

Sabrient Baker's Dozen Model Portfolio – 1st Quarter 2020

Ticker	Company Name	Industry	Mkt Cap (\$B)	NTM EPS Growth	Fwd. PE	Fwd. PEG	Div. Yield	Notes	
1	ADBE	Adobe Inc.	Application Software	166.6	24.5%	35.2	1.44	0.0%	ADBE creates software products that allow users to create and publish a wide variety of digital content. The company has a broad user base that includes students trying to learn new skills, businesses creating new marketing material, and creative professionals producing high quality artwork. ADBE's loyal subscriber base has provided the company with steady growth for several years that is expected to continue. Investments in the company's Creative Cloud platform have created a series of new products with more capabilities, resulting in a greater value for subscribers. Expanded mobile offerings are also leading to increased customer engagement across platforms. The addition of these new products is the main driver behind subscriber growth going forward.
2	ADSK	Autodesk, Inc.	Application Software	42.4	69.6%	48.5	0.70	0.0%	ADSK creates design software used in the architecture, construction, and manufacturing industries. The company is shifting its business model to selling subscription-based services that provide stable revenue growth and reduce ADSK's exposure to changes in the macro economy compared to selling individual licenses. The company's software is an important tool in driving important innovations. Auto parts suppliers are increasing usage of ADSK's products in order to create new innovations for electric vehicles. The rollout of the Construction Cloud platform, which combines the company's advance technology with the industry's largest network of builders, will provide a new avenue for growth going forward.
3	ALK	Alaska Air Group, Inc.	Airlines	8.2	20.1%	9.7	0.48	2.1%	The Seattle-based airline has grown in recent years with over 115 destinations across the entire U.S., but still has a primary focus on the West Coast. The acquisition of Virgin America has helped ALK become the 5th largest domestic airline by adding over 40 new routes. In mid-2018 the company shifted all operations under the Alaska Air brand in order to capitalize on the recognition of its award-winning service. ALK has been working to upgrade amenities in an effort to improve the customer experience, including expansion of premium seating, Wi-Fi connectivity and in-flight entertainment.
4	ANTM	Anthem, Inc.	Managed Health Care	77.3	22.8%	13.8	0.61	1.1%	As a health insurance provider, ANTM is either the number one or two provider in each of the 14 states in which it operates, with an average market share of 35%. The company's Medicare Advantage program is expected to be a driver for growth by increasing membership by more than 20%. ANTM has also started investing more heavily into its digital capabilities and AI to help provide a better customer experience. The company's end-to-end digital-first clinical model already has more than a million members, which is expected to double in 2020.
5	BMJ	Bristol-Myers Squibb Company	Pharmaceuticals	156.5	25.3%	12.1	0.48	2.7%	With the recent acquisition of Celgene, BMJ is a major player in the pharmaceutical market. The company is working diligently to produce new treatments for lung cancer that are expected to benefit BMJ over the next several years. The Celgene acquisition brings along a large pipeline of drugs with a focus on cancer, inflammatory disease, and immunology. Celgene recently received FDA approval for the first new treatment for myelofibrosis in over a decade.
6	CHTR	Charter Communications, Inc.	Cable and Satellite	109.3	107.0%	44.5	0.42	0.0%	CHTR offers cable and internet services to both individuals and businesses, primarily on a subscription basis. The company has shifted its customer mix away from cable by adding 1.4 million internet customers over the last year. This shift positions CHTR to capitalize on the rapid growth in data consumption. Video consumption continues to transition to internet platforms, creating demand for higher speeds and CHTR's higher tiers of products.
7	CIEN	Ciena Corporation	Communications Equipment	6.6	23.9%	16.5	0.69	0.0%	CIEN creates hardware and software products used to build communications networks. The company's equipment is one of the favorites used in the construction of 5G and fiber-deep networks. The increasing data consumption is driving demand for network upgrades that offer more bandwidth at higher speeds. This trend will continue to drive growth for CIEN until 5G becomes the global standard.
8	HII	Huntington Ingalls Industries, Inc.	Aerospace and Defense	11.3	25.6%	15.1	0.59	1.5%	HII designs and builds ships and submarines primarily for the U.S. military. Along with General Dynamics, the company was recently awarded a \$22.2B contract from the Navy to build nine Virginia-class submarines. At the end of the third quarter, HII's backlog was valued at \$39.2B, up more than 70% since the end of 2018. The company will also benefit from the new \$700B U.S. military spending bill that is expected to pass Congress by the end of the year.

Ticker	Company Name	Industry	Mkt Cap (\$B)	NTM EPS Growth	Fwd. PE	Fwd. PEG	Div. Yield	Notes	
9	KBH	KB Home	Homebuilding	3.2	27.6%	9.8	0.36	1.0%	KBH is a homebuilder with properties in several states across the U.S. that span a wide range of price points. The company is benefiting from increasing demand driven by steady economic growth and low interest rates. KBH primarily targets first-time home buyers but offers multiple options within the same community to appeal to several market segments. This strategy helps differentiate KBH from competitors and has led to a growing backlog for the company.
10	SEDG	SolarEdge Technologies, Inc.	Semiconductor Equipment	5.0	43.0%	21.0	0.49	0.0%	SEDG builds components and creates technology used in solar panels. The company is building a reputation as a premier smart energy company, and its technology increases the efficiency of using solar power. SEDG is expected to benefit from the growing solar industry in the U.S. and Europe. The company is now expanding into battery solutions, giving SEDG exposure to more energy markets outside of solar.
11	VAC	Marriott Vacations Worldwide Corporation	Hotels, Resorts and Cruise Lines	5.4	30.1%	14.3	0.48	1.7%	VAC operates vacation ownership properties, such as timeshares, under a range of brands that include Marriott, Sheraton, Westin, and Hyatt. The company is successfully finding new customers through its new marketing and sales strategy, which led to first-time-buyer tours representing 45% of tours taken during the third quarter of 2019. VAC also recently acquired ILG, adding 43 vacation ownership properties, primarily on the higher end.
12	VLO	Valero Energy Corporation	Oil and Gas Refining and Marketing	37.8	69.6%	9.9	0.14	3.9%	VLO operates as an oil refiner, producing petroleum, diesel, and ethanol fuels. The company is beginning to see benefits from its investments in the central Texas area, with new pipelines and terminals coming online over the summer. VLO is now working to expand its Diamond Green Diesel facility, North America's largest biomass-based diesel plant. The company's continued investment to expand production capacity will benefit VLO over the long term.
13	WGO	Winnebago Industries, Inc.	Automobile Manufacturers	1.9	29.3%	12.8	0.44	0.8%	WGO continues to improve its position in the RV industry. The company successfully expanded its product offerings to include more towables, the faster growing part of the market. With the recent acquisition of Newmar, WGO is working to expand into the luxury end of the market. Newmar will expose WGO to a new segment of the RV market, while also providing higher margins.

	Mkt Cap (\$B)	NTM EPS Growth	Fwd. PE	Fwd. PEG	Div. Yield
Average:	48.6	39.9%	20.3	0.51	1.1%
Median:	11.3	27.6%	14.3	0.52	1.0%

DEFINITIONS:

NTM EPS Growth = Next 12 months earnings per share year-over-year expected growth rate, based on consensus of sell-side analysts as reported by S&P Capital IQ

Fwd. PE = Forward (or expected) Price/Earnings ratio, based on consensus of sell-side analysts' earnings per share estimates for the next 12 months as reported by S&P Capital IQ

Fwd. PEG = Fwd. PE divided by NTM EPS Growth rate (i.e., Ratio of Forward P/E to Forward Growth)

Numbers shown were calculated using data as of market close on 1/16/2020

Sabrient Systems, LLC ("SABRIENT") defines its approach to stock selection as a quantitative GARP model (Growth At a Reasonable Price) with a qualitative fundamental emphasis and forensic accounting review.

Disclaimers:

The information contained herein is based on sources believed to be reliable, but no warranty or representation of any kind, expressed or implied, is made as to its accuracy, completeness, or correctness.

This document is neither a solicitation to buy nor an offer to sell securities, and it is not intended as personalized investment advice.

Information contained herein reflects our judgment or interpretation at the time of publication and is subject to change without notice.

The Notes above reflect the opinions of SABRIENT and include forward-looking statements subject to a number of uncertainties that could cause actual results to differ materially from the statements made.

Investing involves risk and past performance is no guarantee of future results. Investment returns will fluctuate and principal value may either rise or fall.

© Copyright 2020 by Sabrient Systems LLC. Unauthorized reproduction or redistribution of this document in full or in part is strictly prohibited by law and a violation of the Copyright Act.

Information contained herein may not be reproduced in whole or in part, including photocopying or e-mail forwarding, without the express written consent of SABRIENT.

