

Sabrient Baker's Dozen Model Portfolio – January 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	8.0	37.3%	10.4	0.28	2.0%	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 American 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	199.9	29.9%	19.9	0.67	2.3%	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 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 over 5,800 planes. BA's defense segment revenues increased 13% in the most recent quarter after the company won key military contracts.
3	BHGE	Baker Hughes, a GE company	Oil and Gas Equipment and Services	11.9	107.6%	21.0	0.20	3.1%	BHGE provides oilfield products, services, and digital solutions to the energy sector worldwide. The company recently won several large contracts that should provide BHGE with steady growth over the next several years. The first large-scope integrated services contract for Saudi Aramco's largest upstream development project was one key win, along with the largest oilfield services contract in Qatar to support onshore and offshore drilling. Increased well complexity in the Permian basin provides another growth opportunity for BHGE.
4	BYD	Boyd Gaming Corporation	Casinos and Gaming	2.9	36.0%	15.5	0.43	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.
5	CF	CF Industries Holdings, Inc.	Fertilizers and Agricultural Chemicals	9.8	168.6%	16.7	0.10	2.8%	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.
6	CMC	Commercial Metals Company	Steel	1.9	54.4%	6.7	0.12	3.0%	Steel producer CMC has been working to increase the company's production of engineered specialty steel products, primarily proprietary rebar. Such specialty products provide higher margins and are less affected by changes in raw material prices. The company sold its raw materials trading division, which had been restricting margins. CMC is on schedule to open a new micro mill, which will increase the company's production capacity as it prepares for growing demand for nonresidential construction and infrastructure. CMC also runs a major recycling operation that is benefiting from rising scrap prices.
7	CNC	Centene Corporation	Managed Health Care	26.1	24.1%	15.1	0.63	0.0%	CNC is a managed care provider for government-sponsored health care programs. 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%.
8	KEM	KEMET Corporation	Electronic Manufacturing Services	1.0	61.1%	4.7	0.08	1.1%	KEM manufactures capacitors that are used in a wide variety of end market products, including automobiles, computers, handheld devices, and aerospace systems. The market demand for multilayer ceramic capacitors has increased significantly, causing a global shortage of these products. KEM is investing heavily to increase its production capacity in this area and expects to have new production facilities coming online throughout 2019.

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9	LTXB	LegacyTexas Financial Group, Inc.	Regional Banks	1.8	27.2%	11.3	0.41	2.4%	LTXB is a Dallas-area bank that is focused on commercial lending. The bank has continued to improve its efficiency ratio, which, in the most recent quarter, improved 4.3% year over year to a record 42.5%. Net interest margin also improved year over year by 19 basis points to 3.9% in the last quarter. Rising interest rates over the next 12 months are expected to benefit LTXB.
10	MPC	Marathon Petroleum Corporation	Oil & Gas - Refining & Marketing	44.4	36.0%	9.3	0.26	2.9%	As an oil refiner, MPC has a solid market position, and it is less affected than most of the energy sector by changes in the price of oil because it is more concerned with the crack spread. Additional pipelines will benefit MPC, with the acquisition of the Ozark pipeline and expansion of the Cornerstone pipeline. MPC hopes to continue the expansion of its midstream business following its merger with Andeavor.
11	NMIH	NMI Holdings, Inc.	Thriffs and Mortgage Finance	1.3	47.1%	9.5	0.20	0.0%	NMIH is capitalizing on a favorable housing market environment for mortgage insurance, as well as benefiting from increased refinancing on existing mortgages. The company reported record bottom-line performance of \$0.46 per share in the most recent quarter. In addition, the FHA has reiterated its commitment to its mortgage insurance programs, which helps private mortgage insurers like NMIH.
12	SAIA	Saia, Inc.	Trucking	1.4	24.1%	12.7	0.53	0.0%	A tight trucking market is expected to benefit SAIA over the next four quarters. The company has been working to expand its footprint in the Northeast region by opening new terminals that will provide SAIA with better coverage of the area. As the 9th largest less-than-truckload (LTL) carrier in the U.S., expansion into the Northeast market is expected to help the company gain a bigger share of the national market, while maintaining a strong presence in the Midwest and Southeast.
13	SSNC	SS&C Technologies Holdings, Inc.	Application Software	11.9	39.0%	13.9	0.36	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.

	Mkt Cap (\$B)	NTM EPS Growth	Fwd. PE	Fwd. PEG	Div. Yield
Average:	24.8	53.3%	12.8	0.24	1.6%
Median:	8.0	37.3%	12.7	0.34	2.0%

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 1/17/2019

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