Policy Investing

Actions in Washington D.C. can be a powerful leading indicator for investment returns. EventShares identifies changes in policy and invests in the most impacted companies.

KEY FEATURES

Leading Indicator

The U.S. legislative process is highly publicized, allowing investors to position ahead of material changes.

Long-term Horizon

Policy affects companies over multi-year periods as government agencies implement laws and management teams react.
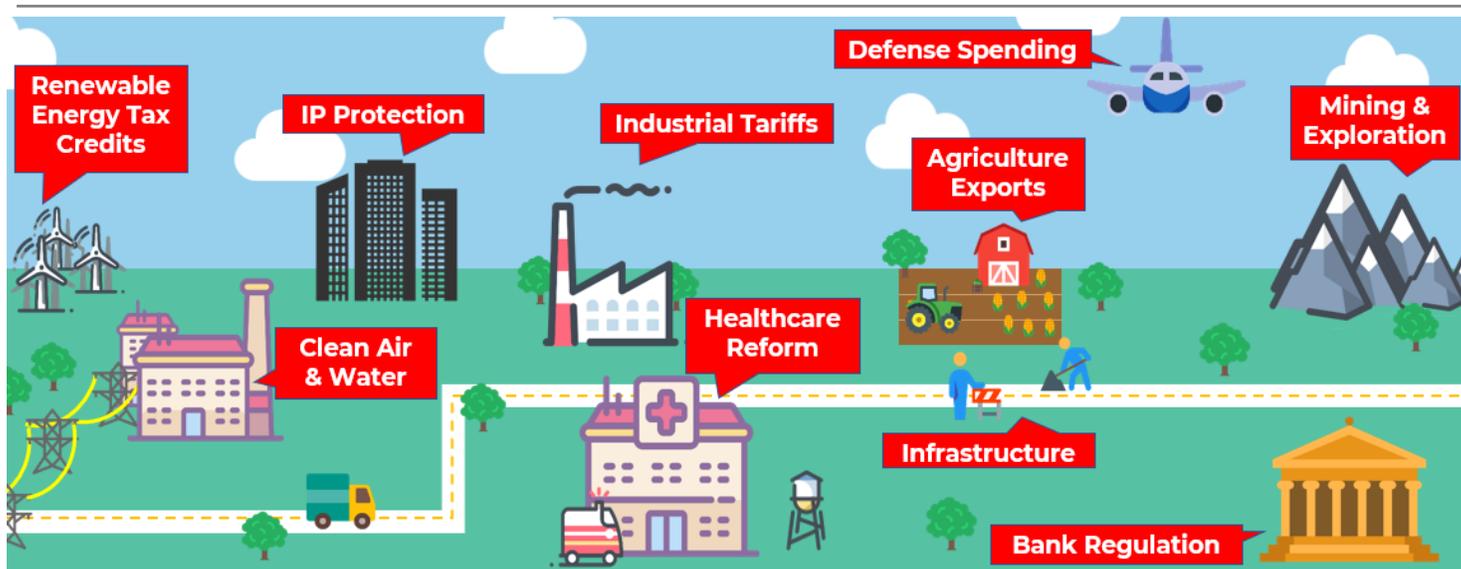
Historically Uncorrelated

Policymaking occurs throughout economic cycles and presents investment opportunities uncorrelated to the stock market.

POLICY LANDSCAPE

Policy impacts your everyday life, including where you shop and work. Levels of defense spending, capital requirements at banks, oil & gas exploration, and tariff and tax levels change industry fundamentals. EventShares uses policy as a leading indicator to guide the investment process.

Renewable Energy Tax Credits · IP Protection · Industrial Tariffs · Defense Spending · Mining & Exploration · Agriculture Exports · Clean Air & Water · Healthcare Reform · Infrastructure · Bank Regulation

COMPANIES REACT TO POLICY CHANGES

- Regulation changes a company's profitability and corporate strategy. Fiscal spending creates new revenue opportunities. Trade actions alter global commerce and supply chains.

- Investors ignore policy signals from Washington D.C., often equating them with politics. This may cause investors to misprice securities based on an incomplete understanding of the policy impact. Therein lies the opportunity.
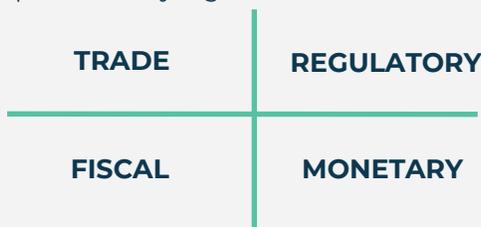
POLICY

1 **TRACK:** Congress passes bills that become law. Government agencies issue regulations to interpret those laws. Public resources, such as government websites, can be used to track policy movement.

Note: News outlets primarily focus on near team policies. Identifying policy changes may allow an investor to position earlier.

2 **ANALYZE:** Develop a "policy profile" for key bills and regulation to understand sector impacts and whether the bills helps or hurts companies.

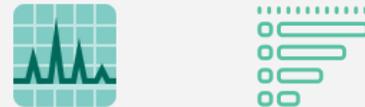**Note:** Key policies change industry structures, creates new product lines (i.e. Obamacare), and impact industry regulations.

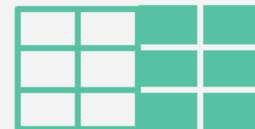| TRADE	REGULATORY
FISCAL	MONETARY

MARKETS

3 **SCREEN:** The "policy profile" is used to filter companies both fundamentally and quantitatively.

Note: Filters can be focused on company metrics (revenues, profit margins, balance sheet) or industry trends (product lines, regulations).

4 **ALLOCATE & MANAGE:** Invest in companies with a clear thematic policy catalyst. Continue to monitor the policy and political environment for information that changes the investment thesis.

Note: While policy is the catalyst, politics can influence how policy is created and the final version.

EVENT SHARES

Policies Evolve.
Companies Change.
Markets React.

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