DECEMBER 12, 2022 | 4:16 PM EST

ANALYSTS' BEST PICKS® FOR 2023

APA Corporation (APA-NASDAQ)
Boston Scientific Corporation (BSX-NYSE)
Clean Harbors, Inc. (CLH-NYSE)
Copa Holdings, S.A. (CPA-NYSE)
CubeSmart (CUBE-NYSE)
Dave & Buster's Entertainment, Inc. (PLAY-NASDAQ)
Encompass Health Corporation (EHC-NYSE)
Equinix, Inc. (EQIX-NASDAQ)
Fidelity National Information Services, Inc. (FIS-NYSE)
First Republic Bank (FRC-NYSE)
Intercontinental Exchange, Inc. (ICE-NYSE)
Juniper Networks, Inc. (JNPR-NYSE)
Mobileye Global Inc. (MBLY-NASDAQ)
Planet Fitness, Inc. (PLNT-NYSE)
TD SYNNEX (SNX-NYSE)
Target Corporation (TGT-NYSE)
The Allstate Corporation (ALL-NYSE)
WESCO International, Inc. (WCC-NYSE)
Weyerhaeuser Company (WY-NYSE)

Analysts' Best Picks® for 2023

Dear Investors,

We are pleased to present Raymond James' 28th annual *Analysts' Best Picks* list – ABP23. 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 S&P 500 in 19 years, and the Russell 2000 in 20 years, of its 27 years of existence. In 2022, the list declined by ~11%, but this was well ahead of the S&P 500 and Russell 2000 declines of 14.9% and 19.8%, respectively. On a positive note, 13 out of the 20 selections in 2022 outperformed the market, and seven picks outperformed the market by at least 10%.

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 pick for the subsequent 12-month period, subject to rating and liquidity criteria. In some cases, analysts recommend more than one stock. 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.

A brief discussion of each of the 19 selections comprising the ABP23 list is presented on pages 7-25 of this publication. As always, all of the ABP23 selections currently carry a Strong Buy rating. These selections will remain on the list until December 31, 2023, 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 2023 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 from an industry perspective. From a market cap perspective, the median market cap for ABP23 is ~$10.5B, reflecting our focus to add differentiated insights primarily to small/mid-cap (vs. large cap) stocks. Finally, we discuss why the 2023 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, 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 [b]	-11.0	-19.8	8.8	-14.9
5 Yr. Avg. [c]	9.0	6.4	2.6	12.4
10 Yr. Avg. [d]	13.4	11.3	2.1	14.7
27 Yr. Avg. [e]	24.2	12.0	12.2	12.0

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 2022, Russell 2000, and S&P 500 performance reflect total return through the close of 12/09/2022.

c. Simple average of returns for 2018 through 2022.

d. Simple average of returns for 2013 through 2022.

e. Inception (1996) simple average of returns through the close of 12/09/2022.

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 350 stocks have been recommended through the *Analysts' Best Picks* list. Of this total, 222 advanced (63%) and 128 declined (37%) 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

2023 Outlook

In 2022, equity markets struggled as stubbornly high inflation drove the Fed to raise interest rates six times, including four 75-bp hikes between June and November. All in, rates climbed by 375 bp, causing major equity indexes to decline by 15-30%, as investors became more concerned that the Fed is doing too much and a soft landing is less likely. The recent drop in the 10-year Treasury yield from 4.3% to 3.5% suggests that the market is now shifting its focus from high inflation to probable recession. To be fair, consumer demand has remained resilient (+8-9% nominal consumer spending growth most of the year) and corporate profits have held up quite well, with EPS for the S&P 500 in 2022 likely coming in around ~$218, only down slightly from where consensus EPS stood at the beginning of the year ($222) despite the twin disruptions of the Russian war with Ukraine and material lockdowns in China. Both the war and China's lockdowns likely increased the level of "peak" inflation and delayed it into the summer. This has made the pace of inflation moderation frustratingly slow, as we have only improved from a peak of ~9% in June to ~7-8% at year-end.

Our view for 2023 is that it will likely also be a volatile year for equities, but for the exact opposite reasons as 2022. We do expect inflation to moderate substantially through 2023. Consumer demand should weaken as savings rates, which are historically low currently, revert closer to normalized levels. Savings should naturally rise as consumers pull back on above-normal spending levels following the pandemic. We also expect the labor market to soften as the economy weakens and labor participation gradually increases. At the same time, supply chains appear to be improving, and we suspect this should continue through 2023 and 2024, creating increases in aggregate supply at the same time we are seeing aggregate demand slow, perhaps meaningfully. This combination of slowing demand and rising supply should allow long-term rates to decline from current levels and equity P/E ratios to move modestly higher.

The key to a sustained equity recovery is a reset in earnings expectations, which has been slow to occur relative to previous economic slowdowns. We suspect S&P 500 consensus EPS expectations for 2023, which have already declined from ~$250 in June to ~$230 today, will need to come down further. Economists argue whether this will be a soft landing, slight recession, or meaningful recession, but the outcome in any case is likely an economic slowdown with a negative impact on corporate profitability. We expect the "soft-ish" economic conditions to likely persist into 2024 due to the lagged impact of higher interest rates, which will likely cap some of the benefit from higher P/Es in 2023.

Luckily, even though the overall equity market is likely to exhibit continued volatility until monetary conditions are normalized and corporate earnings expectations bottom, we believe there are areas of the market that remain undervalued, and 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 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 2023 *Analysts' Best Picks* list, our research team is attempting to find such stocks, which for various idiosyncratic or sometimes even 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 2023.

Tavis McCourt, Institutional Equity Strategist

EQUITY-LINKED NOTES

Earlier this month, 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. We plan to issue a second equity-linked note in January; 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*.

The table below shows the performance of the notes issued on last year's Analysts' Best Picks through December 09, 2022, 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 time 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 2022 Analysts' Best Picks notes will be determined by what happens through the final valuation periods ending December 15, 2022 for the note issued in December 2021 and February 2, 2023 for the note issued in February 2022. When comparing returns, it is important to consider equivalent periods of investment.

	Initial Price	Price as of 12/9/2022	% Return (w/Fees)	% Return (w/o Fees)
2022 ABP Note Maturing 12/19/2022 - Commission**	**100**	**85.87**	**-14.1%**	**-12.2%**
2022 ABP Note Maturing 12/19/2022 - Fee Based**	**100**	**86.90**	**-13.1%**	**-12.2%**
S&P 500 Total Return (12/14/21 - 12/9/2022)				-13.7%
Russell 2000 Total Return (12/14/21 - 12/9/22)				-15.7%
2022 ABP Note Maturing 2/6/2023 - Commission**	**100**	**85.92**	**-14.1%**	**-12.2%**
2022 ABP Note Maturing 2/6/2023 - Fee Based**	**100**	**87.03**	**-13.0%**	**-12.2%**
S&P 500 Total Return (2/2/22 - 12/9/2022)				-13.0%
Russell 2000 Total Return (2/2/22 - 12/9/2022)				-10.4%

Equity Investment Products

Equity Capital Markets

Ext. 71857

*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 2022 ABP Notes in this report are the prices shown on client statements as of 12/9/2022. 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 2023 STATISTICAL OVERVIEW

COMPANY NAME	Sym.	RJ&A Rank	SR	12/9/2022 CLOSE	12-Mo. Trail. Price Range High	Low	Proj. 12-Mo. Price Target	CURRENT YEAR P/E	2021A	2022E	2023E	Div. Yld.	BV/ Shr.	FY	Mkt. Cap. (Mil)
S&P 500	**SPX**	**NA**	**NA**	**3934.38**	**4818.62**	**3491.58**	**NA**	**19.6**	**208.21**	**200.65**	**228.02**	**1.7%**	**NA**	**DEC**	**NA**
APA Corporation (ng)	APA	1	MA/ACC	41.86	51.95	22.94	68.00	5.2	3.88	8.12	5.27	2.4%	NM	Dec	15,817
Boston Scientific Corporation (ng)	BSX	1	M/ACC	46.23	47.49	34.98	54.00	26.7	1.63	1.73	1.88	0.0%	10.64	Dec	66,571
Clean Harbors, Inc. (ng)	CLH	1	MA/ACC	116.16	125.41	81.56	145.00	16.4	3.64	7.10	6.70	0.0%	27.70	Dec	6,349
Copa Holdings, S.A. (ng)	CPA	1	MA/INC	81.73	97.63	55.25	125.00	10.2	0.00	8.05	12.35	0.0%	35.25	Dec	3,236
CubeSmart (af)	CUBE	1	MA/INC	42.96	57.34	36.82	58.00	18.4	2.01	2.34	2.50	4.6%	NM	Dec	9,705
Dave & Buster's Entertainment, Inc. (f,ng)	PLAY	1	MA/ACC	34.69	52.54	29.60	55.00	12.5	2.21	2.77	3.33	0.0%	NM	Jan	1,691
Encompass Health Corporation (ng)	EHC	1	MA/ACC	56.16	59.33	42.16	72.00	19.9	3.18	2.82	3.49	1.1%	12.11	Dec	5,644
Equinix, Inc. (af)	EQIX	1	MA/ACC	675.80	853.42	494.89	800.00	23.1	27.15	29.28	32.02	1.8%	NM	Dec	62,265
Fidelity National Information Services (ar)	FIS	1	M/ACC	70.27	122.06	56.53	83.00	10.6	6.56	6.65	6.92	2.7%	NM	Dec	42,654
First Republic Bank (ng)	FRC	1	M/ACC	116.98	212.32	106.86	142.00	14.3	7.68	8.19	7.10	0.9%	73.74	Dec	21,393
Intercontinental Exchange, Inc. (ng)	ICE	1	M/ACC	103.33	138.46	88.60	130.00	19.5	5.15	5.29	5.65	1.5%	29.22	Dec	57,865
Juniper Networks, Inc. (ng)	JNPR	1	MA/INC	32.38	38.14	25.18	38.00	16.4	1.74	1.97	2.36	2.6%	NM	Dec	10,650
Mobileye Global Inc. (re)	MBLY	1	M/ACC	33.70	34.38	24.85	50.00	NM	1386.0	1838.1	2196.8	0.0%	NM	Dec	25,275
Planet Fitness, Inc. (ng)	PLNT	1	MA/ACC	74.93	97.33	54.15	92.00	48.3	0.82	1.55	2.10	0.0%	-7.60	Dec	6,711
TD SYNNEX (ng)	SNX	1	MA/ACC	97.87	119.30	78.86	140.00	8.6	9.40	11.40	12.20	1.2%	NM	Nov	9,415
Target Corporation (f,ng)	TGT	1	M/ACC	152.28	254.87	137.16	185.00	28.2	13.56	5.40	8.70	2.8%	NM	Jan	70,094
The Allstate Corporation (ng)	ALL	1	M/ACC	128.55	144.46	106.42	155.00	NM	13.38	1.00	4.75	2.6%	58.35	Dec	38,934
WESCO International, Inc. (ng)	WCC	1	MA/ACC	121.29	147.05	99.00	190.00	7.5	9.98	16.13	16.60	0.0%	72.25	Dec	6,340
Weyerhaeuser Company (g)	WY	1	MA/INC	31.48	43.04	27.36	38.00	11.4	3.47	2.77	1.30	2.3%	NM	Dec	23,326

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

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

ar -- EPS is Adjusted EPS.

f -- Fiscal years ending before May are treated as previous year.

g -- EPS is GAAP EPS.

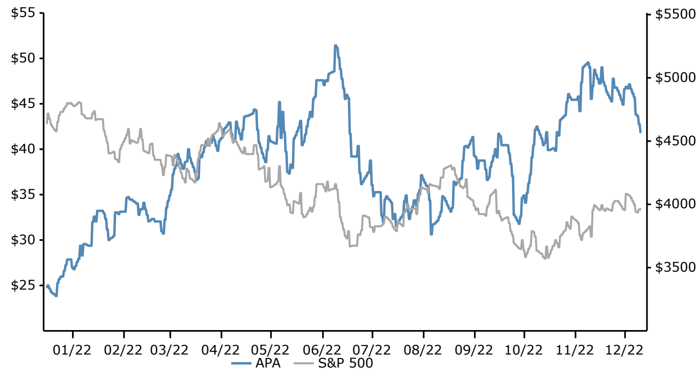
ng -- EPS is Non-GAAP EPS.

re -- EPS is Revenue.

APA CORPORATION (APA-NASDAQ)

John Freeman, CFA

Rating	Strong Buy 1
Target Price	$68.00
Suitability	MA/ACC



MARKET DATA	
Current Price	$41.86
Market Capitalization (mln)	$15,817
Current Net Debt (mln)	$5261
Shares Outstanding (mln, f.d.)	377.9
Dividend / Yield	$1.00/2.4%
52-Week Range	$22.94 - $51.95

KEY FINANCIAL METRICS	2021A	2022E	2023E
Non-GAAP EPS ($, Dec FY)	$3.88	$8.12	$5.27
P/E	10.8x	5.2x	7.9x
Revenue (mln) ($, Dec FY)	$6,658	$9,582	$8,356

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

APA Corporation is an independent oil and natural gas exploration and production company headquartered in Houston, Texas. APA focuses on the acquisition, exploration, and development of crude oil and liquids-rich natural gas resources globally. The company has onshore operations in the United States and Egypt, offshore operations in the North Sea (U.K.), and additional exploration interests in offshore Suriname.

NEAR-TERM CATALYSTS AND ATTRACTIVE SHAREHOLDER RETURN STRUCTURE

We believe APA has the best risk-reward profile in our E&P coverage universe with a solid combination of near-term catalysts, diversified portfolio, strong balance sheet, and attractive shareholder return structure.

Cash-flow generation, shareholder returns top APA's priority list. APA's core focus remains maintaining a healthy balance sheet, generating material FCF, and distributing the majority of this cash (minimum 60%) to shareholders, mainly in the form of share buybacks. With an RJ-estimated 2023 capex budget of ~$2.1B, APA stands to generate over $2.3B of 2023 FCF, with at least $1.4B going back to shareholders, via share repurchases and APA's base dividend ($0.25/sh, paid quarterly). Additionally, we expect APA to exit 2022 with a sustainable leverage figure of ~0.7x.

Top-tier shareholder return structure. APA introduced a robust shareholder return program beginning in 4Q21. The company committed to returning at least 60% of yearly FCF to investors by means of share repurchases and base dividend. Since 4Q21, APA has returned ~63% of FCF to investors, and recently increased the annual base dividend from $0.50/sh to $1.00/sh, equating to a ~2% yield (above the S&P 500 average). Over the past 12 months, APA has repurchased ~15% of shares outstanding. APA chose this combination strategy of dividend + buybacks as it provides the company with the most flexibility to take advantage of market dislocations.

Several near-term catalysts. In 2019, APA announced a long-term gas supply contract (~140 MMBtu/d) with Cheniere's Corpus Christi stage III, commencing 8/1/23. Per the terms of the agreement, APA's supplied gas will be benchmarked to JKM/TTF (fluctuating ratio set at beginning of each fiscal year; one contract cannot exceed 80% of realizations), net of fixed liquefaction fees, helping boost APA's bottom line. In 2H23, we anticipate ~$630M of incremental revenue derived from this contract (at current commodity strip). Secondly, APA expects results of the company's Sapakara South-2 appraisal well in the near term, a result which could have a positive effect on Suriname's FID timing.

What about commodity prices? Despite its strengths, APA's performance is inevitably influenced by oil prices. That being said, its low break-even point (sub-$34/bbl) and minimal leverage affords the company a stronger position in lower price environments compared to others. Also, despite some recent volatility in prices, we maintain a bullish outlook.

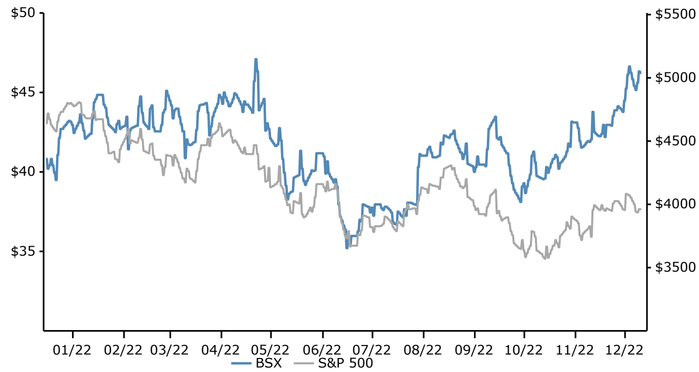
APA remains undervalued, even in an overwhelmingly undervalued industry. The E&P sector has easily the lowest EBITDA multiple in the broader market (E&P ~5x vs. Russell 3000 ~11x) despite the strongest free cash flow profile (13% FCF yield vs. ~5% overall market). APA's current valuation of ~3.3x 2023E EV/EBITDA is materially below the E&P peer group despite a stronger free cash flow profile and top tier assets. Specifically, APA's 2023 FCF yield is 15% vs. peer group at 12%.

Valuation: Our $68 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. See our **note from November 30, 2022** for more details.

BOSTON SCIENTIFIC CORPORATION (BSX-NYSE)

Jayson Bedford

Rating	Strong Buy 1
Target Price	$54.00
Suitability	M/ACC



MARKET DATA

Current Price	$46.23
Market Capitalization (mln)	$66,571
Current Net Debt (mln)	$7767
Shares Outstanding (mln, f.d.)	1440.0
Dividend / Yield	$0.00/0.0%
52-Week Range	$34.98 - $47.49

KEY FINANCIAL METRICS	2021A	2022E	2023E
Non-GAAP EPS ($, Dec FY)	$1.63	$1.73	$1.88
P/E	28.4x	26.8x	24.6x
Revenue (mln) ($, Dec FY)	$11,888	$12,661	$13,340

Non-GAAP EPS excludes stock-based compensation and non-recurring items.

Boston Scientific is a leader in the development of medical devices that are used in a broad range of interventional medical specialties, with a focus on innovative and minimally invasive therapies. The company operates in two core businesses that are organized into five global reporting segments: The Cardiovascular segment (~60% of sales) includes Interventional Cardiology (IC) and Peripheral Interventions (PI). MedSurg (~40% of sales) consists of Endoscopy, Urology/Pelvic Health, and Neuromodulation. The company is headquartered in Marlborough, MA and generates ~60% of sales in the U.S., ~11% in emerging markets, and 33% in other international markets.

PLAYING OFFENSE IN A DEFENSIVE SECTOR, AS THE MACRO NORMALIZES

A bruised, but not broken sector. Med Tech has underperformed (both the S&P and Healthcare) in 2022 as the macro environment weighed heavily on performance. First, it was the lingering demand disruption caused by CV-omicron. Then, it was the supply chain challenges, and inflationary headwinds that pressured margins. Finally, the stronger U.S. dollar has weighed on both reported revenue and EPS growth. Despite these factors, Boston Scientific (BSX) has stood out as one of the best, and most consistent, growers in the sector. We expect this dynamic to continue in 2023.

BSX is capturing share in a market that is recovering. We expect BSX to grow revenue ~9% y/y organically in 2022 vs. large cap Med Tech peers at ~6%. A similar level of share capture was evident in 2021, albeit off of a relatively easier y/y comp. Our message here is that BSX's strategic focus on its four key end markets (cardiology/peripheral vascular, endoscopy, urology/pelvic health, neuromodulation) is generating sustainable momentum. We have modeled a modest slowdown in 2023 revenue growth (7% organic, RJe vs. Med Tech peers at 5-6%), but given the potential level of procedural recovery, we believe our revenue assumption may prove conservative.

New product cadence bridges growth, and should sustain investor interest. BSX spends more on R&D (~10% of sales) than nearly all of its peers. This dynamic gives BSX a steady cadence of new product flow that helps pull through revenue from the rest of the portfolio. BSX also has two key development efforts in large end-markets where they are relatively under-indexed. BSX is the #4 player in the $7B+ EP (electrophysiology) market, but it has new technology, called pulsed-field ablation (PFA), that is approved in Europe and could be approved in the U.S. in 2024. BSX is also the #3 player in the $5B+ TAVR (transcatheter aortic valve replacement) market, but is not yet playing in the U.S. market. This opportunity could come in late 2045/2025. We believe these two large market opportunities offer visibility into sustained growth, and should bridge investor enthusiasm.

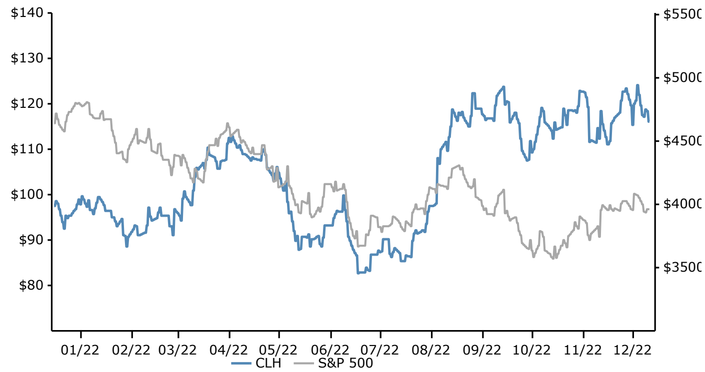
Adapting well in a difficult environment – positioned for balanced growth. Supply chain and inflationary pressures weighed on Med Tech earnings in 2022, but BSX has adapted well and will grow earnings faster than peers in 2022, as they did in 2021. While the cost pressures are real for BSX, a faster top-line and various self-help measures have helped drive this outperformance. We believe this dynamic can continue into 2023, and believe EPS growth can further accelerate in 2024, as cost pressures ease.

Valuation: Our $54 price target is based on a 25x multiple applied to our 2024 adj. EPS estimate. The five-year average is just over 23x, but we believe the accelerating growth profile will stand out in a broader market where growth will likely be more challenged, which supports the higher multiple.

CLEAN HARBORS, INC. (CLH-NYSE)

Patrick Tyler Brown, CFA

Rating	Strong Buy 1
Target Price	$145.00
Suitability	MA/ACC



MARKET DATA	
Current Price	$116.16
Market Capitalization (mln)	$6,349
Current Net Debt (mln)	$2011
Shares Outstanding (mln, f.d.)	54.7
Dividend / Yield	$0.00/0.0%
52-Week Range	$81.56 - $125.41

KEY FINANCIAL METRICS	2021A	2022E	2023E
Non-GAAP EPS ($, Dec FY)	$3.64	$7.10	$6.70
P/E	31.9x	16.4x	17.3x
EBITDA (mln) ($, Dec FY)	$677	$1,000	$1,005

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 RESILIENCY BACKSTOPPED BY DEEP-MOAT ASSETS

We continue to see multiple catalysts on the horizon that should continue to drive possible positive earnings & re-rating opportunities into 2023 and beyond, including: 1) record waste backlog (set to smooth out any potential economic softness); 2) synergy realization from CLH's recent Hydrochem acquisition; 3) the possibility of "stronger-for-longer" base oil & spread dynamics than we and the Street are modeling (we are modeling a narrowing in spreads in 2023); and 4) an improved balance sheet providing powder for potential incremental M&A, which is not contemplated in our model.

Through the acquisition of 60 companies and operating for over 42 years, CLH now offers the most extensive array of industrial waste management solutions through its 55 separate & distinct lines of business via ~700 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 a wide breadth, management noted that the average chemical customer utilizes some 18 different services that CLH offers. In our view, this scale and breadth offers competitive advantages over lesser offerings and partners CLH with its customers (sticky, long-term relationships). While it's clear that CLH does many things, we continue to believe that its "crown jewels" lie in its hazardous waste disposal assets, including its 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, given a lack of hazardous waste incineration and landfill capacity additions across the U.S. (no new commercial greenfield hazardous waste disposal additions in the past 20 years), combined with continued captive incinerator shutterings, we surmise volume and pricing opportunities remain.

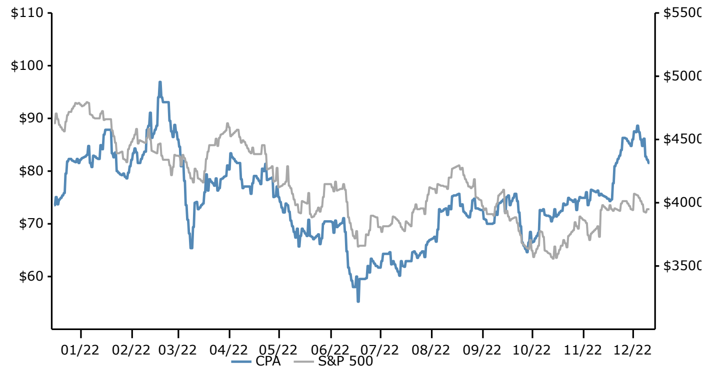
While near-term concerns over the macro clearly swirl, management recently noted that they are poised for "profitable growth" in 2023, implying positive EBITDA growth in 2023. While the magnitude of this *growth* will be fleshed out on the 4Q22 conference call, we surmise a number of drivers could cushion any weakness in the broader macro or narrowing of base oil spreads. To this point, on the Environmental Services (ES) side, record backlogged waste should help smooth out any "bumps" in the economy, pricing resiliency remains given supply/demand dynamics, and CLH is still in the early innings of reaping benefits from the Hydrochem acquisition. On the Safety-Kleen Sustainability Solutions (SKSS) side, we surmise 2022 results were actually held back by additive & hydrogen sourcing issues (less blended products), transportation bottleneck/costs, and layering in the new Georgia VGO plant. An improvement in all of these could provide upside in 2023, or help buffer any spread narrowing at a minimum.

Our $145 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, derive our ~10x EBITDA multiple on our 2023 estimates. Simply, we continue to believe the market systemically underappreciates CLH's key disposal assets and ascribes very little value to its SKSS assets, both overly Draconian, in our view. See our **note from November 3, 2022** for more details.

COPA HOLDINGS, S.A. (CPA-NYSE)

Savanthi Syth, CFA

Rating	Strong Buy 1
Target Price	$125.00
Suitability	MA/INC



MARKET DATA

Current Price	$81.73
Market Capitalization (mln)	$3,236
Current Net Debt (mln)	$766
Shares Outstanding (mln, f.d.)	39.6
Dividend / Yield	$0.00/0.0%
52-Week Range	$55.25 - $97.63

KEY FINANCIAL METRICS	2021A	2022E	2023E
Non-GAAP EPS ($, Dec FY)	$0.00	$8.05	$12.35
P/E	NM	10.2x	6.6x
Revenue (mln) ($, Dec FY)	$1,489	$2,966	$3,413

Non-GAAP EPS excludes non-current fuel and FX hedge gains/losses.

Copa Holdings, S.A. is a Panamanian holding company consisting of Copa Airlines and Copa Colombia (Wingo), which was established in 1947. Through its advantageous and centrally located hub in Panama, Tocumen International Airport, Copa serves the intra-LatAm market, primarily connecting cities in South America to cities in Central America, North America, and the Caribbean, providing service to 80 destinations across 33 countries. It operates a fleet of 91 Boeing 737 aircraft.

EXECUTING TO REACH NEW HEIGHTS

Copa is among the most well-managed airlines globally, in our view, with lower non-fuel unit cost and improved competitive environment vs. pre-crisis, as well as a robust balance sheet combined with an advantaged hub continuing to serve as a formidable defensive moat. Relative to global airline peers, Copa is one of the first airlines to start returning cash to shareholders, currently through buybacks (with ~$100M remaining of the $200M authorized in 2022), and we expect a more meaningful dividend in 2023 (~4% dividend yield based on our forecast and the pre-pandemic dividend policy of 40% of prior-year adjusted income).

Copa's centrally located, defensible, and advantageous hub in Panama (PTY) makes it well-suited to serve the intra-LatAm market enabling Copa to connect over 2,000 city pairs, with >80% of those markets serving <20 passengers per day each way, making them unfit for point-to-point competition. Key hub-and-spoke competitors in the region, Avianca, LATAM, and Aeromexico, have undergone restructurings with Avianca and LATAM reducing both overlapping markets and frequencies in general. Further, Avianca plans to convert from a full service airline to that more akin to an LCC, granting Copa a more superior customer product proposition. While ULCCs are growing above 2019 capacity levels, we note Copa has only 14% seat exposure to point-to-point routes, with its Wingo subsidiary serving as a strong defense mechanism in addition to Copa's scale derived from its PTY hub.

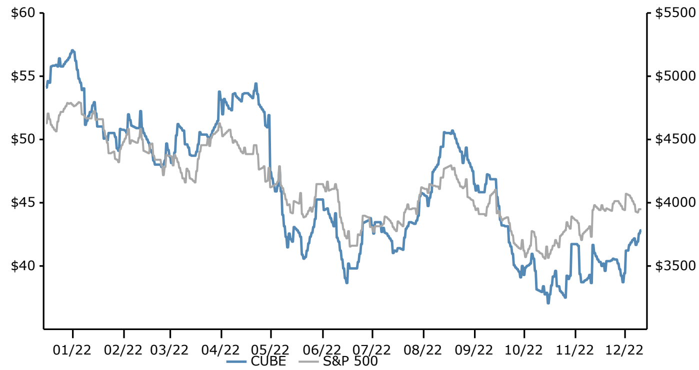
We view Copa's 2023 growth targets as both achievable, due to more favorable labor supply dynamics in the Latin America region relative to other regions, and constructive, due to further cost tailwinds from incremental growth and our view of continued benign competitive capacity in Copa's markets. Roughly half of the planned growth is due to annualizing capacity/markets added back in 2022 with the remainder mostly due to higher gauge (seats/aircraft) and increased frequencies in existing markets, which largely de-risks its planned 15% y/y capacity (ASM) growth target. Of note, Copa does have a currency mismatch with ~80% of its costs denominated in U.S. dollars compared to ~65% revenue (the Colombian peso and Brazilian real accounted for ~14% and 8% of revenue in 2021, respectively).

Valuation: Our $125 target price is based on a mix of ~10x our 2024E EPS discounted back 10% (75% weighting) and ~10x our 2023E EPS (25% weighting), which equates to 5.9x 2024E EV/EBITDA discounted back 10%. The multiple is below the pre-crisis five-year historical forward P/E and EV/EBITDA(R) average of 12.2x and 8.1x due to the level of economic uncertainty. Please see our **note from November 18, 2022** for more details.

CUBESMART (CUBE-NYSE)

Jonathan Hughes, CFA

Rating	Strong Buy 1
Target Price	$58.00
Suitability	MA/INC



MARKET DATA

Current Price	$42.96
Market Capitalization (mln)	$9,705
Current Net Debt (mln)	$3079
Shares Outstanding (mln, f.d.)	225.9
Dividend / Yield	$1.96/4.6%
52-Week Range	$36.82 - $57.34

KEY FINANCIAL METRICS	2021A	2022E	2023E
AFFO/Share ($, Dec FY)	$2.01	$2.34	$2.50
Revenue (mln) ($, Dec FY)	$823	$999	$1,069

CubeSmart, headquartered in Malvern, Pennsylvania, is a self-administered and self-managed real estate investment trust focused on the ownership, operation, and acquisition of self-storage facilities. According to the 2020 Self-Storage Almanac, CubeSmart is the third largest owner and operator of self-storage facilities in the United States.

THE "SMART" CHOICE IN SELF STORAGE

Strong Fundamentals + Declining New Supply = Attractive Outlook for Self Storage

Fundamentals within self storage remain strong, but continue to slow in line with expectations. While mid-to-high single-digit revenue and NOI growth next year is something other real estate sectors envy, the self storage bears believe the impending slowdown from 2022's record mid-teen growth will negatively impact the stocks, similar to what happened in 2016 as new supply was increasing. Unlike six years ago, though, the new supply impact is decreasing, or at least in a holding pattern of low-growth (3% or less), occupancy remains near record-high levels (>92%), customer behaviors are gradually — not drastically — returning to normal, and valuations are below the REIT average vs. significant premiums in 2016. We believe the declining new supply impact that has likely declined further given the shift in macroeconomic and capital market conditions the past eight months creates a scenario where fundamentals can surpass expectations for the next several years.

Easier Comps + Attractive Valuation + More Impactful External Growth = CUBE Our Preferred Self Storage REIT

We are constructive on CubeSmart due to 1) easier comps in 2023 driving the potential for better relative performance vs. peers, 2) its attractive valuation (absolute and relative), and 3) smaller size that makes any external growth more impactful.

Self Storage, Recessions, and Downside Risk

Self storage is a needs-based, recession-resilient asset class, as life events that drive the need for self storage occur in both expansionary and recessionary economic environments – and pandemics. The diversification offered by CubeSmart's and peers' portfolios across cities, states, and tenants reduces volatility and risk. High operating margins and low capex requirements result in high FAD. CubeSmart's debt maturities are well-staggered, 97% of debt is fixed rate, and a strong liquidity profile leaves us with little concern regarding dividend safety. Sophisticated revenue management systems and third-party management platforms make the self storage industry different today vs. prior economic shocks, but looking at trends and valuations from 2008-2009 and 2001, fundamentals hold up well for a few quarters and then bottom roughly a year later (see our **April 2020 self storage report** for more for details on historical trends).

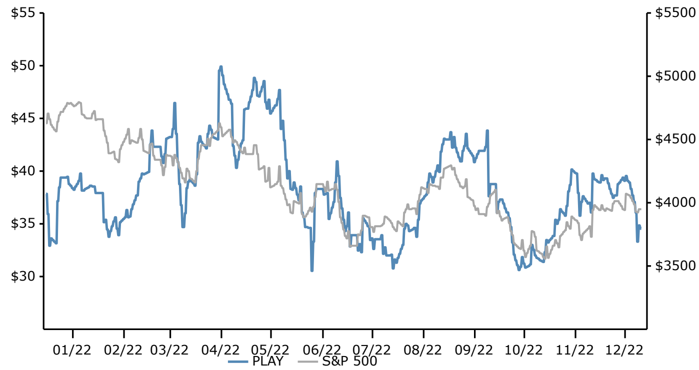
Valuation

CUBE trades at 17.2x our 2023 AFFO/share estimate and 24% below our NAV estimate. Peers trade at 18.3x 2023 AFFO/share estimates and 20% below our NAV estimate. CUBE yields 4.6% vs. peers at 3.3% and the REIT average at 3.8%. Our $58 target price is based on CUBE trading at 22.1x our 2024 AFFO/share estimate and 3% above our NAV estimate.

DAVE & BUSTER'S ENTERTAINMENT, INC. (PLAY-NASDAQ)

Brian M. Vaccaro, CFA

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



MARKET DATA

Current Price	$34.69
Market Capitalization (mln)	$1,691
Current Net Debt (mln)	$1128
Shares Outstanding (mln, f.d.)	48.7
Dividend / Yield	$0.00/0.0%
52-Week Range	$29.60 - $52.54

KEY FINANCIAL METRICS	2021A	2022E	2023E
Non-GAAP EPS ($, Jan FY)	$2.21	$2.77	$3.33
P/E	15.7x	12.5x	10.4x
Revenue (mln) ($, Jan FY)	$1,304	$1,948	$2,356

Non-GAAP EPS excludes one-time costs/gains and reflects reported effective tax rate.

Fiscal years ending before May are treated as previous year.

Dave & Buster's Entertainment, Inc., headquartered in Dallas, Texas, owns and operates ~150 large, high-volume units that combine full-service dining and entertainment options that allow guests to "Eat, Play, Drink, and Watch" all under one roof. The company's sales mix (~35% food/ beverage, ~65% amusement exiting COVID) generates above-average store-level profitability relative to casual dining norms driven by its high margin amusement business (lower COGS and labor). The company recently completed the acquisition of Main Event (~50 units), which has a similar financial profile, but targets a higher mix of families/kids with a broader array of entertainment options (bowling, laser tag, etc).

UNDERAPPRECIATED BUSINESS RECOVERY, NEW CEO REVITALIZATION PLAN, AND VERY DEPRESSED VALUATION CREATE COMPELLING RISK/REWARD

We believe PLAY shares can significantly outperform in 2023 assuming we avoid a “hard landing” recession in the U.S. (which remains our base case). The company saw strong recovery in sales and profitability in 2022, with both solidly exceeding 2019 levels as COVID concerns eased, and we see room for additional improvement into 2023. In addition to a further recovery in special events, we are optimistic that sales could also benefit from 1) a multi-year revitalization plan at Dave & Buster’s (D&B), expected to be unveiled in April 2023, and 2) potentially less intense competitive headwinds (vs. pre-COVID) if higher rates constrain development plans, particularly for smaller, regional competitors. We also believe the stock’s depressed valuation (2023E P/E ~10x, EV/EBITDA low 5s) offers a compelling risk/reward and does not seem consistent with the company’s strong margin profile (low/mid-teens EBIT margin %) and high-single digit % unit growth.

New CEO w/ solid track record of revitalizing brands. New CEO Chris Morris joined Main Event (ME) in early 2018 and executed a successful turnaround prior to its acquisition by D&B (which has driven ME per-store sales volumes +25-30% vs. 2019). Said turnaround included sharpening brand focus (families w/ kids ages 8-15) and improving ops/execution in critical elements of the business (bowling/birthday parties), among other initiatives. While specifics of the plan will differ, we believe there are opportunities to improve core elements of D&B’s menu, game offerings, service/ambience, and advertising to drive stronger appeal within its core target of 21-39 year olds. We also believe cost-cutting and poor operational controls could have played a role in D&B’s softer comps seen in 2017-2019, which, if fixed, could support multi-year comp gains exiting the pandemic.

Strong margins and mid-single-digit unit growth. The company’s high margin amusement segment generates higher store level EBITDA (upper 20s) compared to a typical full-service restaurant (mid-teens store level EBITDA margins). It currently operates ~200 units, including ~150 D&Bs and ~50 MEs, with plans to open 15-17 units in 2023 (10-11 D&Bs, 5-6 MEs).

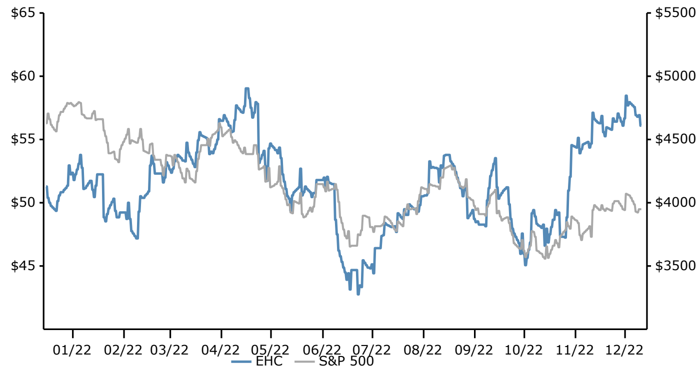
B/S + free cash flow profile. The company’s leverage increased to fund its ME acquisition with funded debt/EBITDA of ~2.2x at the end of F3Q22. While we acknowledge this contributes to EPS volatility, we view current leverage as reasonable and supported by its strong cash flow dynamics. At current run rates, we expect the company to generate ~$100M+ of FCF, which could support paying down debt over time ($1.2B funded debt includes $440M fixed notes at 7.625% + $850M term loan at SOFR +500 bp).

Depressed valuation, compelling risk/reward: PLAY currently trades at a P/E of ~10x and an EV/EBITDA in the low 5s, with both metrics well below the stock’s three-year, pre-COVID range (P/E 14-19x, EV/EBITDA 6.5-9.0x). Our price target of $55 implies a 2023E EV/EBITDA just under ~7x and P/E of ~16.5x.

ENCOMPASS HEALTH CORPORATION (EHC-NYSE)

John W. Ransom

Rating	Strong Buy 1
Target Price	$72.00
Suitability	MA/ACC



MARKET DATA	
Current Price	$56.16
Market Capitalization (mln)	$5,644
Current Net Debt (mln)	$2641
Shares Outstanding (mln, f.d.)	100.5
Dividend / Yield	$0.60/1.1%
52-Week Range	$42.16 - $59.33

KEY FINANCIAL METRICS	2021A	2022E	2023E
Non-GAAP EPS ($, Dec FY)	$3.18	$2.82	$3.49
P/E	17.7x	19.9x	16.1x
Revenue (mln) ($, Dec FY)	$4,015	$4,335	$4,718

Non-GAAP EPS adjusts for stock-based compensation, and other one-time adjustments.

Encompass Health is the largest owner and operator of rehabilitation hospitals in the United States. With a national footprint that includes 153 hospitals in 36 states and Puerto Rico, the company provides high-quality, compassionate rehabilitative care for patients recovering from a major injury or illness, using advanced technology and innovative treatments to maximize recovery.

A LEADING BENEFICIARY FROM OUR "PEAK LABOR" THESIS WITH SOLID GROWTH

We see Encompass Health (EHC) as a leading operator in the Inpatient Rehab (IRF) space, set up to outperform in 2023 due to its: 1) significant leverage to the improving labor backdrop, 2) strong organic growth paired with its de novo growth strategy, and 3) attractive relative valuation.

Leading Beneficiary of Our “Peak Labor” Thesis

EHC has faced a significant headwind in 2022 from increased “premium” labor expense. We estimate that EHC’s “premium” labor expense will be ~$213M in 2022, up ~$79M over 2021. This provides significant positive operating leverage going forward as the labor backdrop continues to improve. Every 10% improvement in contract labor equates to ~$21M of EBITDA growth, or +2.6%. We believe EHC is one of the biggest winners from our “peak labor” thesis across our coverage universe.

Strong Organic Growth + de Novo Strategy

We believe EHC is positioned to drive superior revenue growth in 2023 relative our provider coverage as we estimate 9% revenue growth. This is driven by ~3% organic volume growth, 8 de novo facilities, and strong pricing growth driven by a +4% 2023 Medicare pricing update. EHC’s organic demand is defensive and stable, and is augmented by its measured inorganic growth strategy.

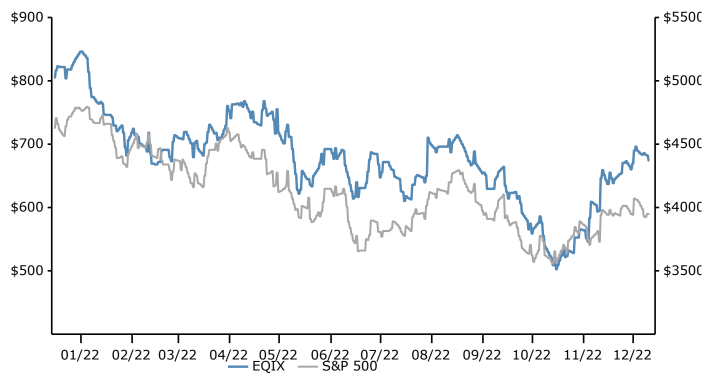
Attractive Relative Valuation

EHC currently trades at 8.5x our 2024 EBITDA estimate, which is a discount to peers such as ACHC (12.2x), HCA (8.7x), and AMED (10.5x). We think EHC should trade at a premium to more mature hospital assets like HCA due to their similar growth trends, but less capital intensity. Our $72 price target is based on a 10x multiple on our 2023 EBITDA estimate, or a 9.3x multiple on our 2024 estimate. See our **note from October 27, 2022** for more detail.

EQUINIX, INC. (EQIX-NASDAQ)

Frank G. Louthan, IV

Rating	Strong Buy 1
Target Price	$800.00
Suitability	MA/ACC



MARKET DATA

Current Price	$675.80
Market Capitalization (mln)	$62,265
Current Net Debt (mln)	$12158
Shares Outstanding (mln, f.d.)	92.1
Dividend / Yield	$12.40/1.8%
52-Week Range	$494.89 - $853.42

KEY FINANCIAL METRICS	2021A	2022E	2023E
AFFO/Share ($, Dec FY)	$27.15	$29.28	$32.02
Revenue (mln) ($, Dec FY)	$6,636	$7,257	$7,988

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 2023

We believe that Equinix (EQIX) has several tailwinds ahead of the name that we believe will drive value over the next 12 months. First, we believe Equinix is demonstrating significant strength in its business model with lower churn and continued strong execution. Additionally, demand has picked up, and we believe the company is seeing pricing power for colocation (colo) and cross connects on its diversified platform.

The current valuation is a function of rate increases that kept interest-rate-sensitive investors away from REITs in 2022. We expect rate hikes to end in early 2023, creating a positive catalyst. Lastly, we believe Equinix stands to benefit from scarcity value as the best-of-breed name in a shrinking pool of public data centers, which will remain critical businesses regardless of the direction of the economy from here.

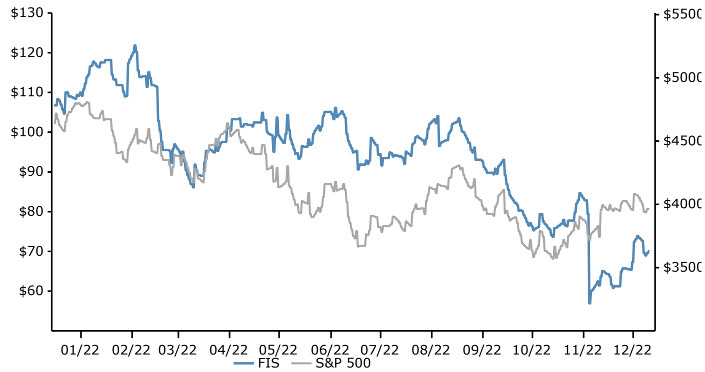
Valuation

Our $800 price target is based on ~25x 2023E AFFO/share of $32.02, a premium to the data center REITs at ~18x. Please see our **note from November 3, 2022** for more details.

FIDELITY NATIONAL INFORMATION SERVICES, INC. (FIS-NYSE)

John Davis

Rating	Strong Buy 1
Target Price	$83.00
Suitability	M/ACC



MARKET DATA	
Current Price	$70.27
Market Capitalization (mln)	$42,654
Current Net Debt (mln)	$16984
Shares Outstanding (mln, f.d.)	607.0
Dividend / Yield	$1.88/2.7%
52-Week Range	$56.53 - $122.06

KEY FINANCIAL METRICS	2021A	2022E	2023E
Adj. EPS ($, Dec FY)	$6.56	$6.65	$6.92
P/E	10.7x	10.6x	10.2x
Total Revenue (mln) ($, Dec FY)	$13,877	$14,501	$14,944

Adj. EPS excludes non-recurring items and purchase accounting amortization.

Fidelity National Information Services (FIS), based in Jacksonville, Florida, is a leading outsourced information and technology service provider to financial institutions.

ATTRACTIVE ENTRY POINT WITH MULTIPLE WAYS TO WIN

After a disappointing 2022 performance YTD (-36% vs. S&P -18%), we believe FIS presents the most attractive setup across our coverage going into 2023. While investors have been largely focused on Merchant SMB trends given challenging performance, we believe Enterprise is maintaining share and eCommerce is actually gaining share. Importantly, these two areas within Merchant comprise ~75% of the segment's revenue and should help insulate growth. Moreover, we believe FIS is likely taking share within Banking, while Capital Markets growth remains healthy (low-to-mid single digits), and these two segments represent ~70% of consolidated revenue. In other words, we believe investors have been overly focused on a small sub-segment while the rest of the business remains healthy. Additionally, we suspect the reset guidance was likely a "kitchen sink" event given recent management changes, and we think returning to LDD+ EPS growth in 2024 is attainable. Alternatively, our **SOTP analysis** from November 30, 2022, suggests significant upside should the business be split up. All told, we view the risk/reward as extremely attractive at current levels, and there are multiple ways to win with a return to solid execution and double-digit EPS growth, or the business could be split up and provide significant value creation, by our math. Either way, we believe patient shareholders will be handsomely rewarded.

Business isn't broken. Although investors have been largely focused on the SMB merchant business given recent struggles and perceived share loss, we believe it is important to remember that total Merchant revenue only comprises ~30% of total revenue, while SMB comprises just ~25% of the Merchant business, or ~6% of total revenues. Importantly, we believe share losses are isolated to SMB, and the Enterprise business (~45% of Merchant) is likely at least holding market share. ECommerce (~30% of Merchant) is vastly underappreciated, in our view, as we believe the company is gaining share within cross-border eCom, while the competitive set is much less challenging than other areas within Merchant. Moreover, the Banking segment (~45% of revenue) is a clear market leader and is objectively taking share (growing MSD/HSD vs. industry LSD), and we expect the Capital Markets segment to grow LSD-MSD while expanding margins in the coming years.

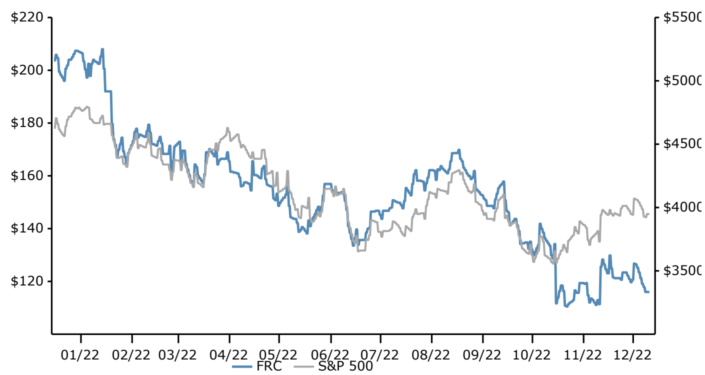
Sharp selloff makes for an attractive entry point. FIS is currently trading at ~10x 2023E adj. EPS, or ~40% below the S&P multiple, compared to its three-year average discount of ~11%. Additionally, our SOTP analysis suggests potential for ~67% upside, or $115 per share using conservative multiples and our lowered 2023 estimates should the company choose to pursue asset sales. In our view, the current multiple is simply too low, and we would expect valuation to improve if management executes and EPS growth returns to LDD+ in 2024 or the business will likely be split up, which should also provide investors with another way to win.

Valuation. Our target price of $83 is based on 12x our 2023 adj. EPS estimate of $6.92. We believe 12x is appropriately conservative as it is well below the stock's three-year average of 18x, and ~30% below the S&P multiple, but also reflects recent challenges in the business and lower peer multiples.

FIRST REPUBLIC BANK (FRC-NYSE)

David J. Long, CFA

Rating	Strong Buy 1
Target Price	$142.00
Suitability	M/ACC



MARKET DATA

Current Price	$116.98
Market Capitalization (mln)	$21,393
Current Net Debt (mln)	$6747
Shares Outstanding (mln, f.d.)	182.9
Dividend / Yield	$1.08/0.9%
52-Week Range	$106.86 - $212.32

KEY FINANCIAL METRICS	2021A	2022E	2023E
Non-GAAP EPS ($, Dec FY)	$7.68	$8.19	$7.10
P/E	15.2x	14.3x	16.5x
Revenue (mln) ($, Dec FY)	$5,184	$6,026	$6,047

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

First Republic Bank is unique in that it provides investors with a rare combination in banking: high growth and pristine credit. The San Francisco-based bank operates from over 80 branches in mostly coastal cities across the country targeting high-net-worth individuals and their businesses, and now has more than $200 billion in assets. Its long-tenured management team has proven itself a capable steward of capital throughout its history. The bank is known for its high-end mortgage banking, but has broadened its reach over the years to include wealth management and serving the business interests of its high-net worth client base. It has also expanded into serving the up-and-coming affluent population with products and services tailored to young professionals. As investors look for banks that can produce organic revenue growth regardless of the economic backdrop, First Republic offers a long history of superior asset and revenue growth.

DEFENSE AT A REASONABLE PRICE (DARP)

First Republic's long history of producing pristine credit quality metrics and strong growth through the last several credit cycles proves it is one of the best "safe-haven" banks to own. The San Francisco-based bank is known for its high-end mortgage banking, but has broadened its reach over the years to include wealth management and serving the business interests of its high-net-worth client base. It has also expanded into serving the up-and-coming affluent population with products and services tailored to young professionals. Since the stock price decline on its 3Q earnings release date, First Republic fits under our investment thesis of owning DARP – Defense at a Reasonable Price. We believe FRC shares will recapture their material premium valuation given the bank's fundamental strength, pristine credit metrics, and discount to other safe-haven banks.

Strong growth profile. Loan and deposit growth exceeded expectations in 3Q and its appetite to grow remains in place. Going forward, we believe the bank can produce organic revenue growth regardless of the economic backdrop. At its Investor Day (**see our note from November 9, 2022**), the team was clear that business trends have not changed; FRC remains a premier growth company, and a tighter NIM does not impact its desire to service its customers and grow its balance sheet.

Pristine credit metrics. First Republic is the most conservative loan underwriter in our bank coverage, mostly providing liquidity rather than credit to its clients. It consistently produces among the lowest loss rates of all banks. As such, given the uncertain economic backdrop, we expect FRC will continue to stand out as a safe haven for bank investors given its peer-best credit quality metrics. First Republic is considered among the highest quality banking franchises, and its high-net-worth client base is less susceptible to headwinds from inflation and a potential recession.

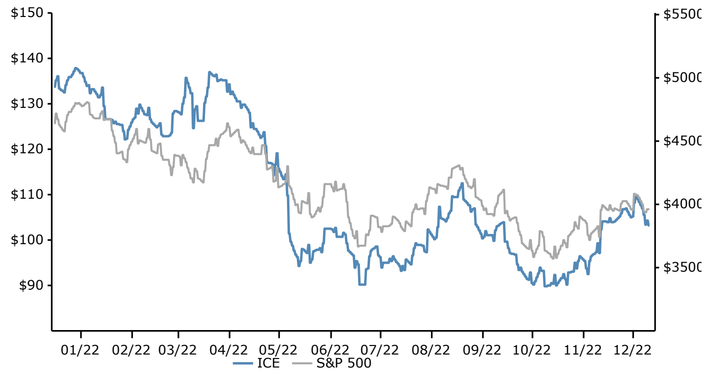
High quality deposit base. First Republic currently has roughly 41% noninterest-bearing deposits to total deposits despite the unprecedented rise in the Federal Funds rate pushing some clients to request higher rates on their deposits. While there will be continued migration out of noninterest-bearing deposit accounts, the backdrop allows its bankers to offer other banking products to its high-net-worth client base, subsequently leading to potential market share gains. Lastly, once the Federal Reserve stops raising interest rates, FRC's NIM should trickle higher while most traditional commercial banks will see NIM pressure as increases in funding costs catch up to higher asset yields.

Compelling valuation. FRC shares currently trade at 16.5x 2023E EPS and 1.6x TBV, while its peer averages are ~10.0x and ~2.0x, respectively. Additionally, FRC shares' 1-, 3-, 5-, and 10-year average forward P/E multiples all exceed 20x. Applying a conservative forward P/E multiple of 16.5x on our 2024 EPS estimate leads to a $142 target price in one year (22% upside).

INTERCONTINENTAL EXCHANGE, INC. (ICE-NYSE)

Patrick O'Shaughnessy

Rating	Strong Buy 1
Target Price	$130.00
Suitability	M/ACC



MARKET DATA	
Current Price	$103.33
Market Capitalization (mln)	$57,865
Current Net Debt (mln)	$10905
Shares Outstanding (mln, f.d.)	560.0
Dividend / Yield	$1.52/1.5%
52-Week Range	$88.60 - $138.46

KEY FINANCIAL METRICS	2021A	2022E	2023E
Non-GAAP EPS ($, Dec FY)	$5.15	$5.29	$5.65
P/E	20.1x	19.5x	18.3x
Revenue (mln) ($, Dec FY)	$7,146	$7,294	$7,618

Non-GAAP EPS excludes restructuring, merger-related expenses, and the amortization of acquired intangibles.

Intercontinental Exchange, Inc. (ICE), based in Atlanta, Georgia, is a global exchange and data services company. ICE's futures exchange and clearinghouse venues support trading and clearing in energy and agricultural commodities, European interest rates, equity indices, and other financial products. The company also facilitates trading in U.S. equities and options via its NYSE subsidiary. ICE also is a major provider of market data, pricing and analytics capabilities, connectivity services, and index solutions.

DIVERSE, ALL-WEATHER FRANCHISE WITH STRONG LONG-TERM TRACK RECORD

We continue to view the risk/reward to be attractive as Intercontinental Exchange (ICE) enjoys a diversified business model that should prove resilient in a variety of market conditions and has generated a 13% non-GAAP EPS CAGR over the past 10 years. ICE owns the leading fixed income data provider, and we view ICE’s global energy futures franchise as well as its mortgage technology segment as attractive secular growth themes despite headwinds during 2022. We would also look for ICE’s fixed income trading and CDS clearing platforms to continue their momentum in 2023 due to higher interest rates and a potential recession. Lastly, we think clarity on anti-trust concerns related to the announced acquisition of Black Knight could be a catalyst for ICE’s shares.

2023 operating outlook: For ICE’s largest segment, the Exchanges business, the backdrop largely remains favorable into 2023. Geopolitical and economic uncertainty have increased market volatility, which typically translates to higher trading volumes. In particular, ICE’s financial futures, domestic energy franchise, and U.S. equities franchise have all posted strong momentum YTD, and conditions will likely remain supportive. We also expect European energy volumes to rebound as margin requirements normalize.

For the firm’s next-largest division, Fixed Income & Data Services (FIDS), the outlook business remains positive. On the transaction side, ICE has seen a strong uptick in fixed income execution revenues as retail interest in corporate and municipal bond trading has improved; credit default swap (CDS) trading has also picked up meaningfully as global uncertainty has increased. The outlook for the larger recurring revenue components also remains healthy as ICE is the gold standard for fixed income data offerings. Finally, for the Mortgage Technology business, the worst of the industry-wide origination headwinds should be in the rearview mirror in 2023, and we expect a combination of easier comps, market share gains, and recurring revenue sales momentum to drive full-year revenue growth for the segment.

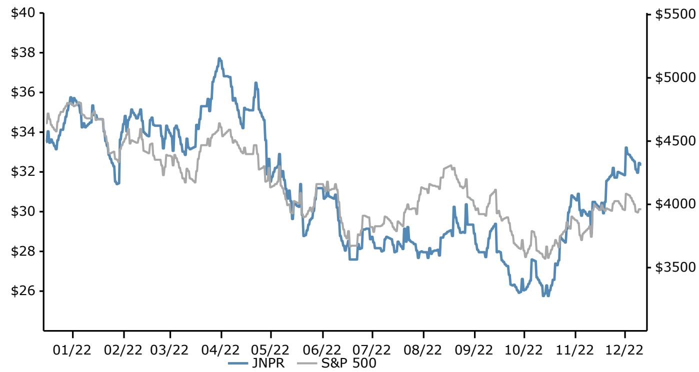
Pending Black Knight acquisition: One of the more meaningful catalysts on the horizon in early 2023 will be greater certainty around the company’s pending acquisition of Black Knight (BKI/$59.89/Market Perform). We see a reasonable likelihood that regulators will push to block the acquisition as currently contemplated; should this occur and the deal ultimately fall through, we believe ICE will reward patient shareholders through an aggressive return to share repurchases. Should regulators allow the deal to proceed, we see a number of strategic merits of owning Black Knight, including improving the end-to-end capabilities of the platform as well as accelerating ICE’s pivot to recurring revenue; we also expect the deal to be modestly accretive.

Valuation: Our $130 target price reflects a blended average of a DCF analysis and P/E-derived fair value estimate. Our 21.5x target P/E is based on the firm's three-year average NTM P/E. See our **note from December 5, 2022** for more details.

JUNIPER NETWORKS, INC. (JNPR-NYSE)

Simon Leopold

Rating	Strong Buy 1
Target Price	$38.00
Suitability	MA/INC



MARKET DATA

Current Price	$32.38
Market Capitalization (mln)	$10,650
Current Net Debt (mln)	$523
Shares Outstanding (mln, f.d.)	328.9
Dividend / Yield	$0.84/2.6%
52-Week Range	$25.18 - $38.14

KEY FINANCIAL METRICS	2021A	2022E	2023E
Non-GAAP EPS ($, Dec FY)	$1.74	$1.97	$2.36
P/E	18.6x	16.5x	13.7x
Revenue (mln) ($, Dec FY)	$4,735	$5,337	$5,757

Non-GAAP EPS excludes stock-based-compensation, and goodwill and amortization.

Juniper Networks, Inc., based in Mountain View, California, is a leading provider of high-end Internet Protocol (IP) routers. The company currently offers a complete line of IP routers for core and edge routing applications.

A RENEWED JUNIPER BREAKING FROM THE TRADING RANGE

We believe that Juniper benefits from a number of key drivers and upcoming opportunities that may not be fully appreciated by investors. Over its more than two decades, Juniper has had its share of missteps, but under current management in place since 2014, we have observed consistent execution and a more diversified business.

Juniper has evolved significantly from its roots as a telco router supplier. Strategic Enterprises have just overtaken Telco/Cable as the largest vertical, each just below 40% of sales with the balance from the Cloud Builders. Routers remain the largest and most profitable segment, but data center switching contributes a teens percent of sales and the campus has neared 20%.

Verizon and Google wins provide great references. Slow telco capex growth has dogged networking vendors for some time, and we believe investors have neglected to recognize opportunities from this vertical. Juniper expects telcos to remain the slowest growing vertical; it should benefit from initiatives such as 5G and broadband. Telcos have held off upgrading routers during the early phase of the 5G build, but Verizon's award to Juniper provides an indicator. Also, we believe Google has awarded a WAN use-case to four vendors, including Juniper, that could ramp to $300-500M annually, split among suppliers. Both deals portend others to come beginning in 1H23. We expect Automated WAN (a.k.a. routing) sales reach a sustainable $2B+ run-rate. We see total company revenue growth sustaining in the high single-digits, above buy-side expectations.

Enterprise: Juniper expects Enterprise to be the largest customer vertical next year, driven by continued traction with its **AI-driven Mist/WLAN** solution. Although the WLAN market remains a crowded and competitive space, Juniper believes that its focus on leveraging AI and machine learning provides a clear advantage, and our channel checks corroborate this assertion. Mist also drives tangible cross-selling, with Juniper envisioning $2-3 of wired switch sales and $0.50-0.75 of WAN sales for every $1 of Mist sales. With modest share and momentum, this trend appears resilient, even against a tough macro.

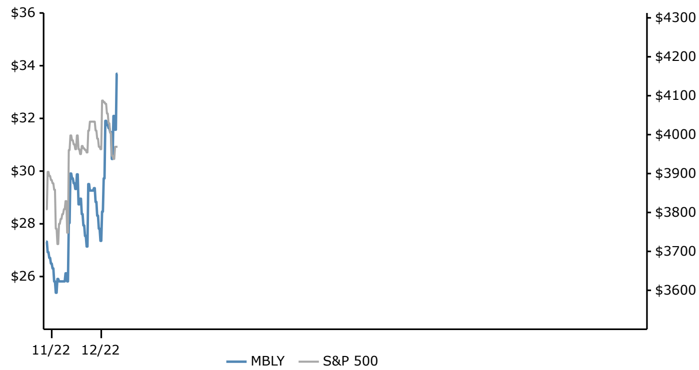
Cloud Builders: Historically, revenue from the Cloud vertical was concentrated in high performance routing and reflects Juniper's dominant position in inter-data center networking with Cloud customers. Investors have frequently focused on Juniper's opportunity to expand into other areas of Cloud, such as data center switching, where Arista remains a dominant incumbent vendor along with Cisco. While Juniper believes that it remains well positioned to compete in data center switching, it also believes that it has significant runway with the sub-segment of Cloud customers that it calls the "Cloud Majors" (i.e., smaller cloud, but significant cloud players like Oracle and IBM), and sees this as a less appreciated and tangible opportunity. Management also sees the Data Center Interconnect market (DCI, connecting and networking remote data centers) as a "jump ball" opportunity, as the upgrade to next-gen 400G equipment provides new vendors with the opportunity to displace incumbent vendors with new deployments.

Valuation: At 16x our 2023E EPS, we see fair value of $38. This multiple matches the S&P 500's 16x, is a discount to Arista's 24x, and matches the 16x we apply to Cisco. Historically, Juniper has traded near the long-term S&P multiple. Based on our 2023 estimates, it has an 8% FCF yield.

MOBILEYE GLOBAL INC. (MBLY-NASDAQ)

Brian Gesuale

Rating	Strong Buy 1
Target Price	$50.00
Suitability	M/ACC



MARKET DATA

Current Price	$33.70
Market Capitalization (mln)	$25,275
Current Net Debt (mln)	($1001)
Shares Outstanding (mln, f.d.)	750.0
Dividend / Yield	$0.00/0.0%
52-Week Range	$24.85 - $34.38

KEY FINANCIAL METRICS	2021A	2022E	2023E
GAAP EPS ($, Dec FY)		($0.22)	($0.24)
P/E	NM	NM	NM
Revenue (mln) ($, Dec FY)	$1,386	$1,838	$2,197

Mobileye Global, Inc. engages in the development and deployment of advanced driver assistance systems (ADAS) and autonomous driving (AV) technologies and solutions. The company was founded by Amnon Shashua in 1999 and is headquartered in Jerusalem, Israel.

LET THE GOOD TIMES ROLL WITH MOBILEYE: ARMING AUTONOMOUS MOBILITY GLOBALLY

Mobileye is the pioneer and undisputed market leader for computer vision/advanced driver assistance systems (ADAS) in the automotive industry. A combination of fast-paced ADAS adoption, deeper penetration of a $480B TAM, and rebound in auto production as supply chain constraints dissipate provide the foundation for ~35% sales CAGR from 2022-2026E. In addition to being a growth stock, its proprietary solutions and high barriers to entry create an attractive model that supports gross margins of nearly 70%, 30-40% EBITDA margins, and annual FCF generation at ~ $400M. While much of our outlook and thesis (**laid out in our November 2022 IOC**) captures a three- to four-year trajectory, we believe the stock will outperform over the next year as models better reflect these dynamics and investors revisit the new and improved MBLY story as a standalone company following ~five years under Intel's wing.

From adoption to penetration. The first leg of hyper-growth for Mobileye was the adoption of camera-based systems for emergency ADAS features roughly a decade ago. By 2017, ADAS market adoption approached 20% and Mobileye's share exceeded 50%, tallying gains at an impressive clip. At the time, Mobileye was offering a ~$50 content/vehicle revenue structure that pales in comparison to their current trajectory. Today, penetration rates of ADAS are in the ~55% range, and Mobileye's share is nearly 70%. More importantly, a number of new products that boast broader capabilities from base ADAS to full autonomy should drive Mobileye content/vehicle up ~threefold during the next ~four years and open new markets and revenue streams, including Autonomous Mobility as a Service (AMaaS).

New products ideally positioned to move up the value stack and capture more content/vehicle. Mobileye has developed a strong portfolio of solutions and is in various stages of launching new products that expand the company's beachhead in base ADAS/driver assist. These products add incremental functionality from real-time mapping in cloud enhanced driver assist, which more than doubled current content per vehicle, to SuperVision that enables a point-to-point pilot for a four-figure content per vehicle, Mobileye Chauffeur for consumer autonomous functionality prices well into four figures, to robotaxi and AMaaS offering turnkey autonomous functionality for recurring/five-figure upfront costs and $/mile models. As the market moves to incremental functionality, it's likely that a narrative will emerge that the more capable, integrated solutions will encroach on many of its Tier 1 customers.

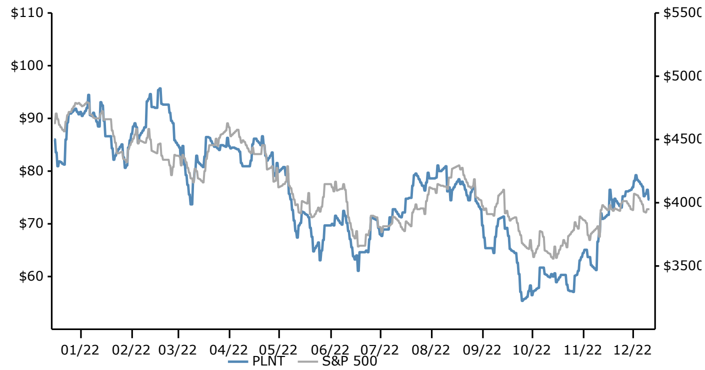
Model: We are modeling revenue growth of 33% ($1.84B), 20% ($2.20B), and 34% (2.96B) from 2022 to 2024. We expect 2022 and 2023 to be the slowest growth periods for the next five years given supply chain impeding auto production and the mathematical impacts of a larger revenue base, but we ultimately see new, higher content/vehicle products driving a re-acceleration.

Valuation: Our $50 price target represents a 22.7x our 2025E EBITDA within the range of its peers (9-36x) including NVDA, ON, ADI, MRVL, and AMD. We believe a 2025 multiple is the most appropriate as it better captures the topline growth and margin expansion that will take place as MBLY introduces new products and capitalizes on rapid end-market growth/maturation. When taking a PEG-like approach to EV/EBITDA (i.e., multiple divided by growth), MBLY's target multiple represents a 13% discount to peers in 2024 and a 44% discount in 2025.

PLANET FITNESS, INC. (PLNT-NYSE)

Joseph Altobello, CFA

Rating	Strong Buy 1
Target Price	$92.00
Suitability	MA/ACC



MARKET DATA	
Current Price	$74.93
Market Capitalization (mln)	$6,711
Current Net Debt (mln)	$1534
Shares Outstanding (mln, f.d.)	89.6
Dividend / Yield	$0.00/0.0%
52-Week Range	$54.15 - $97.33

KEY FINANCIAL METRICS	2021A	2022E	2023E
Non-GAAP EPS ($, Dec FY)	$0.82	$1.55	$2.10
P/E	91.4x	48.3x	35.7x
Revenue (mln) ($, Dec FY)	$587	$932	$1,053

Non-GAAP EPS excludes one-time items.

Planet Fitness is one of the largest franchisors and operators of fitness centers in the U.S. The company has notably increased both its membership base and store count over the years throughout all 50 U.S. states and the District of Columbia, as well internationally.

SLIM, TRIM, AND READY TO WIN IN 2023

Our **Strong Buy** rating on the shares of Planet Fitness (PLNT) reflects a handful of factors. For example, the onset of COVID has underscored the importance of living a healthy lifestyle, with regular exercise a key component. In addition, Planet Fitness is very much a demographic story, as each successive generation of consumers has shown a greater propensity to join a gym – particularly a Planet Fitness – while the company has made great strides among Gen Z.

Further, the competitive landscape has shifted in Planet Fitness' favor, as roughly one-quarter of all gyms in the U.S. have closed permanently during the pandemic, while the company should continue to leverage its relative dominance in terms of size and marketing spend in order to expand its competitive advantage. Also, Planet Fitness' low-cost business model has proven to be highly resilient, as it delivered positive same-store sales even during the Great Recession and for 53 consecutive quarters until the streak was ended by COVID.

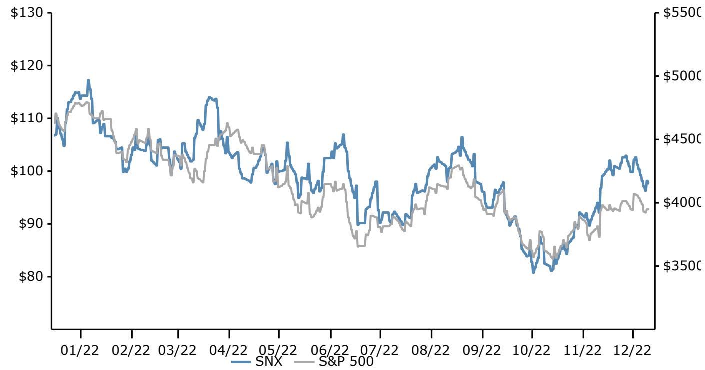
Planet Fitness also appears to have ample runway for growth, as it's a little more than halfway toward its current target of 4,000 stores in the U.S., though we expect this number to be revised up in 2023. From a balance sheet standpoint, Planet Fitness' debt is fixed rate in nature, while very little of it comes due prior to 2025.

Valuation: Our $92 target price assumes the stock returns to its recent average mid-40s P/E (enabled by its fast-growth/high margin franchisee-based model) on our 2023 adjusted EPS estimate of $2.10. Please see our **note from November 15, 2022** for more details.

TD SYNNEX (SNX-NYSE)

Adam Tindle, CFA

Rating	Strong Buy 1
Target Price	$140.00
Suitability	MA/ACC



MARKET DATA

Current Price	$97.87
Market Capitalization (mln)	$9,415
Current Net Debt (mln)	$3783
Shares Outstanding (mln, f.d.)	96.2
Dividend / Yield	$1.20/1.2%
52-Week Range	$78.86 - $119.30

KEY FINANCIAL METRICS	2021A	2022E	2023E
Non-GAAP EPS ($, Nov FY)	$9.40	$11.40	$12.20
P/E	10.4x	8.6x	8.0x
Sales (mln) ($, Nov FY)	$31,614	$61,805	$63,722

Non-GAAP EPS excludes intangible amortization/other one-time expenses.

TD SYNNEX is a leading business process services company, servicing resellers and original equipment manufacturers (OEM) around the world. It operates in two segments: distribution services and global business services (Concentrix). The distribution services segment distributes IT systems, peripherals, system components, software, networking equipment, CE, and complementary products and also offers data center server and storage solutions. Concentrix offers a range of business process outsourcing services to customers that include technical support, renewals management, lead management, direct sales, customer service, back office processing and information technology outsourcing. SYNNEX distributes more than 25,000 technology products from more than 200 IT, CE, and OEM suppliers to more than 20,000 resellers, system integrators, and retailers in the United States, Canada, Japan, and Mexico. In FY22, consolidated revenue of the combined entity is expected to approach $60 billion.

COMPELLING ’23 COMBO OF VARIABLE COST + DEAL SYNERGY + COUNTERCYCLICAL FCF

We have previously seen periods of SNX using working capital in tight supply environments followed by times of strong free cash flow and margin trends due to shrewd inventory management. This time also includes a mix shift toward higher margin hyperscaler business, which we think bodes well for the margin profile as organizations continue to pursue digital transformations and cloud migrations.

We believe the merger with Tech Data should strategically increase SNX's moat as the combined entity will generate ~$60B in annual revenue (Ingram moves to second at ~$50B) and likely position the business for share gain vs. smaller peers. In the past, we have witnessed diligent execution from both companies on the integration of significant acquisitions (SNX/Westcon, TECD/AVT TS) that ultimately experienced upside on synergy targets. This has begun to materialize with year-one synergy of $140M vs. $100M target, and should continue into year two. Combined leverage is minimal (pro forma mid-2x vs. TECD/AVT ~4x), meaning the path to incremental capital deployment is arguably quick (and incremental to our pro forma EPS). We see the combined entity as a ~$1B FCF annuity (industry leader, increased moat) once fully integrated at a very reasonable price (sub-7x EV/EBITDA with synergy), with a management team/board that has demonstrated significant capability to add shareholder value over time.

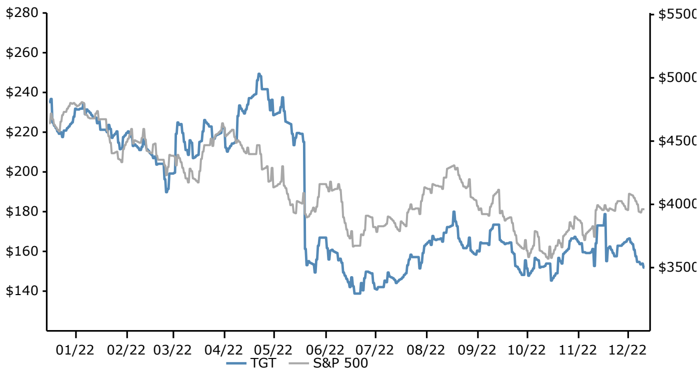
We also note that our FY23 estimates assume essentially no EBIT growth ex synergies despite very little fixed cost in this model, and a generally diverse mix of geographies and end markets served. We ultimately see cash flow correcting into FY23 driving valuation multiple improvement alongside more durable earnings growth than expected.

Valuation: Our price target of $140 is based on an ~11.5x P/E on our FY23 estimate, which is near the midpoint of SNX’s three-year historical range despite pro forma market leadership and opportunity for improved ROIC. Alternatively, this represents ~9x EV/EBITDA on our updated FY23 estimates, and just over 11x FCF on medium-term targets, both of which we find reasonable on an absolute basis.

TARGET CORPORATION (TGT-NYSE)

Bobby Griffin, CFA

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



MARKET DATA

Current Price	$152.28
Market Capitalization (mln)	$70,094
Current Net Debt (mln)	$15490
Shares Outstanding (mln, f.d.)	460.3
Dividend / Yield	$4.32/2.8%
52-Week Range	$137.16 - $254.87

KEY FINANCIAL METRICS	2021A	2022E	2023E
Non-GAAP EPS ($, Jan FY)	$13.56	$5.40	$8.70
P/E	11.2x	28.2x	17.5x
Revenue (mln) ($, Jan FY)	$106,005	$107,887	$107,437

Non-GAAP EPS excludes adjustments and one-time items.

Founded by George Dayton in Minnesota in 1902, Target is one of the world's largest general merchandise retailers, with a heavy emphasis on consumer discretionary product categories. Today, the company generates more than $92 billion in revenue through ~1,900 stores and operates a sizable e-commerce business under Target.com. The company has a strong reputation for merchandising and building desirable private label brands, such as Archer Farms, Cat & Jack, and Pillowfort. However, national brands continue to make up approximately two-thirds of the company's total sales. The company sells a diverse, but well balanced, category of products.

DON'T NEED A BULLSEYE IN 2023; JUST NEEDS TO BE ON TARGET

We believe that Target has solid upside potential in 2023 as the company laps a handful of transitory cost that impacted FY22 results. We remain optimistic on the company's risk/return profile, market share opportunities, and margin recovery in the coming years.

In our view, the underlying earnings power and performance of Target's business is notably better than what the current results are showing. Admittedly, Target's FY22 performance was disappointing. In addition, the slowdown in demand that the company experienced later in F3Q22 creates further uncertainty about the pathway for margin recovery in FY23. While we acknowledge both aspects, we believe trends picked up modestly post-quarter, and the underlying earnings power and performance of the business is notably better than what the current results are showing. Equally important, Target's inventory position is improving, which does create the potential to regain some of the cost pressures that negatively impacted FY22 results.

Investors aiming their sights on Target's margin recovery potential in 2023. Target's go-forward margin has become one of the hottest topics in retail for investors to debate. For instance, Target's F1Q-3Q22 suffered a ~$3.4B headwind (or ~300 bp alone) on near-term merchandising (supply chain and inventory) challenges that should abate some in FY23. Keep in mind, besides FY22, Target has not delivered a below-29% gross margin at any point in the company's modern history (last 15 years). The pathway to regain the lost margin will not be a straight line (margin issues in F4Q22 to finish clearing inventory), but Target should be able to regain at least part of these costs in FY23. All in, FY22 should mark trough EBIT, which creates a favorable set up for investors in 2023.

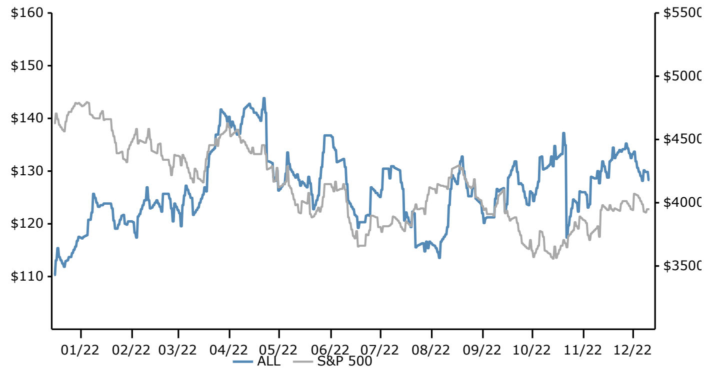
Favorable market share gains to continue. We believe Target can sustain its recent market share gains across multiple product categories due to its customer loyalty (i.e., recent traffic gains), strong brand partnerships (AAPL, ULTA, LEVI, etc.), and growing private label penetration (value proposition even more important in this environment). To that point, Target's transactions actually picked up in F3Q despite ongoing inflation trends. This suggests customers are trusting Target during these tough times, and that sets up well for 2023.

Valuation: Our target price of $185 is based on ~18.5x our FY24 EPS estimate of $10.00, relatively in line with TGT's three-year forward P/E average of ~18x.

THE ALLSTATE CORPORATION (ALL-NYSE)

C. Gregory Peters

Rating	Strong Buy 1
Target Price	$155.00
Suitability	M/ACC



MARKET DATA	
Current Price	$128.55
Market Capitalization (mln)	$38,934
Current Net Debt (mln)	$7931
Shares Outstanding (mln, f.d.)	302.9
Dividend / Yield	$3.40/2.6%
52-Week Range	$106.42 - $144.46

KEY FINANCIAL METRICS	2021A	2022E	2023E
Non-GAAP EPS ($, Dec FY)	$13.38	$1.00	$4.75
P/E	9.6x	NM	27.1x
Net Premiums Written (mln) (Dec FY)	$43,932	$47,256	$51,136

Non-GAAP EPS excludes excludes realized gains, amortization expense gain on disposals.

Allstate Corporation, based in Northbrook, Illinois, is the largest publicly held personal lines insurer in the U.S., with approximately 10,360 exclusive agencies and 23,800 licensed sales professionals.

POSITIONED TO BENEFIT FROM HARDEST AUTO MARKET IN RECENT MEMORY

We believe The Allstate Corporation (ALL) is one of the best-positioned companies in our coverage to outperform in 2023, primarily reflecting the favorable personal auto pricing environment. ALL trades at a 36% discount to the auto peer group average on 2024E P/E, and we believe the stock could be positioned for a valuation re-rating. We expect ALL to report gradually improving earnings as it continues to implement rate increases on its auto policies (most of Allstate brand Auto consists of six-month policies), which should position it to deliver on management's longer-term ROE target of 14-17% by 2024.

History of financial outperformance. ALL has reported an average Personal Auto combined ratio (CR) of ~97% compared with the top 10 market share leaders' average of ~101% while also growing Personal Auto NPW by 37% since 2012. ALL's Homeowners business has provided additional underwriting income averaging a CR of ~90% (lowest among market share leaders) compared with the top 10 market share leaders' average of ~99% while also growing Homeowners NPW by 42% since 2012. We believe ALL's track record of better-than-peer average underwriting results reflects the preferred orientation of the Personal Lines business, improving expense ratio advantages, and management's long-term focus on profitability over growth.

Value creation. ALL has grown its BVPS by an 8% CAGR compared with the publicly-traded peer group average of 6%, averaging an ROE of 14% compared with the peer group of 12% over the last 10 years. ALL has also increased its annual common dividend in each of the last 10 years and has repurchased 290M shares, reducing its diluted share count by ~48% over the same period. We expect reduced share repurchase activity through 2023 due to near-term capital pressures from consecutive quarters of net losses.

Personal Auto pricing. The motor vehicle insurance CPI has increased 11% through October 2022 compared with +3% in 2021 and -5% in 2020. ALL implemented monthly Auto pricing updates in 2022 and has implemented ALL Auto brand rate increases of 14% YTD, which is expected to generate annualized premiums of $2.9B. We expect ALL to continue to implement aggressive Auto rate increases through 2023.

Reserve development. In its recent special topic investor call, ALL reported PYD benefited the CR by an average 0.6 pts from 2012-2021. ALL has reported adverse PYD in five consecutive quarters, with YTD PYD adversely affecting the CR by 4.1 pts. While we believe management is taking corrective steps to fix reserving issues and expect results to improve over time, our estimates include additional adverse PYD through 2Q23.

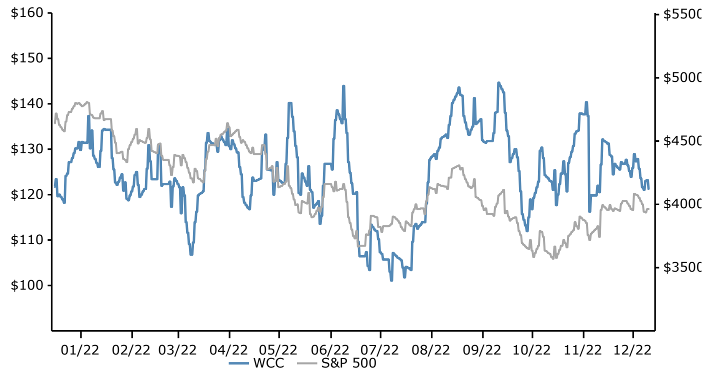
Compelling risk/reward dynamics. Our estimates reflect an ROE of 9% in 2023, which assumes Personal Auto underwriting results continue to make negative contributions to adj. net income (2015-2019 avg. 35% of adj. net income) primarily reflecting the risk of additional adverse PYD in the near term and a more gradual improvement in underlying results. We believe ALL could trade at $175/share or ~13.0x our 2024E EPS (bull case) in a scenario where management's actions deliver an ROE above its longer-term target of 14-17% in 2024.

Valuation: Our $155 target price assumes ALL can trade at 11.5x our 2024E EPS. ALL's peer group currently trades at an average of ~12x 2024E P/E. See our **note from November 7, 2022** for more detail.

WESCO INTERNATIONAL, INC. (WCC-NYSE)

Sam Darkatsh

Rating	Strong Buy 1
Target Price	$190.00
Suitability	MA/ACC



MARKET DATA

Current Price	$121.29
Market Capitalization (mln)	$6,340
Current Net Debt (mln)	$5028
Shares Outstanding (mln, f.d.)	52.3
Dividend / Yield	$0.00/0.0%
52-Week Range	$99.00 - $147.05

KEY FINANCIAL METRICS	2021A	2022E	2023E
Non-GAAP EPS ($, Dec FY)	$9.98	$16.13	$16.60
P/E	12.2x	7.5x	7.3x
Revenue (mln) ($, Dec FY)	$18,218	$21,135	$21,773

Non-GAAP EPS excludes one-time items.

WESCO International, headquartered in Pittsburgh, Pennsylvania, was founded in 1922 as the electric distribution arm of Westinghouse. The division incorporated as WESCO in 1993 and after an MBO launched its IPO in 1999. Within the electrical distribution industry, WESCO serves 100,000 customers in four main end-markets: 1) industrial, 2) construction, 3) utility, and 4) commercial/institutional/government.

STILL AN ASYMMETRIC "MATH EXERCISE" WITH A DOUBLE-DIGIT FCF YIELD

WESCO remains our favorite risk-adjusted covered name over the next 12 months. WESCO's 2022 has been marked by a string of EBITDA beats vs. views, including organic growth 10+% *above* the company's long-term +MSD target. Street expectations for 2023 are modest given robust/record backlogs (approximately six-plus months, by our math), pricing rollovers, and other items such as variable comp re-sets, cost synergies, etc. Valuation continues to imply market expectations of sharp annual sales declines in near perpetuity, creating a highly favorable asymmetric set-up in our view – let alone WESCO's exposure to secular electrification trends.

Recall our thesis on the name: Following the 2020 acquisition of peer Anixter (a combination that finally creates a scale-advantaged player in the North America electrical distribution industry), we see WCC shares as representing a highly attractive "math exercise," bolstered by deal synergy realizations and crisp management execution (especially around price-cost and gross margin improvements).

We view the current ~double-digit FCF yield as suggesting the market has concerns regarding: 1) margin sustainability, particularly maintaining gross margins, 2) the ability to achieve 4Q and long-term FCF targets due to inventory investments, and/or 3) FCF return to shareholders. We believe these concerns are overblown. Regarding margins, synergies from legacy Anixter's GM improvement plan are still to be realized, supply chain cost synergies are still on the come, and "inventory profit risk" should be limited given quick inventory turns. Further, FCF for distributors tends to be counter-cyclical and should meaningfully ramp once backlogs are worked lower over time. Additionally, management is clearly focused on de-leveraging and unlocking shareholder returns, further encouraged by heavy financial-sponsor equity ownership (PE-shop Leonard Green owns 10%+ of WCC shares). Hence, we imagine the rate of WESCO's FCF generation should dictate minimum expected equity returns (i.e., double-digit percentages) as value transfers from debt to equity holders over time.

Near term, 3Q EBITDA again beat views, as better-than-expected (and record) GM and SG&A leverage offset a mild (but still very healthy) organic sales miss. Backlogs grew sequentially for the 7th straight quarter. October sales were at/above views at +12%, and the company has indicated pricing in 4Q/1Q23 will run some +9%.

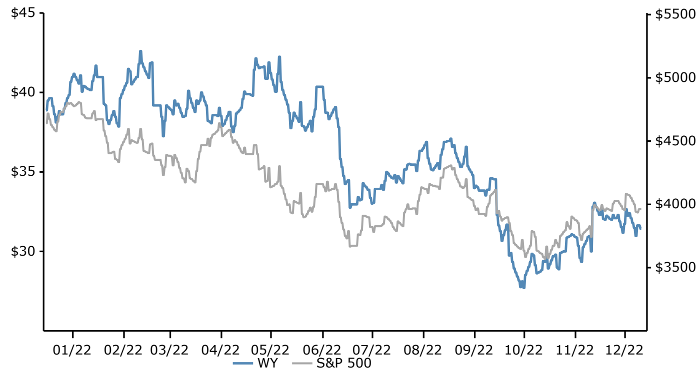
Another factor underpinning our rating is that, with Anixter, WESCO's overall exposure to less cyclical verticals is roughly half of total mix. This includes verticals such as electric utility T&D, network infrastructure, security, safety, fire protection, electrification, grid modernization, automation, and more. With the stock trading ~$120, we calculate that the market is implicitly assuming annual HSD sales *declines*… for at least a *decade* (assuming normal variable margins, and typical NWC and capex %s). We imagine this stark contrast between likely actual "base case results" vs. perceived dire market expectations prompted WESCO's board to approve a new $1B repurchase authorization in June.

Valuation: Our $190 price target assumes a healthy ~10% yield on 2024E FCF, and represents only 8x forward EBITDA one-year hence (historical range 8-10x). See our **note from November 3, 2022** for more details.

WEYERHAEUSER COMPANY (WY-NYSE)

Buck Horne, CFA

Rating	Strong Buy 1
Target Price	$38.00
Suitability	MA/INC



MARKET DATA

Current Price	$31.48
Market Capitalization (mln)	$23,326
Current Net Debt (mln)	$3133
Shares Outstanding (mln, f.d.)	741.0
Dividend / Yield	$0.72/2.3%
52-Week Range	$27.36 - $43.04

KEY FINANCIAL METRICS	2021A	2022E	2023E
GAAP EPS ($, Dec FY)	$3.47	$2.77	$1.30
P/E	9.1x	11.4x	24.1x
Revenue (mln) ($, Dec FY)	$10,201	$10,333	$8,481

Weyerhaeuser Company, based in Seattle, Washington, is one of the world's largest owners of timberlands. The company is also one of the largest manufacturers of wood products. Weyerhaeuser is the largest timber REIT based on equity market capitalization.

DISCOUNTED TIMBERLAND, CARBON OPTIONALITY, AND A FREE CALL OPTION ON LUMBER RECOVERY

Despite growing concerns about affordability and declining housing starts, we are encouraged that lumber prices have remained surprisingly steady heading into the end of 2022, buoyed by marginal cash production costs (particularly in British Columbia) in the $450-500/MBF range. Production curtailments continue to come out of Canada, and we suspect these announcements will continue into next year. Coupled with lean inventory across the supply chain and healthy demand from repair/remodel markets, we believe this trading range represents a steady equilibrium that can enable low-cost U.S. lumber producers like Weyerhaeuser to thrive.

Though we've made adjustments to our lumber price assumptions in 2023, reflecting the increasing likelihood of a housing hard landing, at this lower level ($475/MBF vs. $550/MBF prior), we see another year of healthy free cash flow, dividend growth, and ample capacity for share repurchases.

Furthermore, with climate change initiatives gaining momentum, the carbon optionality embedded within timberland is beginning to make its way into the valuation process. We are seeing persistent pricing tensions in Southern U.S. timberland transactions, despite rising interest rates, as traditional buyers contend with capital flowing out of B.C., Canada, as well as non-traditional capital with ESG-related mandates. Moreover, forest carbon offsets have the secondary effect of removing excess sawlogs from the market, bolstering stumpage pricing and cash flow for traditional operators, which in turn raises the cost floor for producing lumber in North America.

Valuation: Trading at a ~25% NAV discount, we think the market is implicitly giving away WY's industry-leading wood products platform for FREE, while also selling its timber acreage well below private valuations. As such, we believe WY offers one of the strongest risk/reward equations and upside potential of any REIT in our coverage. Our $38 target price projects WY closing the current NAV discount to within 10% of our estimate ($42/share), in line with the current REIT sector average NAV discount. See our **note from November 2, 2022** for more details.

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Market Perform (Hold)	355	38%	61	24%	29	8%	5	8%
Underperform (Sell)	25	3%	3	1%	1	4%	1	33%
Total Number of Companies	939	100%	259	100%	117		47	

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

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