

In our view, the headline risk is now squarely on the pharmacy benefits managers and drug distributors. Pharmaceutical companies have shifted the targets of policymakers for now, but they could face increased pressure as the midterms approach.

INFRASTRUCTURE

The budget proposal requests \$200 billion to upgrade US infrastructure. The goal of the administration is to encourage states and local governments to partner with the federal government to incentivize private investment. \$100 billion is allocated to incentive grants that generate new revenue streams and provide social and economic returns on investment. \$50 billion is allocated to rural infrastructure, with an emphasis on expanding broadband access.

We believe the federal amount will ultimately need to be increased to spur private investment. In our view, companies that provide the machinery and equipment, raw materials (i.e. concrete, steel, etc.), and manage infrastructure properties could benefit.

IMMIGRANT / BORDER

The budget highlights the administration's push to secure the borders. Included are requests for a border wall (we don't think this happens), as well as increased border patrol agents and technology such as biometric scanners and tracking software (we think a mixture of these two happen).

We continue to like companies that supply the Department of Homeland Security, as we think they could grow revenues through government contracts. Examples include CoreCivic, CACI International, and FLIR Systems.

SECURE / MILITARY

As part of the 'Secure' function, the proposal requests \$716 billion for the Department of Defense (DoD) and advocates for using advanced technological weapons to protect the nation's interests. Included in the budget proposal are requests for tanks, planes, ships, and improvement in the military's cybersecurity readiness.

We continue to like companies that contract with the DoD. Examples include Huntington Ingalls, General Dynamics, Northrop Grumman, Raytheon, and Lockheed Martin.



About EventShares

EventShares is a boutique asset manager located in New York City that is focused on the impacts created by legislation, regulation, and fiscal policy. The firm is founded on the belief that policy is a powerful leading indicator and catalyst for companies.

EventShares offers numerous educational resources to help investors connect the worlds of Washington, D.C., and stock markets.

Contact Us

EventShares
200 Vesey Street, 24th Fl.
New York, NY 10281
+1 646-952-8687
info@EventShares.com
www.EventShares.com

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