

## How Concerned Are S&P 500 Companies About the Election?

### Overview

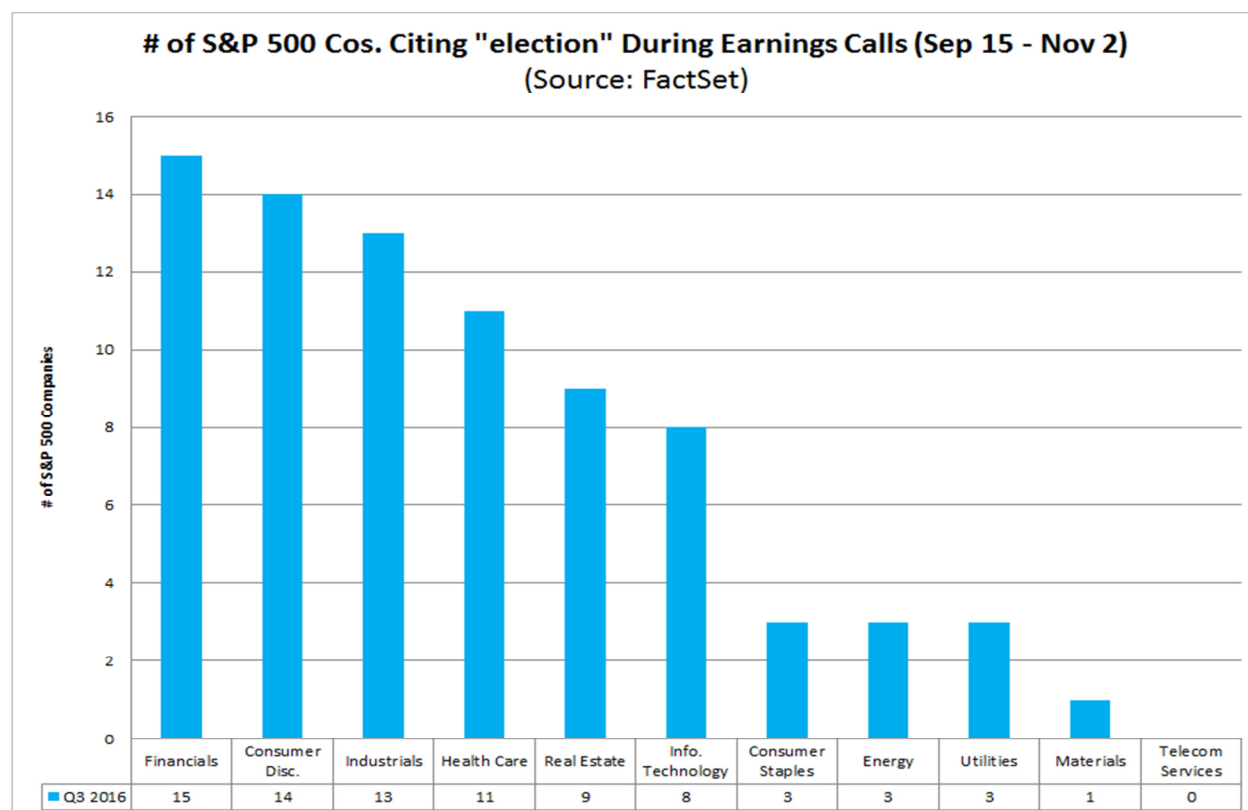
On November 8, voters in the U.S. will elect a new president and a new Congress. Control of one or both branches of government could change from one party to the other due to these elections.

During each corporate earnings season, it is not unusual for companies to comment on domestic or international events that had an impact on their earnings and revenues for a given quarter, or may have an impact on earnings and revenues for future quarters. Given the unknown results of the election, have companies in the S&P 500 been commenting on the election during their earnings conference calls for the third quarter? How concerned are S&P 500 companies about the election?

This Market Insight report will answer the following questions:

- How many S&P 500 companies have discussed the term “election” during their earnings calls for Q3 2016?
- How does this number compare to the previous election in 2012?
- What are S&P 500 companies saying about the election?

### 80 S&P 500 Companies Have Discussed “Election” During Q3 2016 Earnings Calls to Date



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To answer the first question, FactSet searched for the term “election” in the conference call transcripts of the S&P 500 companies that have conducted third quarter earnings conference calls from September 15 through November 2 to see if the term was mentioned during the call.

The term “election” was mentioned during the earnings conference calls of 80 S&P 500 companies (or approximately 21% of the 386 S&P 500 companies that had reported earnings through November 2).

At the sector level, the Financials (15), Consumer Discretionary (14), and Industrials (13) sectors have the highest number of companies in which the term “election” was discussed during their earnings calls for Q3 2016 during this period.

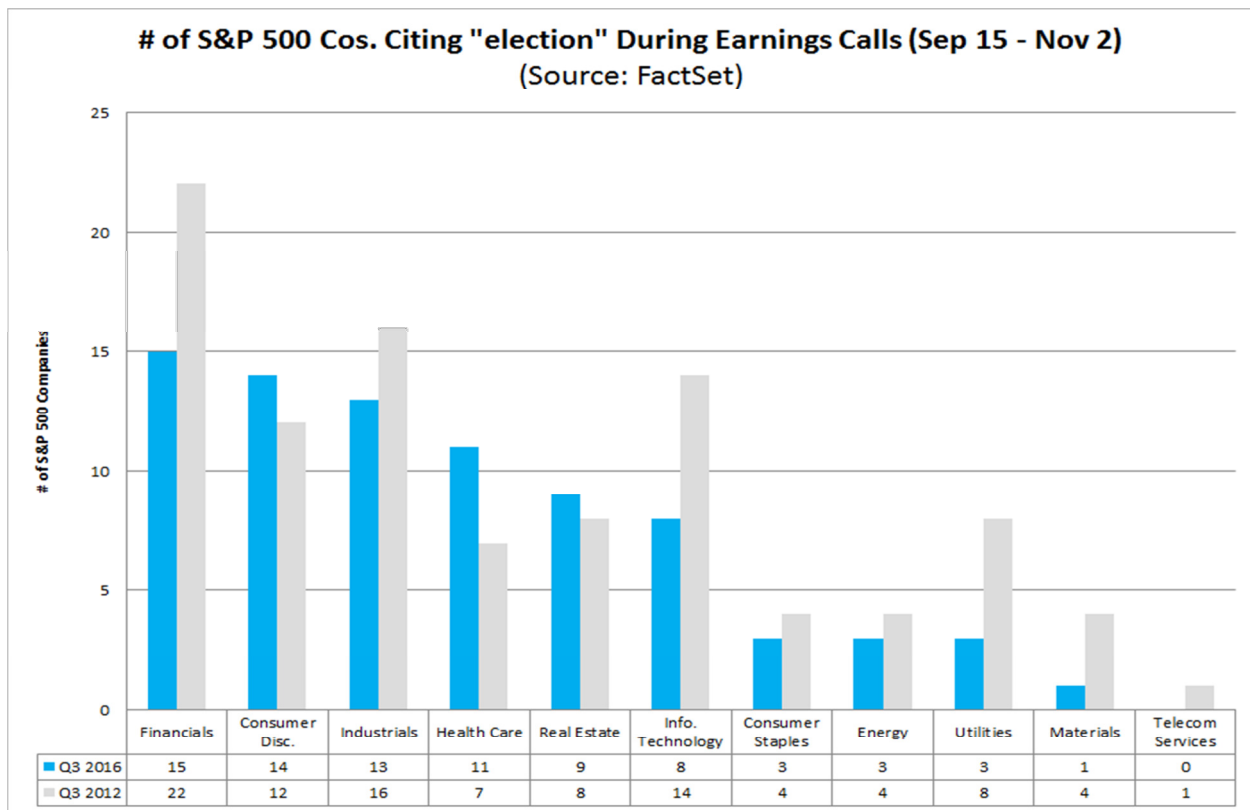
**Fewer S&P 500 Companies Have Discussed “Election” in Q3 2016 Compared to Q3 2012 to Date**

To answer the second question, FactSet searched for the term “election” in the conference call transcripts of the S&P 500 companies (as of September 30, 2012) that had conducted third quarter earnings conference calls from September 15 of 2012 through November 2 of 2012 to see if the term was mentioned during the call.

The term “election” was mentioned during the earnings conference calls of 100 S&P 500 companies (or approximately 26% of the 380 S&P 500 companies that had reported earnings through November 2, 2012).

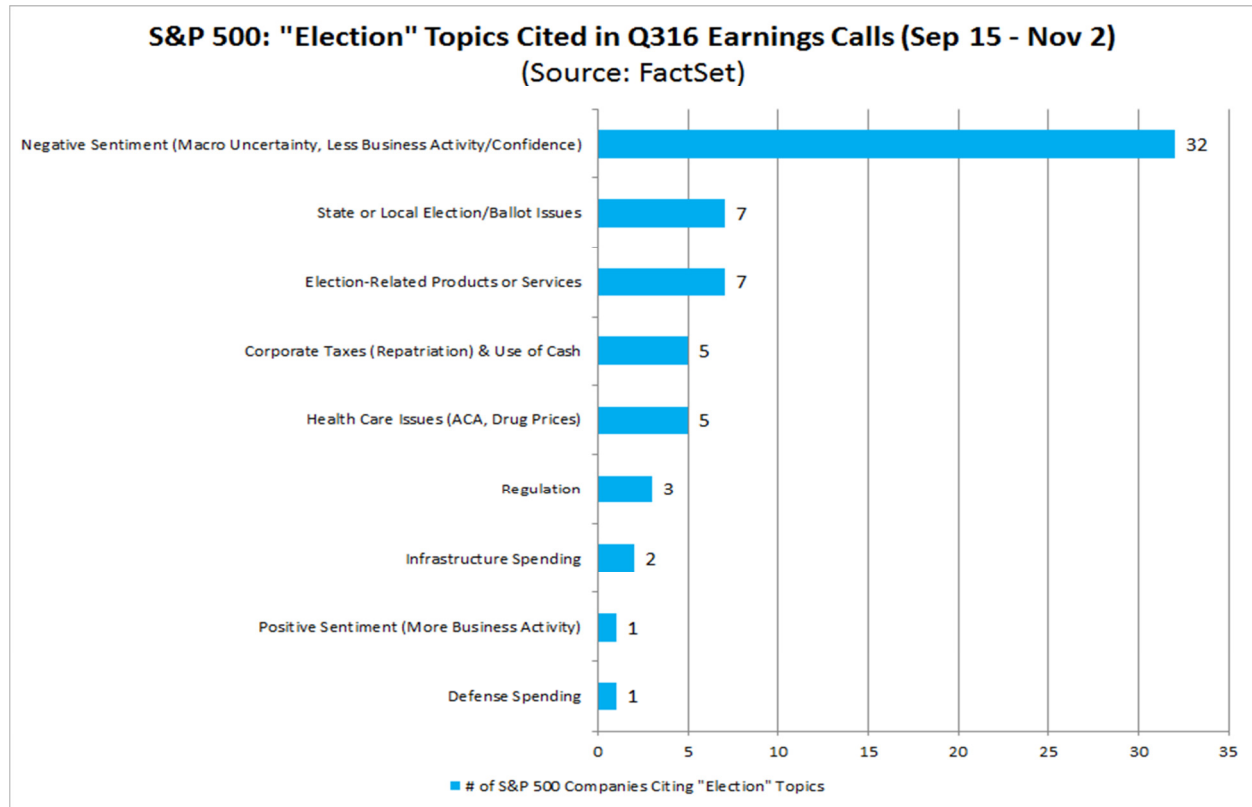
Thus, through November 2, fewer S&P 500 companies have discussed the election during their earnings calls in 2016 relative to the same time frame in 2012.

At the sector level, the Financials (-7), Information Technology (-6), and Utilities (-5) sectors have recorded the largest declines in the number of companies mentioning “election” during their earnings calls for Q3 2016 compared to Q3 2012, while the Health Care (+4) sector has recorded the largest increase in the number of companies mentioning “election” during their earnings calls for Q3 2016 compared to Q3 2012.



**32 S&P 500 Companies Have Expressed Negative Sentiment about “Election” in Q3 2016 to Date**

To answer the third question, FactSet looked at the context in which the term “election” was mentioned during these 80 earnings conference calls and classified the comments under different themes and categories. A summary is provided on the next page.



Of the 80 companies that have discussed the election in 2016, 32 (or 40%) expressed some negative sentiment about the election. These companies stated that the election was a contributing factor in Q3 2016 (or would be a contributing factor in Q4 2016) to macro uncertainty, a slowdown in business activity, or to lower consumer and business confidence. In addition to negative sentiment, companies also discussed state or local ballot issues (7), election-related products or services (7), and tax and corporate spending issues (5) in the context of the election.

All of the specific companies and comments cited above are provided (by sector) over the following pages. The total number of companies citing specific election topics won't match the total number of companies that discussed the "election" for each sector because some companies discussed more than one topic, while other companies did not discuss any of these topics. Also, the list of companies below does not constitute all the S&P 500 companies that discussed a particular topic mentioned above (health care, taxes, etc.) during their Q3 earnings calls. It only includes the companies that discussed these topics in the context of the election or in answer to a question about the election (if "election" is not mentioned directly in the quote provided).

## Financials

### Negative Sentiment Due to Election: 11

*"And then, as I said in the prepared remarks, this year there is actually more volatility in flows than normal. I think that's due to the macro environment. So, wouldn't be surprised if you also saw some retail flow downs due to just macro stuff like the election."*—Affiliated Managers (Oct. 31)

*"So, I'd say we feel that we're well situated to continue that strategy. We saw a bit of a seasonal slowdown in Q3. We are looking for a bit of a bounce back in Q4. I think there is a little bit of election uncertainty that's maybe holding some companies back, which might resolve itself as we get through the quarter."*—Citizens Financial Group (Oct. 21)

*"We do expect though, lighter periods of issuance expected in the fourth quarter because of the following three factors: earnings blackouts will continue through October. U.S. elections obviously are November 8. And the Federal – the Fed Open Market Committee meetings are December 13, and 14."*—Moody's (Oct. 21)

*"As we've said I think at our Investor Day five weeks ago, we think quarter three represents a pause in C&I lending, meaning that it was strong in quarter two and we expect it to recover in quarter four. In part, based on what we believe is the vagaries of quarter three where we had some of the Brexit activities move things up into quarter two, and perhaps some of the uncertainty around election and other things moving things into quarter four, but we see that returning nonetheless."*—U.S. Bancorp (Oct. 19)

*"In closing, the global macroeconomic environment continued to produce a difficult operating environment in the third quarter of 2016. Low and even negative interest rates around the globe, post-Brexit uncertainty, election uncertainty, and debate over Central Bank actions characterized the quarter." –Northern Trust (Oct. 19)*

*"I guess from speaking with our commercial bankers across the region before coming on the call, they're feeling good about the demand that's out there. As I mentioned before, our pipeline is very strong. It's in line with what we've seen in prior quarters. I think there is a little bit of a pause, and I expect there will be a pause this quarter as we go through the election cycle and people digest what that means, and with the change in administration." –M&T Bank (Oct. 19)*

*"Yes, markets have been trading up over the course, certainly, of this quarter and we're seeing indices at reasonably high levels. But on the flipside, transaction revenues have historically been driven by underwriting calendar, where we've seen a very slow 2016. I think the geopolitical risks and some of this political risk, and some of these risks that are much harder for retail, or actually any investor, to probability wait can get their hands around and probably push people to the sidelines, I don't know if it's secular or cyclical at this point, but certainly it's at very low levels....Whether the transaction stuff picks up, I don't know, post the election, post the Fed moving, it remains to be seen." –Morgan Stanley (Oct 19)*

*"The lack of clarity around the outcomes of several upcoming political events, including the path forward on Brexit, elections in the U.S., and the constitutional referendum in Italy, is contributing to growing tail risk and investor caution." –BlackRock (Oct.18)*

*"I think the uncertainty that's out there continues. And until that gets more taken into effect and removed, we're not going to see growth that's going to exceed GDP as an example and that's one of the reasons we're using the GDP as kind of a forward indicator....Certainly, the election adds some uncertainty as well, the regulatory environment and just overall economic environment, just a real lack of CapEx investment really." –Comerica (Oct. 18)*

*"Look, we feel – I think let me start with what we noticed in commercial in the quarter was lower industry growth this quarter. And I think that really reflected a slowdown in closed – actually booked closed acquisition financing for us, which probably maybe – could be different for peers depending on the timing of transactions. And then, uncertainty around the election and then I think some lingering concerns around certain countries or regions. That's what I think impacted the third quarter." –Bank of America (Oct. 17)*

*"Looking forward, while we expect growth both in the developed and emerging markets to pick up next year, the uncertainties that color the current economic environment haven't retreated. Brexit, hard, soft, or scrambled, is still an open question and is likely to remain so for the near future. Here in the U.S., thankfully we're only a few weeks away from the Presidential election." –Citigroup (Oct. 14)*

## **Regulation: 2**

*"But now with this passage of the DOL rule, we think that it really increases pressure on the SEC to do something, to do something that potentially harmonizes or comes close to a similar standard in the non-retirement business. So we think that, we think that it's probably coming, and now it could be a little slower because we – with the election we'll have a presumably or potentially a regime change at the SEC." –Legg Mason (Oct. 28)*

*"So, I think the philosophies and the general sense of what regulation looks like for banks is pretty well set. I think we understand most of those rules, and what we're dealing with now is nuances, why certain speeches make so much attention, because we're trying to read tea leaves and figure out if they're changing anything systemic. I don't think there's anything major to change. I also think a new President, which is undoubtedly going to happen, has a slight variation one way or the other. I won't talk about which one I think does which, but one gets a little more uncertain and causes us to stand back a little bit and wait to see how things settle. The other one is a lot more of the same, and probably whether we like it or not, it's something we can manage because it's the devil we know." –U.S. Bancorp (Oct. 19)*

## **Corporate Taxes and Use of Cash: 1**

*"As Greg mentioned, we're always looking for opportunities to grow the business and that won't change internationally, Greg mentioned that, all things being equal, and acquisition is cheaper for use all of our cash. And so that – it's not that we're sitting and we're not doing anything else waiting for repatriation. So, I do want to make that clear. We are looking for opportunities. And so that's one of the strategic advantages of having all that cash. So, we'd be able to move on something if the opportunity presented itself. But regarding the timeline for repatriation, there's been a lot of momentum, and we feel like it's gaining momentum. Congress is working on the issue, we feel like when they come back in session in January is something they might have – they might be talking about it. Our advisors remind us all the time that four of the last five Presidents enacted tax reform by August of their first year. So, we are optimistic about it, and – but we're also looking for other ways to use our cash." –Franklin Resources (Oct. 26)*

## **Election-Related Product or Service: 1**

*"In the third quarter, the BlackRock Investment Institute hosted a call on the potential impact on financial markets of the upcoming U.S. election, which had more than 1,000 participants." –BlackRock (Oct. 18)*

## Consumer Discretionary

### Negative Sentiment Due to Election: 8

*"Now, let's turn to the hot topic of political advertising. We billed \$38 million in the third quarter, down from \$55 million in 2012. There were two main factors for the decline, but they're both tied to one common cause, Donald Trump. Compared to 2012, there was a big reduction in overall presidential money raised, and as a result, a lot less money spent on presidential overall. The donors who'd backed Mitt Romney for all the well-publicized reasons weren't there for Mr. Trump. Neither his campaign nor his PACs were there. Additionally, Hillary Clinton and her PACs did not match President Obama's spending levels for either 2008 or 2012. And for us, TEGNA, Mr. Trump had another impact. What had been an unprecedented presidential footprint in 2012 got changed this year. For instance, he took both Colorado and Virginia out of play, two states where we have a big presence, two states that would have otherwise have been very – seen very heavy spending like they had in the past. Hillary and her PACs went back up in Colorado and Virginia this week, but have otherwise sat out those markets from most almost of the general election season." –TEGNA (Nov. 2)*

*"Yes, look, I think consumer confidence certainly sort of less positive. But again, that's a measure of attitudes and not necessarily behavior. So I don't overreact to that. I think a lot of that has to do with all the negativity in the headlines related to the election in the U.S. So hopefully that....will get behind us by November 8, thank goodness. So hopefully consumer confidence, whatever impact that's had on confidence certainly lessens." –Newell Brands (Oct. 28)*

*"So just a few thoughts on the macro state of the world. I think the word that we think about is still – you know, there's a level of uncertainty in the macro world. I think the slowing economic growth around the world is still on everybody's mind and that's presenting some challenges. And you know the world is still not without a lot of tenseness around some of the political climate when you think of the Middle East or you think of U.S. election and those types of things. So there's still an environment of uncertainty." –BorgWarner (Oct. 27)*

*"We have seen what we believe is a temporary softness in industry demand in U.S. particularly you saw it early in the quarter in July and August with some rebound in September. We believe this is due to consumer confidence weakening primarily due to the focus around the U.S. elections." –Whirlpool (Oct. 25)*

*"There is certainly a softening top line across the sector with consumer confidence. I think all of us in the sector would prefer some tailwinds. If you look hard, there aren't many tailwinds at the moment. There's not great economic growth to help provide a lift. Consumer confidence is muted. We're at a rather unusual stage of the election cycle. So none of that's really providing a tailwind for us." –McDonald's (Oct. 21)*

*"It's business as usual, I think the thing that's made this fourth quarter a little crazy is the general election and uncertainty with what the outcome is going to be. And clients who have the ability in a low growth environment to hold back on projects have been waiting to put this behind us, and hopefully it'll be soon...And the U.S. is the largest part of our portfolio. We're well represented in the U.S. but all of this noise isn't contributing anything. And in the past, we probably participated in years of Presidential elections to a greater extent than we're participating this year because whereas the Democrats are spending money, the Republicans are not, not to the same level." –Omnicom Group (Oct. 18)*

*"I think we're, what, five weeks away from the general election. I think there is just great uncertainty as to what's going to happen in the U.S. in particular as a result of the outcome of the election. It goes without saying that people are sort of trying to decide who to choose and what the impact will be on the economy, and I think people are maybe just hunkering down a little bit...And I think once we get through the election and then that uncertainty is removed, hopefully the market will find some momentum." –Yum! Brands (Oct. 6)*

*"Also, we've anticipated a bit of an election slowdown. And historically, there's always been a little fall off in booking volumes around election time. And so there could be some of that." –Carnival (Sep. 26)*

### Election-Related Product or Service: 2

*"Of course, Fox News has never been stronger amidst an intense election season. It just marked its 59th consecutive quarter as the number one in cable news and just finished October as the number-one network in both prime time and all day across all of cable. Last month also marked the first time a Fox News anchor moderated a general election presidential debate. We have to give a shout-out to Chris Wallace's superb debate performance, which notably received kudos on both sides of the aisle." –Twenty-First Century Fox (Nov. 2)*

*"Let's all turn to CNN, which continues to win over audiences with its mixture of indispensable news and election coverage along with innovative original series. CNN was number-one news network among adults 18 to 49 in primetime for the fourth consecutive quarter, and CNN had its most-watched quarter in eight years among total viewers and among adults 25 to 54. And CNN's coverage of the second U.S. Presidential debate, co-hosted by our own Anderson Cooper, was its most-watched general election debate ever, making CNN one-number one among all cable networks for that night. And CNN Digital continued its streak as the number-one news destination, outpacing all news and information competitors with more mobile unique visitors, more multi-platform views, more video starts and more video minutes than any other news outlet." –Time Warner (Nov. 2)*

**Positive Sentiment Due to Election: 1**

*"Cable advertising revenue increased 7.7% to \$634 million, reflecting higher political revenue related to the upcoming elections. Excluding the political contribution, our cable advertising revenue decreased 2%....And Marci, concerning political advertising, we have seen growth obviously in this election year. It kind of depends on the state that we're in. We're very strong in Florida, in Pennsylvania and states like that. The core is a little bit soft on the local side, but we're overall seeing a 7.7% growth in local advertising." –Comcast (Oct. 26)*

**Industrials****Negative Sentiment Due to Election: 6**

*"And I'd say once again, we're struggling with the data feeds very much like others, but we do think the thematic message that cuts through all these conversations is uncertainty, and if you think about any person running a business today and making a long-term capital commitment in the face of an economic environment and a presidential election that's been as noisy as this one with as much uncertainty around the environment that we're going to be dealing in, it's, while disappointing, a little bit understandable that companies are basically pausing and waiting to see how things play out before they make a decision around major capital multi-year commitments." – Eaton (Nov. 1)*

*"But, in general, what my commentary around the month of September was that we just didn't see the ramp-up that we normally saw in the month of September. But also, as you think about September, there was a lot of uncertainty in the market then. So you look back and you go, I guess that wasn't really a surprise, but we just didn't see the ramp-up....You think about all that's going on. I mean, U.S. has elections and that has a worldwide implication as people observe what is going on. I just think it was fairly broad-based." –Flowserve (Oct. 28)*

*"On a localized basis, you mentioned impact of the election, yeah, we do see every four years when we get into this election cycle, some impacts to certain maybe major event jobs being pushed or delayed. I think we're seeing a little bit of that in special waste, right now." –Republic Services (Oct. 27)*

*"On the pace of deceleration, I'd say that July, we actually ended July stronger than we began it. We were encouraged by that. August wasn't bad. But then September, where we usually start getting a sequential lift in September, we didn't see the lift we typically get. Instead, it was sequentially about flat. And then again, traditionally we get even more lift yet again in October and we didn't see that lift either. So, it's essentially sequential flattening starting in July, rather than the lift we typically see in September and early October. The issue around clients taking more time, clearly they remain cautious with little sense of urgency. It's in part due to macro uncertainty, in part due to election uncertainty, they cite budget pressures, they cite cost control measures. They therefore get even more selective. They only want your ideal candidates. That, in turn, pressures candidate supply when they're only looking for the top tranche of the candidate pool you have." –Robert Half International (Oct. 26)*

*"I think what, if you take a look at Q3, we started out really strong and we ended okay, but we certainly didn't see acceleration towards the end of Q3. And what we're seeing is continued project slippage, where these are projects that we've either won, but the start dates on the projects continue to move to the right. And given where we are right now, with all the uncertainty you mentioned, we just don't think our customers are going to rush to conclude them between now and the end of the year." –Pentair (Oct. 25)*

*"This year's presidential election in the U.S. and events such as UK's referendum vote to exit the European Union continue to create uncertainty and volatility. This uncertainty and volatility always has the potential to affect consumer and business sentiment, which in turn could negatively impact global economic activity." –Acuity Brands (Oct. 5)*

**Infrastructure Spending: 2**

*"And I talked about construction equipment in Resource Industries, in particular, articulated trucks. We had quite a bit more rental loading earlier in the year than we've seen here in the back half of the year. So, I think, hopefully, sentiment will improve. We'll get the election out of the way. We'll have a new government that's interested in infrastructure spending. And somewhere six months to a year down the road, maybe that'll turn into something better but right now, I think we're on the fence and concerned about overall construction in North America." –Caterpillar (Oct. 25)*

*"I think it's – I would say that it's a little too unclear for us to get specific on any kind of future benefits. We will certainly operate in whatever environment occurs after the election. And we – it's too early to tell and too early to try to build any kind of specific assumption." –Cintas (Sep. 27)*

**Defense Spending: 1**

*"And a lot of this hinges on the election and what's going to move forward. And right off the bat, both candidates, both parties are pushing for a strong defense. So that's obviously a good sign, both parties and positions are that they want to remove the Budget Control Act caps and so which will be required to be able to fund this, you called it a recapitalization. But it's also some new capability needs as part of this third offset strategy." –Raytheon (Oct. 27)*

## Health Care

### Health Care Issues: 4

*“So look, obviously drug pricing affordability is an issue that is concerning to us and has clearly been amplified in this election cycle. There is considerable uncertainty and turmoil about both candidates' positions on these issues, and it's difficult to decipher between campaign rhetoric and legitimate policy views. It's been disappointing that this debate on pricing has completely neglected the other side of the ledger; that is the benefits and value added by the pharmaceutical industry. So while we understand the healthcare costs have been increasing for many patients, we disagree with the prevailing notion among some politicians that pharmaceuticals are the reason for these rising costs. And we believe that post the election cycle, good public policy will prevail....Regardless of the election results, I'm not really concerned – well, no matter the outcome of the presidential and congressional races, we will continue to work with public officials.” –Pfizer (Nov. 1)*

*“Gary, I think most everyone would agree, if the Republicans gain control of the White House and what have you, there will be pressures and probably less opportunities for states to expand Medicaid. If the Democrats are in place there, I do believe that there will be consideration, hopefully. Maybe see some additional incentives, maybe a little more flexibility in bringing some states to bear. And you would hope that some of the states that haven't expanded Medicaid will look at this as, ACA is not going away. There's money there that can help our states and get people insured. So I'm not about to say every state goes, but I think you'll start to see some – hopefully, you'll start to see some movement.” –HCA Holdings (Oct. 27)*

*“So first I want to discuss a top issue in our country, escalating drug prices. There is no doubt that drugs represent the first line of defense and hope for taking on the vast majority of medical conditions. However, our nation's attention has increasingly turn to affordability of drugs, particularly in cases where new and existing products lack competition. Gross prices for many existing therapies have increased at rates higher than other areas of healthcare. This has not only captured the attention of payers and patients, but also politicians in this election year.” –Express Scripts (Oct. 26)*

*“I think the bigger question is, if Hillary Clinton wins, what does she have in mind for health care? If Donald Trump wins, what's the direction going to be? It's pretty clear, whether you say you want to repeal and replace the Affordable Care Act, something needs to be done if we're going to render a health insurance availability for everybody in this country sustainable on an ongoing basis. So I think that's going to be the bigger focus for the industry is what happens in those probably critical first two years of the first term, which we know what happened in 2008 and 2009. And I think that's what the industry has to be prepared for.” –Eli Lilly (Oct. 25)*

### Corporate Taxes and Use of Cash: 3

*“So on the corporate strategy issue around the use of our cash flows, we've always had a combination of use of cash flows between buybacks, dividends, investment in our portfolio, and that has – also business development. And that combination is what we continue to try to maximize. So I would say today on the business development part of it, our appetite for continued acquisitions or investments in business development remains firm, that if it can improve the return to shareholders, we would act on it. And I don't believe that we're limited in the size of the deal we could do...So you tend to be looking to do deals in the areas where you're already strong. Secondly, I do think that the whole industry is on pause right now in major business development while we wait to see the consequences abroad – primarily I would suggest tax policy – on the results of the elections.” –Pfizer (Nov. 1)*

*“You know, as we look at our cash, I'm sure we're in the same position as several other U.S. companies, and if something like that became available, as it did a few years back, we would definitely take advantage of it and repatriate our cash to the extent possible. In terms of how we might prioritize that cash, it's hard to say at this point. You know, we've said before about what our priorities are around capital allocation and that would mean M&A, that would mean dividends, and it may mean share buybacks. But commenting beyond that -- I don't think I can do that at this point of time.” –Stryker (Oct. 27)*

*“With respect to international tax reform and what we're hearing, I can tell you that I visit in Washington often and speak with members of the House Ways and Means Committee and the Senate Finance Committee, and the tax staffs are visibly working and working very collaboratively with U.S. multinationals on an appropriate tax reform package. We think there's more bipartisan support now than there has been in the past. We think that often we hear as you mentioned the benefit of investing in U.S. infrastructure as a result of those repatriated earnings coming back into the U.S., so that would be a positive. And we think that overall the climate for international tax reform post the election quite frankly is more positive than it's been in the last year or so.” –Johnson & Johnson (Oct. 18)*

**State and Local Ballot Issues: 2**

*"Now coming to the issue on Prop 61, if we voted today on the facts of the case and the merits of the proposition, it would be rejected by the California voters. We don't see any particular overall benefit in healthcare costs for California. However, we are in a highly politicized arena. It's difficult to say exactly what will happen on this proposition, but once we know the results, the industry will then formulate its public policy responses. I would like to say that what Prop 61 is asking for is basically untenable. It's asking for an industry that has given non-commercial prices to the veterans for a very good reason – they are a special part of our society, and we've given non-commercial prices to that part of society, to take that and extend it to the rest of government is not a workable economic model. So Prop 61, between its voting and its implementation in six months, I would expect to see a lot of public policy discussions between that time and its implementation." –Pfizer (Nov. 1)*

*"Prop 61, we're fighting that tooth-and-nail in California. It's not only bad legislation, it's bad for your health. And we're trying to impress that on the voters. What we've found is that the more people become aware of what's at stake here and what's the likely outcomes of Proposition 61, the more they're prone to vote against it and vote it down. So we have a pretty big campaign underway in California right now to increase that level of awareness and hopefully to continue to shift voters toward a position of being against it for a whole variety of reasons." –Eli Lilly (Oct. 25)*

**Negative Sentiment Due to Election: 1**

*"You're reading the same macroeconomic news that everybody else is and certainly that we are. There's a number of sources of uncertainty in the market today, whether that's the election uncertainty in the US, the Brexit uncertainty throughout Europe, the questions around turns in some of the high growth markets, or previously known as high growth markets as I sometimes say around places like Latin America, the Middle East, Russia and particularly those markets with a good deal of commodity exposure and certainly those with a high degree of industrial exposure. So it's hard not to be appropriately concerned with some of the sources of uncertainty." –Danaher (Oct. 20)*

**Real Estate:****State and Local Ballot Issues: 3**

*"But when you look at it, there's five cities in Northern California that are bringing forth some rent control issues to the ballots. There's two markets where we're located that are bringing it: San Mateo and Mountain View. We really only have three properties that constitute about 2.5% of UDR's NOI that are going to be affected by it. It's only for pre-1995 built assets that would still be – the rent control would range from 1% to 5% on increases. I'd say I know the California Apartment Association has been fighting it pretty strongly and thinks the probability of passage is probably limited, but we'll have to wait and see. But right now, I can tell you over the next year or so, I don't think those up to 5% on increases would make much of a difference. It's not the way it was two or three years – or a year to three years ago when we were getting very high rent increases." –UDR (Oct. 26)*

*"So, in terms of what – the exposure that we have, it's about three properties, 6.4% of total NOI of San Francisco only. Okay, so it's very small percentage of the total portfolio. I will tell you that the details are unclear. As an example, Mountain View has two separate items on the ballot, one is put forth by City Council and the other one is a just a voter initiative, both of which have two different approaches to any potential outcome. So, that's all that I can tell you today. So, we'll just have to wait and see what the outcome is on the election and ultimately what the fine print will be." –Equity Residential (Oct. 26)*

*"You are correct that rent control is on the ballot in about five different municipalities in the Northern California market. Only one of the – I can't speak to exactly what's likely to pass and what's not. That probably changes from week to week depending on which poll you read. But there is support for – more of the majority support for some of those ordinances based on recent polling. There's really only one that potentially impacts our portfolio, which is the proposed rent control ordinance in Mountain View. And if you look at it, it depends on how it's actually adopted. There's actually two proposed ordinances on the ballot in Mountain View, one that's sponsored by the city, and the other that is sort of a voter referendum. And to the extent that it comes to fruition, Mountain View, overall, when you look at the assets that are impacted, it would impact around 9% to 10% of our Northern California revenue in terms of the specific assets that fit the vintage that would be governed by the proposed ordinance." –AvalonBay Communities (Oct. 25)*

**Negative Sentiment Due to Election: 1**

*"Now, let me spend a few minutes on our outlook for the remainder of 2016. Uncertainties surrounding the US Election and other international events lead us to believe that corporate profit growth and business investment levels will not improve meaningfully in the near term, suggesting that business transient demand will remain soft in the fourth quarter. While year-to-date, our domestic group revenues went up nearly 4%, we expect to experience a softer fourth quarter as the Jewish holiday shift and nationwide election will reduce group demand and the traditionally lower occupancies in the fourth quarter will likely restrain rate growth." –Host Hotels & Resorts (Nov. 2)*



## Information Technology

### Negative Sentiment Due to Election: 3

*So the global market environment continues to be challenging. As you mentioned, Shannon, there are uncertainties with currencies fluctuating, and the yen, and the pound. Certainly the uncertainty of the presidential election of the U.S., the Brexit adds a certain degree of uncertainty in the U.K. and Europe...So, specific to this quarter, what I'd say, our revenue was in line and was stable in this challenging market environment. You're correct that we were pressured on the equipment side, and some of that was more in the high-end in government bids due to these uncertainties." – Xerox (Oct. 28)*

*"We enter 2017 certainly with fewer headwinds as we did entering 2016, and we do have some tailwinds. On the negative side, the global economy is not improving. Geopolitical tensions are high. The U.S. election is a wild card, and we continue to watch the impact of Brexit." –Visa (Oct. 25)*

*"When we look at – when I look at the revenue streams in the fourth, our annuity business, which, again, smaller piece in the fourth, our annuity business has been growing pretty consistently quarter to quarter to quarter, and I would expect that growth to continue into the fourth. That transactional business, which is, again, much larger, tends to get a pretty good quarter-to-quarter sequential bump, if you will, about \$1.5 billion. And based on our opportunity pool, we'd say that that's – that looks about like what we'll get done in the fourth as well. But there's some uncertainty in the environment. Here in the U.S. we've got an election to get through." –IBM (Oct. 17)*

### Election-Related Product or Service: 3

*"This election season has also driven a lot of conversation, including on Facebook, where we've made it easier for voters and candidates to communicate with each other. In the first nine months of this year, 109 million people on Facebook in the U.S. generated over 5.3 billion posts, comments, and likes and shares related to the election. During the primaries and in September, we also added a Register to Vote link at the top of our Facebook app that we estimate helped more than 2 million people register to vote, some who were registering for the first time. Facebook really is the new town hall, and we're proud of the role that we've played in enabling dialogue and increasing civic engagement." –Facebook (Nov. 2)*

*"And before I finish talking about access to information, I want to highlight the important work that our teams are doing to help American voters stay informed about the upcoming election. We've launched improved search tools to help voters get registered, find key deadlines and learn how to vote early or by mail. We launched these in both English and Spanish. I don't speak Spanish, but I checked Google Translate, and I wanted to remind everyone, no se olviden de votar. [Don't forget to vote.]...On YouTube, we continue to invest in bringing engaging content to the platform. We worked with many news organizations to livestream all three U.S. presidential debates, and we saw record-breaking interest from the YouTube community. In fact, the three debates ranked as the three most viewed political live streams of all time on YouTube, with over 8.5 million hours watched live, a 5X increase from the 2012 debates. Elections-related searches on YouTube are also at an all-time high, with searches for U.S. election content up almost 550% compared to this time in the last election." –Alphabet (Oct. 27)*

*"From the earliest point of contact with customers through the many years that follow, we have vastly improved how we are showing up. From our CNN partnership for its election coverage, to the tens of thousands of customers we reached out to on Customer Experience Day last month, and the ongoing contact our development and sales teams have with our customers on a daily basis, we have made considerable improvement." –CA (Oct. 27)*

### Health Care Issues: 1

*"As far as cost and the impact – healthcare cost, the impact of ACA or any potential changes to ACA on our internal cost in the marketplace, we actually just don't see any. Internal cost, we'll manager internal healthcare cost in the most efficient way possible. I mean, we are a good healthcare provider, payer of services for our clients, our customers. That won't change. And as far as the marketplace out there, we're not really seeing a big set of headwinds or change in the market dynamics because of any potential changes for ACA. I hope I answered both of your questions."*

## Consumer Staples

### Negative Sentiment Due to Election: 1

*"So I'll start, Nik. It certainly is difficult to predict the environment, certainly most near term here in the U.S. But at least the election uncertainty will be over next week and we can move forward." –Estee Lauder (Nov. 2)*

### Election-Related Product or Service: 1

*"And Snapple is reminding consumers to take a break from the election with TEAcision, our red and blue fruit election-themed LTO." –Dr. Pepper Snapple Group (Oct. 27)*

## Energy

### Regulation: 1

*"Well, okay. So, it's very hard for me to comment on the political situation, so let me focus on the second part first. Okay? And I mentioned that the conversations that we've had have been very constructive. We've had conversations not only with the regulators, but also with the White House. And there is a clear acknowledgment that the structure of the current program isn't delivering the desired results. And so, these are smart people that we're talking to, and they're really trying to understand it and figure out. So, as an industry, let me just say this, the independent refiners, AFPM and certainly Valero, we're working with them to help them understand the issue, certainly as we see it. And there's a clear acknowledgment that we've got a situation that needs to be resolved. Now, as far as the political climate, you know what, you're couple of weeks away from the election. And although we would love to see something change this year, I don't know that we'll get that. But it's certainly receiving enough attention and it is being discussed, to the point where we believe that it's getting worked and that we should have some type of resolution and relief in the not too near future." –Valero Energy (Oct. 25)*

## Utilities

### State and Local Ballot Issues: 2

*"You bet. So, as I'm sure you've seen a little bit of the press that's been out in the last week or so, the Michigan Chamber has now endorsed the bill package and that is allowing for some more momentum. And there's been a compromise on the renewable portfolio standard at 15% for 2021 that's bringing some more Democrats on board. Therefore, there seems to be quite a bit of momentum. However, we've seen momentum before. So we really are cautiously optimistic. Arlan Meekhof, the Majority Senate Leader, and Mike Nofs, the Energy Chair out of the Senate, are working hard toward a vote post election. With the proper momentum and a good vote count, they'll take that vote and potentially move it then into the House. And so there's a lot of things that would have to come to fruition to get it to pass in the House. But with the right momentum and bipartisan support and the support of the Michigan Chamber, it's more likely, I would say, than ever. But I still put odds around 50/50 that it gets done before year-end. And as you know, Paul, we continue to reiterate, our plan doesn't require the law but we think it's good policy for Michigan. We think it's important that energy resource supply be transparent and that the cost allocations be fair for new and additional capacity. So this suite of bills does that work and does a good job of it. So we're supportive of it. But, again, our plan doesn't count on it and it doesn't require it." –CMS Energy (Oct. 27)*

*"Yeah. I think, in terms of playing out, there's definitely a strong push to get this legislation done in lame duck. There's a lot of public communication that's happening out there. Senator and office made this a priority for that. It is going to be a challenge potentially, given the timeframe left, but I think given the focus and attention on that, there is still a chance it'll happen in the lame-duck session. We have had some public support recently. The Michigan State Chamber came out publicly to support this bill. So I think that's a very positive movement as well. In terms of what has changed is that this bill in particular is going to be a bipartisan bill. It is related to the State of Michigan, the energy reliability that's needed in the State of Michigan. So both parties need to be supportive and both parties want to get this energy legislation passed. So, recently, there is some discussion on the renewable side potentially for that mandate. Currently, we're at 10%, potentially go up to 15%. That will help get some of the democrats on board as well. And some of the refining and, as I was mentioning, even when I've been on the road that some of it is getting the detail right around the retail open access and the capacity requirements related to that. So there is some finalization around that language. I know there's a new MISO tariff that may be out there as well that's going to help support and complement legislation as well. I know Mike Nofs has been working both the Senate but also the House in particular. So I think that's some of the movement you're seeing with the renewable side in the mandate. That's going to help get support within the House. So it's still kind of a wait-and-see to see if they can get it through the Senate and the House. There would be post-election. The idea is potentially to now get it through the Senate, and after Thanksgiving, work it through the House. So there's enough support within the Senate. And then that we get enough of the House Democrats, there is a chance that it can get done this year." –DTE Energy (Oct. 26)*

## Materials

### Negative Sentiment Due to Election: 1

*"With respect to next year, we are – there is a possibility that we will do better than what we have given you as a guidance depending on the economy and all that. But I just want to remind everybody that, we are dealing with some significant worldwide events that we have to see how they will develop. We have given you a guidance on the basis that barring any significant disruptions, we will be able to deliver that and we have – that's the way we operate. Now, the economic conditions can get better once the U.S. election is over and people are not sitting on the fence, then, yeah, it is possible that we will do better than that." –Air Products & Chemicals (Oct. 27)*

**Corporate Taxes & Use of Cash: 1**

*“Well, I guess, I would have to characterize it that I am more optimistic than I was six months ago about our ability to deploy the cash. But I do want to stress that there are certain events in the world that can change everything upside down, and I think it’s very prudent for us rather than jumping in and doing something this minute to give ourselves a few months to see how everything settles down with the U.S. election, and with the Brexit and all of that, and then we will make the appropriate moves.” –Air Products & Chemicals (Oct. 27)*

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