

Sabrient Baker's Dozen Model Portfolio – 4th 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	16.6	38.8%	12.4	0.32	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	121.5	29.6%	16.8	0.57	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 set to benefit from new semiconductor manufacturing facilities being built in the U.S.
3	BLD	TopBuild Corp.	Homebuilding	7.2	31.6%	18.7	0.59	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 expected 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	DVN	Devon Energy Corporation	Oil and Gas Exploration and Production	27.3	321.3%	9.8	0.03	1.1%	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 88 new wells in the Delaware Basin and increased production in the area by 22% compared to last year. The company is poised to capitalize on elevated oil prices, which are currently above \$80 per barrel.
5	FANG	Diamondback Energy, Inc.	Oil and Gas Exploration and Production	20.1	120.1%	8.2	0.07	1.6%	FANG is an oil and gas production and exploration company that operates primarily in the Permian Basin. During the oil downturn in 2020, the company made strategic acquisitions of QEP and Guidon to increase operations. FANG has a low cost structure with a break-even point of \$32 per barrel of oil and is expected to be extremely profitable with oil prices currently above \$80 per barrel. FANG recently announced a commitment to return excess free cash flow to shareholders via increased dividends and stock buybacks.
6	HRI	Herc Holdings Inc.	Trading Companies and Distributors	5.4	63.2%	20.7	0.33	1.1%	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	50.5	33.7%	17.1	0.51	1.3%	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	MRNA	Moderna, Inc.	Biotechnology	134.7	452.6%	7.5	0.02	0.0%	MRNA is a biotechnology company that specializes in developing vaccines based on messenger RNA that is used to treat various types of diseases. The company is one of the main suppliers of the COVID-19 vaccine and is expected to benefit from the continued roll out of the vaccine around the world. MRNA is also set to benefit from approval for use of the vaccine in children and a third booster dose for the general population. The company has a promising pipeline of vaccines currently in trial, including a next generation flu vaccine.

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9	NTR	Nutrien Ltd.	Fertilizers and Agricultural Chemicals	41.0	140.0%	13.0	0.09	2.6%	NTR is a Canadian-based supplier of crop nutrients and fertilizers to the agriculture industry. The company stands ready to capitalize on increased demand for potash and nitrogen due to rising crop prices. U.S. corn, soybeans, cotton, and wheat prices are all significantly higher than 2020 levels. With higher crop prices, farmers increase the consumption of nutrients in efforts to maximize yields.
10	TJX	The TJX Companies, Inc.	Apparel Retail	76.8	41.5%	20.2	0.49	1.6%	TJX operates brick-and-mortar off-price apparel and home fashions retail stores. The company is experiencing strong sales in its HomeGoods segment as consumers continue to spend on the home amid the work-from-home trend. TJX is also working to expand its e-commerce presence which was almost nonexistent prior to COVID-19. The company rolled out its new online shopping platform for HomeGoods in September and has plans to continue expanding its online offerings.
11	TMHC	Taylor Morrison Home Corporation	Homebuilding	3.4	64.0%	4.6	0.07	0.0%	TMHC primarily builds single-family homes and active-adult communities in most major markets across the country. Rising demand for housing and a shift in consumer preferences toward larger homes continue to push home prices higher. TMHC's backlog increased 78% over the last year to \$5.7 billion 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.
12	WLK	Westlake Chemical Corporation	Commodity Chemicals	12.9	75.7%	7.7	0.10	1.2%	WLK is a supplier of petrochemicals, polymers, and building products world wide. As a supplier of building products such as PVC siding, pipe, trim and molding, the company is set to benefit from a strong housing market that is ramping up new home construction and increased home remodels. WLK recently made acquisitions to expand its building products offering to include concrete and clay roofing, decorative stone, and PVC windows. Increased demand for consumer packaged goods is expected to drive growth for WLK's polyethylene segment.
13	WRK	WestRock Company	Paper Packaging	12.9	74.9%	9.6	0.13	2.0%	WRK manufactures paper and packaging products used in several industries including e-commerce, food & beverage, industrial, and beauty & health. The company is in a good position to benefit from global economic growth and increased consumer purchases as its products are used across a wide range of industries. WRK recently announced price increases for its packaging products in order to keep up with increased demand as per-day box shipments in North America increased 9% over last year. The company recently rolled out its new EverGrow product line that is designed to be 100% recyclable and used as a replacement for single-use plastics.

	Mkt Cap (\$B)	NTM EPS Growth	Fwd. PE	Fwd. PEG	Div. Yield
Average:	40.8	114.4%	12.8	0.11	1.0%
Median:	20.1	64.0%	12.4	0.19	1.1%

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 10/19/2021

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