DECEMBER 9, 2024 | 4:00 PM EST

ANALYSTS' BEST PICKS® FOR 2025

Antero Resources Corporation (AR-NYSE)
ASML Holding N.V. (ASML-NASDAQ)
Caesars Entertainment, Inc. (CZR-NASDAQ)
CareTrust REIT, Inc. (CTRE-NYSE)
Clean Harbors, Inc. (CLH-NYSE)
Cognex Corporation (CGNX-NASDAQ)
Delta Air Lines, Inc. (DAL-NYSE)
Dun & Bradstreet Holdings, Inc. (DNB-NYSE)
e.l.f. Beauty, Inc. (ELF-NYSE)
Equinix, Inc. (EQIX-NASDAQ)
Globe Life Inc. (GL-NYSE)
Haemonetics Corporation (HAE-NYSE)
Hewlett Packard Enterprise Company (HPE-NYSE)
M/I Homes, Inc. (MHO-NYSE)
Mohawk Industries, Inc. (MHK-NYSE)
SentinelOne, Inc. (S-NYSE)
The Cigna Group (CI-NYSE)
Uber Technologies, Inc. (UBER-NYSE)
UMB Financial Corporation (UMBF-NASDAQ)
Willis Towers Watson Public Limited Company (WTW-NASDAQ)

Please read domestic and foreign disclosure/risk information beginning on page 27 and Analyst Certification on page 27

Analysts' Best Picks® for 2025

Dear Investors,

We are pleased to present Raymond James' 30th annual Analysts' Best Picks list — ABP25. This annual list is developed by requesting each eligible analyst to select his/her highest-conviction stock over the next 12 months. The objective is to produce above-market total returns over the next year, while managing downside risk. The list's long-term record is solid, outperforming the Russell 2000 in 20 of its 29 years of existence. In 2024, the list consisted of 20 recommendations and has appreciated by nearly 30%.

The Best Picks selection process first screens eligible analysts based on experience and stock rating success, as measured by StarMine and performance on other Raymond James recommended lists. Analysts meeting the criteria are then invited to propose their best Strong Buy-rated recommendation for the subsequent 12-month period, subject to liquidity criteria. In some cases, analysts recommend more than one stock, but the final list only allows for one stock per analyst. In all cases, a three-person committee vets each recommendation for potential inclusion. That committee consists of Brian Alexander (Director of Equity Research), Shawn Borgeson (Head of Product Management), and Tavis McCourt (Institutional Equity Strategist). A majority affirmative vote is required for the recommendation to be included on the final list. As in all previous ABP selections, company fundamentals, growth prospects, downside risks, and liquidity are taken into account, along with the analyst's view of management's ability to deliver results that meet or exceed investor expectations. This process has typically resulted in reasonably balanced lists with respect to market cap and industry concentrations.

As always, all of the selections currently carry a Strong Buy rating. A brief discussion of each of the 20 selections comprising the ABP25 list is presented on pages 7-26 of this publication. These selections will remain on the list until December 31, 2025, unless the company is acquired or delisted and no longer trades publicly. A subsequent downgrade of a stock on the list does not result in any change to the list.

Thoughts on the outlook for 2025 from Tavis McCourt, Raymond James' Institutional Equity Strategist, follow. We incorporate Tavis' outlook into our framework for stock selection while also aiming for a reasonably diversified portfolio. The median market cap for ABP25 is ~$8.6B, reflecting our research focus on small and mid-cap stocks. Finally, we discuss why the 2025 Analysts' Best Picks Equity-Linked Notes are a very efficient way to invest in the entire list.

Brian G. Alexander, CFA, Senior Managing Director, Director of Equity Research

Shawn Borgeson, Managing Director, Product Development

Tavis McCourt, Managing Director, Institutional Equity Strategist

BEST PICKS PERFORMANCE RECORD

Year	Best Picks List [a]	Russell 2000 [f]	Excess Return	S&P 500 [f]
1996	37.2 %	18.4 %	18.9 %	22.6 %
1997	53.5	26.7	26.8	37.1
1998	38.9	0.4	38.6	30.8
1999	143.9	27.6	116.3	25.4
2000	46.9	4.5	42.5	-4.8
2001	11.6	3.6	8.0	-15.0
2002	-0.6	-19.2	18.6	-22.7
2003	37.2	42.4	-5.2	24.3
2004	27.7	20.4	7.3	14.9
2005	17.2	7.8	9.4	7.1
2006	5.9	15.8	-9.9	14.9
2007	30.5	-2.1	32.6	6.2
2008	-35.0	-35.5	0.4	-38.6
2009	62.5	44.7	17.8	35.4
2010	31.2	34.9	-3.7	16.8
2011	0.5	0.1	0.4	5.3
2012	9.5	19.5	-10.1	18.3
2013	49.3	43.8	5.6	33.7
2014	13.1	8.9	4.2	17.9
2015	4.6	-1.7	6.3	0.9
2016	12.8	17.9	-5.1	11.8
2017	9.4	12.2	-2.8	20.8
2018	-5.5	-10.1	4.6	-3.5
2019	32.1	20.1	12.0	26.9
2020	8.7	22.8	-14.1	21.9
2021	20.9	19.3	1.6	31.7
2022	-10.7	-21.3	10.6	-16.9
2023	11.7	14.8	-3.1	23.4
2024 [b]	29.3	30.0	-0.7	34.3
5 Yr. Avg. [c]	12.0	13.1	-1.1	18.9
10 Yr. Avg. [d]	11.3	10.4	0.9	15.1
29 Yr. Avg. [e]	23.9	12.6	11.3	13.1

a. Total returns are shown as if an equal dollar allocation was made to each stock at the December pricing date and held until 12/31 of the following year.

b. ABP 2024, Russell 2000, and S&P 500 performance reflect total return through the close of 12/05/2024.

c. Simple average of returns for 2020 through 2024.

d. Simple average of returns for 2015 through 2024.

e. Inception (1996) simple average of returns through the close of 12/05/2024.

f. Russell 2000 and S&P 500 total returns with dividends reinvested over the same time periods as ABP inception and liquidation periods. Source: Bloomberg LLC

Since 1996 a total of 389 stocks have been recommended through the Analysts' Best Picks list. Of this total, 250 advanced (64%) and 139 declined (36%) within the recommended holding period. The holding period for each year's list is approximately 55 weeks from the inception date to 12/31 of the following year.

Annual results are before commissions or fees. The results presented should not and cannot be viewed as an indicator of future performance. Individual results will vary and transaction costs related to investing in these stocks will affect overall performance. There is no assurance that the list will achieve the results expected and investors may incur profits or losses. The performance returns in 1999 were extraordinary, and it is unlikely that these unrealistically high returns will be repeated. The Russell 2000 is an unmanaged index of small cap securities which generally involve greater risks. The S&P is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. It is not possible to invest directly in an index. A complete list of all Analysts' Best Picks since 1996 is available upon request.

INSTITUTIONAL EQUITY STRATEGY

2025 Outlook

In 2024, the Fed started to lower rates after a dramatic rate-hiking cycle in 2022/2023, but with inflation proving "sticky," the expectation has shifted from continued rate cuts through 2025, to "wait and see," with the Fed likely keeping rates relatively high in 2025. The equity markets rallied all year in 2024 with very little in the way of volatility, and the performance was broad with small and mid-caps up ~18-20% and S&P 500 up ~28%, once again with a bias in performance to "mega caps," technology, and growth broadly. At the current time, valuations are reasonably high on a P/E basis across every benchmark index – large, mid, small, value, and growth, partially due to substantial enthusiasm from U.S. investors, but also due to a belief by global investors that the rest of the world will face more difficult economic times, and thus global investment dollars have been flowing into the U.S. equity market, driving U.S. equity valuations higher.

Although valuations are high, the economic outlook in the U.S. is strong, with the labor market still tight, profitability finally improving after an approximate two-year modest earnings recession, corporate and consumer balance sheets in very good shape, and the promise of a new administration to improve private sector growth through deregulation, "animal spirits," and cutting government spending. However, as we all know, a lot can occur in the chasm between economic goals and execution, so we would expect periods of volatility to be more severe in 2025 than we saw in 2024.

The big question as we enter 2025 is, "What happens next?" The Fed is still restrictive in its policy, which we suspect will continue to weaken the economy and negatively impact corporate earnings. However, the Fed may be about done lowering rates until the economy weakens more severely, and there is a legitimate risk that "animal spirits" unleashed by the new administration create too much economic growth, risking a re-acceleration of inflation. The risks to the equity market are two-sided this coming year: Both cooler and hotter economic data has the potential to negatively impact equities.

Our outlook is that it will be a year of modest equity appreciation, and with significant potential volatility. Essentially, momentum has been strong into the same themes, Artificial Intelligence and Infrastructure, and even beyond that into "winners" in every sector. Of note, the correlation of individual equity returns to the prior-year returns was higher in 2024 than in any year since before the financial crisis. We suspect equity performance will broaden, and this momentum should shift into equities that have previously underperformed in 2023 and 2024 and away from the winners of the past two years. The rotation we expect in 2025 will be a transition from the 2023/2024 "winners" to those "left behind."

As always, due to the vicissitudes of the equity market, we see individual equity securities that represent strong risk/rewards in the current environment. Sometimes this is a result of the equity market not recognizing the value being created by an individual management team's strategy, sometimes it is an overreaction to the impact of a potential recession, sometimes it is an overreaction to the impact of higher rates, or any of the numerous conditions that can lead to an individual equity security becoming mispriced. With the Analysts' Best Picks list, our research team is attempting to find such opportunities, which for various idiosyncratic or sometimes mundane reasons, can lead to outperformance, even in an uncertain economy with volatile market conditions. And with that realization, we present our Analysts' Best Picks list for 2025.

Tavis McCourt, Institutional Equity Strategist

Brian Alexander, Director of Equity Research

EQUITY-LINKED NOTES

In the weeks leading up to the release of the Analysts' Best Picks report, Raymond James offered an equity-linked note designed to provide individual investors a simple way to get exposure to the companies included in the Analysts' Best Picks (ABP) report published by our Equity Research department. The notes are structured to offer clients the ability to get exposure to the performance of the Analysts' Best Picks list in a more efficient manner than purchasing each individual stock*. We plan to issue a second equity-linked note in January.

The table below shows the performance of the notes issued on last year's Analysts' Best Picks through December 5, 2024, in comparison to the broader equity markets. Please note that the performance returns of these notes differ from the returns published by Equity Research for the Analysts' Best Picks list due to the investment period, entry point, and fees.

Each client's specific return on each note will depend on how many notes were purchased as well as transaction fees. The final performance of the 2024 Analysts' Best Picks notes will be determined by what happens through the final valuation periods ending December 17, 2024, for the note issued in December 2023 and February 5, 2025, for the note issued in February 2024. When comparing returns, it is important to consider equivalent periods of investment.

	Initial Price	Price as of 12/5/2023	% Return (w/Fees)	% Return (w/o Fees)
2024 ABP Note Maturing 12/20/2024 - Commission**	**100**	**120.14**	**20.1%**	**22.8%**
2024 ABP Note Maturing 12/20/2024 - Fee Based**	**100**	**121.68**	**21.7%**	**22.8%**
S&P 500 Total Return (12/14/23 - 12/5/2024)				30.4%
Russell 2000 Total Return (12/14/23 - 12/5/24)				21.4%
2024 ABP Note Maturing 2/10/2025 - Commission**	**100**	**116.25**	**16.3%**	**18.9%**
2024 ABP Note Maturing 2/10/2025 - Fee Based**	**100**	**117.75**	**17.8%**	**18.9%**
S&P 500 Total Return (2/7/24 - 12/5/2024)				23.1%
Russell 2000 Total Return (2/7/24 - 12/5/2024)				24.3%

Equity Investment Products
Ext. 76119

*Account structures and fees will vary by account and should be taken into consideration before making an investment decision. **Please note that the prices shown for the 2024 ABP Notes in this report are the prices shown on client statements as of 12/5/2024. This price is a bid price and includes the aftermarket liquidation spread on the security. Clients who hold to maturity will receive the NAV. The NAV represents the underlying value of the securities multiplied by the participation rate (indicative of the fees associated with the product).

ANALYSTS' BEST PICKS® FOR 2025 STATISTICAL OVERVIEW

COMPANY NAME	Sym.	RJ&A Rank	SR	12/5/2024 CLOSE	12-Mo. Trail. Price Range High	Low	Proj. 12-Mo. Price Target	CURRENT YEAR P/E	2023A	2024E		2025E	Div. Yld.	BV/ Shr.	FY	Mkt. Cap. (Mil)
RUSSELL 2000 &	**RUT**	**NA**	**NA**	**2396.17**	**2466.49**	**1863.66**	**NA**	**36.7**	**83.10**	**65.35**		**93.03**	**1.3%**	**NA**	**DEC**	**NA**
S&P 500 #	**SPX**	**NA**	**NA**	**6075.11**	**6099.97**	**4546.50**	**NA**	**26.0**	**213.53**	**233.87**		**273.25**	**1.2%**	**NA**	**DEC**	**NA**
Antero Resources Corporation (ng)	AR	SB1	A/ACC	31.76	36.28	20.10	44.00	NM	0.53	0.15		2.38	0.0%	23.09	Dec	9,878
ASML Holding N.V. ($E, g, r)	ASML	SB1	MA/ACC	711.50	1110.09	645.45	900.00	37.2	19.89	19.14		23.13	0.8%	NM	Dec	280,046
Caesars Entertainment, Inc. (g)	CZR	SB1	MA/ACC	37.90	50.51	31.74	55.00	77.3	3.64	0.49		2.21	0.0%	NM	Dec	8,186
CareTrust REIT, Inc. (x)	CTRE	SB1	MA/INC	29.43	33.15	20.10	35.00	19.6	1.41	1.50		1.78	3.9%	NM	Dec	5,513
Clean Harbors, Inc. (ng)	CLH	SB1	MA/ACC	246.68	267.11	161.39	290.00	34.0	6.95	7.25		8.45	0.0%	46.62	Dec	13,373
Cognex Corporation (g)	CGNX	SB1	MA/ACC	37.62	53.13	34.79	60.00	66.0	0.65	0.57		1.00	0.8%	NM	Dec	6,499
Delta Air Lines, Inc. (ng)	DAL	SB1	MA/ACC	65.77	67.50	36.34	75.00	10.8	6.25	6.10		7.30	0.9%	21.09	Dec	42,553
Dun & Bradstreet Holdings, Inc. (ng)	DNB	SB1	MA/ACC	12.42	12.95	8.78	19.00	12.3	1.00	1.01		1.10	1.6%	NM	Dec	5,410
e.l.f. Beauty, Inc. (ng)	ELF	SB1	MA/ACC	131.23	221.83	98.50	175.00	36.1	1.66	3.19	A	3.64	0.0%	NM	Mar	7,675
Equinix, Inc. (af)	EQIX	SB1	MA/ACC	973.80	994.03	684.14	1085.00	27.7	32.11	35.17		38.42	1.7%	NM	Dec	93,223
Globe Life Inc. (q)	GL	SB1	MA/ACC	106.61	132.00	38.95	188.00	8.7	10.66	12.27		13.64	0.9%	NM	Dec	10,127
Haemonetics Corporation (ar)	HAE	SB1	MA/ACC	80.67	97.97	70.25	120.00	17.5	3.03	3.96	A	4.60	0.0%	15.15	Mar	4,134
Hewlett Packard Enterprise Company (ng)	HPE	SB1	M/ACC	21.65	22.82	14.47	29.00	11.1	2.15	1.95		2.03	2.4%	NM	Oct	28,686
M/I Homes, Inc. (ar)	MHO	SB1	MA/ACC	159.81	176.18	109.92	210.00	8.2	16.21	19.60		20.75	0.0%	NM	Dec	4,560
Mohawk Industries, Inc. (ng)	MHK	SB1	MA/ACC	131.43	164.29	90.80	185.00	13.6	9.19	9.63		11.50	0.0%	123.91	Dec	8,333
SentinelOne, Inc. (ng)	S	SB1	A/ACC	24.89	30.76	14.33	30.00	NM	-0.70	-0.28	A	0.02	0.0%	NM	Jan	9,077
The Cigna Group (ng)	CI	SB1	M/ACC	322.61	370.83	253.95	415.00	11.3	25.09	28.45		31.50	1.7%	560.20	Dec	90,781
Uber Technologies, Inc. (re)	UBER	SB1	M/ACC	65.23	87.00	54.84	95.00	NM	37,281	43,898		52,295	0.0%	NM	Dec	135,689
UMB Financial Corporation (ng)	UMBF	SB1	MA/ACC	124.09	129.94	75.03	150.00	13.3	8.00	9.33		9.40	1.3%	72.45	Dec	6,055
Willis Towers Watson Public Limited Company (ng)	WTW	SB1	MA/ACC	330.00	334.99	234.01	400.00	19.9	14.57	16.60		17.55	1.1%	NM	Dec	33,825

& - Russell 2000 estimates from Bloomberg LLC.

- S&P 500 EPS estimates are bottom up operating estimates from S&P Global.

$E -- EPS is shown in Euros.

af -- EPS is Adjusted funds from Operations (AFFO).

ar -- EPS is Adjusted EPS.

g -- EPS is GAAP EPS.

ng -- EPS is Non-GAAP EPS.

q -- EPS is Operating EPS.

r -- Figures are based on ADRs/ADSs.

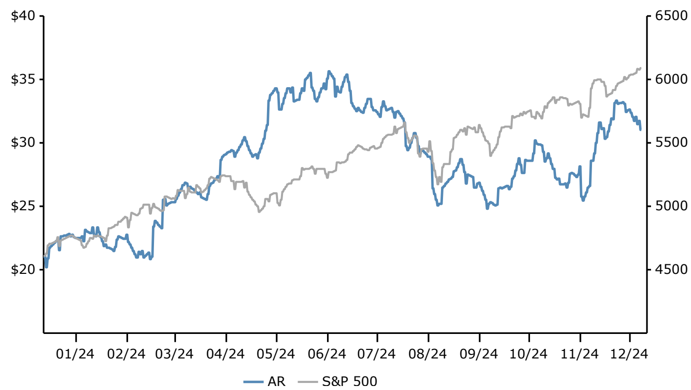
re -- EPS is Revenue (mln).

x -- EPS is Funds From Operations (FFO).

ANTERO RESOURCES CORPORATION (AR-NYSE)

John Freeman, CFA

Rating	Strong Buy 1
Target Price	$44.00
Suitability	A/ACC



MARKET DATA	
Current Price	$31.76
Market Capitalization (mln)	$9,878
Current Net Debt (mln)	$1183
Shares Outstanding (mln, f.d.)	311.0
Dividend / Yield	$0.00/0.0%
52-Week Range	$20.10 - $36.27

KEY FINANCIAL METRICS	2023A	2024E	2025E
Non-GAAP EPS ($, Dec FY)	$0.53	$0.15	$2.38
P/E	59.7x	NM	13.3x
EBITDA (mln) ($, Dec FY)	$1,121	$976	$1,918

Non-GAAP EPS excludes unrealized hedging losses, property impairments, and other extraordinary items.

Antero is an independent oil and natural gas company engaged in the exploitation, development and acquisition of natural gas, NGLs and oil properties located in the Appalachian Basin in West Virginia, Ohio, and Pennsylvania.

CLEANEST EXPOSURE TO BULLISH NATURAL GAS OUTLOOK

We believe Antero Resources (AR) has the best risk-reward profile in our E&P coverage universe, with a solid combination of exposure to rising natural gas prices, a strong balance sheet, superior marketing advantages, and attractive valuation.

Separating from the pack. In 2024, AR separated from the pack on capital efficiency (~30% y/y capex decline, while still being the only gas peer that held production flat). Looking at 2025, we anticipate that efficiency gains will continue, resulting in a peer-leading FCF yield of 11% (based on the current commodity strip).

Built differently than peers. The Appalachian Basin where AR operates has been plagued for years with takeaway constraints, with not enough pipeline capacity to move natural gas to higher-demand regions. AR is the exception; they have the ability to move ~75% of their natural gas into LNG markets, including the Gulf Coast. Additionally, AR is able to export 50% of their natural gas liquids production to Europe and Asia, where they benefit from higher prices.

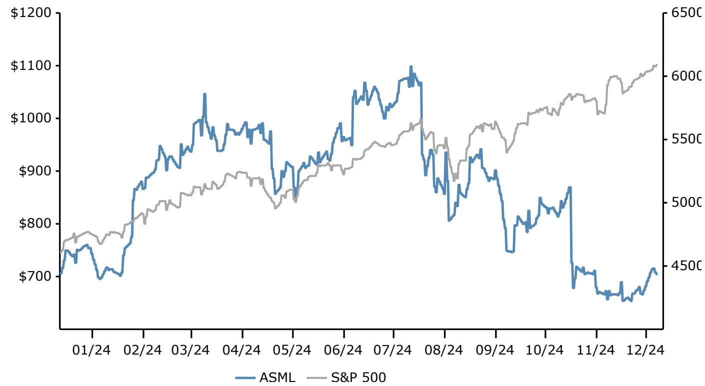
What about commodity prices? Despite its strengths, AR's performance is inevitably influenced by commodity prices; primarily, natural gas. Antero is completely unhedged and benefits more than anyone else in our coverage from improving natural gas prices. We believe natural gas prices will improve dramatically over the next several years as LNG export capacity doubles between now and 2030. Additionally, we see a nice tailwind for demand from AI-driven power needs and coal retirements. The upside potential that AR has to an improving natural gas price is the most exciting part of the story. In fact, a $0.25 improvement in the natural gas commodity strip is worth ~$5/share to the valuation.

Valuation: Our $44 target price is based on a discounted cash flow model. We believe a DCF approach is the most appropriate method to value E&Ps given the industry's focus on FCF and shareholder returns. Please see our **note from December 4** for more details.

ASML HOLDING N.V. (ASML-NASDAQ)

Srini Pajjuri

Rating	Strong Buy 1
Target Price	$900.00
Suitability	MA/ACC



MARKET DATA	
Current Price	$711.50
Market Capitalization (mln)	$280,046
Current Net Debt (mln)	($326)
Shares Outstanding (mln, f.d.)	393.6
Dividend / Yield	$5.71/0.8%
52-Week Range	$645.45 - $1110.09

KEY FINANCIAL METRICS	2023A	2024E	2025E
GAAP EPS (€, Dec FY)	€19.89	€19.14	€23.13
P/E	35.8x	37.2x	30.8x
Revenue (mln) (€, Dec FY)	27,558	28,004	32,369

ASML Holding N.V. develops, produces, markets, sells, and services advanced semiconductor equipment systems consisting of lithography, metrology, and inspection systems for memory and logic chipmakers.

SEMICONDUCTOR EQUIPMENT LEADER BENEFITING FROM GENERATIVE AI MEGATREND

Dominant lithography tool supplier benefiting from megatrends. As the dominant supplier of lithography tools for semiconductor manufacturing, ASML stands to benefit from megatrends such as AI, EV/ADAS, and industrial automation. Revenue grew at a ~20% CAGR during the past 5 years, driven by secular demand for leading-edge semiconductors, growing adoption of extreme ultraviolet (EUV) lithography, and ASML's technology moat. Geopolitics, onshoring, and government subsidies are other structural tailwinds, along with increasing competition among foundry suppliers. We expect overall wafer fab equipment (WFE) spending to grow at a mid-to-high single-digit rate longer term and believe ASML can continue to outgrow the market. We believe valuation is largely reflecting China export control risk and view the recent pullback as an excellent opportunity.

Double-digit top-line growth sustainable. ASML is the sole provider of EUV tools, a market we expect to grow at a double-digit pace for the next 5 years. Secular trends such as GenAI are accelerating process node transitions and driving an increase in EUV usage, resulting in a 10-25% growth rate for EUV spending. Non-EUV growth is moderating due to a slowdown in China as well as export restrictions. However, secular trends such as EV/ADAS, factory automation, and green energy should drive mid-single-digit growth longer term. The Services segment now accounts for >20% of sales and is growing at a double-digit pace.

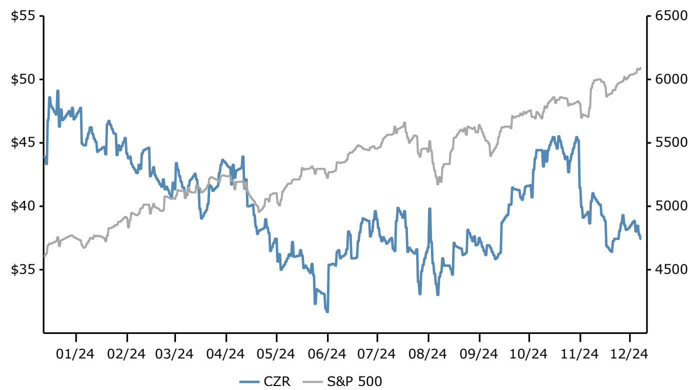
2025 outlook reasonable; China largely de-risked. ASML's current backlog remains healthy at €36B, which we believe supports the company's 2025 revenue outlook. ASML needs ~€2B in bookings in 4Q to achieve the new midpoint of €32.5B, which looks reasonable (bookings averaged €5.8B/quarter in the last three years, with a range of €2.6B and €9.2B). 2025 outlook also assumes China declines from ~37% of total sales in 3Q24 to ~20% in 2025, which we believe largely de-risks any additional export controls. While Intel's capex remains a wildcard, we expect 2026 to be a growth year driven by advanced logic and memory spending to support GenAI demand.

Valuation: At ~30x 2025E P/E, the stock is trading at a discount to its 5-year average of 35x due to concerns regarding export controls and uncertainty at Intel. However, we see enough secular drivers for ASML to grow its top line at a double-digit CAGR through 2030. In addition, gross margin should improve by ~1 pt per year, driven by growing EUV mix and strong pricing power. Our price target of $900 (accounts for EUR/USD exchange rate) is based on 37x our 2025E non-GAAP EPS, which we believe is appropriate based on dominant litho share, double-digit long-term growth, and margin expansion.

CAESARS ENTERTAINMENT, INC. (CZR-NASDAQ)

RJ Milligan

Rating	Strong Buy 1
Target Price	$55.00
Suitability	MA/ACC



MARKET DATA	
Current Price	$37.90
Market Capitalization (mln)	$8,186
Current Net Debt (mln)	$24497
Shares Outstanding (mln, f.d.)	216.0
Dividend / Yield	$0.00/0.0%
52-Week Range	$31.74 - $50.51

KEY FINANCIAL METRICS	2023A	2024E	2025E
GAAP EPS ($, Dec FY)	$3.64	$0.49	$2.21
P/E	10.4x	76.8x	17.1x
Revenue (mln) ($, Dec FY)	$11,528	$11,852	$12,500

Caesars Entertainment Corporation is a geographically diversified gaming and hospitality company that was founded in 1973 by the Carano family with the opening of the Eldorado Hotel Casino in Reno, Nevada. Beginning in 2005, the company grew through a series of acquisitions, including the acquisition of MTR Gaming Group, Inc. in 2014, Isle of Capri Casinos, Inc. in 2017, Tropicana Entertainment, Inc. in 2018, Caesars Entertainment Corporation in 2020, and William Hill PLC on April 22, 2021. The company operates 50+ casino properties and generates retail revenue from slot machines and table games, including poker. Caesars also offers retail and online sports wagering through its Caesars Sportsbook and Caesars Racebook and offers iGaming products through the Caesars Palace Online Casino app.

DIGITAL BUSINESS TO DRIVE EBITDA GROWTH; FREE CASH FLOW TO BRING DOWN LEVERAGE

After a disappointing 3Q (land-based) and subsequent sell-off in the stock (an overreaction, in our view), Caesars Entertainment (CZR) shares are now trading at just 7.7x 2025E EV/EBITDAR, which we view as a very attractive entry point. Outside of the 3Q noise in the land-based business, there are two major investor hang-ups that have weighed on CZR's multiple: Digital profitability and higher leverage. We see a clear path to resolving both issues, with the digital business beginning to deliver substantial positive EBITDA and a path for CZR to meaningfully de-lever using free cash flow.

Digital profitability. CZR has made significant investments in its digital platform, though only saw its first year of positive EBITDA (barely) in 2023 ($38M). Digital EBITDA continues to grow, with the company posting a record 3Q EBITDA of $52M, driven by over 40% growth in net revenues. We expect digital profitability to increase over the next several years as the company focuses on the more profitable iGaming sub-segment and throttles back promotional spending on its online sports betting sub-segment (lower margin/greater competition). We are projecting CZR hits its target of $500M of annual EBITDA from its digital segment in 2026 and don't believe the market is giving the company credit for that meaningful EBITDA driver in its current valuation.

Multi-year deleveraging. CZR is in the midst of a multi-year deleveraging strategy using free cash flow, which we expect to bring leverage down close to 3x (traditional leverage). With the bulk of the company's large development/redevelopment projects coming to a close by year-end, we expect meaningful growth in free cash flow in 2025, which the company intends to use to pay down debt. **Lower leverage should result in a higher multiple.** We believe investors will be rewarded for skating to the where the leverage puck is going.

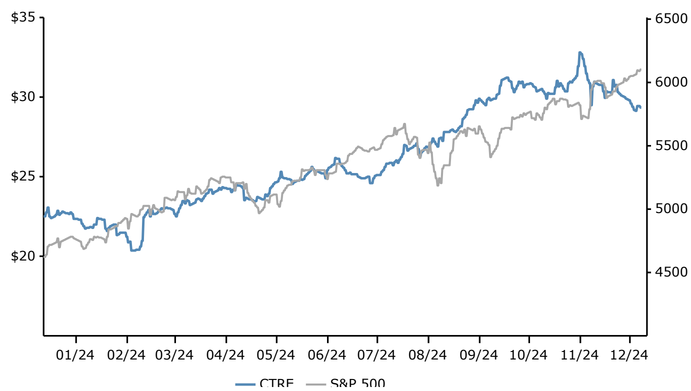
Valuation: We use a combination of EBITDA multiples and a sum-of-the-parts analysis to value CZR. For our sum-of-the-parts valuation, we apply a 8x average EBITDAR multiple on the land-based business and then back out net debt and capitalized lease debt, resulting in $42/share. We are assuming $13/share of value for the company's digital business, based on applying an ~8.5x multiple to our 2025 digital EBITDA estimate. Combining both the land-based operations and the digital business, we get to a value of $55/share.

CZR currently trades at 7.7x 2025E EV/EBITDAR. Given our expectation for the company to continue to de-lever to just ~3x debt/EBITDA, we believe some multiple expansion is warranted, though our conservative price target implies only 1-turn of multiple expansion (providing a reasonable margin of safety). Our $55 price target implies CZR trading at 8x 2025E EV/EBITDAR.

CARETRUST REIT, INC. (CTRE-NYSE)

Jonathan Hughes, CFA

Rating	Strong Buy 1
Target Price	$35.00
Suitability	MA/INC



MARKET DATA	
Current Price	$29.43
Market Capitalization (mln)	$5,513
Current Net Debt (mln)	$20
Shares Outstanding (mln, f.d.)	187.3
Dividend / Yield	$1.16/3.9%
52-Week Range	$20.10 - $33.15

KEY FINANCIAL METRICS	2023A	2024E	2025E
FFO/Share ($, Dec FY)	$1.41	$1.50	$1.78
EBITDA (mln) ($, Dec FY)	$186	$255	$364

FFO reflects normalized FFO reported by the company.

CareTrust REIT is a self-managed healthcare real estate company organized to acquire, own, and manage skilled nursing/transitional care facilities, senior housing facilities, and other healthcare-related properties.

CTRE TOPS OUR WISH LIST DUE TO SNF EXPOSURE, SMALLER SIZE, STRONG BALANCE SHEET, AND SKILLED CAPITAL ALLOCATION ACUMEN

CareTrust REIT (CTRE) is a skilled nursing facility (SNF)-focused healthcare REIT. Roughly 90% of CTRE's rents are derived from SNFs, with the remaining 10% from seniors housing. Skilled nursing facilities are our preferred healthcare real estate asset class due to increasing support from various state Medicaid payors (>60% of SNF revenues) and Medicare (25% of SNF revenues), still-elevated but improving labor headwinds, continued occupancy gains, favorable supply/demand dynamics ahead of the "Silver Tsunami" of aging demographics, and plentiful accretive external growth opportunities. This is offset to a degree by risk from the federal minimum staffing requirement set to be adopted in 2026, though recent lawsuits could result in court rulings that mitigate the impact of, or outright strike down, the requirement. And with the Republican election sweep, we believe the federal staffing mandate will be removed altogether.

Combined, the above attributes and favorable outlook should drive strong SNF and seniors housing performance throughout the decade.

External growth activity of $1.4B this year is more than the previous six years combined, and will expand the asset base nearly 50%. Leverage is at an all-time low of 0.1x net debt/EBITDA after prudent equity raises, and we estimate more than $1.5B of additional acquisitions could be completed before leverage would approach the low end of the 4-5x target range. We expect CTRE to continue being an aggressive acquirer, which has historically been the largest incremental driver of the stock.

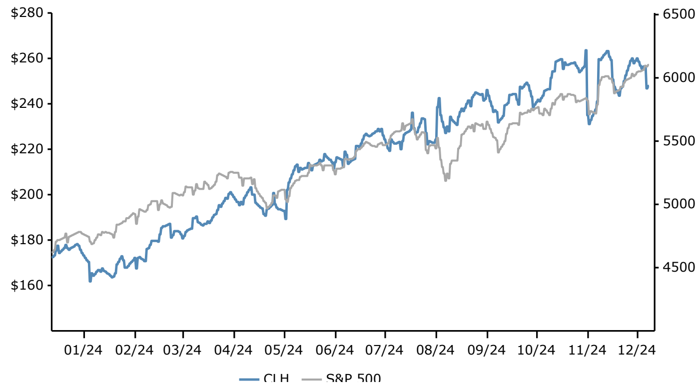
We continue to remind investors that REITs with smaller asset bases, strong balance sheets, plentiful external growth opportunities, and favorable costs of capital – much like CTRE – can be powerful recipes for robust earnings, NAV, and dividend growth… and outperformance.

Valuation: Our $35 target price is based on CTRE trading at 18.0x our 2026 FAD estimate and 74% above our NAV estimate, both above three-year averages but below three-year highs, which we believe is justified by the fundamental and external growth outlook.

CLEAN HARBORS, INC. (CLH-NYSE)

Patrick Tyler Brown, CFA

Rating	Strong Buy 1
Target Price	$290.00
Suitability	MA/ACC



MARKET DATA	
Current Price	$246.68
Market Capitalization (mln)	$13,373
Current Net Debt (mln)	$2444
Shares Outstanding (mln, f.d.)	54.2
Dividend / Yield	$0.00/0.0%
52-Week Range	$161.39 - $267.11

KEY FINANCIAL METRICS	2023A	2024E	2025E
Non-GAAP EPS ($, Dec FY)	$6.95	$7.25	$8.45
P/E	35.5x	34.0x	29.2x
EBITDA (mln) ($, Dec FY)	$1,013	$1,115	$1,220

Non-GAAP EPS excludes one-time and unusual items

Clean Harbors, headquartered in Norwell, Massachusetts, is North America's leading provider of environmental and hazardous waste management services. The company offers a broad range of services including collection/transportation, incineration, landfill disposal, water treatment, and site cleanup. Typical customers include commercial and industrial waste generators, health care providers, research organizations, and government entities.

CONTINUED EXECUTION & PRICING STABILITY REINFORCED BY DEEP-MOAT ASSETS

We continue to see multiple catalysts on the horizon that should continue to drive possible positive earnings and re-rating opportunities into 2025 and beyond, including: 1) A chronically tight commercial incineration market driven by ongoing nearshoring/reshoring dynamics and recent/forthcoming PFAS management regulations that should offer a range of complex waste streams; 2) continued realization of synergies from the recent HEPACO acquisition; 3) favorable competitive positioning if and when the industrial economy makes a turn for the better; and 4) a flexible leverage position and ample dry powder on the Clean Harbors balance sheet that affords various capital allocation avenues including M&A, internal growth projects, and/or share repurchases.

Through the acquisition of over 60 companies and operating for nearly 45 years, CLH now offers the most extensive array of industrial waste management solutions through its more than 50 separate and distinct lines of business via ~800 locations ranging from one-off emergency response to fully-integrated industrial cleaning services, to hazardous waste disposal solutions, to oil re-refining (think: used motor oil recycling). While CLH performs many services, we believe that its “crown jewels” lie in its (incredibly difficult to replicate) hazardous waste disposal assets, including its network of TSDFs, commercial incinerators, hazardous waste landfills, and wastewater assets. Simply, these assets represent the primary “moat” backstopping its fully integrated (manage, transport, and dispose of hazardous waste) offering. Lastly, despite hand-wringing in the market over capacity additions in commercial incineration, we remain of the belief that this will likely have little (if any) impact to pricing and volume as 1) waste backlogs remain high, 2) the waste stream continues to grow more complex, requiring advanced solutions, and 3) captive incinerators continue to shutter.

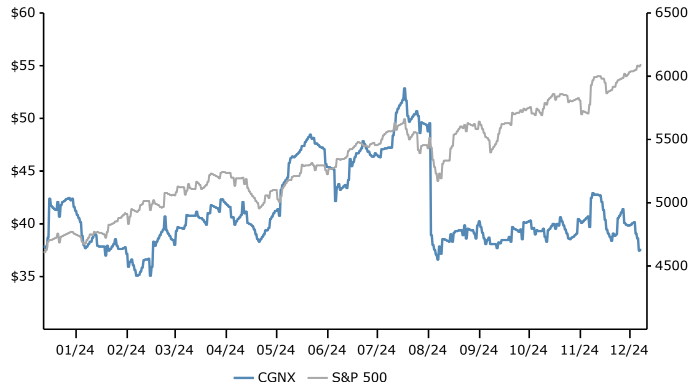
Additionally, the company recently announced price increases on the collection, management, and transportation of used oil in the Safety Kleen Sustainability Solutions (SKSS) division as a measure to offset weakness in the base oil markets, which has led to deteriorated financial performance in the segment. While concerns over base oil continue to swirl, management recently noted that they expect the company to end 2024 with “strong momentum” giving them “a positive trajectory into 2025.” While the type (top line/margins/etc.) and magnitude of growth will be revealed on the 4Q24 earnings call, we surmise that multiple drivers on the Environmental Services (ES) side could provide the offset to any compression in base oil spreads. To this point, a healthy waste backlog in ES has allowed CLH to disconnect from weakness in the industrial economy, in turn yielding a robust pricing engine, while the recent HEPACO acquisition should continue to lift the Field Services offering via its expansive national emergency response network.

Valuation: Our $290 target price assumes double-digit EBITDA multiples for key areas of the ES segment and a mid-single-digit multiple for the SKSS segment that, together, drive our ~15x EBITDA multiple on our 2025 estimates. Simply, we continue to believe the market systemically underappreciates CLH’s key disposal assets and ascribes very little value to its SKSS assets. See our **note from October 31** for more details.

COGNEX CORPORATION (CGNX-NASDAQ)

Brian Gesuale

Rating	Strong Buy 1
Target Price	$60.00
Suitability	MA/ACC



MARKET DATA	
Current Price	$37.62
Market Capitalization (mln)	$6,499
Current Net Debt (mln)	($211)
Shares Outstanding (mln, f.d.)	172.8
Dividend / Yield	$0.32/0.9%
52-Week Range	$34.79 - $53.13

KEY FINANCIAL METRICS	2023A	2024E	2025E
GAAP EPS ($, Dec FY)	$0.65	$0.57	$1.00
P/E	57.6x	65.4x	37.7x
Revenue (mln) ($, Dec FY)	$838	$906	$1,016

Cognex Corporation, headquartered in Natick, Massachusetts, is the leading provider of machine vision solutions that enable customers to measure, count, locate, inspect, identify, and guide materials through the supply chain.

CLEAR VISION OF 2025 RECOVERY AND PATH TO $60

Cognex is a trough earnings story in 2024 with virtually all of its end markets at cyclical troughs: Logistics is accelerating into double-digit growth, Consumer Electronics (CE) should have a better 2025 with AI/form factor upgrades, and Auto in latter 2025/2026 as there is a clear step-up in model launches. Additionally, the EPS leverage from a market recovery and/or continued improved performance in the emerging markets carries significant earnings power with few paths to longer-term disappointment at these levels. To this point, every 100 bp of incremental growth (modeled at 12.2%) and 200 bp of GM (modeled at 72.6%) would produce $0.10 of upside to our $1.00 EPS estimate. Longer term, Cognex will be a major player in factory automation and should see multiple expansion from its barriers to entry, high gross margins, and expansive TAM.

Logistics will be the lifeblood. We called for the bottom of the Amazon/Logistics cycle for Cognex (a key supplier) following a deep dive into Cognex's logistics business utilizing time-series near-real-time satellite imagery, citizen interviews, local news/media coverage, job listings, and other sources. After a two-year hiatus, competitive threats are driving Cognex customers to accelerate fulfillment center investment. Our June 2024 checks proved accurate as management recently guided for strong double-digit growth that meshes with our reaffirmed model of 30% growth against easy comps. Strength is broad-based, and our latest checks point to strong Parcel/Post traction and strategic wins that could drive upside to most models, though timing of revenue is unclear.

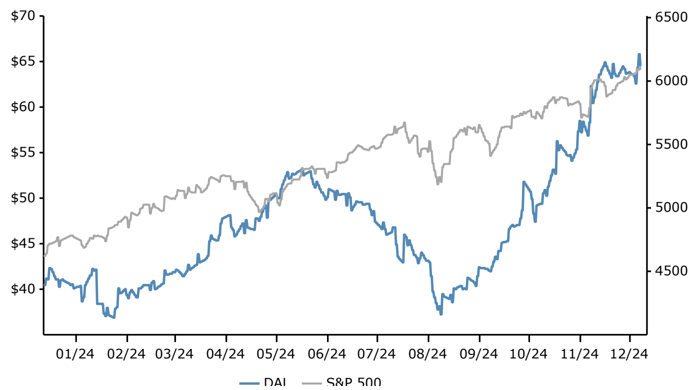
Other markets robust in 2025, as well. We are modeling Auto flat against easy comps (with an upside bias), while Consumer Electronics is modeled at high-single-digit growth against favorable comps and normalizing end market demand. Finally, we see Consumer Products, Food/Beverage, Semis, and Medical all growing in the mid-single-digit/high-single-digit range. We are modeling the Emerging initiative to generate $30-40M of revenue during the year, though this could prove to be an upside driver given the recent checks point to $1M/week from the first cohort of salespeople (albeit some overlap with existing accounts).

Valuation: CGNX trades at 27.5x our 2026E EPS. Our price target of $60 is based on 42.5x our 2026E EPS, which represents a more normalized earnings power/leverage, and is within CGNX's historical range of 25-64x. At the same time, the broadening of the business model from an Apple-centric supplier to horizontal automation enabler should facilitate a higher peak multiple as the economic cycles are smoothed via diversification and addressable market expansion.

DELTA AIR LINES, INC. (DAL-NYSE)

Savanthi Syth, CFA

Rating	Strong Buy 1
Target Price	$75.00
Suitability	MA/ACC



MARKET DATA

Current Price	$65.77
Market Capitalization (mln)	$42,553
Current Net Debt (mln)	$20314
Shares Outstanding (mln, f.d.)	647.0
Dividend / Yield	$0.60/0.9%
52-Week Range	$36.34 - $67.50

KEY FINANCIAL METRICS	2023A	2024E	2025E
Non-GAAP EPS ($, Dec FY)	$6.25	$6.10	$7.30
P/E	10.5x	10.8x	9.0x
Adj. Revenue (mln) ($, Dec FY)	$54,669	$56,710	$60,347

Non-GAAP EPS excludes mark-to-market (MTM) gains/losses on equity investments and one-time items.

Delta Air Lines, Inc., headquartered in Atlanta, Georgia, provides scheduled air transportation for passengers and cargo in the United States and internationally and was formed with the merger of Delta Air Lines and Northwest Airlines in December 2009. With an industry-leading global network, Delta and the Delta Connection carriers offer service to more than 300 destinations in over 50 countries. Including its worldwide alliance partners, Delta offers customers more than 15,000 daily flights, with hubs and gateways in Amsterdam (AMS), Atlanta (ATL), Boston (BOS), Detroit (DTW), London (LHR), Los Angeles (LAX), Minneapolis-St. Paul (MSP), New York (LGA & JFK), Paris (CDG), Salt Lake City (SLC), Seattle (SEA), and Seoul (ICN).

BEST IN CLASS AND BEST RIDE FOR THE RETURN OF THE GOLDEN AGE OF AIRLINE STOCKS

We believe Delta is striking the right balance and will appeal to a broad set of investor as a way to play a multi-year margin expansion opportunity for the group. Specifically, we believe unique structural advantages at Delta vs. legacy peers will continue to support a margin advantage, which when combined with an attractive valuation, stronger balance sheet (including aggressive deleveraging), and balanced capital deployment, should drive lower earnings volatility and appeal to a broad set of investors. Moreover, we believe shares provide an attractive risk-reward balance to gain upside to industry capacity discipline (and possible M&A) potentially leading to the margin expansion opportunity seen in the 2012-2014 "golden age for U.S. airline stocks."

Earnings in 2025 should expand y/y, benefiting from the continued restoration of key demand components (e.g., large corporate, long-haul international) and further expansion of Delta's premium offering. Delta plans to grow annual capacity ~3-4% (85% of 2025E seat growth driven by premium), which, along with capacity discipline recently being demonstrated by most peers, should be supportive of improving industry main cabin trends (left as upside to Delta's 2025 guide).

Delta is already well underway in deleveraging, and the significantly more conservative leverage targets should pave the way to better withstand shocks in the future. Specifically, the 1x gross adj. debt/EBITDA target is the most conservative among network peers. While Delta has no near-term plans for buybacks (it did not dilute shareholders during COVID, unlike peers), we note interest expense savings are a key input to the ~10% per annum long-term EPS growth target. Additionally, we expect Delta to steadily grow its dividend over time.

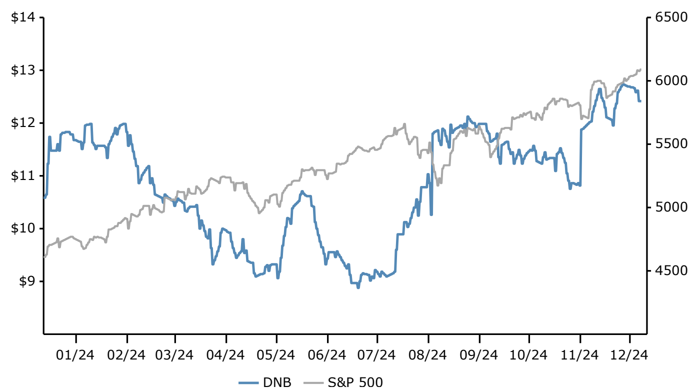
Valuation: Our $75 target price is based on ~10x our 2025E EPS. The multiple continues to be at a slight premium to what we apply to legacy peers (due to Delta's stronger margins/balance sheet) and slightly below that applied to faster growth LCC/hybrid/ULCC airlines. The target price equates to 6.4x 2025E EV/EBITDAR and 5.2x our 2026E discounted back 10%, which is within the 4-7x five-year historical range for U.S. airlines.

Notably, our current forecast and $75 target price reflect only modest improvement in the industry pricing environment, with significant upside potential reflected in our $110 bull case should industry capacity discipline (and potential M&A) lead to the margin expansion opportunity seen in the 2012-2014 "golden age" for U.S. airline stocks. Conversely, we see downside to $48 if a tepid pricing environment were to prevail despite aggressive industry capacity action. See our **note from December 5** for more details.

DUN & BRADSTREET HOLDINGS, INC. (DNB-NYSE)

Patrick O'Shaughnessy

Rating	Strong Buy 1
Target Price	$19.00
Suitability	MA/ACC



MARKET DATA

Current Price	$12.42
Market Capitalization (mln)	$5,410
Current Net Debt (mln)	$3421
Shares Outstanding (mln, f.d.)	435.6
Dividend / Yield	$0.20/1.6%
52-Week Range	$8.78 - $12.95

KEY FINANCIAL METRICS	2023A	2024E	2025E
Non-GAAP EPS ($, Dec FY)	$1.00	$1.01	$1.10
P/E	12.5x	12.3x	11.2x
Revenue (mln) ($, Dec FY)	$2,314	$2,408	$2,528

Non-GAAP EPS excludes stock-based compensation and amortization of acquired intangibles, as well as deal-related expenses.

Dun & Bradstreet is a provider of mission critical data and analytics for corporate clients, ranging from large enterprises to small and medium businesses, as well as government agencies and creditors. The firm's various end-to-end products, solutions, and curated data sets plug into its clients' daily workflows to better inform key decision making across several corporate functions, including finance and procurement, risk and compliance, and sales and marketing.

AN UNDERAPPRECIATED INFO SERVICES FRANCHISE WITH M&A OPTIONALITY

High quality information services companies - Dun & Bradstreet's aspirational peers - currently trade at ~35x 2025E EPS, on average. Dun & Bradstreet's closest competitors trade at ~25x 2025E EPS. Dun & Bradstreet trades at just 11x 2025E EPS.

Why such a large discount? We believe it is due to a multitude of factors:

- Perceptions that Dun & Bradstreet will never achieve the revenue growth of high-quality peers
- Elevated interest expense due to a highly levered balance sheet
- Operating margin contraction in recent years as capitalized expenditures began to be amortized
- Disappointing free cash flow

Despite this litany of investor concerns, we think Dun & Bradstreet's EPS is poised to positively inflect in 2025.

- We expect organic revenue growth of ~5% in 2025, validation of management's medium-term aspirations of 5% to 7%, due to the company's pricing initiatives and exposure to secular growth themes such as KYC and private company content
- Falling short-term interest rates should result in lower interest expense
- Depreciation and amortization expense growth should moderate as capex has peaked
- D&B's free cash flow conversion has improved markedly in 2024 and should improve further in 2025

This all adds up to high single-digit EPS growth in 2025 with the potential for double-digit growth in 2026 and beyond, and improving cash flow with which the company can more aggressively de-lever the balance sheet and/or repurchase shares.

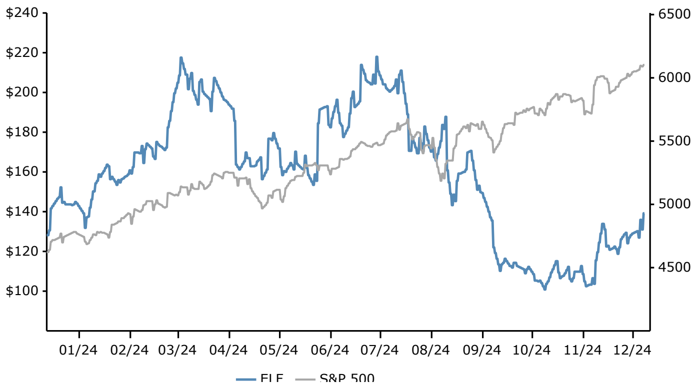
Beyond an improving fundamental story, we believe investors also get M&A optionality given acknowledged inbound interest from potential acquirers. Comparable transactions suggest meaningful upside (**see our note from November 22**) in a sale scenario.

Valuation: Our $19 target price reflects a blended average of a DCF analysis and a P/E-based multiples analysis. Our 16.0x target P/E is above D&B's three-year average NTM P/E of ~12x, which we view as justified given improving revenue growth and M&A optionality. Please see **our note from October 31** for more details.

E.L.F. BEAUTY, INC. (ELF-NYSE)

Olivia Tong, CFA

Rating	Strong Buy 1
Target Price	$175.00
Suitability	MA/ACC



MARKET DATA	
Current Price	$131.23
Market Capitalization (mln)	$7,675
Current Net Debt (mln)	$204
Shares Outstanding (mln, f.d.)	58.5
Dividend / Yield	$0.00/0.0%
52-Week Range	$98.50 - $221.83

KEY FINANCIAL METRICS	2023A	2024A	2025E
Non-GAAP EPS ($, Mar FY)	$1.66	$3.19	$3.64
P/E	79.1x	41.1x	36.0x
Revenue (mln) ($, Mar FY)	$579	$1,024	$1,342

Non-GAAP measures exclude non-recurring items.

e.l.f. Beauty, Inc. is a marketer of color cosmetics and skin care/self-care products under four brands: the eponymous e.l.f., W3LL People (acquired in 2020), Keys Soulcare (launched in 2021), and Naturium (acquired in 2023). The company considers its products to be 100% cruelty-free and of premium quality at accessible prices. Its price points have advanced from entry-level mass with the e.l.f. brand, to masstige with W3LL People, and to entry prestige with Keys Soulcare and Naturium. e.l.f.'s three largest retailers are Target, Walmart and Ulta Beauty, which collectively account for 60% of sales. The U.S. accounts for 88% of sales and e-commerce comprises 17% of sales. The company was founded in 2004 and IPO'd in 2016. It is headquartered in Oakland, CA.

GETTING MORE E.L.F. ON THE SHELF DRIVES MULTIYEAR GROWTH OPPORTUNITY

Shelf-space gains and international expansion underlie continued opportunity for upside. e.l.f. Beauty (ELF) is our Best Pick in Beauty, Personal Care & Household Products for 2025. We believe consensus expectations are too low and see opportunities for upside driven by shelf space gains domestically and expansion internationally. ELF is now #2 in U.S. mass color at a 12% share. International is the biggest opportunity, in our view, now 20% of ELF sales, though still lowest amongst the top 5 in mass beauty. ELF is top 10 in Canada and the UK, and we expect expansion in Europe to continue after successful launches in Italy, Netherlands, and Germany in 2024. ELF also launched in Sephora Mexico in 2024, its first with Sephora and its first move into Central/South America. ELF is far from standing still at home, though; in addition to a 50% increase in shelf space at Walmart, its #2 retailer, in 2024, ELF is expanding into the dollar channel and recently secured additional shelf space at Target, its #1 retailer, where it has 20% share, demonstrating growth in established and new channels. **Growing well above peers.** Beauty category growth decelerated in 2024 on normalization following a period of outsized gains, but ELF continues to outperform. Despite a 17% increase in FY25E consensus EPS YTD, shares underperformed -5% over that time. With its share of shelf below its share of market, we see continued above-average growth opportunity. ELF's color presence is still limited to select categories but is growing, with 50% share in primers and leadership in concealers, but only now building in bigger categories including mascara and lip. Its significantly smaller skincare business was bolstered by the acquisition of Naturium, which expanded skin from 8% to 18% of sales, while mixing up AUR ($18) and offering further distribution opportunity. Skin expansion should increase ELF's AUR, which is still lowest amongst top mass beauty brands, currently ~$6.50 vs. peer average of ~$9.50.

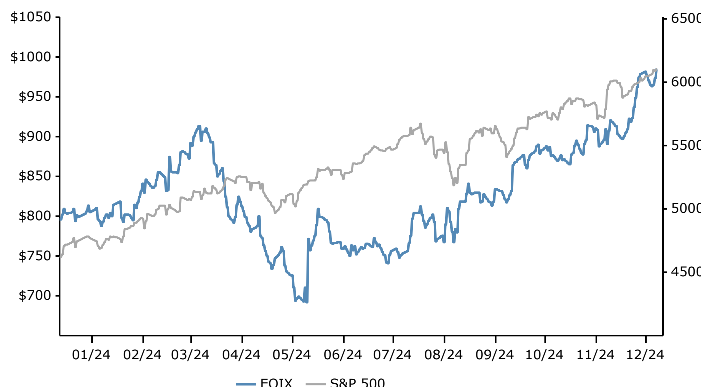
Marketing, pace of innovation are differentiators. ELF's unaided brand awareness has increased from 13% in 2020 to 33% in 2024, with spending on digital ad marketing up as a percentage of sales from 13% in 2020 to 25% in 2024. ELF also consistently innovates, holding 6 of the top-10 new products in mass cosmetics and 3 of the top 10 across mass and prestige in 2024, and we believe its ability to consistently innovate at speed and approachable price points differentiates it from competitors. **Tariffs a controllable risk, having successfully offset before.** ELF manufactures 80% of its products in China, and the U.S. accounts for 80% of sales, putting it at risk should import tariffs increase. However, ELF has successfully offset tariffs before. When tariffs on Chinese imports went to 25%, 70% of ELF products were hit by a 25% tariff and 30% hit by 15%. Despite the headwind, ELF gross margin increased by ~10 points since tariff implementation due to sales growth, pricing, and cost mitigation efforts. Moreover, with AUR still ~30% below mass average, we believe ELF has room to raise prices without materially impacting demand.

Valuation: Our $175 price target is based on a target EV/EBITDA of 30x on our CY25 estimate, below its 3-, 5-, and 10-year historical averages and attractive, in our view, given ELF's growth opportunities. For context, Beauty peers have traded on average 5-10 turns higher when over-delivering on expectations.

EQUINIX, INC. (EQIX-NASDAQ)

Frank G. Louthan, IV

Rating	Strong Buy 1
Target Price	$1085.00
Suitability	MA/ACC



MARKET DATA

Current Price	$973.80
Market Capitalization (mln)	$93,223
Current Net Debt (mln)	$15961
Shares Outstanding (mln, f.d.)	95.7
Dividend / Yield	$17.04/1.7%
52-Week Range	$684.13 - $994.03

KEY FINANCIAL METRICS	2023A	2024E	2025E
AFFO/Share ($, Dec FY)	$32.11	$35.17	$38.42
Revenue (mln) ($, Dec FY)	$8,188	$8,772	$9,534

Equinix, headquartered in Redwood City, California, provides carrier neutral data center solutions, primarily colocation and interconnection, to enterprises, content and digital media providers, system integrators, and network providers in major metropolitan markets in the U.S. and abroad. The company operates data centers on a global basis in over 32 markets in five continents through a combination of company owned and leased facilities.

THE INTERNET EPICENTER POISED FOR CONTINUED STRONG GROWTH IN 2025

We believe that Equinix (EQIX) has several tailwinds at its back that should drive value over the next 12 months. First, we believe Equinix is demonstrating significant strength in its business model with declining churn and continued strong execution. We also believe the new CEO is focused on efficiency and investing in the company's most successful lines of business, which will drive better margins and returns going forward.

Additionally, demand has picked up for the industry overall, and we believe the company is seeing pricing power for colocation (colo) and cross connects on its diversified platform. With interest rates now relatively stable, we believe the fundamentals can begin to drive the story.

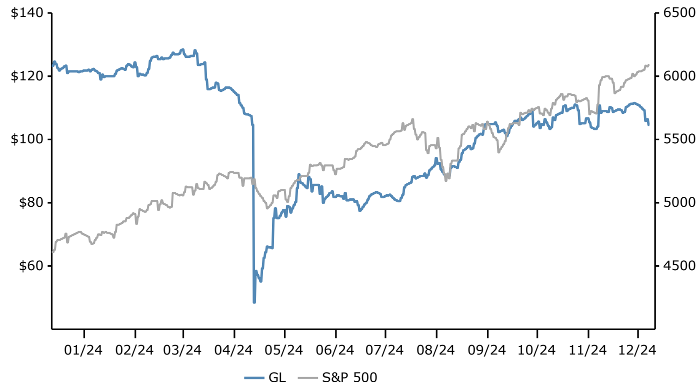
Lastly, we believe that Equinix stands to benefit from scarcity value as the best-of-breed name in a shrinking pool of public data centers, particularly those focused on retail colo, which will remain critical businesses for the long term.

Valuation: Our **$1,085 price target** is based on ~28x our 2025E AFFO/share of $38.42, in line with U.S. peer DLR and a premium to the overall group at ~15.5x. Please see our latest Equinix **note from October 31** for more details.

GLOBE LIFE INC. (GL-NYSE)

Wilma Burdis

Rating	Strong Buy 1
Target Price	$188.00
Suitability	MA/ACC



MARKET DATA

Current Price	$106.61
Market Capitalization (mln)	$10,127
Current Net Debt (mln)	$2627
Shares Outstanding (mln, f.d.)	95.0
Dividend / Yield	$0.96/0.9%
52-Week Range	$38.95 - $132.00

KEY FINANCIAL METRICS	2023A	2024E	2025E
Operating EPS ($, Dec FY)	$10.66	$12.27	$13.64
Total Revenue (mln) ($, Dec FY)	$5,513	$5,807	$6,073

Adjusted Operating EPS reflects the income (loss) from continuing operations.

Globe Life writes and distributes life and supplemental health insurance products. GL was founded in 1979 and has been headquartered in McKinney, Texas since 2006 after previously being headquartered in Birmingham, Alabama.

GLOBE TO TROT IN 2025

Globe Life (GL) produces consistently superior growth and returns given the moat that it holds around unique, exclusive distribution and product (with relatively inelastic pricing) in attractive, targeted low-middle- to middle-income markets. As GL's exclusive agencies have evolved virtual skill sets, we anticipate solid sales growth will boost earnings.

GL guides to strong sales growth in 2025, driven by consistent 10-15% agent count growth in 2024; agent count growth is a leading indicator of sales.

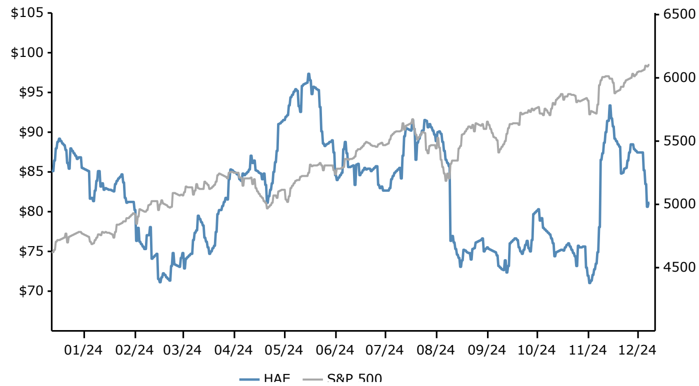
We expect substantial buybacks in 2025 as GL has a sizable share repurchase authorization of up to $1.8B and guides to $575-625M of excess cash flows in 2025. We think free cash flow conversion will arrive at a 50-60% run rate longer term, with some potential to achieve the high end if favorable mortality continues.

Valuation: Our $188 price target implies 76% upside potential and is based on applying GL's average five-year pre-pandemic P/E multiple of 14x to our 2025 EPS estimate. We think the stock will continue to re-rate as concerns over regulatory inquiries abate. Please see our **note from December 5, 2024** for more details.

HAEMONETICS CORPORATION (HAE-NYSE)

Andrew Cooper

Rating	Strong Buy 1
Target Price	$120.00
Suitability	MA/ACC



MARKET DATA	
Current Price	$80.67
Market Capitalization (mln)	$4,134
Current Net Debt (mln)	$926
Shares Outstanding (mln, f.d.)	51.2
Dividend / Yield	$0.00/0.0%
52-Week Range	$70.25 - $97.97

KEY FINANCIAL METRICS	2024A	2025E	2026E
Adj. EPS ($, Mar FY)	$3.96	$4.60	$5.30
P/E	20.4x	17.6x	15.2x
Revenue (mln) ($, Mar FY)	$1,309	$1,386	$1,455

Adj. EPS is Cash EPS and excludes amortization, one-time items.

Haemonetics Corporation, based in Boston, Massachusetts, is market leader in blood management solutions. Haemonetics is engaged in manufacturing systems and single use consumables used in collecting blood products and surgical salvage of blood. The company's direct customers are blood and plasma collectors, hospitals and hospital service providers. In addition, Haemonetics offers devices and related consumables, information technology platforms, and consulting services that link the blood supply chain from the point of blood and plasma donation through to the patient point of care.

UNDERAPPRECIATED ASSETS AND A STORY SET TO GET CLEARER MAKE FOR A GOOD CY25 SETUP

Haemonetics (HAE) brings leadership in plasma collection with a burgeoning set of offerings for hospitals, including interventional technologies and blood management solutions, as well as a legacy blood center apheresis business. We think these can generate high-single-digit normalized revenue growth and operating margins that can climb into the high-20s, if not higher, translating to double-digit EPS growth. Despite these characteristics, HAE's CY25E earnings multiple remains in the mid-teens vs. other similarly growing healthcare peers generally in the 20s. Recent years have been plagued with noise/controversy, the vast majority of which is: a) overdone, and b) unrelated to actual business execution within the company's control. We think CY25 will see several of these dynamics become clearer, allowing the stock to re-rate higher. Consensus of 25.7% remains shy of the high-20s adjusted operating margin target for FY26, and any achievement toward this goal represents further upside.

The plasma business remains a healthy one. The ongoing wind-down of CSL revenues and pandemic-related inventory dynamics have masked the durability of plasma end-market demand and the company's leadership here but do little to change our overall confidence that collection volumes can and should return to the normalized high-single-digit range. In the meantime, Haemonetics will continue to capture price with innovations (Persona and Express Plus) that also keep it on the forefront technologically. Through CY25 we expect the falling contribution from CSL to finally allow greater visibility into the core on both revenues and margins, allowing investors to gain incremental comfort over time.

More than hopeful on hospital. Haemonetics has now built out its hospital segment more broadly, namely to include the attractive electrophysiology and interventional cardiology end markets and has seen durable teens+ organic growth overall. Vascular closure was the key area of debate in CY24, but the most recent quarter saw modest growth acceleration to very near 20% organic despite facing what bears perceive as an insurmountable headwind from PFA (see our notes from **October 18** and **October 24**). Full market release of the larger MVP XL product for a full quarter should help further accelerate growth near term, which means both higher numbers and further debunking of the bear thesis.

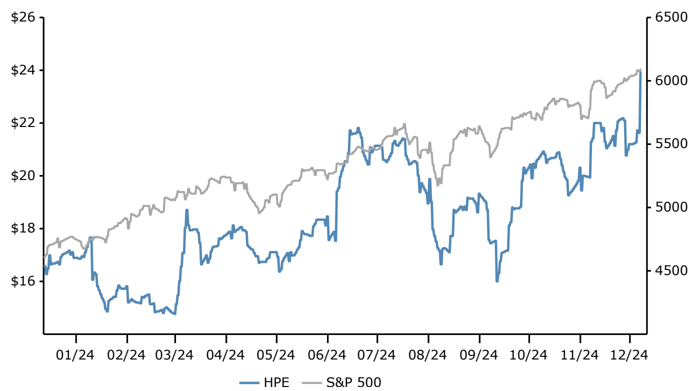
Margin momentum building. Adjusted operating margins of 24.2% in F2Q were ~170 bp ahead of the Street, inclusive of a ~100 bp FX headwind. Increasing investments led to a reiterated 23-24% guide for FY25, but the believability of both this year and the FY26 target is increased by achieving this level this soon. Investors have long doubted the FY26 high-20s target, and we admittedly remain conservative at 25.8%. Mix is perhaps the biggest factor in hitting our/Street numbers, which should engender comfort that the current expectations represent a conservative base case with proof points coming throughout CY25.

Valuation: HAE trades at ~16x our CY25E EPS. This is a substantial discount to both historical levels and the mid-cap med tech comps who on average trade north of 20x. We acknowledge the noise at this juncture but think the discount is too big, particularly as the story begins clearing. Our $120 target is 20x our CY26E EPS, narrowing, but not closing, the gap.

HEWLETT PACKARD ENTERPRISE COMPANY (HPE-NYSE)

Simon Leopold

Rating	Strong Buy 1
Target Price	$29.00
Suitability	M/ACC



MARKET DATA	
Current Price	$21.65
Market Capitalization (mln)	$29,769
Current Net Debt (mln)	$7898
Shares Outstanding (mln, f.d.)	1375.0
Dividend / Yield	$0.52/2.4%
52-Week Range	$14.46 - $22.82

KEY FINANCIAL METRICS	2024A	2025E	2026E
Non-GAAP EPS ($, Oct FY)	$1.99	$2.12	$2.32
P/E	10.9x	10.2x	9.3x
Revenue (mln) ($, Oct FY)	$30,127	$32,752	$34,698

Non-GAAP EPS excludes extraordinary items and one-time events.

Hewlett Packard Enterprise Company, based in Palo Alto, California, maintains a leadership position in its key markets and with strength in servers, networking, storage and WLAN. The company does business globally and has target opportunities emerging from the adopton of multi-cloud networks.

AI MOMENTUM DRIVES MULTIPLE EXPANSION AND SERVER GROWTH

Expanding Multiple and Server Growth

Expect multiple expansion. HPE historically trades like a value stock, with a high-single-digit forward P/E ratio. However, increased demand driven by AI initiatives have shifted HPE's growth prospects, and the pending Juniper acquisition reinforces its position in data center networking, which we believe will be a second order beneficiary of AI and support longer-term growth. HPE has traded at a discount to IT exposed peers like Cisco, Dell, and NetApp, and we believe its multiple will catch up as investors continue to gain confidence in its position as a direct beneficiary of AI demand and improved IT spending. We expect the Juniper deal closes, and this takes our CY25E FCF from $2.6B to $2.8B after accounting for additional interest expense from the incremental debt.

AI Server momentum. Our AI Server estimate goes to $5.0B in FY25 from $4.1B in FY24, with growth decelerating to ~20% in FY26 to $6B. In the most recent quarter, cumulative AI orders jumped to $6.7B from $6.2B. Although HPE lags Dell and Supermicro in AI server sales on an absolute dollar basis, it has cited wins with a larger portion of sovereign and enterprise customers with less exposure to the mega AI training customers. Currently, the majority of all AI server sales are being driven by AI model training applications, and HPE's background in high performance computing (HPC) that it acquired through its Cray acquisition positions it well to compete. HPE also benefits from its industry-leading liquid cooling solutions, which the latest generation of NVIDIA GPUs require in high-end configurations. Sovereign networks (AI initiatives from national/government entities) are still in the early stages of their AI investment, as are enterprises, and we believe HPE's historical relationships have helped it gain early traction here. Finally, enterprises are still in the early stages of AI adoption; as enterprise initiatives evolve, we expect continued strong AI sales with improving margin. We include HPE within the context of an AI networking basket.

Incremental traditional server optimism. HPE reported double-digit q/q and y/y traditional server product order growth, which suggests AI servers are not cannibalizing traditional compute. Dell'Oro forecasts 17%/34% growth of traditional servers in 2024/2025. This reflects strength from hyperscale, where HPE has little exposure, but the Enterprise vertical, where HPE is better exposed, is expected to grow 19%. At just under 7% growth in CY25, our new HPE estimates could prove conservative. Industry discussions have reinforced our belief that GPU platforms are unlikely and currently incapable of displacing traditional servers because the processing/compute requirements for traditional workloads are still inherently different from AI workloads.

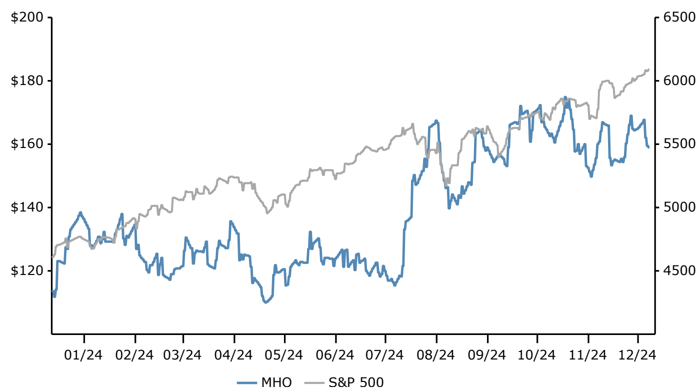
Pending Juniper deal. We like the transaction and expect it to close, but it is not foundational to our stock thesis. Juniper improves HPE's product and customer diversification while enabling cost and sales synergies. The overlap occurs in campus products, and we believe improved scale will help margin and competitiveness.

Valuation: Our $29 price target is based on an CY25E P/E of 13x, a discount to IT vendor peers, applied to our scenario for 2025 earnings post the Juniper close.

M/I HOMES, INC. (MHO-NYSE)

Buck Horne, CFA

Rating	Strong Buy 1
Target Price	$210.00
Suitability	MA/ACC



MARKET DATA	
Current Price	$159.81
Market Capitalization (mln)	$4,560
Current Net Debt (mln)	$282
Shares Outstanding (mln, f.d.)	28.5
Dividend / Yield	$0.00/0.0%
52-Week Range	$109.92 - $176.18

KEY FINANCIAL METRICS	2023A	2024E	2025E
Adj. EPS ($, Dec FY)	$16.21	$19.60	$20.75
P/E	9.9x	8.2x	7.7x
Revenue (mln) ($, Dec FY)	$4,034	$4,491	$4,802

Adj. EPS excludes unusual items.

M/I Homes, founded in 1976, has grown to become the 13th largest homebuilder in the United States. In 2023, M/I Homes delivered 8,112 homes. The company's footprint extends across 17 markets in 10 states, offering single-family homes and attached townhomes to various homebuyers, consisting of first-time, move-up, empty-nester, and luxury consumers. M/I Homes also operates a financial services segments, which provides mortgage loans and title services to homebuyers.

BEST POSITIONED BUILDER FOR THE "RUST BELT RENAISSANCE"

Unique geographic exposure. Founded in 1976 and a publicly-listed company since 1993, M/I Homes (MHO) has a long track record as a high-quality homebuilder with strong roots in the Midwest and Ohio Valley markets. In more recent years, MHO has steadily expanded its footprint into higher growth Sun Belt markets, including the major metros of Texas, Florida, and North Carolina. As of 2023, MHO ranks as the 13th largest homebuilder in the U.S. by closing volume, and in the top 10 for market capitalization among publicly-traded builders. Similar to its diversified geographical footprint, M/I Homes also maintains a broad product portfolio selling to first-time, move-up, empty-nester, and luxury home buyers with base prices that range from $200,000 up to $1 million.

The case for higher homebuilder multiples. In our view, mature publicly-traded businesses providing an essential product/service (i.e., shelter) that also 1) have proven capable of sustaining double-digit ROE through an unprecedented interest rate hiking cycle, 2) maintain pristine balance sheets, 3) generate significant free cash flows to fund accretive stock repurchases, 4) demonstrate visible market share gains with widening competitive moats, and 5) can still benefit from years' worth of demographic tailwinds and structural supply shortages — shouldn't still trade at single-digit P/E multiples. By our math, MHO's current valuation implies that investors are only paying for an extra three years' worth of current profitability before the business is valued at nothing more than liquidation value. With renewed interest in the homebuilding sector from large and mid-cap funds, we are increasingly convinced the next big opportunity in the space will come from a re-rating of high-quality, well-established mid-cap names where valuations still do not reflect the scale of collective balance sheet and capital efficiency improvements, particularly relative to their large-cap peers.

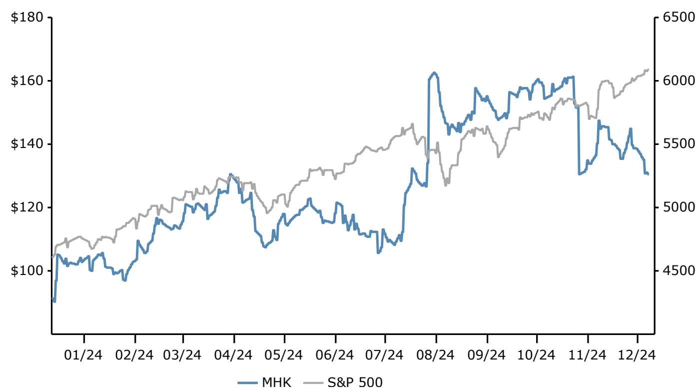
Rust Belt Renaissance. Following strong 3Q results as well as our post-election "higher for longer" views on mortgage rates and housing affordability, we find M/I Homes trading at a significant discount to large-cap peers. In contrast to our more cautious post-election outlook on core "entry-level" builders, we remain confident that MHO can continue to execute at a very high level, driven by: 1) Its premier community locations in highly attractive school districts and 2) dominant positions in markets exposed to the "Rust Belt Renaissance," where home prices are still a relative bargain. Moreover, MHO has harnessed tailwinds from improving construction cycle times, optimized production efficiency, and lower lumber prices, leading to near-record-high gross margins that look increasingly sustainable. We are confident that MHO has the selling tools, balance sheet, and premium land positions to drive compelling returns no matter the rate environment and project MHO is on track to generate a top-quartile 20% ROIC over the coming year, as well as ~$300 million in operating cash flow to fuel accelerating stock repurchases.

Valuation: We believe MHO's diversified, cyclically resilient model warrants a much higher valuation than its current ~8x forward P/E multiple. Our $210 price target projects MHO trading at ~10x 2025E EPS, a full turn lower than the P/E multiples large-cap peers currently trade at despite its pristine balance sheet and +20% ROIC.

MOHAWK INDUSTRIES, INC. (MHK-NYSE)

Sam Darkatsh

Rating	Strong Buy 1
Target Price	$185.00
Suitability	MA/ACC



MARKET DATA	
Current Price	$131.43
Market Capitalization (mln)	$8,333
Current Net Debt (mln)	$2168
Shares Outstanding (mln, f.d.)	63.4
Dividend / Yield	$0.00/0.0%
52-Week Range	$90.80 - $164.29

KEY FINANCIAL METRICS	2023A	2024E	2025E
Non-GAAP EPS ($, Dec FY)	$9.19	$9.63	$11.50
P/E	14.3x	13.6x	11.4x
Revenue (mln) ($, Dec FY)	$11,135	$10,857	$10,835

Non-GAAP EPS are adjusted for one-time items and discontinued operations.

Mohawk Industries, headquartered in Calhoun, Georgia, is the second-largest producer of carpets and rugs and the world's largest flooring manufacturer. Mohawk offers a broad line of carpet under the Mohawk, Aladdin, and Karastan brands. Ceramic tile brands include Dal-Tile and Marazzi. Laminate brands include Unilin and Pergo.

A PROFITABLE, CASH FLOW POSITIVE INDUSTRY LEADER AT CYCLICAL TROUGH TRADING AROUND ASSET REPLACEMENT VALUE

Given its relatively high capital intensity and the big-ticket/discretionary aspect of flooring demand, contrasting with an attractive valuation/ under-levered balance sheet, **we view Mohawk as a "high beta business with a low beta balance sheet."** Accordingly, **we see MHK shares as trading at asymmetrically bullish levels given asset replacement value support on the downside and margin expansion opportunities off trough current demand creating upside sizzle** (from lower material costs and incremental productivity savings, let alone any benefits from eventual housing demand and/or trade protectionism tailwinds). As further support, MHK shares' relative performance has long correlated with its *Flooring North America* (*FNA*) segment margins; assuming this historical relationship continues, the stock could have >100% relative upside if our *FNA* margin estimates hold true (our *FNA* margin assumptions are mildly above consensus).

Mohawk set to benefit from lower materials costs and further incremental productivity savings. Capex has been well above "maintenance" levels for years, with most of growth capex targeting productivity-enhancing equipment given limited new capacity adds. This suggests potentially material upside to current RJ/Street productivity estimates for 2025 (~$100M), given that most estimates only include productivity savings from overt prior restructuring actions. Recent declines in resin/feedstock costs are also helpful, though we expect much of these savings will be passed through until/unless demand begins to materialize.

Flooring demand would also benefit from any improvement in U.S. existing home sales/remodeling activity. Flooring is a big-ticket, easily postponable purchase, and demand has been pressured under current mortgage rates (overall organic sales have now declined y/y for 8 straight quarters). Thus, Mohawk would likely see improvement in both volume and mix to the extent interest rates move back toward prior levels and inflationary pressures on consumer spending ease. Competition domestically is largely from imports (particularly in LVT and secondarily in ceramic tile). Thus, **if President-elect Donald Trump ultimately implements additional tariffs, Mohawk could be competitively advantaged.** Further, the ITC and DoC are currently investigating potential anti-dumping/CVD tariffs on ceramic tile imports from India. The final determination in those cases (currently scheduled for April and June 2025) could also serve as a positive catalyst.

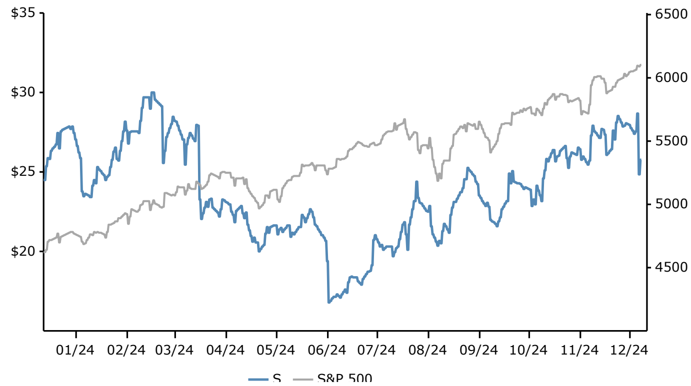
Mohawk's strong balance sheet adds a defensive element to the story. Net debt to TTM EBITDA was <1.5x as of 3Q24, with no significant debt maturities until 2027 and Mohawk's credit rating comfortably investment grade. Near-term M&A opportunities appear limited, suggesting ample capacity for share repurchases.

Valuation: Our $185 price target represents 7.7x our NTM EBITDA one-year hence, slightly below the 10-year median. We peg "appraised asset value" (AAV) at $122 per share (suggesting limited downside from current levels, especially as shares have rarely traded below AAV in its history). The 2025E free cash flow yield is ~9%. For more on our asset replacement analysis, see **our upgrade note from June 10**. For more on FNA margins vs. relative stock performance, see **our 3Q note from October 28**.

SENTINELONE, INC. (S-NYSE)

Adam Tindle, CFA

Rating	Strong Buy 1
Target Price	$30.00
Suitability	A/ACC



MARKET DATA	
Current Price	$24.89
Market Capitalization (mln)	$9,077
Current Net Debt (mln)	($751)
Shares Outstanding (mln, f.d.)	364.7
Dividend / Yield	$0.00/0.0%
52-Week Range	$14.33 - $30.76

KEY FINANCIAL METRICS	2024A	2025E	2026E
Non-GAAP EPS ($, Jan FY)	($0.28)	$0.02	$0.17
P/E	NM	NM	NM
Revenue (mln) ($, Jan FY)	$621	$818	$1,018

Non-GAAP EPS excludes stock comp and amortization charges.

SentinelOne is a leading next-generation endpoint security vendor, that has expanded into solutions for XDR, Cloud, Logging, and Identity. It uses distributed AI models to help automate threat protection and response, from endpoints to cloud workloads. The company takes an open API approach to be aligned with security channel partners and cooperatively solve end user security needs.

KEY GROWTH METRICS ACCELERATING AS PROFITABILITY IMPROVES

Core market expansion is hitting an S-curve inflection with favorable timing. Our checks indicate **customers are increasingly seeking a "best-of-platform" approach to security as opposed to "best of breed"** for each use case. This is relevant as SentinelOne's platform has expanded from core endpoint security (that should benefit from a PC cycle alongside tighter Lenovo agreement showing in F2H26) into various needs including Cloud ($100M+ of ARR), Data ($70M of ARR), and Purple AI that are growing faster than core. These higher growth areas should ultimately provide durability to SentinelOne's growth profile and can be sold independently (i.e., a net new customer acquisition tool), or increasingly as a platform motion that provides attractive LTV longer-term. We expect main competitor CrowdStrike's July 2024 IT outage to continue driving more customer opportunities, helping SentinelOne move upmarket.

Metrics trajectory consistent with outperforming software stocks. Healthy growth (improving net new ARR) and **momentum toward profitability** are key characteristics of **outperforming software stocks** and were fundamental to our initial thesis (see our **Initiation of Coverage report** from May 24, 2023) as we believe the combination of solid growth and ***incremental*** (not absolute) profitability are **key attributes of** software **"winners"** (see our report, **Living in a Golden Age** from October 5, 2020). This is particularly relevant for S as past profitability metrics have been particularly unattractive, but we believe that, **as the company scales nascent modules** and customers are locked into the ecosystem, the higher upfront costs of landing customers (focused on hunting vs. expansion at present) should **turn into durable profit streams, driving margin and free cash flow expansion.** It is **during this phase that software stocks generally tend to outperform the market**, and we see S in a multi-year cycle of durable growth and incremental profitability. We expect FY25 to be the first year of positive free cash flow ($100M swing from FY24), with incremental operating leverage in FY26 creating positive operating profit (from mid-single-digit% loss in FY25E).

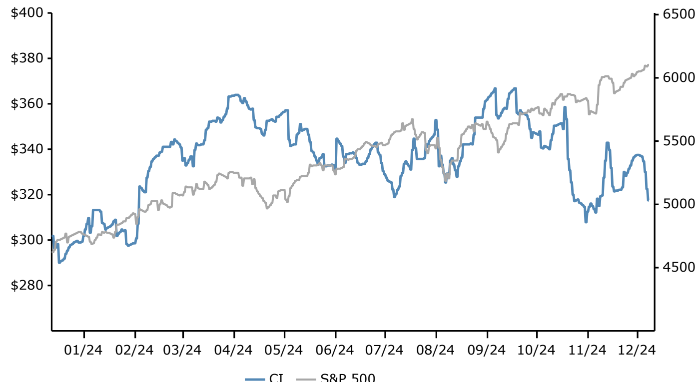
Differentiated technology strategy resonating. SentinelOne's products are built differently from inception with key features like multi-tenancy and open APIs that appeal to managed security service providers (MSSPs). Competitors have largely vertically integrated this functionality and offer their own services alongside products. This is relevant as **the MSSP market is one of the fastest growing channels across IT, and our conversations with private equity firms suggest a continued investment in this business model**. We expect a generational shift toward AI-based security due to a persistent skills gap within security, favoring the trend of customers outsourcing these needs to an MSSP, particularly as SentinelOne continues to build out the capabilities available (e.g., Data, Purple) to their core SMB bases.

Valuation: Our $30 price target is based upon 10x EV/revenue multiple on FY26E sales, a discount to high growth software (low/mid double-digits) considering lower profitability and modest near-term net new growth. See our **note from December 4** for more details.

THE CIGNA GROUP (CI-NYSE)

John W. Ransom

Rating	Strong Buy 1
Target Price	$415.00
Suitability	M/ACC



MARKET DATA

Current Price	$322.61
Market Capitalization (mln)	$90,781
Current Net Debt (mln)	$26914
Shares Outstanding (mln, f.d.)	281.4
Dividend / Yield	$5.60/1.7%
52-Week Range	$253.95 - $370.82

KEY FINANCIAL METRICS	2023A	2024E	2025E
Non-GAAP EPS ($, Dec FY)	$25.09	$28.45	$31.50
P/E	12.9x	11.3x	10.2x
Revenue (bln.) ($, Dec FY)	$195.26	$246.37	$247.99

Non-GAAP EPS excludes investment gains/losses, one-time and discontinued items, and acquisition related amortization expenses.

The Cigna Group is a global health service company with a comprehensive portfolio of businesses. The U.S. Medical operations offer health benefit products and services to businesses, individuals, state-sponsored programs, and senior citizens. Evernorth is a high-performing health services portfolio that brings together and coordinates premier health services offerings to deliver innovative and flexible solutions for health plans. Such products and services include an integrated suite of health services, such as medical, dental, behavioral health, pharmacy, vision, supplemental benefits, and other related products.

SOLID AND RELIABLE GROWTH AT A REASONABLE VALUATION

Cigna (CI) is a leading managed care operator that has a strong market presence in commercial healthcare insurance and the pharmacy benefit manager (PBM) space that provides diversified and stable EPS growth (10-14% long-term) and strong FCF generation (~$10B per year) at a reasonable valuation (~9x 2026E P/E).

Leading managed care operator in commercial insurance and PBM. Cigna is a leading provider of commercial health insurance, with 2.2M risk-based lives and 13.6M administrative services (ASO) lives served. Commercial insurance is relatively higher margin and subject to less regulatory volatility than government payors like Medicare Advantage or Medicaid, and Cigna is set to divest its sub-scale Medicare Advantage business in 1Q25. Additionally, Cigna owns the leading PBM, Express Scripts, which provides predictable and stable earnings growth (5-8% long term) as pharmaceutical biosimilars and the need for enhanced specialty pharmacy services programs drive growth.

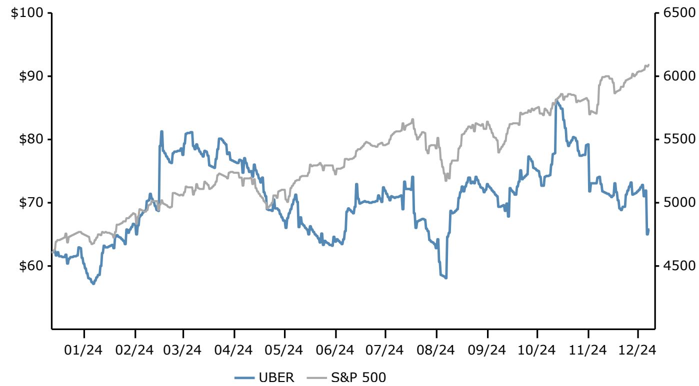
Strong FCF generation and shareholder returns. Cigna generates ~$10B of FCF per year (~10% FCF yield) while delivering significant capital returns to shareholders as the company is set to buy back ~$11B of stock in 2025 and has reduced the share count by 18% since 2021, while also paying a modest dividend (~1.7% dividend yield).

Relative valuation trades at a discount to managed care peers. CI currently trades at ~9x 2026E EPS vs. other managed care peers who have typically traded in the low teens, while driving solid EPS growth of 10-14% long term. Our $415 price target assumes an 11.7x multiple on our 2026 EPS estimate, in line with other managed care peers. We believe that lower leverage, strong cash flows allowing for increased focus on buybacks, and a simplified story support our bullish view.

UBER TECHNOLOGIES, INC. (UBER-NYSE)

Josh Beck

Rating	Strong Buy 1
Target Price	$95.00
Suitability	M/ACC



MARKET DATA	
Current Price	$65.23
Market Capitalization (mln)	$135,689
Current Net Debt (mln)	$3292
Shares Outstanding (mln, f.d.)	2080.2
Dividend / Yield	$0.00/0.0%
52-Week Range	$54.84 - $87.00

KEY FINANCIAL METRICS	2023A	2024E	2025E
Revenue (mln) ($, Dec FY)	$37,281	$43,898	$52,295
GAAP EPS ($, Dec FY)	$0.89	$2.65	$5.57

Uber Technologies, Inc. is a leading provider of transportation and food delivery services around the world. In addition to its core services, Uber is also pursuing opportunities in freight and emerging transportation technologies. Uber is based in San Francisco, California.

AUTONOMOUS VEHICLES NARRATIVE SHIFTS FROM RISK TO OPPORTUNITY

Uber is a scaled marketplace with attractive economics trading a discount to platform internet peers due to perceived autonomous vehicle (AV) risks. Uber has a 160M+ monthly active platform consumers (MAPC) and has driven key metric gross bookings at a ~20% growth rate, and we project mid-teens bookings growth during 2025/2026. We see potential upside tied to rising loyalty adoption (e.g., Uber One program is about 16% of MAPCs, rising to the mid-20s levels over 2025/2026) and sustained new vertical momentum (e.g., about 12% of bookings) including lower-cost options (e.g., Shuttle/Share rides), Uber Direct (e.g., fulfillment partnership with Darden restaurants), and grocery (e.g., Costco and Instacart partnerships).

Attractive margin structure with inherent cross-platform synergies is underappreciated. Uber is run as an asset-light marketplace that can extract synergies across both consumers (e.g., converting Rides to Eats and vice versa) and drivers (e.g., providing more hours of work across both mobility and delivery). EBITDA margins are around 4% on a booking basis with incremental margins of 10%, which should set the stage for about 50 bp of margin expansion in 2025/2026 leading to 25-30% EBITDA growth.

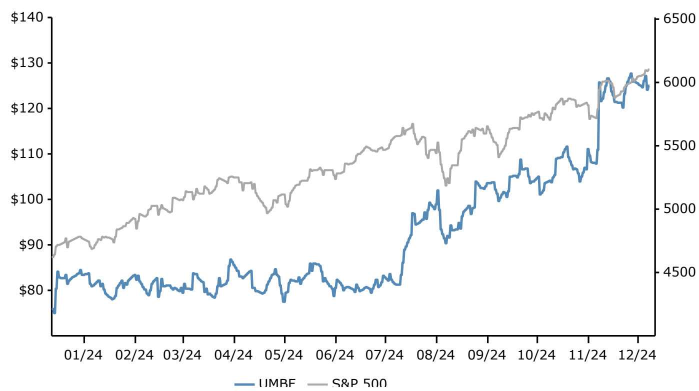
Stock likely driven more by AV headlines; we think the narrative could shift from disruption toward an expanded addressable market. The biggest debate that stands in front of Uber is the race to commercialize AVs as updates from Google-owned Waymo and Tesla's Cybercab are likely the largest factor influencing the multiple throughout 2025. Based on our **Robotaxi deep dive** report from September 23, we believe Waymo has best-in-class autonomous performance and will continue to experiment across various combinations of demand generation (e.g., 1P Waymo One app vs. 3P Uber app) and FleetOps partnerships (e.g., owned & operated, Uber partnership, Moove partnership). We see a degree of tension with Waymo operating a large, fixed-supply fleet and driving high utilization and ROIC and believe Waymo will more widely endorse a software-centric model where consumption economics accrue on a per-mile basis, in which Uber is well positioned to drive substantial scale with attractive capital efficiency. For Tesla Cybercab efforts, we remain impressed by the "We, Robot" vision but also believe a potential change toward a fleet operational model may be afoot, which we think will also favor high utilization economics that Uber is uniquely positioned to drive across 160M+ MAPCs. In short, there is potential for Robotaxis to lower the mobility industry cost structure by $1+ per mile and significantly expand the addressable market, and we believe Uber's leading scale puts it in a prime position to usher in lower-cost AV modalities managed across variable (e.g., human) and fixed (e.g., AVs) supply sources.

Valuation: Our $95 price target is based on 18.9x 2026E EV/EVITDA (or 0.7x EV/EBITDA/G), similar to internet platform peers like DASH, AMZN, and META on an EV/EBITDA/G basis, which is warranted in our view by an improving AV narrative alongside attractive incremental margin economics.

UMB FINANCIAL CORPORATION (UMBF-NASDAQ)

David J. Long, CFA

Rating	Strong Buy 1
Target Price	$150.00
Suitability	MA/ACC



MARKET DATA

Current Price	$124.09
Market Capitalization (mln)	$6,055
Current Net Debt (mln)	($3819)
Shares Outstanding (mln, f.d.)	48.8
Dividend / Yield	$1.60/1.3%
52-Week Range	$75.03 - $129.94

KEY FINANCIAL METRICS	2023A	2024E	2025E
Non-GAAP EPS ($, Dec FY)	$8.00	$9.33	$9.40
P/E	15.5x	13.3x	13.2x
Revenue (mln) ($, Dec FY)	$1,488	$1,628	$2,370

Non-GAAP EPS exclude non-core and one-time items.

UMB Financial Corporation, headquartered in Kansas City, Missouri, is the second largest bank holding company in Missouri. The company has $45 billion in total assets and operates nearly 100 banking centers in eight states including Missouri, Kansas, Colorado, Oklahoma, Illinois, Nebraska, and Arizona. The company was founded in 1913 and provides a variety of banking and financial services products to individuals and institutions.

SUPERIOR GROWTH WITH NIM UPSIDE

HTLF transaction attractive. In April, UMB announced the acquisition of Strong-buy rated Heartland Financial (HTLF). The acquisition strengthens UMB's positioning in certain markets, while also giving the bank exposure to attractive new geographies. Furthermore, the combined bank will benefit from improved diversification as each bank brings a complementary business model to the table. While we are not modeling for revenue synergies, we see significant opportunities over the long term. We model for the acquisition to close in 1Q25 as there does not appear to be any hurdles, outstanding issues, or any other headwinds that would delay the close.

NIM set to expand. UMB is uniquely positioned to drive substantial NIM expansion over the coming year under a variety of interest rate scenarios. We currently expect the NIM to expand 53 bp through the end of 4Q25 compared to 7 bp of NIM compression for the peer average, which will be driven by numerous factors. First, UMB should experience a rapid decline in deposit costs as over 50% of deposits are directly or indirectly indexed to the Fed Funds rate. Second, UMB should continue to see yield expansion on its investment securities portfolio (31% of its earning asset base), which maintains a portfolio yield of less than 3.0%. Third, UMB's strong loan growth profile should drive an improving asset mix; loans carry higher yields than securities. Finally, upon closing the acquisition, HTLF will comprise ~30% of the combined bank's earning asset base, benefiting the combined bank with its core NIM exceeding 3.50%.

Superior growth. UMB has a very long history of industry-leading loan growth, producing 5-, 10-, and 20-year CAGRs of 13.7%, 13.5%, and 11.3%, respectively, compared to the peer average of 8.6%, 10.5%, and 8.1%, respectively. This superior growth has been driven by market share gains, which should continue for the foreseeable future. UMB has a long runway for loan growth as it is underpenetrated both geographically (e.g., Kansas City) and vertically. Outside of Kansas City, UMB has less than 1% market share in roughly seven of its markets that are larger than Kansas City. Going forward, we conservatively model organic loan growth of 8.0% in 2025 and 7.7% in 2026.

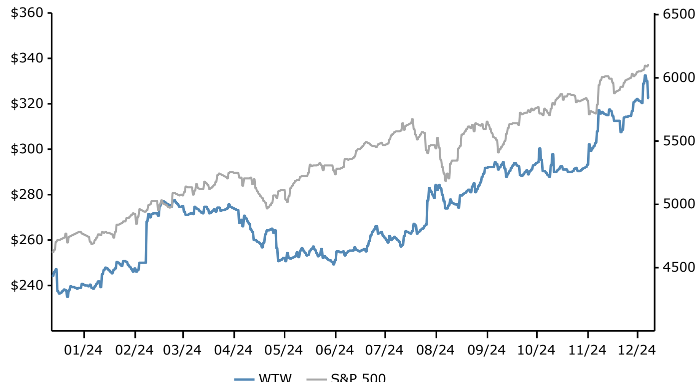
Relatively clean credit quality. UMB has a long history of superior underwriting standards. Since the turn of the century, UMB's average net charge-off ratio has been 29 bp per year, well below the peer average ratio of 38 bp over the same period. During periods of economic turbulence, UMB's credit losses remain well controlled with the NCO ratio peaking at just 51 bp during the Global Financial Crisis (GFC), compared to the peer average peak of 1.52%. We believe UMB's success stems from its highly experienced management team as the average tenure of the loan committee is 24 years, with the top three people (CEO, CCO, president) having over 30 years of experience working together. In the event of a significant economic downturn, we believe UMB's diligent underwriting will allow the bank to outperform from a credit perspective.

Compelling valuation. UMBF shares trade at 13.2x our 2025E EPS versus its peer average of 13.6x and median of 12.7x. Our 12-month price target of $150 assumes the shares maintain their current multiple on 2026E EPS; we believe a premium valuation is deserved given the bank's attractive business mix, diligent underwriting, superior growth profile, and EPS upside potential from its deal for HTLF.

WILLIS TOWERS WATSON PUBLIC LIMITED COMPANY (WTW-NASDAQ)

C. Gregory Peters

Rating	Strong Buy 1
Target Price	$400.00
Suitability	MA/ACC



MARKET DATA	
Current Price	$330.00
Market Capitalization (mln)	$33,825
Current Net Debt (mln)	$4613
Shares Outstanding (mln, f.d.)	102.5
Dividend / Yield	$3.52/1.1%
52-Week Range	$234.01 - $334.99

KEY FINANCIAL METRICS	2023A	2024E	2025E
Non-GAAP EPS ($, Dec FY)	$14.57	$16.60	$17.55
P/E	22.6x	19.9x	18.8x
Revenue (mln) ($, Dec FY)	$9,483	$9,966	$9,661

Non-GAAP EPS excludes merger transaction & integration expenses, stock-based compensation from restricted shares issued in the merger, amortization of intangible assets, and other one-time/unusual items.

WTW is a global professional services firm that specializes in providing advisory, brokering, consulting, and other professional services to manage risk, benefits, talent, and capital to clients across 140 countries and markets. The company's clients include many of the world's leading corporations.

SUCCESSFUL TURNAROUND POSITIONS WTW FOR IMPROVING GROWTH, MARGINS, AND FCF

We believe Willis Towers Watson PLC (WTW) is among the best-positioned companies in our coverage universe to outperform the S&P 500 in 2025, due in part to the successful implementation of the “Grow, Simplify, and Transform” strategy over the last three years. This led to accelerating organic revenue growth, the realization of $450M in cost savings, and adjusted operating margin expansion of 310-360 bp from 2021 to 2024.

Management recently introduced a refreshed strategy for the next three years focused on accelerating performance, enhancing efficiency, and furthering portfolio optimization. Management expects mid-single-digit organic growth and margin expansion in the Health, Wealth & Career (HWC) segment in 2025 and mid-to-high single-digit organic growth and 100 bp of margin expansion in the Risk & Broking (R&B) segment over each of the next three years. **As a result, we now believe WTW could produce organic results in line with, if not better than, peers and potentially better rates of margin improvement compared with the peer average in 2025.**

Valuation: We have established a target price of $400, which assumes the stock trades at ~22x 2026E EPS compared with peer group median of ~25x 2026E EPS. The stock is currently trading at ~18x 2026E EPS. We believe the valuation gap between WTW and peers is due to lower historical margins and rates of FCF conversion. We estimate FCF conversion of 15.4% in 2025 and 18.0% in 2026 compared with 14.0% in 2024 and 12.6% in 2023. We believe the valuation gap between WTW and peers should diminish as operating results improve.

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Total Number of Companies	978	100%	229	100%	138		42	

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