

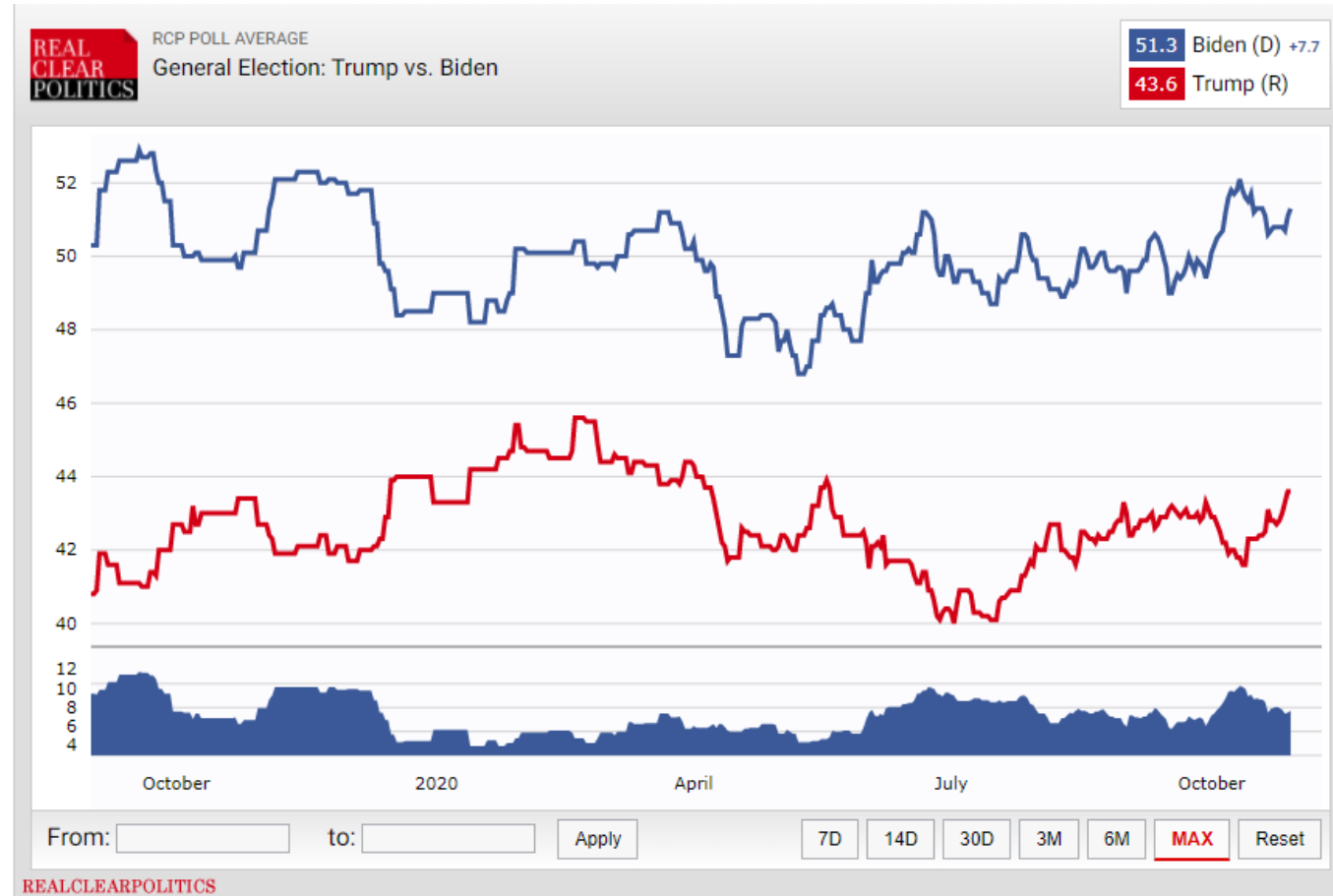
Sevens Report Alpha Webinar:

Final Election Roadmap

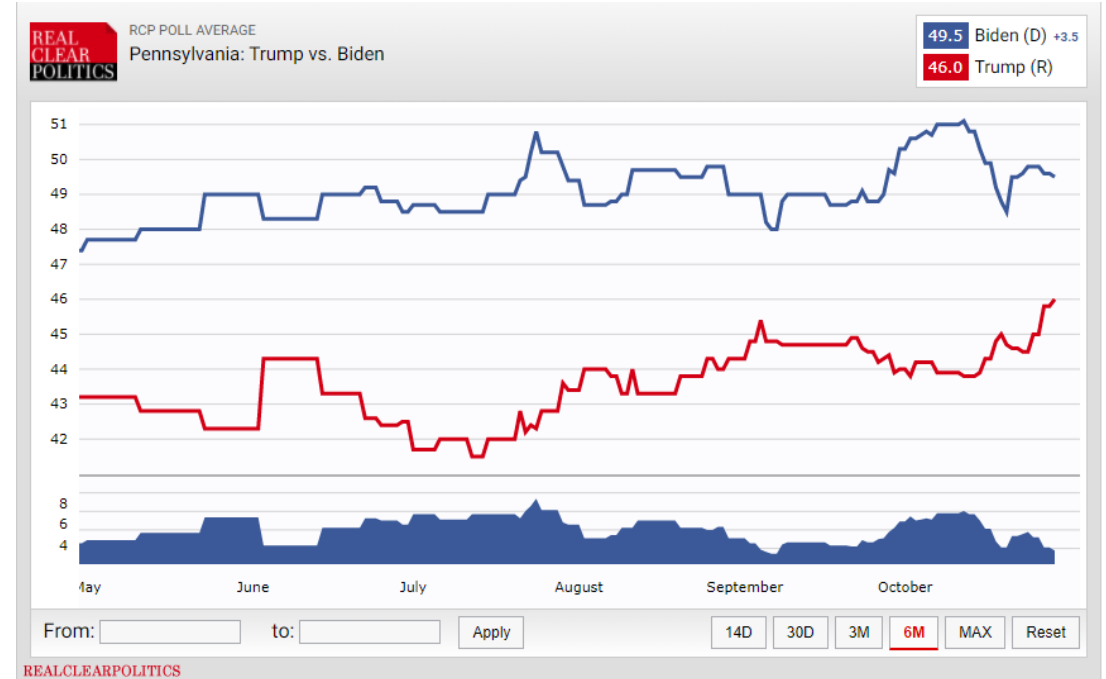
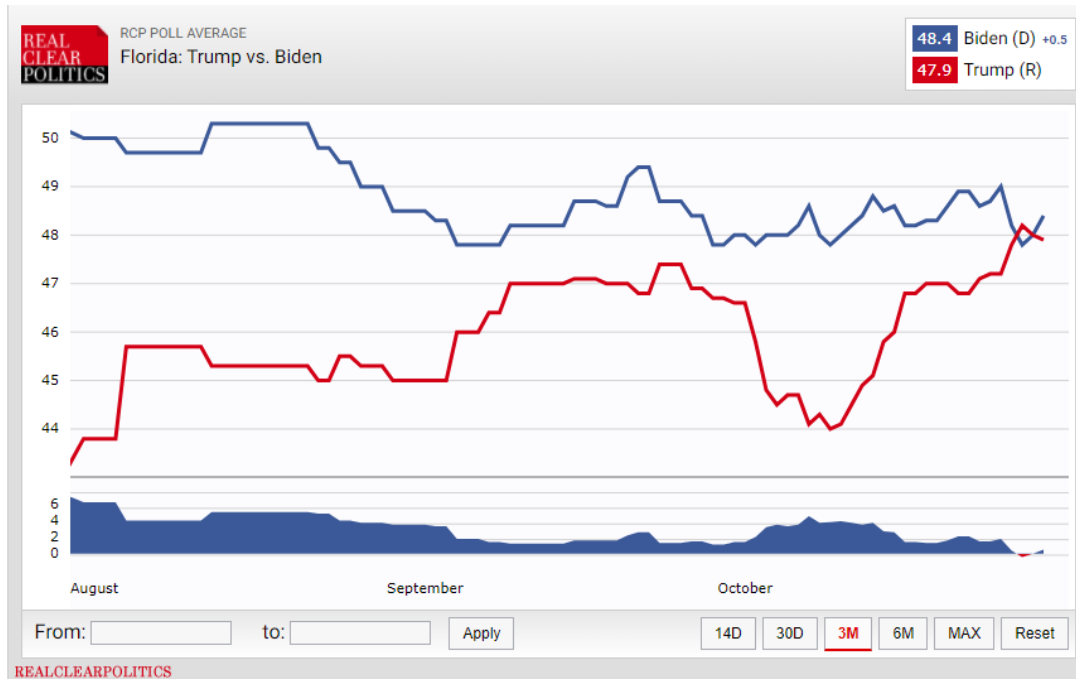
Thursday, October 29th, 2020

Tom Essaye, President Sevens Report Research

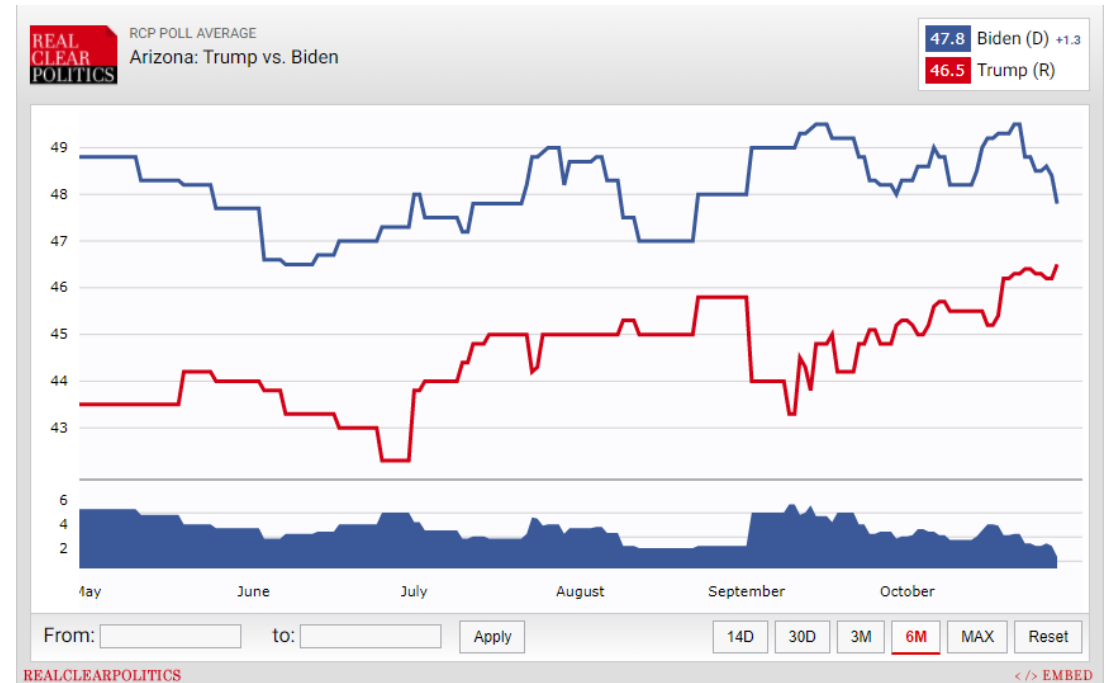
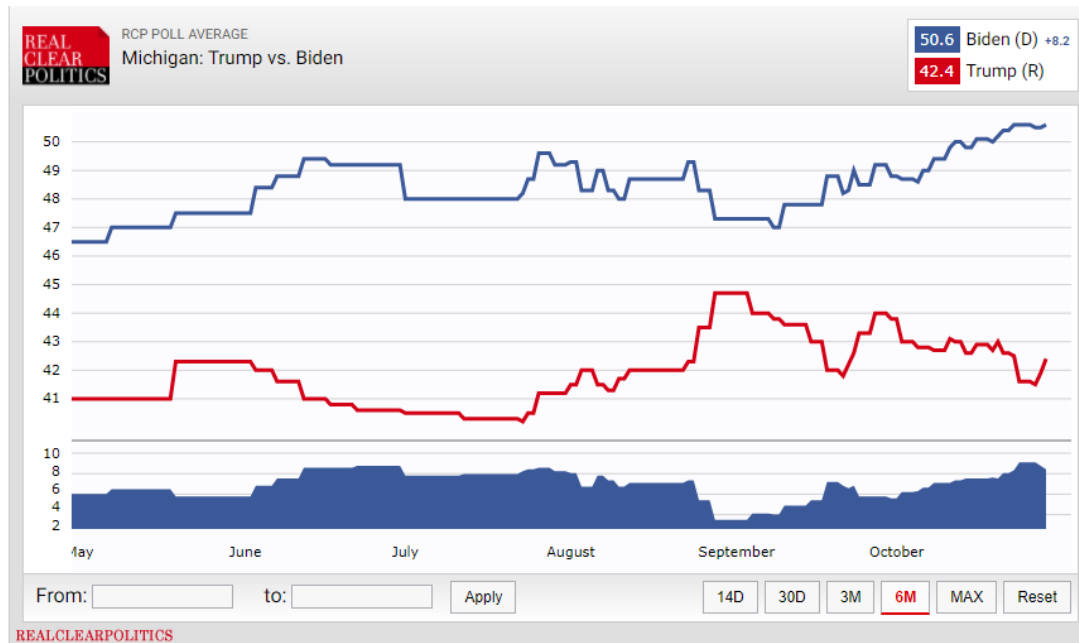
Current Polls: National



Current Polls: Swing States



Current Polls: Swing States



Current Polls: Swing States vs. 2016

State	RCP Average Pre-Election 2016	Actual Result	Difference	Current
Florida	Trump 0.02%	Trump 1.2%	Trump 1%	Biden 0.5%
Pennsylvania	Clinton 1.9%	Trump 0.7%	Trump 2.6%	Biden 3.5%
Wisconsin	Clinton 6.5%	Trump 0.7%	Trump 7.2%	Biden 6.4%
North Carolina	Trump 1%	Trump 3.7%	Trump 2.7%	Biden 0.70%
Michigan	Clinton 3.4%	Trump 0.3%	Trump 3.7%	Biden 8.2%
Arizona	Trump 4%	Trump 3.5%	Clinton 0.5%	Biden 1.3%

Senate Race – Key Races to Watch

State	Currently	Polls	Flip or Keep?
Maine	Republican	Democrat	Flip - Democrat
North Carolina	Republican	Democrat	Flip - Democrat
Arizona	Republican	Democrat	Flip - Democrat
Georgia	Republican	Republican	Keep
Colorado	Republican	Democrat	Flip - Democrat
Alabama	Democrat	Republican	Flip - Republican

- To control Senate need to a net pick up of three Senate seats, if Biden wins Presidency.
- If Trump wins Presidency, Democrats need a net pick up of four seats (Pence would be tie breaker in 50/50 split).
- Polls favor Democrats winning, but almost all these races (with exception of Colorado and maybe Maine) are close.

Asset Class Expectations

	Divided Government	Blue Wave	No Decision	Red Wave (2016 Repeat)
S&P 500	Flat to Down Modestly (no stimulus)	Short Term Rally (up to 6 months)	Sharp Drop (Confusion/No Stimulus)	Short term lower, but rally later (Smaller stimulus but tax cuts)
Value/Growth	Growth Relatively Outperforms	Value Outperforms	Large Cap Tech/Defensives Outperform	Growth Initially Outperforms/Value Later
Treasury Yields	Lower (no stimulus)	Higher	Lower (sharply)	Lower then Higher
Dollar	Higher (no stimulus)	Lower	Higher (sharply)	Higher then Lower
Gold	Lower	Higher	Lower (sharply)	Lower then Higher
Oil	Lower (no stimulus)	Higher	Lower (sharply)	Lower then Higher

Sector winners and losers from a Biden Presidency

- President Biden

- Winners

- ESG & Renewable Energy (ESGV)
 - U.S./China Tariff De-Escalation
 - Retailers (RTH)
 - Consumer Discretionary (XLY)
 - Industrials (XLI)
 - Infrastructure (IGF/XLI)
 - Hospitals/Medical Tech
 - IHF (Healthcare Providers ETF)
 - IHI (Medical Device ETF)
 - Marijuana Stocks (MJ)
 - Emerging Markets (IEMG/EEMV)
 - China (FXI)

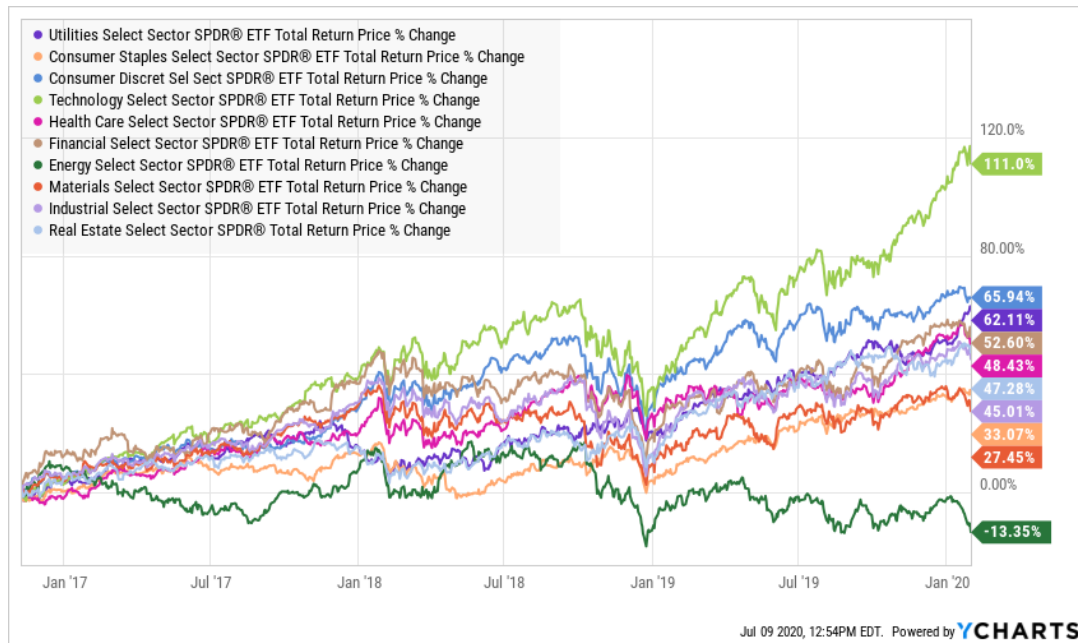
- President Biden

- Losers

- Private Prisons/Gun Manufacturers (GEO/SWBI)
 - Oil and Gas
 - (XLE/XOP)
 - Hotels/Grocers/Retailers (Minimum Wage Hike)
 - MAR/WYNN/STWD
 - JWN/TGT/M/WMT
 - Pharma (Drug Prices)
 - PJP

Sector winners and losers from a Trump Presidency

What Has Happened



Trump Sub-Sector Winners/Losers

- Tech (XITK/FDN)
- Consumer Discretionary (VCR/IBUY)
- 5-G (FIVG)
- Infrastructure (IGF/XLI)
- Defense (ITA)
- Avoid China (No FXI or ASHR)
- Avoid Renewable Energy (ESGV)
- Avoid Marijuana Stocks (MJ)

Contested Election Scenario

- Short Term: Intense Volatility.
 - Hedged Equity: DMRL
 - Precious Metals: GLD/SGOL
- Key Dates
 - December 8th. States must resolve any election related disputes.
 - December 14th: State Electors must cast their ballots in the Electoral College.
 - January 6th: Congress counts the electoral votes and a winner is declared.
 - Look back: Bush v. Gore ended December 11th.

Election Road Map

- States Trump MUST win (if he loses one, it's over).
 - Tier 1: Texas, Georgia.
 - Tier 2: Florida, North Carolina, Ohio, Iowa.
 - If that happens, Trump will have 247 Electoral Votes. 23 Remaining.
- If Trump wins those six states, then it will start to get interesting.
 - Remaining swing states:
 - Pennsylvania (20 votes)
 - Michigan (16 votes)
 - Wisconsin (10 votes)
 - Arizona (11 votes)
 - Nevada (6 votes)
 - If Trump wins Pennsylvania, he needs just one other of the remaining four to win.
 - If Trump loses Pennsylvania, Trump must win Michigan *and* Wisconsin or Arizona.
 - If Trump loses Pennsylvania and Michigan, he must win Wisconsin, Arizona and Nevada.