



Election Trends

9/13/2020

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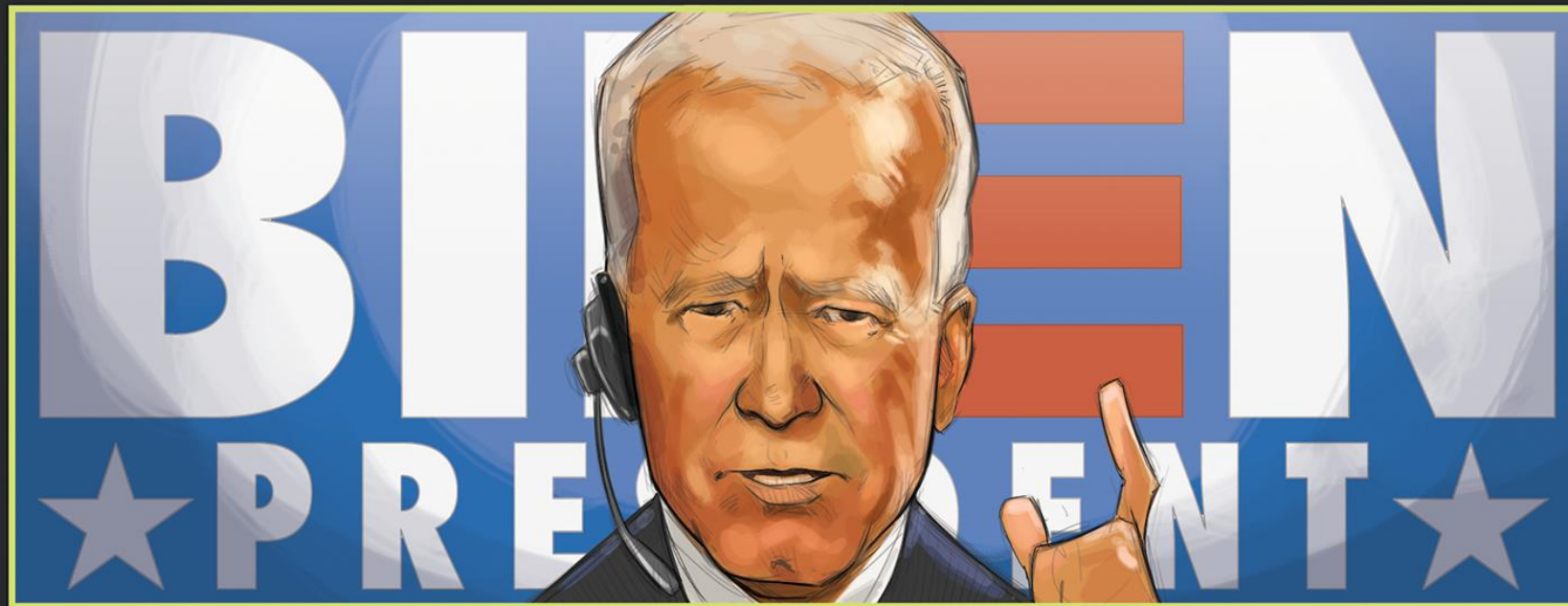
Summary

White House

- *Biden leading in polls, but 14 states (209/ 39% of electoral votes) still toss ups – [slide 5](#)*
- *“Silent vote” could potentially be more of an issue in 2020 than it was in 2016 – [slide 6](#)*
- *Biden leading in polls by 7%, unchanged over last week – [slide 7](#)*
- *Biden leading in betting markets by 15%, +1% over last week – [slide 9](#)*
- *Trump trailing by 4% in key battlegrounds, unchanged over last week – [slide 10](#)*
- *Trump’s approval rating is 44%, below historically significant 45% – [slide 11](#)*
- *5-day change in new Covid-19 cases is 159k (vs. 162k last week), a potential tailwind for Trump – [slide 12](#)*
- *New Covid-19 cases are trending lower in battlegrounds, a potential tailwind for Trump – [slide 13](#)*

Senate + House

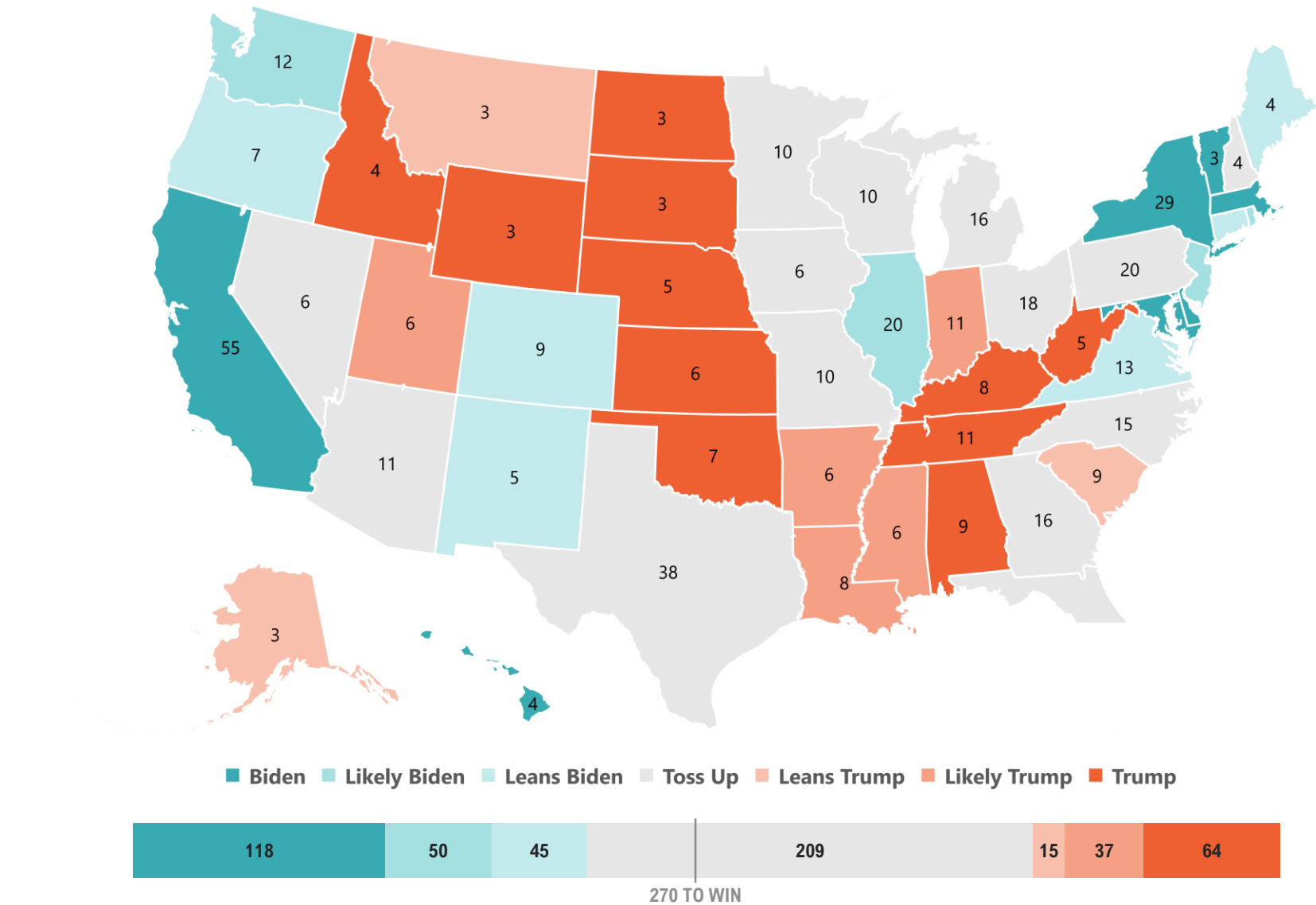
- *Republicans with 46 seats “locked or likely” vs. 46 for Democrats, but 8 seats still in play – [slide 14](#)*
- *Democrats leading Senate election race in betting markets by 9%, -1% over last week – [slide 15](#)*
- *Democrats winning House is a foregone conclusion per betting markets (leading by 68%) – [slide 16](#)*
- *Democrats have a 54% chance of a “blue sweep” per betting markets, +1% over last week – [slide 17](#)*



KROES 20

The Battle for the White House

EXPECTED POLITICAL PARTY & NUMBER OF ELECTORAL VOTES BY STATE



Source: Real Clear Politics

How Big is the Silent Vote?

52% of Democrats & 77% of Republicans
“have political opinions they are afraid to share” ¹

62% of Americans

“say the political climate these days prevents them from saying things they believe because others might find them offensive.” ¹

74% of Biden supporters & 37% of Trump supporters
“would want their friends and family to know how they voted” ²

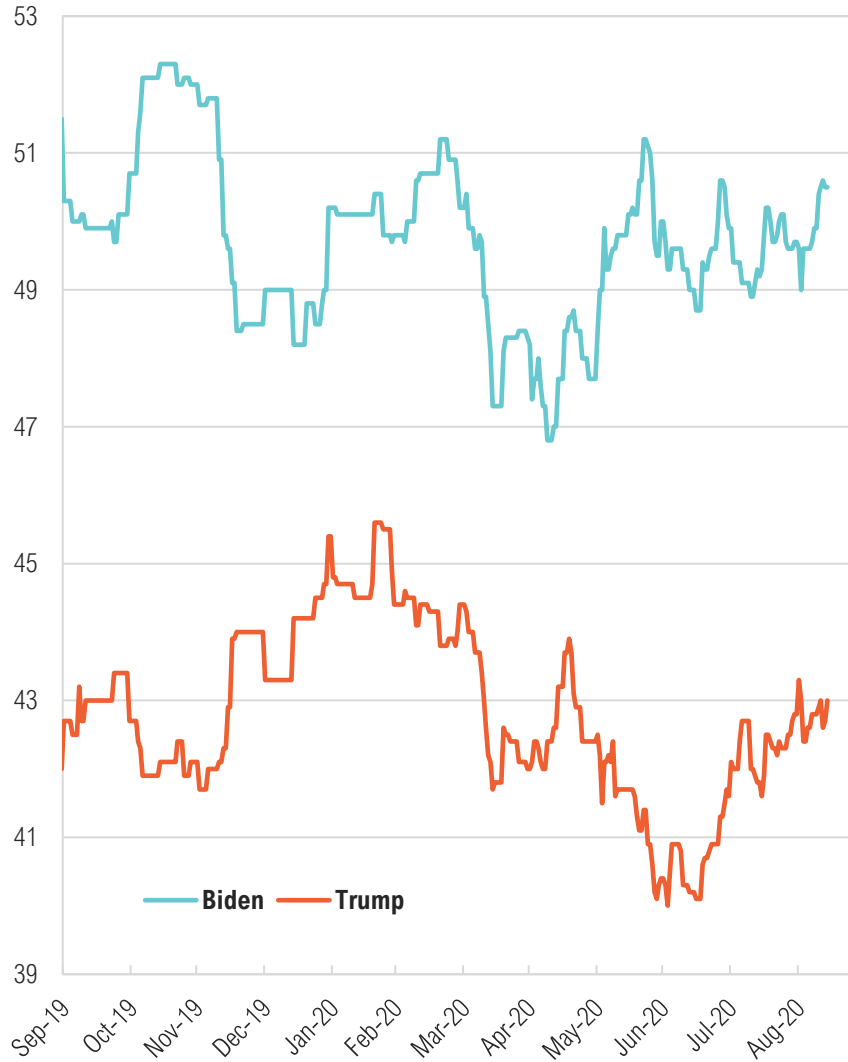
Source: ¹ Cato Institute <https://www.cato.org/publications/survey-reports/poll-62-americans-say-they-have-political-views-theyre-afraid-share>

² <https://www.express.co.uk/news/politics/1292288/US-election-2020-donald-trump-poll-results-democracy-institute-of-america>

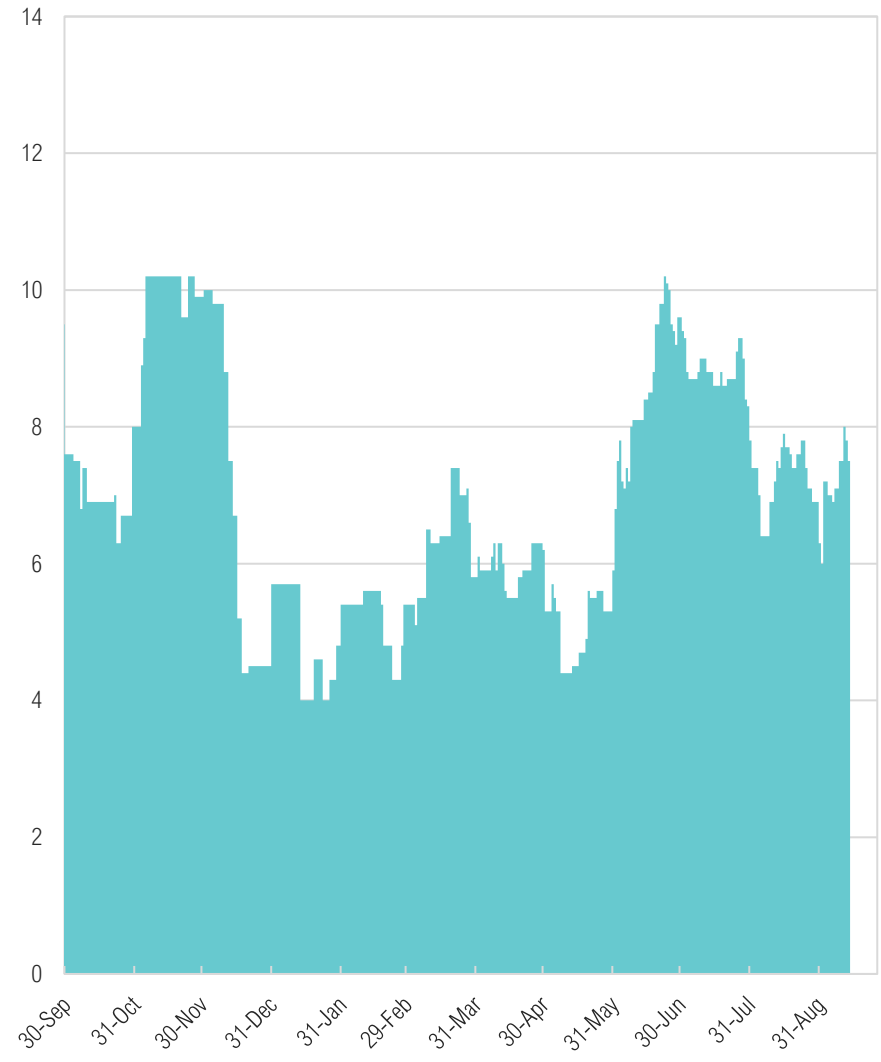
Biden Leading Trump in Polls

U.S. PRESIDENTIAL CANDIDATE POLL AVERAGES, 9/30/2019 – CURRENT

Poll Average, %



Spread: Biden less Trump, %

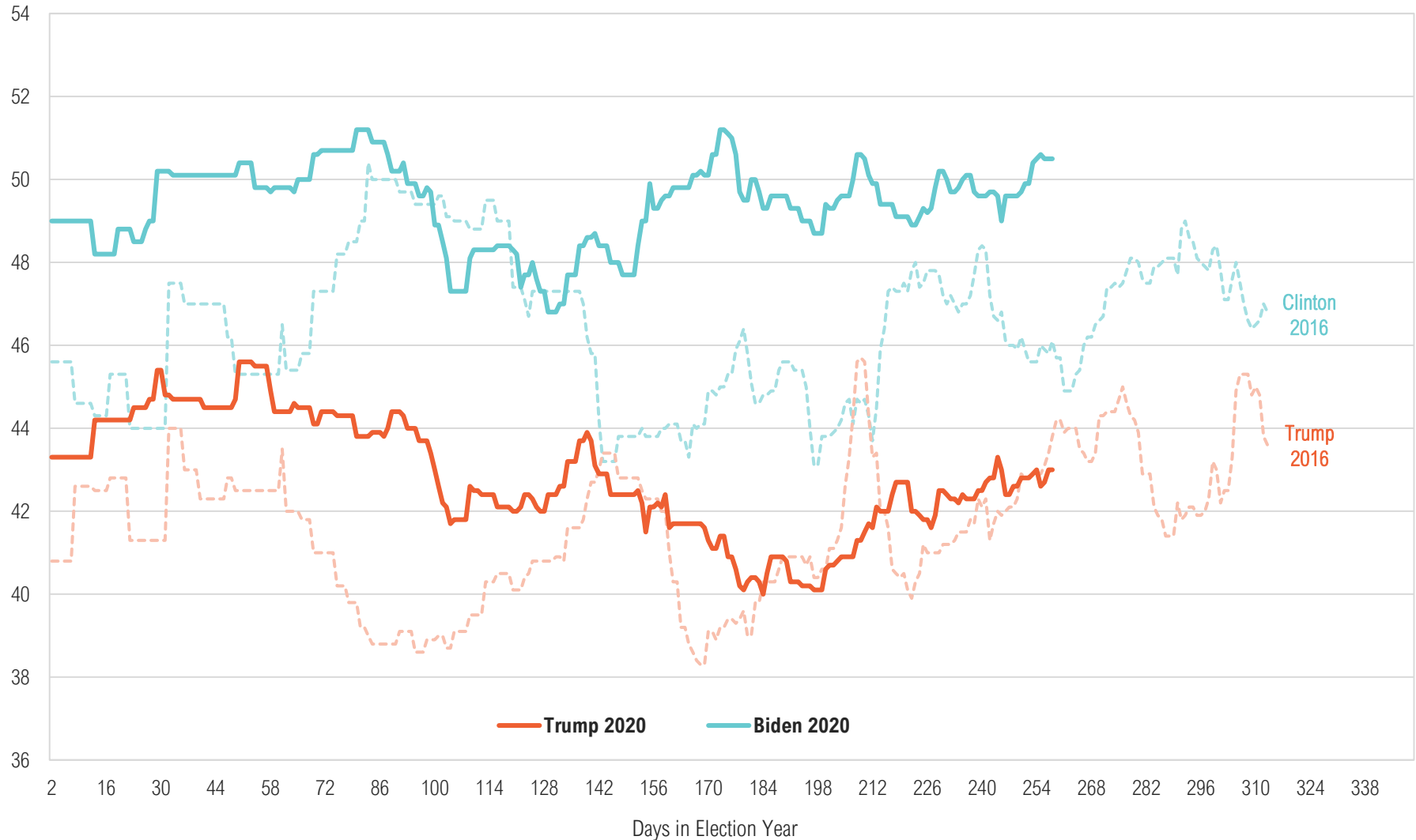


Source: Real Clear Politics, Bloomberg

Trump Tracking 2016, Biden Ahead of Clinton, But Not Too Late For Big Swings

2016 & 2020 U.S. PRESIDENTIAL CANDIDATE POLL AVERAGES, STARTING THE BEGINNING OF ELECTION YEAR

Poll Average, %



Source: Real Clear Politics, Bloomberg

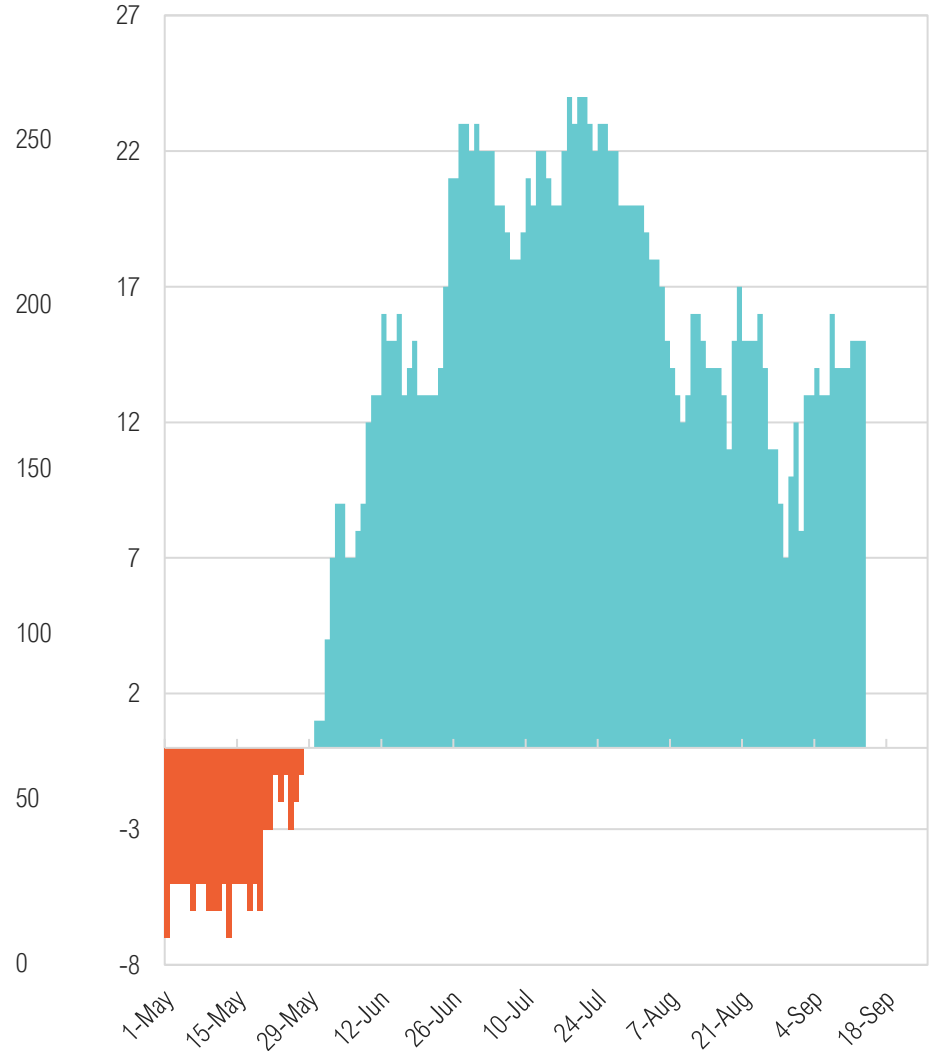
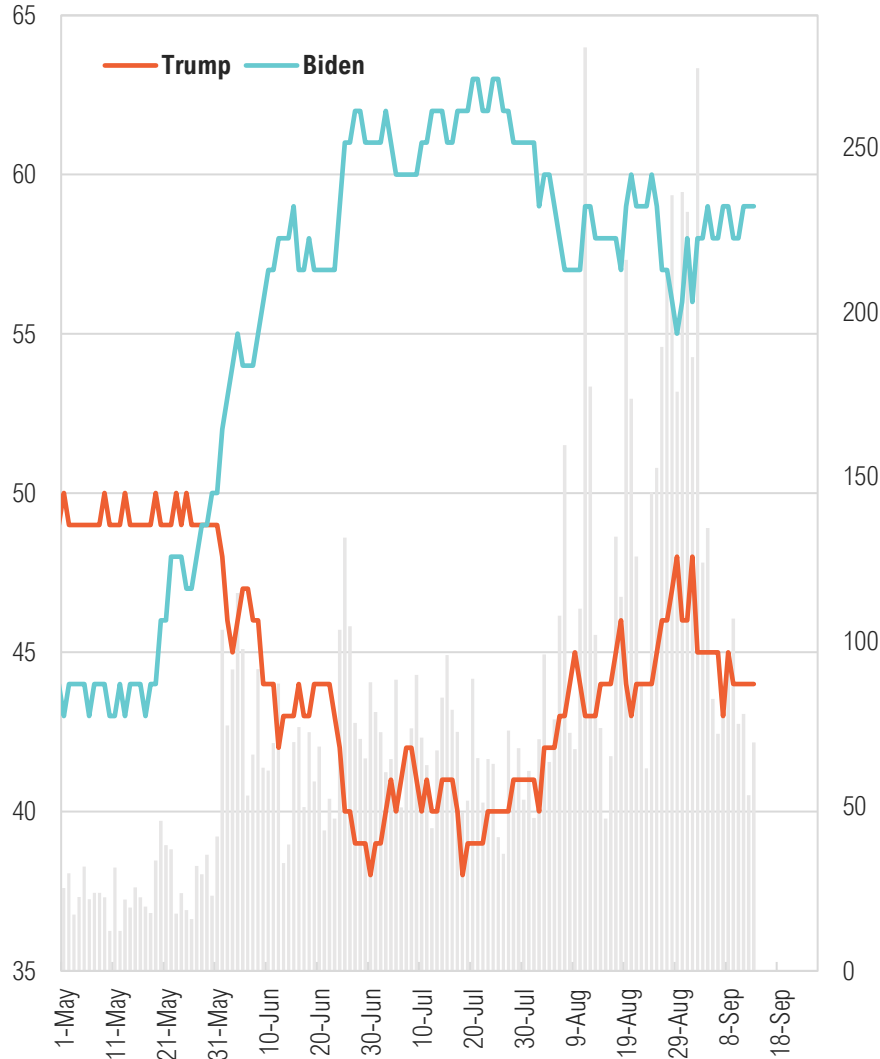
Biden Leading Trump in Betting Markets

U.S. PRESIDENTIAL CANDIDATE PREDICTION MARKET IMPLIED PROBABILITIES, 5/1/2020 – CURRENT

Implied Probabilities, %

Trade Volume, 000's

Spread: Biden less Trump, %



Source: PredictIt, Bloomberg

U.S. Election Trends

SEE IMPORTANT DISCLOSURES AT THE END OF THIS PRESENTATION

Trump Trails in Battleground Polls, But By Narrowing Margin

WEEKLY POLL DATA: TRUMP MINUS BIDEN

	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24	5/31	6/7	6/14	6/21	6/28	7/5	7/12	7/19	7/26	8/2	8/9	8/16	8/23	8/30	9/6	9/13
Battleground States																										
Michigan	-5	-4	-4	-5	-5	-5	-6	-6	-6	-5	-5	-7	-8	-8	-9	-8	-8	-8	-8	-8	-7	-7	-7	-3	-3	-4
Pennsylvania	-4	-4	-2	-2	-2	-4	-5	-5	-5	-7	-7	-4	-6	-6	-6	-7	-7	-7	-7	-5	-6	-6	-6	-5	-3	-4
Wisconsin	0	0	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-4	-5	-6	-7	-7	-6	-6	-5	-6	-7	-5	-4	-6	-6
Florida	1	1	1	0	0	-1	-2	-3	-4	-4	-4	-4	-5	-6	-7	-5	-6	-6	-8	-6	-4	-5	-5	-4	-2	-1
Arizona	-4	-4	-4	-4	-4	-4	-5	-5	-5	-4	-4	-3	-3	-4	-5	-4	-3	-3	-4	-4	-2	-2	-2	-2	-5	-5
Texas	3	3	3	3	3	2	1	1	3	3	3	2	2	2	2	3	0	0	0	0	2	2	4	4	4	4
North Carolina	-3	-3	-3	0	1	1	0	0	1	1	0	-1	-1	1	-2	-3	-2	-2	-2	-5	-2	1	1	0	-1	-1
Nevada	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-6
Minnesota																			-11	-9	-9	-7	-5	-5	-4	-6
Iowa	5	5	5	5	5	5	5	5	5	5	5	5	5	2	2	2	2	2	2	2	2	2	2	2	2	2
New Hampshire	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-4	-4	-4	-4	-4	-4	-9	-9	-9	-10	-10	-10	-8
Ohio												-1	-1	-1	0	0	2	2	2	2	2	2	2	2	2	2
Georgia	8	8	8	8	8	8	8	8	8	8	8	8	8	8	4	4	3	3	3	2	2	1	1	1	1	1
Top Battlegrounds¹																										
Trump-Biden Poll Avg	-2	-2	-2	-2	-2	-3	-3	-4	-3	-4	-4	-4	-4	-5	-6	-5	-5	-5	-6	-5	-5	-4	-4	-3	-4	-4
National Polls²																										
Trump-Biden Poll Avg	-7	-6	-6	-6	-6	-6	-5	-4	-5	-6	-6	-7	-8	-10	-9	-9	-9	-9	-9	-7	-7	-8	-8	-7	-7	-8

■ Trump ■ Biden

Source: Real Clear Politics, Bloomberg

1 Top battlegrounds include: Michigan, Pennsylvania, Wisconsin, Florida, Arizona and North Carolina.

2 National polls is represented by average polling data provided by Real Clear Politics.

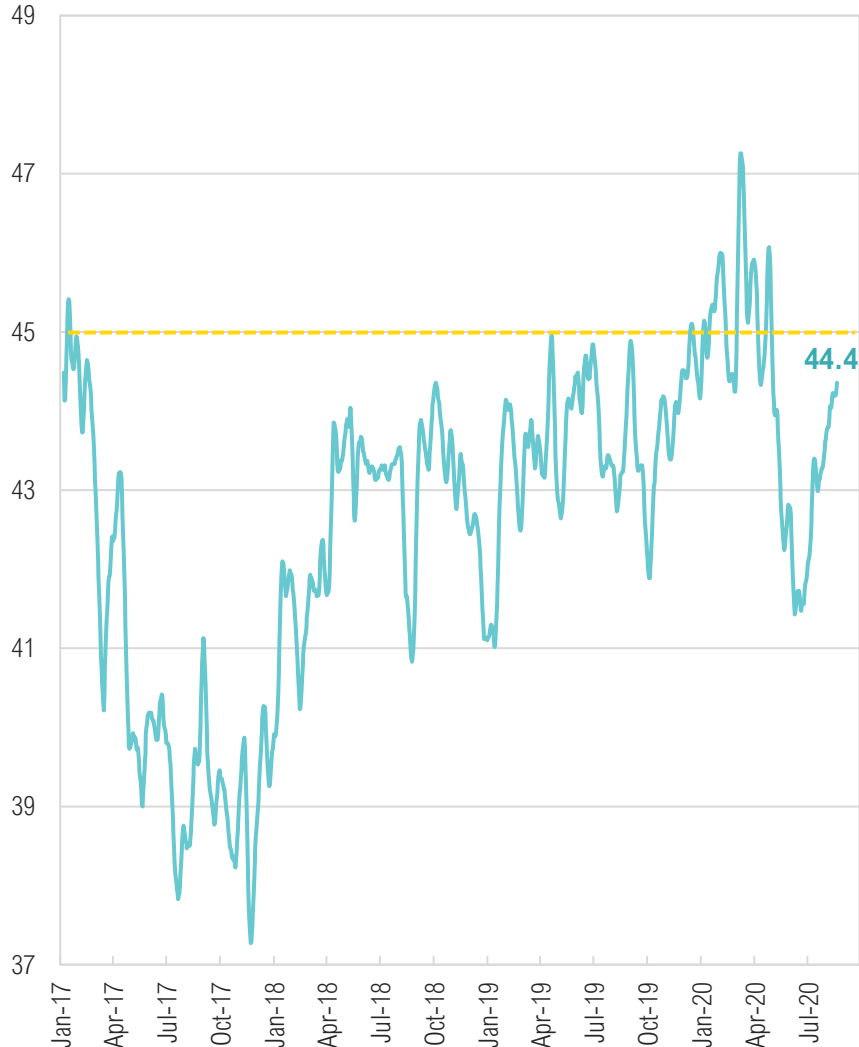
U.S. Election Trends

SEE IMPORTANT DISCLOSURES AT THE END OF THIS PRESENTATION

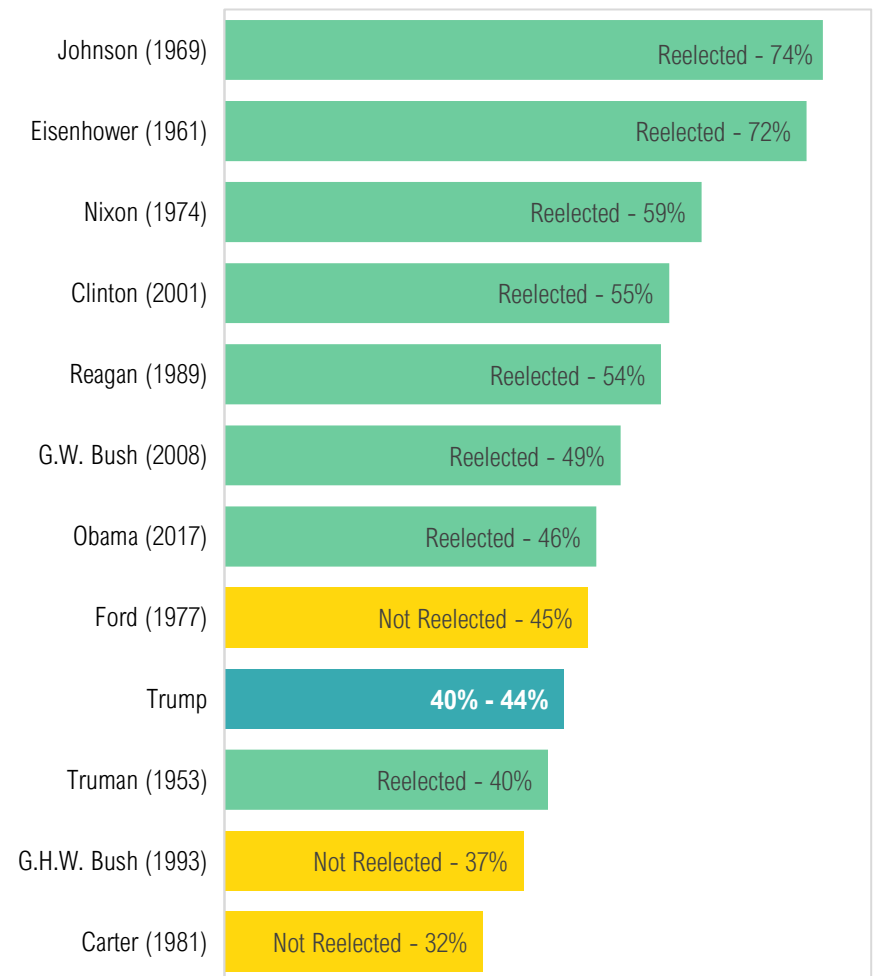
June Approval Rating Tends to Correlate with Re-election Odds

HISTORICAL APPROVAL RATINGS: TRUMP VS. PAST PRESIDENTS IN FIRST TERM

Approval Rating (7-Day Avg), %



First Term June Approval Rating



Source: Real Clear Politics, Bloomberg, Gallup, Statista

Any Increase in COVID-19 Cases Could Hurt Trump

CORONAVIRUS CASES (LHS) VS. BIDEN MINUS TRUMP SPREAD (RHS), 2/1/2020 - CURRENT

Confirmed Cases, 000's

300

250

200

150

100

50

0

Feb-20

Mar-20

Apr-20

May-20

Jun-20

Jul-20

Aug-20

Sep-20

U.S. COVID-19 Confirmed Cases (5-Day Change)

Spread: Biden - Trump

Spread, %

12

10

8

6

4

2

0

Source: Real Clear Politics, Bloomberg

U.S. Election Trends

SEE IMPORTANT DISCLOSURES AT THE END OF THIS PRESENTATION

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Coronavirus Trends in Battleground States

U.S. WEEKLY CHANGE IN TOTAL COVID-19 CASES & DEATHS

	4/14	4/21	4/28	5/5	5/12	5/19	5/26	6/2	6/9	6/16	6/23	6/30	7/7	7/14	7/21	7/28	8/4	8/11	8/18	8/25	9/1	9/8
New Weekly Cases Per 1,000 Population																						
Virginia	0.3	0.4	0.6	0.7	0.6	0.7	0.8	0.8	0.6	0.4	0.4	0.4	0.5	0.7	0.8	0.9	0.9	0.9	0.8	0.7	0.8	0.8
Nevada	0.3	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.4	0.5	0.9	1.3	1.7	1.9	2.6	2.4	2.4	1.7	1.7	1.2	1.0	0.8
Minnesota	0.1	0.2	0.3	0.7	0.8	0.8	0.9	0.6	0.5	0.4	0.5	0.5	0.5	0.7	0.8	0.9	0.9	0.8	0.8	0.8	1.0	0.9
New Hampshire	0.2	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Michigan	0.8	0.6	0.7	0.5	0.4	0.4	0.3	0.3	0.7	0.1	0.2	0.3	0.3	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Pennsylvania	0.8	0.8	0.8	0.7	0.6	0.5	0.4	0.3	0.3	0.2	0.3	0.3	0.4	0.4	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Wisconsin	0.2	0.2	0.3	0.4	0.4	0.4	0.5	0.5	0.4	0.3	0.4	0.6	0.7	0.9	1.1	1.0	1.0	1.0	0.8	0.9	0.9	1.0
Florida	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.7	1.1	2.3	2.9	3.6	3.6	3.4	2.6	2.1	1.7	1.2	1.2	0.9
Arizona	0.2	0.2	0.2	0.3	0.3	0.4	0.3	0.6	1.0	1.5	2.6	2.9	3.6	3.2	2.8	2.4	2.0	1.1	0.8	0.6	0.4	0.5
North Carolina	0.2	0.2	0.2	0.3	0.3	0.3	0.5	0.5	0.7	0.8	0.8	1.0	1.0	1.3	1.3	1.3	1.1	1.0	0.8	1.0	1.1	0.9
Georgia	0.5	0.5	0.5	0.5	0.5	0.4	0.5	0.4	0.5	0.5	0.8	1.3	1.8	2.2	2.4	2.5	2.2	2.3	1.8	1.6	1.4	1.2
Ohio	0.2	0.6	0.3	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.4	0.5	0.6	0.8	0.8	0.8	0.7	0.7	0.6	0.6	0.7	0.6
Texas	0.2	0.2	0.2	0.3	0.3	0.3	0.2	0.3	0.4	0.5	1.0	1.3	1.9	2.2	2.5	2.0	2.0	1.8	1.8	1.2	1.2	0.9
Iowa	0.3	0.6	0.9	1.2	0.9	0.8	0.8	0.7	0.7	0.6	0.7	0.8	1.0	1.2	1.2	1.0	1.0	1.1	1.2	1.4	2.6	1.6

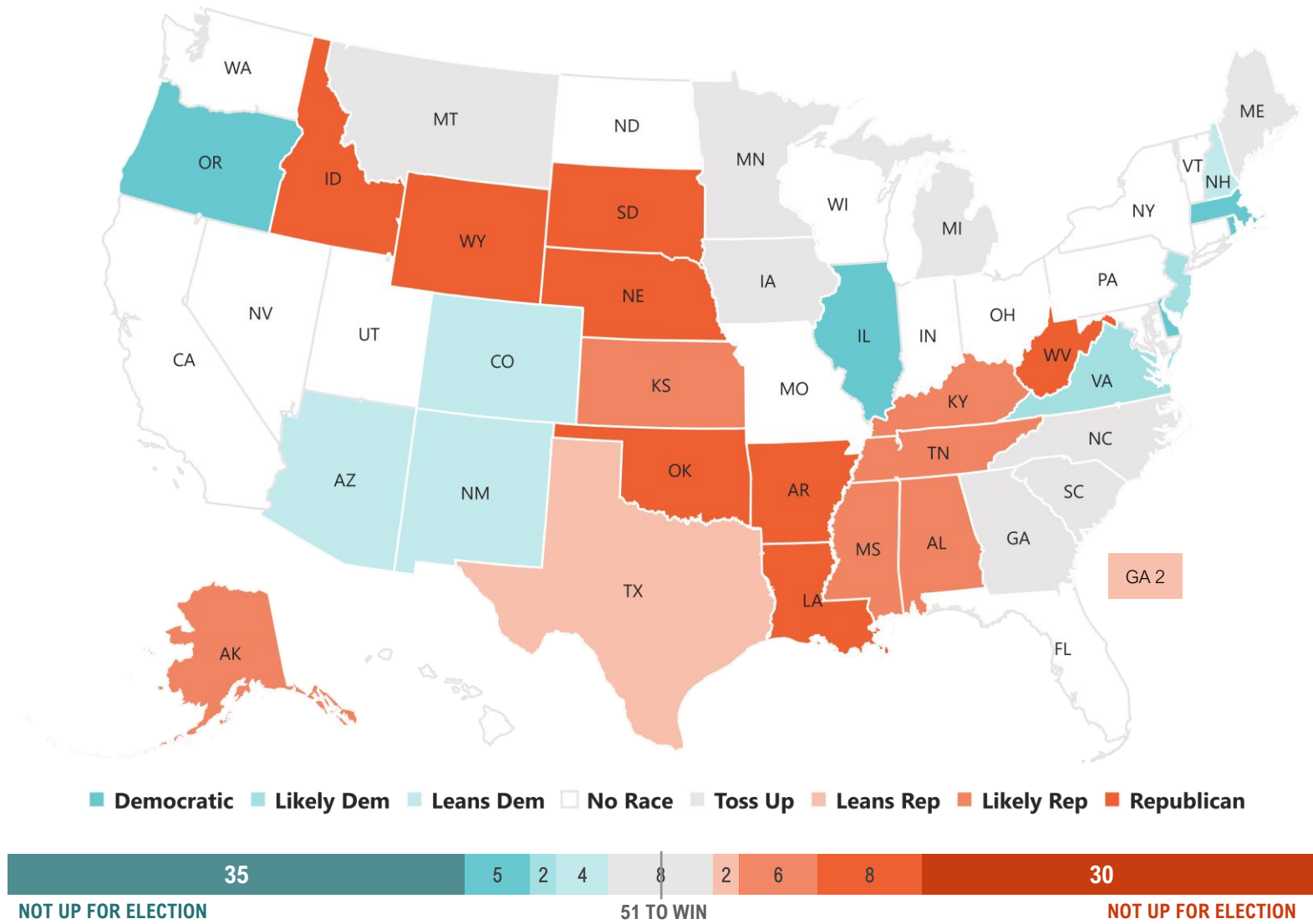
New Weekly Fatalities Per 1,000,000 Population

Virginia	10	20	20	26	21	18	23	20	10	9	9	14	14	11	8	6	17	12	6	11	14	9
Nevada	18	12	18	17	17	12	12	7	9	7	7	6	13	21	21	27	33	39	39	42	27	26
Minnesota	8	14	25	27	28	25	27	31	26	21	14	9	7	6	7	6	7	8	11	10	8	8
New Hampshire	12	13	13	24	37	22	31	31	22	29	13	21	10	6	6	7	7	1	4	4	2	1
Michigan	92	81	99	62	49	34	25	29	39	9	8	8	6	8	6	4	5	6	8	8	8	4
Pennsylvania	35	72	34	89	57	56	42	39	27	20	15	14	11	11	9	8	7	7	10	8	7	8
Wisconsin	13	13	10	9	11	8	9	15	9	7	8	6	4	4	6	8	9	8	6	9	6	7
Florida	13	14	14	14	14	13	10	13	11	11	11	12	16	26	37	42	60	54	56	38	37	25
Arizona	10	9	9	16	23	20	14	18	18	21	23	34	39	56	80	67	60	49	45	36	35	24
North Carolina	6	13	11	10	12	9	10	15	10	10	12	8	6	12	13	15	19	18	14	17	16	16
Georgia	18	26	22	25	19	17	21	19	17	23	16	10	9	14	19	24	39	40	42	44	44	32
Ohio	13	20	21	29	26	24	24	22	14	15	12	11	9	8	13	14	16	12	14	11	15	11
Texas	6	7	6	7	8	8	5	6	5	6	6	7	11	20	29	59	46	68	50	43	34	30
Iowa	8	11	17	23	26	25	35	27	21	12	8	9	4	9	15	11	16	16	16	20	23	18

Source: Bloomberg

The Battle for the Senate

EXPECTED POLITICAL PARTY SEATS IN SENATE BY STATE



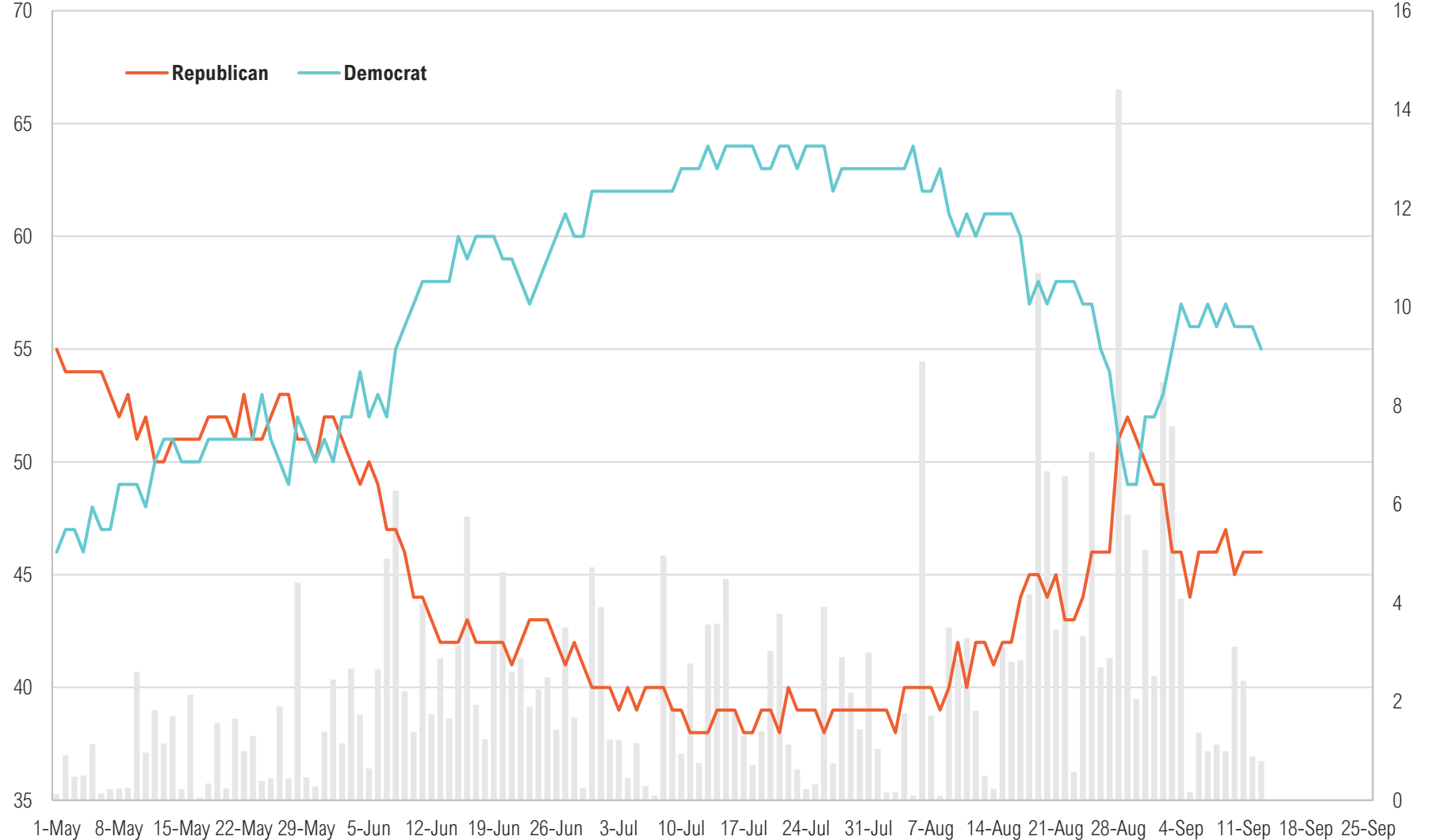
Source: Real Clear Politics
¹ Georgia has 2 seats up for reelection.

Democrats Leading Republicans in Betting Markets

U.S. POLITICAL PARTY IMPLIED ODDS OF A SENATE MAJORITY, 5/1/2020 - CURRENT

Implied Probabilities, %

Trade Volume, 000's



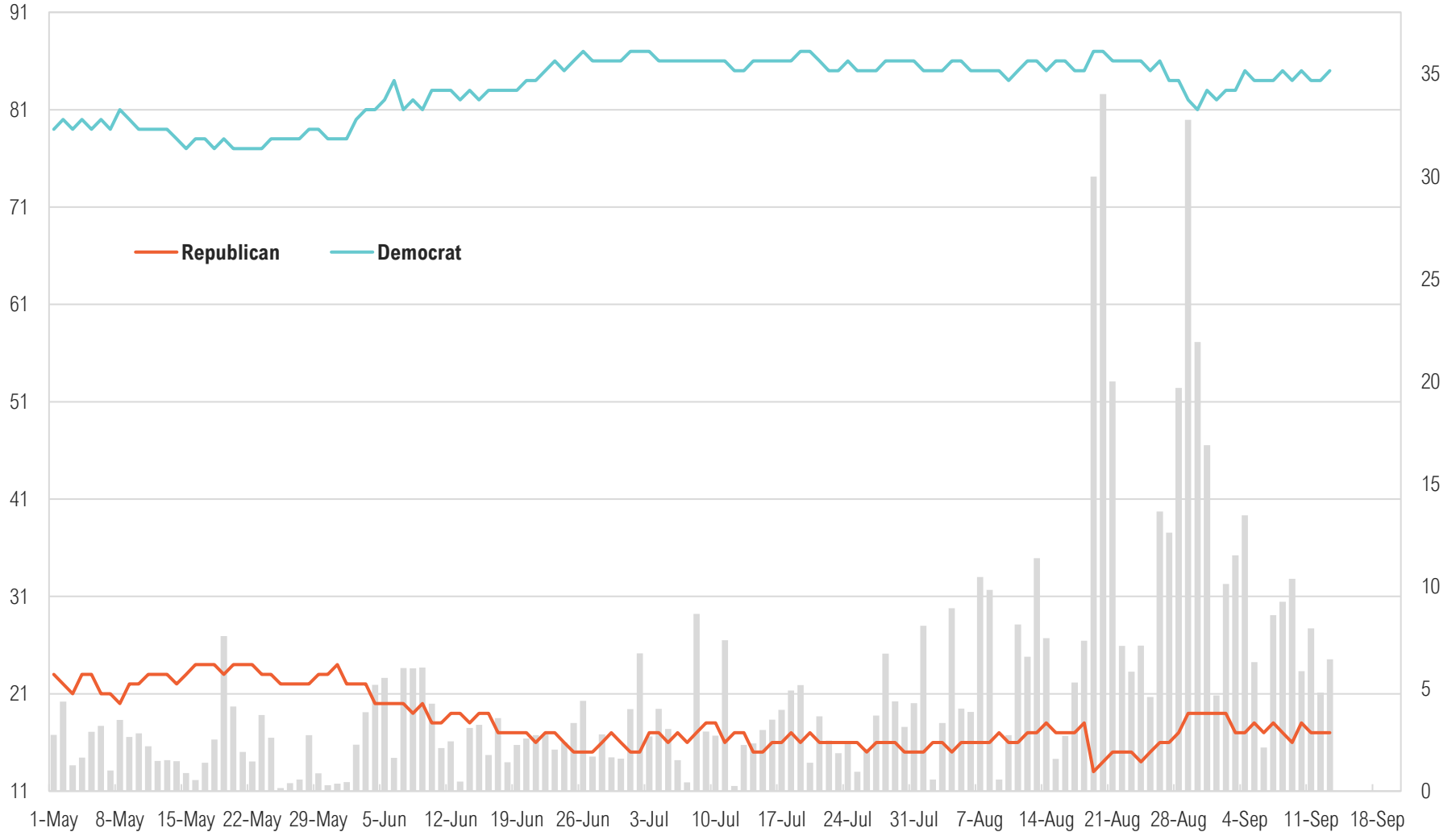
Source: PredictIt, Bloomberg

Democrat Win in House is a Foregone Conclusion

U.S. POLITICAL PARTY IMPLIED ODDS OF A HOUSE MAJORITY, 5/1/2020 - CURRENT

Implied Probabilities, %

Trade Volume, 000's

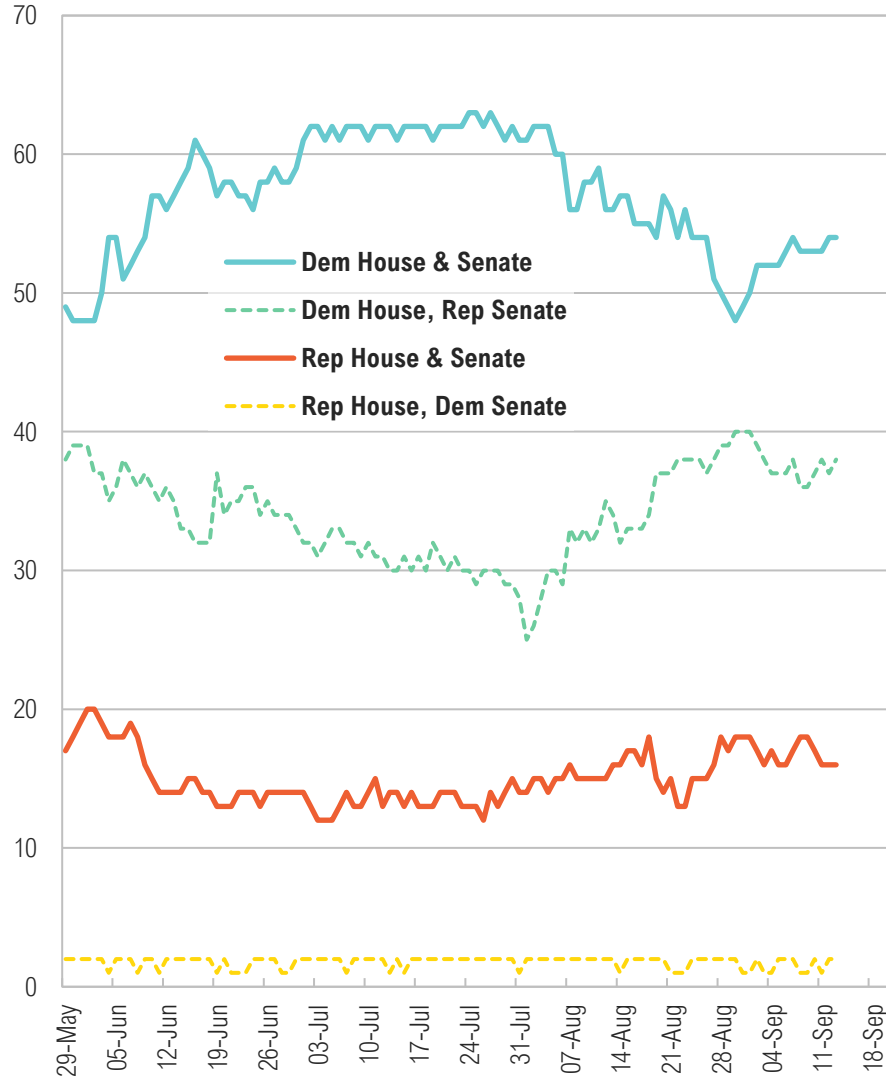


Source: PredictIt, Bloomberg

“Blue Sweeps” Not Necessarily Bad for Markets

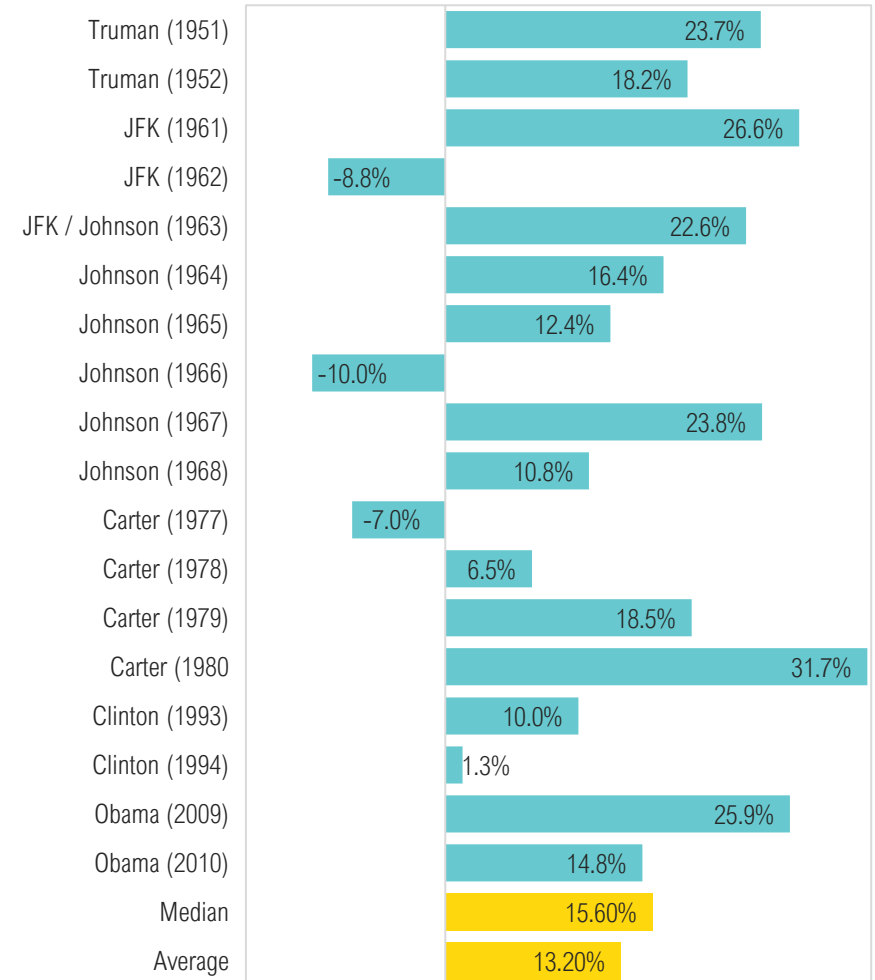
U.S. PARTY IMPLIED ODDS OF CONTROLLING CONGRESS VS. S&P 500 DURING DEM SWEEPS, 5/29/2020 - CURRENT

Implied Probabilities, %



Source: PredictIt, Bloomberg

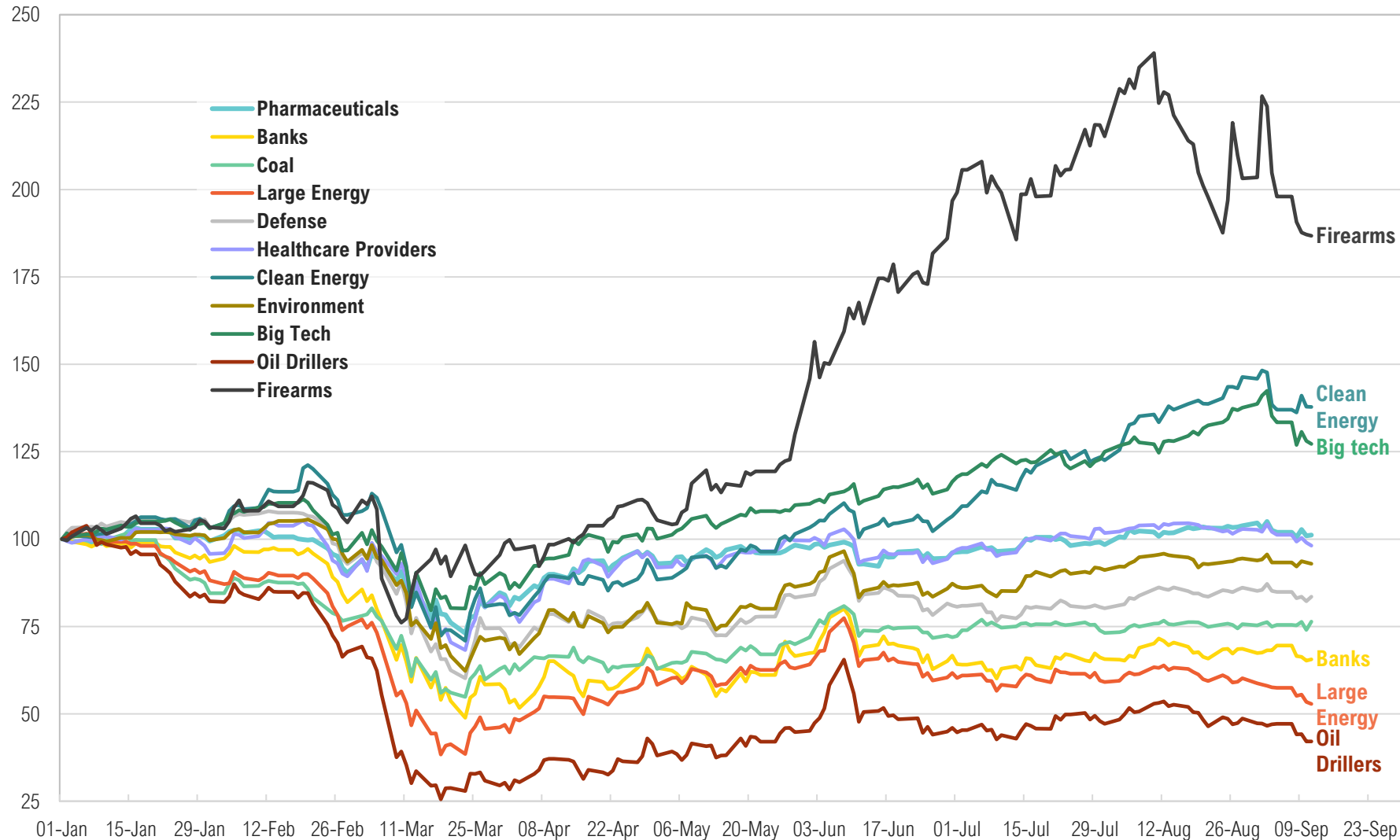
S&P 500 Price Return During Democratic Sweeps



Investor Positioning Into Election: Winners Include Clean Energy, Big Tech and Firearm Stocks

U.S. SECTOR PERFORMANCE: YTD, GROWTH OF 100

Growth of 100

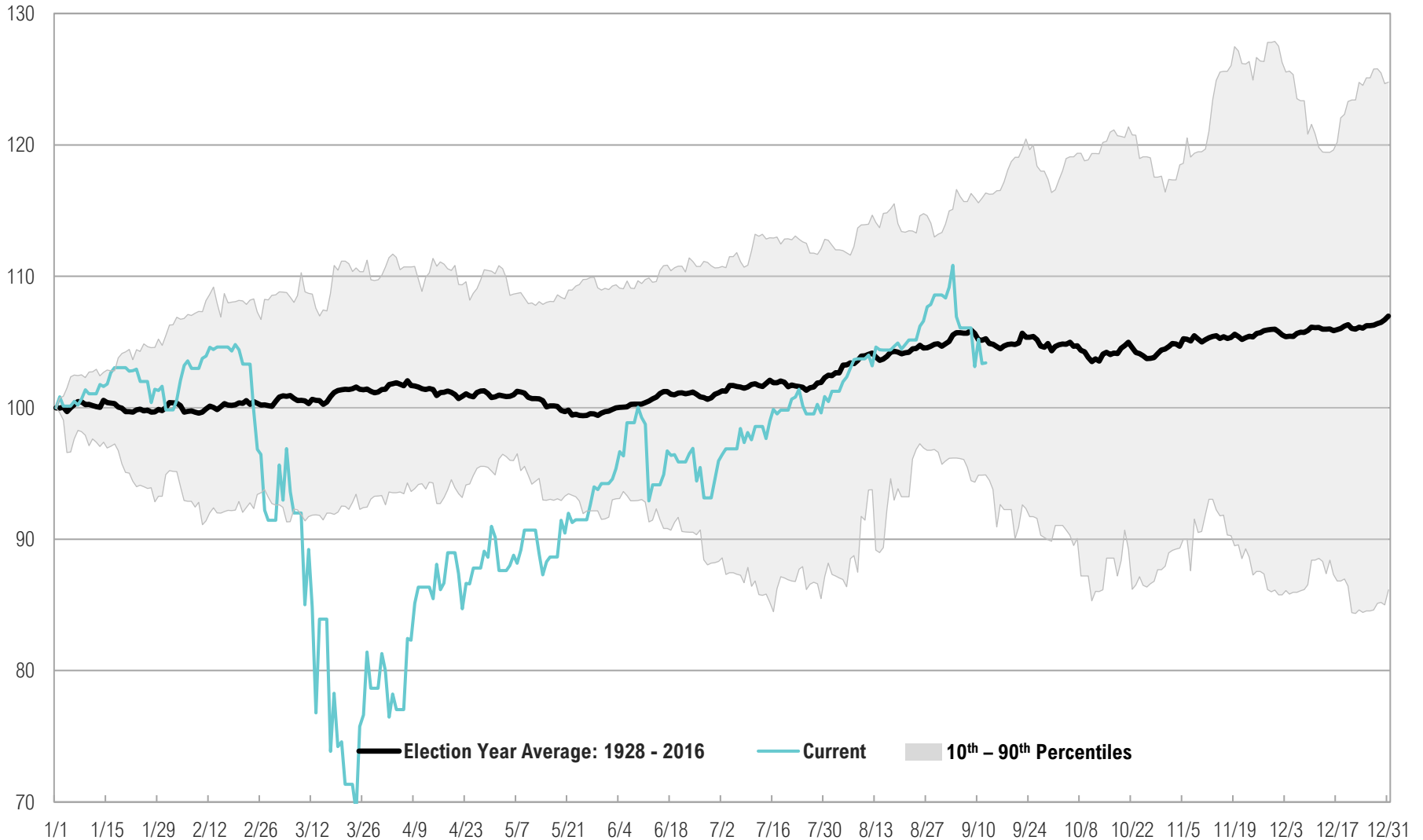


Source: Bloomberg

Stocks Back At Election-Year Average

S&P 500 INDEX DURING PRESIDENTIAL ELECTION YEARS, 1928 - *CURRENT*

Growth of 100



Source: Bloomberg

U.S. Large Cap Stocks: 2020 vs. Past Election Years

S&P 500 PERFORMANCE IN U.S. PRESIDENTIAL ELECTION AND NON-ELECTION YEARS, 1964 - CURRENT

Price Return, %



Source: Bloomberg

Note: Long-term average for election years excluding 2008 = 10.4%

U.S. Election Trends

SEE IMPORTANT DISCLOSURES AT THE END OF THIS PRESENTATION

Tax Policy Under Potential a Biden/Harris Admin

“We will work to reform the tax code to be more progressive and equitable, and reduce barriers for families who qualify to benefit from targeted tax breaks. Our tax system has been rigged against the American people by big corporations and their lobbyists, and by Republican politicians who dole out breaks to their biggest donors while leaving families to struggle. A guiding principle across our tax agenda is that the wealthiest Americans can shoulder more of the tax burden, including in particular by making investors pay the same tax rates as workers and bringing an end to expensive and unproductive tax loopholes. Corporate tax rates, which were cut sharply by the 2017 Republican tax cut, must be raised, and “supply-side” or “trickle down” tax cuts must be rejected. Estate taxes should also be raised back to the historical norm.”

Biden-Sanders Unity Task Force ¹

“I don’t think 500 billionaires are the reason why we’re in trouble.”

Joe Biden ²

“A lot of my supporters are not enthusiastic about Joe Biden”

Bernie Sanders ³

Source: ¹ ://joebiden.com/wp-content/uploads/2020/08/UNITY-TASK-FORCE-RECOMMENDATIONS.pdf

² <https://www.brookings.edu/wp-content/uploads/2018/04/biden-transcript.pdf>

³ <https://abcnews.go.com/Politics/bernie-sanders-acknowledging-progressive-disagreements-platform-joe-biden/story?id=72396119>

Biden/Harris Tax Proposals

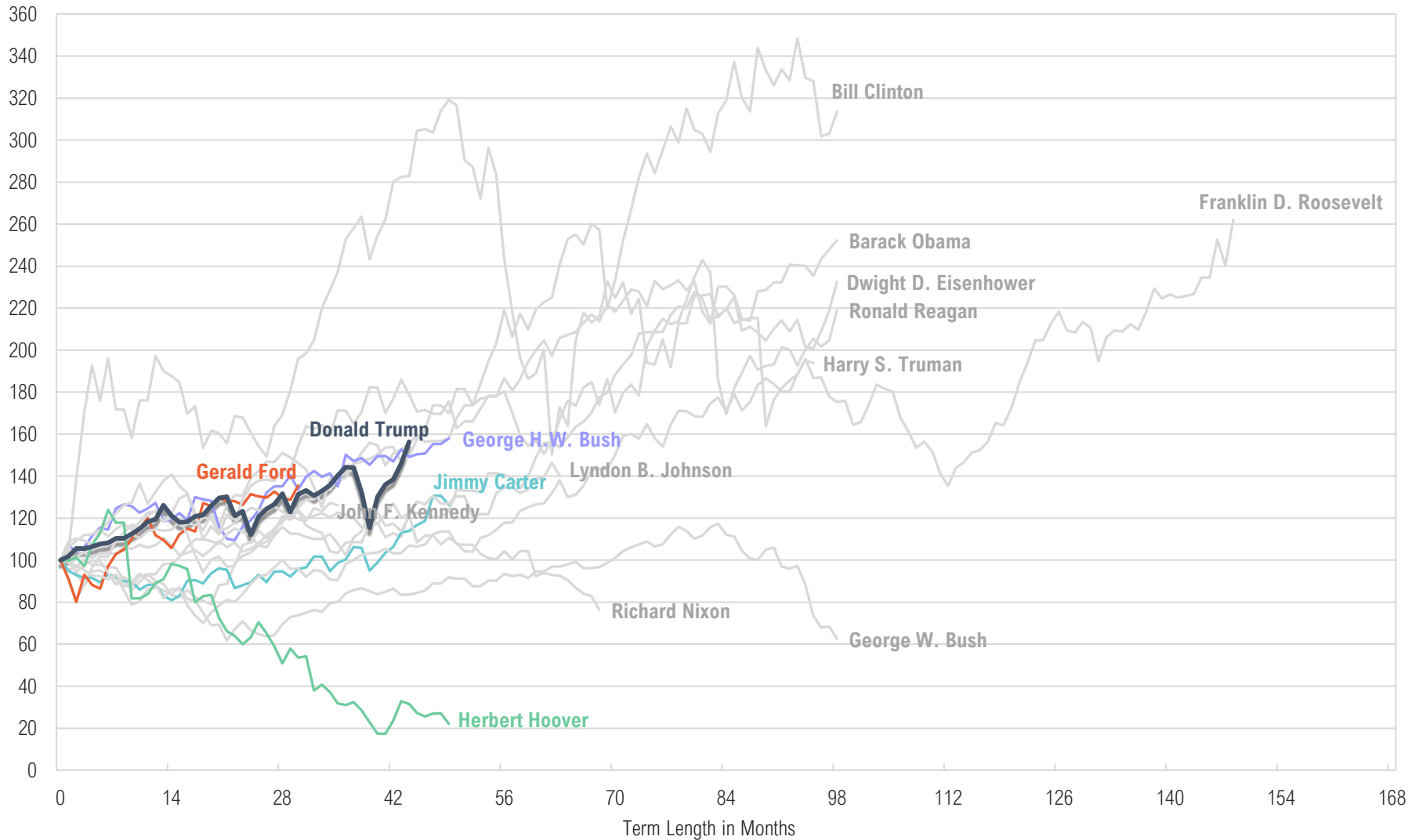
- *Repealing the Tax Cuts and Jobs Act (TCJA) individual income tax reductions for those earning over \$400,000 and restoring the top marginal income tax rate to 39.6 percent from today's 37 percent. The Section 199A deduction would also be phased out for those earning over \$400,000.*
- *Taxing capital gains at ordinary income tax rates—up from a top rate of 23.8 percent today—for those earning over \$1 million. Biden would also eliminate step-up in basis for inherited assets with capital gains, instead taxing those gains at death.*
- *Capping the value of itemized deductions to 28 percent for those in higher marginal tax brackets and restoring the Pease limitation on itemized deductions for those with taxable income above \$400,000.*
- *Raising the corporate income tax from 21 percent to 28 percent.*
- *Imposing a 15 percent minimum book tax on corporations with \$100 million or greater in income.*
- *Doubling the tax rate on Global Intangible Low Tax Income (GILTI) earned by foreign subsidiaries of U.S. firms, from 10.5 percent to 21 percent.*
- *Imposing the 12.4 percent Social Security payroll tax on wage and self-employment income earned above \$400,000.*

Source: ¹ <https://taxfoundation.org/reviewing-joe-bidens-tax-vision/>

U.S. Large Cap Returns During Select Presidential Terms

S&P 500 INDEX: GROWTH OF 100 BY ELECTION TERM: 1928 - CURRENT

Growth of 100

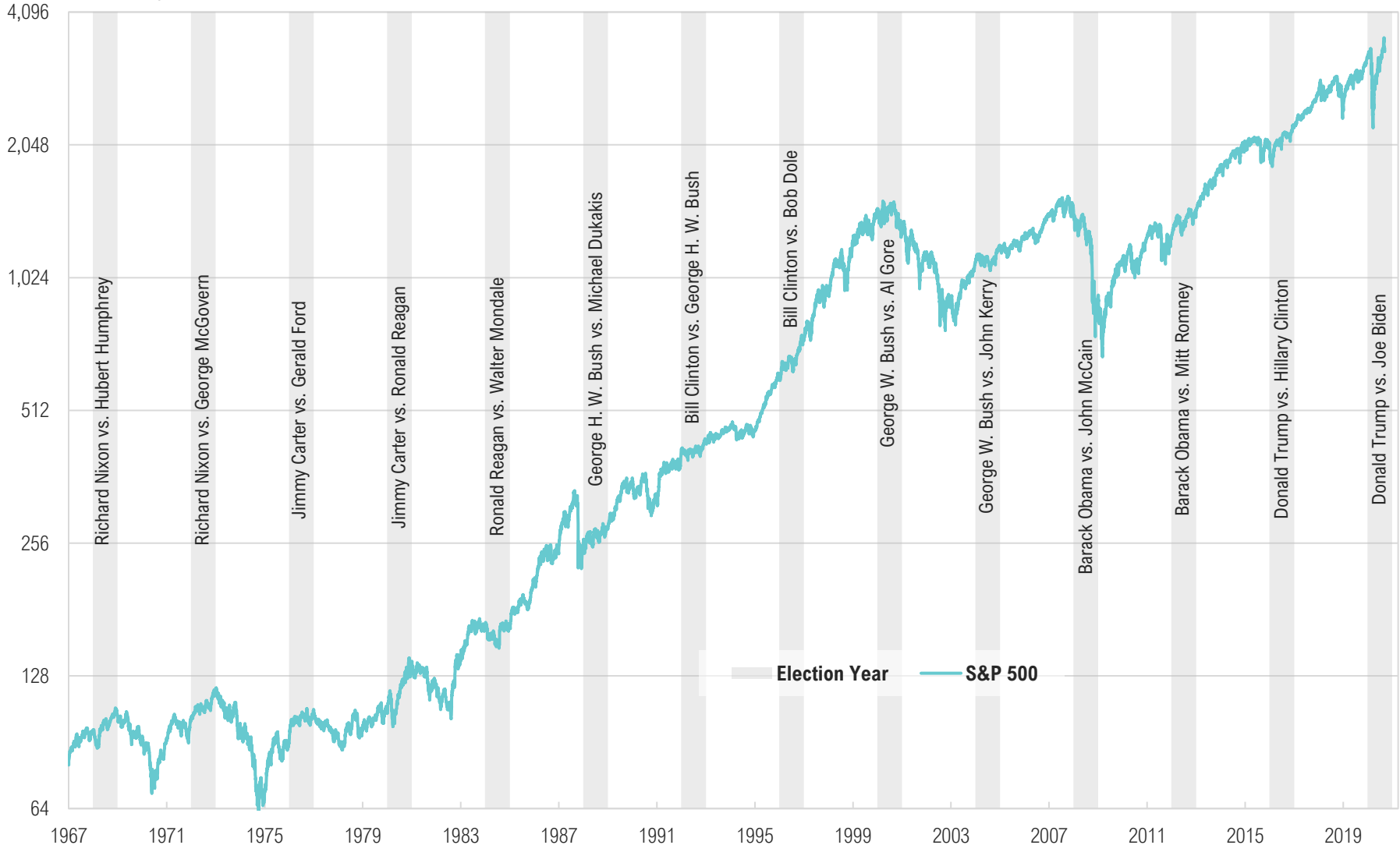


Source: Bloomberg

Elections Can Reinforce Trends or Represent Key Inflection Points

S&P 500 PRICE INDEX & PRESIDENTIAL ELECTION YEARS, 1967 - CURRENT

S&P 500 Index, Log Scale

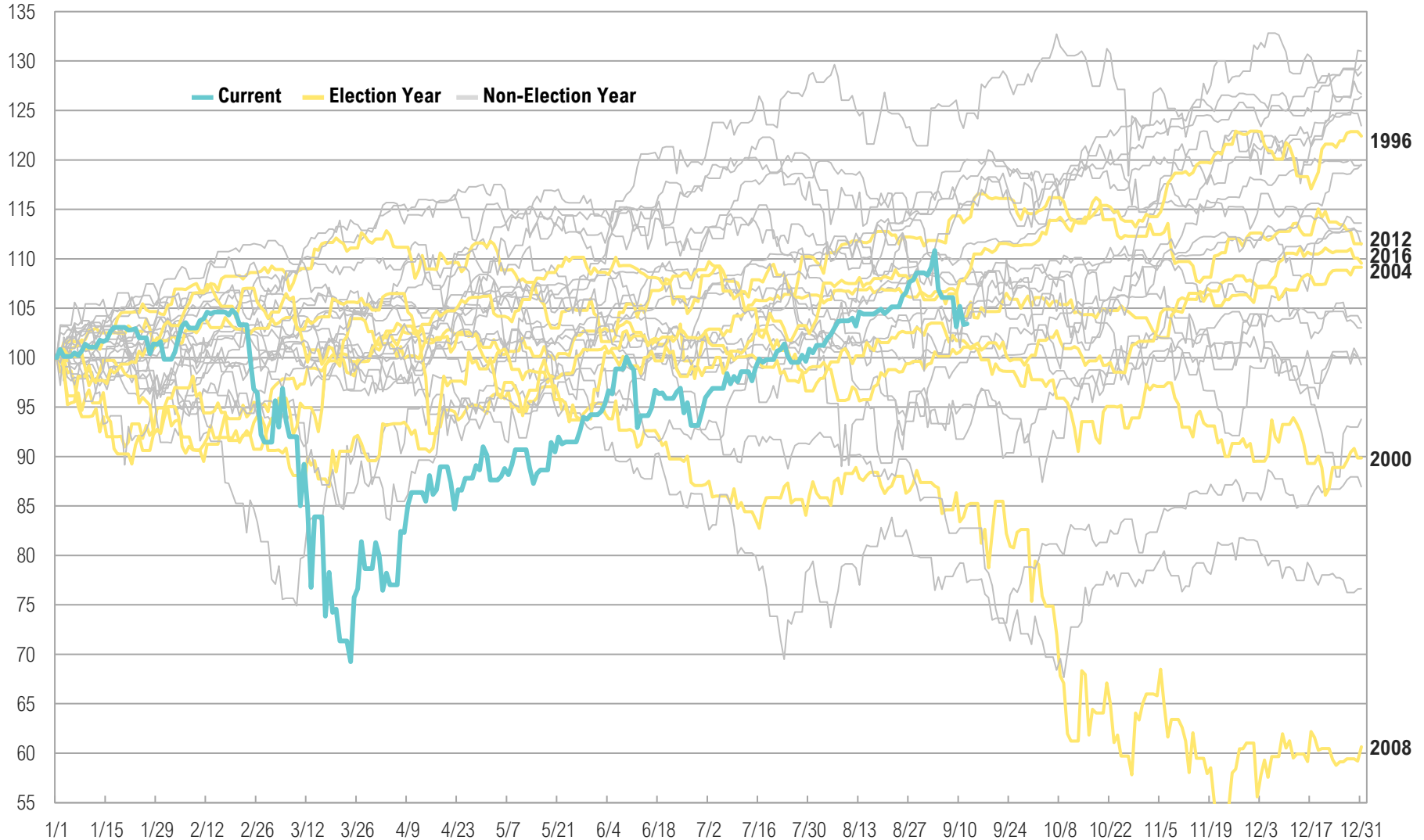


Source: Bloomberg

U.S. Large Cap Stocks: 2020 vs. Past Election Years

S&P 500 INDEX GROWTH OF 100 BY CALENDAR YEAR: 1996 - *CURRENT*

Growth of 100



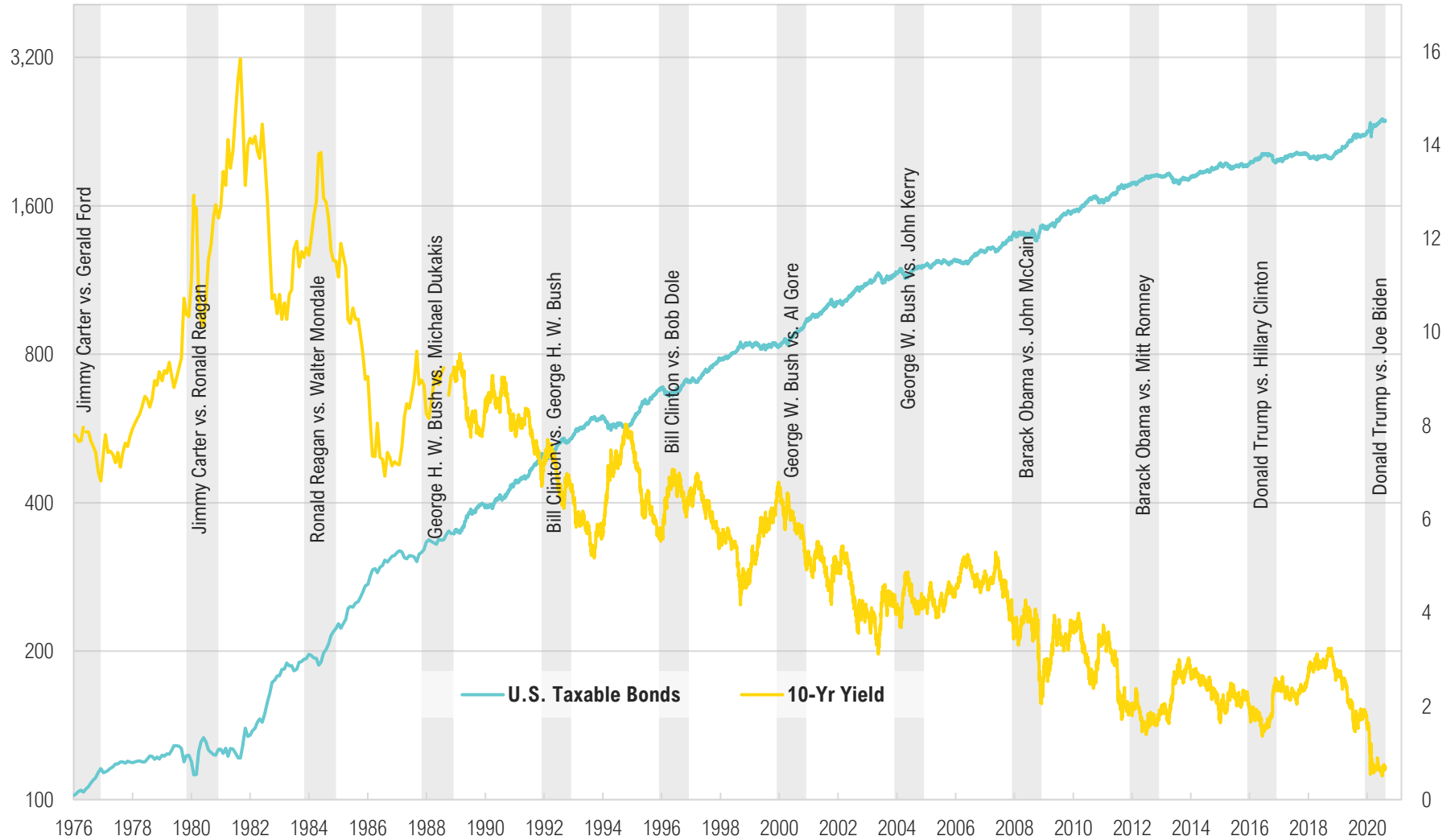
Source: Bloomberg

Elections Can Reinforce Trends or Represent Key Inflection Points

BLOOMBERG U.S. AGG BOND INDEX & 10-YEAR TREASURY YIELD DURING PRESIDENTIAL ELECTION YEARS, 1976 - CURRENT

U.S. Taxable Bonds, Log Scale

Yield, %

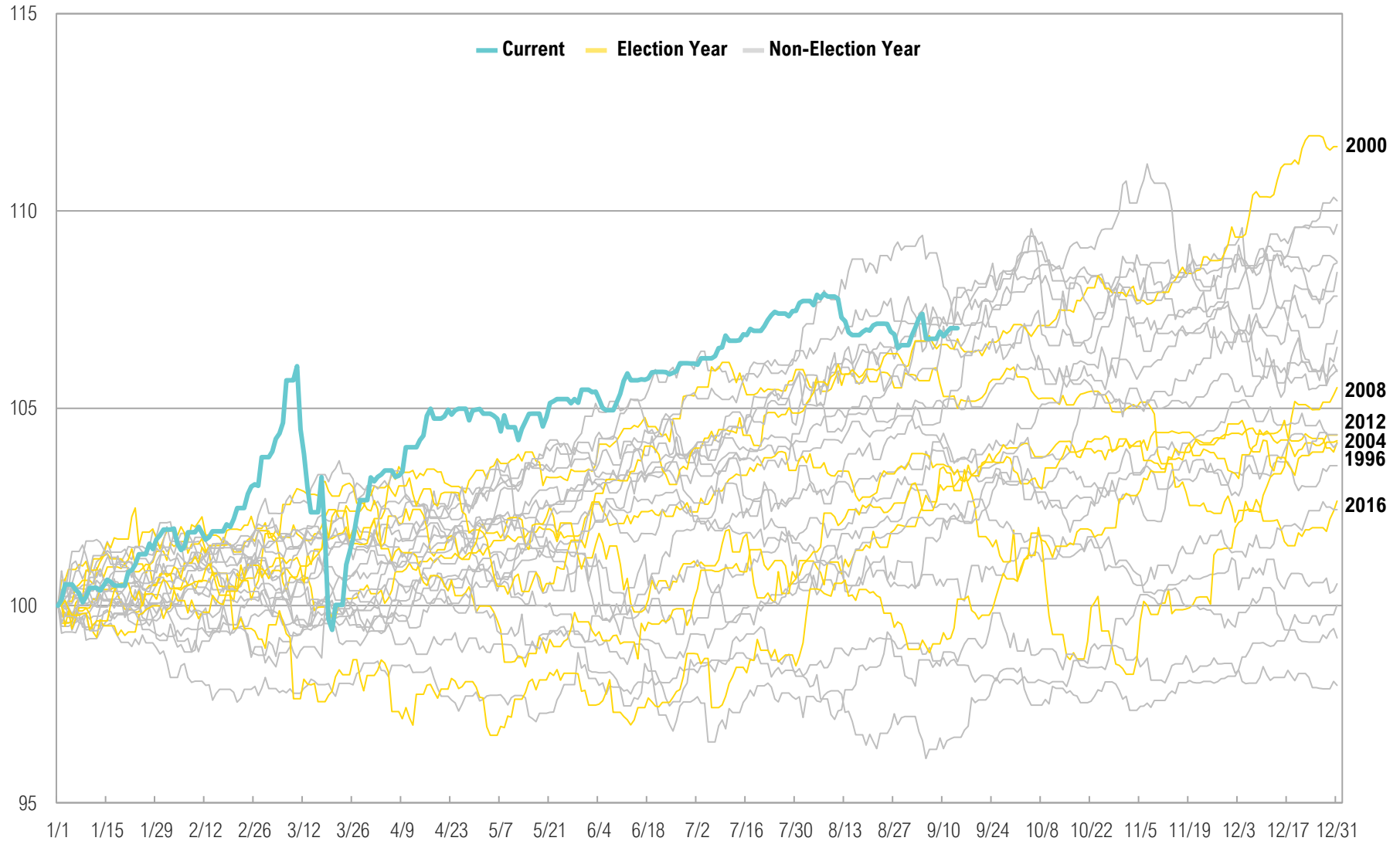


Source: Bloomberg

U.S. Investment Grade Bonds: 2020 vs. Past Election Years

BLOOMBERG U.S. AGGREGATE BOND INDEX: GROWTH OF 100 BY CALENDAR YEAR: 1996 - CURRENT

Growth of 100



Source: Bloomberg

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