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## Capital Alpha: 10 Trending Policy Issues for Investors

- GOP's final Senate-run casting awaits Aug primaries in TN, KS, AK. 45% odds of control shift, but surprise CO, IA prospects could trip our "red" line.
- Oil & gas, utilities, for-profit colleges, financials, IT outsourcers, student loans, defense, beverages, tobacco, auto dealers among prominent "red stocks."
- "Blue stocks" (better w status quo): hospitals, construction, homebuilders, MIs, GSE preferreds, alt. fuels, online gaming, ACA-leveraged managed care.
- EPA's delayed 2013 RFS compliance deadline moves 2014 RFS release nearer to Nov 4; positive for higher-mandate, Dems' Braley in IA Senate race.
- Veteran's Health Reform bill is win for services, pumping up to \$12 billion to non-VA hospitals & facilities. Opens door to VA privatization: **THC, HCA, UHS**.
- CMS issues positive final 2015 updates for IRFs, SNFs, and IPFs. Post-acute faces ongoing offset risk. CMS hints at future IPF changes: **KND, HCP, UHS**.
- FDA move to regulate lab developed tests a negative for **DX, LH**, positive for diagnostic manufacturers like **ABT** and **Roche**. House GOP may try to block.
- Any deal for **T-Mobile**, now potentially including French telco **Iliad**, would be easier to get approved than the **Sprint** deal.
- Balanced GAO funding-subsidy report offers no reprieve for 8 largest banks, now almost certain to be hit w/ a SIFI buffer/higher-capital requirement.
- FHFA reviews on MI min capital, GSE fees + FHA's dismal HMDA report card to sync in September; net positive mortgage mkt impact to result early '15.

*For more detailed analysis of any or all of the above, please contact Rich Linville, Tom Butler or Courtney Oldham (UK) to be put in touch with the appropriate analyst.*

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**Analyst Certification**

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