

Sabrient Baker's Dozen Model Portfolio – 1st Quarter 2022

Ticker	Company Name	Industry	Mkt Cap (\$B)	NTM EPS Growth	Fwd. PE	Fwd. PEG	Div. Yield	Notes	
1	ACGL	Arch Capital Group Ltd.	Property and Casualty Insurance	17.7	45.1%	11.0	0.24	0.0%	ACGL sells a variety of insurance products, including property, casualty, and mortgage insurance. A strong housing market is expected to benefit the company over the next year, following the most active year for existing home sales since 2006. ACGL is well positioned to capitalize on rising home prices and a tightening of credit criteria for mortgages that should lead to increasing demand for mortgage insurance. The return to normal following the COVID-19 pandemic should benefit the company's travel insurance business as air travel returns to pre-pandemic levels.
2	ACLS	Axcelis Technologies, Inc.	Semiconductor Equipment	2.1	64.7%	16.8	0.26	0.0%	ACLS produces semiconductor manufacturing equipment, primarily ion implanters that assist in the fabrication process of extremely small chips. The company's equipment is helping to produce new chips and is allowing the company to capitalize on the growing global demand for semiconductors. The increased use of chips in the power devices and automotive industry, as well as the recent chip shortage, has led to increased investment in new fabrication facilities as chipmakers work to expand production capacity. Recent government incentive programs are also set to benefit ACLS as semiconductor manufacturers expand their geographic footprint with production facilities in new countries.
3	AEL	American Equity Investment Life Holding Company	Life and Health Insurance	4.2	51.0%	9.2	0.18	0.8%	AEL is a life insurance provider that focuses on fixed annuities. The company is positioned to capitalize on rising interest rates. In 2021, AEL underwent a strategic shift to an asset-light business model and partnered with alternative investment managers to increase portfolio yields and spreads. The company also has started utilizing reinsurance as a way to free up capital that it plans to return to shareholders.
4	ARCB	ArcBest Corporation	Trucking	2.3	36.0%	10.2	0.28	0.3%	ARCB provides freight transportation and integrated logistics services. The company operates a balanced asset-based and asset-light approach that allows it to stay flexible in an ever-changing market environment. The company recently acquired MoLo Solutions, a rapidly growing logistics company in the Midwest. The acquisition helps the company expand capacity in a tight trucking market and accelerates its asset-light business growth.
5	CHTR	Charter Communications, Inc.	Cable and Satellite	104.2	37.3%	19.4	0.52	0.0%	CHTR offers cable and internet services to both individuals and businesses, primarily on a subscription basis through its Spectrum brand. The company's strategy to focus on internet customers instead of cable subscribers has been paying off. CHTR is well positioned to capitalize on the rapid growth in data consumption as the work-from-home (WFH) trend continues to grow at-home data usage. Video consumption continues to transition to internet platforms, creating demand for higher speeds and higher tiers of products.
6	DAR	Darling Ingredients, Inc.	Agricultural Products	10.8	50.9%	13.0	0.26	0.0%	DAR produces animal-based food products such as cooking oils and proteins. The company also produces livestock feed and ingredients used to make biofuels. DAR may serve as a hedge against inflation as the company can benefit from rising protein and animal fat prices over the next year. The company is already seeing a benefit from its livestock feed sales, which are driven by higher protein prices. DAR recently acquired Valley Proteins to expand further into the cooking oils market.
7	DVN	Devon Energy Corporation	Oil and Gas Exploration and Production	33.1	146.2%	9.3	0.06	6.7%	DVN is an oil and gas production and exploration company with operations across the U.S. The company is experiencing great performance from its assets in the Delaware Basin, driving increased productivity and higher margins. DVN recently brought on line 52 new wells in the Delaware Basin and increased production in the area by 39% compared to last year. The company is poised to capitalize on elevated oil prices, which are currently above \$85 per barrel.
8	HRI	Herc Holdings Inc.	Trading Companies and Distributors	4.7	61.4%	15.3	0.25	1.3%	HRI provides equipment rentals, primarily for the construction industry, offering aerial platforms, earthmoving, and materials-handling equipment. The company rents equipment for both residential and nonresidential construction activities so it benefits from growth in both end markets. Demand for HRI's equipment is rising as construction works to get back on track following delays related to the COVID-19 pandemic. The company is also seeing an increased demand for its equipment from the entertainment industry where it is being used by the film industry and for music festivals.

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9	KLAC KLA Corporation	Semiconductor Equipment	59.6	35.5%	18.0	0.51	1.0%	KLAC designs and manufactures equipment used to produce semiconductors that have several end-market applications. The company is well positioned to benefit from the growth in cloud computing, expansion of the 5G network, and increased use of semiconductors in new cars. Semiconductor manufacturers are investing heavily in new equipment in order to increase production and produce more complex semiconductors as demand for chips continues to rise. The increased digitization of industries, particularly in automotive, is leading to record-level demand for semiconductors that should drive demand for KLAC's equipment over the long term.
10	PFE Pfizer, Inc.	Pharmaceuticals	300.5	56.2%	9.1	0.16	3.0%	PFE develops, manufactures, and distributes biopharmaceutical products including vaccines, medicines, and treatments. The company is one of the main producers of COVID-19 vaccines, and a new vaccine was recently approved for use in children aged 5-11 years old. In addition, the company has a robust pipeline of new drugs preparing to hit the market, including the recently approved CIBINQO, a treatment for atopic dermatitis. PFE is also a leading researcher in cancer treatments, including new solutions to treat leukemia and cancers of the breast, kidney, and prostate.
11	TEX Terex Corporation	Construction Machinery and Heavy Trucks	3.0	31.2%	12.0	0.39	1.0%	TEX manufactures machines used in construction and mining, primarily aerial work platforms and material processing equipment. The global economic recovery following the COVID-19 pandemic is driving demand for TEX's products as construction activity returns to pre-pandemic levels. Rental rates and used-equipment pricing is rising due to increased demand for equipment, signs of a growing market for TEX's products. The company is also working to improve its product offering by increasing its digital capabilities, leading to performance improvement and reduced maintenance costs.
12	TOL Toll Brothers, Inc.	Homebuilding	7.3	53.2%	5.9	0.11	1.1%	TOL is a homebuilder that focuses on higher price point offerings, building luxury housing single family homes, apartment buildings, and active-adult communities. Over the past year, demand for new homes has continued to outpace supply, pushing housing prices higher and increasing the company's backlog versus last year. TOL offers custom built homes with numerous opportunities for upgrades, which customers are utilizing more than ever to get their desired dream home. In the most recent quarter, customers increased the value of their homes through upgrades pushing the average price per home in the company's backlog over \$900k.
13	WDC Western Digital Corporation	Technology Hardware, Storage and Peripherals	19.3	32.2%	7.4	0.23	0.0%	WDC develops data storage devices, primarily hard disc drives and solid state drives. Data centers are the largest business segment for the company and provide a strong outlook for future growth. Demand for cloud storage continues to grow as the accelerated digital transformation pushes more businesses to expand their use of the cloud. Continued migration to 5G phones, as well as the increase in available storage per phone, is also a major driver of growth for WDC.

	Mkt Cap (\$B)	NTM EPS Growth	Fwd. PE	Fwd. PEG	Div. Yield
Average:	43.8	53.9%	12.0	0.22	1.2%
Median:	10.8	50.9%	11.0	0.22	0.8%

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 1/19/2022

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