inspire voters' hopes and dreams. Whatever your personal opinion of Joe Biden, that does not describe him. Instead, his political history works against him with several prior presidential runs, a lengthy Senate tenure, eight years as Obama's vice president and a number of well-known scandals. Seasoned and well-known war horse Democratic candidates usually lose, whether by a lot or by a little. The list of failed Democratic war horses has some of the party's most familiar names: Hillary Clinton, John Kerry, former Vice President Al Gore, former Vice President Walter Mondale, former Vice President Hubert Humphrey, and Adlai Stevenson (fresh-faced in his first unsuccessful bid, trounced as a war horse in his second). If Joe Biden wins, it would be unprecedented. While the outcome is not impossible, it would be a first.

His running mate, California Senator Kamala Harris is also not your typical vice president candidate. While Harris is a historic vice-presidential pick as the fourth woman, first Black woman and first Asian-American woman on a major party ticket, her selection is not much of a surprise as she was on Joe Biden's vice presidential short list for months and was broadly introduced to voters during the Democratic presidential primaries. Much of the media analysis focuses on personality—Harris' experience and what attributes she may bring to the Democratic ticket. She is widely viewed as more liberal and left of Biden on the political spectrum.

Recall that vice presidential candidates rarely affect the outcome of presidential elections in modern history. The notable exception might be John F. Kennedy's selection of Lyndon Johnson, who helped Kennedy carry Johnson's home state of Texas and other parts of the southern states in 1960. Since then, the vice presidential nominee has not made as much difference, even in their home state. John Edwards did not help John Kerry win North Carolina in 2004 and Paul Ryan did not push Mitt Romney over the top in Wisconsin in 2012. In other instances, the vice presidential candidate's home state was likely already a lock: Wyoming for Dick Cheney and George W. Bush, Connecticut for Joe Lieberman and Al Gore, Alaska for Sara Palin and John McCain, and Delaware for Joe Biden and Barack Obama. In this year's election, deep-blue Democrat California is almost an assured lock for Joe Biden.

In contrast, everything about President Trump is unprecedented. Before 2016, the old Bill Clinton maxim held that Republicans fall in line behind the party's preferred candidate, while Democrats fall in love. This reversed four years ago when Democrats tried falling in line behind Hillary Clinton, and the GOP tried falling in love with President Trump. Neither side pulled off the role reversal well. This time, President Trump is a classic fall-in-line Republican candidate while Joe Biden, the seasoned politician, does not fit the fall-in-love mould. Currently, he is playing up that he is not President Trump. Whether that may be enough, we are unsure.

TOO EARLY TO KNOW THE WINNER

Most commentators argue President Trump stands no chance in November. Not with a significant polling deficit versus Biden and constant criticism over his handling of COVID-19, the recession and social unrest. Perhaps, but it is much too early to predict the winner. There is so much we—and others—do not know at this juncture. Anyone claiming now to know how the race will go is demonstrating, they do not know much about political forecasting. They focus on polls and known factors, utterly disregarding the potential for surprises. Exhibit 4 shows "Vote Surprise" calculated as the difference between the actual margin of victory and the expected margin of victory in the July Polls. On average, the surprise margin is 9% - demonstrating that voter preferences can change a lot between now and the November election. Additionally, pundits point to campaign chaos and intraparty opposition as reasons President Trump cannot win. However, they said the same thing in 2016 and completely missed the obvious parallels between then and now. They cite President Trump's demotion of campaign manager Brad Parscale in mid-July as a huge red flag, ignoring that President Trump reshuffled campaign leadership twice in 2016—ousting Corey Lewandowski in June and Paul Manafort in August. As for polls, the Trump/Biden poll differential today matches the Trump/Clinton gap at this point in 2016. According to Rasmussen, President Trump's approval rating as of this writing is one percentage point behind Barack Obama's at the same point in 2012 and six points ahead of the day President Trump was elected.[ii]

Exhibit 4: How predictive has polling been?

LARGE DEMOCRATIC SURPRISE ← → LARGE REPUBLICAN SURPRISE

July Polling Compared to Popular Vote							
Election Year	Presidential Candidates: Democrat	Presidential Candidates: Republican	July Polling %: Democrat	July Polling %: Republican	Popular Vote: Democrat	Popular Vote: Republican	Vote Surprise
1936	Roosevelt	Landon	49%	45%	60%	37%	19%
1940	Roosevelt	Willkie	44%	43%	55%	45%	9%
1944	Roosevelt	Dewey	49%	41%	53%	46%	1%
1948	Truman	Dewey	37%	48%	49%	45%	15%
1952	Stevenson	Eisenhower	43%	50%	44%	55%	4%
1956	Stevenson	Eisenhower	37%	61%	42%	57%	9%
1960	Kennedy	Nixon	50%	46%	50%	50%	4%
1964	Johnson	Goldwater	59%	31%	61%	39%	6%
1968	Humphrey	Nixon	38%	40%	43%	43%	2%
1972	McGovern	Nixon	37%	56%	38%	61%	4%
1976	Carter	Ford	62%	29%	50%	48%	31%
1980	Carter	Reagan	34%	37%	41%	50%	6%
1984	Mondale	Reagan	41%	53%	41%	59%	6%
1988	Dukakis	Bush	54%	37%	46%	53%	24%
1992	Clinton	Bush	57%	32%	43%	37%	19%
1996	Clinton	Dole	50%	35%	49%	41%	7%
2000	Gore	Bush	38%	50%	48%	48%	12%
2004	Kerry	Bush	45%	51%	48%	51%	3%
2008	Obama	McCain	44%	44%	53%	46%	7%
2012	Obama	Romney	47%	45%	51%	47%	2%
2016	Clinton	Trump	41%	39%	48%	46%	0%
2020	Biden	Trump	49%	41%	???	???	???
Average	--	--	--	--	--	--	9%

***The "Vote Surprise" is the difference between the actual margin of victory and the expected margin of victory in the July Polls (i.e., Expected Democratic Win Margin: 4%, Actual Democratic Win Margin: 23%; 4%-23% = -19%). Source: Gallup, RealClearPolitics and Britannica.com (Encyclopaedia Britannica); Pre-August Presidential Election Trial-Heats from Gallup, 1936-2012, Presidential Election Average Polling from RealClearPolitics, July 2016 and June 2020-July 2020, Historical Presidential Election Popular Vote Percentages, 1936-2016, as of July 2020.**

[ii] *Source: Rasmussen Reports, as of July 2020. Daily Presidential Tracking Poll comparing Obama and Trump on July 2020 and July 2012.*

There are also differences between now and 2016, which speaks to the unknowns. The presence of COVID-19 means rallies are impossible—a key difference and potentially the cornerstone to his success or failure. President Trump also has dramatically more GOP insider support than he did four years ago. In 2016, virtually no Republicans in Congress endorsed him. Now almost all of them do. Perhaps most importantly, President Trump is a known quantity this time. How will this affect turnout?

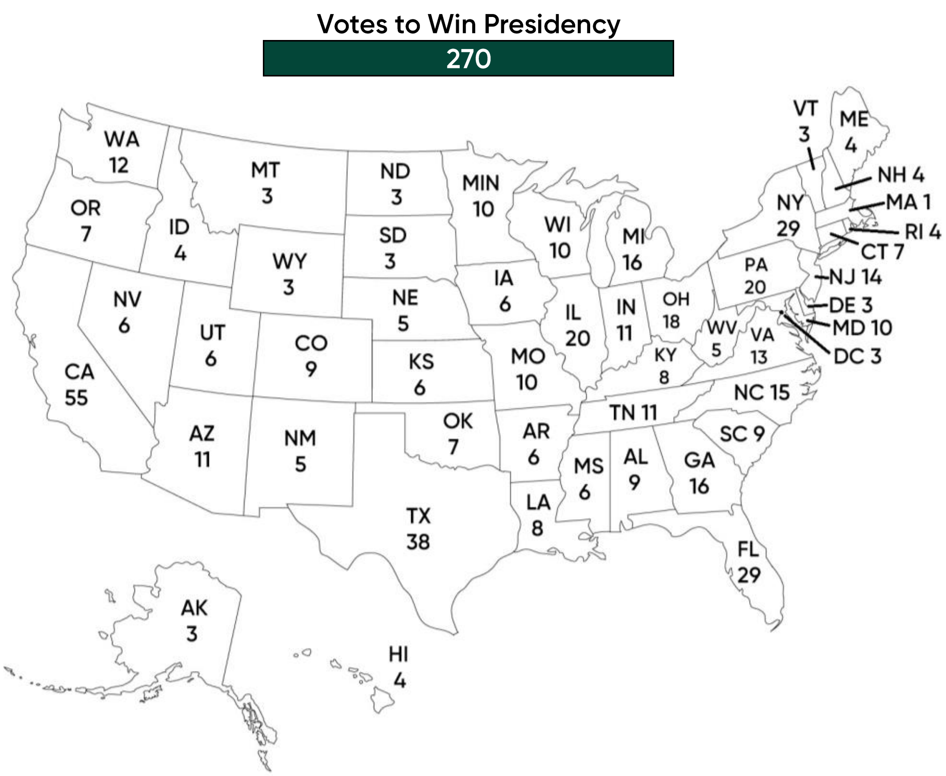
Last time, he made many strong promises that appealed to some voters who had not turned out in years. This time, he has said very little and made few promises. Thus far, his campaign theme is primarily that he was good in his first term. Voters generally dislike this, and it usually does not work. A lack of promises means a lack of motivation for voters. Of course, he could make many more promises from here. That he has not yet does not mean he will not. Nevertheless, to this point, it seems he has been asking voters to rubber-stamp a first term—historically, a failing strategy.

THE US ELECTION PROCESS

In the US, the president and vice president are not elected directly by citizens. Instead, they are chosen by "electors" through a process called the Electoral College. The Electoral College process comes from the Constitution and it was a compromise between a popular vote by citizens and a vote in Congress.

Each state gets a certain number of Electoral College votes based on its population and there are 538 votes in total. The winner is the candidate that wins 270 or more, the majority of the votes. This means that when someone votes for their preferred candidate, they are voting in a state-level contest rather than a national one. (Exhibit 5) Washington D.C. and 48 other states use the winner-takes-all procedure where the election winner receives all the electors in that state. However, Maine and Nebraska are the exceptions because they have a proportional system.

Exhibit 5: The US Electoral College Map

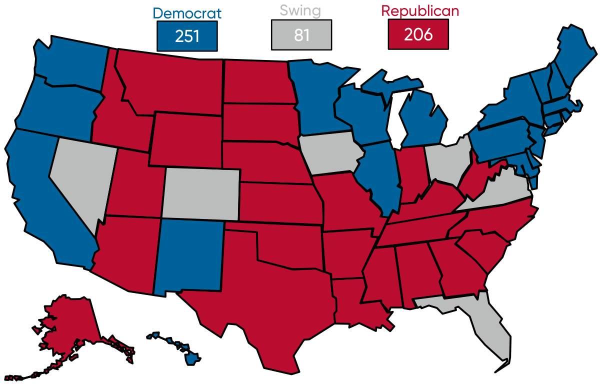


Source: USA.gov

BOTTOM-UP OR TOP-DOWN

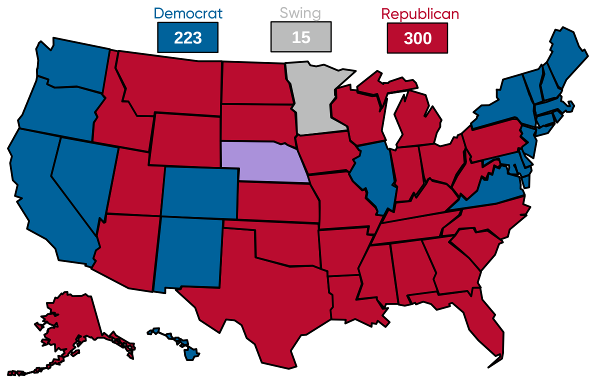
President Trump has more of a chance in the Electoral College than national polls suggest – yet another parallel with 2016. One way to see this is through the "top-down" versus "bottom-up" analysis we have shown you in past Reviews, like Q2 2016's. Exhibit 6 uses a "top-down" methodology, which labels states Red, Blue or Swing (grey) based on how they voted in the past five elections. In this depiction, a state must have elected a member of each party twice. In contrast, a "bottom-up" map, which breaks the Electoral College down by party control of state legislatures, favours President Trump. While the difference is not as significant when compared to 2016, an advantage is still an advantage. (Exhibit 7)

Exhibit 6: Top-Down Map



Source: The Wall Street Journal, US National Archives and Fisher Investments Research, as of July 2020.

Exhibit 7: Bottom-Up Map



Source: National Council of State Legislatures, US National Archives & Fisher Investments Research, as of November 2019. Nebraska has a non-partisan, unicameral state legislature but leans Republican. DC is counted as Democratic based on the city council's breakdown.

Which electoral map will prove correct? Bottom-up analysis, a creation of Fisher Investments, has predicted 6 of the past 10 elections and proved uncannily accurate in 2016. Top-down predicted three. Overall, we just do not know enough now to know how it will go this time.

We believe it all depends on each campaign's ground game and which can mobilise voters better in individual states. Joe Biden's widely heralded national lead is among *likely* but not *actual* voters. Popularity will not shift materially and affect turnout nationally unless there is an October surprise. However, it is marginally more likely to shift in the eight states that swing the election, which hinges on get-out-the-vote efforts. Success requires building staff in swing states—hiring more and better boots on the ground. Assessing voter turnout efforts now is anyone's guess, but will become clearer in the coming months.

Imagine national turnout ends up being 60% of registered voters, which would be the highest since Humphrey/Nixon in 1968. In this scenario, one side being more effective at mobilizing voters by even a small amount could cover a three-to-five point-polling gap. Sometimes campaign execution is everything. It could even create an Electoral College landslide for President Trump. How so? Joe Biden will unquestionably take California, giving him a large edge in the popular vote. If President Trump takes Texas—perhaps by a narrow margin—he gets the state's many electoral votes yet would be behind sizably in the popular vote. If Georgia is close but goes to President Trump too, we could easily get a scenario where the popular vote mirrors Joe Biden's present 9% margin while President Trump wins easily in the Electoral College. Again, it is impossible to know whether this will happen. There is too much we do not know.

INCREASING UNCERTAINTY OVER CONGRESSIONAL RACES

Congressional races are also up in the air. A Joe Biden landslide could sweep a blue wave through Congress. A second President Trump term could bring a Republican Senate and House majority. Reality may also fall somewhere in the middle. With races only just taking shape, any projection is a wild guess. For example, former governor and ex-presidential candidate John Hickenlooper—who will challenge incumbent Republican Senator Cory Gardner—just won Colorado's Democratic Senate primary on 30 June.

COVID-19-related delays have extended uncertainty. Indiana, West Virginia, Kentucky, Virginia, New Jersey and Maine all delayed their primaries from early Q2 dates to June and July. Alabama, Texas and Georgia rescheduled critical primary runoffs. In Alabama, Tommy Tuberville became the GOP candidate on July 14—initially, his runoff with Jeff Sessions was scheduled for March 31. Tuberville will now challenge incumbent Democrat Doug Jones, widely considered vulnerable. With more primaries scheduled in Q3, final Senate races will remain uncertain for a while. (Exhibit 8)

Exhibit 8: 2020 Senate Races

Senator	Party	State	2016 % Vote for Trump	2012 % Vote for Romney
Enzi, M. (OPEN)	R	WY	70%	69%
Moore Capito, S.	R	WV	69%	62%
Inhofe, J.	R	OK	65%	67%
Jones, D.	D	AL	63%	61%
McConnell, M.	R	KY	63%	60%
Rounds, M.	R	SD	62%	58%
Alexander, L. (OPEN)	R	TN	61%	59%
Cotton, T.	R	AR	60%	61%
Sasse, B.	R	NE	60%	60%
Risch, J.	R	ID	59%	65%
Hyde-Smith, C.	R	MS	58%	55%
Cassidy, B.	R	LA	58%	58%
Daines, S.	R	MT	57%	55%
Roberts, P. (OPEN)	R	KS	57%	60%
Graham, L.	R	SC	56%	55%
Sullivan, D.	R	AK	53%	55%
Cornyn, J.	R	TX	53%	57%
Ernst, J.	R	IA	52%	46%

Senator	Party	State	2016 % Vote for Trump	2012 % Vote for Romney
Loeffler, K.*	R	GA	51%	53%
Perdue, D.	R	GA	51%	53%
Tillis, T.	R	NC	51%	50%
McSally, M.*	R	AZ	50%	54%
Peters, G.	D	MI	48%	45%
Shaheen, J.	D	NH	47%	46%
Smith, T.	D	MN	45%	45%
Warner, M.	D	VA	45%	47%
Collins, S.	R	ME	45%	41%
Gardner, C.	R	CO	45%	46%
Booker, C.	D	NJ	42%	41%
Coons, C.	D	DE	42%	40%
Merkley, J.	D	OR	41%	42%
Reed, J.	D	RI	40%	35%
Udall, T. (OPEN)	D	NM	40%	43%
Durbin, R.	D	IL	39%	41%
Markey, E.	D	MA	34%	38%

Source: Fisher Investments Research, US Senate, as of July 2020. Senators up for re-election in 2020. *Indicates a 2020 special election. (OPEN means incumbent is not seeking re-election).

SECTOR PERFORMANCE DURING ELECTION

Depending on which candidate ends up winning the presidency, there may be an impact on sector performance. History shows that Health Care and Energy have been among the sectors most affected by campaign posturing. (Exhibit 9)

Historically under Republican leadership, regulation has been favourable for the Energy sector. (Exhibit 10) While the Energy sector is still underperforming since 2016 due to oil & gas market oversupply and deteriorating quality metrics, underperformance would have likely been more severe under a stricter regulatory environment.

Similar to his Republican predecessor, President Trump has implemented policies supporting the US oil & gas sector, including accelerated approval of infrastructure projects (such as pipelines), opening up federal lands for oil extraction and rolling back environmental provisions.

Exhibit 9: Sector performance during election years

Sector	Average Relative Return - Election Years		
	Democrat Winner	Republican Winner	All Elections
Consumer Discretionary	0.3%	-3.0%	-1.3%
Communication Services	0.6%	-6.9%	-3.0%
Consumer Staples	0.1%	-0.2%	-0.1%
Energy	-2.4%	10.2%	4.2%
Financials	3.1%	7.0%	5.1%
Health Care	-8.0%	3.0%	-2.8%
Industrials	0.2%	0.9%	0.5%
Information Technology	2.4%	0.9%	1.7%
Materials	-2.5%	-3.5%	-2.9%
Real Estate	-1.8%	1.7%	-0.1%
Utilities	-2.1%	5.8%	1.7%
Election Wins*	**12**	**11**	

***From 1928 to 2016 election results. Source: Factset, USD, data from December 1927 to December 2019.**

Exhibit 10: Republican presidents historically benefit energy relative performance

		Election Year
Election Year (GOP Victories)	**Elected President**	**Energy Relative Return vs S&P 500 (Price Return)**
1952	Eisenhower	-4.7%
1956	Eisenhower	8.9%
1968	Nixon	9.3%
1972	Nixon	-0.6%
1980	Reagan	20.6%
1984	Reagan	10.7%
1988	HW Bush	0.4%
2000	W Bush	23.4%
2004	W Bush	19.8%
2016	Trump	14.1%
	Average	**10.2%**
	Median	**10.0%**

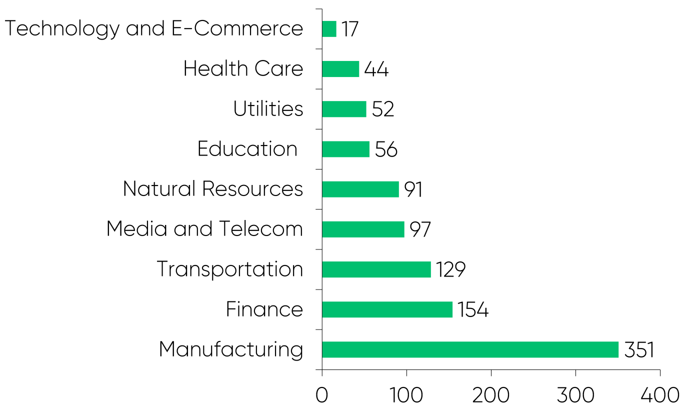
Source: Factset.

However, if former Vice President Biden is elected, he may seek to reverse parts of President Trump's energy policy under the Green New Deal and enact regulations to promote net zero carbon emissions by 2035. Joe Biden's proposal calls for $2 trillion dollars in investments on infrastructure, transit and climate change. Although, currently it is unclear at this time how the total spending will be allocated. While it is still too early to tell if he will be elected or if his proposal will be implemented in its current form, the legislation proceeding likely benefits companies with alternative energy exposure.

Similarly, the technology sector is increasingly recognized as an under regulated category where headline risk of potential anti-Tech legislation could weigh on sector sentiment. (Exhibit 11) However, we currently do not view this as a realistic headwind. Senator Kamala Harris is a Silicon Valley Bay Area native and many view her as a Tech friendly politician for years and is likely to be interpreted as such by investors should the Biden & Harris campaign win the election.

Further, we will need to gain a better grasp on the congressional outcome post-election to assess the probability of Tech regulation ahead as the US President has very little authority or legal paths to implement material legislation impacting Technology firms. If President Trump is re-elected, intra party gridlock and gridlock in general makes material legislation unlikely.

Exhibit 11: US Federal Government Regulations by Industry (thousands)



Source: QuantGov, as of December 2019.

CONCLUSION:
THE PRIMARY TAKEAWAY

Overall, we think cumulative returns in 2020 and 2021 will probably be largely the same whether President Trump or Joe Biden wins. We expect markets to greet the victor as they would a traditional Republican or Democratic winner. If Joe Biden wins, 2020's returns will probably be less buoyant than if Trump is re-elected—consistent with the perverse inverse. Yet that trend would flip in Joe Biden's inaugural year as a more moderate reality relieves investors. If Trump wins, vice-versa. Exhibit 12 shows returns in the election and inaugural years with a re-elected Republican or a newly elected Democrat—as well as the very similar returns over the two-year stretch.

Exhibit 12: Different Paths to Similar Two-Year Returns

	Election Year	Inaugural Year	First Two Years
Re-Elected Republican	10.6%	2.7%	13.1%
Newly Elected Democrat	-2.8%	21.8%	15.9%

Source: Global Financial Data, Inc., as of July 2020. Based on S&P 500 total returns, December 1925 – December 1926.

Both candidates will likely make big campaign promises, cheering some investors and worrying others. However, Presidents cannot do everything they promise even if they wanted to. At most, they can push through a few signature laws, usually before midterms. Even these usually bear little resemblance to campaign promises.

President Trump had a Republican Congress but passed only one major measure—tax reform—which was watered down. While people talk up tweets and executive orders, those targeted at the economy change very little. Similarly, even if Joe Biden wins alongside a Democratic Congress, our baseline assumption is that his promises will likely fail to materialize as outlined today.

DISCLOSURES

This material may also be found posted on the Fisher Investments Europe web-site at www.fisherinvestmentseurope.com. If your firm wishes to be removed from receiving these materials in the future or wishes to pay for this material, please contact Fisher Investments Europe.

Fisher Investments Europe Limited (FIE) is authorized and regulated by the Financial Conduct Authority. It is registered in England, Company Number 3850593. FIE is wholly-owned by Fisher Asset Management, LLC, trading as Fisher Investments (FI), which is wholly-owned by Fisher Investments, Inc.

Fisher Investments (FI) is an investment adviser registered with the Securities and Exchange Commission. As of 30 June 2020, FI managed over $116 billion, including assets sub-managed for its wholly-owned subsidiaries. FI and its subsidiaries maintain four principal business units – Fisher Investments Institutional Group (FIIG), Fisher Investments Private Client Group (FIPCG), Fisher Investments International (FII), and Fisher Investments 401(k) Solutions Group (401(k) Solutions). These groups serve a global client base of diverse investors including corporations, public and multi-employer pension funds, foundations and endowments, insurance companies, healthcare organisations, governments and high-net-worth individuals. FI's Investment Policy Committee (IPC) is responsible for investment decisions for all investment strategies.

For purposes of defining "years with Fisher Investments," FI was established as a sole proprietorship in 1979, incorporated in 1986, registered with the US SEC in 1987, replacing the prior registration of the sole proprietorship, and succeeded its investment adviser registration to a limited liability company in 2005. "Years with Fisher Investments" is calculated using the date on which FI was established as a sole proprietorship through 30 June 2020. FI is wholly owned by Fisher Investments, Inc. Since Inception, Fisher Investments, Inc. has been 100% Fisher-family and employee owned, currently Fisher Investments Inc. beneficially owns 100% of Fisher investments (FI), as listed in Schedule A to FI's form ADV Part 1. Ken and Sherrilyn Fisher, as co-trustees of their family trust, beneficially own more than 75% of Fisher Investments, Inc., as noted in Schedule B to FI's Form ADV Part 1. FIE delegates portfolio management to FI. FI's Investment Policy Committee is responsible for all strategic investment decisions. FIE's Investment Oversight Committee (IOC) is responsible for overseeing FI's management of portfolios that have been delegated to FI. Matters arising pursuant to FI's portfolio management policies are elevated to the IOC.

The foregoing information has been approved by Fisher Investments Europe. The foregoing information constitutes the general views of Fisher Investments and should not be regarded as personalised investment advice or a reflection of the performance of Fisher Investments or its clients. Investing in financial markets involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. Other methods may produce different results, and the results for individual portfolios or different periods may vary depending on market conditions and the composition of a portfolio or index. The value of investments and the income from them will fluctuate with world financial markets and international currency exchange rates. If you have asked us to comment on a particular security then the information should not be considered a recommendation to purchase or sell the security for you or anyone else. We provide our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; and we may change our views at any time based on new information, analysis or reconsideration. Some of the information we have produced for you may have been obtained from a third party source that is not affiliated with Fisher Investments. Fisher Investments requests that this information be used for your confidential and personal use.