Q: What sectors are likely to lead in 2021?

Brian Lockhart: My initial reaction is that it depends on who prevails in the election as the vision and priorities of the candidates vary greatly. However, I am not sure it will make that much of a difference in the short-term. The priority will be boosting job growth, and the fastest way to accomplish that is through an increase in infrastructure spending. Much of the improvements being rolled out will focus on telecommunications as the Iot continues to rapidly expand. Global telecom infrastructure companies are going to see new contracts to update communication systems.

A Biden victory would also be beneficial for utilities in my opinion. The push to move away from gas-powered vehicles to electric vehicles (EV) will increase demand for electricity and benefit companies who enable efficient transmission of electricity. Regardless of the winner in November's election, I would expect technology to continue to lead the way in 2021. Finding growth will continue to attract a premium in valuation, and technology should be able to deliver. Valuations in many tech companies are stretched, so applying a GARP (growth at reasonable price) in the sector may be necessary.

There are two sectors that should do well if Trump is reelected that I would be cautious about in a Biden victory. Healthcare should see increased interest and perform well with the status quo, but investors would likely sell first and ask questions later with Biden. The same would be true with energy exploration.

Clint Pekrul, CFA: It really depends on what becomes of the coronavirus. As we've seen so far this year, there are sectors that have actually benefited from the pandemic, while other sectors have been devastated. I think it's a fair assumption that if the trends of 2020 continue into next year, the relative performance across sectors probably won't change much in the near-term. That is to say, sectors like technology and consumer discretionary will likely continue to outperform sectors like energy and financials. However, I think it's important to look at current valuations.

Momentum stocks collectively are currently trading at roughly 35 to 40 times earnings. This group of stocks include the likes of Tesla, Amazon, Netflix, and Apple, which are all higher by over 50% for the year. At this point, there are legitimate concerns about whether these stocks have been stretched too far in terms of valuations. Another interesting point is the separation between growth and value. The current ratio of the Wilshire Large Cap Growth Index to the Wilshire Large Cap Value Index is at its highest level since 2000. While nothing is written in stone, it seems like we could be approaching inflection points in terms of valuations and relative performance. As such, returns in 2021 could look much different than in 2020.