



MAIN MANAGEMENT **INSIGHTS**

# Election 2020 & COVID **Report**

**SEPTEMBER 2020**



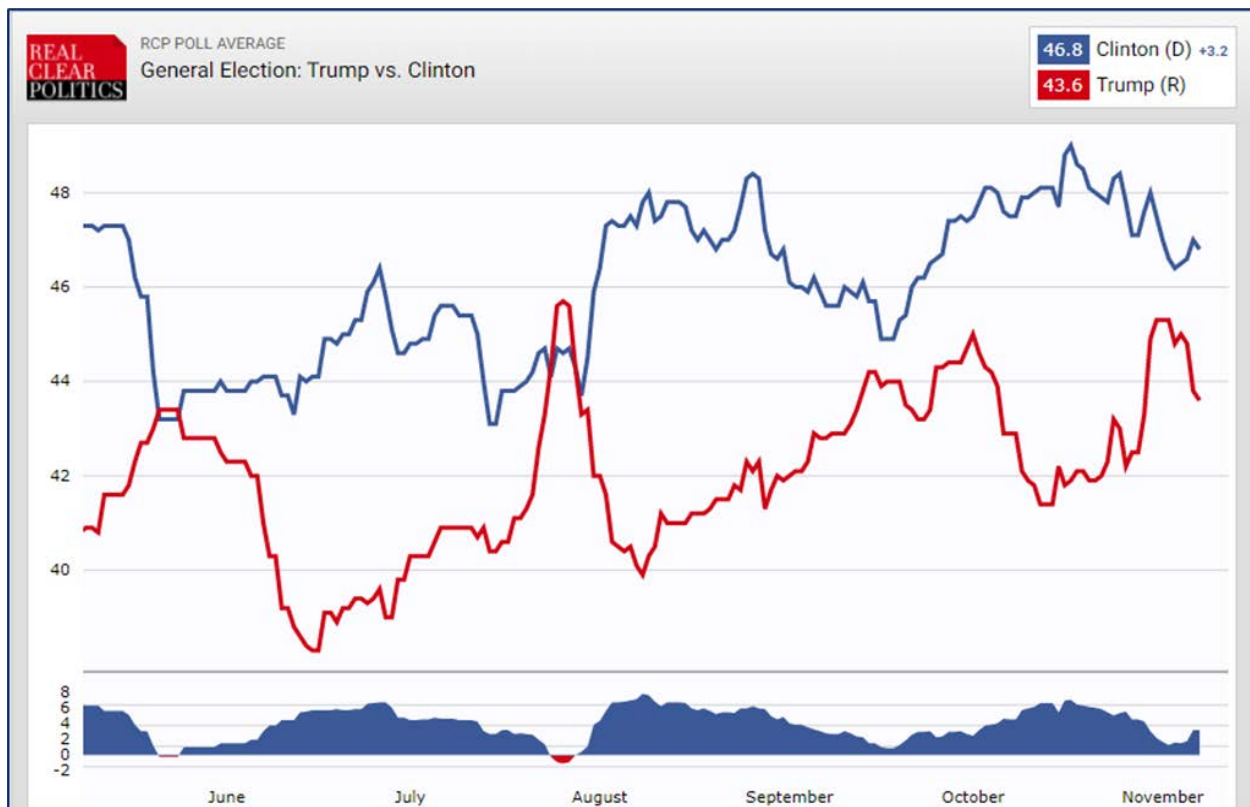
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OUR THOUGHTS ON

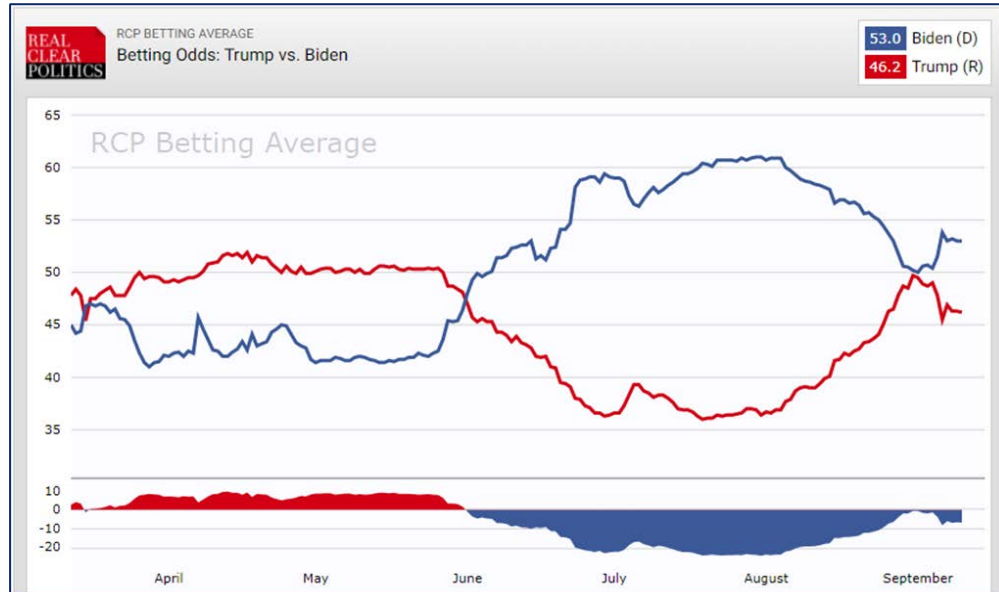
# Election 2020

The 2020 presidential election will be perhaps the most closely watched election in US history. The current odds on Real Clear Politics favor Joe Biden, but it's important to remember that the 2016 election odds favored Clinton all the way up until election day.



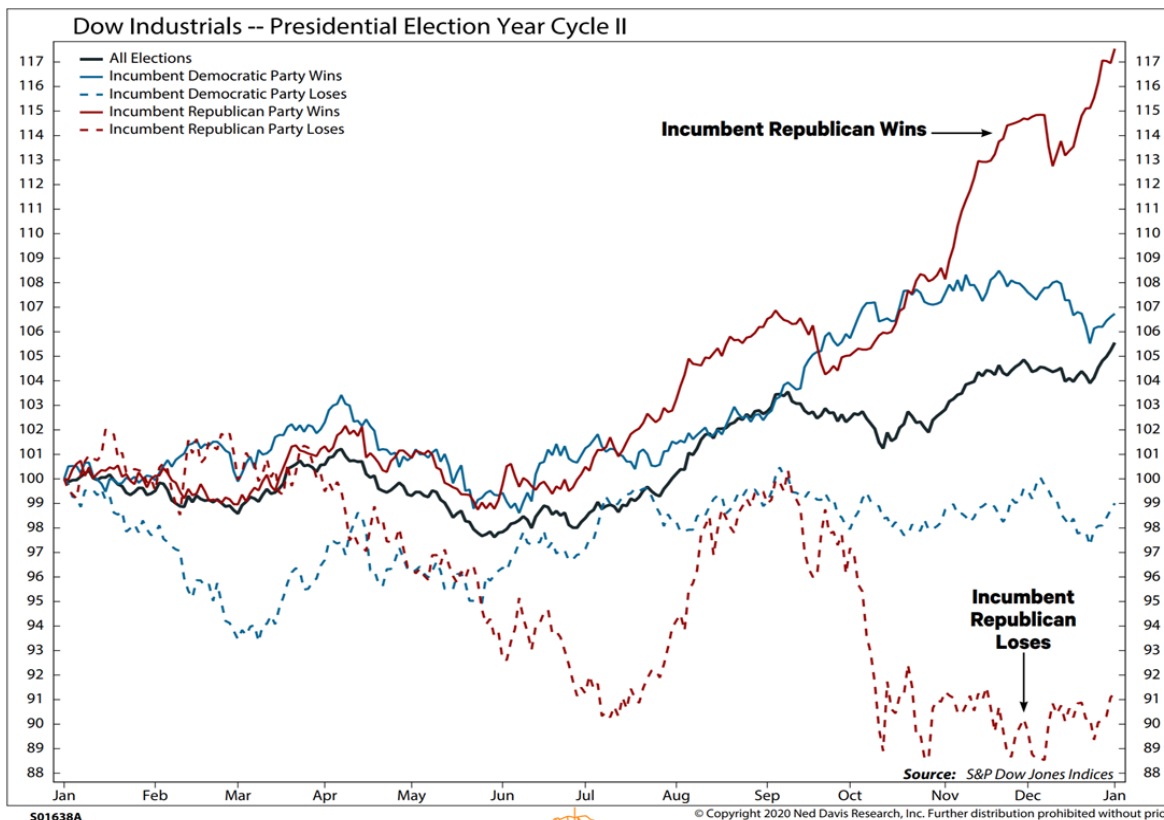
One of the biggest concerns around the election is just how the voting will work with the ongoing pandemic and social distancing measures that are in place throughout the country. The number of mail-in voters is likely to skyrocket given that mailing in a ballot allows people to avoid physically going to the polls. In anticipation of this change, state governments are saying

they need billions of dollars more in funding ahead of the election in order to process the ballots and currently we do not know if the federal government will provide that money. Furthermore, simply the extended timeline that comes with mail-in voting raises questions as it may result in a delay tabulating in the results as the ballots come in at various times rather than all on



one day as they do with in-person voting. In short, there are a lot of questions around this election that will make it unlike any other we've ever seen.

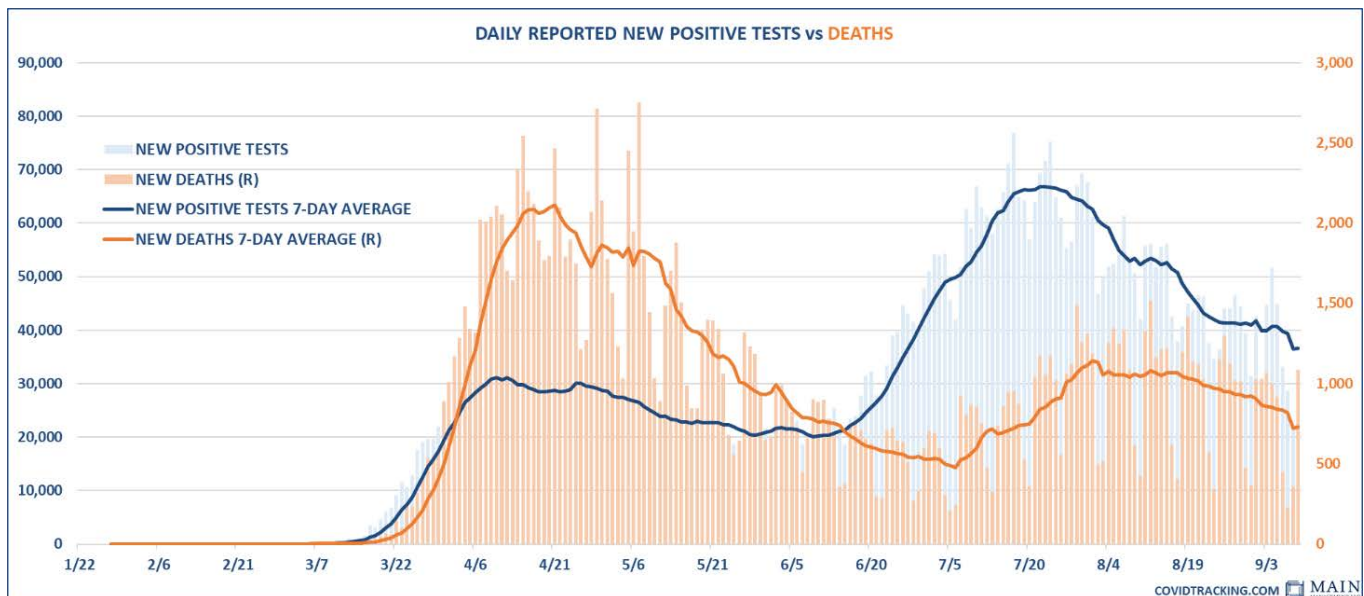
Historically, markets have performed quite well after an incumbent Republican win and quite poorly after an incumbent Republican loss. This difference is likely due, at least in part, to the fact that Democratic presidents are more likely to raise taxes and increase regulation than Republican ones.



## OUR THOUGHTS ON

## COVID

It certainly appears as though the 2nd wave of the virus is subsiding across the US as both new cases and deaths look to have peaked in late July / early August.



As far as re-opening goes, Goldman Sachs produces a daily state-level coronavirus tracker and assigns each state a score from 0 to 4 based on how many of the gating criteria have been met. On June 30, the score for the U.S. was 1.9 and as of August 27, the score has improved to 2.4. Clearly, things are moving in the right direction. From the most recent [report](#): "The estimated effective reproductive number  $R_t$ , a measure of case growth adjusted for testing, remains slightly below 1.0 nationally, suggesting case growth continues to decelerate slowly."

On the vaccine front, there is a concerted effort around the globe to bring something to market as soon as possible. The Pfizer CEO says they are on track for late October completion of their trials. AstraZeneca recently paused its trial for a safety review, but this sort

of hiccup is not unusual for the scientific process. In any case, it seems as though progress is being made and the fact that many companies are working on it independently is a good thing as they are likely taking different paths, thus increasing the likelihood of one of them developing an effective vaccine. We view the probable outcome not as a winner-takes-all scenario, but as one in which multiple companies bring something to market. We remain optimistic that a vaccine will be developed in the next 6-12 months but do recognize that even if that is the case, there is some probability of hesitation within the general public around taking said vaccine due to the perception of a rush to market. Still, any sort of vaccine or treatment would be welcome news to the re-opening process and would certainly buoy the markets.



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