

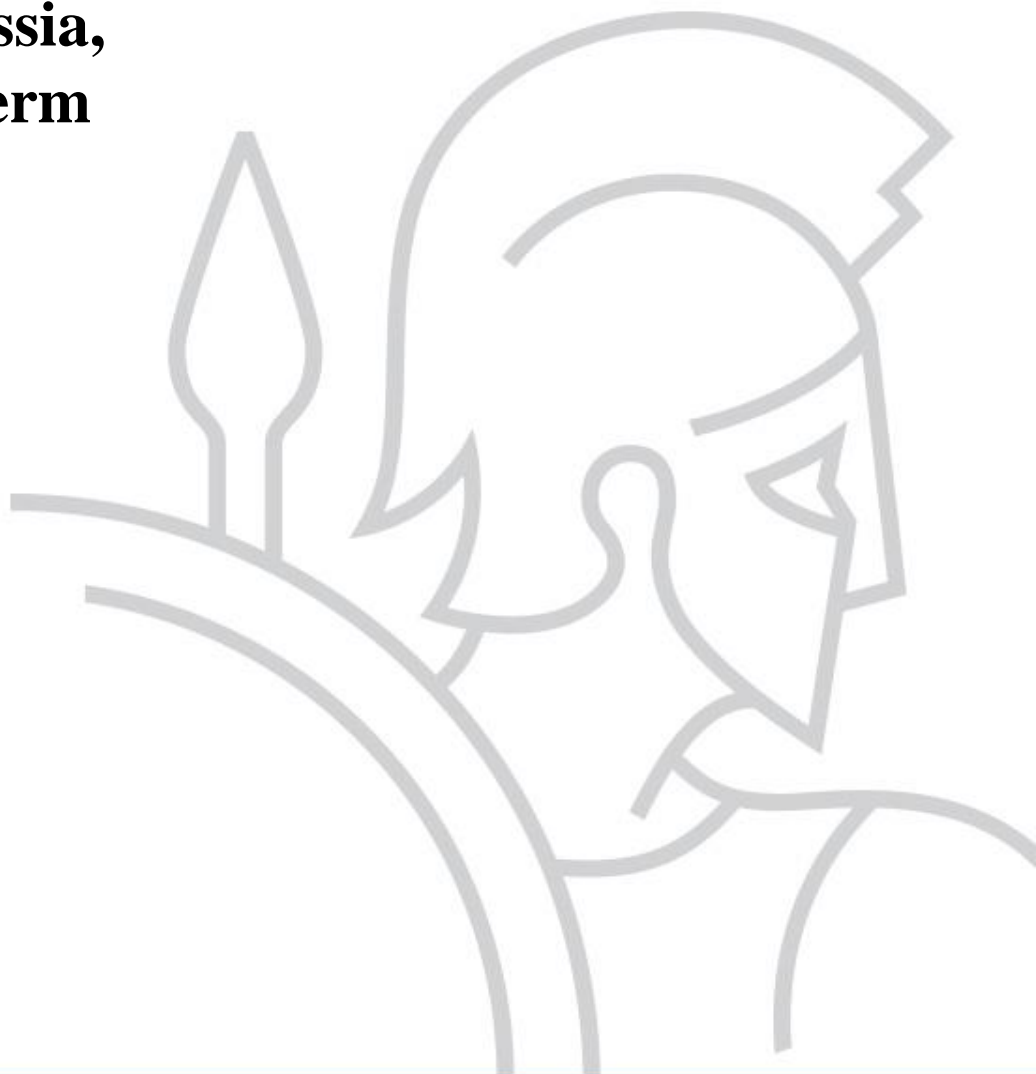


STRATEGAS

1982 Deja Vu: Russia, Inflation & Midterm Elections

Macro Research

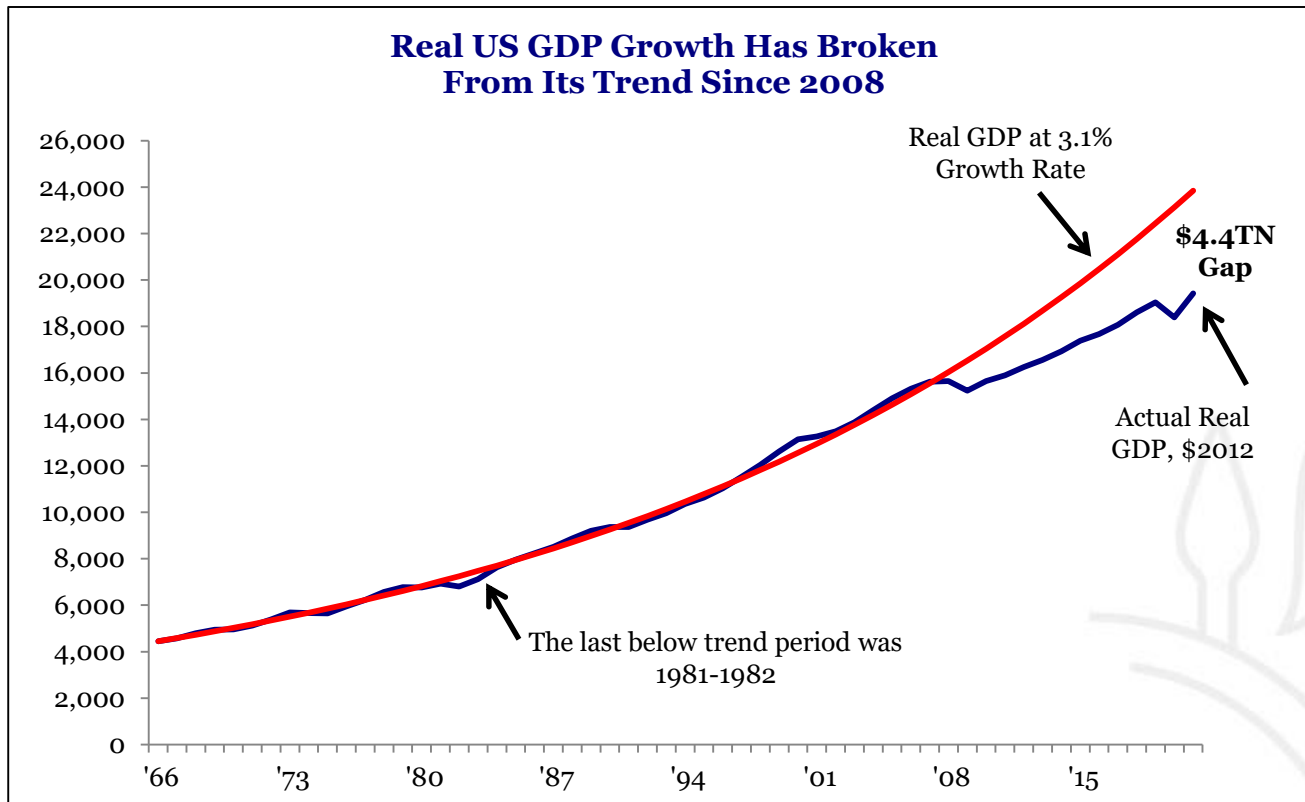
Investment Strategy
Economics
Policy Research
Quantitative Research
Technical Research
Fixed Income Research
Industry Surveys
Bespoke Research
Conferences
Sales & Trading





STRATEGAS

Economic Volatility Is Creating Political Volatility





STRATEGAS

US Voters Have Removed The Party In Power In 7 Of The Past 8 Elections

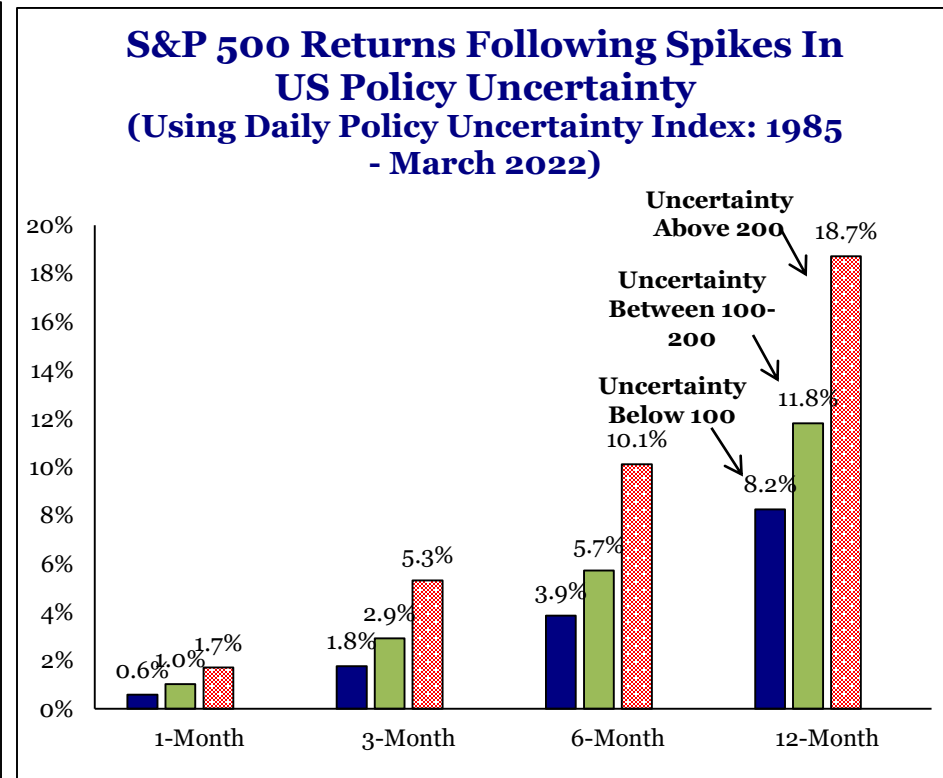
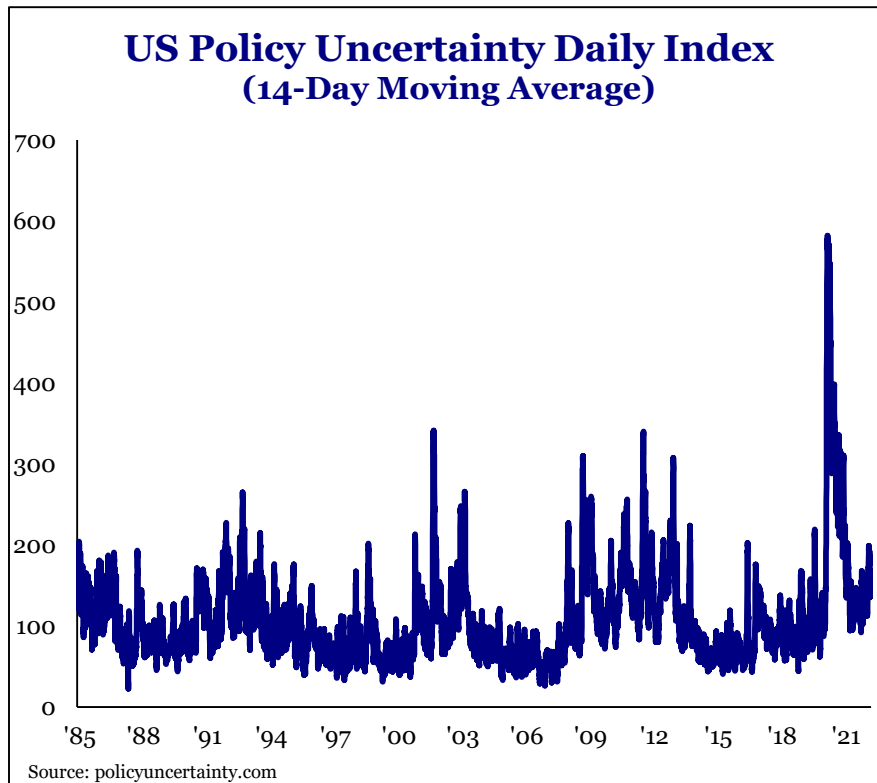
Changing Government Dynamics





STRATEGAS

Increasing Political Volatility Is Increasing Policy Uncertainty

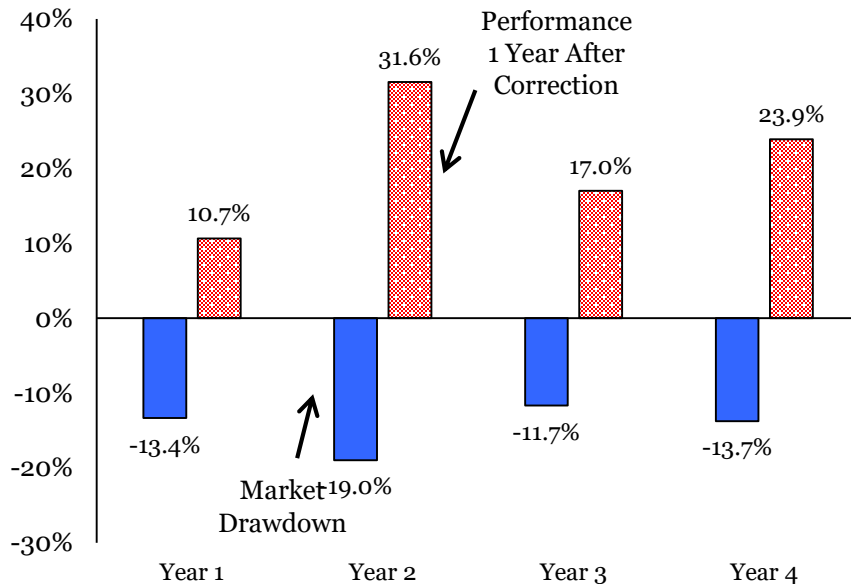




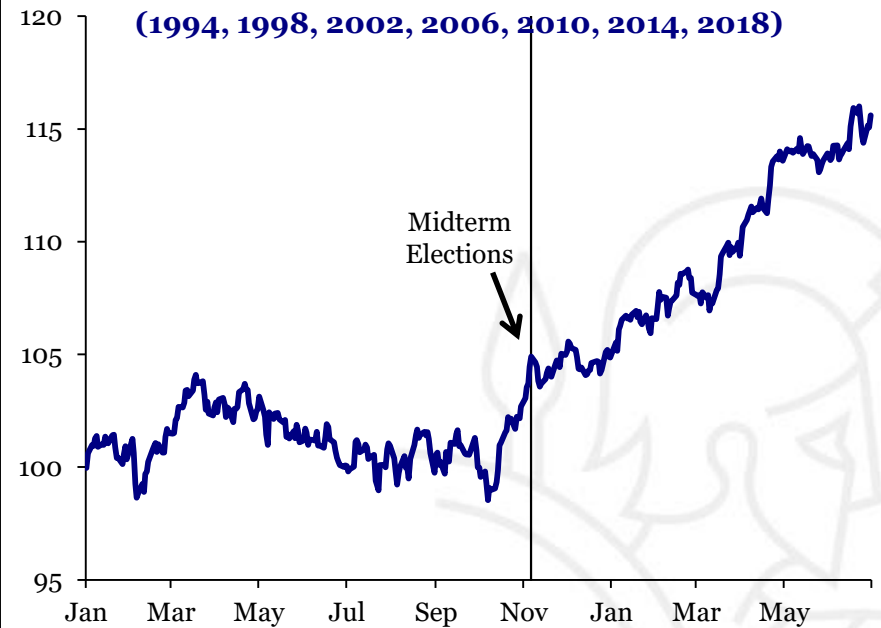
STRATEGAS

Midterm Election Years Have More Volatility, But Also Opportunity

S&P 500 Corrections & 1-Year Performance Following Correction By Presidential Cycle (1962-2020)



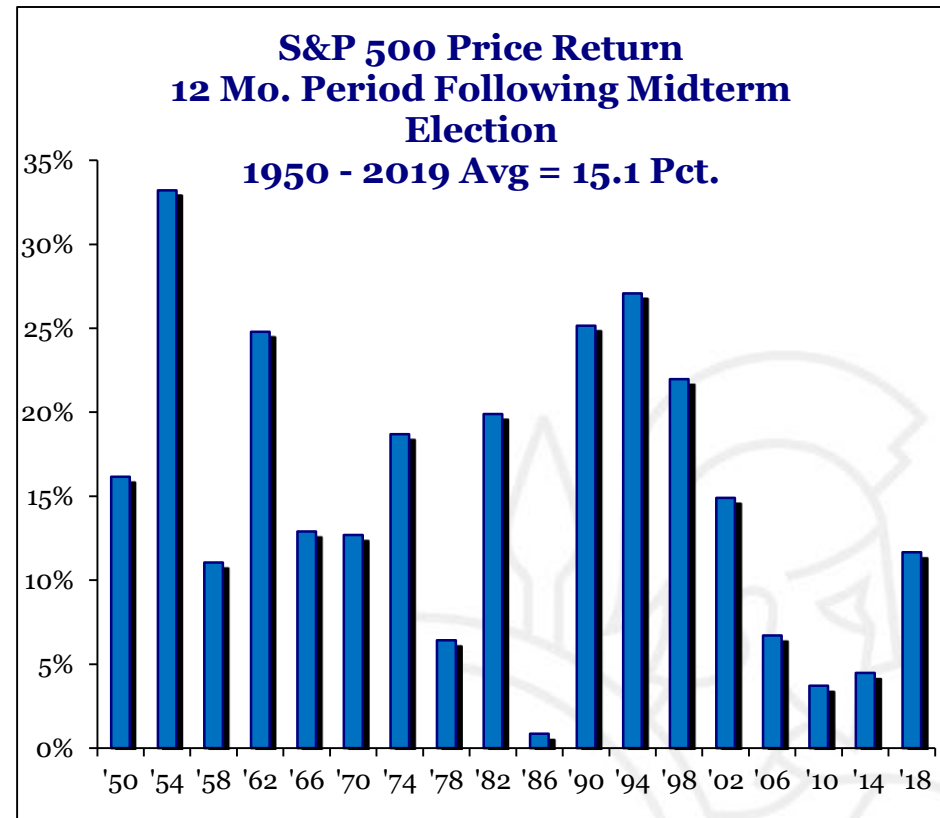
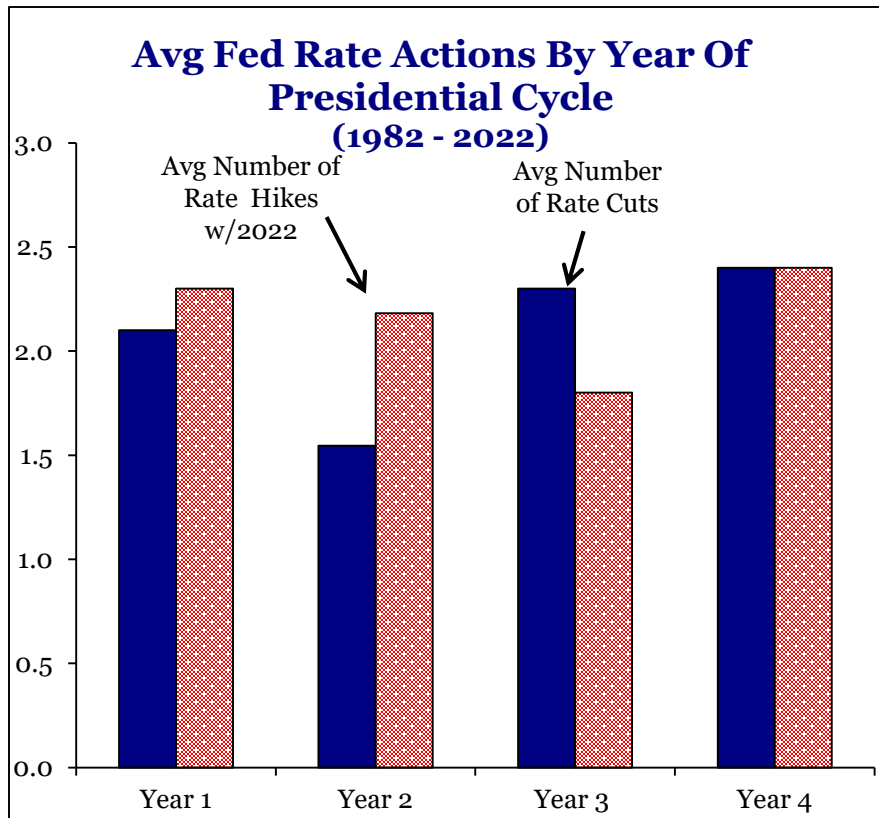
Average S&P 500 Performance Before & Following Midterm Elections (1994, 1998, 2002, 2006, 2010, 2014, 2018)





STRATEGAS

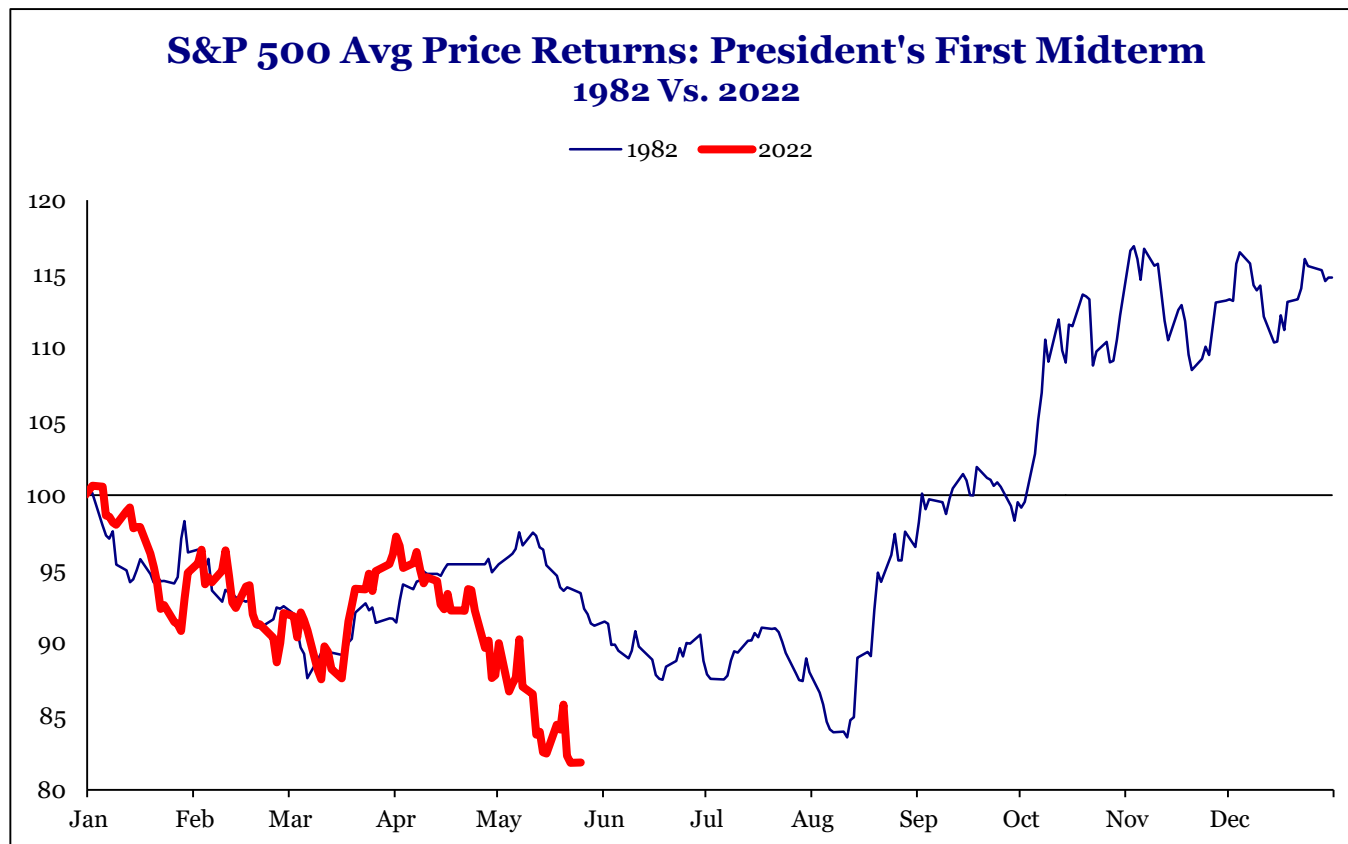
The S&P 500 Has Not Declined In Year After Midterm Election Since '46





STRATEGAS

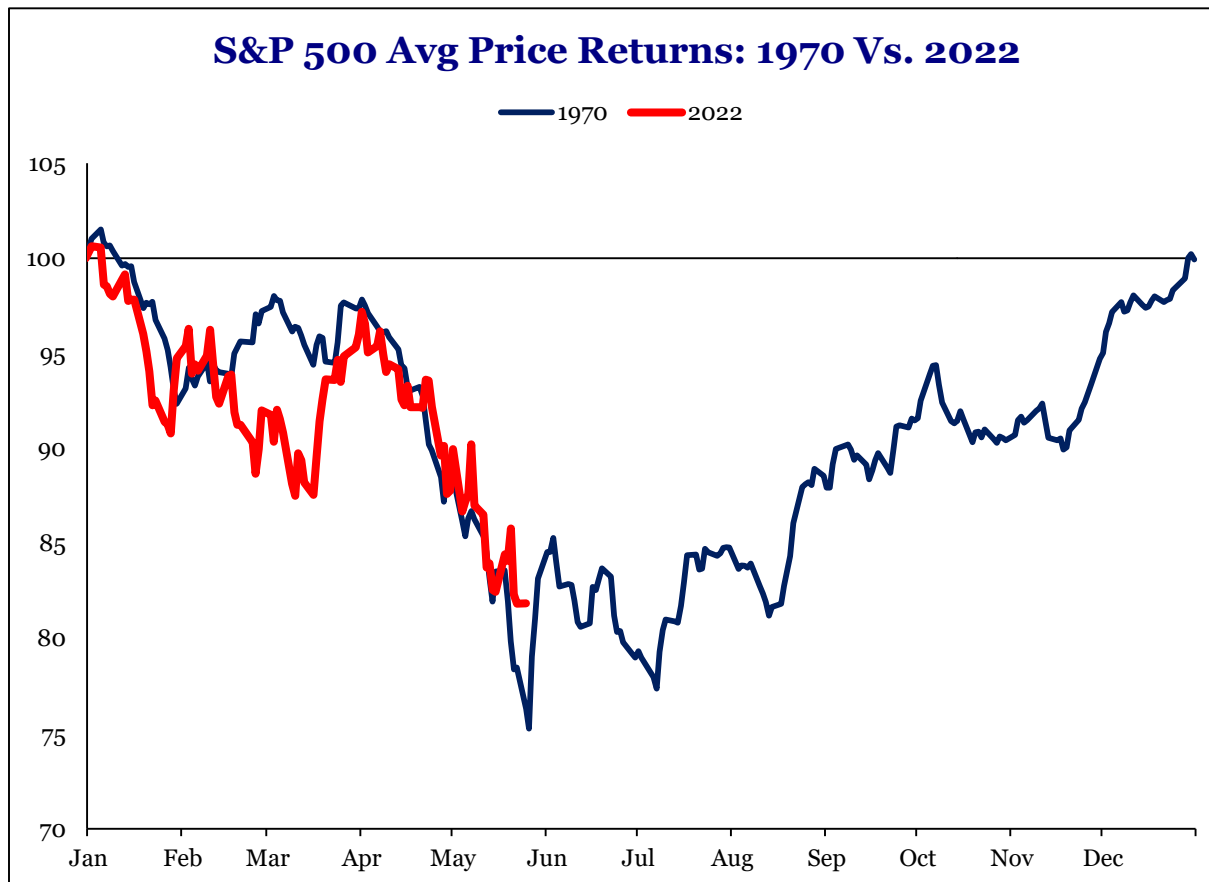
1982 Déjà Vu: Russia, Inflation & Midterm Elections





STRATEGAS

1970 Déjà Vu? Post-Pandemic, Post-Recession, Inflation, War, Midterm



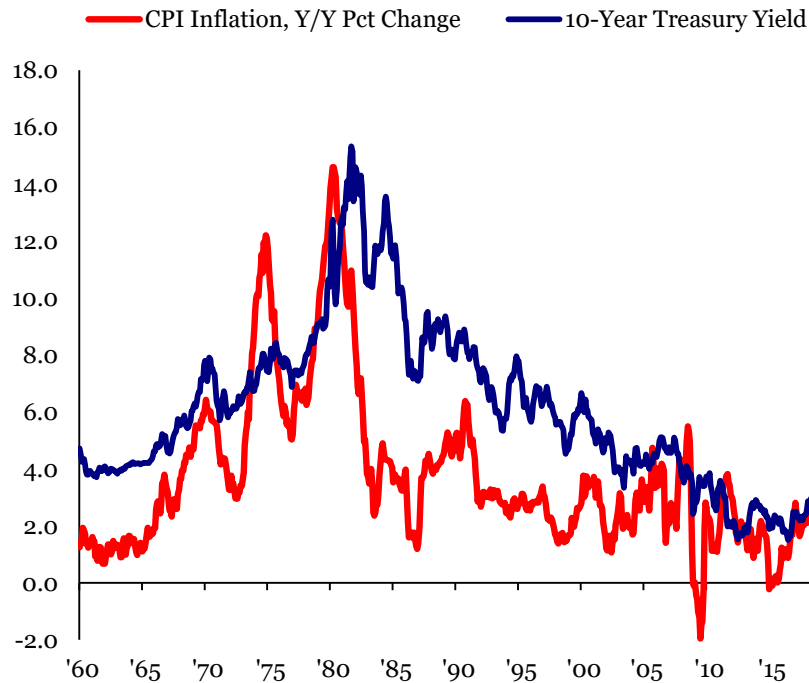
- ✓ Inflation
- ✓ War
- ✓ Wage/Price Controls
- ✓ End Bretton Woods
- ✓ OPEC Embargo
- ✓ Removal of Nixon



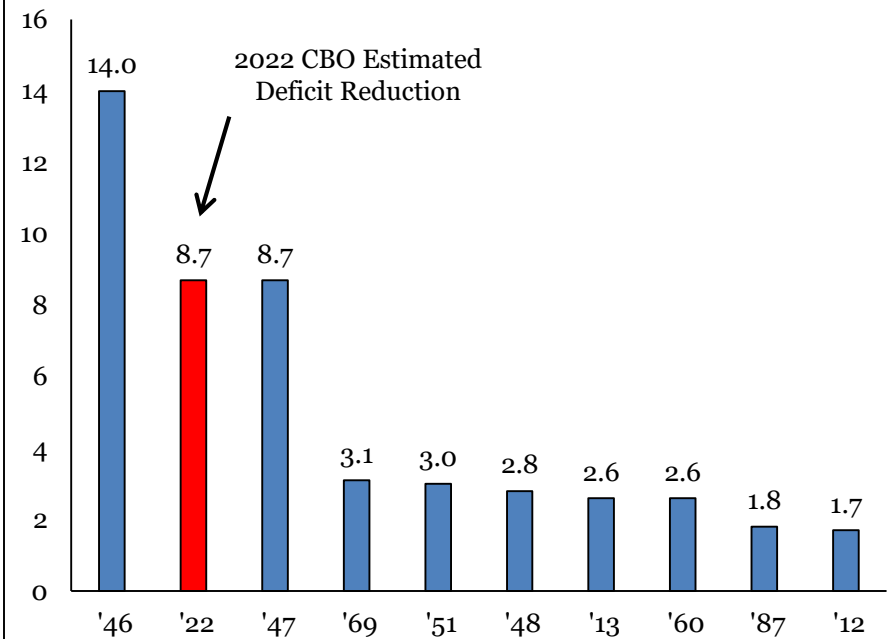
STRATEGAS

The Fiscal, Monetary & Geopolitical Frameworks Have All Shifted

**Interest Rates Vs. Inflation
(Fed, BLS)**



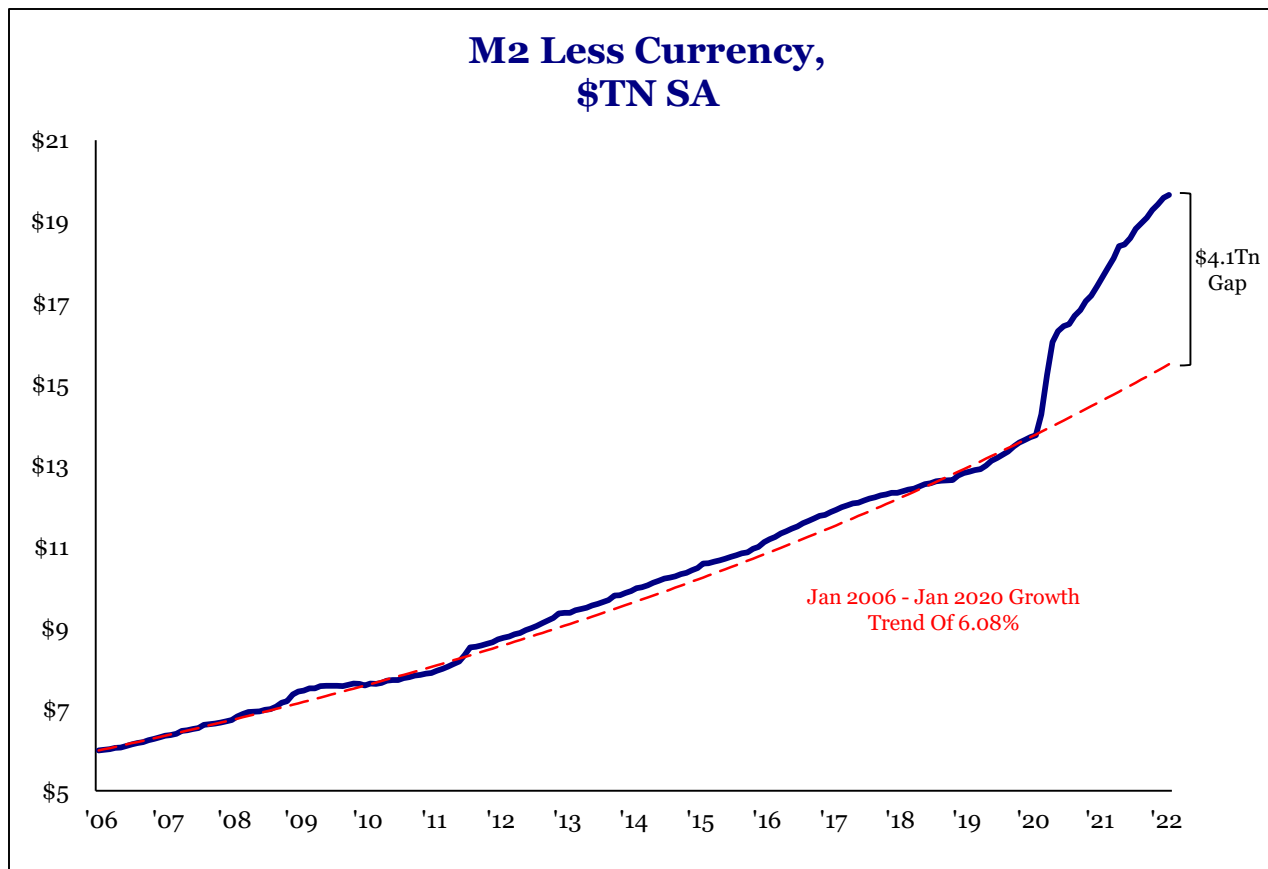
**Largest Reduction In US Federal
Budget Deficit Post-WWII,
% Of GDP**





STRATEGAS

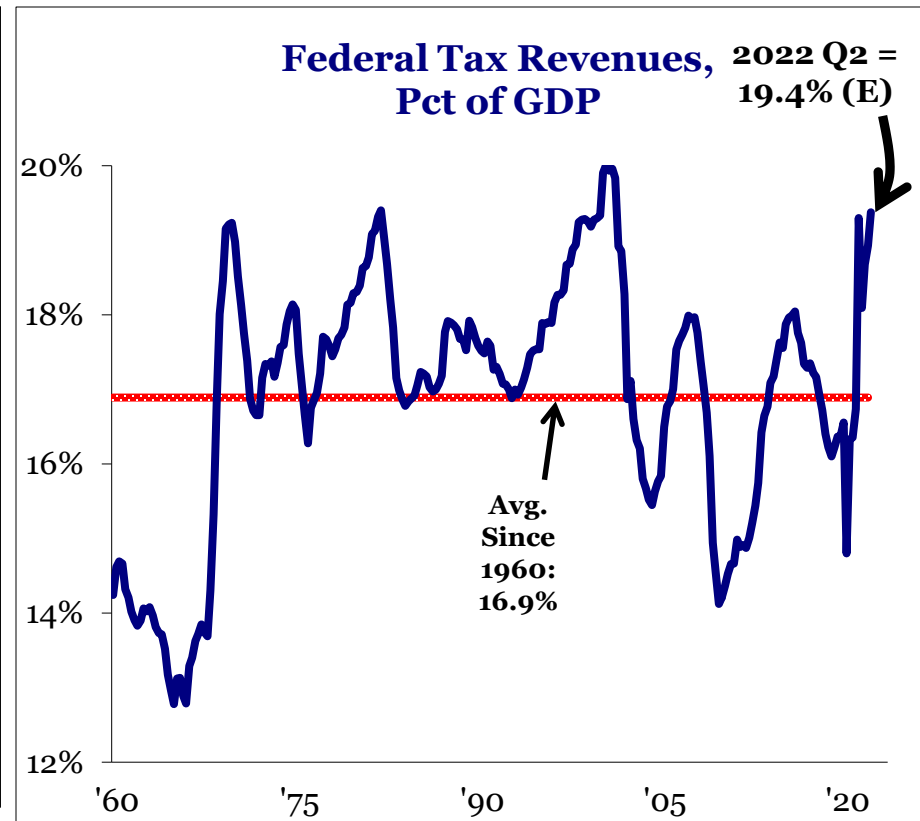
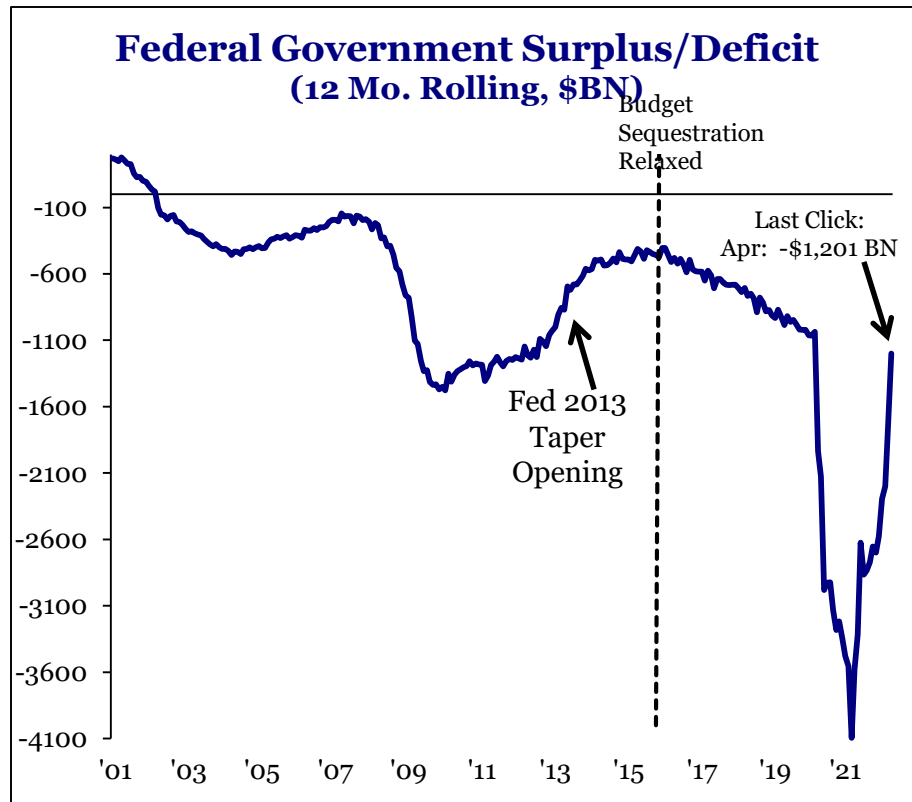
The Fed Has To Drain The Excess Liquidity In The System





STRATEGAS

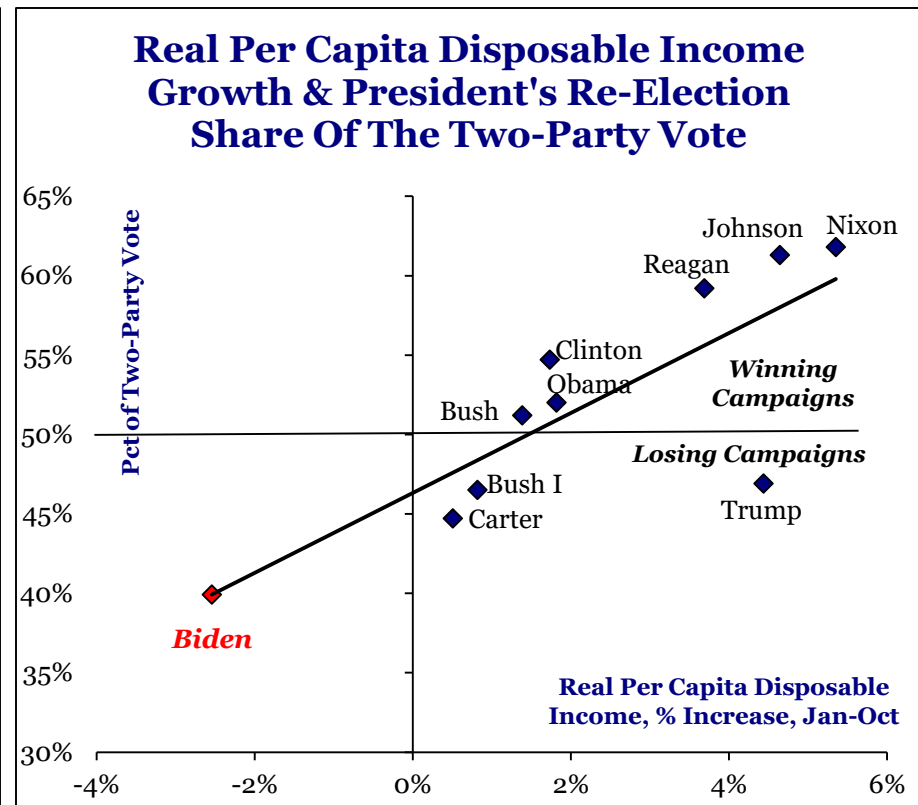
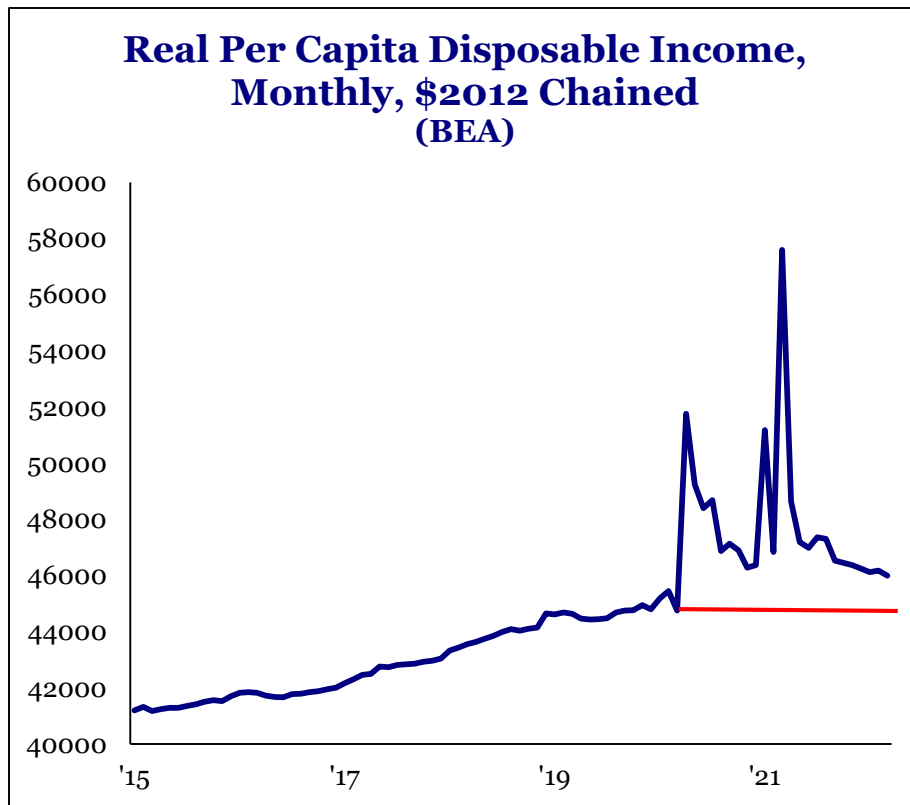
The Largest Fiscal Tightening Since The End Of WWII In 1946





STRATEGAS

Inflation + Fiscal Tightening Are Eroding Real Incomes

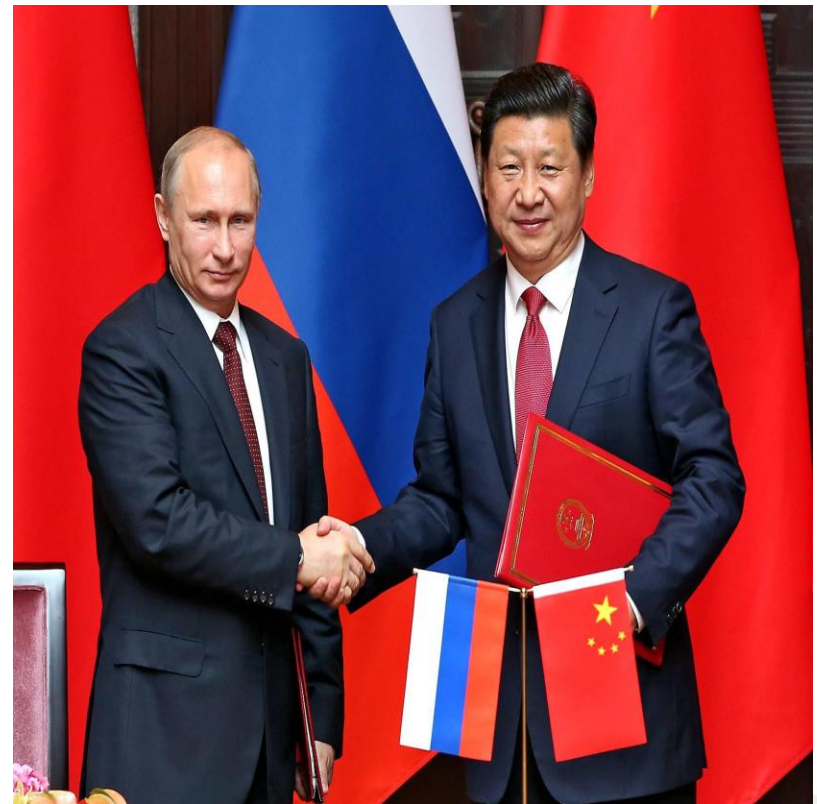
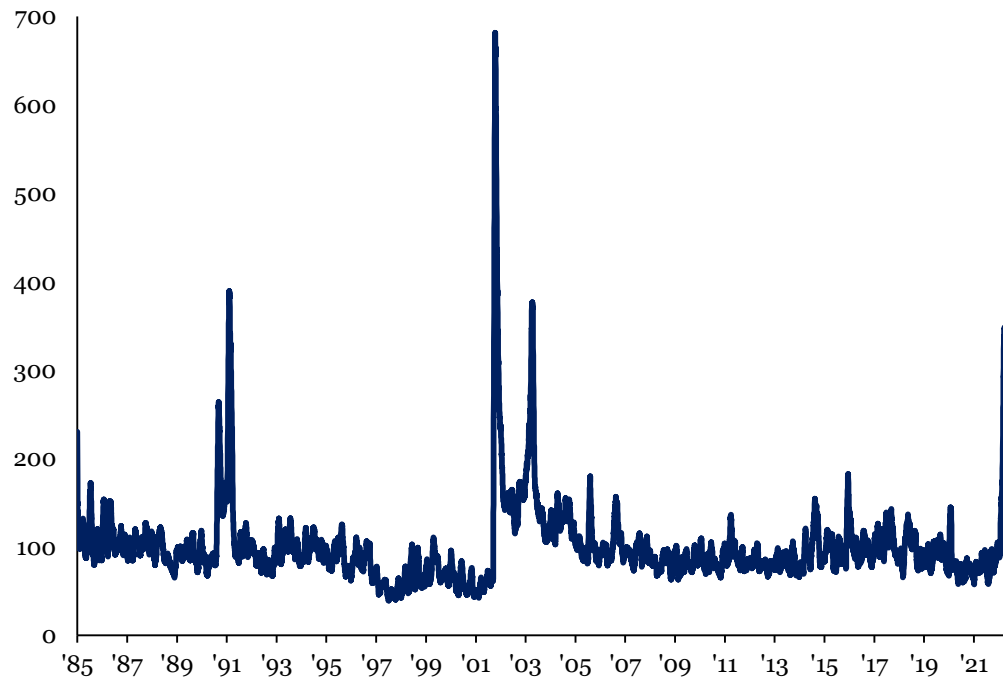




STRATEGAS

Geopolitical Risk Is Growing As World Alliances Begin To Shift

Geopolitical Risk Index
(Fed Board of Governors Working Paper)

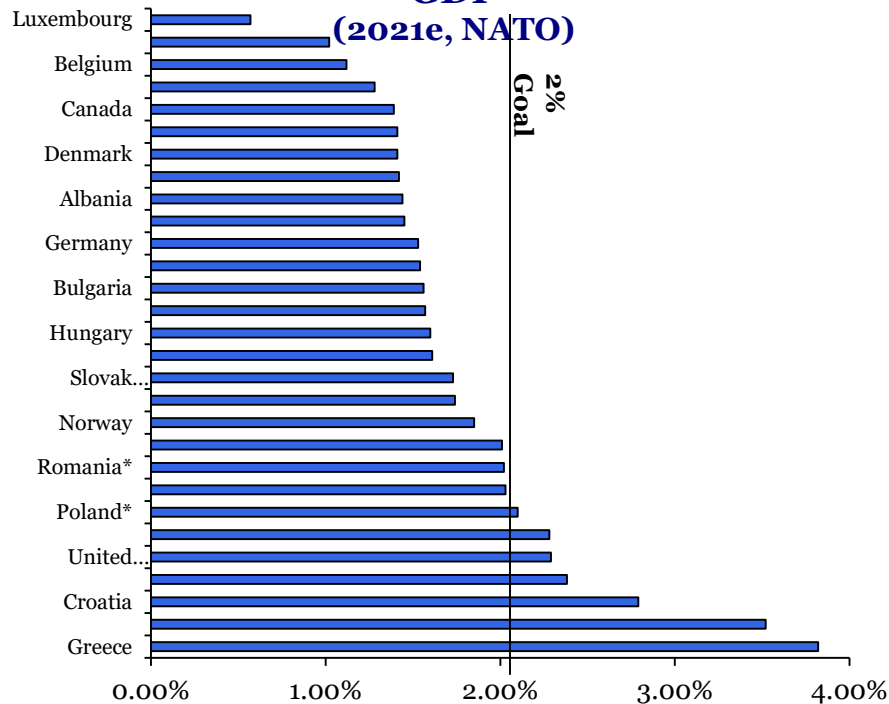




STRATEGAS

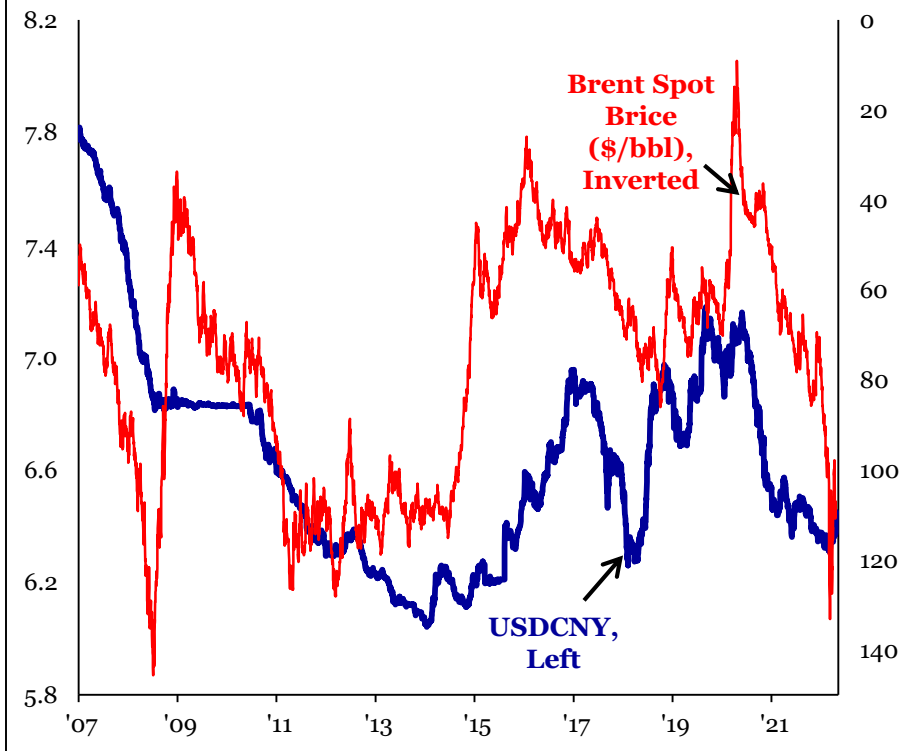
Shifting Alliance In Response To The Changing Geopolitical Framework

Defense Expenditures As A Pct. Of GDP



* These Allies have national laws and political agreements which call for 2% of GDP to be spent on defence annually, consequently estimates are expected to change accordingly. For the past years, Allies' defence spending was based on the

Chinese Renminbi Per USD & Brent Spot Price (Inverted)





STRATEGAS

Investment Implications: The New “ESG”

Energy + Security + Governance

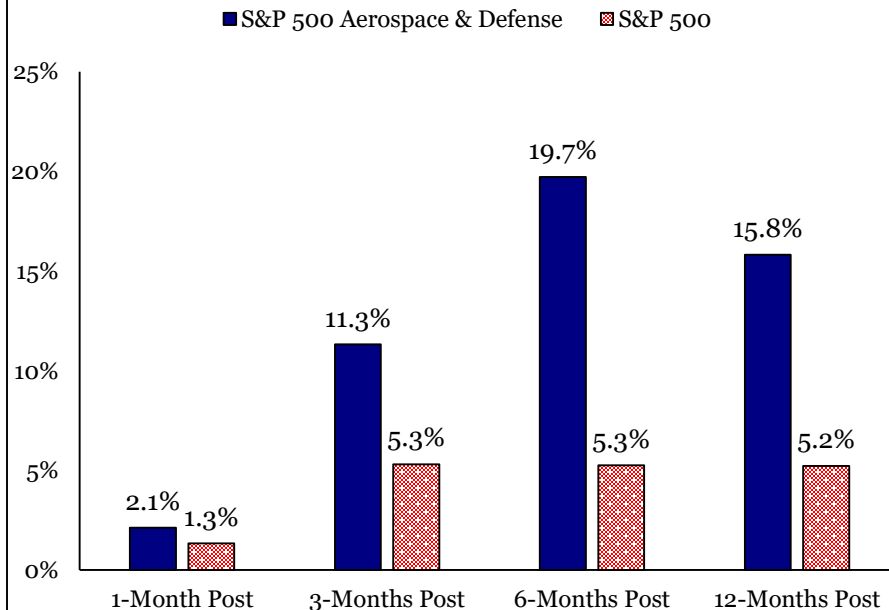




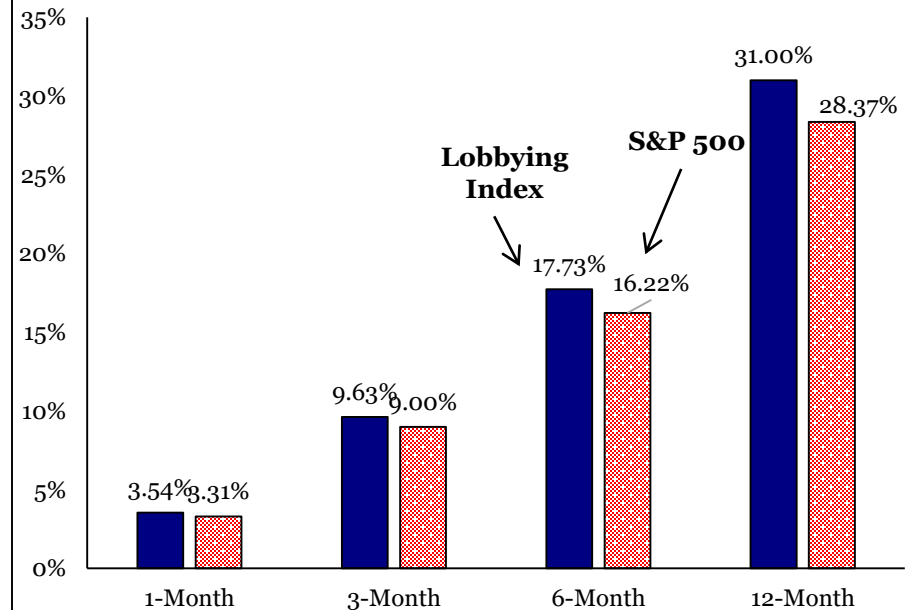
STRATEGAS

Lobbying & Defense Outperform During Periods Of Higher Uncertainty

**S&P 500 & S&P 500 Aerospace & Defense
SubIndustry Price Returns Following
Geopolitical Risk Index Levels Above 175
(Return Measurements Start 12/30/1994)**



**Strategas Lobbying Index Returns
Following Uncertainty Above 200
(Feb 2009 - Present)**

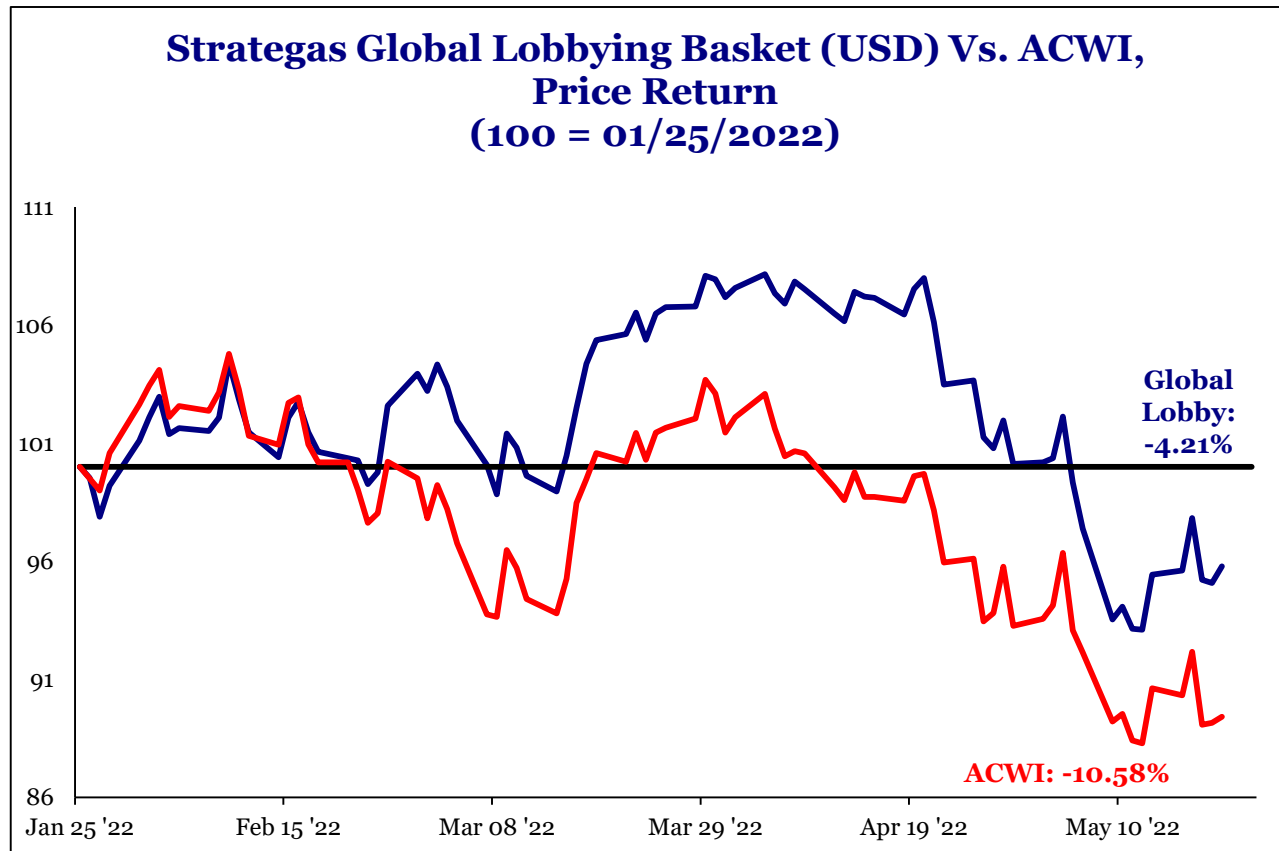


Source: Policy uncertainty data sourced from



STRATEGAS

Strategas Global Lobbying Portfolio Is Built For This Uncertainty



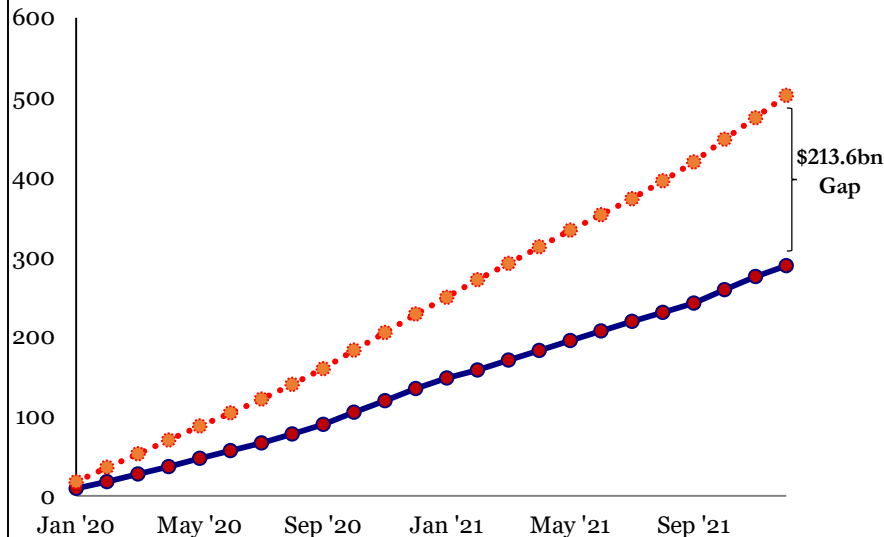


STRATEGAS

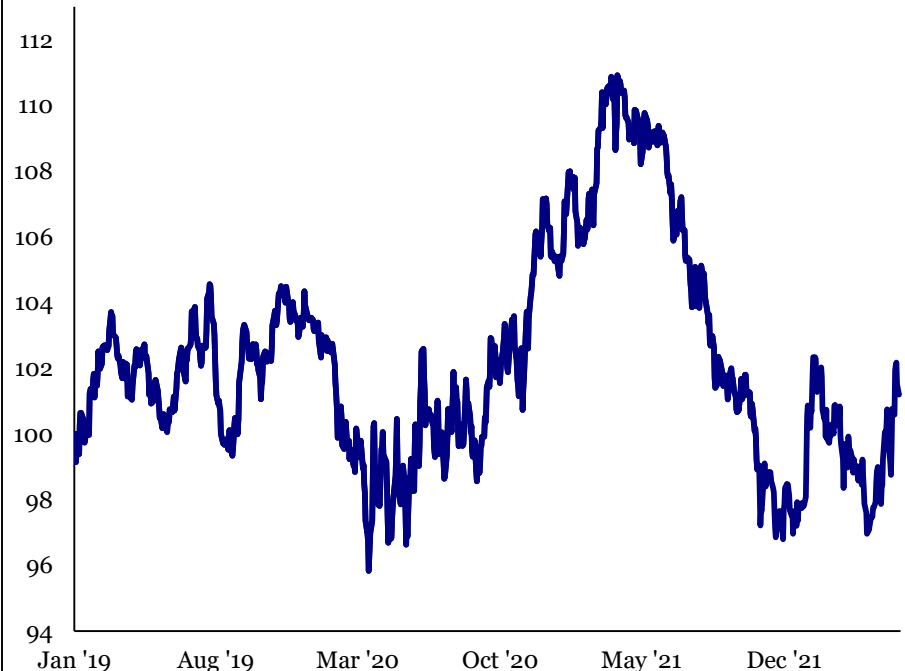
Removal of China Tariffs Difficult, Exemptions Are Easier

**US Exports To China, All Covered
Goods & Services Phase One Trade
Deal, \$Bn
(Peterson Institute)**

—●— Actual exports ····· Target



**Strategas' China Trade Deal Basket
Rel S&P 500**





What A Revised Build Back Smaller Plan Could Look Like

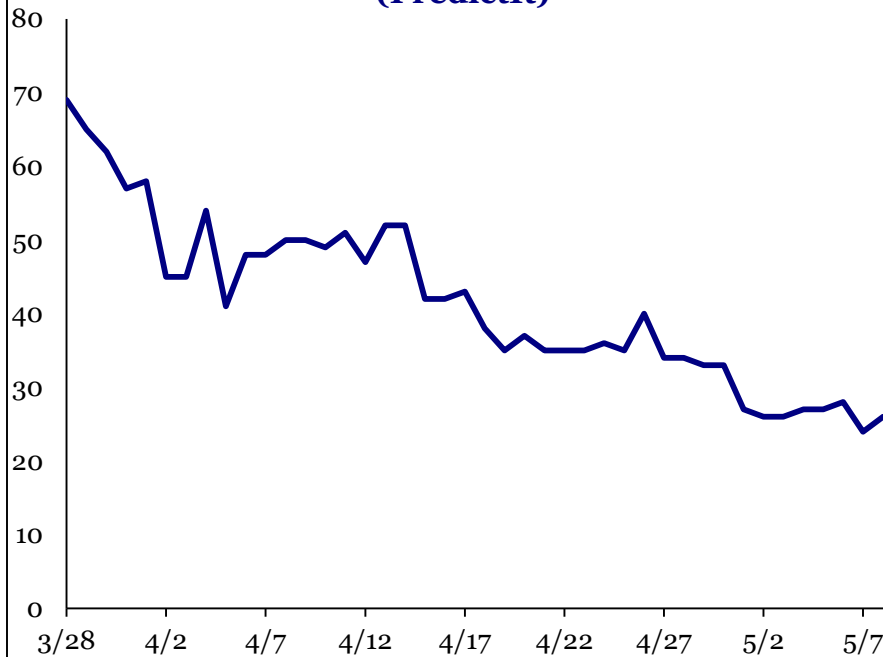
Offset Area	Possible Tax/Spending Change	10-Year Savings	Notes About Policy Change
Corporate Tax Changes	15% Minimum Corporate Tax	\$300	House plan with more carveouts
	15% GILTI Tax	\$280	Likely Delay In Timing, Need EU
	1% Buyback Tax	\$115	
Individual	5%/8% Surtax On Income over \$10mm	\$180	Possible Exemption for Small Business Income
Small Business	3.8% Tax On Investments	\$250	Could be a target for Sinema to axe
	Excessive Business Loss Limit	\$160	
SALT	State/Local Tax Deduction	(\$4)	\$80k Deduction, \$750k of Income
Tax Gap	Increase IRS Funding	\$125	
Drug Pricing	Reduced version of House plan	\$250	Slightly less aggressive than House plan
		\$1,656	
Spending	Possible Spending Change	10-Year Cost	Notes About Policy Change
Climate	Tax credits for renewables	\$500	Include nuclear, no EV labor credit
ACA	Enhanced ACA Subsidies	\$220	COVID Subsidies Permanent
Medicaid	Medicaid	\$180	Non-Medicaid Exp States Eligible
		\$900	



STRATEGAS

Financial Markets Are Assigning A Low Probability Of A Fiscal Deal

Betting Odds: Will the Senate Pass a Bill via Reconciliation by September 2?
(PredictIt)



Lobbying Index Corporate Tax Names Relative S&P 500, TR





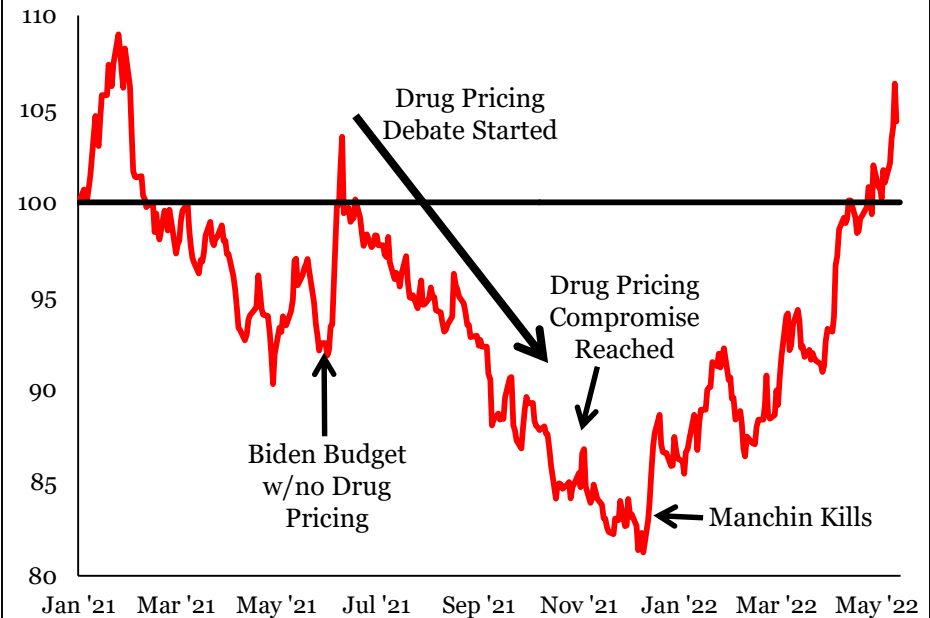
STRATEGAS

Democrats May Shift To A Health Care Only Bill: ACA + Drug Pricing

**S&P 500 Managed Health Care
Relative to the S&P 500
(100 = 02/28/2018)**



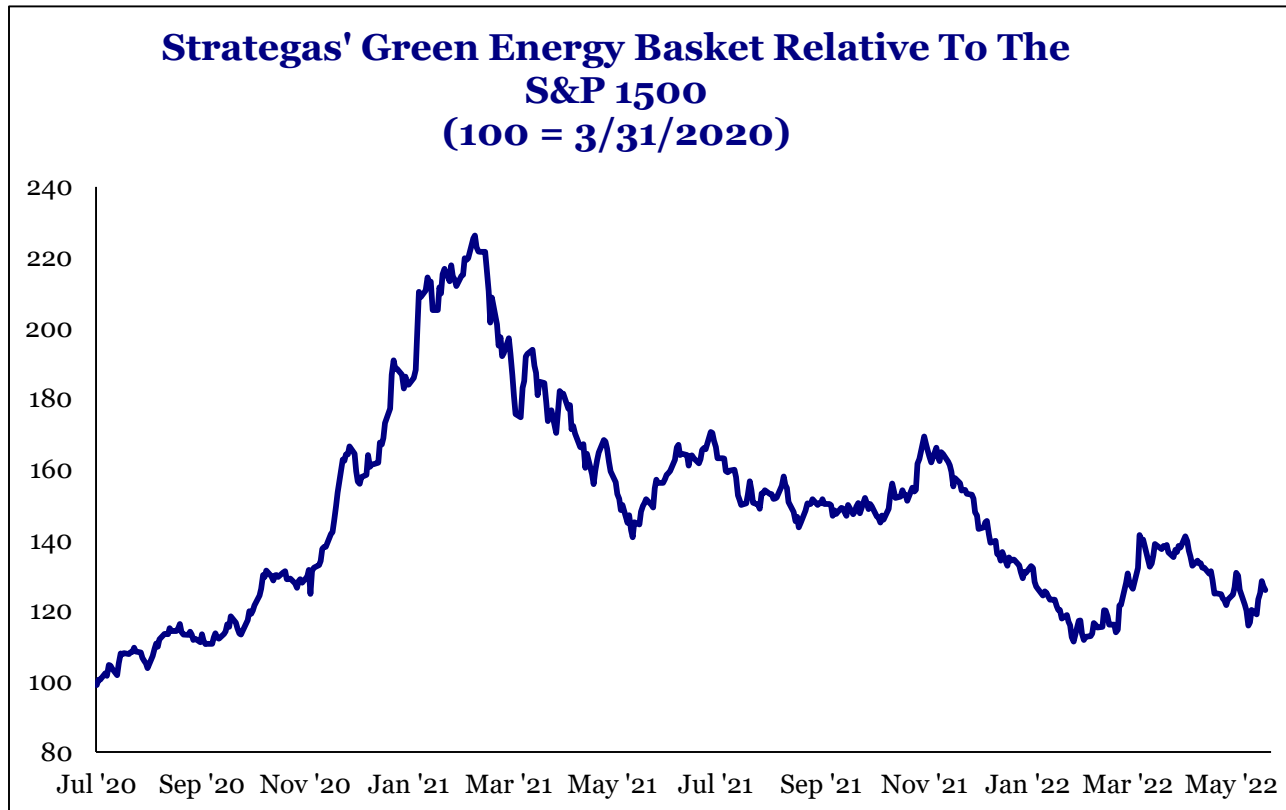
**Lobbying Basket Companies
Impacted By Drug Pricing Relative
S&P 500, TR**





STRATEGAS

Clean Energy Stocks Are Struggling With Little Certainty On BBS





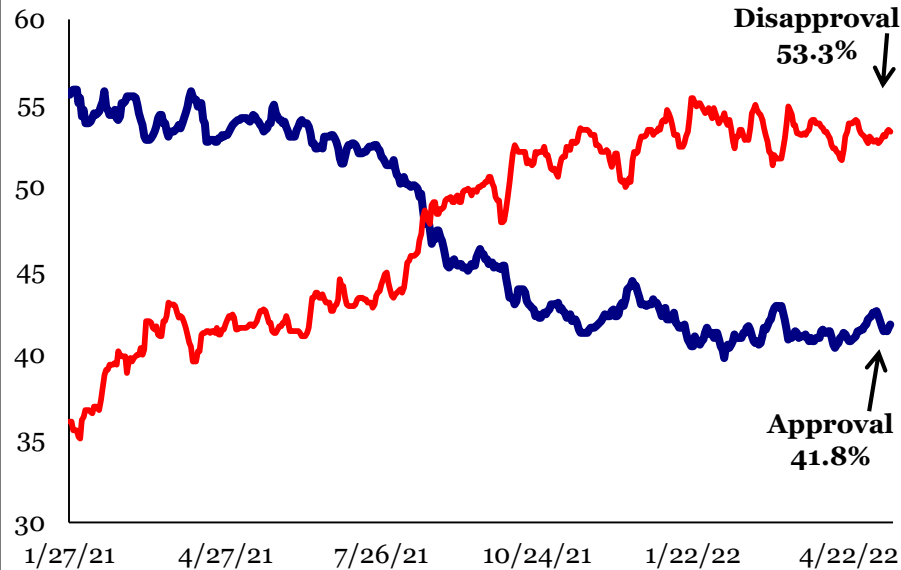
STRATEGAS

President Biden's Political Capital Is Drained Ahead of the Midterms

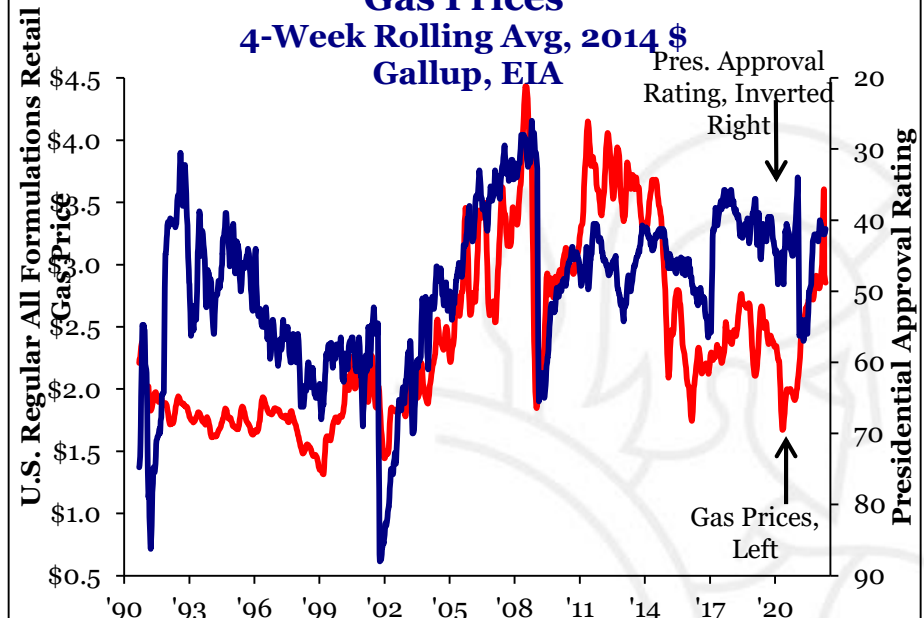
Midterm Elections Are Referendums On Presidents

Presidential Approval Is Driven By Gasoline & Inflation

President Biden's Approval Rating
(Real Clear Politics Average)



President Approval Rating & Real Gas Prices
4-Week Rolling Avg, 2014 \$
Gallup, EIA





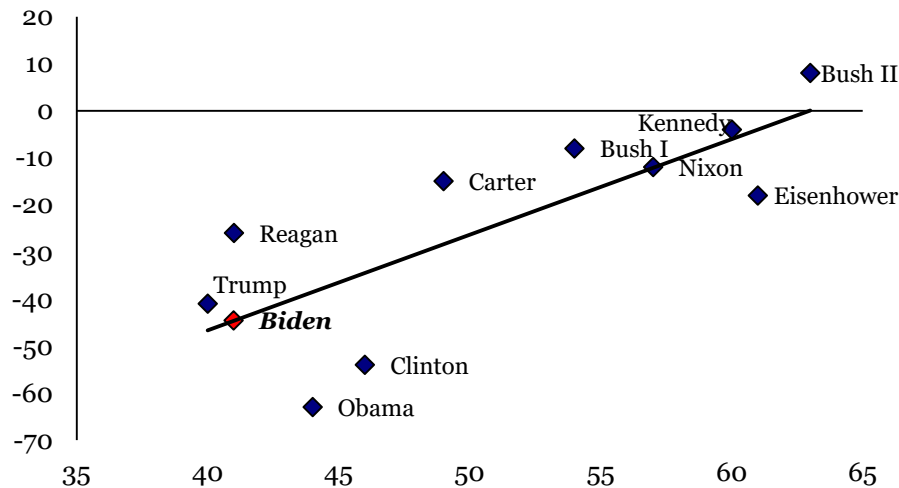
STRATEGAS

Democrats Are Looking For A Fiscal Policy Victory Pre-Midterm Election

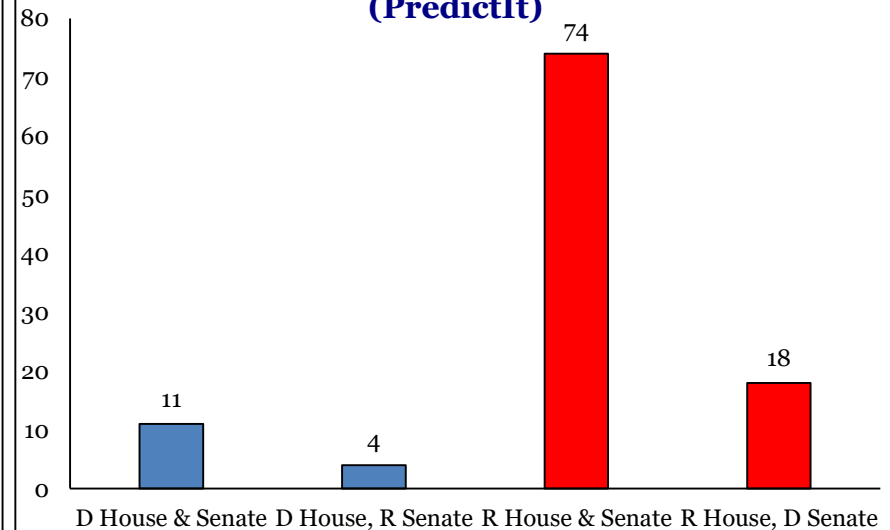
Democrats Are On Pace To Lose 40 Seats In The House

The Probability Of A Republican House & Senate in 2023 = 75%

Presidential Approval Rating & House Seats Gained/Lost in 1st Midterms (Gallup Approval)



Betting Odds: What will be the Balance of Power in Congress after the 2022 election? (PredictIt)





STRATEGAS

Appendix: Important Disclosures

Past performance is not indicative of future results. This communication was prepared by Strategas Securities, LLC (“we” or “us”) and is intended for institutional investors only. Recipients of this communication may not distribute it to others without our express prior consent. This communication is provided for informational purposes only and is not an offer, recommendation or solicitation to buy or sell any security. This communication does not constitute, nor should it be regarded as, investment research or a research report or securities recommendation and it does not provide information reasonably sufficient upon which to base an investment decision. This is not a complete analysis of every material fact regarding any company, industry or security. Additional analysis would be required to make an investment decision. This communication is not based on the investment objectives, strategies, goals, financial circumstances, needs or risk tolerance of any particular client and is not presented as suitable to any other particular client. The intended recipients of this communication are presumed to be capable of conducting their own analysis, risk evaluation, and decision-making regarding their investments.

For investors subject to MiFID II (European Directive 2014/65/EU and related Delegated Directives): We classify the intended recipients of this communication as “professional clients” or “eligible counterparties” with the meaning of MiFID II and the rules of the UK Financial Conduct Authority. The contents of this report are not provided on an independent basis and are not “investment advice” or “personal recommendations” within the meaning of MiFID II and the rules of the UK Financial Conduct Authority.

The information in this communication has been obtained from sources we consider to be reliable, but we cannot guarantee its accuracy. The information is current only as of the date of this communication and we do not undertake to update or revise such information following such date. To the extent that any securities or their issuers are included in this communication, we do not undertake to provide any information about such securities or their issuers in the future. We do not follow, cover or provide any fundamental or technical analyses, investment ratings, price targets, financial models or other guidance on any particular securities or companies. Further, to the extent that any securities or their issuers are included in this communication, each person responsible for the content included in this communication certifies that any views expressed with respect to such securities or their issuers accurately reflect his or her personal views about the same and that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this communication. This communication is provided on a “where is, as is” basis, and we expressly disclaim any liability for any losses or other consequences of any person’s use of or reliance on the information contained in this communication.

Strategas Securities, LLC is affiliated with Robert W. Baird & Co. Incorporated (“Baird”), a broker-dealer and FINRA member firm, although the two firms conduct separate and distinct businesses. A complete listing of all applicable disclosures pertaining to Baird with respect to any individual companies mentioned in this communication can be accessed at

<http://www.rwbaird.com/research-insights/research/coverage/third-party-research-disclosures.aspx>. You can also call 1-800-792-2473 or write: Robert W. Baird & Co., PWM Research & Analytics, 777 E. Wisconsin Avenue, Milwaukee, WI 53202.



STRATEGAS

DISCLAIMER: The model investment portfolios discussed in this report have been developed and maintained by Strategas Securities, LLC. Strategas Securities licenses the portfolios to its affiliate, Strategas Asset Management, LLC, an investment adviser, which either provides the model portfolios to other managers with investment discretion, or manages client accounts directly in a manner that tracks the composition of one or more of the model portfolios. Strategas Securities does not selectively distribute its research reports to any particular customer or class of customers – including its affiliates – in advance of other customers that are entitled to receive the report.

NEW YORK

52 Vanderbilt Avenue

8th Floor

New York, NY 10017

United States

(212) 906-0130

(212) 906-131 fax

WASHINGTON, DC

1775 I Street, NW

Suite 420

Washington, DC 20006

(202) 223-7644

(202) 223-7647 fax

COLUMBUS, OHIO

88 E. Broad Street

Suite 1180

Columbus, OH 43215

(614) 221-6680

info@strategasrp.com