

# Looking Ahead to 2021

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## The Outlook for Long-Term Investors

Presented by:



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Director of Experience & Engagement

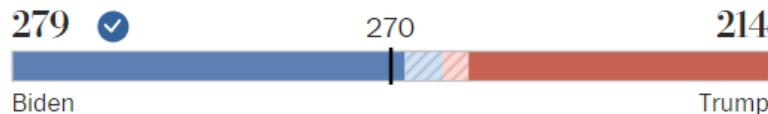


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Director of Investment Communications

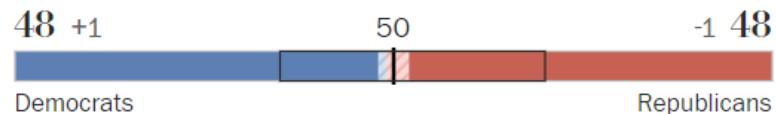
## The Presidency, the Senate & the House



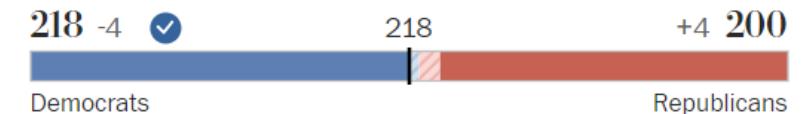
**President**



**Senate**

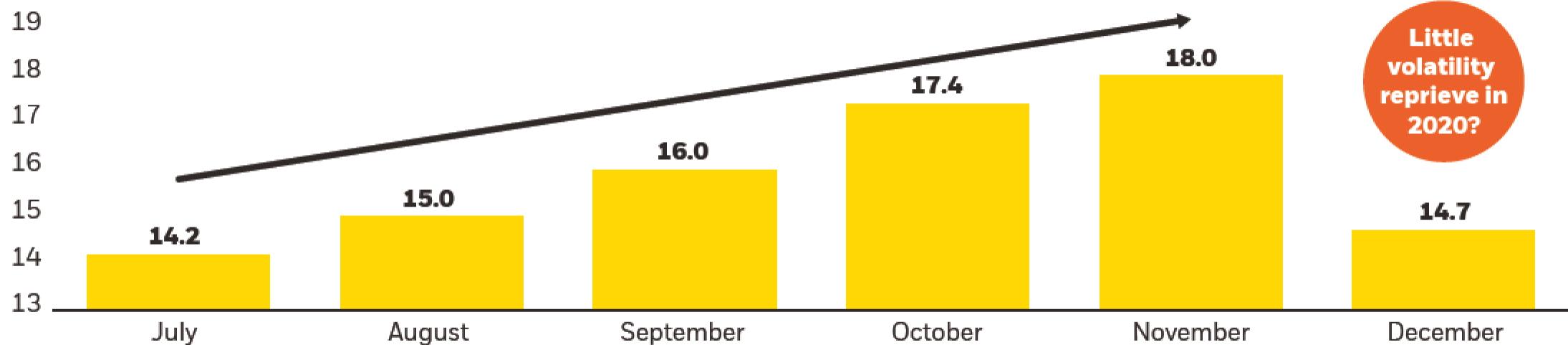


**House**



## Elections Have Historically Stoked Market Volatility

### Volatility in U.S. election years, 1928-2016



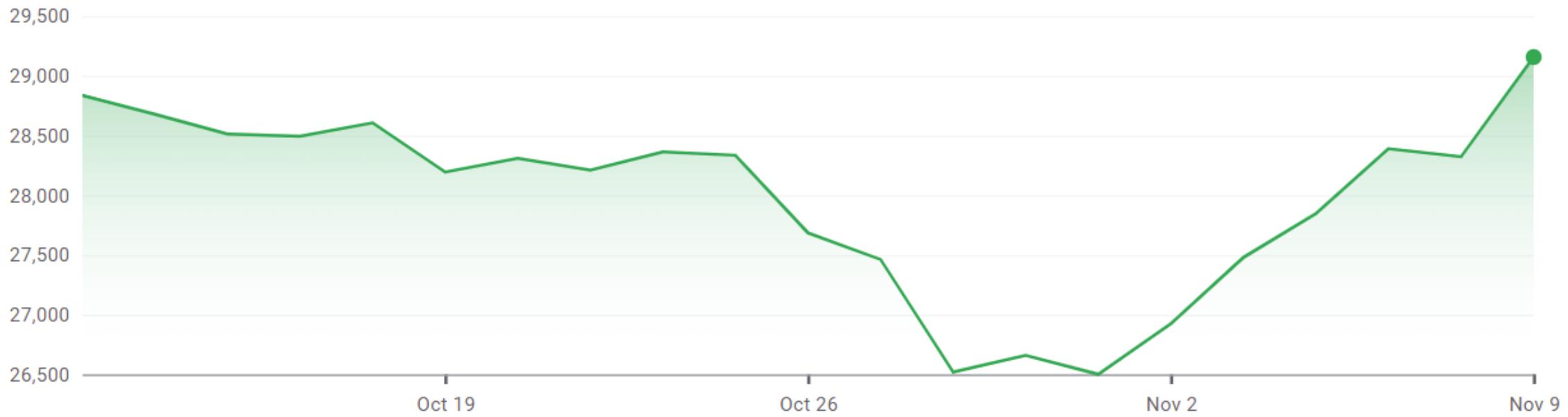
Source: Bloomberg, FactSet, BofA U.S. Equity & Quant Strategy, August 2020. Chart shows average monthly volatility as measured by the VIX from 1990–present, and the monthly average of daily S&P 500 return volatility from 1928–1989.

Investors cannot invest directly in an index. Indexes have no fees. Historical performance results for investment indexes do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the occurrence of which would have the effect of decreasing historical performance results. Actual performance for client accounts will differ from index performance. Please see disclosure at the end of presentation for additional information regarding indices shown above.

# The Market Was Anticipating Chaos

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- Dow dropped 6.5% in the last week of October
  - Worst pre-election performance on record

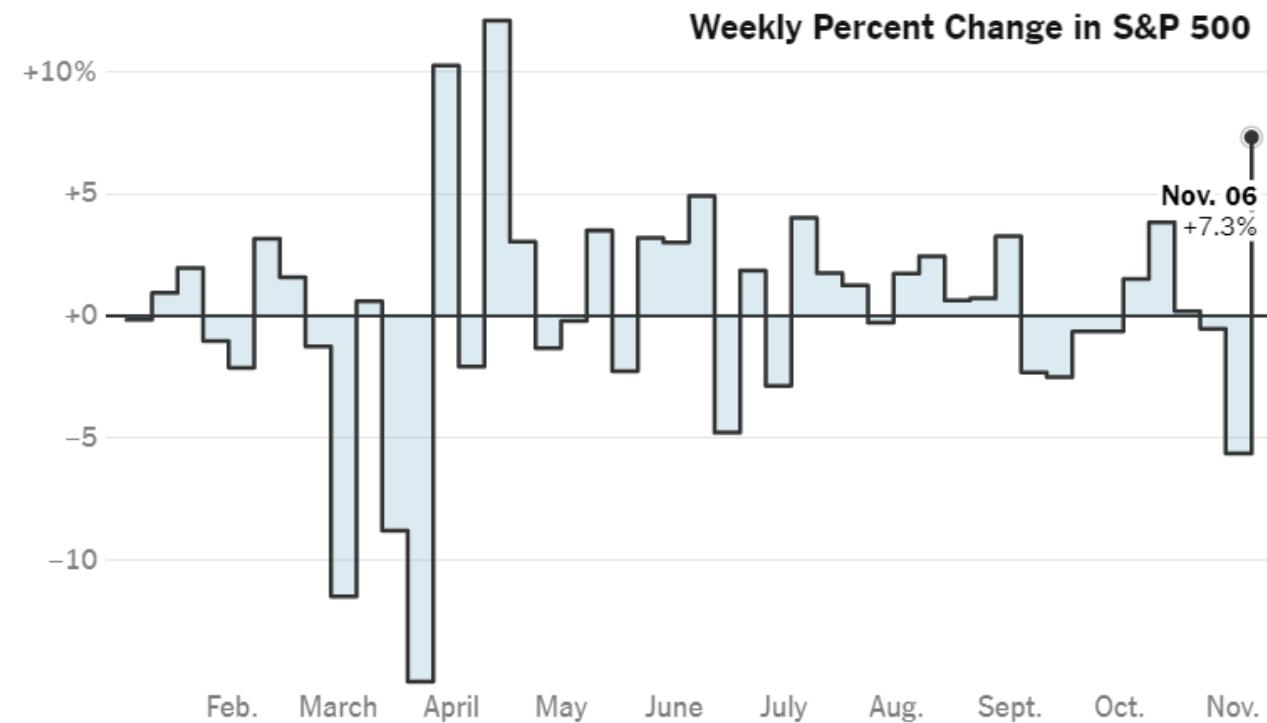


Source: Ned Davis Research

# But the Next Week...

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- Stocks Had Best Week Since April



Source: FactSet • By The New York Times

# Elections in Perspective

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## Market Performance During Various Political Administrations



- Republican in White House
- Democrats Control Chamber of Congress

1.8% Annual Return

- Democrat in White House
- Republicans Control Chamber of Congress

10% Annual Return

President - Dem	S&P 500 (incl. dividends)	3-month T.Bill	Return on 10-Year T. Bond
President - Dem	14.48%	2.35%	48
President & Congress - Dem	8.07%	3.49%	13
President & Congress - Dem	13.70%	2.72%	34
President & Congress - Mixed	10.33%	4.53%	44

Source: [http://www.stern.nyu.edu/~adamodar/New\\_Home\\_Page/data.html](http://www.stern.nyu.edu/~adamodar/New_Home_Page/data.html)

Annualized returns. Past performance does not guarantee future results. All data is from sources believed to be reliable but cannot be guaranteed or warranted. The above information is supplemented by the index disclosure located at the end of this presentation. Investors cannot invest directly in an index.

# It May Not Matter Who is In Office

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## The Persistent Presidential Dummy

JOHN G. POWELL  
JING SHI  
TOM SMITH  
ROBERT E. WHALEY

### **The Persistent Presidential Dummy**

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## Biden & Split Congress

### Potential impact on economy & markets

- Fiscal stimulus package (less)
- No tax changes
- Rollback of Trump era de-regulation (some)
- Energy, Financials, Healthcare & Big Tech risks (to lesser extent)
- Low interest rates for longer
- Resumption of more traditional trade/Tense relations with China

# The Risks of Prediction

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Perspective from the Trump Administration



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# 5 No-Brainer Stocks to Buy if Joe Biden Wins in November

Biden's policy proposals would be great news for these companies.



**Sean Williams** (TMFUltraLong)

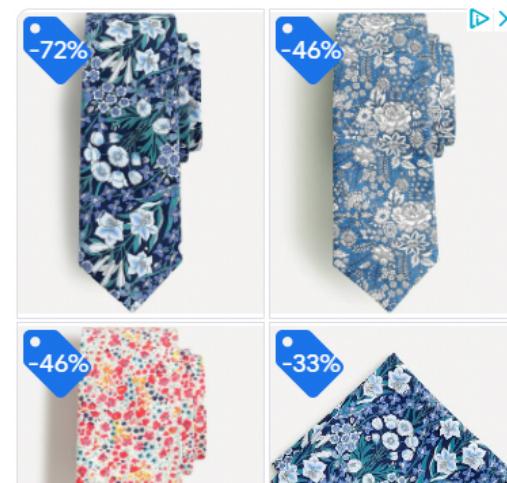
Oct 15, 2020 at 6:06AM

[Author Bio](#)

It's officially crunch time on the campaign trail. In just 19 days, Americans will head to local voting booths or mail their ballots to determine who will lead the U.S. for the next four years.

As we learned in 2016, a lot can happen over the final weeks of an election. However, polling has consistently shown Democratic Party challenger Joe Biden with a notable lead nationally and in swing states over incumbent Republican Donald Trump. Though victory is far from guaranteed, Biden's policy proposals could seriously impact the growth trajectory for a number of sectors, industries, and companies.

Hypothetically speaking, if Joe Biden wins on Nov. 3, the following five stocks become no-brainer buys.



STOCKS TO BUY

# 15 Best Stocks to Buy for the Joe Biden Presidency

In January, Joe Biden will become America's 46th president. These are 15 of the best stocks to own under the new administration.

by: Charles Lewis Sizemore, CFA • November 9, 2020



Getty Images

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# 19 Election Stocks to Buy if Joe Biden Wins in 2020

A number of different sectors and stocks will benefit from a Biden victory in November

By Will Ashworth, InvestorPlace Contributor Nov 3, 2020, 6:00 pm EST



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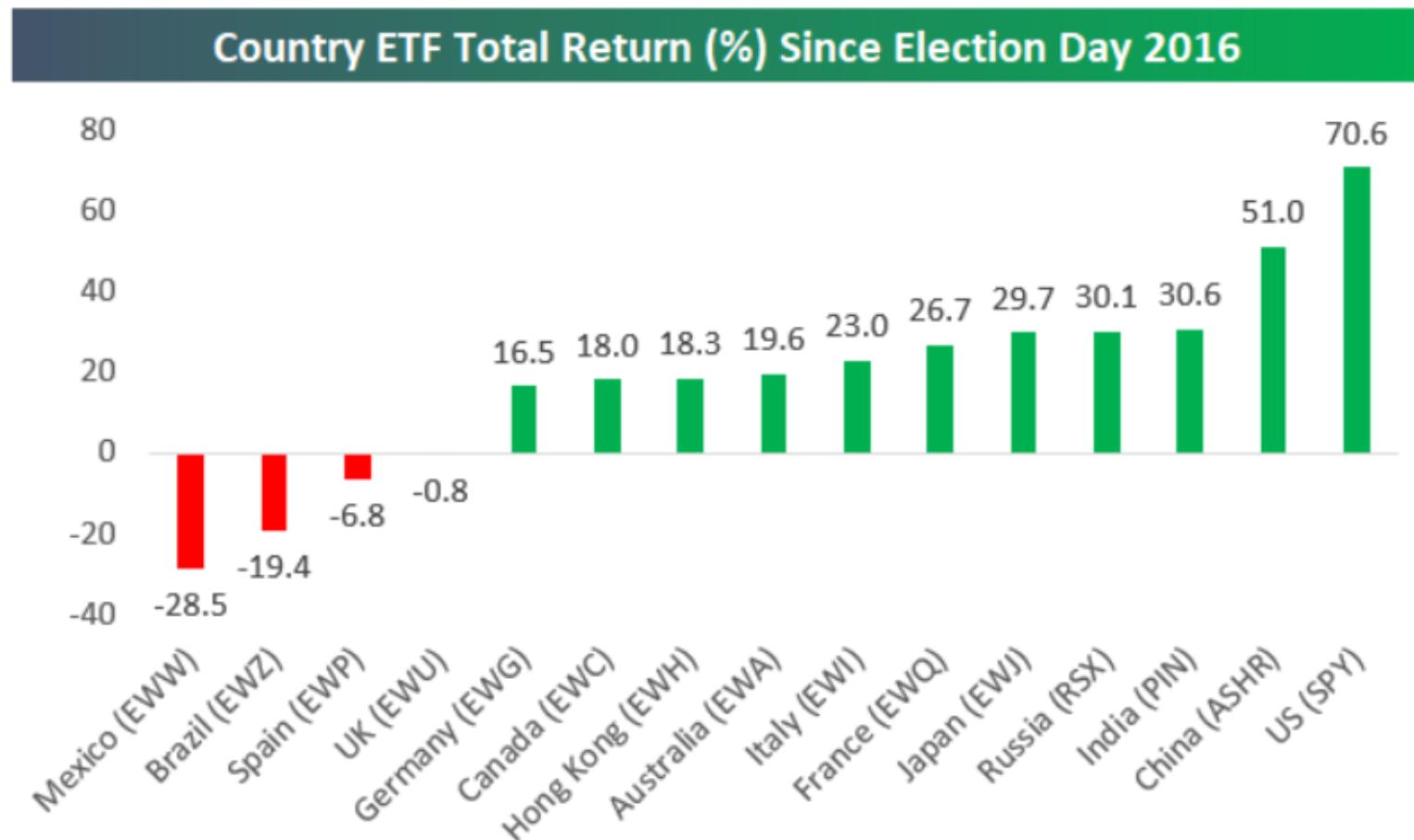
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# Top Performing Global Markets

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Since Election Day 2016

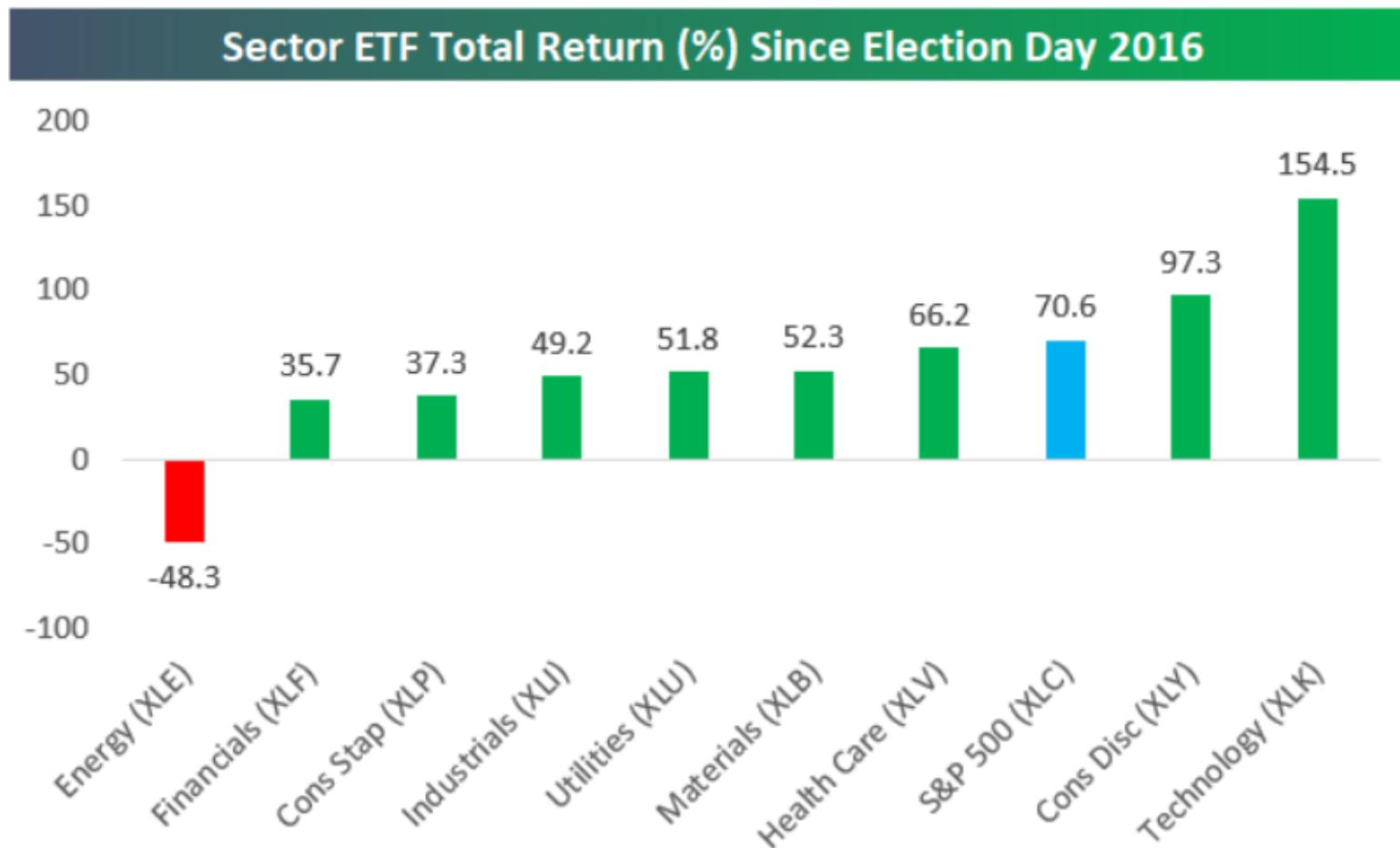


Source: Bespoke Research 11/2/20

# Top Performing Sectors

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Since Election Day 2016

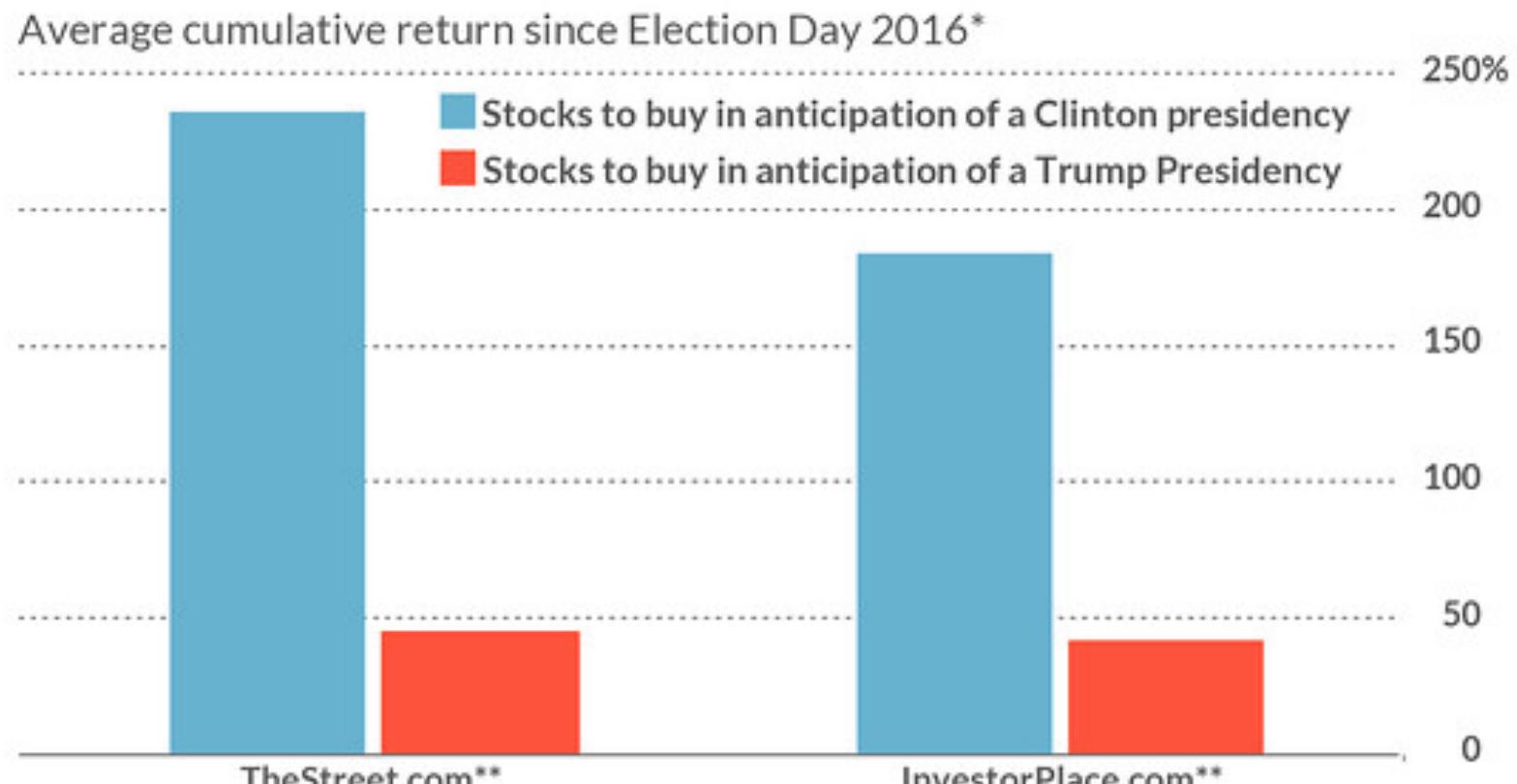


Source: Bespoke Research 11/2/20

# Predictions are Difficult

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...especially about the future

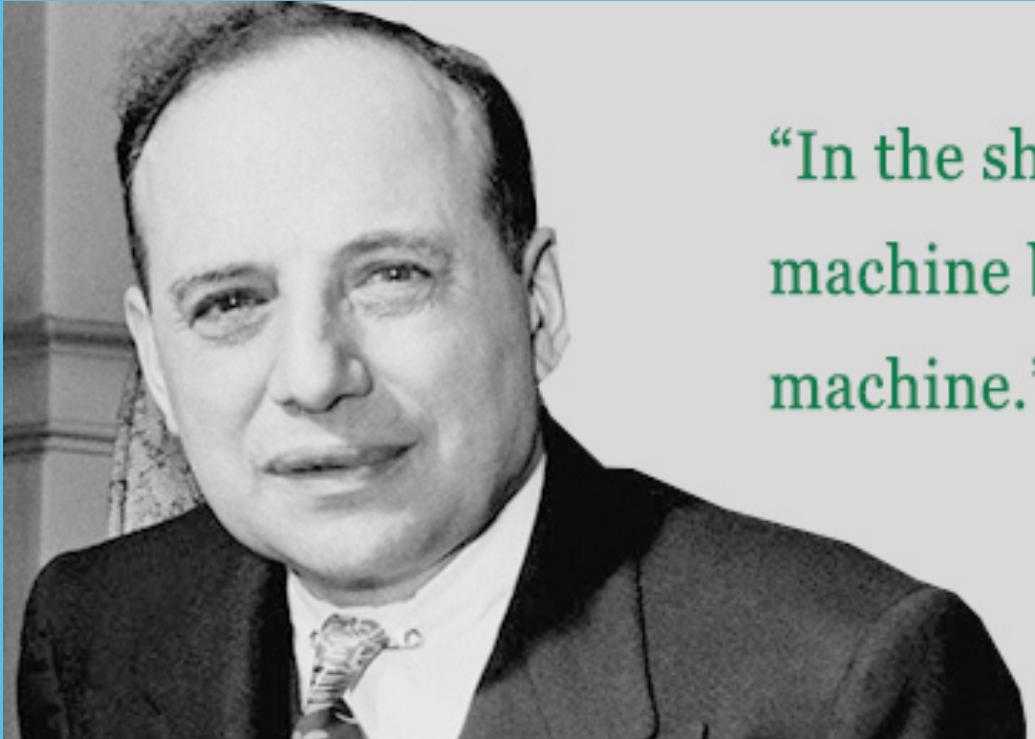


\*Through 10/1/2020

\*\* Articles in November 2015 and March 2016

\*\*\* Articles in October and November 2016

Source: [www.HulbertRatings.com](http://www.HulbertRatings.com)



“In the short run, the market is a voting machine but in the long run, it is a weighing machine.”

~Benjamin Graham

# The COVID 19 Pandemic

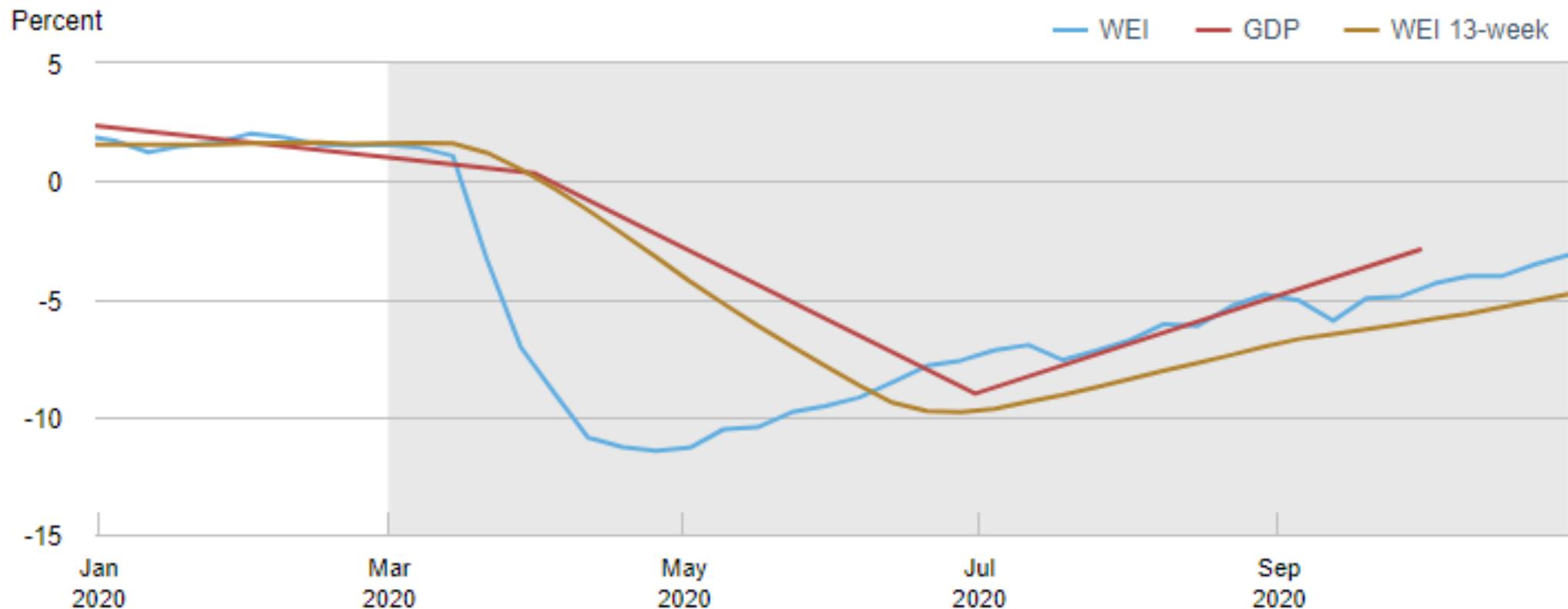
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New Hope

# The Economy

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## Recovery Slowing Down



**Source:** Federal Reserve Bank of New York

Past performance does not guarantee future results. All data is from sources believed to be reliable but cannot be guaranteed or warranted.

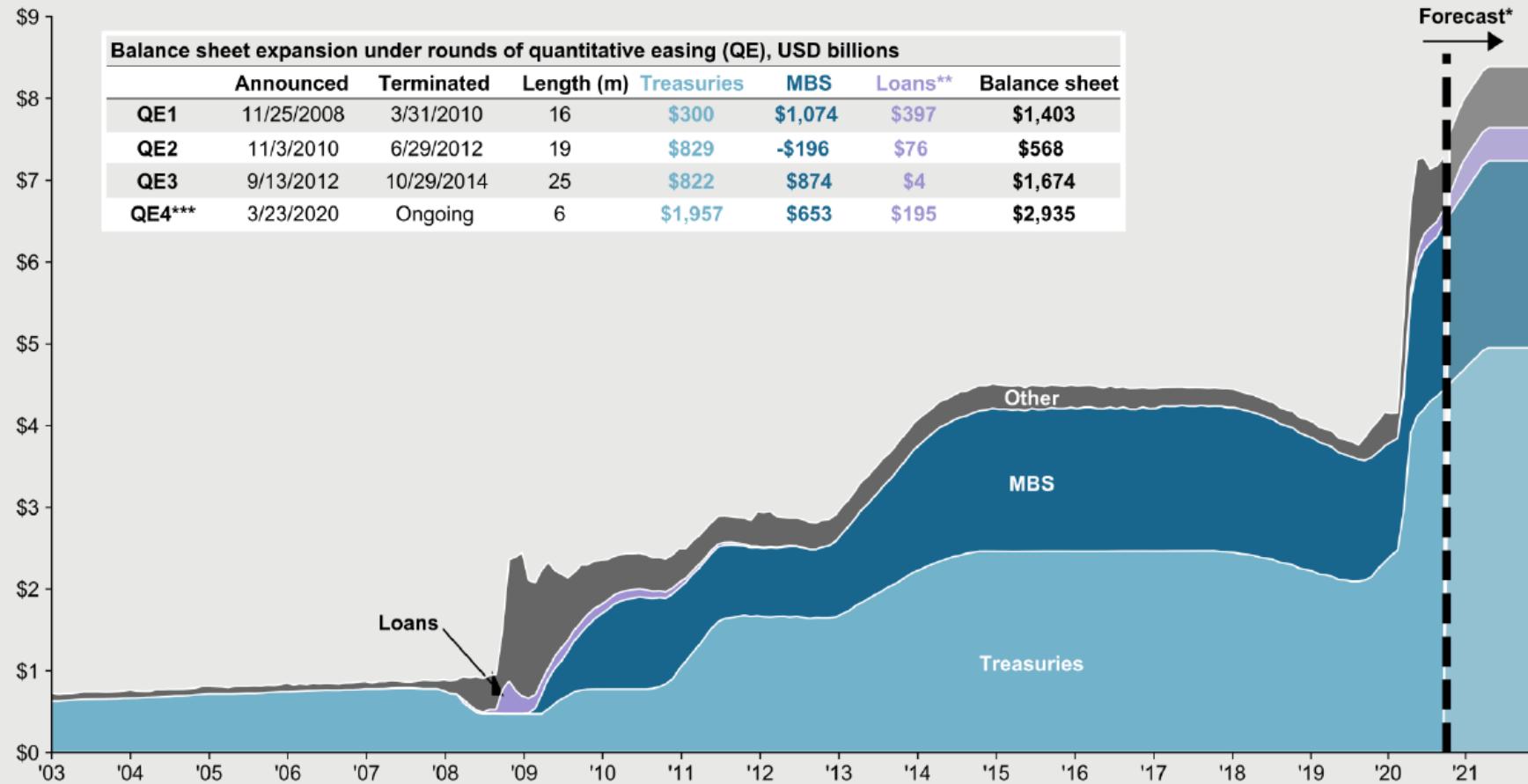
**WEI:** Weekly Economic Index. GDP: Gross Domestic Product.

# The Stimulus

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## In Limbo – Congress & The Fed

The Federal Reserve balance sheet  
USD trillions



**Source:** FactSet, Federal Reserve, J.P. Morgan Investment Bank, J.P. Morgan Asset Management.

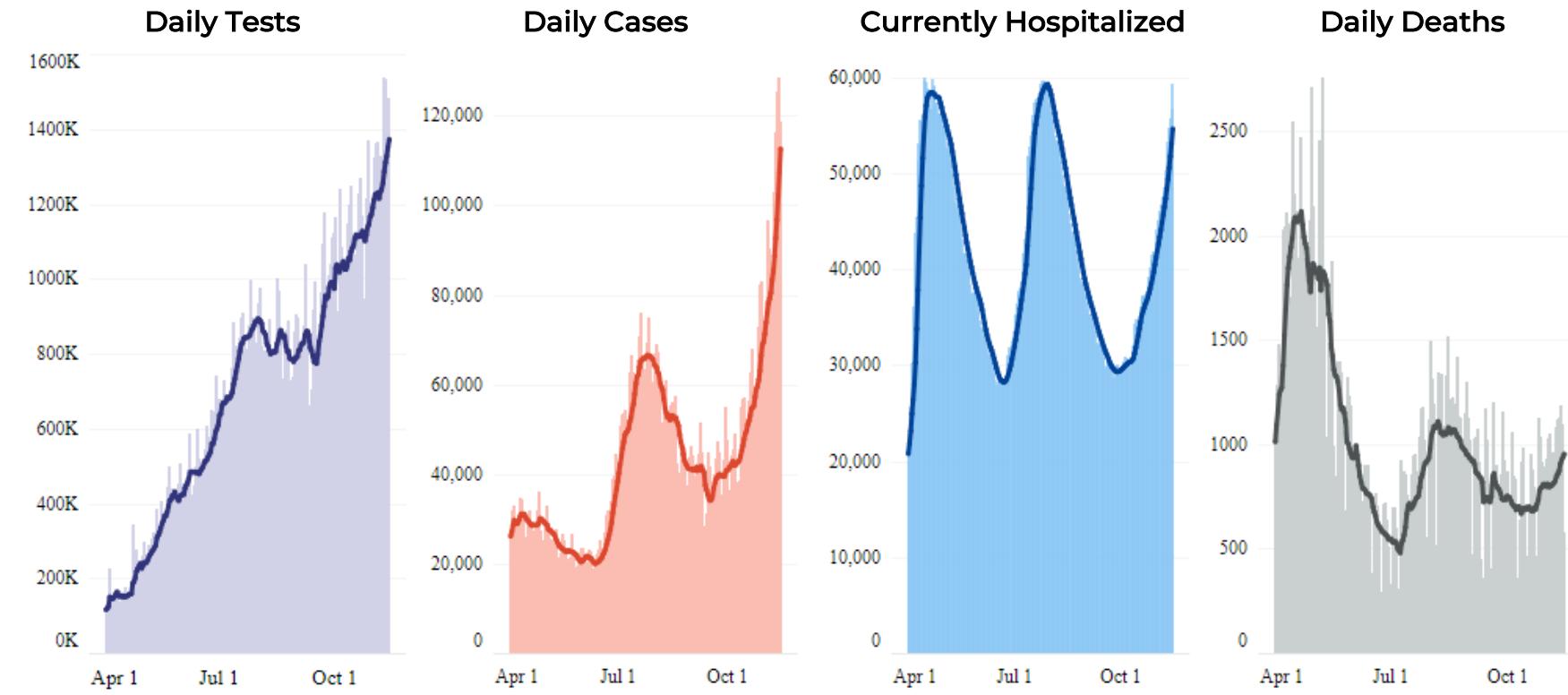
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# The Pandemic

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An Ongoing Concern

## Nationwide COVID-19 Metrics Since April 1. 7-Day Average Lines



The U.S. has had 10 million+ infections

# Great News!

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The New York Times

Account ▾

## *Pfizer's Early Data Shows Vaccine Is More Than 90% Effective*

Pfizer announced positive early results from its coronavirus vaccine trial, cementing the lead in a frenzied global race that has unfolded at record-breaking speed.



# Buy Pfizer?

The last 5 days

Market Summary > Pfizer Inc.  
NYSE: PFE

**39.20** USD +2.80 (7.69%) ↑

Closed: Nov 9, 5:33 PM EST · Disclaimer  
After hours 39.86 +0.66 (1.68%)

1 day    5 days    1 month    6 months    YTD    1 year    5 years    Max



Open	41.86	Div yield	3.88%
High	41.99	Prev close	36.40
Low	38.38	52-wk high	41.99
Mkt cap	217.89B	52-wk low	27.88
P/E ratio	25.37		

Source: Google Finance

# Buy Pfizer?

The last 5 years

Market Summary > Pfizer Inc.  
NYSE: PFE

**39.20** USD +2.80 (7.69%) ↑

Closed: Nov 9, 5:33 PM EST · Disclaimer  
After hours 39.86 +0.66 (1.68%)

1 day 5 days 1 month 6 months YTD 1 year 5 years Max



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Mkt cap	217.89B	52-wk low	27.88
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Source: Google Finance

# Buy Pfizer?

Pharmaceuticals vs. the S&P 500 over the last 5 years



# In Summary

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## What This Means For Investors

### **Over the short-term expect**

- Ongoing economic and market impact from COVID-19
- Further wrangling in Washington over stimulus
- Heightened volatility associated with the election

### **Over the long-term expect**

- An eventual end to the pandemic
- Markets to digest and price in the news
- Capitalism to reward investors for putting capital to work across markets



# Questions?

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"Scrappy," the Symmetry bull is a symbol of our firm's belief in the long-term power of markets.

## Important Information Symmetry Partners, LLC

Symmetry Partners, LLC is an investment advisory firm registered with the Securities and Exchange Commission. The firm only transacts business in states where it is properly registered, or exempted or excluded from registration requirements. Symmetry charges an investment management fee for its services. All Symmetry fees can be found in the Symmetry ADV Part2A located on the website at [www.symmetrypartners.com](http://www.symmetrypartners.com). Past Performance does not guarantee future results. All data is from sources believed to be reliable but cannot be guaranteed or warranted. Any chart that is presented in this presentation is for informational purposes only and should not be considered an all-inclusive formula for security selection. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product, or any non-investment related content, made reference to directly or indirectly in this material will be profitable, or prove successful. As with any investment strategy, there is the possibility of profitability as well as loss.

Diversification seeks to reduce volatility by spreading your investment dollars into various asset classes to add balance to your portfolio. Using this methodology, however, does not guarantee a profit or protection from loss in a declining market. Rebalancing assets can have tax consequences. If you sell assets in a taxable account you may have to pay tax on any gain resulting from the sale. Please consult your tax advisor.

Symmetry Partners' investment approach seeks enhanced returns by overweighting assets that exhibit characteristics that tend to be in accordance with one or more "factors" identified in academic research as historically associated with higher returns. Please be advised that adding these factors may not ensure increased return over a market weighted investment and may lead to underperformance relative to the benchmark over the investor's time horizon. The factors Symmetry seeks to capture may change over time at its discretion. Currently, the major factors in equity markets used by Symmetry and some associated academic research are: the market risk premium (Sharpe, William F. "Capital Asset Prices: A Theory of Market Equilibrium under Conditions of Risk." *The Journal of Finance*, Vol. 19, No. 3 (Sept. 1964), 425-442.), value (Fama, Eugene and Ken French. "Common risk factors in the returns on stocks and bonds." *Journal of Financial Economics*, 33, (1993), 3-56.), small (Banz, Rolf W. "The Relationship Between Return and Market Value of Common Stocks." *Journal of Financial Economics*, 9 (1981), 3-18.), profitability (Novy-Marx, Robert. "The Other Side of Value: The Gross Profitability Premium." *Journal of Financial Economics*, 108(1), (2013), 1-28.), quality (Asness, Clifford S.; Andrea Frazzini; and Lasse H. Pedersen. "Quality Minus Junk." Working Paper.), momentum (Jegadeesh,Narasimhan and Sheridan Titman. "Returns to Buying Winners and Selling Losers: Implications for Stock Market Efficiency." *The Journal of Finance*, Vol. 48, No. 1, (March 1993), 65-91), and minimum volatility (Ang, Andrew, Robert J. Hodrick, Yuhang Xing and Xiaoyan Zhang. "The Cross-Section of Volatility and Expected Returns." *The Journal of Finance*, Vol. 61, No. 1 (Feb. 2006), pp. 259-299.) On the bond side, Symmetry primarily seeks to capture maturity and credit risk premiums (Ilmanen, Antti. *Expected Returns: An Investor's Guide to Harvesting Market Rewards*. WileyFinance, 2011, p157-158 and 183-185).

Higher potential return generally involves greater risk, short term volatility is not uncommon when investing in various types of funds including but not limited to: sector, emerging markets, small and mid-cap funds. International investing involves special risks such as currency fluctuation, lower liquidity, political and economic uncertainties, and differences in accounting standards. Risks of foreign investing are generally intensified for investments in emerging markets. Risks for emerging markets include risks relating to the relatively smaller size and lesser liquidity of these markets, high inflation rates and adverse political developments. Risks for investing in international equity include foreign currency risk, as well as, fluctuation due to economic or political actions of foreign governments and/or less regulated or liquid markets. Risks for smaller companies include business risks, significant stock price fluctuation and illiquidity. Investing in real estate entails certain risks, including changes in: the economy, supply and demand, laws, tenant turnover, interest rates (including periods of high interest rates), availability of mortgage funds, operation expenses and cost of insurance. Some real estate investments offer limited liquidity options. Investing in higher-yielding, lower-rated bonds has a greater risk of price fluctuation and loss of principal income than U.S. government securities, such as U.S. Treasury bond and bills. Treasuries and government securities are guaranteed by the government for repayment of principal and interest if held to maturity. Investors should carefully assess the risks associated with an investment in the fund.

Market Events Risk. Financial markets are subject to periods of high volatility, depressed valuations, decreased liquidity and heightened uncertainty, such as what was experienced during the financial crisis that occurred in and around 2008 and more recently in connection with the coronavirus disease 2019 (COVID-19) pandemic. Market conditions such as this are an inevitable part of investing in capital markets and may continue, recur, worsen or spread. Markets may be volatile and values of individual securities and other investments may decline significantly in response to adverse issuer, political, regulatory, market, economic, public health, or other developments that may cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment or publicity. Changes in the financial condition of a single issuer may impact a market as a whole. Changes in value may be temporary or may last for extended periods. Geopolitical risks, including terrorism, tensions or open conflict between nations, or political or economic dysfunction within some nations that are major players on the world stage or major producers of oil, may lead to overall instability in world economies and markets generally and have led, and may in the future lead, to increased market volatility and may have adverse long-term effects. Similarly, environmental and public health risks, such as natural disasters or epidemics (such as COVID-19), or widespread fear that such events may occur, may impact markets adversely and cause market volatility in both the short- and long-term. Governments and central banks may take steps to support financial markets, including by keeping interest rates at historically low levels. This and other governmental intervention may not work as intended, particularly if the efforts are perceived by investors as being unlikely to achieve the desired results. Governments and central banks also may reduce market support activities. Such reduction, including interest rate increases, could negatively affect financial markets generally, increase market volatility and reduce the value and liquidity of securities in which the Fund invests. Governmental policy and legislative changes also may contribute to decreased liquidity and increased volatility in the financial markets.



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All indexes have certain limitations. Investors cannot invest directly in an index. Indexes have no fees. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance. Actual performance for client accounts may differ materially from the index portfolios.

**S&P 500:** Represents the 500 leading U.S. companies, approximately 80% of the total U.S. market capitalization.

**Cboe Volatility Index (VIX)** is a real-time market index that represents the market's expectation of 30-day forward-looking volatility. Derived from the price inputs of the S&P 500 index options, it provides a measure of market risk and investors' sentiments.