

## Sabrient Baker's Dozen Model Portfolio – 3rd Quarter 2021

	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	14.8	126.7%	11.0	0.09	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 will lead to increasing demand for mortgage insurance. The return to normal following the COVID-19 pandemic will benefit the company's travel insurance business as air travel returns to pre-pandemic levels.
2	AMAT	Applied Materials, Inc.	Semiconductor Equipment	117.6	35.1%	17.9	0.51	0.7%	AMAT produces systems and equipment needed to manufacture semiconductor chips. The semiconductor shortage is driving demand for new manufacturing systems as chip makers work rapidly to expand production capacity. The shortage of semiconductors is caused by a rapid increase in use of semiconductors across several industries such as cloud computing, data centers, automotive, and the new 5G network. The company will also benefit from the increased adoption of OLED screens in smartphones, computers, tablets, and TVs. AMAT is also well positioned to benefit from new semiconductor manufacturing facilities being built in the U.S.
3	BLD	TopBuild Corp.	Homebuilding	6.1	35.4%	17.1	0.48	0.0%	BLD distributes and installs building materials primarily used in residential construction, such as insulation, garage doors, rain gutters, and fireplaces. The company is well positioned to capitalize on a strong housing market fueled by high levels of demand. It is estimated that the housing supply is nearly 4 million units short of buyer demand, leading to a ramp-up of new housing starts. The company will also benefit from increased remodeling activity. BLD recently made several acquisitions to bolster its position as market leader for insulation installation across the U.S.
4	CNHI	CNH Industrial N.V.	Agricultural and Farm Machinery	20.7	72.7%	13.4	0.18	0.8%	CNHI is a U.K.-based company that designs and manufactures agriculture equipment, construction machinery, and trucks. Rising commodity prices for cash crops are driving demand for the company's tractors and combines, causing sales to increase rapidly and creating a backlog that extends through the end of 2021. CNHI recently acquired an agriculture equipment technology company that will bolster the company's technology offering on its agriculture equipment, allowing farmers to increase productivity. New engine-emissions requirements in Europe are also driving demand for the company's natural gas powered trucks across the region.
5	GEF	Greif, Inc.	Metal and Glass Containers	2.8	63.0%	10.3	0.16	3.0%	GEF sells industrial packaging products and services such as containerboard, paperboard, steel drums, and bulk containers. The company is well positioned to benefit from growth in the transportation and logistics industry. GEF's paper packaging segment is experiencing higher volumes due to increased shipments of home appliances, small machinery, and grocery products. Demand for the company's steel and plastic drums is also on the rise due to increased construction activity and sales of petrol products.
6	HRI	Herc Holdings, Inc.	Trading Companies and Distributors	3.1	64.8%	15.9	0.25	0.0%	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 as it is being used by the film industry and for music festivals.
7	KLAC	KLA Corporation	Semiconductor Equipment	45.1	30.4%	17.6	0.58	1.2%	KLAC designs and manufactures equipment used to produce semiconductor chips 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 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 and will drive demand for KLAC's equipment over the long term.
8	ON	ON Semiconductor Corporation	Semiconductors	14.9	87.8%	17.0	0.19	0.0%	ON develops and manufactures semiconductors used in a wide range of end-market applications including cars, industrial power, internet of things, personal electronics, and the defense industry. The company is benefitting from the increased use of technology in automobiles as well as the increased use of electric vehicles. ON's semiconductors are used in cars to help power display screens, climate control systems, and autonomous driving sensors. The company also produces devices used in electric vehicle charging stations, which are rapidly being built to support the growing electric vehicle market.

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9	RE	Everest Re Group, Ltd.	Reinsurance	9.5	193.7%	8.2	0.04	2.5%	RE offers insurance and reinsurance products in the U.S. and internationally, including property & casualty and specialty lines like marine, aviation, surety, accident, and health. The company has been able to exhibit strong growth in an improving market environment. Gross written premiums and net written premiums in reinsurance both increased 16% over the last year. The growth was driven by rising premiums, new business opportunities, increased share with existing customers, and strengthening in both its balance sheet and investment portfolio.
10	TEX	Terex Corporation	Construction Machinery and Heavy Trucks	3.0	174.6%	14.6	0.08	1.1%	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.
11	TOL	Toll Brothers, Inc.	Homebuilding	6.6	62.7%	7.8	0.12	1.3%	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 up 58% over 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 price of their homes by 24% or \$162,000 over the base price through premium upgrades. This is well above the company's historical average of 21%.
12	VSH	Vishay Intertechnology, Inc.	Electronic Components	3.0	82.5%	9.7	0.12	1.8%	VSH manufactures semiconductors and electronic components used in a wide range of end-market applications, including aviation, space exploration, computing, telecommunications, and automotive. The company is experiencing increased demand for its products driven by increased industrial automation, new energy generation and transmission systems, and the continued rollout of the 5G network. Continued demand for tools to support the work-from-home trend, such as computers and cloud storage, will also benefit VSH. Increased reliance on semiconductors in the automotive industry will also drive demand for the company's semiconductors over the long term.
13	XPO	XPO Logistics, Inc.	Air Freight and Logistics	15.7	125.9%	21.2	0.17	0.0%	As a global transportation and logistics company, XPO is a major beneficiary of growth in e-commerce. Demand for outsourced transportation and logistics services grew significantly during the COVID-19 pandemic as companies found new ways to deliver products to customers. XPO is one of the best alternatives to Amazon for small businesses looking to outsource fulfillment services. The company has also been investing heavily in technology to improve efficiency, increasing the use of robots by roughly 4x over the last year.

	Mkt Cap (\$B)	NTM EPS Growth	Fwd. PE	Fwd. PEG	Div. Yield
<b>Average:</b>	20.2	88.9%	14.0	0.16	1.0%
<b>Median:</b>	9.5	72.7%	14.6	0.20	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 7/19/2021

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