



**COVID-19 UPDATE: Election night -- betting markets flip to Trump.  
Cyclical portfolio for Biden (23 stocks) vs Trump (27 stocks). New  
study affirms T-cell immunity**

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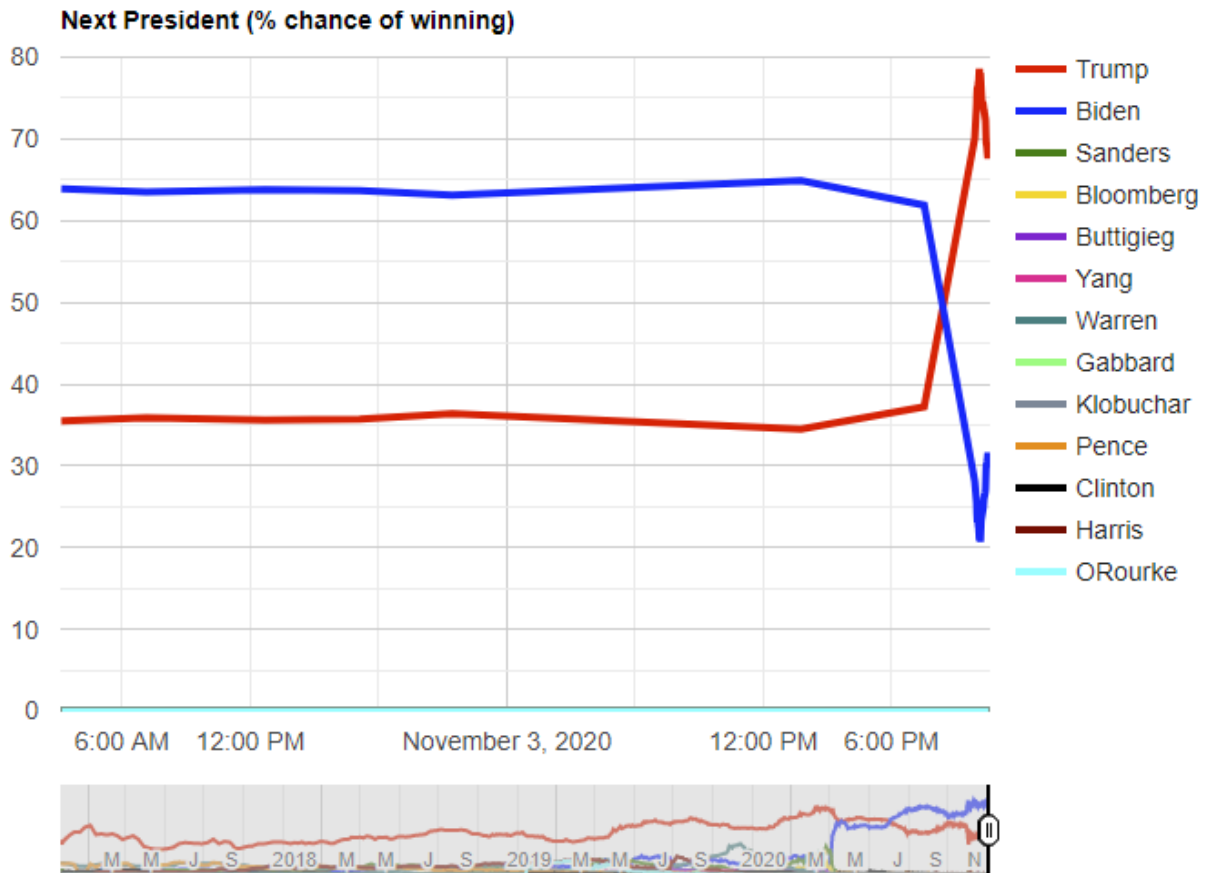
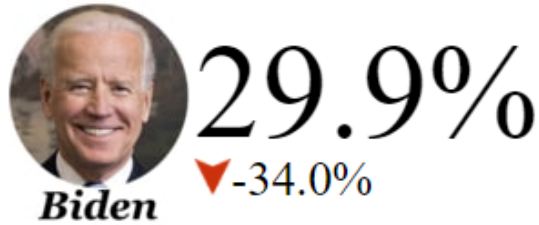
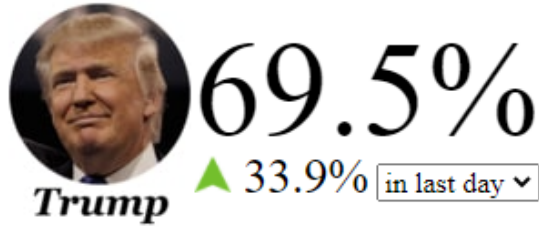
**STRATEGY: Cyclical trade: Trump vs Biden portfolios. Trump favored**

The focus of this note is the 2020 Election results. We will be sending this note without having any conclusions on the winner of the White House and the outcome for the Senate. Polls and the media have been calling for a Biden/Blue wave landslide. And early voting results so far, are not really showing this.

In fact, betting markets have completely flipped with Trump favored at 69.5%.

- Equity futures are up and NASDAQ >3%
- We think strongest rally would be a "surprise" Trump win and equities rally 15%-17% into YE
- This looks like the scenario at the moment

## Next President



Source: [electionbettingodds.com](http://electionbettingodds.com)

To me, the biggest takeaway is the massive, absolutely massive failure of polling. This is a big money business and is used to influence behavior and financial markets. And these polls have been dead wrong again -- an indictment of polling. Our Washington Strategist, Tom Block, has not trusted polls in the world of cell phones (geolocation) and social media.

***How can all these "live polls" get 1,500 results per week? This implies 33% US contacted during a 33-week election cycle...***

In fact, I personally do not know a single person who has ever been contacted by a pollster. Not one. And when I did a twitter poll on this subject, only 5% said they ever got contacted for an election poll.

This is why the poll math simply doesn't make sense. Here is my "back of the envelope" math:

# polling firms	30
avg sample	1,500
% calls answered	5%
Total calls/ week	900,000/week

# weeks	33
# eligible voters reached	33 million
% voters	33%

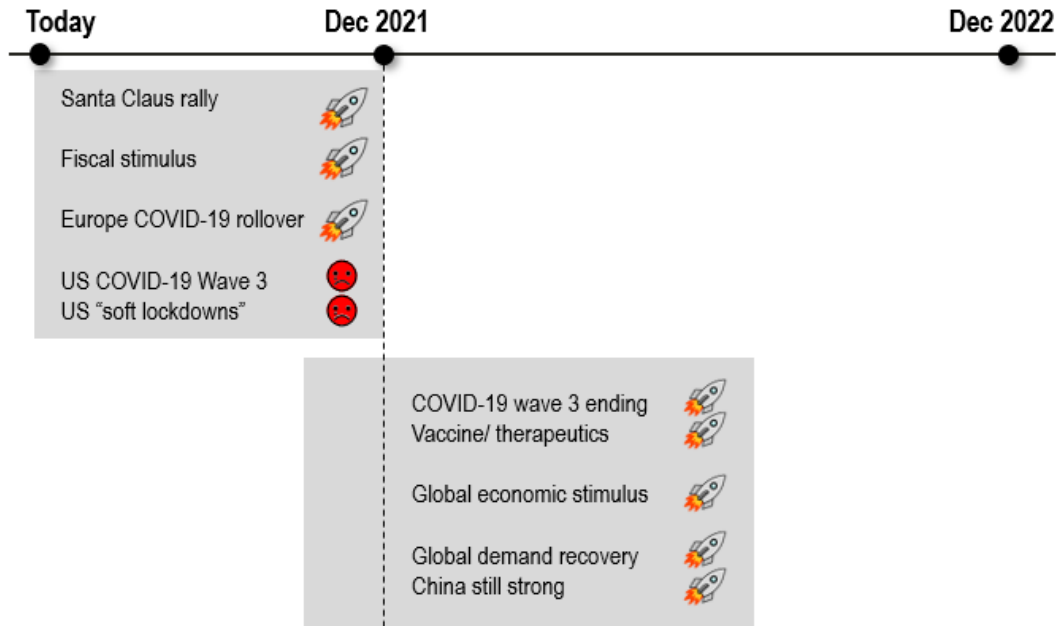
So, if 30 polling firms conduct real polls weekly, we should have been about 33% of eligible voters contacted. By my observations, I know zero. And I never ever received a call or did a poll. And according to my twitter poll (~10,000 responses), only 500 ever got contacted.

Does this math make sense? I really wonder who is answering these polls.

***Cyclical stocks are the best bet either way into YE and maybe in 2021...***

We have written about the fact that cyclical stocks might be the best bet into YE, post-election. And of course, the fact that equities are likely to rally into YE (Santa Claus + stimulus + cash on sidelines). And regardless of who wins the White House, below is the rough timeline for markets into YE.

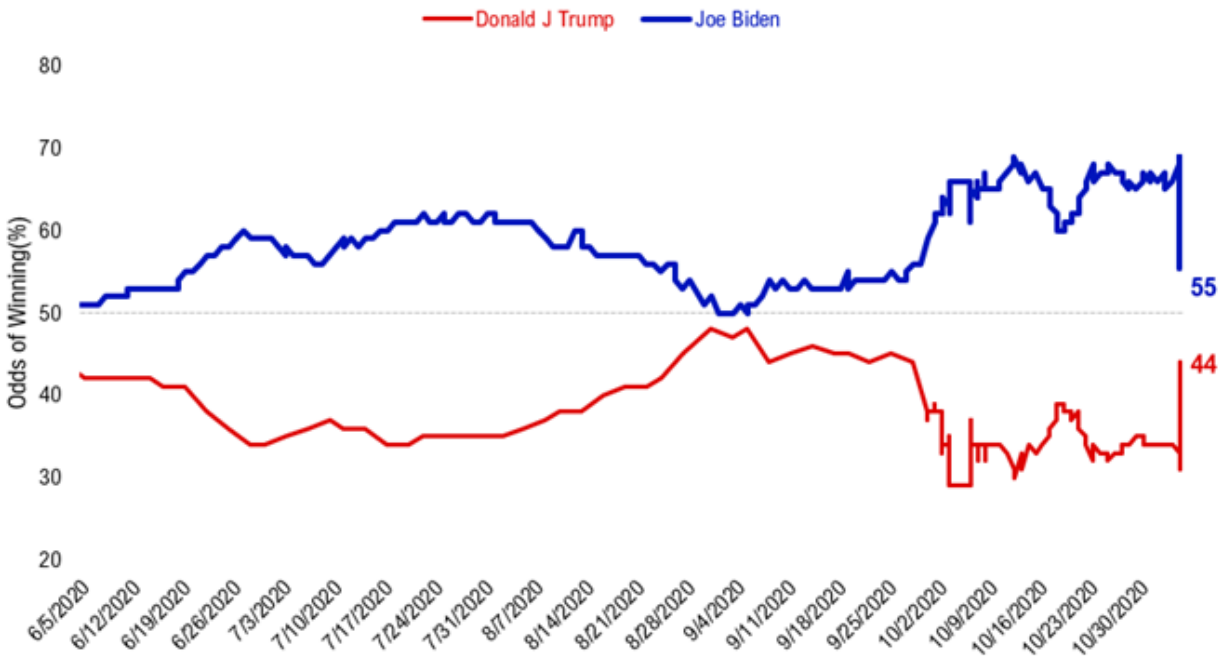
- into YE, fiscal stimulus fuels a cyclical rally
- early in 2021, economic momentum should be stronger, coupled with easing COVID-19 fears
- = cyclical rally



Source: Fundstrat

**Cyclical Portfolio based upon either a Biden or a Trump win...**

Our data science team, led by tireless Ken, calculated each sector's sensitivity to either election betting odds for Biden or Trump (not exactly inverse in each case). The betting odds are shown below, based on the data aggregated by electionbettingodds.com.



Source: Probability calculated from the betting markets (betfair.com)

**Top 30 industries positively correlated to a Biden win...**

The 30 industries most positively correlated to a Biden win are shown below. This is based upon "beta" to Biden movements in the betting markets. The top 5:

- Healthcare supplies
- Diversified real estate
- Brewers
- Motorcycles
- Social media



**Top 30 industry by beta between daily chg. of Biden's odds of winning vs. daily index return (since June 2020)**

	Motorcycle Manufacturers 0.28	Gold 0.25	Internet & Direct Marketing Retail 0.22	Life Sciences Tools & Services 0.21	Homefurnishi... Retail 0.21	Drug Retail 0.21	
Health Care Supplies 0.42			Consumer Electronics 0.21	Department Stores 0.18	Health Care Distributors 0.18	Managed Health Care 0.18	Technology Hardware, Storage & Peripherals 0.18
Diversified Real Estate Activi 0.31	Interactive Media & Services 0.28	Diversified REITs 0.24		Oil & Gas Exploration & Production 0.18	Interactive Home Entertain... 0.18	Biotechn... 0.17	Retail REITs 0.17
Brewers 0.30	Mortgage REITs 0.26	Oil & Gas Refining & Marketing 0.24	Health Care Services 0.20				
	Residential REITs 0.26	Office REITs 0.23	Technology Distributors 0.19	Health Care REITs 0.18	Tires & Rubber 0.17	Electric Utilities 0.16	Water Utilities 0.16

Source: Fundstrat and electionbettingodds.com

For Trump, the following are the 30 most correlated to Trump betting odds. The top 5 are:

- Mortgage REITs
- Leisure facilities
- Oil & gas transportation
- Hotels, resorts, cruise lines
- Oil & gas refining and marketing

Interestingly, it looks like Cyclical are actually more strongly tied to a Trump win compared to a Biden win.



**Top 30 industry by beta between daily chg. of Trump's odds of winning vs. daily index return (Since Nov 2019)**

Mortgage REITs 0.66	Oil & Gas Storage & Transportation 0.44	Hotel & Resort REITs 0.29	Distillers & Vintners 0.24	Casinos & Gaming 0.24	Other Diversified Financial Services 0.24	Airlines 0.23	
	Hotels, Resorts & Cruise Lines 0.31	Food Distributors 0.28	Aerospace & Defense 0.22	Security & Alarm Services 0.19	Footwear 0.18	Industrial Conglom... 0.17	Independ... Power Producers & Energy...
		Oil & Gas Equipment & Services 0.27	Homebuild... 0.21	Diversified Banks 0.19	Health Care Facilities 0.16	Health Care REITs 0.16	Electrical Compon... & Equipme...
	Leisure Facilities 0.48	Oil & Gas Refining & Marketing 0.29	Real Estate Services 0.25	Oil & Gas Exploration & Production... 0.18	Oil & Gas Drilling 0.18	Restaurants 0.16	Financial Exchanges & Data 0.15
					Copper 0.16	Consumer Finance 0.15	

Source: Fundstrat and electionbettingodds.com

## STOCK LISTS: BIDEN VS TRUMP

### 23 “Biden White House” Stock ideas

Tickers: GRMN, UEIC, AAN, RH, BKNG, EXPE, HOG, NEM, RGLD, JOE, PSB, WRE, JBGS, OPI, AIV, CPT, SAM, WBA, CCRN, CVS, AVNS, VIVO, LMNX



Company information					Fundamentals & Valuation				
	Ticker	Company name	Current Price	Mkt cap (\$ mm)	YTD perf (relative to S&P 500)	2021E sales growth <sup>(1)</sup>	2021E EPS growth <sup>(2)</sup>	P/E (*21E)	ROE
Consumer Electronics	GRMN	Garmin Ltd	\$110.62	\$21,155	9.1%	7%	6%	22.1x	22%
	UEIC	Universal Electronics Inc	\$38.57	\$537	-30.5%	9%	21%	8.9x	11%
Homefurnishing Retail	AAN	Aaron's Holdings Co Inc	\$55.58	\$3,755	-7.0%	7%	2%	10.8x	-12%
	RH	Rh	\$359.74	\$7,020	64.2%	10%	12%	19.6x	—
Internet & Direct Marketing Re	BKNG	Booking Holdings Inc	\$1,669.58	\$68,367	-23.0%	49%	284%	25.3x	55%
	EXPE	Expedia Group Inc	\$98.80	\$13,953	-12.9%	44%	118%	79.7x	-52%
Motorcycle Manufacturers Gold	HOG	Harley-Davidson Inc	\$33.33	\$5,108	-14.7%	21%	110%	12.0x	—
	NEM	Newmont Corp	\$66.67	\$53,560	49.2%	27%	79%	14.3x	12%
RGLD	Royal Gold Inc	\$121.69	\$7,983	-4.7%	20%	48%	33.3x	9%	
Diversified Real Estate Activi	JOE	St Joe Co/The	\$26.78	\$1,577	30.8%	—	—	#N/A	7%
Diversified Reits	PSB	Ps Business Parks Inc/Ca	\$123.58	\$3,397	-29.3%	2%	-8%	37.9x	16%
	WRE	Washington Reit	\$19.17	\$1,579	-38.6%	3%	114%	nm	4%
Office Reits	JBGS	Jbg Smith Properties	\$24.75	\$3,279	-42.2%	7%	-9%	nm	1%
	OPI	Office Properties Income Tru	\$19.73	\$953	-42.9%	-2%	-708%	nm	4%
Residential Reits	AIV	Apartment Invt & Mgmt Co -A	\$26.96	\$4,013	-52.1%	-2%	-118%	nm	8%
	CPT	Camden Property Trust	\$98.38	\$9,582	-11.6%	1%	13%	70.4x	5%
Brewers	SAM	Boston Beer Company Inc-A	\$1,003.80	\$12,289	161.4%	37%	45%	44.9x	21%
Drug Retail	WBA	Walgreens Boots Alliance Inc	\$37.37	\$32,359	-40.9%	3%	1%	7.8x	2%
Health Care Services	CCRN	Cross Country Healthcare Inc	\$8.26	\$310	-33.2%	-1%	36%	40.5x	-13%
	CVS	Cvs Health Corp	\$59.45	\$77,802	-24.3%	4%	4%	7.9x	13%
Health Care Supplies	AVNS	Avanos Medical Inc	\$40.32	\$1,929	15.4%	4%	63%	36.5x	1%
	VIVO	Meridian Bioscience Inc	\$18.40	\$789	84.1%	5%	-11%	19.8x	21%
Life Sciences Tools & Services	LMNX	Luminex Corp	\$22.96	\$1,064	-5.1%	5%	-6%	29.9x	2%
Average				\$14,450	0.1%	12%	4%	29.0x	6%
Median				\$4,013	-12.9%	6%	12%	23.7x	7%
% of stocks positive					30%	86%	73%		86%

Source: Fundstrat



**27 "Trump White House" Stock ideas**

Ticker: LVS, MGM, PHM, TOL, CCL, NCLH, RCL, MAR, HLT, WH, WYND, SIX, LMT, NPK, DAL, JBLU, LUV, MTRX, NOV, EOG, PXD, GPRE, REGI, AGNC, NYMT, RMAX, ANDE



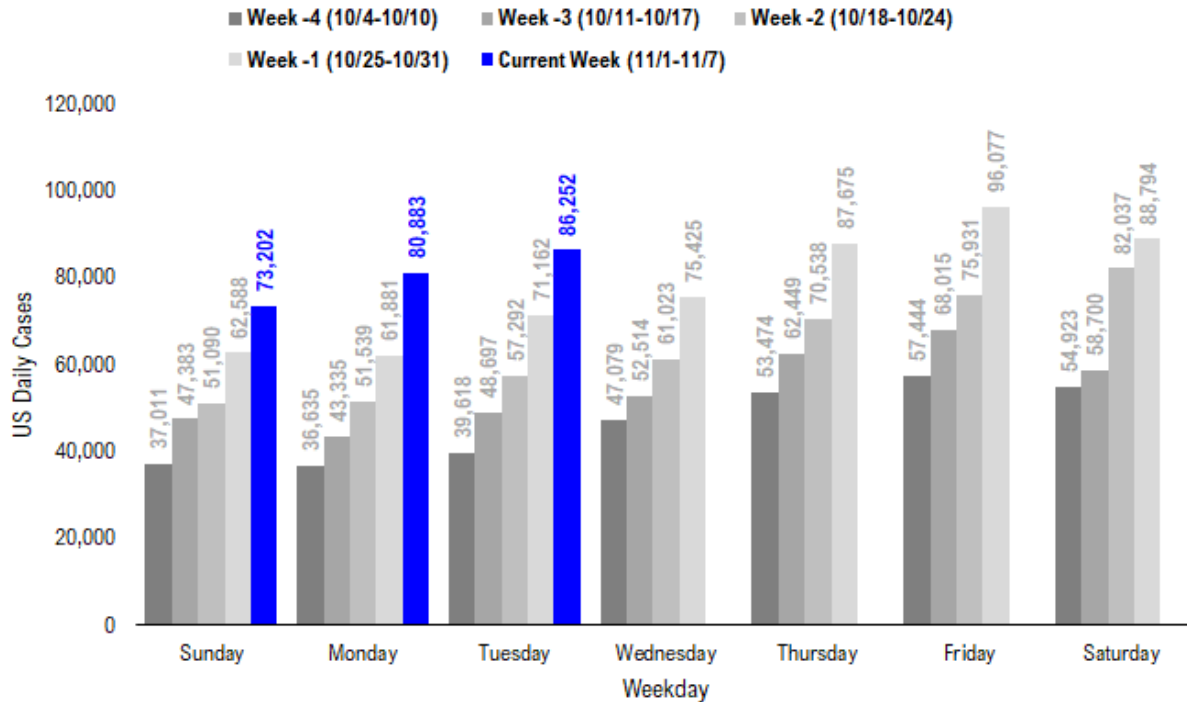
Company information						Fundamentals & Valuation			
Ticker	Company name	Current Price	Mkt cap (\$ mm)	YTD perf (relative to S&P 500)	2021E sales growth <sup>(3)</sup>	2021E EPS growth <sup>(2)</sup>	P/E ('21E)	ROE	
<b>Casinos &amp; Gaming</b>	LVS Las Vegas Sands Corp	\$49.02	\$37,443	-33.3%	171%	178%	31.4x	-18%	
	MGM Mgm Resorts International	\$21.75	\$10,743	-38.9%	75%	63%	n/m	22%	
<b>Homebuilding</b>	PHM PulteGroup Inc	\$43.15	\$11,568	6.9%	18%	17%	7.5x	23%	
	TOL Toll Brothers Inc	\$44.71	\$5,642	8.9%	24%	51%	9.6x	9%	
<b>Hotels, Resorts &amp; Cruise Lines</b>	CCL Carnival Corp	\$13.71	\$11,327	-77.3%	51%	45%	n/m	-3.4%	
	NCLH Norwegian Cruise Line Holdings Ltd	\$16.55	\$4,561	-75.9%	86%	44%	n/m	-3.9%	
	RCL Royal Caribbean Cruises Ltd	\$57.57	\$12,915	-61.2%	103%	35%	n/m	—	
	MAR Marriott International -CI A	\$96.09	\$31,163	-40.8%	46%	975%	35.6x	—	
	HLT Hilton Worldwide Holdings Inc	\$90.65	\$25,138	-22.5%	56%	762%	41.1x	—	
	WH Wyndham Hotels & Resorts Inc	\$50.41	\$4,697	-24.0%	27%	132%	21.8x	-6%	
	WYND Wyndham Destinations Inc	\$35.10	\$3,014	-36.4%	42%	559%	9.1x	—	
<b>Leisure Facilities</b>	SIX Six Flags Entertainment Corp	\$23.08	\$1,961	-53.1%	168%	78%	n/m	—	
<b>Aerospace &amp; Defense</b>	LMT Lockheed Martin Corp	\$363.44	\$101,685	-10.9%	4%	7%	13.9x	148%	
	NPK National Presto Inds Inc	\$83.93	\$589	-3.4%	—	—	#N/A	14%	
<b>Airlines</b>	DAL Delta Air Lines Inc	\$30.90	\$19,706	-51.4%	64%	98%	n/m	-11.4%	
	JBLU Jetblue Airways Corp	\$11.97	\$3,261	-40.3%	81%	84%	n/m	-1.9%	
	LUV Southwest Airlines Co	\$38.85	\$22,932	-32.3%	70%	104%	n/m	-1.7%	
<b>Oil &amp; Gas Equipment &amp; Services</b>	MTRX Matrix Service Co	\$8.50	\$225	-67.1%	-13%	133%	20.7x	-1.0%	
	NOV National Oilwell Varco Inc	\$9.07	\$3,522	-68.1%	-9%	-113%	n/m	-3.8%	
<b>Oil &amp; Gas Exploration &amp; Production</b>	EOG Eog Resources Inc	\$35.02	\$20,390	-62.5%	16%	177%	17.9x	2%	
	PXD Pioneer Natural Resources Co	\$82.20	\$13,518	-50.0%	38%	261%	16.2x	4%	
<b>Oil &amp; Gas Refining &amp; Marketing</b>	GPRE Green Plains Inc	\$14.93	\$532	-7.5%	18%	134%	40.7x	-1.3%	
	REGI Renewable Energy Group Inc	\$54.73	\$2,150	98.8%	9%	53%	10.1x	63%	
<b>Mortgage REITs</b>	AGNC Agnc Investment Corp	\$13.94	\$7,600	-25.4%	26%	-10%	6.2x	-3%	
	NYMT New York Mortgage Trust Inc	\$2.70	\$1,019	-60.9%	-152%	136%	5.7x	-2.8%	
<b>Real Estate Services</b>	RMAX Re/Max Holdings Inc -CI A	\$33.48	\$1,027	-17.3%	10%	18%	15.5x	4%	
<b>Food Distributors</b>	ANDE Anderson's Inc/The	\$22.43	\$740	-15.6%	3%	640%	12.8x	-1%	
<b>Average</b>			<b>\$13,299</b>	<b>-31.9%</b>	<b>40%</b>	<b>179%</b>	<b>18.6x</b>	<b>-2%</b>	
<b>Median</b>			<b>\$5,642</b>	<b>-36.4%</b>	<b>32%</b>	<b>91%</b>	<b>15.5x</b>	<b>-4%</b>	
<b>% of stocks positive</b>				<b>11%</b>	<b>88%</b>	<b>92%</b>	<b>41%</b>		

Source: Fundstrat



**POINT 1: Daily cases 86,252, +15,090 vs 7D ago -- 7D delta still rising**

The latest COVID-19 daily cases came in at 86,252, up +15,090 vs 7D ago. Daily cases are still rising non-parabolically in the US. This is a contrast to Europe. Given the election is the focus tonight, we are not going to spend too much time on this.

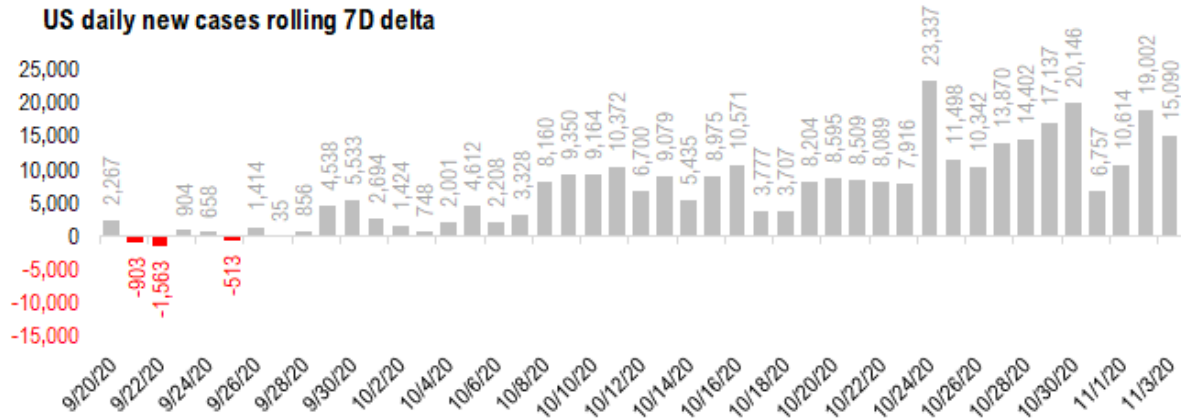


Source: COVID-19 Tracking Project and Fundstrat

***7D delta cooled off over the weekend... the weekend effect?***

Again, the daily change vs 7D ago, in our view, is the leading indicator as it is what influences the 7D moving average.

- Daily cases are rising vs 7D ago,
- last week, it looked semi-parabolic
- over the weekend, it looks a lot better
- is this the weekend effect?



Source: COVID-19 Tracking and Fundstrat

**6 states with largest 7D delta in daily cases**

Illinois	6,516 vs 4,000 (-7D)	+2,516
Ohio	4,229 vs 2,509	+1,720
Minnesota	3,476 vs 2,164	+1,312
Colorado	2,562 vs 1,433	+1,129
Indiana	2,881 vs 1,983	+898
California	4,044 vs 3,188	+856
<b>Total</b>		<b>+8,431</b>

**6 states with largest 7D delta in daily cases**

South Carolina	826 vs 1,061 (-7D)	-235
Massachusetts	1,036 vs 1,260	-224
Mississippi	644 vs 854	-210
Tennessee	1,770 vs 1,908	-138
Arkansas	520 vs 651	-131
Maryland	771 vs 897	-126
<b>Total</b>		<b>-1,064</b>

Source: COVID-19 Tracking and Fundstrat

**Daily Case Increases (by State) (11/03)**

% total new cases (state cases/ total US cases)  
% total US pop (state population/ total US population)

	<i>Sorted</i>				
	7D Ago		Last 3-day Trend		
	10/27/20	11/1/20	11/2/20	11/3/20	vs 7D ago
United States	71,162	73,202	80,883	86,252	+15,090
<b>States:</b>					
1 Texas	7,055	4,111	3,982	7,215	
2 Illinois	4,000	6,980	6,222	6,516	<-higher
3 Wisconsin	5,262	3,493	3,433	5,771	
4 Florida	4,298	4,865	4,651	4,637	
5 Ohio	2,509	3,303	2,909	4,229	<-higher
6 California	3,188	4,529	4,094	4,044	<-higher
7 Minnesota	2,164	2,200	2,948	3,476	<-higher
8 Michigan	2,367	0	6,709	3,106	<-higher
9 Indiana	1,983	2,750	3,077	2,881	<-higher
10 Pennsylvania	2,751	1,909	2,060	2,875	
11 Colorado	1,433	2,560	2,237	2,562	<-higher
12 North Carolina	2,141	2,057	1,336	2,349	
13 New York	1,991	2,255	1,633	2,321	
14 Missouri	1,695	2,349	2,651	2,238	<-higher
15 New Jersey	1,647	1,743	1,368	1,828	
16 Tennessee	1,908	754	3,161	1,770	
17 Kentucky	1,771	1,423	1,028	1,709	
18 Arizona	1,158	1,527	666	1,679	<-higher
19 Utah	1,145	1,854	1,196	1,669	<-higher
20 Georgia	1,491	1,192	939	1,668	
21 Oklahoma	1,010	1,349	1,084	1,331	<-higher
22 Virginia	1,134	1,202	1,026	1,261	
23 Idaho	882	480	757	1,179	<-higher
24 North Dakota	889	1,127	972	1,172	<-higher
25 Louisiana	885	1,064	270	1,150	<-higher
26 New Mexico	583	742	872	1,136	<-higher
27 Iowa	857	2,212	1,405	1,092	<-higher
28 Alabama	1,115	854	907	1,037	
29 Massachusetts	1,260	1,131	842	1,036	
30 South Dakota	989	1,332	526	1,004	
31 Connecticut	538	0	2,651	985	<-higher
32 Nebraska	702	1,087	934	954	<-higher
33 Nevada	730	716	635	911	<-higher
34 Montana	845	694	757	907	
35 South Carolina	1,061	1,429	841	826	
36 Maryland	897	864	850	771	
37 Washington	527	814	1,039	657	<-higher
38 Mississippi	854	340	365	644	
39 Arkansas	651	757	464	520	
40 Oregon	372	508	549	482	<-higher
41 Wyoming	329	425	444	452	<-higher
42 Rhode Island	421	480	232	423	
43 Alaska	382	348	350	388	
44 West Virginia	483	423	352	358	
45 Puerto Rico	263	403	864	345	<-higher
46 New Hampshire	134	130	106	128	
47 Maine	57	47	84	127	<-higher
48 Guam	82	9	3	119	<-higher
49 Delaware	81	175	185	115	<-higher
50 Hawaii	65	82	78	87	<-higher
51 District of Columbia	94	103	69	86	
52 Vermont	30	17	22	19	
53 U.S. Virgin Islands	3	0	2	7	<-higher
54 Northern Mariana Islands	0	4	0	0	
55 Kansas	0	0	4,046	0	
56 American Samoa	0	0	0	0	

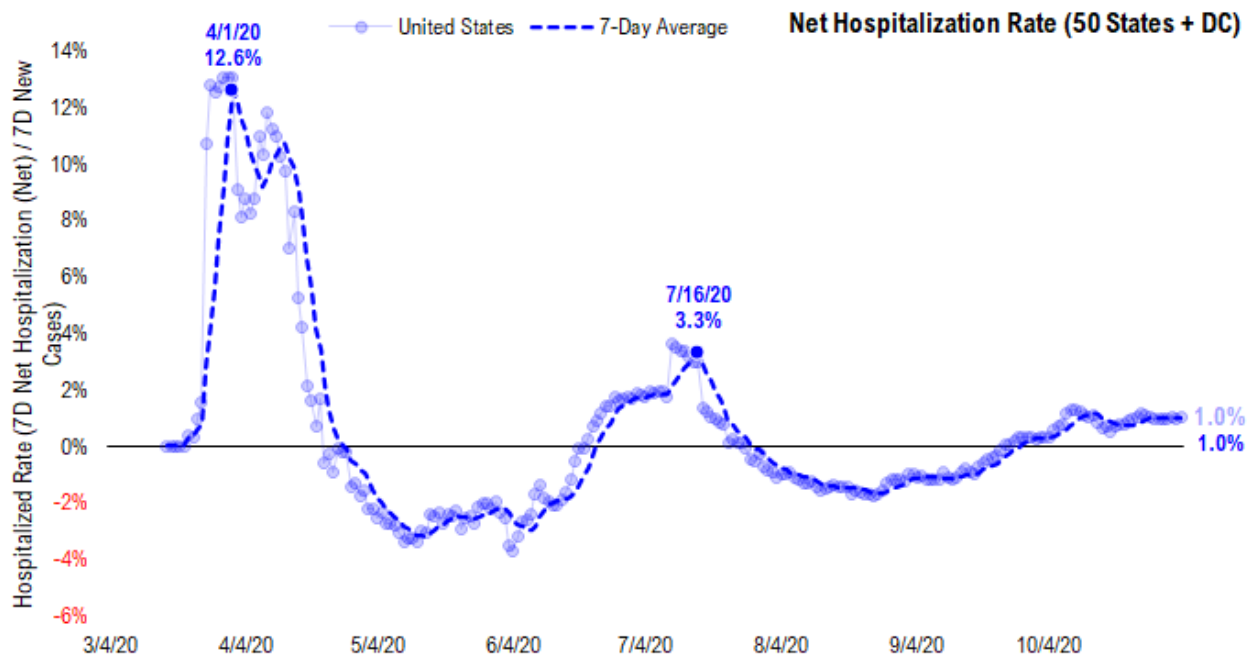
Source: COVID-19 Tracking and Fundstrat

**POINT 2: Hospitalizations rising but the "coefficient" is still only 1%**

While COVID-19 cases are soaring and hospitalizations are rising, the rate of incremental hospitalizations is still shockingly low. That is, we are at all-time high in cases, yet, only about 1% of incremental cases are being hospitalized.

- this figure has stayed flat as a pancake at 1%
- this was >3.3% in wave 2
- and was >13% in wave 1

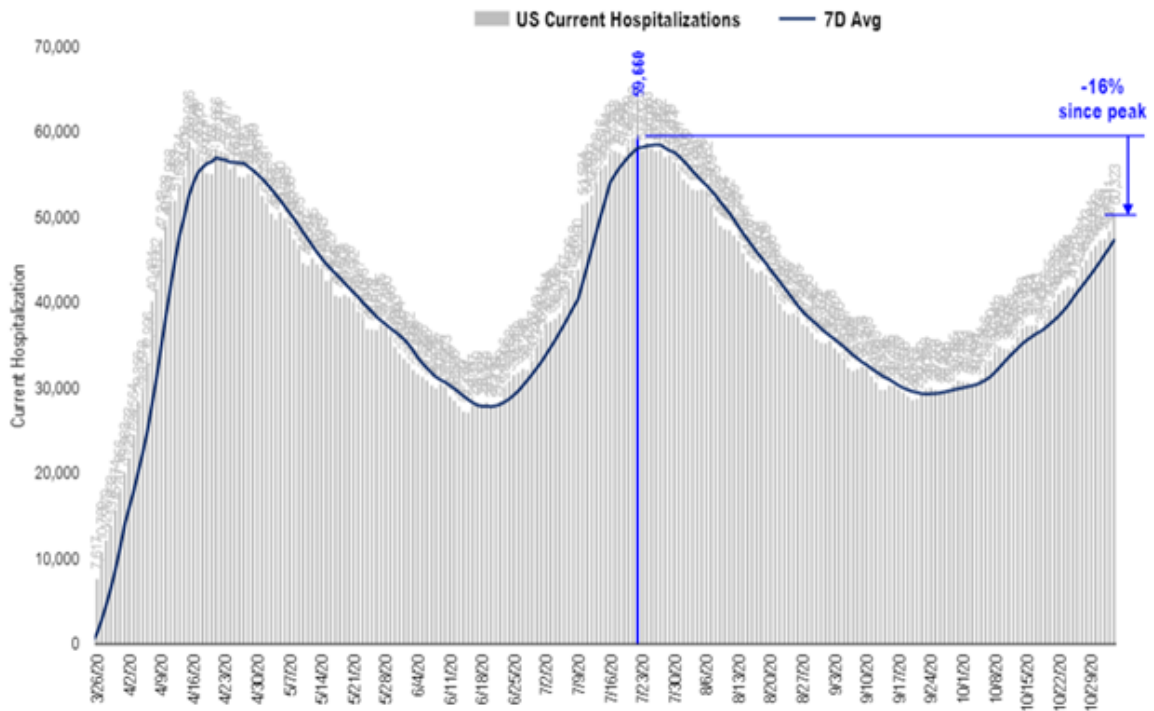
So COVID-19, while seeing a massive rise in cases, is not creating incremental healthcare severity that we saw in the prior waves.



Source: COVID-19 Tracking and Fundstrat

But the total number hospitalized patients keeps rising. So the absolute level of patients is going up and this tells us that there is still a growing burden of those needing care. But the number of cases is far higher in this wave than wave 1 and wave 2, and we should expect more to be hospitalized.

**US Net Hospitalizations (aggregate of 50 states + Washington, D.C.)**

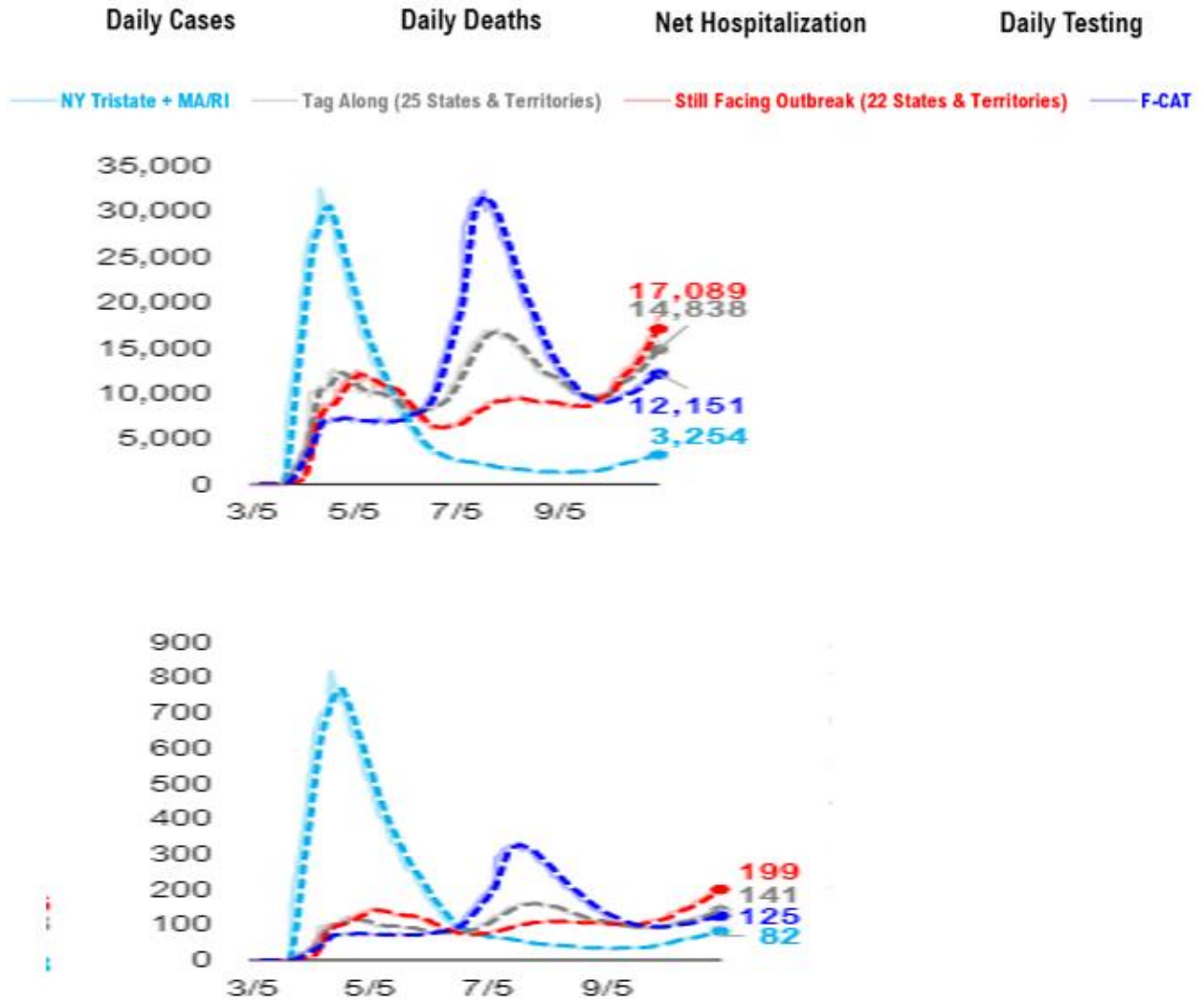


Source: Fundstrat, COVID-19 Tracking Project, State Department of Health

11/3/2020

And this hospital burden is primarily in the wave 3 states. As shown below, the number of hospitalized in wave 1 and wave 2 states is nowhere near their prior peaks.

- the upper chart is hospitalized in absolute numbers
- the lower chart is hospitalized per 1mm residents



Source: COVID-19 Tracking and Fundstrat

**POINT 3: New study finds 100% of infected have T-cell immunity --> big deal**

The UK Coronavirus Immunology Consortium (UK-CIC) published an important study on T-cell immunity today. The timing is unfortunate because it is going to be lost among all the focus on the 2020 Presidential election. Still, we want to highlight some key points:



HEALTH AND SCIENCE

## Immune cells are responding to Covid six months after infection, study finds

PUBLISHED TUE, NOV 3 2020-8:01 AM EST    UPDATED 5 HOURS AGO

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### KEY POINTS

- Cellular, or “T-cell,” immunity against Covid-19 is likely to be present within most adults six months after primary infection, a new study said.
- Research by the U.K. Coronavirus Immunology Consortium (UK-CIC), Public Health England and Manchester University NHS Foundation Trust has found “robust T-cell responses” to the coronavirus virus six months after infection.

[https://www.cnbc.com/2020/11/03/t-cells-responding-to-covid-19-six-months-after-infection-study-finds.html?\\_source=iosappshare%7Ccom.tinyspeck.chatlyio.share](https://www.cnbc.com/2020/11/03/t-cells-responding-to-covid-19-six-months-after-infection-study-finds.html?_source=iosappshare%7Ccom.tinyspeck.chatlyio.share)

- 100 individuals studied
- 100% had T-cell response showing "robust cellular memory"
- Strongly supports the argument of herd immunity



This latter point is key. And tying in the fact that Southeast Asians have not experienced COVID-19 the same way seen in the Western world, suggests that t-cells might explain this as well. If herd immunity exists, particularly via T-cells, this supports much of the work done by other scientists, which had been "discredited" by mainstream media. In fact, many scientists have openly questioned whether this was true. So this study is a positive development.

The potential for t-cell herd immunity also suggests that we could see COVID-19 reach that infection break point that many are looking for.

The study was published on November 2, 2020. And the front page is shown below. T-cells are the long-term memory of the immune system. Prior studies showed that antibodies to COVID-19 faded quickly. But if t-cell memory remains in place, the body maintains some level of immunity.

# Cellular immunity to SARS-CoV-2 found at six months in non-hospitalised individuals

2nd November 2020

Cellular (T cell) immunity against SARS-CoV-2 is likely to be present within most adults six months after primary infection, a new pre-print on bioRxiv suggests. The research from the UK Coronavirus Immunology Consortium (UK-CIC), Public Health England and Manchester University NHS Foundation Trust demonstrates robust T cell responses to SARS-CoV-2 virus peptides at this timepoint in all participants following asymptomatic or mild/moderate COVID-19 infection.



A key question is whether previous infection with SARS-CoV-2 results in immunity to reinfection, and if so for how long. The immune system is extremely complex and there are many different potential routes whereby it can generate immunity to a disease post-infection. This study examines the role of T cells in contributing to immunity against SARS-CoV-2 at six months post infection.

<https://www.uk-cic.org/news/cellular-immunity-sars-cov-2-found-six-months-non-hospitalised-individuals>

The key statement is below. The study ended at 6 months, so it is not saying T-cells only last six months.

“To our knowledge, our study is the first in the world to show robust cellular immunity remains at six months after infection in individuals who experienced either mild/moderate or asymptomatic COVID-19. Interestingly, we

<https://www.uk-cic.org/news/cellular-immunity-sars-cov-2-found-six-months-non-hospitalised-individuals>

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