

# Guggenheim's 2020 Election Portfolios: Final Update

Investors closely monitor many indicators to gauge voter sentiment in an election year, including polling data and trading markets, but we also believe stock market performance can be used as a complementary indicator. To find out what the stock market was telling us, we constructed hypothetical portfolios of equally weighted stocks that we believed would perform well under a Donald Trump victory (Trump Policy Portfolio) and a Joe Biden victory (Biden Policy Portfolio).

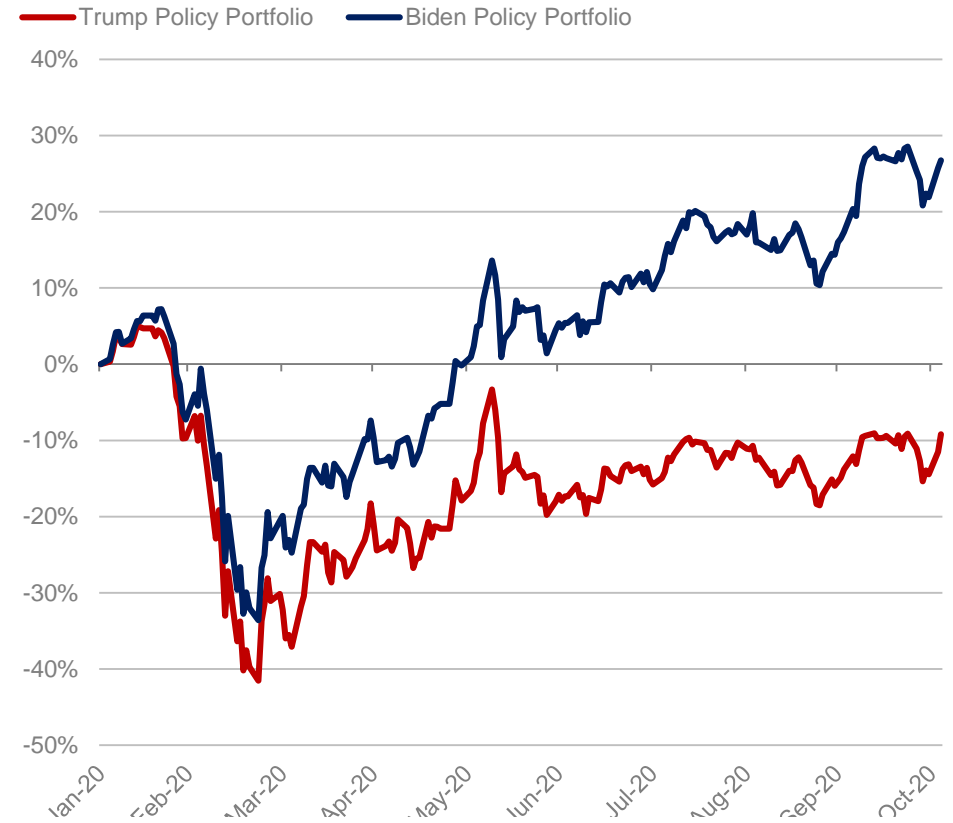
As markets are discounting mechanisms, we believed the relative performance of these portfolios in the months and weeks leading up to the election should reflect market expectations of the outcome. For example, if the Trump Policy Portfolio outperformed the Biden Policy Portfolio, then we could infer that the market was pricing a higher probability of a Trump victory. The opposite would be true if the Biden portfolio outperformed the Trump portfolio.

Our static portfolios were constructed based on the key aspects of each candidate's policy agenda that we believed will move markets. Building on Strategas Research Partners' work on forming policy-related baskets to track market-implied election odds, we selected a group of stocks that would hypothetically benefit from progress made on each candidate's agenda items. For example, President Trump has supported another tax cut, so we included in the Trump portfolio stocks that could benefit most if taxes are reduced, such as financials and consumer discretionary. Other agenda items taken into consideration in our Trump Policy Portfolio include financial deregulation, support for the oil and gas industry, and the 'America First' policies intended to stimulate domestic manufacturing activity. Biden's policy priorities include expanding healthcare access, increasing infrastructure spending, and addressing environmental sustainability. We believe a Biden victory would also mean reduced trade tensions with China.

We published daily updates to the portfolios through Election Day. Looking back, from Jan. 31, 2020, just before the COVID-related market panic, through Election Day on Nov. 3, the Biden Policy Portfolio gained 26.7 percent while the Trump Policy Portfolio lost 9.2 percent, meaning the Biden Policy Portfolio outperformed the Trump Policy Portfolio by 35.9 percentage points. From June 15, when Biden won the nomination, through Election Day, the Biden Policy Portfolio outperformed the Trump Policy Portfolio by 15.9 percentage points. In the last 5 trading days before Election Day, however, the Biden Policy Portfolio underperformed the Trump Policy Portfolio by 1.9 percentage points.

By this measure, at least, the markets apparently had it right. Biden was favored to win, but the race tightened heading into the election.

## Guggenheim's Trump Policy and Biden Policy Portfolios



Period	Trump Policy Portfolio	Biden Policy Portfolio
1 Day Change	2.6%	0.8%
5 Trading Day Change	4.0%	2.1%
30 Trading Day Change	8.4%	11.5%

Source: Guggenheim Investments, Bloomberg. Data as of 11.03.2020. Past performance does not guarantee future results.

# Guggenheim's 2020 Election Portfolios: FAQ

## Which stocks comprise your hypothetical election portfolios?

Please see next slide for both baskets.

## Are there ETFs in your portfolios?

No. The stocks in our hypothetical portfolios are of individual companies.

## How are your portfolios weighted?

Our hypothetical portfolios are equally weighted and rebalanced daily.

## What sectors are represented in each portfolio?

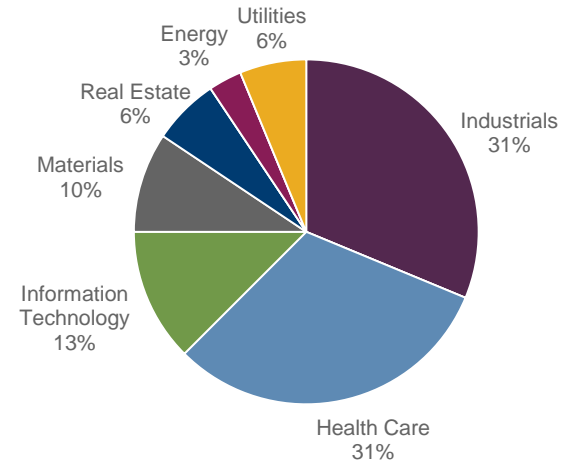
Please see Chart 1 and Chart 2.

## What are the key policy agendas that are represented in each portfolio?

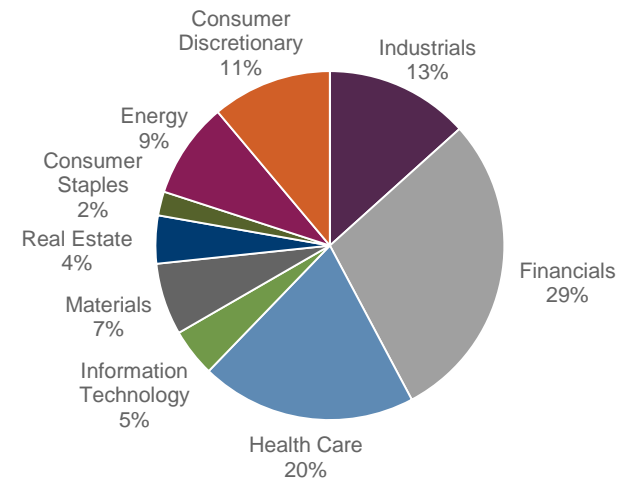
The hypothetical Biden portfolio is based on Joe Biden's position on cannabis legalization, environmental sustainability, expanding healthcare access, and infrastructure spending. We also included stocks that we believe would benefit from a de-escalation in U.S-China trade tensions.

The hypothetical Trump portfolio is based on Donald Trump's position on deregulation, corporate tax reductions, defense spending, and the 'America First' policies intended to stimulate domestic manufacturing activity. We also included for-profit prisons and for-profit education, which are two subindustries that performed well immediately following the 2016 Presidential election.

### Chart 1. Biden Policy Basket, Sector Composition



### Chart 2. Trump Policy Basket, Sector Composition



Source: Guggenheim Investments, Bloomberg. Data as of 9.9.2020.

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## Biden Policy Basket (BPB)

	Company Name	Ticker	Sector
BPB	Renewable Energy Group Inc	REGI	Energy
BPB	Canopy Growth Corp	CGC	Health Care
BPB	Curaleaf Holdings Inc	CURLF	Health Care
BPB	Thermo Fisher Scientific Inc	TMO	Health Care
BPB	AmerisourceBergen Corp	ABC	Health Care
BPB	Cardinal Health Inc	CAH	Health Care
BPB	Centene Corp	CNC	Health Care
BPB	HCA Healthcare Inc	HCA	Health Care
BPB	Johnson & Johnson	JNJ	Health Care
BPB	McKesson Corp	MCK	Health Care
BPB	Boeing Co/The	BA	Industrials
BPB	3M Co	MMM	Industrials
BPB	Nikola Corp	NKLA	Industrials
BPB	AECOM	ACM	Industrials
BPB	Caterpillar Inc	CAT	Industrials
BPB	Jacobs Engineering Group Inc	J	Industrials
BPB	MasTec Inc	MTZ	Industrials
BPB	Valmont Industries Inc	VMI	Industrials
BPB	Xylem Inc/NY	XYL	Industrials
BPB	Union Pacific Corp	UNP	Industrials
BPB	Applied Materials Inc	AMAT	Information Technology
BPB	Broadcom Inc	AVGO	Information Technology
BPB	SolarEdge Technologies Inc	SEDG	Information Technology
BPB	First Solar Inc	FSLR	Information Technology
BPB	DuPont de Nemours Inc	DD	Materials
BPB	US Concrete Inc	USCR	Materials
BPB	Vulcan Materials Co	VMC	Materials
BPB	Innovative Industrial Properties Inc	IIPR	Real Estate
BPB	American Tower Corp	AMT	Real Estate
BPB	NextEra Energy Inc	NEE	Utilities
BPB	Ormat Technologies Inc	ORA	Utilities
BPB	Quest Diagnostics Inc	DGX	Health Care

## Trump Policy Basket (TPB)

	Company Name	Ticker	Sector
TPB	Ford Motor Co	F	Consumer Discretionary
TPB	General Electric Co	GE	Industrials
TPB	General Motors Co	GM	Consumer Discretionary
TPB	Raytheon Technologies Corp	RTX	Industrials
TPB	United States Steel Corp	X	Materials
TPB	Alliance Data Systems Corp	ADS	Information Technology

## Trump Policy Basket (TPB) (cont'd)

	Company Name	Ticker	Sector
TPB	Akamai Technologies Inc	AKAM	Information Technology
TPB	AutoNation Inc	AN	Consumer Discretionary
TPB	Cboe Global Markets Inc	CBOE	Financials
TPB	Discover Financial Services	DFS	Financials
TPB	Expeditors International of Washington	EXPD	Industrials
TPB	Gap Inc/The	GPS	Consumer Discretionary
TPB	Laboratory Corp of America Holdings	LH	Health Care
TPB	Monster Beverage Corp	MNST	Consumer Staples
TPB	Regeneron Pharmaceuticals Inc	REGN	Health Care
TPB	Raymond James Financial Inc	RJF	Financials
TPB	Charles Schwab Corp/The	SCHW	Financials
TPB	General Dynamics Corp	GD	Industrials
TPB	Lockheed Martin Corp	LMT	Industrials
TPB	ACADIA Pharmaceuticals Inc	ACAD	Health Care
TPB	Acorda Therapeutics Inc	ACOR	Health Care
TPB	Amarin Corp PLC	AMRN	Health Care
TPB	ANI Pharmaceuticals Inc	ANIP	Health Care
TPB	Collegium Pharmaceutical Inc	COLL	Health Care
TPB	Pfizer Inc	PFE	Health Care
TPB	Vertex Pharmaceuticals Inc	VRTX	Health Care
TPB	EOG Resources Inc	EOG	Energy
TPB	Navient Corp	NAVI	Financials
TPB	Transocean Ltd	RIG	Energy
TPB	TC Energy Corp	TRP	Energy
TPB	Exxon Mobil Corp	XOM	Energy
TPB	Chemours Co/The	CC	Materials
TPB	Freeport-McMoRan Inc	FCX	Materials
TPB	Equifax Inc	EFX	Industrials
TPB	Goldman Sachs Group Inc/The	GS	Financials
TPB	JPMorgan Chase & Co	JPM	Financials
TPB	Morgan Stanley	MS	Financials
TPB	PNC Financial Services Group Inc/The	PNC	Financials
TPB	Regions Financial Corp	RF	Financials
TPB	World Acceptance Corp	WRLD	Financials
TPB	Navient Corp	NAVI	Financials
TPB	Perdoceo Education Corp	PRDO	Consumer Discretionary
TPB	SLM Corp	SLM	Financials
TPB	CoreCivic Inc	CXW	Real Estate
TPB	GEO Group Inc/The	GEO	Real Estate

Source: Guggenheim Investments, Bloomberg. Data as of 9.9.2020. Data is subject to change on a daily basis. The securities mentioned are provided for informational purposes only and should not be deemed as a recommendation to buy or sell.

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