

A country divided

By Abbie Llewellyn-Waters, fund manager, global sustainable equities, Jupiter Asset Management

Abbie Llewellyn-Waters, fund manager, global sustainable equities at Jupiter, reflects on the meaning of the democrat victory and the implications for investors.

The Biden-Harris win will help quench a wildfire of unrest burning across the United States. There are good reasons for that anger. Although COVID-19 affects everyone, it has not done so equally. The pandemic has exacerbated existing inequalities and injustices, the most marginalised suffering the highest fatalities and the greatest financial vulnerability. It is staggering that a fifth of the world's deaths from coronavirus have occurred in one of the wealthiest economies on earth. The deaths due to police force last spring of George Floyd in Minnesota and Breonna Taylor in Kentucky became sparks that ignited a wildfire of protest across the United States, a wildfire fanned in part by economic isolation. The victory of the Democrats offers the potential to build a bridge over the inequality gap that had widened under Trump.

Filling the void in US climate policy

The void in geopolitical leadership caused by Trump's withdrawal in 2016 from the Paris Agreement will be overturned by president-elect Biden with priority. He will reinstate meaningful decarbonisation and embed climate change policy in national security, trade, and foreign policy. Biden's promise of net zero emissions no later than 2050 puts US climate policy on an equal footing with the EU's Green Deal and a decade ahead of China's 2060 goal. These changes will help restore US influence on the global stage. Biden will also increase spending on infrastructure, providing a tailwind for cyclical and supporting job creation, although we are mindful that the final outcome of the Senate balance could influence the extent of stimulus. At the date of writing, the Senate could go either way. If the Republicans retain control of it, US politics could continue to be characterised by division between House and Senate.

Planet, people and profit

In the Jupiter Global Sustainable Equities team, we invest for the planet, people and profit. We invest in companies already seeking to decarbonise, which are well positioned to be supported by the forthcoming climate change policies of the US government. These companies should do well competitively because they have already been striving to reduce their carbon, resulting in a very low carbon strategy. We expect these advantages to be reflected in their future cash flows and to be supportive of their competitive positioning.

In planning our investments, we always seek to avoid regulatory disruption, whether from democrat or republican legislation. We expect the urgent issue of drug pricing to rise quickly to the top of the political agenda, given the health-driven humanitarian crisis. We have always sought to avoid regulatory crosshairs, and have instead invested heavily in vaccines, diagnostic testing and laboratory equipment as our preferred allocation to preventative healthcare, supporting reduced overall healthcare costs and better patient outcomes.



Important Information

The information contained in this press release is intended solely for members of the media and should not be relied upon by private investors or any other persons to make financial decisions.

This communication, including any data and views in it, is not a financial promotion as defined in MiFID II. It does not constitute an invitation to invest or investment advice in any way. Every effort is made to ensure the accuracy of any information provided but no assurances or warranties are given.

Market and exchange rate movements can cause the value of an investment to fall as well as rise, and you may get back less than originally invested.

Company examples are for illustrative purposes only and are not a recommendation to buy or sell.

The views expressed are those of the Fund Manager at the time of writing, are not necessarily those of Jupiter as a whole and may be subject to change. This is particularly true during periods of rapidly changing market circumstances.

Issued by Jupiter Asset Management Limited (JAM), authorised and regulated by the Financial Conduct Authority, registered address is The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ United Kingdom.

