

## Sabrient Baker's Dozen Model Portfolio – February 2019

Ticker	Company Name	Industry	Mkt Cap (\$B)	NTM EPS Growth	Fwd. PE	Fwd. PEG	Div. Yield	Notes
1 ALK	Alaska Air Group, Inc.	Airlines	7.9	50.3%	9.6	0.19	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 customer experience, including expansion of premium seating, Wi-Fi connectivity and in-flight entertainment.
2 BA	The Boeing Company	Aerospace and Defense	235.2	26.0%	20.6	0.79	2.0%	As a manufacturer of commercial jetliners, military aircraft, and satellites, BA is well positioned to capitalize on growth in the commercial aviation industry, as well as provide support for key defense and space programs. Aggressive cost-cutting in the commercial segment has led to increased margins, while the segment has also seen an increase in backlog to roughly 5,900 planes worth roughly \$412 billion. BA's defense segment revenues increased 13% in the most recent quarter after the company won key military contracts.
3 BYD	Boyd Gaming Corporation	Casinos and Gaming	3.2	35.5%	17.0	0.48	0.9%	With properties exclusively in the U.S., BYD is expected to benefit from growth in the gaming industry and sports gambling as regulations are scaled back. BYD recently acquired four new properties, giving the company access to three of the largest markets in the Midwest (Missouri, Indiana, and Ohio). The company's strategic partnership with FanDuel is expected to help BYD capitalize on the growth in sports gambling and expand BYD's online gaming across the country.
4 CF	CF Industries Holdings, Inc.	Fertilizers and Agricultural Chemicals	9.7	103.9%	17.8	0.17	2.9%	With operations primarily in the U.S., CF produces nitrogen-based crop nutrients. A tight global market has caused nitrogen prices to increase through 2018, and that situation is expected to continue into 2019 as demand growth is projected to outpace growth in supply. Higher prices have led to operating margins increasing 15% over the last year and have produced high free cash flows. CF enjoys the competitive advantage of lower energy costs versus foreign competition as new environmental regulations in China and Europe restrict the use of lower cost coal.
5 CNC	Centene Corporation	Managed Health Care	26.6	17.9%	15.3	0.86	0.0%	CNC is a managed care provider for government-sponsored health care programs focused on the uninsured and underinsured, including Medicaid and Medicare. The acquisition of Fidelis Care in mid-2018 added roughly 4,000 new members in the New York market, a state that is expected to continue to expand Medicaid programs. CNC recently raised peak enrollment guidance by 75,000 members, representing core enrollment growth of 10%.
6 CVLT	Commvault Systems, Inc.	Systems Software	3.1	38.7%	30.7	0.79	0.0%	CVLT provides data protection solutions and related services to primarily small and medium-sized businesses at a time when data security is becoming increasingly important. The company's software helps to mitigate and recover from cyber attacks, with highly automated artificial intelligence and machine learning data protection. CVLT has partnered with several large cloud providers, including Amazon Web Services (AWS), Cisco, Microsoft, and Hewlett Packard, as part of its growth strategy as demand for security from hackers continues to grow.
7 DK	Delek US Holdings, Inc.	Oil and Gas Refining and Marketing	2.9	50.5%	6.7	0.13	3.0%	DK is an independent oil refiner with refineries in the south-central U.S. The company continues to participate in crude oil pipeline expansion as a part of its midstream growth strategy, increasing its exposure to the Permian Basin. DK currently has a crude throughput capacity of 302,000 barrels per day after roughly doubling its capacity following the acquisition of Alon USA Energy. As the largest 7-Eleven licensee in the country, DK is also a large, consumer-focused business.
8 MLNX	Mellanox Technologies, Ltd.	Semiconductors	5.4	23.9%	16.4	0.69	0.0%	MLNX is experiencing strong demand for its Ethernet adaptors. As networking industry and cloud providers look to upgrade hardware, MLNX is a market leader in Ethernet solutions for 25-gigabit-per-second speeds and above. The company is currently working on developing 200-gigabit solutions that would further separate the company from its competitors.

Ticker	Company Name	Industry	Mkt Cap (\$B)	NTM EPS Growth	Fwd. PE	Fwd. PEG	Div. Yield	Notes	
9	SSNC	SS&C Technologies Holdings, Inc.	Application Software	15.2	31.4%	15.9	0.51	0.7%	SSNC provides software for financial service providers, offering front-to-back office applications for trading, modeling, portfolio management, reporting, accounting, and performance measurement. The growing FinTech market is an area the company looks to capitalize on as investment strategies become more complex. Increasing compliance requirements, regulations, and need for transparency will continue to drive demand for SSNC's software over the long term.
10	SYF	Synchrony Financial	Consumer Finance	22.5	17.6%	7.2	0.41	2.6%	As a consumer finance company, SYF offers personal and business credit cards along with other credit related products. SYF is the exclusive issuer of PayPal credit cards in the U.S. This allows the company to capitalize on the growth of the leader in the rapidly expanding digital payment industry. SYF also has agreements in place with retail giants Amazon, Lowe's and Sam's Club that are expected to provide steady growth over the next year.
11	TRV	The Travelers Companies, Inc.	Property and Casualty Insurance	34.0	24.3%	11.6	0.48	2.4%	The insurance industry is receiving a tailwind from tax reform and a strengthening economy. TRV is also expected to benefit from rising interest rates that lead to increased interest income. In addition to changes in the market environment, TRV has been able to improve its combined ratio (a measure of underwriting profitability) by 200 basis points over the year, the best since 2016. Net written premiums also grew by 4.2% year-over-year, to \$6.98 billion.
12	URI	United Rentals, Inc.	Trading Companies and Distributors	10.7	18.0%	7.0	0.39	0.0%	As the largest equipment rental company in the country, URI is able to leverage its assets and capitalize on economies of scale as the company continues to outpace the growth of this fragmented market. Nonresidential construction demand is expected to continue to increase in 2019 on the back of a strong domestic economy after providing URI solid revenue growth over the last year. URI continues to expand its offerings in the nonresidential market through both new facilities and the acquisitions of Blueline, Baker and Westernone.
13	ZAYO	Zayo Group Holdings, Inc.	Alternative Carriers	6.0	49.0%	34.9	0.71	0.0%	ZAYO is a communications network company well positioned to capitalize on the growth of the new 5G network. The company is rapidly building out its inventory of fiber and datacenter space providing a strategic advantage as more content goes on to the mobile platform. Continued rollouts of 5G by Verizon and AT&T are expected to benefit all fiber providers, and ZAYO has one of the strongest fiber networks in the country.

	Mkt Cap (\$B)	NTM EPS Growth	Fwd. PE	Fwd. PEG	Div. Yield
<b>Average:</b>	29.4	37.5%	16.2	0.43	1.3%
<b>Median:</b>	9.7	31.4%	15.9	0.51	0.9%

**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 2/19/2019

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 2019 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.

