Morgan Stanley



Chris Benedict, CFA
The Benedict-McLoughlin Group

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The Election Edition

Despite the polls indicating that we will likely have a new U.S. Administration in 2021, I still think it's a 50/50 proposition. As we saw in 2016, the margin of error in our polling system is underestimated. Whether it's a reluctance for some people to admit that they will vote for the incumbent or that these potential incumbent voters are simply not being found by the pollsters, I just don't think the polls are that predictive in this instance.

Key Dates:

9/29 - 1st Presidential Debate

10/7 - Vice Presidential Debate

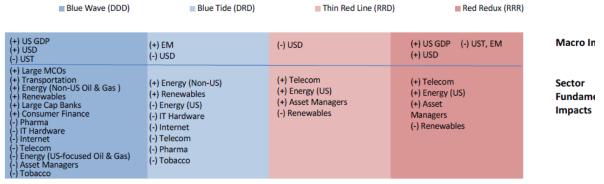
10/15 – 2nd Presidential Debate

10/22 - 3rd Presidential Debate

11/3 - Election Day

12/14 - Electoral College Meets to Vote

And, while statistics show that the economic cycle is more important than election results in determining future stock market performance overall, certain sectors may very well be affected differently depending on who wins the White House, Senate and House. Here is a summary grid from Morgan Stanley Strategists:



Source: Morgan Stanley Research 9/8/20.

For a more detailed analysis, here are links to two Morgan Stanley reports you might find interesting:

US Election: The Waiting Is the Hardest Part

US Policy Pulse: A History of General Election Performance, Part 1

Regardless of the outcome, I continue to believe the significant opportunities going forward are the value and cyclical stocks in the U.S. and, indeed, globally. Even a modest and relatively slow re-opening/recovery should provide meaningful relative earnings growth for this sector of the market for the foreseeable future. As always, my allocation tilts are summarized below...

*Tactical Allocation Tilts in my Global Growth and Global High Income Model Portfolios (as of 9/21/20):

Overweight

Long/Short Equity, Quality Dividend Paying Global Equities, Early Cycle Value stocks, Emerging Market Consumer Equities, Short-Term High Yield Fixed Income, Total Return Strategies

Underweight

U.S. Treasuries, "High Quality" Corporate and Municipal Bonds, Long-Term Fixed Income

The Benedict-McLoughlin Group always strives to use sound judgment...at every decision point.

We bring experience, credentials and tenacity which we expect to continue to enable us to help achieve our clients' goals over time.

^{*} These weightings do not consider each client's unique profile, preferences and/or constraints and therefore may not be applicable to you.

Regards, Chris

hristopher N. Benedict, CFA

enior Portfolio Manager/Financial Advisor Iternative Investments Director

he Benedict-McLoughlin Group – "Institutional Caliber Portfolio lanagement, Customized to Your Personal Situation"

lorgan Stanley Wealth Management

0960 Wilshire Boulevard, Ste 2000 | Los Angeles, CA 90024 10-443-0556 | 800-648-3833 | (F) 310-443-0566 hris.benedict@morganstanley.com

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earn about our new Goals Planning System (GPS) – watch the two minute 3PS Video

inked in: www.linkedin.com/in/chrisbenedictcfa

VEB: http://fa.morganstanley.com/benedictmcloughlingroup/

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Bonds rated below investment grade may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk and price volatility in the secondary market. Investors should be careful to consider these risks alongside their individual circumstances, objectives and risk tolerance before investing in high-yield bonds. High yield bonds should comprise only a limited portion of a balanced portfolio.

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