Our Analysis of Jon Ossoff's Stock Trading Allegations

Jon Ossoff has made a central message in his campaign that Senator Perdue engaged in insider trading, particularly around information related to Covid-19. Our decision to endorse Perdue over Ossoff is due to the extreme policy view difference we have with Ossoff, particularly on taxation and spending. But, we will not endorse a candidate, no matter how strong the policy alignment with them or misalignment with their opponent, if we think the candidate is unethical. As such, we took these claims seriously and spent over 30 hours doing independent analysis and research on the claims.

Ossoff makes three broad claims:

1. That Perdue received inside information on the severity of the pandemic and directed trades that reduced his exposure to Covid-19 sensitive stocks and invested in Covid-19 beneficiaries such as pharmaceutical and personal protective equipment stocks (PPE).

2. Perdue took advantage of his Senate position over the past several years to conduct insider trades on defense and cyber-technology stocks.

3. Perdue traded on insider information in Cardlytics, an Atlanta-based Financial Technology firm in which Perdue was an early investor and as a result has a sizable direct investment.

These are serious allegations. But every one of them was independently investigated by the DOJ and other regulators and they found a lack of evidence to pursue charges.

We conducted our own research using the same publicly available data Ossoff has cited, plus publicly available data on the underlying securities held by Perdue's investment manager, Goldman Sachs. Our analysis was overseen by a professional with almost 20 years of experience in oversight of SEC-regulated firms.

Our conclusion:

There is no evidence that Perdue engaged in insider trading or benefitted from trading 'Covid stocks', but there is clear evidence that Ossoff is exaggerating his claims.

Why Do We Say This?

The majority of Perdue's assets are managed on a discretionary basis by the asset management division of Goldman Sachs. All of the allegations cited above, with the exception of the Cardlytics investment (more on that later) are in portfolios managed by Goldman Sachs. Our analysis shows that Perdue's portfolio was managed consistently with Goldman Sachs' other client portfolios and that he received no material economic benefit from trading 'Covid stocks'.

Specifically,

- Perdue's overall exposure to Covid-sensitive stocks did not go down materially. Ossoff's claims that Perdue was fleeing Covid-sensitive stocks such as Caesars is represented in isolation. At the same time that Perdue's portfolio manager was selling shares in Caesars, they were buying shares in Delta Airlines, Disney, and numerous energy companies that were also covid-sensitive. We can only assume this information was omitted because it would negate the narrative that there was a rush to exit Covid-sensitive stocks. On top of that, the decision to sell Caesars was a bad one, its stock is much higher today than at the time of sale.

- The pharmaceutical stock that was bought by his advisor – Pfizer – is the largest, most widely owned pharmaceutical stock in America. Pfizer has performed in line with the broader market. If Perdue wanted to trade inside information on vaccines, he should have purchased BioNTech - Pfizer's smaller, more focused vaccine partner – or Moderna – who have both more than tripled in value in that time period. Once again, Pfizer was broadly held and traded by Goldman Sachs across client accounts as could be expected given its size. It was not a one-off purchase for Perdue's accounts.

- The "PPE" stock purchased – Dupont – gets less than 10% of revenues from PPE – and has seen revenue declines overall due to Covid. Calling Dupont a PPE stock is a blatant mischaracterization of the underlying company by Ossoff.

- The "cybersecurity' and "defense" stocks Ossoff claims he traded for years – Fireye and BWX – are both widely held by Goldman Sachs and other institutional money managers; and the trading in Perdue's accounts in those stocks over that time was consistent with the trading patterns across Goldman Sachs other client portfolios more broadly.

In summary, Perdue's portfolio manager at Goldman transacted in 30 securities during the time period in which Ossoff claims Perdue had inside information on Covid. It appears to us that Ossoff chose 3 of those 30 that fit his narrative, and excluded numerous other transactions that logically counter the argument. And the characterization of Dupont as a PPE stock is a clear exaggeration.

Finally, Cardlytics

Perdue was an early investor and board member of this Georgia based start-up before he was elected to the Senate. As is the norm, he was allowed to keep his shares in the company when he joined. Like many early-stage investors, after the firm went public, Perdue began regularly reducing his holdings to diversify.

We logically assume that Cardlytics was treated differently than the rest of his diversified portfolio managed by Goldman Sachs. We assume that he directed the sale of shares as part of the normal diversification process and the later repurchase of some of the shares when the stock fell heavily during the Covid sell-off. While that may not be great optically, those facts alone do not make Perdue "a crook" as Ossoff famously proclaimed in a debate. What would make him a crook is if he had possession of material inside information before he made those transactions. The regulators and the DOJ looked at this and they determined that there was no evidence of that. There was sufficient email evidence demonstrating that the email he received did not itself contain material information. It also showed that it was sent to him by mistake as it was meant to go to another individual within the firm named David. Anyone who has ever spent a day sending emails in Microsoft Outlook and dealt with the auto-populate feature knows how this can happen. When Senator Perdue inquired as to why he received an email, it was confirmed a mistake, and no further communications were made. No material information was ever exchanged. In fact, the stock went up over 20% after Perdue sold, before then falling below his sale price during the Covid sell-off.

The fact that Perdue sold shares in a concentrated position with large capital gains in January is normal. It is typical for investors to realize capital losses in the fourth quarter of a year, and to realize capital gains in the first quarter of a given year and diversify the proceeds. The pattern is normal; the timing of the email is coincidental; and there was no material inside information exchanged. That is why the DOJ did not pursue prosecution, there was nothing there to prosecute.

His later repurchase of some of the stock during the Covid sell-off appears to be a good investment decision to support a company he knew well, at a cheap price. There was no company specific information that led to the decline, simply the broader Covid market sell-off. If anything, it is probably an indication that Perdue felt that the Covid sell-off in the market was an extreme overreaction. On that front, he was proven correct.

Perdue's early involvement with launching Cardlytics – one of the fastest growing companies in Georgia that has created hundreds of new jobs – is a reason to support him, not vote against him. Few Senators have his track record of leading and advising companies that employ so many people across such a wide range of industries.

Our Data: Sources and Limitations

Our primary data source for Senator Perdue's trading history was the aggregation site Senatestockwatcher.com. We then took that trading history to populate our models. The only limitation to this is that the Senate does not provide exact dollar amounts for each purchase and sale. It instead provides a range of amounts for each transaction. Therefore, we assumed the midpoint of the range for estimating returns.

We used data on Bloomberg, the market standard for financial information, to cross reference returns and as the source of information on how Perdue's holdings and trades compared to that of other Goldman Sachs clients. This information is provided to Bloomberg via feeds from the SEC, as this is part of the quarterly regulatory reporting requirement for firms like Goldman Sachs. Bloomberg is a closed terminal system that requires a $30,000 per year subscription. Therefore, we can only provide screenshots of the charts instead of access to the underlying system.

In the pages that follow are the graphs for each stock, demonstrating our premise that it was broadly held by Goldman Sachs across their client accounts. We also include an in-depth chart analysis of Perdue's sale, and then partial repurchase, of Cardlytics. And finally, we include a detailed table of all the stocks in which Perdue's advisor transacted; during the period in which Ossoff claims Perdue acted upon Covid 'insider information'. This table shows the returns of those transactions relative to the market, and clearly demonstrates that Perdue did not profit from inside information. In fact, the stocks in which Mr. Ossoff claims Perdue had insider information in aggregate underperformed during that time period. We firmly stand by our analysis.

Pfizer

	Security	Currency	Price Change	Total Return	Difference	Annual Eq
1)	BNTX US Equity	USD	269.36%	269.36%	--	455.94%
2)	MRNA US Equity	USD	423.80%	423.80%	154.44%	779.48%
3)	QDEL US Equity	USD	140.98%	140.98%	-128.38%	217.34%
4)	PFE US Equity	USD	16.40%	19.99%	-249.37%	27.03%
5)	AZN LN Equity	USD	8.96%	12.11%	-257.25%	16.19%
6)	SPY US Equity	USD	16.23%	17.94%	-251.42%	24.19%

Pfizer stock significantly lagged pureplay speculative bets on COVID-19 vaccines and tests such as Moderna (+424%), Quidel (+141%) and Pfizer's vaccine partner, BioNTech (+269%). Pfizer was a significant holding of Perdue's wealth advisor across multiple accounts (below). Neither fact supports a claim of having inside information or profiting from it.

Dupont

Dupont was not only a consistent holding of Mr. Perdue's wealth advisor across their accounts, the shares owned across those accounts increased significantly at the same time as shares were purchased for Mr. Perdue's account. The claims that Mr. Perdue invested in Dupont as a PPE investment using inside information about COVID-19 is not supported by this. Furthermore, PPE accounts for less than 10% of revenues for Dupont; a far cry from being a PPE stock. The company's revenues are projected to decline by about 6% in 2020. If Mr. Perdue was attempting to take advantage of PPE demand, he chose a poor stock to do it.

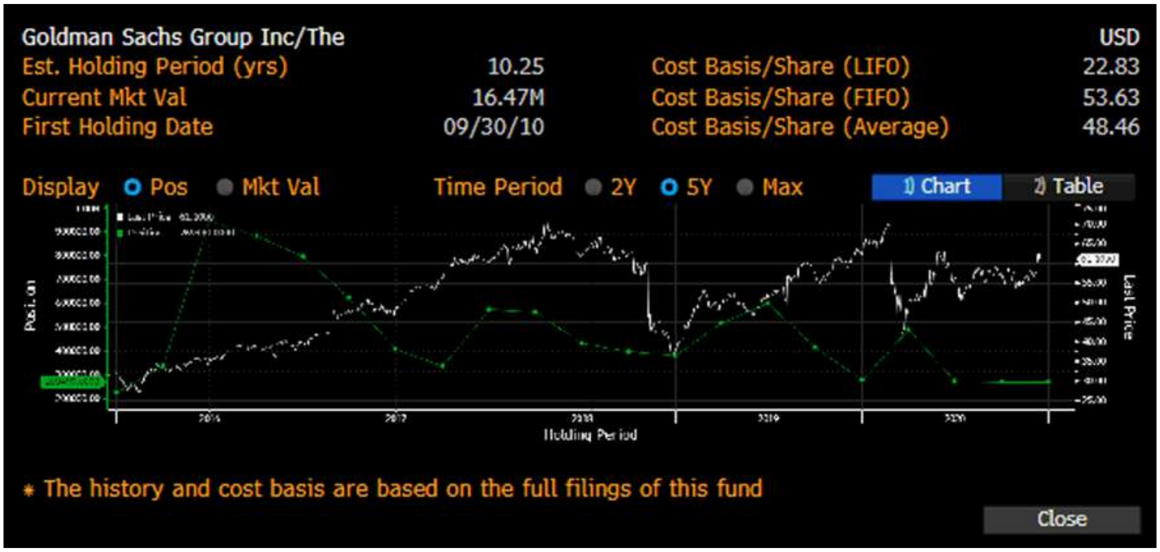
Caesars

The reduction in Mr. Perdue's exposure to Caesars occurred in the same quarter that his advisor began reducing exposure to Caesars more broadly. Additionally, selling shares in Caesars was a poor decision overall, as the stock has outperformed the market since he sold it.

Fireye

Fireye has been a consistent holding of Mr. Perdue's wealth advisor across multiple accounts with a trading history similar that of Mr. Perdue's account. Claims that Mr. Perdue was directing trades here based on inside information about national cyber security policy are baseless.

BWX Technologies



Claims that Mr. Perdue traded BWX Technologies based on inside information on Department of Defense contracts is again, baseless. Mr. Perdue's wealth advisor made significant investments across all accounts in 2016, including Mr. Perdue's. The largest holder of BWX stock today are Capital Group, T. Rowe Price, Vanguard and Wellington Management. Collectively they own over 40% of the stock, predominantly in retirement accounts like Mr. Perdue's.

Cardlytics

Claims that Mr. Perdue traded on inside information with Cardlytics is baseless. Mr. Perdue was a long-standing advisor and member of Cardlytics board before he was a Senator and before it went public. Cardlytics has become one of the State of Georgia's great success stories, with hundreds of jobs created. Mr. Perdue's sale of stock in January was consistent with his past practices of reducing exposure to Cardlytics. The stock was sold at a price consistent with the trading range in the five days before and after the sale; in fact, the stock rose almost 24 percent three weeks after the sale, which debunks the theory that Mr. Perdue was dumping the stock ahead of negative information.

Mr. Perdue bought back shares in the company after the COVID-19-related sell-off, buying back approximately 10% of the amount in dollars that he had previously sold in January. It is not unusual for individuals with strong knowledge of companies to invest in them during times of market distress, as we saw in March. There is no substantiation of insider trading in either the sale or purchase of Cardlytics stock.

Company	Symbol	Transaction Type	Transaction Date Range (2020)		Security Return	S&P Return	Rel Return
			Start	End			
Apple	AAPL	Sell	28-Jan	11-Feb	51%	11%	-40%
Albemarle	ALB	Sell	19-Feb	19-Feb	54%	9%	-45%
Axalata Coating	AXTA	Sell	29-Jan	29-Jan	2%	13%	11%
Bank of America	BAC	Sell	24-Jan	30-Jan	-14%	12%	26%
Caesars Entertainment	*CZR*	*Sell*	*24-Feb*	*28-Feb*	*28%*	*19%*	*-9%*
Delta Airlines	DAL	Buy	24-Feb	27-Feb	-23%	16%	-39%
DCP Midstream	DCP	Sell	19-Feb	19-Feb	-8%	9%	17%
Dupont	*DD*	*Buy*	*24-Jan*	*28-Feb*	*29%*	*17%*	*12%*
Disney	DIS	Buy	26-Feb	26-Feb	20%	18%	2%
Devon	DVN	Buy	25-Feb	28-Feb	-13%	21%	-34%
Enbridge	ENB	Buy	19-Feb	19-Feb	-21%	9%	-30%
Energy Transfer Partners	ET	Sell	10-Feb	13-Feb	-45%	9%	54%
Fireye	*FEYE*	*Buy*	*25-Feb*	*26-Feb*	*6%*	*18%*	*-12%*
Corning	GLW	Buy	29-Jan	29-Jan	36%	13%	23%
General Motors	GM	Buy	28-Feb	28-Feb	46%	24%	22%
Graphic Packaging	GPK	Sell	27-Jan	27-Jan	-5%	13%	18%
Graphic Packaging	GPK	Buy	25-Feb	26-Feb	14%	17%	-3%
Hanesbrands	HBI	Buy	7-Feb	10-Feb	6%	10%	-5%
Cheniere Energy	LNG	Sell	19-Feb	19-Feb	2%	13%	11%
MPLX LP	MPLX	Sell	19-Feb	19-Feb	2%	13%	11%
ONEOK	OKE	Sell	20-Feb	20-Feb	2%	13%	11%
Pfizer	*PFE*	*Buy*	*26-Feb*	*28-Feb*	*23%*	*22%*	*1%*
Phillips 66 Partners LP	PSXP	Buy	21-Feb	21-Feb	-53%	10%	-63%
Shell Midstream Partners, L.P.	SHLX	Sell	20-Feb	20-Feb	2%	13%	11%
AT&T Inc.	T	Sell	20-Feb	26-Feb	-20%	15%	35%
Targa Resources Corp.	TRGP	Sell	10-Feb	19-Feb	-33%	9%	43%
TC Energy Corporation	TRP	Buy	24-Feb	24-Feb	-19%	14%	-33%
ViacomCBS Inc.	VIAC	Buy	21-Feb	26-Feb	40%	15%	25%
Western Midstream Partners, LP	WES	Sell	20-Feb	20-Feb	-10%	9%	19%
The Williams Companies	WMB	Sell	10-Feb	19-Feb	5%	9%	4%
WPX Energy	WPX	Buy	24-Jan	27-Jan	-42%	13%	-55%
Average Excess Returns of All Trades During "Covid Insider Period"			*-0.4%*				
Average Excesss Returns of Alleged Insider Trades			-2.1%				

We modeled all of the transactions that Perdue's investment manager made during the period in which Ossoff claims that Perdue committed "Covid insider trading". We included Fireye since Ossoff claims that Perdue insider trades that as well. These are highlighted in yellow. We did a weighted average of the investment range approach since precise figures are not provided on transaction amounts and use the return from each transaction date through the end date. This is calculated through November 30, 2020. The methodology compares the return of the security against the S&P 500. If the transaction was a sale transaction and the security outperformed, there is a negative excess return for that transaction. If in a sale the security underperforms, there is a positive. For purchases it is a straightforward differential of the two returns. The data shows that the average excess return on the trades made during that period was slightly negative at -.4%. The average excess return on the four stocks Ossoff claims Perdue insider traded was more negative at -2.1%.