

Equity Research
Economics

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Special Report

Run-Up to the 2026 Midterms



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Introduction

As November 3 midterm elections draw closer, investors are increasingly starting to think about what the potential outcomes might mean for financial market performance. In this report, we discuss the major issues at stake with the latest elections and include contributions from some of our sector analysts on what the implications might be for companies under their research coverage.

The Electoral Math

As in every midterm, all 435 seats in the House are up for reelection. So too are 35 of the 100 Senate seats (33 regular seats plus special elections in Ohio and Florida), 36 governorships, and thousands of state and local offices.

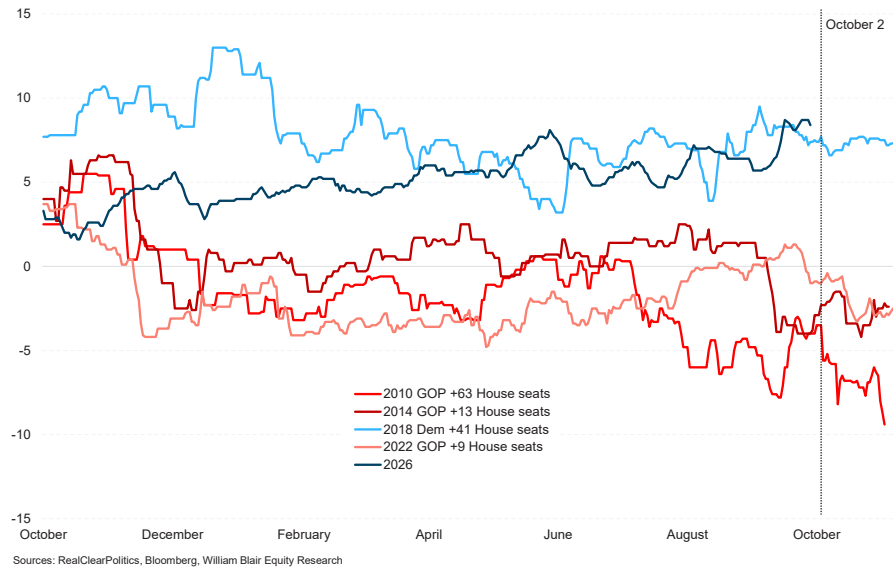
History shows that it's rare that the president's party gains seats in the midterm elections. In the past century, it has picked up House seats only three times: 1934, 1998, and 2002. Most Americans have historically liked Congressional gridlock as a check on the president's power, and this election cycle looks no different. While the House will almost certainly flip into Democrats' control, the Senate still looks too close to call.

Republicans hold the Senate 53-47. Democrats need a net gain of four seats for a majority, since Vice President Vance would break a 50-50 tie. They also must hold competitive seats in New Hampshire, Georgia, and Michigan. Runoffs in some states could leave control of the chamber undecided for weeks after November 3. Recall that in 2020, both of Georgia's Senate races went to runoffs after no candidate won more than 50% of the vote. Those elections took place in January 2021 and swung the Senate to the Democrats with 50 seats, with Vice President Harris's tie-breaking vote giving them the majority.

Democrats Maintain a Wide Generic Ballot Lead

Democrats lead the generic congressional ballot, a measure of House voting intentions, by 8.5 percentage points in the RealClearPolitics average of national polls—nearly double their 4.6-point lead in January (exhibit 1). That lead is wider than the 7.4 points Democrats held at the same point in 2018, when they gained 41 House seats. In 2010, 2014, and 2022, Republicans led at this stage of the cycle and gained seats each time. The polls have been a fair guide. In 2022, for example, RCP's final average had Republicans ahead by 2.5 points, and they won the House popular vote by 2.8.

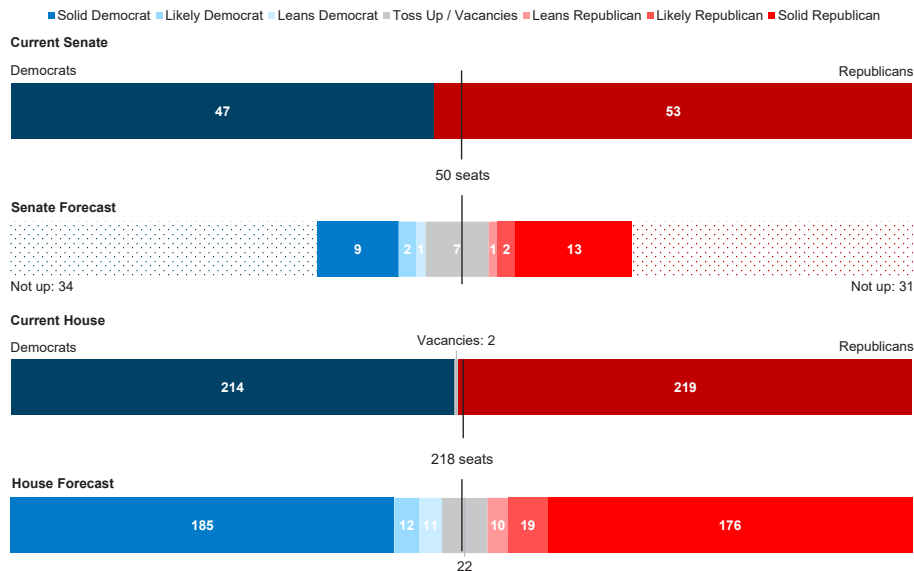
Exhibit 1
Generic Congressional Ballot Spread by Election Cycle
(Democrats – Republicans, ppts, RCP average)



Polls Favor the House Returning to the Democrats, Senate Still Too Close to Call

Cook Political Report's race ratings point to a narrow Democratic House majority (exhibit 2). Cook rates 208 seats as at least leaning Democratic and 205 as at least leaning Republican, which leaves 22 toss-ups. Republicans hold 16 of them, and Democrats need to win 10 to reach 218. Cook is more cautious than other forecasters, whose consensus already has 220 seats at least leaning Democratic.

Exhibit 2
Senate and House Races

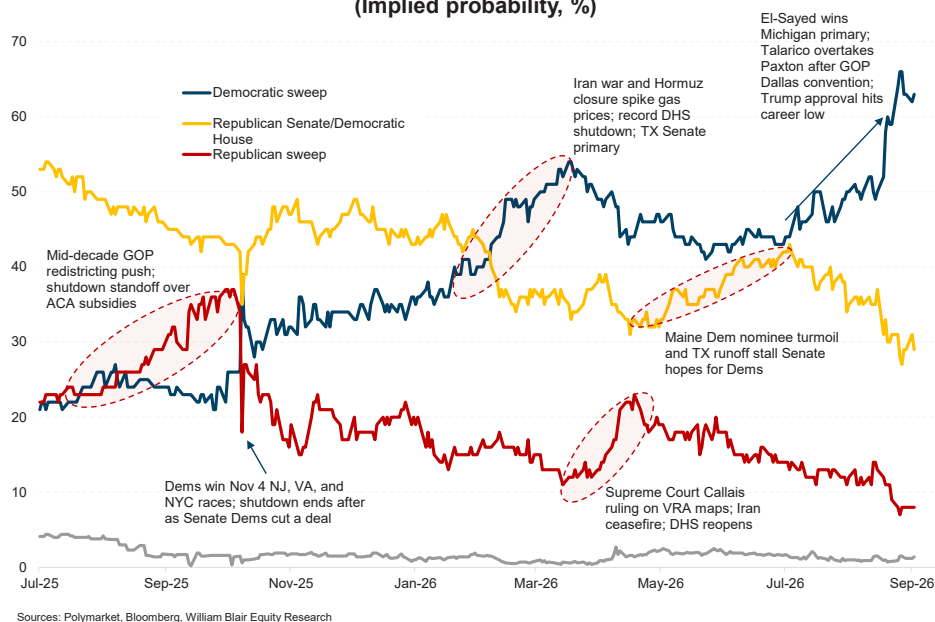


The Senate is a steeper climb. Including the 34 Democratic and 31 Republican seats not up this year, Cook puts 46 seats at least leaning Democratic and 47 at least leaning Republican. The Democratic count includes North Carolina, a Republican-held open seat that Cook rates “Lean Democrat.” Seven races are toss-ups. Democrats are defending open seats in Michigan and New Hampshire, and Republicans are defending seats in Alaska, Iowa, Maine, Ohio, and Texas. Democrats need to win five of the seven.

Betting Markets Price in a Democratic Sweep

Betting markets are more confident than the forecasters. Polymarket as of yesterday gave Democrats a 63% chance of winning both chambers and a 31% chance of a split Congress with a Republican Senate. It prices a Republican sweep at 8% and a Democratic Senate with a Republican House at 1% (exhibit 3). Kalshi’s prices are within two points on every outcome. In the Senate, Polymarket traders favor Democrats in six of Cook’s seven toss-ups, with Iowa the exception. The edge is thin, though. Maine, Ohio, and Texas trade near 60%, Alaska and Michigan at 73%, and only New Hampshire, at 87%, looks secure by this measure. If Democrats lose two of the six, Republicans keep the majority through Vice President Vance’s tie-breaking vote.

Exhibit 3
Polymarket Balance of Power Odds: 2026 Midterms
(Implied probability, %)

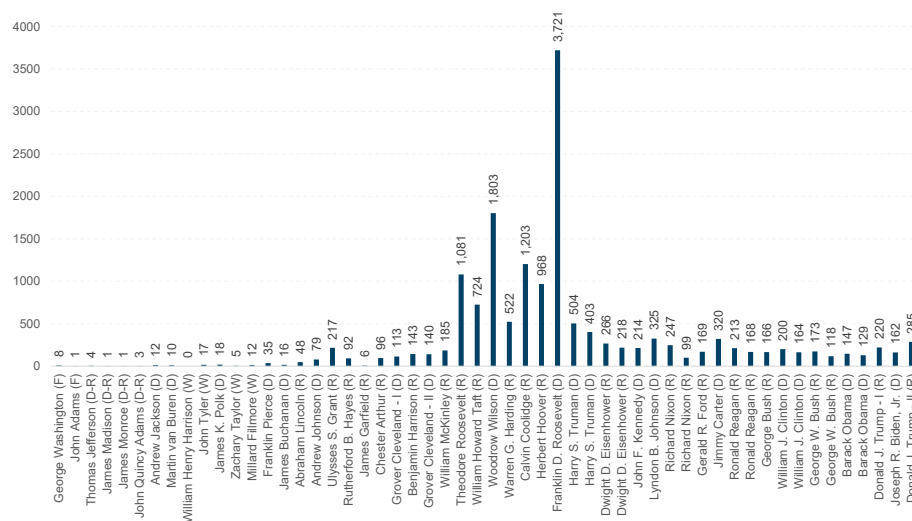


A Democratic Congress Would Check Legislation, Not the President

Greater Reliance on Executive Orders

A Democratic House would stall the president's legislative agenda but would not halt his power to act outside of Congress. Executive orders give him plenty of room to maneuver, and he has used them heavily even with Republicans controlling both chambers. He has signed 285 executive orders in his second term, compared with 220 in his entire first term (exhibit 4). That is about 170 a year, the fastest pace since Franklin Roosevelt, who averaged 307 over his 12 years in office. With a divided Congress, that pace could hold or rise.

Exhibit 4
Total Number of Executive Orders Issued by Presidents of the United States



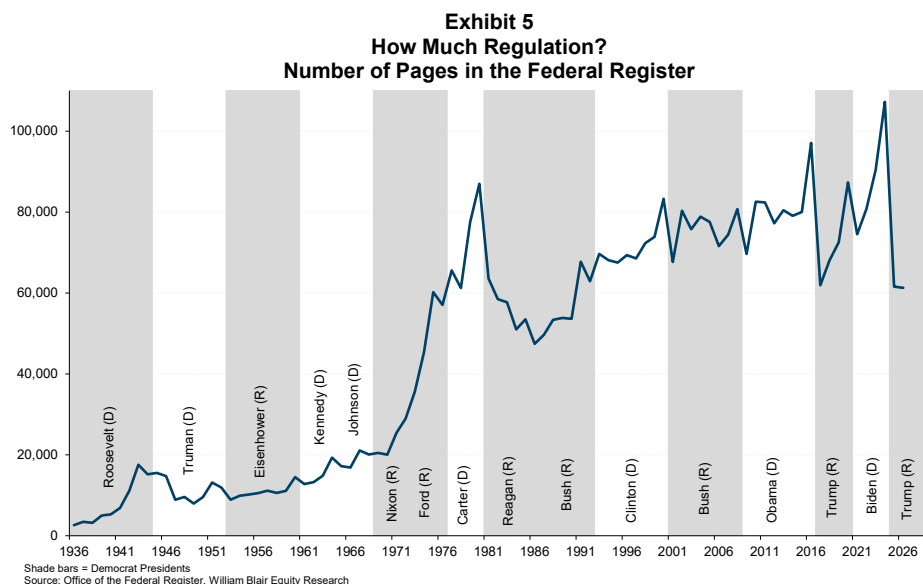
Source: The American Presidency Project, William Blair Equity Research

Outside of executive orders, the president still retains plenty of leeway over foreign policy, including tariffs, sanctions, investment restrictions, and the military. This administration views China as the principal strategic challenge facing the U.S. and argues that it must be countered through greater preparedness, secure access to raw materials, and domestic production of chips, medicines, and other goods critical to national security. If anything, some China hawks in the president's own party contend that he has been too soft on China when it comes to making difficult trade and security decisions. Much of this remains under presidential control, as do the executive agencies carrying out policy, and a Democratic Congress would have little ability to alter the course.

The conflict with Iran may also become more consequential after the election. Trump has said he expects the war to end immediately after the midterms, arguing that Tehran is delaying a settlement to hurt Republicans. At the same time, speculation that the administration could escalate military operations after November 3 adds another source of event risk for oil, inflation, and financial markets.

Personnel Is Policy

Washington has a saying: “personnel is policy.” Because the president appoints the heads of the executive agencies, he can do more than block new regulations. He can also decide how existing rules are interpreted and enforced. Measured by the number of pages in the Federal Register, regulation has fallen sharply under President Trump (exhibit 5). We expect deregulation to slow over the next two years as congressional oversight increases or gridlock sets in, but a Democratic Congress would have little power to undo many of those changes.



For political appointments, it is the Senate that matters, because only the Senate confirms nominees. Only one major appointment needing confirmation is scheduled before the end of the president’s second term: Jerome Powell’s seat on the Federal Reserve Board of Governors, which expires in January 2028. The next scheduled vacancy is not until January 2030, when Christopher Waller’s term ends; however, Fed governors often leave before their terms are up, so another seat could open sooner. If Democrats win the Senate, any of these nominees would need their support.

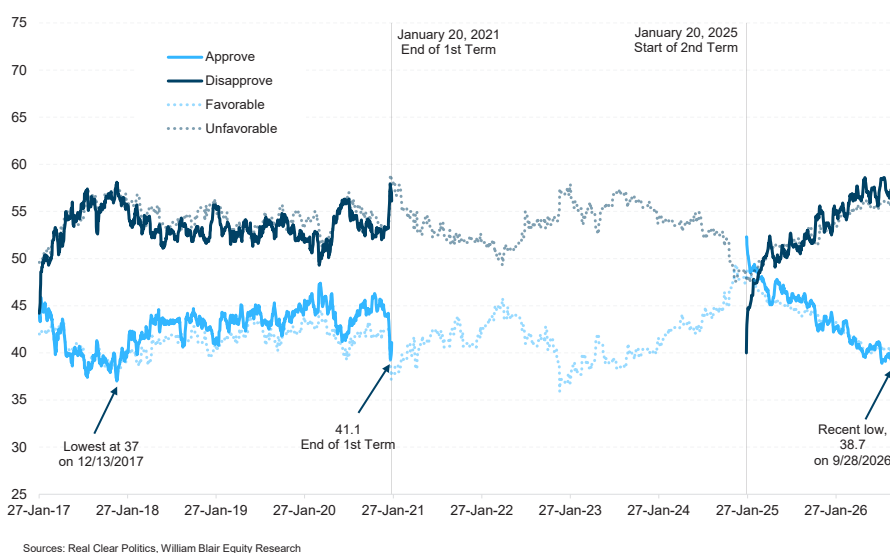
The same applies to the Supreme Court, which has all nine justices. The oldest, Clarence Thomas, is 78 and shows no sign of retiring. If a seat did open, though, the Senate elected on November 3 would weigh in on who fills it.

Policy Narrative Shifts

Entering the Lame Duck Period

In a sense, a second-term president is a lame duck from the day they are inaugurated. After the midterms it gets worse. With members of Congress no longer beholden to the president for their own reelection, party discipline weakens. There will also be more noise, as members try to raise their profiles or align themselves with whoever they see as the party's next leaders. A weak approval rating only speeds that process up: the president's job approval fell to 38.7% on September 28, just off the 37% low of his first term (exhibit 6).

Exhibit 6
President Trump Job Approval and Favorability
Average of RCP National Polling Data, %



Sources: Real Clear Politics, William Blair Equity Research

From Legislation to Congressional Oversight, Why These Midterms Matter More

While midterm elections matter far less than presidential elections, two issues make this year's vote more important than most.

First, they are important in deciding whether policy in Washington shifts back from legislation on tax and spending priorities and toward greater Congressional oversight, where the narrative becomes more about regulation and slowing the pace of any political initiatives, as opposed to driving ahead with new ones.

If the Democrats regain control of Congress, Washington will undoubtedly start to be weighed down with more Congressional hearings, investigations, subpoenas for communications, documents, and testimony. And, as the president himself said in January: *"You got to win the midterms, because if we don't win the midterms, it's just going to be—I mean, they'll find a reason to impeach me ... I'll get impeached."*

In practice, impeachment has become largely symbolic. The House can impeach with a simple majority, but conviction requires a two-thirds majority (67 votes) in the Senate, which neither party is close to holding. President Trump was impeached twice in his first term. Only two other presidents have been impeached: Andrew Johnson and Bill Clinton. Richard Nixon resigned before the House could vote on impeachment.

Republicans losing either chamber would bring legislative gridlock. Without bipartisan support, the president and Republicans would find it hard to pass new tax or spending measures. It would also make another budget reconciliation bill much harder to pass. Reconciliation allows qualifying tax and spending legislation to clear the Senate with a simple majority, but the House and Senate would still have to agree on the bill. Under divided government, that would require a degree of bipartisan cooperation that has been largely absent from recent fiscal debates.

The low-probability exception would be a Republican sweep. President Trump has promised \$5,000 checks to every adult American if Republicans retain both chambers. Taken literally, the proposal would cost about \$1.2 trillion, although no legislation or funding mechanism has been announced. Coming at a time when the economy is already operating near capacity, stimulus on that scale would raise the risk of stronger inflation, a higher term premium, and fewer Fed rate cuts.

A divided government could also bring back market volatility from government shutdowns and debt-ceiling standoffs. The debt limit is expected to be reached in mid- to late 2027. Democrats would press for concessions on healthcare and ACA programs, the environment, and social care. Republicans would have less room for their own priorities: further deregulation, tighter border and immigration controls, and extending the Trump tax provisions that are due to expire.

Campaign ad spending shows where those fights are likely to be. In battleground Senate races, healthcare is by far the Democrats' top issue, at roughly \$65 million. That is about twice what they have spent on any other topic (exhibit 7). Republicans are focused on taxation, at a little over \$60 million, followed by candidate character, crime, and immigration. The House picture is similar (exhibit 8). There, taxation is also Republicans' biggest issue or campaign promise, at about \$45 million, while Democrats lead with healthcare, special interests, and inflation.

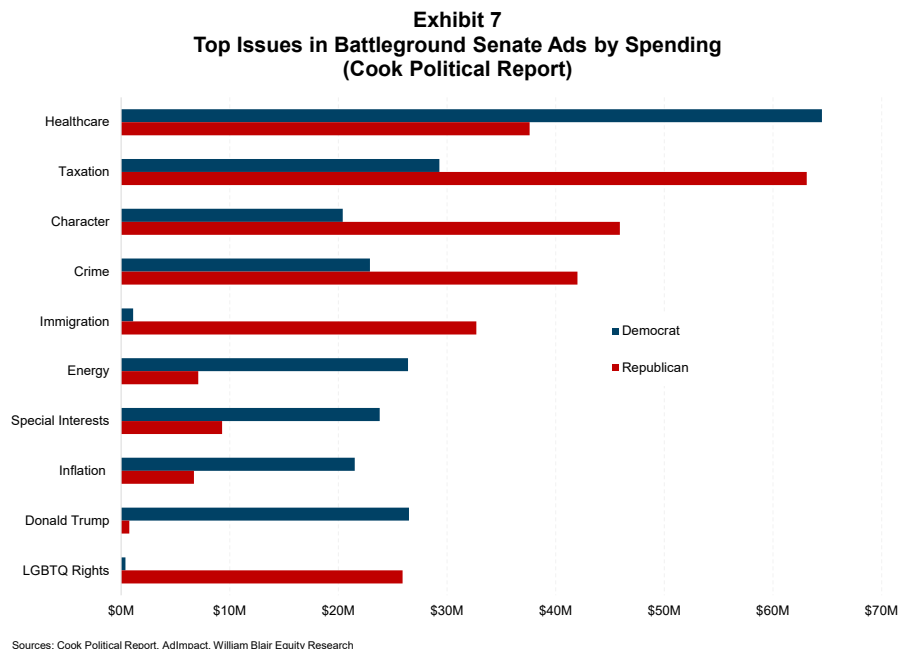
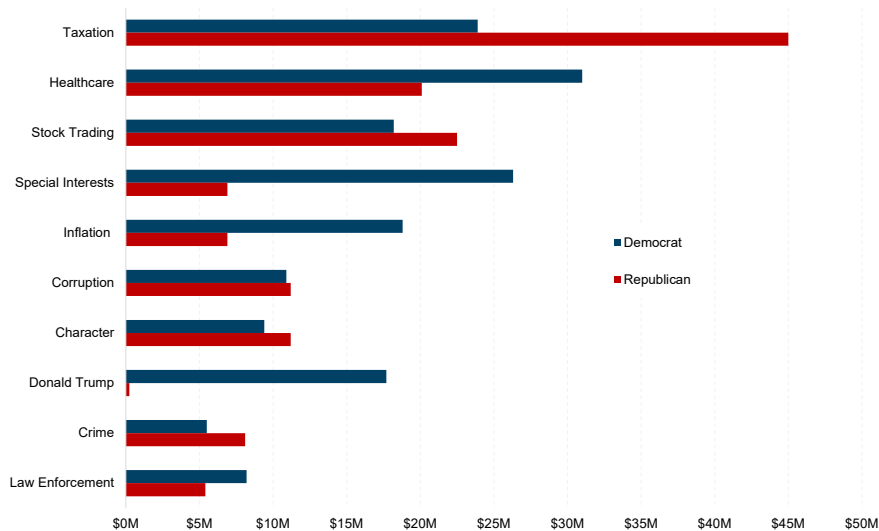


Exhibit 8
Top Issues in Battleground House Ads by Spending
(Cook Political Report)



Sources: Cook Political Report, AdImpact, William Blair Equity Research

The issues each party avoids are just as telling. Democrats spend almost nothing on immigration, and Republicans devote almost none of their advertising to messages centered on Donald Trump. Democrats, meanwhile, have spent roughly \$18 million in House races and \$27 million in Senate races attacking him. In other words, Democrats are running on affordability, healthcare, and the president, and Republicans are running on taxes and security. This suggests that in the most likely outcome of these elections, a Democratic Congress would focus its oversight on healthcare costs and the administration itself. A Republican Senate would focus on defending the tax cuts.

Republicans and their allies, armed with a much larger war chest, are expected to spend about \$888 million more on advertising between now and Election Day, compared with \$666 million for Democrats, according to AdImpact, which tracks political advertising.

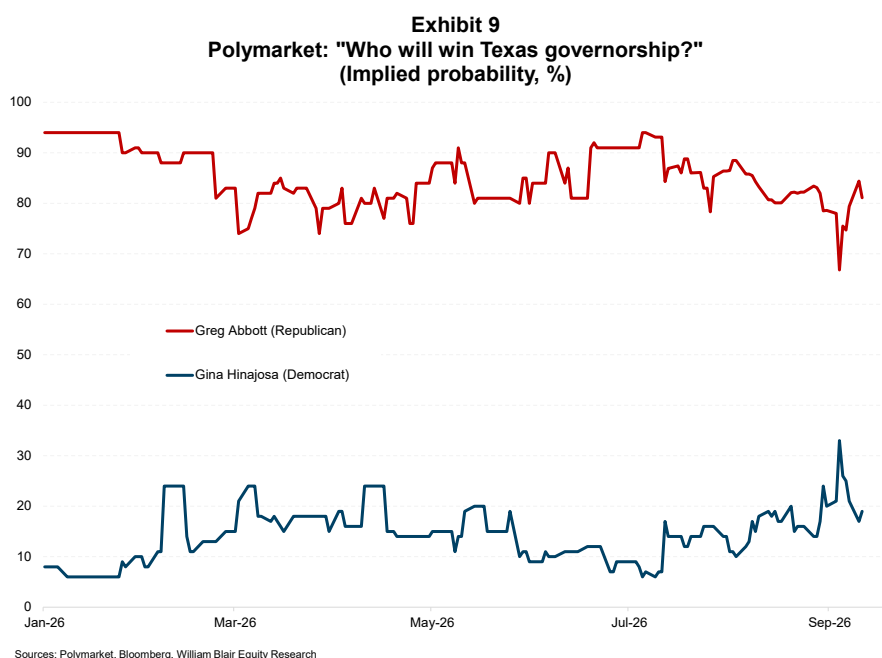
From Data Center Buildout to AI Backlash

The second reason markets are watching these midterms is what they could mean for the data center buildout that underpins AI development. Energy costs are already a campaign issue. The previous exhibits show Democrats spend roughly three times as much as Republicans on energy-themed ads in the more contentious Senate races. Voters' frustration with rising electricity bills is increasingly aimed at data centers.

If there is one race to see this play out, it is what's happening in Texas. The state has welcomed data centers with fast permitting, cheap land, and generous tax breaks, and it now has the second-most in the country after Virginia. That welcome is starting to wear thin. A growing number of residents say the buildout has gone too far and is raising electricity prices, straining water supplies, and has been generally detrimental to the local environment. Many also argue that the 20-year tax incentives used to attract the hyperscalers were too generous.

That backlash has overflowed into the governor's race, where the popular Republican incumbent Greg Abbott, who has been a strong champion of the centers, is up against Democrat Gina Hinojosa, who is proposing a moratorium on them.

Hinojosa—a relative unknown—has seen her popularity in the polls rise sharply as her opposition to the centers has gained traction with voters. Her gains have even forced Abbott to respond. In August, he imposed his own moratorium on new data centers, and in September, he froze new environmental permits. His recent enthusiasm may subside once the votes are counted though. The two candidates are now neck and neck in the polls, but they still look to be miles apart in the betting markets, with Abbott in the lead (exhibit 9).



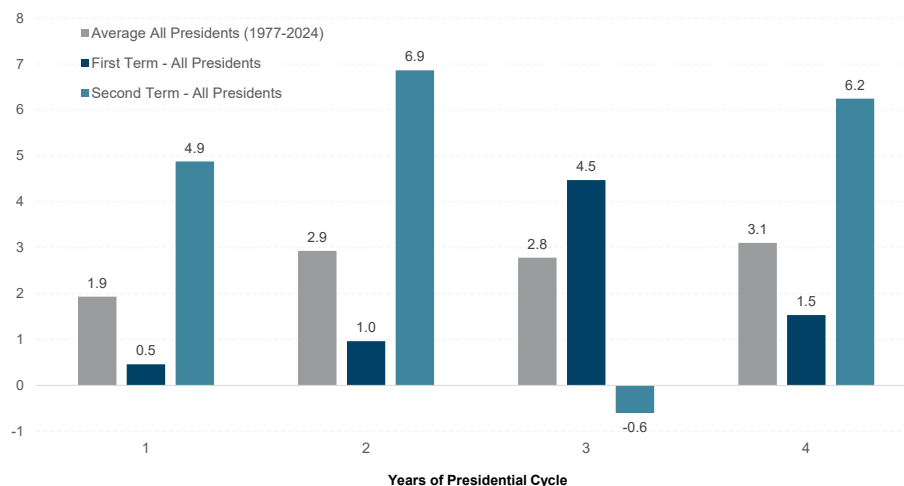
Investment Implication: Politics Matter, but the Economy and Inflation Matter More

Gridlock Should Help Ease Pressure on Bond Yields

Historically, midterm elections have not been a major driving factor for Treasury bond market performance. The far bigger drivers continue to be changes to Fed policy and the pace of real economic growth, capital investment, and inflation. However, the term premium has been creeping higher over the last few years on the back of geopolitical concerns, greater policy uncertainty in Washington, and larger deficits and debt. Against that backdrop, the potential return of policy gridlock should help provide some support for the Treasury bond market and moderate upward pressure on yields.

The average total Treasury bond market return has been relatively consistent across each year of the presidential cycle (exhibit 10). Differences across the cycle are modest, suggesting that interest-rate dynamics and Federal Reserve policy have been more important drivers of bond returns than the electoral calendar itself.

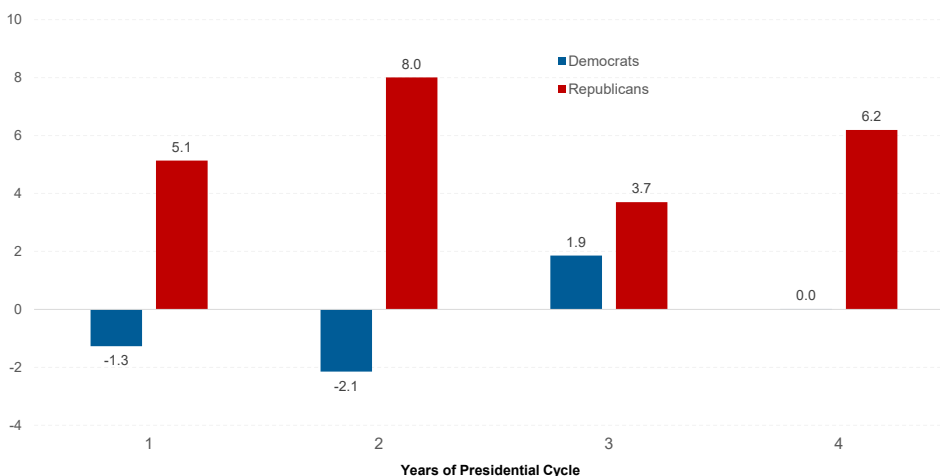
Exhibit 10
Real U.S. Treasury Bond TR During Presidential Terms & Years in Office
Average % Change in Year (1977-2024)



Sources: Bloomberg, William Blair Equity Research

Returns are more mixed when broken up by political party. Exhibit 11 shows that bond returns tend to be significantly higher during Republican years in office, as they historically were viewed as the more conservative party on fiscal expenditures, but that has changed in more recent decades.

Exhibit 11
Real Treasury Bond Market TR During Presidential Terms & Years in Office
Average % Change in Year (1977-2024) by Political Party



Sources: Robert J. Shiller, William Blair Equity Research

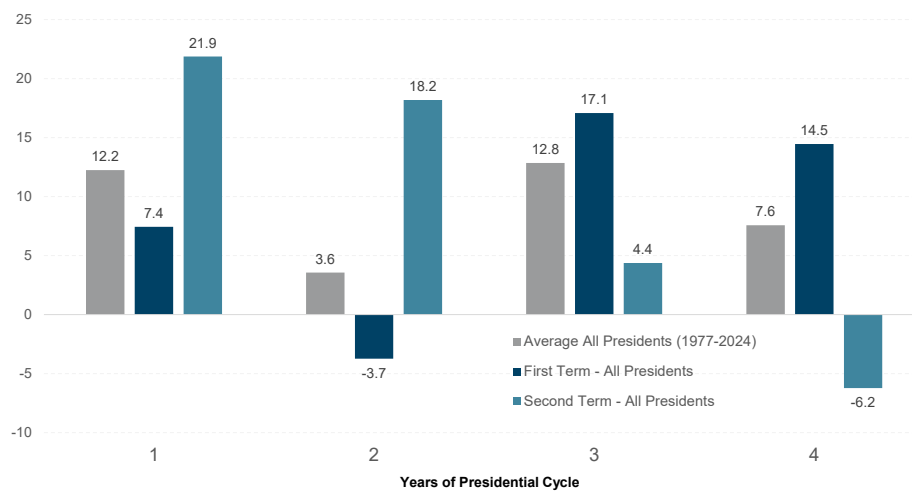
Less Policy Uncertainty But Increased Noise and Regulation Will Have a More Mixed Reaction for Equities

For the equity market, returns will be dictated more by real economic growth, corporate earnings, inflation, and changes in interest rates than by which party has control of Congress. Nevertheless, the war in the Middle East, changes to tariffs, and immigration policies have been having a strong

impact on financial markets this time around. Markets are therefore likely to view a Democratic-controlled Congress as helping ease some of that policy uncertainty, even though there is likely to be much more noise around Congressional hearings and impeachment.

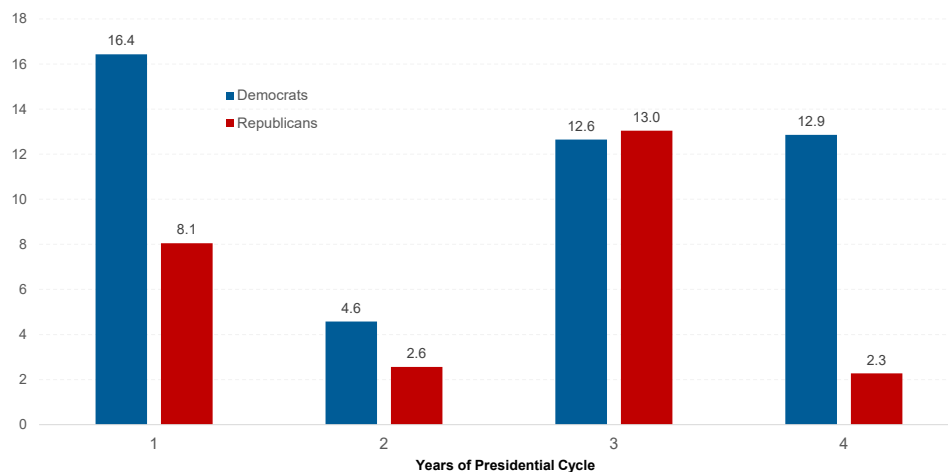
Encouragingly, year three of the election cycle has historically been the strongest year, with an average real total return of 12.8%, although only slightly above the 12.2% average in year one. For second-term presidents, who have less incentive to juice the economy ahead of reelection, that average return falls to 4.4%. Year-three performance has been similar across parties, averaging 12.6% for Democrats and 13.0% for Republicans.

Exhibit 12
Real S&P 500 TR During Presidential Terms & Years in Office
Average % Change in Year (1977-2024)



Sources: Robert J. Shiller, William Blair Equity Research

Exhibit 13
Real S&P 500 TR During Presidential Terms & Years in Office
Average % Change in Year (1977-2024) by Political Party



Sources: Robert J. Shiller, William Blair Equity Research

Analyst Sector Implications

We asked several William Blair analysts how the midterm results could affect their coverage. The common thread is that the election is more likely to shift sentiment, valuations, and timing than underlying demand. In defense, a Democratic sweep would weigh on sentiment, but the bipartisan need to rebuild military inventories means a continuing resolution would delay rather than eliminate spending. For government consultants, a “blue wave” could lift compressed valuations even as federal contracting stays sluggish. For AI infrastructure, the moratorium debate plays out mostly in governor races, affecting when and where data centers are built rather than whether they are. In fintech, a divided Congress would limit the risk of disruptive policy, and in housing, proposed bills would help only at the margins while rising input costs remain the main constraint.

Energy and Power Technologies

Neal Dingmann

Oil and gas

We believe there would be little immediate impact to oil or natural gas prices if the Democrats win the House and/or the Senate during the midterms, as the same geopolitical pressures are likely to continue to influence oil prices and abundant near-term supply is likely to continue to influence natural gas prices. While we see little that could impact natural gas prices in the coming months, various war resolutions would be key to lowering oil prices. While the Majors and other domestic oil producers may drill more wells if oil prices remains high, Middle East and Russian oil production could return sooner than later. However, no domestic company has spare fuel refinery capacity to replace the facilities destroyed in Russia or that are trapped on the wrong side of the Strait of Hormuz.

Rare earth

We believe Democrats could use various oversight tools to scrutinize the Trump administration’s critical minerals agreements and equity stakes in various rare earth/mining companies if they win back the House or Senate in this fall’s U.S. midterm elections. While it may be difficult to walk back previous government funding, there could be a hiatus of any near-term rare earth/critical mineral company funding, which could impact newer pre-revenue entrants. However, both sides of the congressional aisle have stated the importance of non-Chinese rare earth supply, and this indicates the continued development of the overall group.

Financial Services and Technology

Cristopher Kennedy

Fintech

Policy and headline risk has been an overhang for fintech/payments stocks, in our view, and it is unclear whether that dynamic will materially improve following the midterms. For example, while legislative action would be required to become law, credit card stocks materially underperformed after a Truth Social post proposing a 10% cap on credit card interest rates. Nonetheless, a divided Congress could help reduce the likelihood of more disruptive policy proposals ultimately becoming law and help alleviate some investor concerns.

Potential implications of the midterms to our coverage list:

- *Cross-border:* Tightened immigration policies and heightened enforcement efforts have weighed on migration flows, remittance volumes, and international student enrollment trends. A more balanced U.S. immigration policy could provide a tailwind for Euronet, Flywire, Remitly, Western Union, and Wise by supporting both cross-border money movement and international mobility.
- *Bank industry:* The easing bank regulatory environment has led to more bank/credit union consolidation, which creates headline risks for the banktech industry (Alkami, Fiserv, FIS, Jack Henry, nCino, and Q2). Further, fintechs' ability to obtain (and willingness to operate with) a bank charter could moderate in a tighter regulatory environment.
- *New technologies and regulation:* We attribute some of the multiple compression in fintech to investor concerns about new technologies (e.g., crypto, stablecoins, blockchain, and GenAI) and the threat of disintermediation; we believe a more balanced regulatory environment could help temper investor fears.

Global Services

Tim Mulrooney

Professional Services & Commercial and Residential Services

Government consulting, engineering, and design. Shares of consulting companies that serve federal agencies (including Tetra Tech, ICF International, and Onterris) have been under pressure since the 2024 election. A blue wave in November could act as a catalyst for valuation expansion, with the idea that funding pressure for certain programs will ease, or the likelihood for true legislative reform for government regulation will decline. We still expect a sluggish federal contracting environment to remain a headwind under the final two years of the Trump administration, regardless of election results. But a shift in narrative could represent a catalyst to some recovery in compressed valuations following the November election.

AI infrastructure. Rhetoric around data center moratoriums has surfaced over the last six months as incumbents and candidates race to position themselves for votes ahead of the November election. Several states have announced either direct moratoriums (NY), pauses for state audits (TX), restrictions (PA, FL), or halted sales tax exemptions (AZ, IL). Others have indicated interest in doing so (CA, VT, NH). We see potential for this rhetoric to die down after the November election is over and there are no more voters to court. However, there are more than 15 states with at least one gubernatorial candidate calling for a moratorium across the 36 governor races in November. So, the election results could have a significant impact on the moratorium topic heading into 2027. As we have argued in the past, we ultimately expect the data centers will be constructed. It is just a question of when and where. But the moratorium topic itself could have an impact on valuations following the November election, which in our coverage area includes Comfort Systems, EMCOR Group, APi Group, Ecolab, and WillScott.

Healthcare

Brandon Vazquez and Steven Lichtman

Medtech

In the medtech sector, government subsidies for programs like the Affordable Care Act (ACA) and Medicaid remain a key focus into the midterm elections. Some key ACA subsidy cuts went into effect in 2026, and the Kaiser Family Foundation (KFF) estimates anywhere from 3.8 million to 5.8 million individuals will lose insurance coverage in 2026. The impact of a lower number of covered lives, and to some degree more patients with higher deductible plans, is already being realized as a headwind to a select few medical device companies that saw lower-than-expected procedural volumes in the second quarter. Further, while 2026 saw \$17 billion in Medicaid subsidy reductions, that amount is expected to increase more than twofold in 2027 to \$47 billion, according to the Congressional Budget Office. The lingering question is if ACA headwinds, especially when combined with a step-up in Medicaid cuts, will act as material headwinds to procedure volumes.

The impact of reduced participation in ACA and Medicaid could also pressure the hospital system, driving up uncompensated care and bad debt. In addition, proposed payment cuts to 340B drugs would be an incremental margin impact to hospitals (not-for-profit) participating in the program (more than 2,600 hospitals did so to varying degrees as of early 2023, according to KFF). The cuts were introduced in the proposed 2027 Hospital Outpatient Prospective Payment System (OPPS) rule in July. The hospital lobbying groups have pushed back meaningfully, and we will see if/what is finalized in the final OPPS rule this fall.

For medtech, the financial health of hospitals is key as it is a factor in their willingness to spend, particularly on larger capex items. While there are other potential cost offsets for hospitals, the incremental expense headwinds above bear watching. As we look to the midterms, investors have increasingly asked if a Democratic-led Congress might reduce some of the expected cuts. It is unclear, though, what legislation could pass with likely thin party margins and what would be signed. Regardless, we believe that investors will be focused on messaging from Democrats should they take both houses of Congress on potential offsets to the cuts underway or proposed.

Industrials

Louie DiPalma

Government and military tech

A Democratic midterm sweep would likely be viewed as a modest negative for defense stocks given the party's historically less aggressive posture toward defense spending. However, we would caution against strictly applying the traditional political playbook in the current environment. The combination of depleted inventories, elevated geopolitical tensions, and increasing investment in air and missile defense has created a relatively durable, bipartisan need to recapitalize U.S. military capacity. Accordingly, we see greater risk to the timing of defense spending than to the broader multiyear demand outlook.

An extended continuing resolution could delay contract awards, new program starts, and production-ramp funding at a time when the Pentagon and industry are working to meaningfully increase missile and munitions capacity. This could temporarily interrupt the cadence of the missile-production supercycle and push revenue recognition to the right for certain suppliers. However, a CR would not address the underlying inventory shortfalls driving demand, suggesting that any disruption would primarily defer rather than eliminate the opportunity.

Technology, Media, and Communications

Sebastien Naji

Semiconductors and infrastructure Systems

AI and the rapid data center buildout have become prominent issues ahead of the 2026 midterm election, with some jurisdictions imposing construction moratoriums and others increasing permitting requirements and the costs developers must bear to secure power. While we believe a less politicized post-election environment could allow for a more balanced assessment of the economic benefits and community impacts of data centers, scrutiny is unlikely to fade as the AI buildout expands.

For the majority of our semiconductor and AI hardware coverage, we view these constraints primarily as a risk to revenue timing, although prolonged delays or higher costs per gigawatt could also affect project economics and ultimately spending. While individual project delays (e.g., Oracle's permit issues at its New Mexico site) could push out chip and hardware purchases, we expect underlying compute demand to remain strong and support deployment elsewhere where capacity is available.

For advanced logic vendors like Nvidia and AMD, a Democratic takeover of either chamber could increase scrutiny of the Trump administration's easing of certain chip export restrictions and strengthen pressure for a retightening of controls. A shift in policy back toward a model like the Biden-era diffusion rules, which addressed not only China's but also global access to U.S. chips, would introduce more significant hurdles to chip sales to Asia and the Middle East.

Stephen Sheldon

Real Estate

There are multiple housing-related bills and proposals in progress that could be impacted by midterm elections. Some are meant to help unlock home inventory and reduce some of the friction driving gridlock for current homeowners, especially the More Homes on the Market Act, which would increase the exclusion for capital gains tax on a primary home in the U.S. (doubling the exclusion to \$1 million for married filers and \$500,000 for single filers). There is significantly more proposed legislation trying to alleviate affordability issues for first-time homebuyers. Examples include proposed legislation that would create a federal tax credit for first-time homebuyers of up to 10% of the home purchase price (capped at a \$15,000 credit) and legislation that would increase penalty-free IRA withdrawals for first-time homebuyers to \$50,000 (from \$10,000 currently). There are also proposals that could spur more development (especially for affordable housing) and that could provide tax incentives for conversions of existing properties (such as outdated office space) to residential housing. Overall, these bills could certainly help on the fringes to support a better housing backdrop, but are unlikely, in our view, to change the narrative drastically on the biggest issue, which is rising input costs that make it even tougher for home developers to pencil out starting new projects, adding to the structural undersupply (and rising prices) of housing.

Conclusion

November looks set to produce divided government. With Democrats favored to retake the House and control of the Senate still uncertain, Washington may struggle to pass major legislation after the election. That would make another reconciliation bill more difficult, though not impossible. It would also shift the House's focus toward oversight and investigations, and raise the prospect of a debt-limit confrontation before the next deadline.

Gridlock in Congress does not mean policy stands still. The executive branch retains broad authority through executive orders, trade actions, and agency rulemaking. In healthcare, for example, the proposed 2027 Hospital Outpatient Prospective Payment System (OPPS) rule would cut payments for 340B drugs. Those cuts would add to pressure on hospitals already absorbing reductions to ACA subsidies and Medicaid, and in turn on medtech companies that depend on hospital capital spending and procedure volumes. Investors have increasingly asked whether a Democratic-led Congress could soften some of these cuts, but with likely thin party margins, it is unclear what could pass and be signed. The Senate would also continue to shape policy through the confirmation process, including a replacement for former Chair Powell, whose term as governor expires in January 2028. Some issues with direct implications for investors, including permitting, power infrastructure, and data-center development, are also being decided in state capitals rather than Washington.

For investors, however, the midterms should not displace the larger forces driving markets. The fundamentals that have shaped returns this year will not change on November 3. Divided government would make large fiscal initiatives harder to pass, which could ease some concerns about future Treasury issuance, even if a debt-limit standoff would bring its own volatility. The unlikely alternative of a Republican sweep would create the opposite risk: renewed fiscal expansion, including the proposed \$5,000 checks, could add to inflation and upward pressure on bond yields. Investors hoping for a calmer political backdrop may be disappointed. Legislative activity may slow, but political conflict probably will not. Uncertainty over the next phase of the conflict with Iran could also keep geopolitical risk elevated after the election. In many ways, the midterms are less a verdict on the past two years than the opening round of the 2028 contest, and markets could start trading on that sooner than many expect.

The prices (as of 9/30) of the common stock of other public companies mentioned in this report follow:

Advanced Micro Devices (Market Perform)	\$611.76
Alkami (Outperform)	\$108.45
APi Group (Outperform)	\$38.75
Comfort Systems (Outperform)	\$1,665.05
Ecolab (Outperform)	\$277.87
EMCOR Group (Outperform)	\$762.03
Euronet (Outperform)	\$63.76
Fidelity National (Outperform)	\$33.35
Fiserv (Market Perform)	\$45.36
Flywire (Outperform)	\$17.33
ICF International (Outperform)	\$83.12
Jack Henry (Outperform)	\$146.22
nCino (Outperform)	\$17.95
NVIDIA (Outperform)	\$228.38
Onterris (Outperform)	\$14.11
Q2 Holdings (Outperform)	\$55.12
Remitly Global (Outperform)	\$21.47
Tetra Tech (Outperform)	\$33.70
Western Union (Market Perform)	\$5.97
WillScott (Market Perform)	\$17.45
Wise Group (Outperform)	\$11.38

IMPORTANT DISCLOSURES

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DOW JONES: 50926.60

S&P 500: 7666.45

NASDAQ: 26871.60

Additional information is available upon request.

Current Rating Distribution (as of October 2, 2026):

Coverage Universe	Percent	Inv. Banking Relationships *	Percent
Outperform (Buy)	71	Outperform (Buy)	16
Market Perform (Hold)	28	Market Perform (Hold)	4
Underperform (Sell)	1	Underperform (Sell)	0

*Percentage of companies in each rating category that are investment banking clients, defined as companies for which William Blair has received compensation for investment banking services within the past 12 months.

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