ANALYST CURRENT FAVORITES®

APRIL 1, 2022 | 6:59 AM EDT

OVERVIEW

This publication contains current favorite stock ideas from the analysts in Equity Research. Analysts may only have one "buy" idea (from their stocks under coverage rated Strong Buy or Outperform) on the list at any given time. This list is updated only as changes to the list occur, and, thus, might not reflect the most current stock ratings or analyst selections in the event of interim changes.

CHANGE	COMPANY	TICKER	CLOSE	RATING	TARGET	INDUSTRY
	Alaska Air Group, Inc.	ALK-NYSE	$58.01	SB1	$75.00	Hybrid Airlines
	AngioDynamics, Inc.	ANGO-NASDAQ	$21.54	SB1	$32.00	Medical Technology
	APA Corporation	APA-NASDAQ	$41.33	SB1	$59.00	Exploration and Production
	argenx SE	ARGX-NASDAQ	$315.31	SB1	$455.00	Biotechnology
	Axos Financial, Inc.	AX-NYSE	$46.39	SB1	$62.00	Banking
	Blueprint Medicines Corporation	BPMC-NASDAQ	$63.88	SB1	$133.00	Biotechnology
	Cigna Corporation	CI-NYSE	$239.61	SB1	$275.00	Integrated Benefits Management
	Clean Harbors, Inc.	CLH-NYSE	$111.64	SB1	$125.00	Industrial Services
	Cognex Corporation	CGNX-NASDAQ	$77.15	SB1	$110.00	Advanced Industrial Technology
	Cushman & Wakefield plc	CWK-NYSE	$20.51	SB1	$38.00	Brokerages & Exchanges
	Dave & Buster's Entertainment, Inc.	PLAY-NASDAQ	$49.10	SB1	$60.00	Restaurants
	EchoStar Corporation	SATS-NASDAQ	$24.34	SB1	$59.00	Satellite
	GoDaddy Inc.	GDDY-NYSE	$83.70	SB1	$107.00	Internet Services
	Hancock Whitney Corporation	HWC-NASDAQ	$52.15	SB1	$65.00	Banking
✔	HubSpot, Inc.	HUBS-NYSE	$474.94	SB1	$700.00	Application Software
	i3 Verticals, Inc.	IIIV-NASDAQ	$27.86	SB1	$40.00	Financial Technology & Payments
	KB Home	KBH-NYSE	$32.38	SB1	$63.00	Housing
	Kite Realty Group Trust	KRG-NYSE	$22.77	SB1	$27.00	Shopping Center REITs
	New Relic, Inc.	NEWR-NYSE	$66.88	SB1	$140.00	Infrastructure Software
	NGM Biopharmaceuticals, Inc.	NGM-NASDAQ	$15.25	SB1	$42.00	Biotechnology
	NVIDIA Corporation	NVDA-NASDAQ	$272.86	SB1	$365.00	Semiconductors
	Polaris Inc.	PII-NYSE	$105.32	SB1	$149.00	Leisure Products
	Primo Water Corporation	PRMW-NYSE	$14.25	SB1	$21.00	Water
	*Public Storage	PSA-NYSE	$390.28	SB1	$375.00	Self Storage REITs
	Pure Storage, Inc.	PSTG-NYSE	$35.31	SB1	$39.00	Data Infrastructure
X	salesforce.com, inc.	CRM-NYSE	$212.32	SB1	$300.00	Application Software
	Signature Bank	SBNY-NASDAQ	$293.49	SB1	$430.00	Banking
	Starwood Property Trust Inc.	STWD-NYSE	$24.17	SB1	$32.00	Mortgage REITs & Real Estate Finance
	Targa Resources Corp.	TRGP-NYSE	$75.47	SB1	$80.00	Midstream Suppliers
	Tempur Sealy International, Inc.	TPX-NYSE	$27.92	SB1	$45.00	Bedding & Residential Furniture
	The Estee Lauder Companies Inc.	EL-NYSE	$272.32	SB1	$390.00	Beauty, Personal Care & Household Products
	The Shyft Group, Inc.	SHYF-NASDAQ	$36.11	SB1	$57.00	Specialty Vehicles
	Valero Energy Corporation	VLO-NYSE	$101.54	SB1	$105.00	Independent Refiners
	Webster Financial Corporation	WBS-NYSE	$56.12	SB1	$73.00	Banking
	WESCO International, Inc.	WCC-NYSE	$130.14	SB1	$165.00	Specialty/Industrial Distribution
	Willis Towers Watson Public Limited Company	WTW-NASDAQ	$236.22	SB1	$280.00	Brokerage & Technology

CLOSE DATE AS OF MAR-31-2022 | ✔=Addition X=Deletion | SB1 - Strong Buy, MO2 - Outperform
*The current price has exceeded the most recently published price target.
Companies on the Raymond James Ltd. (Canadian) Research Restricted List will not appear on the Analyst Current Favorites®.

ADDITIONS

HubSpot, Inc.

HubSpot (HUBS) is our Analyst Current Favorite as we believe the recent pullback in shares offers an attractive opportunity to buy a company that has under-appreciated durable growth prospects. Consistent product innovation and recent go-to-market investments give us confidence in the 30%+ durable growth profile, where we think investors under-appreciate the upsell/cross-sell momentum. We also believe concerns about European exposure are overblown, creating an opportunity for a near-term recovery in shares.

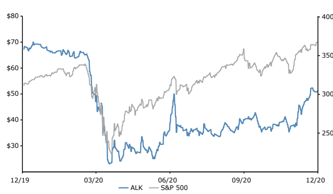
DELETIONS

salesforce.com, inc.

We're removing Salesforce.com (CRM) from the Analyst Current Favorites® list, although we continue to rate shares Strong Buy. We expect CRM will continue enabling front office transformation at scale, with the broadest platform to address the accelerating need for digital engagement. We're also increasingly optimistic about the company's ability to drive margin expansion, although we see more near-term upside in names that have seen a more substantial sell-off in recent months.

CURRENT LIST

Alaska Air Group, Inc.



ALK-NYSE | $58.01 close
SB1 | $75.00 target
Market Cap (mln) $7,384
Dividend Yield 0.0%
Airlines | Hybrid Airlines
Savanthi Syth, CFA

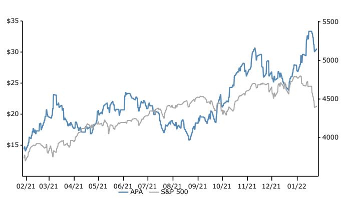
While increased lock downs in the U.S. are leading to a moderation in bookings and an increase in cancellations for airlines in general, we believe the risk-reward is compelling for ALK, particularly with visibility to a likely recovery in travel demand in 2H21 following developments on the vaccine front. Supporting this view on this historically well-managed airline is Alaska's low-cost and capital-efficient DNA, flexibility from undecided fleet plans/commitments and upcoming lease expirations, as well as predominantly domestic focus. Additionally, we expect management to continue to execute on efficient capital raise (with no dilution of shareholders) and believe Alaska's upcoming oneworld membership and American partnership provides longer-term capital-efficient revenue upside.

AngioDynamics, Inc.

ANGO-NASDAQ | $21.54 close
SB1 | $32.00 target
Market Cap (mln) $841
Dividend Yield 0.0%
Medical Technology
Jayson Bedford

We believe AngioDynamics represents an accelerating growth story that is not fully understood by the market. The base business is generating momentum, and the company is on the cusp of an exciting new product launch (with AlphaVac). Yet, the stock still trades at a discount to peers. We see potential upside to our estimates, and multiple expansion, driving the stock higher.

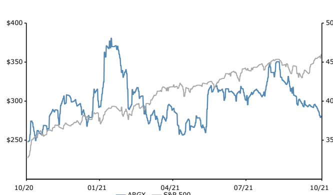
APA Corporation



APA-NASDAQ | $41.33 close
SB1 | $59.00 target
Market Cap (mln) $15,617
Dividend Yield 1.2%
Exploration and Production
John Freeman, CFA

APA contains a diverse, international asset base, peer leading FCF/EV yield, and a significant, near-term catalyst. Within the next eight weeks, APA should see the results of the Krabdagoe exploration well, its easternmost step-out prospect to date. Additionally, APA trades at Raymond James estimated 2022 EV/EBITDA multiple of ~3.3x, well below the RJ large-cap average of ~4.5x. Accordingly, we are making APA our Analyst Current Favorite.

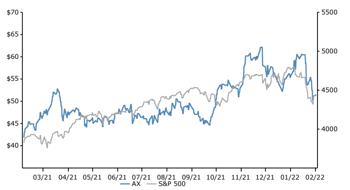
argenx SE



ARGX-NASDAQ | $315.31 close
SB1 | $455.00 target
Market Cap (mln) $16,502
Dividend Yield 0.0%
Biotechnology
Danielle Brill, PharmD

argenX is our current favorite idea given our conviction in efgartigimod approval for myasthenia gravis (MG) by its PDUFA date and our view that approval will be de-risking for the broader development program. We view MG as a beachhead for efgartigimod in the autoimmune disease space, and with development now ongoing in 5- indications (and plans to expand to 15 by 2025), we remain very bullish about the drug's long-term mega-blockbuster potential.

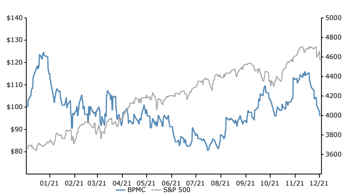
Axos Financial, Inc.



AX-NYSE | $46.39 close
SB1 | $62.00 target
Market Cap (mln) $2,760
Dividend Yield 0.0%
Banking
David P. Feaster, Jr., CFA

We believe the recent underperformance of Axos FInancial (AX) is unjustified in light of its strong organic growth profile, highly profitable business model, and opportunities from the Securities segment. Importantly, growth is expected to remain in the high-single to low-double digit realm, and is expected to remain diversified. We also continue to believe the Securities business remains underappreciated in light of loan/deposit growth potential with significant cross-selling opportunities and operating leverage as it scales up over time. Additionally, the bank remains on track to launch its retail cryptocurrency trading service in the next two to three months, which should generate incremental fee revenue and client acquisition, enabling significant cross-sell opportunities. We also highlight its improved asset sensitivity given its +$700 million of core deposits off-balance sheet, improved core deposit base, and increased adjustable rate loan production, where we now include Fed rate hikes in our forecasts. As management continues to execute and drive NII growth in the low-double digits annually in FY22 and FY23, mid-to-high teen ROATCE and mid-teen TBV growth we believe shares can continue to outperform.

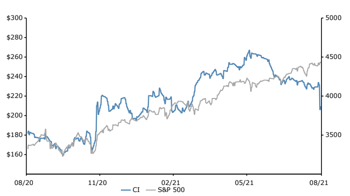
Blueprint Medicines Corporation



BPMC-NASDAQ | $63.88 close
SB1 | $133.00 target
Market Cap (mln) $3,702
Dividend Yield 0.0%
Biotechnology
Dane Leone, CFA

BPMC has several expected stock catalysts during 2022: 1) First data from BLU-945 program for EGFR mutant lung cancer (mid-2022) and BLU-701 (year-end 2022); 2) pivotal read-out of Ayvakit for indolent systemic mastocytosis (mid-2022); and 3) Positive sales revisions for Ayvakit launch in advanced systemic mastocytosis.

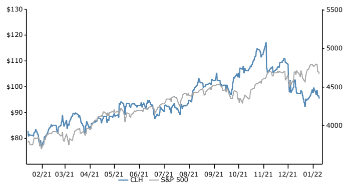
Cigna Corporation



CI-NYSE | $239.61 close
SB1 | $275.00 target
Market Cap (mln) $78,985
Dividend Yield 1.9%
Integrated Benefits Management
John W. Ransom

Shares of Cigna Corporation took a hit following 2Q21 results that beat estimates. Management updated its top-line guidance for the full year, but the stock traded down on news of higher-than-expected costs from COVID and a higher MCR than previously forecasted as utilization rates recovered more quickly than expected. Although this adds some uncertainty to its two-year outlook, our long-term thesis still holds, with the company generating strong free cash flows and focusing on reducing leverage and returning capital to shareholders through dividends and share buy-backs.

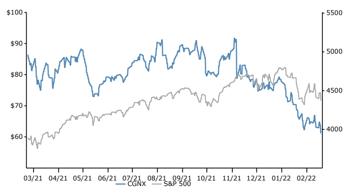
Clean Harbors, Inc.



CLH-NYSE | $111.64 close
SB1 | $125.00 target
Market Cap (mln) $6,102
Dividend Yield 0.0%
Waste and Industrial Services | Industrial Services
Patrick Tyler Brown, CFA

We note an opportunistic pull-back from recent highs despite very solid fundamentals, a bevy of catalysts into 2022, and that CLH is as inexpensive relative to the market (EV/EBITDA) as it has been in the past 10 years. We remain perplexed about the action in the shares post a 3Q beat and raise (both EBITDA & FCF) for 2021 as SKSS spread dynamics remain favorable and the Hydrochem acquisition closed a bit earlier than anticipated. Further, looking to 2022 we see considerable catalysts including 1) a record backlog (driving an ability to smooth out any COVID bumps; 2) a host of benefits from CLH's recent Hydrochem acquisition with limited synergies baked-in; 3) the feathering in of the recently announced 3M contract that represents the single largest contract win in the company's history; 4) de-risked SKSS EBITDA (the market is already modeling a retrenchment in spreads) despite spread dynamics that are seemingly playing out stronger for longer; and 5) CLH continues to have dry powder (cash) with manageable leverage of <3x (proforma for Hydrochem). Lastly, despite strong execution, inexplicably CLH's underperformance has driven it to be as inexpensive relative to the S&P500 as it has been in the past 10 years on an EV/EBITDA valuation basis. All said, we continue to have confidence in our estimates and see palpable opportunities for a re-rating.

Cognex Corporation



CGNX-NASDAQ | $77.15 close
SB1 | $110.00 target
Market Cap (mln) $13,835
Dividend Yield 0.3%
Advanced Industrial Technology
Brian Gesuale

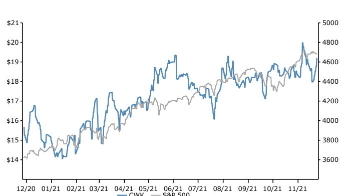
Cognex is a horizontal enabler of automation for manufacturing and logistics across a number of vertical markets. Its leading machine vision, deep learning, artificial intelligence technology automates processes that facilitate auto production, consumer electronics, just in time delivery, life sciences, semiconductor manufacturing, and more. Broken supply chains, rising labor costs, labor shortages, and increasing velocity from manufacturing to delivery are spurring broad strength across Cognex's end markets and should support teen levels of top-line growth or better over the next few years.

Cognex has moved from being an Apple-centric supplier (>20% of sales) to a horizontal enabler of automation. Blue chip customers and diverse end markets should power growth for the next few years. Logistics is the largest market at ~30% of sales and is growing rapidly to support just in time delivery; automotive is poised to accelerate with electrification and production increases; and consumer electronics rebound would drive upside in most models.

End markets should be healthiest in history heading into 2022. The last time end markets were comparable was the 2017 peak, and 75% of that 47% organic growth was generated by Apple, which ballooned to 20% of revenue. This time around, Apple is a fraction of our growth forecast and a sub-10% customer by our model next year. The cyclical Apple/CE vertical is replaced by logistics, EV adoption and auto rebound, a buildup of semi capacity, and handfuls of other end markets. We also see strength in food and beverage given shortages, life sciences, and semiconductor manufacturing. This is the broadest set of market strengths for years with Cognex.

Gross margins are migrating toward mid-70%, which should scale to the EBIT line with material incremental margins as the business scales, and will be aided over the next few years as the logistic business matures, new products permeate the mix, and restructuring savings begin to matriculate. This level of profitability begins to resemble 2017 when the stock traded at 60-70x EPS. Longer term, we expect Cognex's recent successes with innovation and development in deep learning to transition to material revenue generators, expand the TAM, and enhance the margin profile.

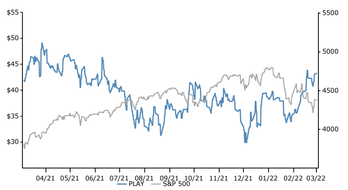
Cushman & Wakefield plc



CWK-NYSE | $20.51 close
SB1 | $38.00 target
Market Cap (mln) $4,691
Dividend Yield 0.0%
Capital Markets | Brokerages & Exchanges
Patrick O'Shaughnessy

We expect continued strong near-term results in commercial real estate brokerage as activity rebounds from the pandemic, with significant upside remaining in office leasing and capital markets. We look for Cushman's JV with multifamily loan originator Greystone to boost forward estimates while Cushman's partnership with WeWork should enhance the competitive positioning of Cushman's property and facilities management franchise. In addition, we believe that Cushman's valuation is attractive on a relative and absolute basis, and expect the valuation gap relative to larger peers will narrow in the coming quarters.

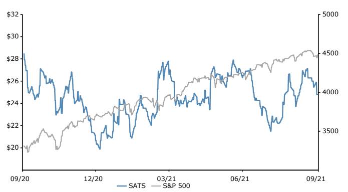
Dave & Buster's Entertainment, Inc.



PLAY-NASDAQ | $49.10 close
SB1 | $60.00 target
Market Cap (mln) $2,419
Dividend Yield 0.0%
Restaurants
Brian M. Vaccaro, CFA

PLAY is our top reopening idea that we believe can strongly outperform in an environment of reaccelerating demand trends exiting omicron. We remain confident in our above-consensus estimates, with potential further upside driven by a meaningful price increase in its amusement segment and a potential refi of its high yield notes later this year. We also believe D&B can exit the COVID pandemic with higher margins (~200 bp, identified labor and other ops efficiencies) and a strong B/S profile (approaching 1x debt/EBITDA vs. > 2x pre-COVID), with plans to also reaccelerate unit growth (6-8% range). These positive dynamics do not seem reflected in the stock's current valuation.

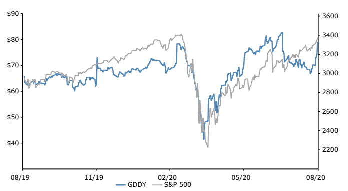
EchoStar Corporation



SATS-NASDAQ | $24.34 close
SB1 | $59.00 target
Market Cap (mln) $2,108
Dividend Yield 0.0%
Telecommunications Services | Satellite
Ric Prentiss

We believe there is significant value to be realized in SATS shares, especially with the company trading under 4.0x 2022E C-EBITDA. In addition to the growth at the Hughes operations, EchoStar also has non-operational assets (significant S-Band spectrum holdings, JV with Yahsat, and 49% ownership stake in DISH Mexico) plus a very strong balance sheet, with negative leverage, that the company is putting to work buying back stock ($288M remaining on $500M program as of 2Q21).

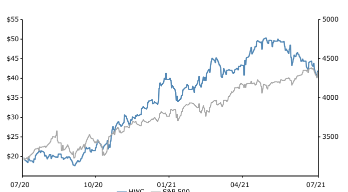
GoDaddy Inc.



GDDY-NYSE | $83.70 close
SB1 | $107.00 target
Market Cap (mln) $14,214
Dividend Yield 0.0%
Internet | Internet & Advertising Technology
Aaron Kessler, CFA

GoDaddy (GDDY) is our current favorite given: 1) accelerating customer adds (400K+ net new in 2Q); 2) accelerating traction for Websites + Marketing with 60% y/y growth in 2Q and increasing uptake of its commerce tier; 3) our belief we could see continued revenue/FCF upside given acceleration and continued strength in Domains and Business Apps; and 4) we see the valuation as attractive given our expectation for mid-teens long-term FCF growth.

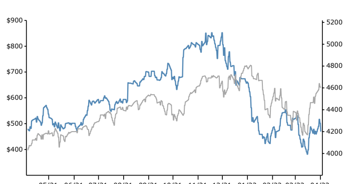
Hancock Whitney Corporation



HWC-NASDAQ | $52.15 close
SB1 | $65.00 target
Market Cap (mln) $4,544
Dividend Yield 2.1%
Banking
Michael Rose

We see HWC's discounted valuation vs. peers juxtaposed with solid fundamental performance as creating a compelling risk-reward dynamic. In the near term, we expect the company to build off its impressive 2Q21 results, which were highlighted by generating 8.5% annualized loan growth (ex. PPP) as well as an upward revision in several of the metrics in its initial 2021 outlook. Additionally, we expect the company will take advantage of its discounted valuation by utilizing its current share repurchase authorization (link) while also believing it possess enhanced scarcity value as bank M&A continues to accelerate (link). Net-net, we view the risk-reward positively, as we believe the stage is set for P/E multiple expansion vs. peers going forward.

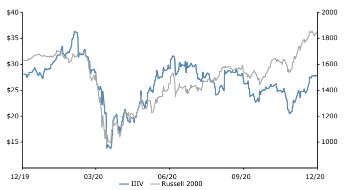
HubSpot, Inc.



HUBS-NYSE | $474.94 close
SB1 | $700.00 target
Market Cap (mln) $24,169
Dividend Yield 0.0%
Application Software
Brian Peterson, CFA

HubSpot (HUBS) is our Analyst Current Favorite as we believe the recent pullback in shares offers an attractive opportunity to buy a company that has under-appreciated durable growth prospects. Consistent product innovation and recent go-to-market investments give us confidence in the 30%+ durable growth profile, where we think investors under-appreciate the upsell/cross-sell momentum. We also believe concerns about European exposure are overblown, creating an opportunity for a near-term recovery in shares.

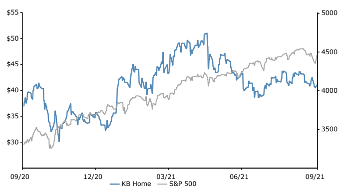
i3 Verticals, Inc.



IIIV-NASDAQ | $27.86 close
SB1 | $40.00 target
Market Cap (mln) $913
Dividend Yield 0.0%
Financial Technology & Payments
John Davis

Simply put, we think i3 Verticals represents the best risk/reward across our coverage universe. Specifically, we believe a macro recovery, as a vaccine becomes available in 2021, coupled with the company's significant M&A strategy and EBITDA multiple arbitrage opportunity should drive meaningful upside to numbers as well as multiple expansion.

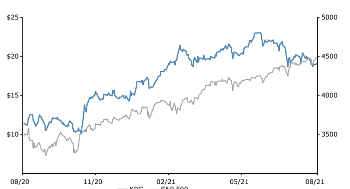
KB Home



KBH-NYSE | $32.38 close
SB1 | $63.00 target
Market Cap (mln) $2,949
Dividend Yield 1.9%
Housing
Buck Horne, CFA

Strong Buy-rated KB Home offered a very encouraging preview of its FY22 expectations, confirming our optimistic outlook with upside to margins, ASPs, and community count guidance, which should more than offset well-documented supply chain and construction delays. Furthermore, KBH recently took full advantage of its dislocated stock valuation by deploying $188 million of excess cash into repurchases, effectively returning 5% of the company back to shareholders in one period. We now project the retired shares and guidance outlook will boost KBH's FY22 ROE to ~23%, representing one of the sector's most dramatically improved capital efficiency ratios. With KBH shares trading at just 5.5x FY22 EPS (a 40% discount to its 25-year median multiple) and 1.3x BV amid a deepening housing shortage, accelerating cash flows, and a much improved balance sheet, we find KBH's risk/reward equation ranks among the sector's most compelling.

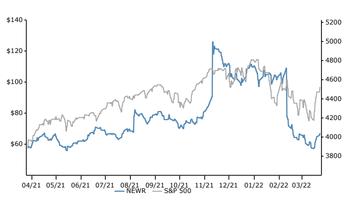
Kite Realty Group Trust



KRG-NYSE | $22.77 close
SB1 | $27.00 target
Market Cap (mln) $5,040
Dividend Yield 3.5%
REITs | Shopping Center REITs
RJ Milligan

Kite Realty Group's stock price has underperformed since the announced Retail Properties of America merger. We believe this provides a solid buying opportunity given the expected accretion in 2022 (which the Street has not fully captured in estimates), and our take that the merger is meaningfully positive for KRG.

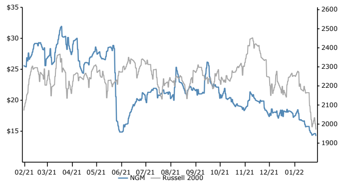
New Relic, Inc.



NEWR-NYSE | $66.88 close
SB1 | $140.00 target
Market Cap (mln) $4,218
Dividend Yield 0.0%
Infrastructure Software
Adam Tindle, CFA

NEWR is our Analyst Current Favorite as recent activity from private investors (Thoma/PLAN, H&F/SPLK, etc.) suggest an appetite for seemingly misunderstood software assets with sticky products, and this likely creates a floor in the stock. While shares suffered following F3Q22 (Dec.) results due to late quarter growth deceleration, we've since learned that others in the space experienced similar dynamics (namely DDOG) and volumes have since rebounded. We suspect this is due to "growing pains" of forecasting seasonality in New Relic's new consumption-based model vs. a step function change in core business trends. We think the mid-single digit EV/revenue multiple at present is likely to be solved either through solid F4Q (Mar.) results, or perhaps through a private investor. Private investors are generally less concerned about 90-day windows; and more attracted to an operational model focused on R&D over S&M in a rapidly evolving and growing end market with significant integration into customer infrastructure and opportunity to improve operational execution through optimization of on-prem/cloud footprint (and the simple passage of time in amortizing non-consumption commission payments).

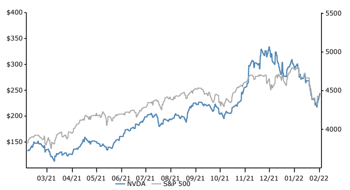
NGM Biopharmaceuticals, Inc.



NGM-NASDAQ | $15.25 close
SB1 | $42.00 target
Market Cap (mln) $1,186
Dividend Yield 0.0%
Biotechnology
Steven Seedhouse, Ph.D.

We anticipate two discrete value inflections for NGM and one area of potential positive readthrough in 2022. Value inflection will come from 1) data announcement in 4Q22E from an ongoing Phase 2 trial testing C3 inhibitor NGM621 in geographic atrophy (form of progressive blindness), and 2) ongoing first-in-human Phase 1 trial for ILT2/4 inhibitory antibody NGM707 in cancer, coupled with likely data update for Merck's similar ILT4 antibody MK-4830 (precise timing of data for both unclear but we expect this year). We anticipate this mechanism (ILT inhibition) coming into favor in oncology in 2022. Separately, any constructive regulatory progress related to liver disease non-alcoholic steatohepatisis, or NASH (which we anticipate assuming Intercept re-files for approval of its lead NASH drug) would lift sentiment off bottom, and NGM would benefit given its promising Merck-partnered biologic NGM313 in Phase 2 development in NASH.

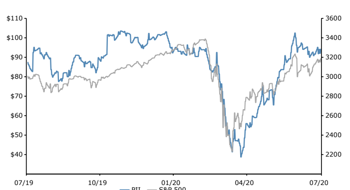
NVIDIA Corporation



NVDA-NASDAQ | $272.86 close
SB1 | $365.00 target
Market Cap (mln) $694,429
Dividend Yield 0.1%
Semiconductors
Chris Caso

NVDA's revenue growth has only been constrained by supply, and management is increasingly comfortable with its supply situation heading into 2022, particularly in the back half of the year. NVDA's long-term supply commitments are intended to ensure supply increases moving forward, as it prepares for what is expected to be very robust datacenter spending from both cloud and enterprise customers in 2022. Longer term, the incremental opportunities from Omniverse and software are difficult to quantify since these are brand new markets. But like the AI GPU market several years ago (that now represents the base of a $10 billion business), we know the potential for these new markets is large, and that NVDA possesses leadership in these markets. NVDA's level of growth can be found nowhere else in the semi space, and we don't see that slowing anytime soon. We view the pullback in shares, down ~27% since the end of November, as an attractive entry point.

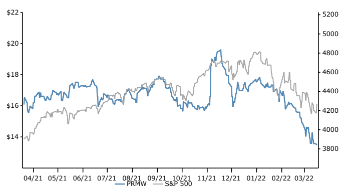
Polaris Inc.



PII-NYSE | $105.32 close
SB1 | $149.00 target
Market Cap (mln) $6,391
Dividend Yield 2.4%
Leisure Products
Joseph Altobello, CFA

Our Strong Buy rating and bullish stance on the shares of Polaris are based on our view that the North American powersports market remains healthy despite the onset of COVID-19, and the company is poised to outperform its product categories through a compelling innovation cycle, while headwinds from tariffs are likely to abate over time. Thus, we forecast meaningful market share gains, progress on trade, and strong free cash flow generation, with PII's dividend secure given its ample liquidity and favorable financial covenants.

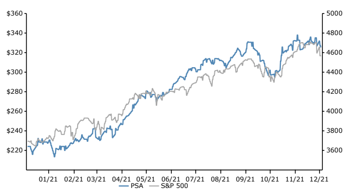
Primo Water Corporation



PRMW-NYSE | $14.25 close
SB1 | $21.00 target
Market Cap (mln) $2,287
Dividend Yield 2.5%
Renewable Energy and Clean Technology | Water
Pavel Molchanov

Following the stock's year-to-date drop of 24% (vs. the S&P 500's decline of 11%), reaching the lowest level since late 2020, we are adding Primo Water Corp. to the Analyst Current Favorites® list. While 4Q21 results were lower than expected, the shift in investor sentiment seems overly harsh. We estimate free cash flow at a record $128 million in 2022, increasing further to $186 million in 2023. Also, the dividend yield is the highest in five-plus years. The big picture is that water quality in both North America and Europe leaves much to be desired. Primo's multi-pronged sales strategy enables consumers and businesses to get high-quality drinking water at a lower price point than single-use plastic bottles, as well as avoiding the associated waste — hence the sustainability aspect of the story. The recurring revenue model is bolstered by tuck-in M&A that provides incremental uplift to estimates. While there are few operational catalysts, we envision the potential for regulatory crackdowns on plastics, in various jurisdictions, which would be an upside scenario.

Public Storage

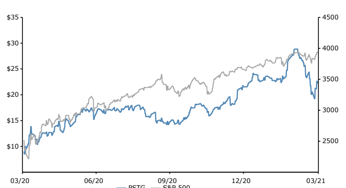


PSA-NYSE | $390.28* close
SB1 | $375.00 target
Market Cap (mln) $68,437
Dividend Yield 2.0%
REITs | Self Storage REITs
Jonathan Hughes, CFA

The widening revenue growth gap vs. peers has likely been the main culprit behind 2021's relative underperformance. We believe this gap will continue to narrow in 4Q21 and into next year and expect PSA to cover some lost ground as the stock *should* react inversely to this year's underperformance. Additionally, several unique catalysts also present upside, including 1) Los Angeles revenue upside; 2) more lease-up exposure; and 3) more external growth capabilities.

*The current price has exceeded the most recently published price target.

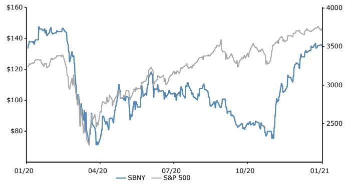
Pure Storage, Inc.



PSTG-NYSE | $35.31 close
SB1 | $39.00 target
Market Cap (mln) $11,120
Dividend Yield 0.0%
Data Infrastructure
Simon Leopold

Pure Storage is our Analyst Current Favorite because we believe recent stock weakness reflects fund flows rather than a change in fundamentals. Pure Storage should outgrow its competitors in the storage market thanks to several new products (e.g., FlashBlade, FlashArray//C, and Portworx). Further, the business should return to double-digit growth in the April 2021 quarter and then accelerate further to sustainable mid-teen y/y sales growth. Although Pure Storage will continue to report losses in its GAAP EPS, it stands out among growth stocks because it generates cash, including near $100M in CY20.

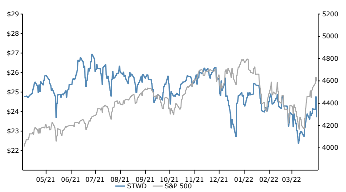
Signature Bank



SBNY-NASDAQ | $293.49 close
SB1 | $430.00 target
Market Cap (mln) $17,795
Dividend Yield 0.8%
Banking
David J. Long, CFA

As investors are increasingly looking for winners in the post-pandemic world, we believe Signature Bank (SBNY) will stand out. We forecast a peer-best two-year pretax pre-provision income (PTPPI) CAGR of 12.3%, which compares to its peer group median 4% contraction and average 3% contraction. Additionally, the company disclosed that fourth-quarter 2020 average deposits are up more than 10% quarter-over-quarter, not annualized, which should prove to be among the best in the industry. Despite such attractive growth prospects, SBNY shares trade at a discounted valuation to its peers on both a P/TBV and forward P/E basis. Furthermore, its strong recruiting pipeline is likely to bring in 10-15 additional teams in early 2021, which may drive forward balance sheet growth above our recently revised projections. Finally, we believe Signature is well-reserved for potential net charge-offs and believe extending deferrals (and the extension of TDR adjustments allowed by the recent $900 billion stimulus package) may result in fewer losses through the cycle than we and the Street currently model for.

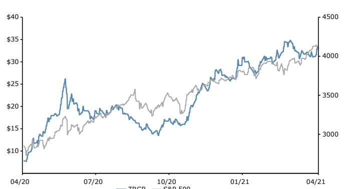
Starwood Property Trust Inc.



STWD-NYSE | $24.17 close
SB1 | $32.00 target
Market Cap (mln) $7,367
Dividend Yield 7.9%
REITs | Mortgage REITs & Real Estate Finance
Stephen Laws

Starwood Property Trust (STWD) is our Analyst Current Favorite given our expectation of higher portfolio returns and the attractive valuation. 4Q investments in CRE, infrastructure, and residential loans were at record or near-record levels, and we expect the strong new investment activity to continue in 2022. Given the recent sale of an interest in the Woodstar Fund and proceeds from recent equity and debt offerings, STWD has ample capital available to fund new investments. We also expect STWD to benefit from being the most diversified CRE mortgage REIT, which results in more reinvestment options and lower reinvestment risk than monoline peers. Shares currently trade at a slight premium to peers, but we believe the premium should be materially larger given our outlook for higher portfolio returns, the benefits of diversification, the company's track record, and the strong external manager.

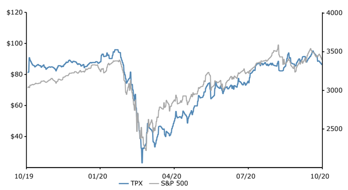
Targa Resources Corp.



TRGP-NYSE | $75.47 close
SB1 | $80.00 target
Market Cap (mln) $17,473
Dividend Yield 1.9%
Midstream Suppliers
J.R. Weston, CFA

After decisive action amid the pandemic, and with the improvement in commodity prices/production, Targa projects to have massive financial optionality in 2021+ (including visibility into relatively efficient EBITDA growth via unwinding its DevCos structure next year). We view any near-term weather-related headwinds as nothing more than a short detour given line-of-sight into cash flow growth as compelling for TRGP as any midstream company under coverage. We remain fans of the company's Permian-heavy G&P and integrated downstream footprints - and think this is still under-appreciated by the market at ~8x 2022E EV/EBITDA. This is below both the historical midstream average >10x and the current double-digit valuations of larger, more integrated players - making this a compelling entry point. Meanwhile, equity downside should be backstopped by potential opportunistic share repurchases and M&A speculation. With several catalysts through early 2022, we expect a re-rating nearer perceived-to-be higher quality peers.

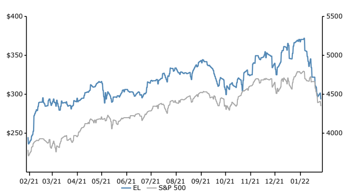
Tempur Sealy International, Inc.



TPX-NYSE | $27.92 close
SB1 | $45.00 target
Market Cap (mln) $5,056
Dividend Yield 1.4%
Furniture & Furnishings Suppliers | Bedding & Residential Furniture
Bobby Griffin, CFA

Given the continued benefit the entire bedding/furniture category is seeing from a strong U.S. housing environment and the YTD underperformance of Tempur Sealy's stock versus its bedding/furniture peers, we are selecting TPX as our Analyst Current Favorite. Importantly, Tempur Sealy continues to experience broad-based order growth across geographies and distribution channels, illustrating the strength of Tempur Sealy's portfolio of brands and its expanding omni-channel distribution model. Moreover, given the store closures earlier this year due to the COVID-19 pandemic, we believe the 2021 organic sales comparison is actually reasonable, thereby setting up Tempur Sealy well for an attractive 1H21. All-in, we see an attractive risk/reward setup in owning TPX, given its current valuation and underperformance YTD versus other high-end bedding/furniture peers.

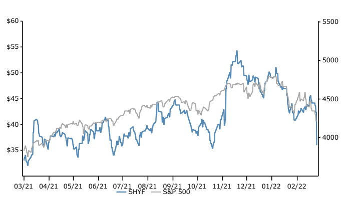
The Estee Lauder Companies Inc.



EL-NYSE | $272.32 close
SB1 | $390.00 target
Market Cap (mln) $97,672
Dividend Yield 0.9%
Beauty, Personal Care & Household Products
Olivia Tong, CFA

With over 25 brands in its portfolio, The Estee Lauder Companies dominates the high-growth Prestige Beauty industry. Most importantly, EL's fastest growing markets (skin care, e-commerce, and China) are also the ones that carry the highest margins, creating a positive mix shift as it grows. Shares have underperformed along with high-growth/high-multiple stocks, creating what we believe is a rare and attractive entry point. While there are risks related to the impact of restrictions to social mobility/lockdowns and China growth, we believe EL is well positioned to continue delivering above-average results due to its: 1) dominant shares and leading innovation; 2) greater exposure to high-income consumers vs. low, who disproportionately benefited from stimulus; 3) lower exposure to logistics constraints and cost inflation; 4) strong pricing power; 5) continued heightened demand for self care, skin care, and fragrance; and 6) more diverse retail footprint in its home market.

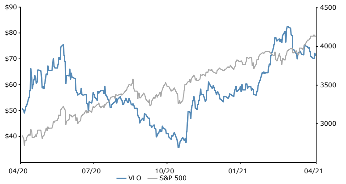
The Shyft Group, Inc.



SHYF-NASDAQ | $36.11 close
SB1 | $57.00 target
Market Cap (mln) $1,303
Dividend Yield 0.6%
Machinery | Specialty Vehicles
Felix Boeschen

We are adding SHYF to our ACF list as we view the recent pull back in shares as a compelling entry point for a highly idiosyncratic multi-year growth story, as we see SHYF as a sizable beneficiary of mounting parcel vehicle replacement needs into FY22 and beyond on the back of rising e-commerce penetration. Additionally, we see tailwinds from EV chassis commercialization into FY23, substantial margin improvement and adjacent market expansion opportunities (i.e. grocery delivery, EV chassis, service bodies). Net net, with the FY22 guidance already out and supply chain headwinds well understood, we suspect investor bandwidth will increasingly shift toward SHYF's multi-year earnings potential, which we continue to peg at $4+ EPS into the mid-2020s.

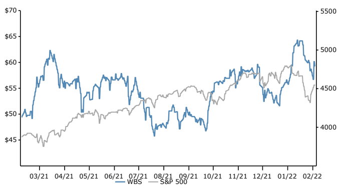
Valero Energy Corporation



VLO-NYSE | $101.54 close
SB1 | $105.00 target
Market Cap (mln) $41,327
Dividend Yield 3.9%
Independent Refiners
Justin Jenkins

With our positive near-term outlook on refining, we are positioning Valero (VLO) as our top pick in the sector. With an optimistic demand and margin outlook, coupled with a likely improvement in financial performance deeper into 2021 and 2022, we think the risk/reward is attractive for VLO. In addition to being a top-tier refiner, VLO also adds renewable energy growth potential (e.g., Diamond Green Diesel expansion, Carbon Capture project(s)) that we think can help with a "re-rate" story for VLO valuation over time. Lastly, the mid-single-digit yield adds to total return potential.

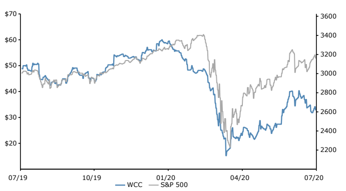
Webster Financial Corporation



WBS-NYSE | $56.12 close
SB1 | $73.00 target
Market Cap (mln) $5,067
Dividend Yield 2.9%
Banking
William J. Wallace IV

We believe Webster Financial Corp. (WBS) trades at an unjustified discount to its large-cap peer group in part from the mispricing of the financial merits around its merger-of-equals with Sterling Bancorp. The merger should add scale to the franchise and allow the bank to invest more heavily in technology, particularly in HSA Bank, to drive greater efficiencies and growth for the combined entity. Furthermore, Webster should benefit particularly well in a rising rate environment and screens as one of the more asset-sensitive banks in our coverage. We surmise that once it shows progress toward its stated cost and growth targets for the merger, which look increasingly attainable, Webster will recover its discount valuation and ultimately trade at a premium, given its well-above-average profitability and earnings growth profile.

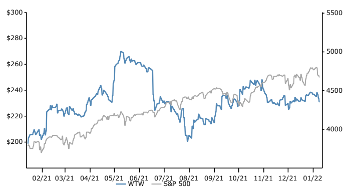
WESCO International, Inc.



WCC-NYSE | $130.14 close
SB1 | $165.00 target
Market Cap (mln) $6,802
Dividend Yield 0.0%
Specialty/Industrial Distribution
Sam J. Darkatsh

WESCO distributes electrical, communications, and maintenance, repair, and operations (MRO) products to customers in industrial, construction, utility, and commercial/institutional end-market verticals, primarily in North America. Our constructive thesis is predicated on WESCO's now-closed acquisition of competitor Anixter in a deal we expect to be highly accretive (30+% on a conservative basis) along with positioning WESCO now as the clear scale-advantaged player in the electrical distribution industry – an industry in dire need of consolidation. At present levels, we peg the forward FCF yield in the double digits, and at ~25% FY22 FCF. Further, we imagine the potential downside is limited, given that private equity firm CD&R offered to buy WESCO for $68/share in late 2019.

Willis Towers Watson Public Limited Company



WTW-NASDAQ | $236.22 close
SB1 | $280.00 target
Market Cap (mln) $30,470
Dividend Yield 1.4%
Insurance | Brokerage & Technology
C. Gregory Peters

Willis Towers Watson is our Analyst Current Favorite as it trades at its steepest discount relative to peers since August 2009 due to the fallout from the WTW-AON merger termination. The last time WTW traded at this steep of a discount, the stock outperformed the S&P 500 Index by ~35% over the following two-year period. In the fallout from the deal break, arbitrage investors have been unwinding their long WTW, short AON positions while long-only investors have been reluctant to get involved in WTW due to concerns over producer/executive retention and its impact on organic growth, EBITDA margins and FCF. We estimate arbitrage investors held up to ~18M shares or more prior to the deal break and believe they could still control ~6M shares. While there have been producer/management departures, we believe the market has overreacted to the risk and expect that most of the operating executives will help to quickly restore the company's competitive position. Although some health brokers have departed within the HCB segment (35% of revenue), we believe switching costs for pension actuarial/consulting is high, which should limit the downside risk to organic revenue growth in that segment, while the BDA segment (15% of revenue) will likely be unscathed. We believe there is some risk that CRB and IRR could report lower organic results (relative to peers) over the next couple of quarters due to departures in Western Europe and North America. In the unlikely scenario where both CRB and IRR report zero organic revenue growth through 2022, we estimate the EPS downside could approach ~$0.45 per share compared with our current operating EPS of ~$14.45 in 2022 (consensus $13.80). We believe the current stock price more than adequately accounts for this downside risk and, in our opinion, now believe WTW is the most compelling stock in the very attractive insurance brokerage industry with the most potential for near- and long-term outperformance.

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	Coverage Universe Rating Distribution*				**Investment Banking Relationships**			
	RJA		**RJL**		**RJA**		**RJL**	
Strong Buy and Outperform (Buy)	595	64%	207	80%	169	28%	60	29%
Market Perform (Hold)	322	34%	51	20%	39	12%	6	12%
Underperform (Sell)	19	2%	2	1%	3	16%	0	0%
Total Number of Companies	936	100%	260	100%	211		66	

** Columns may not add to 100% due to rounding.*

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