

## Sabrient Baker's Dozen Model Portfolio – 3rd Quarter 2022

Ticker	Company Name	Industry	Mkt Cap (\$B)	NTM EPS Growth	Fwd. PE	Fwd. PEG	Div. Yield	Notes	
1	AVGO	Broadcom, Inc.	Semiconductors	205.5	22.5%	12.9	0.57	3.3%	As a global technology leader, AVGO designs and develops a broad range of semiconductor and infrastructure solutions. The company continues to benefit from the growth of connectivity as telecom providers invest in 5G and in deploying next-generation fiber to the home. Demand for the company's cloud storage solutions are also expected to rise due to the growth of video content on social media that needs to be stored. Both of AVGO's networking and server storage connectivity segments are growing revenues over 30% and are expected to be major drivers of growth going forward due to hyperscalers of AI.
2	BOX	Box, Inc.	Application Software	3.9	36.6%	22.2	0.61	0.0%	BOX operates as a software-as-a-service platform that provides cloud content management, enabling organizations to better manage and share content. The company primarily serves financial services, healthcare, government, and legal services industries. BOX is a major beneficiary of the work-from-anywhere trend that has grown significantly in the last two years and will continue for the foreseeable future. The company has increased its security capabilities to help its customers combat cyber attacks and keep their data safe. The success of the company over the last year has allowed it to win larger contracts with bigger companies and enter into partnerships with leading business technology companies such as Zoom, Slack, Cisco, and Microsoft.
3	CF	CF Industries Holdings, Inc.	Fertilizers and Agricultural Chemicals	18.1	82.6%	5.0	0.06	1.9%	As a manufacturer of hydrogen and nitrogen products, CF sells its products for use as energy, fertilizer, emissions abatement, and other industrial activities. Demand for fertilizer continues to rise as food prices increase and farmers work to increase crop production. Prices for corn and soybeans are high, due to depleted stockpiles, and are expected to remain elevated due to inflation, higher energy prices, and the ongoing Russian-Ukrainian conflict. Global nitrogen demand continues to increase as farmers replenish global grain stocks and make up for reduced production in Eastern Europe.
4	CHDN	Churchill Downs Incorporated	Casinos and Gaming	7.9	48.7%	19.8	0.41	0.3%	CHDN is a Louisville, Kentucky-based horse racing, online wagering, and gaming company that operates multiple horse tracks including the iconic Churchill Downs, home of the Kentucky Derby. The company is experiencing strong growth in its online betting platform as online betting has increased 68% in the most recent quarter compared to pre-COVID levels. The company is working on expanding casinos operations in several states such as Virginia, Iowa, and New Hampshire. CHDN's historical racing machines are growing in popularity and helping to improve margins at the company's casinos. This year's running of the Kentucky Derby also exhibited strong growth with a 17% increase in wagering compared to last year.
5	DVN	Devon Energy Corporation	Oil and Gas Exploration and Production	37.8	101.2%	5.7	0.06	9.3%	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 expects to bring online 40 new wells over the next year. This comes after the company increased production by 34% over the last year. The company appears poised to capitalize on elevated oil prices, which have increased 50% over the last year.
6	HRI	Herc Holdings, Inc.	Trading Companies and Distributors	3.0	46.8%	8.2	0.18	2.4%	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 gets back on track following delays related to the 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.
7	LNTH	Lantheus Holdings, Inc.	Health Care Supplies	4.9	112.9%	23.8	0.21	0.0%	As a health care supplies company, LNTH produces diagnostic and therapeutic products that help identify heart problems, cancer, and other serious medical conditions. The company is a market leader in imaging agents with the top ultrasound enhancing agent and the most used radiopharmaceutical imaging agent in the U.S. PYLARIFY, used during prostate cancer screenings and treatment, received approval last year and is quickly becoming the standard of choice due to its high precision. CT and PET scans are rapidly growing as radiopharmaceuticals improve the ability to fight cancer.
8	MRO	Marathon Oil Corporation	Oil and Gas Exploration and Production	15.9	118.2%	4.3	0.04	1.5%	As an oil and natural gas exploration and production company, MRO operates primarily in U.S. The company is capitalizing on elevated oil prices due to its significantly lower breakeven price of <\$35 per barrel. MRO is committed to returning a large portion of excess cash flow to shareholders with dividend payments increasing 167% since the start of 2021. The company anticipates returning more than 50% of cash flow to shareholders this year, which would represent \$3B.

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9	ON ON Semiconductor Corporation	Semiconductors	25.5	26.2%	12.2	0.47	0.0%	ON develops and manufactures semiconductors used for advanced power, sensing, and imaging, with a wide range of end-market applications including cars, industrial power, internet of things (IoT), 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.
10	PGR The Progressive Corporation	Property and Casualty Insurance	65.5	81.5%	19.5	0.24	1.7%	As an insurance provider, PGR offers auto, liability, and property & casualty insurance products. The company is a major beneficiary of rising interest rates, which have a large impact on returns for PGR's investment portfolio that primarily consists of fixed income securities with low duration. PGR leads the market in commercial auto insurance with policies in force increasing 16% over the past year.
11	PLAB Photronics, Inc.	Semiconductor Equipment	1.3	41.0%	9.9	0.24	0.0%	PLAB manufactures photo mask semiconductor equipment used in the production of integrated circuits and flat panel displays. The company is set to benefit from the growth in semiconductors used in everyday products such as electronics, cars, and appliances. The continued roll out of the 5G network is also contributing to the company's growth. PLAB's equipment used to create AMOLED (Active Matrix Organic Light Emitting Diodes) screens are experiencing strong demand as these new screens replace LCD displays. Samsung phones, along with several of the phones produced in China, have already adopted AMOLED screens for their new products.
12	TMHC Taylor Morrison Home Corporation	Homebuilding	3.2	54.4%	2.9	0.05	0.0%	TMHC primarily builds single-family homes and active-adult communities in most major markets across the country. Rising demand for housing, a supply shortage, and a shift in consumer preferences toward larger homes continue to push home prices higher. TMHC's backlog increased to \$6.2 billion, driven by a 24% increase in average price, as the company capitalizes on the hot housing market. The company is also seeing increased demand at its active-adult communities as retirees become comfortable downsizing following the uncertainty over the past year.
13	VLO Valero Energy Corporation	Oil and Gas Refining and Marketing	44.4	262.2%	4.6	0.02	3.7%	VLO refines and sells petrochemical products and transportation fuels such as gasoline, diesel, jet fuel, renewable diesel, and ethanol. Refining throughput volumes increased 16.2% over the last year as gasoline supply remains tight. The company is also investing heavily to expand its low-carbon businesses as demand for its renewable diesel and ethanol continues to rise. VLO is also expected to benefit from increased air travel as demand for jet fuel gradually returns to pre-pandemic levels.

	Mkt Cap (\$B)	NTM EPS Growth	Fwd. PE	Fwd. PEG	Div. Yield
<b>Average:</b>	33.6	79.6%	11.6	0.15	1.9%
<b>Median:</b>	15.9	54.4%	9.9	0.18	1.5%

**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 7/19/2022

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