



OptionsHawk Monthly Market Brief – June 2019

S&P 500 (SPX) Technicals

Analysis: The S&P has pulled back off 2,950 resistance and attempting to base just above 2800 and its rising 89 day moving average, currently trading below the 55 day moving average, though rising, while 8, 13, and 21 day moving averages are in declines and seen bearish crossovers as short term momentum has swung in favor to the bears. Shares are also sitting just above a 23.6% retracement of the December 2018 to May 2019 range, while the 38.2% level is 2,721 and the 50% retracement is down near 2,650. The meaningful 233 day MA sits at 2,778 while the daily cloud has yet to be broken, a move under 2,797 would likely start a stronger continuation move lower, the current bear flag measuring to a target of 2,670. A daily close above 2,875 can swing momentum back in favor of the bulls and watching for a bullish 8/21 moving average crossover for confirmation while also wanting to see daily RSI breach back above the 50 level. The upper weekly cloud boundary and 55 week MA both sit near 2,772.50. Another concern is weekly MACD is nearing a bearish crossover on both the histogram and lines. SPY and QQQ are both sitting just above YTD VPOC.

Key Levels

| | <u>Support</u> | <u>Resistance</u> |
|----------------|----------------|-------------------|
| Level 1 | 2,775 | 2,875 |
| Level 2 | 2,720 | 2,900 |
| Level 3 | 2,670 | 2,950 |
| Level 4 | 2,650 | 3,000 |



Fundamental Valuation Bands

| | 2019 | | Value | 2020 | | Value |
|----------------|------|----------|-------|-------|----------|-------|
| | EPS | Multiple | Level | EPS | Multiple | Level |
| Bull | 170 | 17.5 | 2975 | 185 | 17 | 3145 |
| Neutral | 168 | 16 | 2688 | 180.5 | 15.5 | 2800 |
| Bear | 165 | 14 | 2310 | 172.5 | 14 | 2415 |

Market Health/Sentiment Check

| Indicator | Level | Implications |
|----------------------------------|-------------|-----------------------------------|
| Short Term Moving Average Slopes | Declining | Bearish Momentum |
| Long Term Moving Average Slopes | Rising | Buyers at Lower Levels |
| 8/21 Week EMA Crossover | Above | Bullish |
| NYSE McClellan Oscillator (NYMO) | -26.2 | Modestly Oversold |
| NYSE Summation (NYSI) | 445.5 | Below 8 EMA – Bearish |
| NYSE A/D (Cumulative) | 131,255 | Above 40 EMA (130K) - Bullish |
| NYSE Cumulative TICK | 136,615 | New Highs, Above 20 EMA - Bullish |
| NYSE TRIN 21 MA | 1.2 | Oversold |
| NAAIM | 70.1 | 8 Week Low – Under Allocated |
| AII Sentiment | 24.7% Bulls | Overly Bearish – Highly Neutral |
| Investors Intelligence Survey | 49.5% Bulls | Overly Bullish |
| CBOE Equity Put/Call 50 MA | 0.636 | Rising - Caution |
| VIX:VXV Ratio | 0.927 | Neutral |

Macro Catalyst Watch and Review

Macro Data & Indicators: Over the course of May we saw a number of Macro indicators weaken both in the US and overseas. Things remain strong on the employment side though near peak employment and we saw weak April ISM Manufacturing & Services readings, weak Retail sales, weak housing numbers, weak industrial production, weak durable goods orders and inflation come in light. However, these numbers are backwards looking and the regional surveys for May picked up with the Empire Manufacturing and Philly Fed both coming in well ahead of estimates and consumer sentiment remained very strong. The major development of course was China/US trade talks stalling and threatening global economic growth. European and China data came in fairly weak yet again including recent May Flash PMI reports with the US also coming in well below estimates. The US PMI is shown below and concerning break of momentum and nearing contraction.



Central Banks: There was little change on this front with the Fed continuing to stress patience and all signs now pointing to a higher likelihood of a rate cut late in 2019 as opposed to the previous tightening cycle. The ECB minutes showed declining confidence in a growth recovery and could take some action in June to better support growth and noted the ripple impact of the US/China trade war. The BoJ minutes debated the potential of further easing.

Bonds & Credit: Bonds have continued to rally with a safe-haven trade and yields remain depressed while “yield curve inversion” fears are resurfacing late in May. The Bond market is sending signals of a prolonged trade war that can further hurt an already softening economy while yield curve is showing a recession could be coming within the next 12 months.



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Catalyst Watch

| Date | Event |
|---------------|-----------------------------|
| 6/4 and 6/5 | Fed Chicago Conf. |
| 6/6 | ECB Meeting |
| 6/8 and 6/9 | G-20 Meeting Japan |
| 6/20 and 6/21 | EU Summit in Brussels |
| 6/25 and 6/26 | OPEC Meeting |
| 6/26 and 6/27 | Democratic Primary Debates |
| 6/28 and 6/29 | G-20 Leaders Summit |
| 6/30 | US Bank Stress Test Results |

Bull & Bear Flow Monthly Leaderboard

| OPTIONSHAWK DATABASE AGGREGATE FLOW BIAS JUNE/JULY | |
|---|--|
| BULLISH | AVGO, CGC, ETFC, DELL, PYPL, TWLO, TAK, QURE, QSR, KMB, QCOM, STAY, SWK, SPOT, WUBA, COST, ZEN, SNE, TER, MCD, EXEL, CRM, CL, AMBA, DHI, YNDX, LW, VFC |
| BEARISH | IRDM, WAB, PZZA, HSIC, DLR, NTNXX, BMRN, CRON, MAR, TSLA, X, KSS, ZGNX, DBX, VMW, IRBT, ANF, CPB, BBBY, UNFI, JBHT, UPS, LL, ATH |

Hawk Vision – 10 Technical Set-Ups in Quality Fundamental Stocks (Hawk 350 Universe) with Options Flow

*** We highlight these kind of set-ups daily in the OptionsHawk Trading Hub***

Visa (V) shares pulling back modestly off highs and forming a potential cup and handle pattern. V has a lot of size in open interest including September \$170/\$180 call spreads bought in late March.



SAP AG (SAP) shares are consolidating a large gap move from earning and the 3/26 buyer of 2,500 June \$120 calls is sitting on a large profit and continues to hold in open interest with a move above \$130 triggering a breakout.



Rio Tinto (RIO) shares have held up very well compared to Metals peers and has seen size buyers in January \$60 calls and October \$52.50 calls while June \$55 puts were sold to open 2,500X and July \$60 puts sold to open 1,000X. RIO shares pulled back to retest a key 21 week MA and appear to be basing for another move higher.



Zoetis (ZTS) shares are consolidating below new highs and notable call buying open interest sits in June and July \$105 calls. ZTS shares have held a strong uptrend and now looking to clear its sideways consolidation range.



Yandex (YNDX) has seen size positioning in August call open interest as well as January 2020 call open interest. Shares pulled back and held key support and now look to break away from its consolidation.



GW Pharma (GWPH) shares broke out of a nice consolidation range before pulling back and building a strong base, now looking for an expansionary move higher. GWPH has seen large position in August calls and call spreads.



Armstrong Worldwide (AWI) has been an impressive performer in a tough group and currently forming a bull flag, the prior bull flag breakout in March saw a strong run and the notable 3,000 September \$90 calls bought on 4/10 have been adjusting since February, a trader that has captured this entire move and sees more ahead.



Tempur Pedic (TPX) has seen a ton of bullish positioning in June, September and January open interest. TPX shares cleared a long downtrend with the April breakout and now in a choppy consolidation zone looking to clear above \$65 for a breakout.



Global Blood (GBT) has been a standout performer in Biotech all year and seen June and September calls accumulate in open interest. GBT shares are working out of another weekly bull flag and looking to return to 2018 highs or higher.



Workiva (WK) saw unusual buys of 2,350 October \$55 calls recently and shares have a very strong uptrend, currently consolidating in a narrow range and looking to clear back above \$55 and move to new highs.



Options Radar Highlights

5/2/19

Graphic Packaging (GPK) with 2,500 December \$15 calls bought \$0.70 to \$0.80 to open in opening minutes and volume quickly up to 5,500X trading as high as \$0.85 and IV30 up 8.5%. **Graphic Packaging (GPK)** also with 5,500 June \$15 calls bought for \$0.30 and 925 August \$15 calls bought for \$0.35 to \$0.45 as action continues. GPK also has 10,000 June \$10 short puts that were sold to open on 1/11 in OI but this will be the first notable call OI. On the chart shares peaked in early 2018 and strength last week moving out of a downtrend. The \$4.08B provider of paper-based packaging solutions trades 14X Earnings, 0.67X Sales and yields a 2.2% dividend. Two Directors bought stock over the last 6 months for ~ \$450,000. GPK reported results on 4/23 beating on EPS with revenues coming in light, but saw EBITDA margins grow on strong execution in pricing, performance, growth initiatives and synergies. The CEO noted "We are starting to see benefits from the shift away from plastics into our innovative paperboard solutions and this was particularly evident in our strong European sales during the first quarter." GPK's revenue growth outlook is low with 1-3% annual growth seen. It is mainly exposed to Food, Beverage and Household. It is a pure-play paper packaging company and a vertically integrated low cost supplier. Analysts have an average target of \$15.50 and short interest is high near a five-year high at 9% of the float. RBC, RW Baird, and Citi all out after the quarter reiterating Buys with \$15/\$16 targets. Hedge Fund ownership jumped 13.5% in Q4 filings, Shapiro Capital a notable large add to make GPK its 6th largest holding, an activist, and Sasco Capital with a new concentrated stake.

5/6/19

IQVIA (IQV) large opening trade for 9,500 June \$145 calls at \$1.75 with shares basing nicely the last few weeks. IQV has seen 2,000 May \$140 puts open tied to long stock and 700 June \$145 calls bought back on 4/24. Shares have trended strong since the reversal weekly candle in December that retested its big flag breakout from 2018 and currently consolidating at the lower end of its 2019 range and retest of the 2018 high breakout. The \$27.2B CRO leader to the life sciences industry trades 19.1X Earnings, 34.2X FCF, 15.7X EBITDA and 2.7X Sales. IQV is forecasted to hit 5.8% topline growth this year and accelerated back above 6% next year while EPS seen growing 14%/year for the next 3-5 years. IQV has a sizable backlog, over \$16B, and seeing strength in Tech & Analytics and their R&D solutions business. IQV launched their OCE next-generation cloud-based commercial platform recently which connects sales, marketing, and medical, a collaboration with Salesforce. The company sees a big market opportunity to gain share with few major players in the space. Analysts have an average target of \$160 on shares and short interest has been declining to just 1.7% of the float. CSFB out last week with a \$159 target with traction in its Next Gen offering, accelerating TAS organic growth and sees the June 18th Investor Day as a positive catalyst. Piper out on 4/18 seeing positives from the "Cures Act" driving demand for innovative solutions to improve efficiencies in clinical trials. Hedge Fund ownership rose 1% in Q4 filings, Melvin Capital adding a significant amount and Point-72 and Suvretta taking new positions.

5/13/19

Polaris (PII) with size buys in September \$80 calls yesterday paying \$9.10 to \$9.60 and open interest now rises to 3,892 from buyer accumulation. PII has seen some mixed positioning in May which is set to expire in a few days while June \$90 calls have 1,800 bought in open interest. The \$5.3B maker of Snowmobiles, Motorcycles, Boats and other power vehicles trades 12.4X Earnings, 0.85X Sales and 9X EV/EBITDA with a 2.83% dividend yield. PII shares reversed off lows yesterday and closed right near YTD VPOC and hammered above its daily cloud and key volume node of support. The weekly set-up shows RSI gaining strength and holding trend support off its two prior lows. PII saw revenues climb 20% and 12% the last two years and 11.7% growth seen in 2019 while EPS seen down Y/Y, a name impacted by tariffs. Off-Road vehicle account for 64% of sales and the US is 80% of sales. PII has a long history of gaining market share against peers. It has embarked on a customer-centric model and also cutting costs and improving quality. Analysts have an average target of \$108.50 and short interest at 7.9% of the float continues to trend lower to a three-year low. On 5-2 Wedbush upgraded shares to Outperform with a \$117 target with tariff elimination/mitigation, new product innovation, and improving weather a few possible catalysts, expecting upward earnings revisions throughout the year and strength in 2020. RBC raised its target to \$102 on 4/24 after the strong quarter. Goldman started shares Buy on 4-24 with a \$123 target seeing

recent R&D efforts yielding results and robust new product introduction in 2019. Hedge Fund ownership jumped 17.37% in Q4 filings, Confluence Investment Mgmt. one of the few larger concentrated holders added.

5/21/19

EuroNet (EEFT) a hot name in payments for years now flying under the radar of many with 1,500 November \$180 calls opening \$5.25 in a stock replacement as shares reach new highs and the only notable open interest now in the name. EEFT shares are in a parabolic move after breaking out last September and have shown impressive resilience even in weak tapes. The \$8.1B Company now trades 19.1X Earnings, 21.65X FCF and 2.7X EV/Sales. EEFT delivered 15% and 12.5% revenue growth the last two years with 12% seen each of the next two years while EPS seen rising to \$9.20/share by 2021 from \$5.53/share in 2018. EEFT revenues came in below estimates last quarter but offered upside guidance for Q2. The EFT segment operates high-value ATMs across Europe and India, the EPAY segment uses its integrated payments cloud and capitalizing on a \$1 Trillion spend market and Money Transfer segment is also seeing strong growth. Analysts have an average target of \$171 on shares and short interest is 5.7% of the float, up 15.7% Q/Q. EEFT management met with SunTrust the last two days. Wells Fargo raised its target to \$164 on 4-11 and on 4-5 DA Davidson raised its target to \$165 seeing solid growth the next two years and 11X FY20 EBITDA is attractive valuation. Euronet's growth is poised to accelerate on Visa's (V) dynamic currency conversion fee enablement, stronger e-pay growth and expanding revenue opportunities enabled by its digital cloud platform. Hedge Fund ownership fell 1% in Q1 filings.

Trades of the Week

Posted Weekly at OptionsHawk.com <https://www.optionshawk.com/trade-of-the-week/>

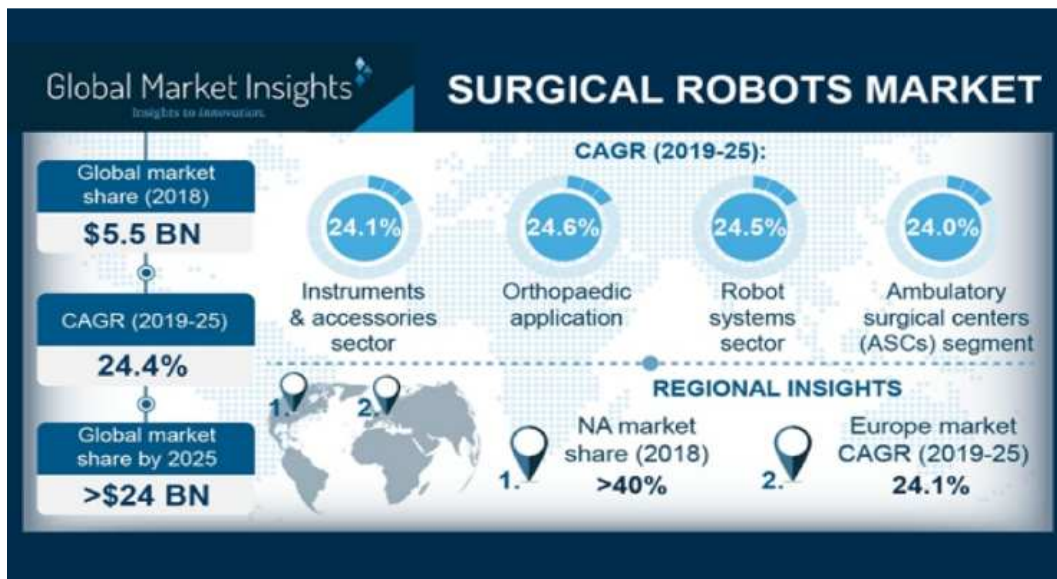
Earnings Recap

| Strong Beats | Bullish Themes | Weak Outlooks | Bearish Themes |
|--|-----------------------------------|---------------------------------|---------------------------|
| AIG, HIG, LNC, AIZ | Insurance – P&C and Life | ARCB, EXPD, SAIA, KNX, FWRD | Freight & Logistics |
| WING, MCD, YUM, CMG, DPZ | Casual Dining | USCR, LPX, BCC, JELD, AFI, TREX | Residential Construction |
| DIS, LYV, ROKY | Media – Streaming & Entertainment | ASH, CC, HUN, APD, LYB, EMN | Chemicals |
| UAA, GIL, COLM | Apparel | WLK, OLN, SHW, PPG | Coatings |
| LDOS, OSIS, LLL, CACI, FLIR | US Defense Spending | BERY, BLL, OI, PKG, AVY | Packaging & Containers |
| AER, SPR, TDG, WWD | Commercial Aerospace | CF, MOS, NTR | Agricultural Chemicals |
| MSI, FN, ANET, ACIA, EQIX, PI | Communications Equipment | TEN, WAB, LEA, ALV, VNE, ADNT | Automotive Parts/Supplies |
| Z, TTD, MTCH, MELI, SHOP, AMZN, YNDX | Internet | VAC, HGV | Time-Share Vacations |
| MCFT, MBUU | Boating | KSS, HD, LOW, M, JCP, JWN | Department Stores |
| MNST, PEP, KDP, KO | Beverages | NTAP, PSTG | Tech - Storage |
| MDLZ, HSY, Nestle, TWNK | Snacks | SINA, WB | China Internet |
| AVLR, EPAM, HUBS, EVBG, ANSS, RNG, NOW, INTU, SPLK | Software | | |

Theme of the Month

Robotic Surgery

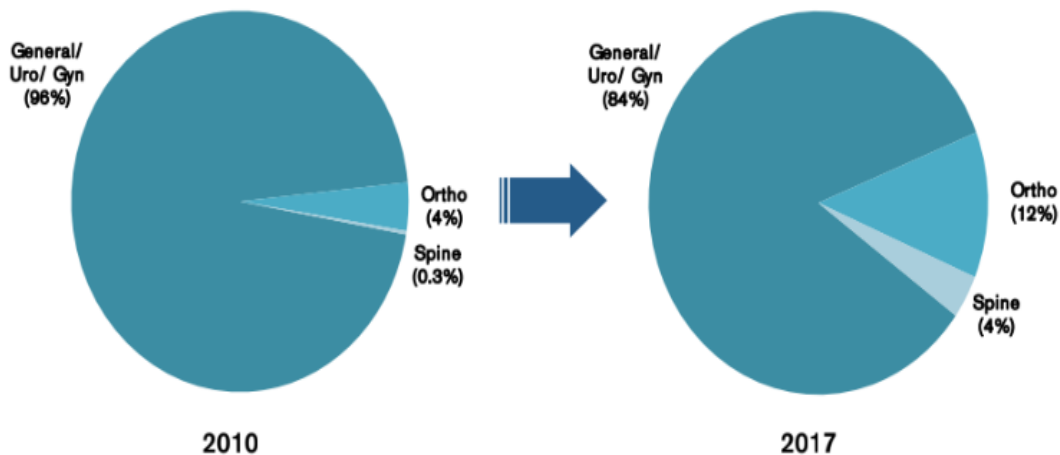
The growing use of robotics in surgical procedures is one of the biggest underlying themes in med-tech and devices today. More doctors are turning to minimally invasive surgery (MIS) because of benefits to recovery time, efficiency in procedure and lowering risks of bodily damage. MIS also helps cut down on hospital visit length. From a medical perspective, robotics will enhanced imagery, data analytics, and better training and learning. For hips and knees, robotics helps more nuanced surgeries with precision and reproducibility. In spine, the benefits include a reduction of intraoperative x-ray exposure.



RBC estimates that more than 35% of all surgeries will be performed using robotic assistance by 2025. This is up from around 15% in 2015. Neurology, cardiology, and laparoscopy are leading applications for the technology. Orthopedics is expected to be a big area of growth for robotics as well with CSFB estimating that robotic-assisted surgeries in the space growing to \$3.7B by 2025. An additional factor driving growth and adoption is usage in emerging markets like Brazil, India, and China where the number of skilled practitioners is smaller than in developed countries.

Mix of U.S. Robot Installed Base Expanding

Ortho up from 4% to 12%, Spine from <1% to 4%



There are three key players in the space:

Stryker (SYK) is a \$70B company which trades 20.7X earnings, 5X sales, and 39.8X cash with a 1% yield. They see high-single digit EPS growth and 6-7% revenue growth annually through 2021. Their robotics system is called MAKO which is used primarily for hip and knee replacement. Their install base is growing and is expected to hit 1,000 by 2020 which will allow them to do 500 implant procedures or more per year. They see a very underpenetrated market despite new competition from Zimmer (ZBH). Katherine Owen, VP of Strategy, at the BAML conference in May.

“We have a really healthy order book of customers who want the Mako and that's where they are focused. Zimmer I have to imagine is focused on their highly loyal, high volumes Zimmer docs who never in the queue for Mako, which is probably why we are not seeing it. And keep in mind this is really underpenetrated market. And we are coming up a three-year anniversary of our limited launch. We are about 10% penetrated with single in-hospitals, about 90% of that in single robot hospitals. We are up to about 10% of our customers now have purchased one or more or more than one robot, but that means there is still just enormous opportunity here. So I think in the short term and this all speculation, but I think in the relatively short term Zimmer is going to be focused on those Zimmer accounts who wanted to be able to say they have a robot because clearly the whole market has shifted from nobody needs a robot.”

CSFB was positive on SYK earlier this year. “SYK has gained ~650bp of U.S. knee share since 2014, and we expect it to gain a further ~200bp by 2020 – Given that ZBH remains the U.S. knee market share leader, most of SYK’s gains have come at ZBH’s expense, and we expect that to continue. We also believe new applications for MAKO such as shoulders and spine (both under development) will only increase the appeal and market lead for this platform.” Piper positive on 4/24 with a \$205 PT. They think Mako story continues with 35 global placements and the company’s “broad-based momentum” will continue, and it remains in the upper-quartile of large cap medtech growth.

Zimmer Biomet (ZBH) is a \$23.9B company which trades 13.9X earnings, 3X sales, and 20X FCF with a small yield. ZBH expects 6-7% EPS growth and 2-3% revenue growth, slightly below peers. ZBH’s robotics system is called Rosa and launched late in 2018. The device focuses on knee surgeries, specifically total knee arthroplasty, but has also received clearances for brain and spine applications. This makes ZBH the only company with robotics in all three indications. The early launch means they don’t have similar uptake number to a peer like SYK but largely expected to be a second half story. Physician feedback has been positive with more than 2,000 leads generated at AAOS this year. They’re optimistic about cross-selling opportunities, CEO Bryan Hanson says:

“When you get a ROSA Brain procedure for an epileptic patient, you're going to place depth electrodes to find out where the seizure is happening in the brain. If you don't have a robotics system, if you don't have ROSA, that's a six-hour-plus procedure. It's extremely tedious. It's very complex. With ROSA, it takes it down to two hours or less. So, it is a dramatic change for patients and surgeons. That's why it's getting the adoption and we still have room to go. So, we're excited about that system. And as you previously referenced, it does give us a foothold in once we get a ROSA system in, the one ROSA unit to be able to leverage that to get spine in as well.”

CSFB cautious in January noting that they think the functionality is limited compared to peers. Needham upgrading to Strong Buy in April with a \$155 PT. They think the company has addressed supply issues and should benefit from the launches of its new knee products and Rosa knee and spine/brain robots. ZBH may also pursue acquisitions to boost its organic growth and diversify its products. Evercore upgraded to Buy on 4/8 and thinks Rosa robotics is a big deal and could represent over a \$1.5B long-term opportunity for Zimmer.

Medtronic (MDT) is the final notable player in the space. The \$119.5B company trade 16.3X earnings, 3.9X sales, and 13X cash with a 2.25% yield. They expect 5.5% and then 9% EPS growth over the next two years with revenue growth of 3.8% and 4.9%. Their robotics arm comes out of a deal for Mazor in 2018. They had held a large stake in the company since 2016 but bought the entire company in a move to fully develop their spinal surgery tools. The unit is in the earliest stages of sales and MDT sees it not only as a strong independent sales generator but as a way for more hospitals to buy ancillary products used in spinal surgeries. They sold 26 systems in Q1 and grew their share in the market to 70%. Their install base is now 3X higher than their closest peer. Outside of Mazor, however, they have another robotics project

which has been called 'Hugo.' The company has delayed its launch several times now and expected to roll out in FY20. In February, they mentioned that they had been working with physicians on the project and EVP Bob White said this:

"We had actually over 100 surgeons use our robotic systems and in fact, just a couple of weeks ago I had a chance to sit in when one of them during our preclinical labs as we did a partial nephrectomy. And as I chatted with the lead surgeons you could tell, it was really impressive experience both from the aspect of the way the system performed, the procedure, the workflow associated with the system. And so, as we previously communicated we're absolutely on track for FY 2020 launch. But importantly, and I think interesting to you is once procedures have begun and we're collecting additional clinical data, they will arrange opportunities for you to experience one of these cases live. So we're excited with our progress. We're excited with the feedback we get and we're excited to bring the system."

MDT said on 5/23 that they are preparing for launch and will host an analyst day this Fall to showcase the project. CSFB has an Outperform rating for shares and thinks MDT can become a market leader in Robotic Surgery.

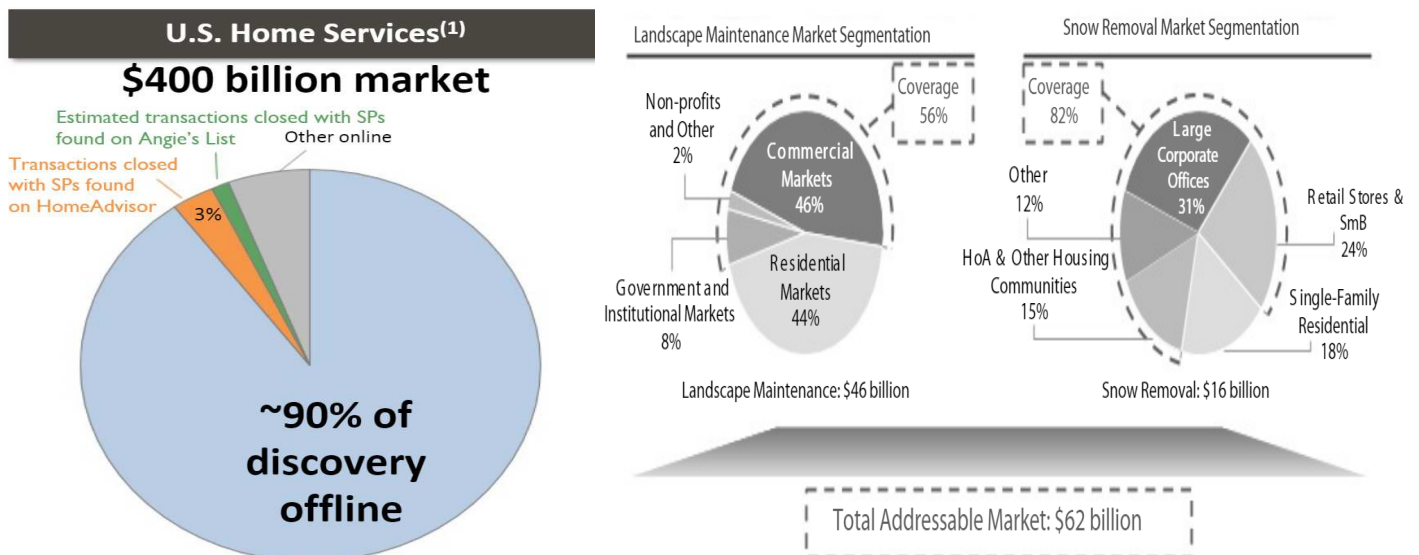
Industry Snapshot of the Month

Home Services

Components: FTDR, ROL, SERV, ANGI, BV, ABM, FSV

The home services group is a small collection of names that operate in a large \$400B US home services market, a market very fragmented with a lot of private companies. In this group we have FTDR as a provider of home service plans, ANGI a digital marketplace for home services, BV a provider of landscaping services, ROL a provider of pest control services, and SERV a provider of pest control, cleaning and other home services. EcoLab (ECL) also has a unit with pest control and Rentokil is a large International player. ABM is a commercial cleaning service provider. In the restoration, emergency response and related services industry Servpro, Belfor, Interstate Restoration, FirstOnSite, Paul Davis and Stanley Steemer are private players. Residential cleaning companies include Maids International, Molly Maid, and Cleaning Authority.

The outsourced segment for residential and commercial termite and pest control services in the United States was approximately \$8.6 billion in 2017, according to Specialty Consultants, LLC. Estimates for the North American restoration segment was approximately \$43B in 2018, just over one-half of which is related to residential customers and the remainder related to commercial customers. This market primarily includes mitigation and reconstruction of fire and flood related damages for both commercial and residential customers. The U.S. cleaning market was approximately \$78 billion in 2018.



Providing full services and solutions in a \$43B industry
 With greater focus on commercial market segment
 Through a broad network of franchisees, contractors,
 and company owned operations



Continued Future Expansion
 ServiceMASTER
 Restore

Incremental Market Opportunity: \$36B



| Vertical | Home Services | Rentals | Ride Sharing | Vacation Rentals | Real Estate | Food Delivery | Restaurant Reservations | eCommerce |
|--------------------------|---------------|---------|--------------|------------------|-------------|---------------|-------------------------|-----------|
| Total Addressable Market | \$400B | ~\$185B | \$310B | \$100B | \$77B | \$54B | \$3T | \$1.7T |
| Gross Transaction Value | \$17B | \$9B | \$22B | \$4.7B | \$3.2B | \$2.4B | \$11B | \$82B |
| Market Share | 4% | 5% | 7% | 5% | 4% | 4% | <1% | 5% |
| Take Rate | 3-4% | 10-12% | 25% | 10% | 15% | 15% | 2-3% | 8% |

Valuation and Metrics

| Symbol | Company Name | Curr MCap | LTM EV/E BITD A... | EBITDA Adj [% Chg, FY18-... | FY1 Sales YoY (%) | FY2 Sales YoY (%) | LTM EBITDA Adj % Sales... | 3 Y ROIC | FY17 Net Debt/E BITD... | FY1 EV/FCF (Yesterday) (x) | FY0 Unlev FCF % Sale... | OCF/S ales |
|--------|----------------------|-----------|--------------------|-----------------------------|-------------------|-------------------|---------------------------|----------|-------------------------|----------------------------|-------------------------|------------|
| ROL | ROLLINS INC | 12,079 | 32.0x | 8.5% | 10.3% | 7.1% | 20.82% | 14.60 | (0.4x) | 41.5x | 7.17% | 0.15 |
| ANGI | ANGI Homeservic... | 7,694 | 30.8x | 16.5% | 20.8% | 22.6% | 20.40% | 22.61 | 0.4x | 35.1x | 11.48% | 0.20 |
| SERV | SERVICEMASTE... | 7,413 | 14.4x | 10.7% | 7.3% | 4.0% | 23.76% | 7.00 | 3.7x | 23.2x | 13.50% | 0.17 |
| FTDR | frontdoor, inc. | 3,583 | 16.8x | 8.2% | 9.2% | 8.7% | 23.52% | 13.56 | (0.9x) | 26.9x | 6.62% | 0.15 |
| ABM | ABM INDUSTRIE... | 2,508 | 10.6x | 5.1% | 2.3% | 3.7% | 4.88% | 5.46 | 2.6x | 25.6x | 10.12% | 0.04 |
| BV | BrightView Holdin... | 1,759 | 9.9x | 3.7% | 2.4% | 4.0% | 15.53% | -- | 3.9x | 21.6x | 10.24% | 0.07 |
| Mean | none | 5,839 | 19.1x | 8.8% | 8.7% | 8.3% | 16.15% | 12.65 | 1.6x | 29.0x | 9.85% | 0.13 |

Featured Pick: FrontDoor (FTDR)

Description

Front-Door (FTDR) is a \$3.45B provider of a platform for home services on components such as appliances, plumbing and lighting. It operates under brands such as American Home Shield, HSA, Landmark, and OneGuard. Its home service plans help our customers maintain their homes and protect against costly and unexpected breakdowns of essential home systems and appliances. FTDR responds to over four million homeowner service requests annually (or one every eight seconds on average) utilizing its nationwide network of over 16,000 pre-qualified professional contractor firms. We serve over two million customers annually across all 50 states and the District of Columbia. Our home service plan customers subscribe to a yearly service plan agreement that covers the repair or replacement of major components of up to 21 home systems and appliances, including electrical, plumbing, central HVAC systems, water heaters, refrigerators, dishwashers and ranges/ovens/cooktops. Product failures can pose significant emotional and financial challenges for our customers as these items tend to be the most critical and complicated items in a home.

The Business

Our value proposition to our professional contractor network is providing them access to our significant work volume, increasing their business activity while enhancing their ability to manage their financial and human capital resources. We realize significant economies of scale as a result of our volume of service requests and we intend to leverage our advanced customer and contractor-centric technology platform, expanding independent contractor network, existing customer base, purchasing power for replacement parts, appliances and home systems and extensive history and deep understanding of the home services market to generate sustained growth of our core home service plan business as well as to develop a new on-demand home services business.

We acquire our customers through our partner real estate brokers and directly by advertising and marketing through our direct-to-consumer (“DTC”) channel. As a result of our strong customer value proposition, 66 percent of our revenue in 2018 was recurring, in line with historical averages, driving consistency and predictability in our revenues. In addition, a significant majority of our home service plan customers automatically renew on an annual basis.

We are more than four times larger than the next largest provider of home service plans in the United States, as measured by revenue. We believe our scale affords us significant competitive advantages, as it would require substantial time and monetary investment to develop a comparable contractor base with national reach, experience and service excellence.

Capital-Light Business Model. Our business model generates strong Adjusted EBITDA margins and negative working capital and requires limited capital expenditures. As such, we have a capital-light business model that drives potential for strong generation of cash flow.

Customers. As our customers are predominantly owners of single-family residences, we do not have significant customer concentration. We had 2.1 million, 2.0 million and 1.9 million customers as of December 31, 2018, 2017 and 2016, respectively. Approximately 67 percent of our customers are on a monthly auto-pay program. Auto-pay customers are more likely to renew than non-auto-pay customers.

Competitors

Our primary direct competitors are First American Home Warranty Corporation and Old Republic Home Protection. We also compete in the broader home services market with HomeAdvisor (who also recently acquired Angie's List) and HomeServe.

Key Metrics: EBITDA; Adjusted EBITDA Margins; Customer Retention Rates; FCF; OCF; Service Plan Growth

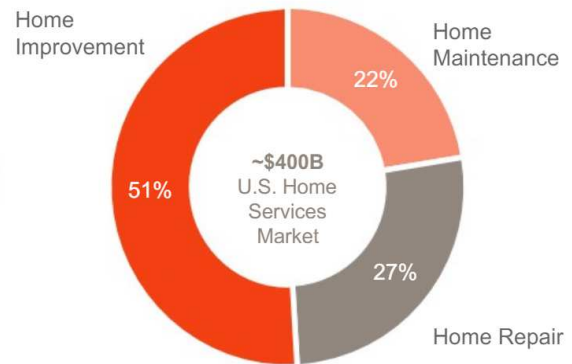
The Market

Frontdoor operates within the \$400 billion U.S. home services market, of which the U.S. home service plan category currently represents \$2.4 billion. We view increased penetration of the U.S. home service plan category as a long-term growth opportunity. This category is currently characterized by low household penetration with approximately five million of nearly 120 million U.S. households (owner-occupied homes and rentals), or approximately four percent, covered by a home service plan. In addition, we believe that increasingly complex home systems and appliances, as well as consumer preference for budget protection and convenience, will emphasize the value proposition of pre-qualified professional repair services and, accordingly, the coverage benefits offered by a home service plan.

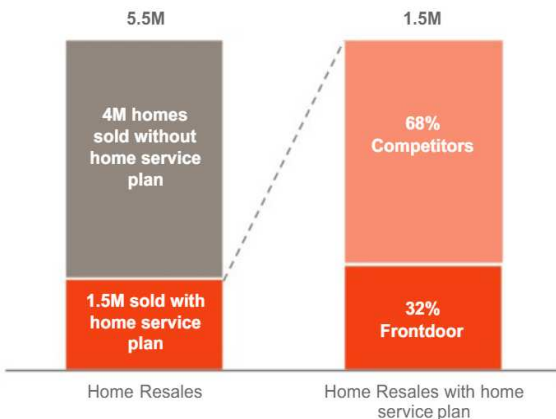
View by homes



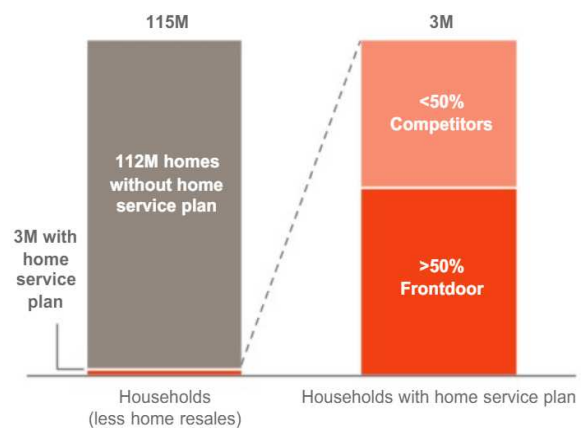
View by services



Real Estate Channel



Direct-to-Consumer Channel



Fewer than 4% of U.S. households have a home service plan

Current Services

Refrigerators
Dishwashers
Ranges
Ovens
Clothes washers
Clothes dryers

Air conditioning
Heating
Electrical
Indoor plumbing
Water heaters
Microwaves

New or Currently in Pilot

Locksmith
HVAC tune-up
TV mounting
Carpet cleaning

Filter subscription
Dryer vent cleaning
Utility line protection
Handyman service

Future Services

Painting
Smart Home installation
Landscaping
Home inspection
Moving

Financial Targets

Long-term targets for home service plan business

| Metrics | 2018F | Long-term annual targets |
|------------------------|----------|---------------------------|
| Revenue growth | 8-10% | High single digit organic |
| Gross margin | 46-47% | ~50% |
| Adjusted EBITDA margin | ~20% | Low 20's |
| Capex | \$20-30M | ~\$20M |

Management Commentary

May 2019

- Better-than-expected performance is largely due to lower-than-expected claims volume, driven primarily by mild temperatures in our key markets as well as earlier-than-anticipated progress from our business process initiatives.
- We continued to grow the number of home service plans by 5% over the first quarter of 2018 to 2.1 million plans. Our customer retention rate remained stable at 75% on a trailing 12-month basis despite implementing higher-than-normal price increases late last year.

- First year DTC sales continued to grow through our marketing efforts, specifically in digital and social media. I should note that the timing of our marketing spend is expected to ramp up a bit more going into the back half of 2019 versus prior year. Additionally, we are benefiting from optimizing our customer acquisition costs by moving some third-party services in-house and revamping the incentive performance metrics for sales associates in our call centers to drive additional unit sales growth.
- In real estate, we are seeing more macro headwinds from a decline in existing home sales. The National Association of Realtors released existing housing figures that were down 7% in the first quarter versus the prior year. We are addressing the slowdown through deeper unit growth penetration of our existing broker relationships as well as adding new brokerage partnerships. Expanding our relationships helps us get into new real estate offices and in front of new brokers to further explain the value proposition of the home service plan and more specifically Frontdoor. We're encouraged by some leading indicators in real estate, such as lower interest rates and rising wages that will, hopefully, result in improving existing home sales in the back half of this year. As always, we will continue to monitor macro market conditions and shift some spend to DTC customer acquisition if the real estate market softness continues.
- Heading into our peak claims and call volume season during the summer months, we're adding hundreds of new customer service agents.
- We expect to realize about half the price increase benefits in 2019 with full benefit coming in 2020, as it takes a full 12 months to roll through our entire book of business. Now turning to dynamic pricing. We're on track to have dynamic pricing fully rolled out over the course of 2019. This objective is expected to increase our overall gross margin by 100 basis points in 2020. As a reminder, dynamic pricing will allow us to model our cost and price sensitivity down to the ZIP Code plus 4-digit level in contrast to historic industry practice of pricing at the state-only level.
- There's really 2 value propositions for our customers. One is budget protection. So roughly 60% of Americans have less than \$1,000 in their bank account. And so they're really looking for being rest assured that they have a major appliance or system to go out on their home than they're -- they're not out a lot from an out-of-pocket perspective. The second value proposition is around convenience. So 36% of our direct -- first year direct-to-consumer customers make over \$100,000 a year. Probably less worried about budget protection and more worried about convenience. So having to go out to Google, try to find a provider, ensuring that they'll actually come out, what price they're going to charge and something to kind of guarantee that work is going to get done. That's -- that kind of convenience factor is playing pretty well to kind of core set of our customers.
- Well, again, we're only 4% penetrated in the U.S. I definitely want to continue to focus here. I do think there are international opportunities. So it's something we will definitely look at over time and begin to explore. But I think at least in this year, we're very U.S. focused.

Additional Notes

ServiceMaster currently intends to dispose of all of our common stock that it retained after the Spin-off by June 14, 2019 in accordance with the terms of the IRS private letter ruling.

M&A Deal of the Month

Chesapeake Lodging (CHSP) on 5-6-19 saw news that **Park Hotels (PH)** was acquiring the Company for \$2.7B in cash and stock, the offer at the time came in at an 11% premium. This deal follows a bidding war for **LaSalle Hotel (LHO)** that was won by **Pebblebrook (PEB)** is a \$5.2B deal that came in at 13.5X FFO. Following the deal **CHSP** is now trading at 12.4X FFO and is a name with a 5.32% dividend yield. A strong economy, steady inflation, low unemployment, and lower corporate taxes are driving more deals in the hotel REIT space. **FelCor Lodging (FCH)** was another deal by **RLJ** for \$1.2B and came at 9X FFO. The fragmented industry makes M&A a theme that is likely to continue. **Extended Stay (STAY)** is a name that has already started to seek strategic alternatives.

CHSP screened strong on ROA and ROE at 4.99% and 9.22% respectively and had 29.57% EBITDA margins at Debt/Equity 0.8X. **Host (HST)** and **MGM Properties (MGP)** are two of the large players in this industry sub-group but it is worth looking at peers like **RHP, PEB, APLE, RLJ, SHO, XHR, DRH, STAY, GHG, HPT, CPLG, HT, AHT** and **CLDT**.

| Symbol | Company Name | YTD % Change | Current Market Cap | FY1 P/FFO (x) | FY1 FFO/Share YoY (%) | FY2018 Return on Assets... | FY2018 Return on Equity (%) | FY1 div_yield | FY0 FCF Yield (%) | FY1 EBITDA Margin - Adjust... | FY2018 P/NAV (x) | FY2018 Total Debt/Equity (x) | Debt Coverage Me | FY0 EBITDA Interest Covera... |
|---------|-----------------------|--------------|--------------------|---------------|-----------------------|----------------------------|-----------------------------|---------------|-------------------|-------------------------------|------------------|------------------------------|------------------|-------------------------------|
| Tickers | | | | | | | | | | | | | | |
| SHO | Sunstone Hotel In... | 10.38% | 3,283 | 13.2x | -7.4% | 6.09% | 9.18% | 4.3% | 8.88% | 28.71% | 0.8x | 0.4x | 30.41 | 6.8x |
| RHP | Ryman Hospitality... | 28.04% | 4,392 | 12.6x | 13.7% | 4.91% | 36.93% | 4.2% | 3.91% | 30.14% | 0.8x | 4.8x | 13.18 | 5.2x |
| CHSP | Chesapeake Lod... | 23.49% | 1,827 | 12.4x | 3.9% | 4.99% | 9.22% | 5.3% | 7.99% | 29.57% | 0.8x | 0.8x | 21.19 | 5.1x |
| PEB | Pebblebrook Hote... | 9.33% | 4,043 | 11.7x | 8.3% | 1.53% | 2.78% | 4.9% | 3.67% | 30.44% | 0.8x | 0.7x | 4.94 | 4.7x |
| CLDT | Chatham Lodging... | 13.12% | 931 | 10.7x | -4.3% | 2.16% | 3.83% | 6.6% | - | 39.40% | 0.8x | 0.7x | 14.78 | 4.9x |
| DRH | DiamondRock Ho... | 17.62% | 2,151 | 10.4x | 0.3% | 2.79% | 4.72% | 4.7% | 5.61% | 28.27% | 0.8x | 0.5x | 22.42 | 6.2x |
| XHR | Xenia Hotels & R... | 28.84% | 2,496 | 10.3x | -3.4% | 6.16% | 11.26% | 5.0% | - | 26.39% | 0.7x | 0.7x | 22.01 | 5.6x |
| APPLE | Apple Hospitality ... | 15.01% | 3,671 | 9.8x | -2.7% | 4.19% | 5.90% | 7.3% | 10.35% | 34.23% | 0.8x | 0.4x | 28.66 | - |
| INN | Summit Hotel Pro... | 24.46% | 1,273 | 9.7x | -7.9% | 3.25% | 5.85% | 5.9% | 8.89% | 34.68% | 0.7x | 0.7x | 16.86 | 4.7x |
| RLJ | RLJ Lodging Trust | 14.45% | 3,259 | 8.4x | -0.7% | 2.56% | 4.66% | 7.0% | 6.91% | 30.07% | 0.7x | 0.7x | 17.93 | 5.1x |
| HT | HERSHA HOSPI... | 3.42% | 711 | 7.9x | 4.1% | -0.66% | -1.64% | 6.2% | - | 33.44% | 0.9x | 1.3x | 10.50 | 3.6x |
| HPT | HOSPITALITY P... | 10.05% | 4,321 | 7.2x | -1.4% | 2.59% | 6.94% | 8.1% | 7.29% | 35.43% | 0.9x | 1.5x | 14.31 | 4.1x |
| AHT | ASHFORD HOSP... | 32.25% | 540 | 4.3x | -1.4% | -3.62% | -31.25% | 9.1% | - | 28.94% | 0.5x | 7.0x | 4.62 | 1.7x |
| Mean | none | 17.73% | 2,531 | 9.9x | 0.1% | 2.84% | 5.26% | 6.0% | 7.06% | 31.52% | 0.8x | 1.6x | 17.06 | 4.8x |

Among the names trading less than 10X FFO we have **Ashford (AHT)** as a small cap at 4.3X FFO that has seen shares rise 32.5% YTD and could offer some strategic value. **Apple Hospitality (APPLE)** at 9.8X FFO trades at a discount despite strong EBITDA margins and one of the strongest balance sheets. For the names trading greater than 10X FFO, **Ryman Hospitality (RHP)** really stands out as best of breed fundamentals with strong FFO growth. **PEB** is also a quality name but already did a deal, so an unlikely target. **Diamondrock (DRH)** at 10.4X FFO with positive growth and a strong balance sheet is another sensible target.

Small Cap of the Month

Verra Mobility (VRRM) is a \$2.3B provider of smart mobility technology solutions that has seen shares gain 50% YTD. VRRM came public in January 2017 and its solutions include toll and violations management, title and registration, automated safety solutions and other data driven solutions to rental car companies, fleet management companies, and schools/municipalities. Its commercial segment account for 60% of revenues while government solutions is 40%, the latter includes road safety cameras. As the number of vehicle miles traveled continues to increase and cities and municipalities struggle to deal with the challenges of managing traffic enforcement, red-light, speed and school bus stop arm cameras continue to play a prominent role in comprehensive safety initiatives. VRRM shares trade 44.7X Earnings and 7.2X EV/Sales and has great visibility with 98% recurring revenues. Excluding acquisitions it has seen a 9% revenue CAGR since 2015, and 23.5% with the HTA and EPC acquisitions. According to 2014 IBTTA estimates, annual tolling industry revenues in the United States could reach \$65 to 70 billion by 2030. This increase in revenue is expected to be driven by an increase in the number of toll roads, including new express and high occupancy lanes in urban areas, dynamic tolling based on congestion pricing which allow toll rates to fluctuate based on real-time traffic trends, U.S. states that do not currently utilize toll roads implementing interstate tolling, and an overall need to fund a growing list of infrastructure maintenance and construction needs. VRRM launched PEASY in 2018, its cloud-based pay as you go tolling solution. It sees opportunities in new products and new markets, one example is smart parking, which according to Technavio is forecasted to grow by approximately 20% by 2019 and currently has no dominant players. VRRM is forecasting revenue growth of 16.8% in 2019 and 10.4% in 2020.

IPO Watch

Pager-Duty (PD) came public in April and shares are already up 43% YTD after raising the IPO price for an offering that saw very strong demand. PagerDuty was founded by three former Amazon.com developers who were often asked to provide on-call support for their applications. PD is a cloud software company focused on an incident response platformer that utilizes the land and expand business model. It is considered a digital nervous system to automate notifications of issues reducing downtime for business, an addressable market estimate at \$25B. Its products help organizations improve operations, accelerate innovation, increase revenue, mitigate security risk, and deliver great customer experience. From the S1 “We estimate there are approximately 85 million users in the developer, IT, security and customer support segments, where we currently have less than 1% penetration. We also estimate our total addressable market is over \$25 billion, which we calculate by multiplying our estimate of 85 million potential users by our average revenue per user for the fiscal year ended January 31, 2019. “

PD currently has a market cap of \$3.2B and trades 21X FY21 EV/Sales with 32% and 30% revenue growth seen for 2020 and 2021 after generating 48% growth in 2019. In 2019 it had 85.4% gross margins with -8.3% FCF margins and -19.7% adjusted EBIT margins. Its customer base is estimated currently near 11,000 and does sport impressive 139% net retention rate. Customers with more than \$100,000 ARR grew to 203 in 2018 from 132 in 2017. PD has a history of attracting customers who increase the size of their subscriptions with us over time. The chart below illustrates the ARR from each customer cohort over the years presented. Each cohort represents customers that made their initial purchase from us in a given year.

Insider Activity Monthly Recap

For Detailed Write-Ups Visit <https://www.optionshawk.com/options-trader/insider-trading-spotlight/>

| Trade Date | Ticker | Company | Insider Name | Insider Title | Trade Type | Price | Qty | Owned | ΔOw | Value |
|------------|--------|--------------------------------|------------------------------|-----------------------------|--------------|----------|-----------|-------------|-------------|--------------|
| 5/10/2019 | COTY | Coty Inc. | Harf Peter | Dir | P - Purchase | \$11.66 | 4,675,301 | 9,305,020 | 101% | \$54,493,528 |
| 5/9/2019 | AES | Aes Corp | Ubben Jeffrey W | See Remarks | P - Purchase | \$16.10 | 2,582,000 | 4,146,500 | 165% | \$41,581,020 |
| 4/30/2019 | BIIB | Biogen Inc. | Denner Alexander J | Dir | P - Purchase | \$229.94 | 118,342 | 653,909 | 22% | \$27,211,824 |
| 5/2/2019 | TSLA | Tesla, Inc. | Musk Elon | CEO, 10% | P - Purchase | \$243.00 | 102,880 | 33,927,560 | 0% | \$24,999,840 |
| 5/8/2019 | MGM | Mgm Resorts International | Salem Paul J | Dir | P - Purchase | \$25.40 | 800,000 | 800,000 | New | \$20,322,240 |
| 5/20/2019 | MDCO | Medicines Co /de | Denner Alexander J | Dir | P - Purchase | \$33.89 | 431,000 | 4,067,000 | 12% | \$14,606,470 |
| 5/14/2019 | SYMC | Symantec Corp | Feld Peter A | Dir | P - Purchase | \$19.53 | 700,000 | 36,725,481 | 2% | \$13,669,480 |
| 5/16/2019 | SYMC | Symantec Corp | Feld Peter A | Dir | P - Purchase | \$19.73 | 650,000 | 38,025,481 | 2% | \$12,825,830 |
| 5/15/2019 | SYMC | Symantec Corp | Feld Peter A | Dir | P - Purchase | \$19.51 | 650,000 | 37,375,481 | 2% | \$12,678,450 |
| 5/20/2019 | EOLS | Evolus, Inc. | Blank Simone | Dir | P - Purchase | \$19.25 | 628,536 | 923,560 | 213% | \$12,099,318 |
| 5/10/2019 | COTY | Coty Inc. | Laubies Pierre | CEO | P - Purchase | \$11.64 | 648,228 | 2,956,675 | 28% | \$7,542,327 |
| 5/10/2019 | UGI | Ugi Corp /pa/ | Hermance Frank S | Dir | P - Purchase | \$54.10 | 100,000 | 281,573 | 55% | \$5,410,480 |
| 5/14/2019 | COTY | Coty Inc. | Harf Peter | Dir | P - Purchase | \$12.06 | 439,668 | 9,039,188 | 5% | \$5,304,248 |
| 5/10/2019 | COTY | Coty Inc. | Volatier Luc | Chief Global Supply Officer | P - Purchase | \$11.51 | 451,263 | 451,263 | New | \$5,194,963 |
| 5/3/2019 | UNH | Unitedhealth Group Inc | Wichmann David S | CEO | P - Purchase | \$231.79 | 20,000 | 904,604 | 2% | \$4,635,730 |
| 5/16/2019 | CLR | Continental Resources, Inc | Hamm Harold | CEO, COB, 10% | P - Purchase | \$42.71 | 93,000 | 286,664,017 | 0% | \$3,972,167 |
| 5/9/2019 | TRVI | Trevi Therapeutics, Inc. | Agger Mette Kirstine | Dir | P - Purchase | \$10.00 | 375,000 | 1,151,544 | 48% | \$3,750,000 |
| 5/13/2019 | QRTEA | Qurate Retail, Inc. | George Michael A | Pres, CEO | P - Purchase | \$12.51 | 244,568 | 1,939,137 | 14% | \$3,060,405 |
| 5/7/2019 | UFI | Unifi Inc | Valueact Holdings, L.P. | See remarks | P - Purchase | \$20.45 | 115,000 | 1,245,902 | 10% | \$2,351,255 |
| 5/10/2019 | TRGP | Targa Resources Corp. | Evans Robert B | Dir | P - Purchase | \$39.38 | 51,420 | 85,506 | 151% | \$2,025,037 |
| 5/21/2019 | BG | Bunge Ltd | Heckman Gregory A | CEO | P - Purchase | \$51.93 | 38,588 | 93,642 | 70% | \$2,003,856 |
| 5/14/2019 | NS | Nustar Energy L.P. | Greehey William E | Dir | P - Purchase | \$28.38 | 68,075 | 9,114,751 | 1% | \$1,931,907 |
| 5/13/2019 | NXTC | Nextcure, Inc. | Xu Stella | Dir | P - Purchase | \$15.00 | 125,000 | 1,103,570 | 13% | \$1,875,000 |
| 5/25/2018 | IBTX | Independent Bank Group, Inc. | Smith G Stacy | Dir | P - Purchase | \$74.13 | 25,000 | 189,974 | 15% | \$1,853,305 |
| 5/10/2019 | INOV | Inovalon Holdings, Inc. | Dunleavy Keith R | CEO, COB, 10% | P - Purchase | \$13.41 | 136,995 | 536,995 | 34% | \$1,836,955 |
| 5/10/2019 | COTY | Coty Inc. | Terisse Pierre-Andre | CFO | P - Purchase | \$11.73 | 152,000 | 152,000 | New | \$1,782,732 |
| 9/14/2018 | IBTX | Independent Bank Group, Inc. | Smith G Stacy | Dir | P - Purchase | \$65.90 | 25,000 | 224,974 | 13% | \$1,647,388 |
| 9/14/2018 | IBTX | Independent Bank Group, Inc. | Smith G Stacy | Dir | P - Purchase | \$65.90 | 25,000 | 171,878 | 17% | \$1,647,388 |
| 5/3/2019 | BUSE | First Busey Corp /nv/ | King Stephen V | Dir | P - Purchase | \$26.80 | 56,090 | 134,110 | 72% | \$1,503,172 |
| 5/16/2019 | APLT | Applied Therapeutics Inc. | Marcus Joel S | Dir | P - Purchase | \$10.00 | 150,000 | 404,860 | 59% | \$1,500,000 |
| 5/1/2019 | UNH | Unitedhealth Group Inc | McNabb Frederick William III | P - Purchase | \$233.21 | 6,430 | 7,879 | 444% | \$1,499,534 | |
| 5/22/2019 | ARR | Armour Residential Reit, Inc. | Zimmer Jeffrey J | Co-CEO, Pres | P - Purchase | \$17.93 | 80,000 | 215,948 | 59% | \$1,434,600 |
| 5/20/2019 | MTSI | Macom Technology Solutions | Ocampo John L | COB, 10% | P - Purchase | \$13.30 | 100,000 | 19,815,771 | 1% | \$1,329,600 |
| 5/14/2019 | ITCI | Intra-Cellular Therapies, Inc. | Alafi Christopher D | Dir | P - Purchase | \$12.56 | 100,000 | 5,307,129 | 2% | \$1,256,350 |
| 5/16/2019 | APLT | Applied Therapeutics Inc. | Shendelman Shoshana | Pres, CEO, 10% | P - Purchase | \$10.00 | 125,000 | 4,876,379 | 3% | \$1,250,000 |
| 5/13/2019 | QRTEA | Qurate Retail, Inc. | Maffei Gregory B | COB | P - Purchase | \$12.49 | 100,000 | 4,714,401 | 2% | \$1,248,810 |
| 5/15/2019 | COTY | Coty Inc. | Pieraccioni Giovanni | COO, CB | P - Purchase | \$12.91 | 93,100 | 93,100 | New | \$1,202,200 |
| 5/13/2019 | CWH | Camping World Holdings, Inc. | Lemonis Marcus | CEO, 10% | P - Purchase | \$11.24 | 100,000 | 282,194 | 55% | \$1,123,510 |

| Trade Date | Ticker | Company | Insider Name | Insider Title | Trade Type | Price | Qty | Owned | ΔOw | Value |
|------------|--------|--------------------------------|-------------------------|-----------------------|--------------|----------|---------|------------|------|-------------|
| 5/2/2019 | ARNC | Arconic Inc. | Plant John C | COB, CEO | P - Purchase | \$22.14 | 50,000 | 298,282 | 20% | \$1,106,930 |
| 5/9/2019 | GEL | Genesis Energy LP | Jastrow Kenneth M II | Dir | P - Purchase | \$21.54 | 50,000 | 100,000 | 100% | \$1,077,039 |
| 5/10/2019 | UFI | Unifi Inc | Valueact Holdings, L.P. | See remarks | P - Purchase | \$20.20 | 52,500 | 1,298,402 | 4% | \$1,060,450 |
| 5/13/2019 | AFIN | American Finance Trust, Inc | Kabnick Lisa | Dir | P - Purchase | \$10.43 | 100,000 | 135,305 | 283% | \$1,042,789 |
| 5/10/2019 | AMG | Affiliated Managers Group, Inc | Horgen Jay C. | Pres, CFO | P - Purchase | \$93.19 | 11,000 | 115,527 | 11% | \$1,025,090 |
| 5/3/2019 | SSNC | Ss&c Technologies Holdings Ir | Zamkow Michael Jay | Dir | P - Purchase | \$59.76 | 17,000 | 86,375 | 25% | \$1,015,920 |
| 5/1/2019 | BIIB | Biogen Inc. | Vounatsos Michel | CEO | P - Purchase | \$231.48 | 4,351 | 21,007 | 26% | \$1,007,169 |
| 5/13/2019 | GTES | Gates Industrial Corp Plc | Lifsey Walter | COO | P - Purchase | \$13.08 | 76,050 | 76,050 | New | \$994,457 |
| 5/10/2019 | Y | Alleghany Corp /de | Tyler Lauren M | Dir | P - Purchase | \$668.61 | 1,485 | 1,709 | 663% | \$992,885 |
| 5/1/2019 | TXRH | Texas Roadhouse, Inc. | Zarley James R | Dir | P - Purchase | \$52.51 | 18,900 | 159,800 | 13% | \$992,439 |
| 5/7/2019 | SCPL | Scplay Corp | Penske Jay | Dir | P - Purchase | \$16.00 | 60,000 | 60,000 | New | \$960,000 |
| 1/29/2018 | EYEN | Eyenovia, Inc. | Mario Ernest | Dir | P - Purchase | \$10.00 | 90,000 | 236,770 | 61% | \$900,000 |
| 5/17/2019 | NFE | New Fortress Energy LLC | Griffin C. William | Dir | P - Purchase | \$12.52 | 71,480 | 242,909 | 42% | \$894,975 |
| 5/14/2019 | PETQ | Peti, Inc. | Clarke James Nathan | Dir | P - Purchase | \$28.12 | 31,031 | 31,031 | New | \$872,585 |
| 5/20/2019 | UNP | Union Pacific Corp | Delaney William J III | Dir | P - Purchase | \$174.06 | 5,000 | 5,000 | New | \$870,300 |
| 5/9/2019 | MITT | AG Mortgage Investment Trus | Roberts David N | CEO, Pres | P - Purchase | \$16.53 | 50,000 | 298,882 | 20% | \$826,500 |
| 5/7/2019 | NGM | Ngm Biopharmaceuticals Inc | Goeddel David V | Dir, 10% | P - Purchase | \$14.10 | 57,000 | 15,691,091 | 0% | \$803,700 |
| 5/7/2019 | NGM | Ngm Biopharmaceuticals Inc | Svennilson Peter | Dir, 10% | P - Purchase | \$14.10 | 57,000 | 15,521,091 | 0% | \$803,700 |
| 5/20/2019 | EOLS | Evolus, Inc. | Romine Kristine | Dir | P - Purchase | \$19.25 | 40,562 | 80,909 | 101% | \$780,819 |
| 5/7/2019 | RILY | B. Riley Financial, Inc. | Riley Bryant R | COB, Co-CEO, 10% | P - Purchase | \$19.24 | 40,229 | 4,737,324 | 1% | \$773,818 |
| 5/13/2019 | NXTC | Nextcure, Inc. | Shannon Timothy M | Dir | P - Purchase | \$15.00 | 50,000 | 2,254,442 | 2% | \$750,000 |
| 5/6/2019 | BYND | Beyond Meat, Inc. | Lane Raymond J. | Dir | P - Purchase | \$25.00 | 29,442 | 256,108 | 13% | \$736,050 |
| 5/9/2019 | PSN | Parsons Corp | Ball George L. | CFO | P - Purchase | \$29.40 | 25,000 | 83,113 | 43% | \$734,975 |
| 5/3/2019 | JBHT | Hunt J B Transport Services In | George Gary Charles | Dir | P - Purchase | \$94.51 | 7,500 | 1,117,946 | 1% | \$708,850 |
| 7/27/2018 | IBTX | Independent Bank Group, Inc. | Smith G Stacy | Dir | P - Purchase | \$68.56 | 10,000 | 199,974 | 5% | \$685,624 |
| 5/21/2019 | WAB | Westinghouse Air Brake Techn | Neupaver Albert J | Dir | P - Purchase | \$65.26 | 10,000 | 668,418 | 2% | \$652,600 |
| 5/15/2019 | QRTEA | Qurate Retail, Inc. | Maffei Gregory B | COB | P - Purchase | \$12.75 | 50,000 | 4,764,401 | 1% | \$637,555 |
| 5/7/2019 | UCTT | Ultra Clean Holdings, Inc. | Granger Clarence L | Dir | P - Purchase | \$14.18 | 44,000 | 149,098 | 42% | \$623,905 |
| 5/13/2019 | ATSG | Air Transport Services Group, | Coretz Robert K. | Dir | P - Purchase | \$21.75 | 25,000 | 125,000 | 25% | \$543,750 |
| 5/10/2019 | COTY | Coty Inc. | Goudet Olivier | Dir | P - Purchase | \$11.86 | 45,000 | 71,666 | 169% | \$533,597 |
| 5/6/2019 | TMDX | Transmedics Group, Inc. | Kania Edwin M Jr | Dir | P - Purchase | \$16.00 | 33,333 | 1,285,280 | 3% | \$533,328 |
| 5/9/2019 | HIG | Hartford Financial Services Gr | Fetter Trevor | Dir | P - Purchase | \$52.19 | 10,000 | 80,100 | 14% | \$521,900 |
| 5/13/2019 | FNKO | Funko, Inc. | Denson Charles D | Dir | P - Purchase | \$20.69 | 25,000 | 58,900 | 74% | \$517,250 |
| 5/22/2019 | BG | Bunge Ltd | Zachman Brian | Pres Global Risk Mgmt | P - Purchase | \$51.28 | 10,000 | 24,611 | 68% | \$512,777 |
| 5/13/2019 | CNNE | Cannae Holdings, Inc. | Massey Richard N | Dir | P - Purchase | \$25.15 | 20,000 | 183,899 | 12% | \$503,000 |
| 5/13/2019 | FLR | Fluor Corp | Hernandez Carlos M | Interim CEO | P - Purchase | \$29.52 | 17,001 | 177,443 | 11% | \$501,786 |
| 5/13/2019 | FLR | Fluor Corp | Hernandez Carlos M | Interim CEO | P - Purchase | \$29.52 | 17,001 | 177,443 | 11% | \$501,786 |

| Trade Date | Ticker | Company | Insider Name | Insider Title | Trade Type | Price | Qty | Owned | ΔOv | Value |
|------------|--------|--------------------------------|----------------------|-----------------------------|--------------|----------|--------|-----------|------|-----------|
| 5/14/2019 | TWOU | 2U, Inc. | Peters Gregory K | Dir | P - Purchase | \$40.15 | 12,459 | 25,744 | 94% | \$500,229 |
| 5/2/2019 | ARNC | Arconic Inc. | Gupta Rajiv | Dir | P - Purchase | \$22.10 | 22,603 | 38,420 | 143% | \$499,447 |
| 5/8/2019 | WTRE | Watford Holdings Ltd. | Papadopoulo Nicolas | Dir | P - Purchase | \$24.95 | 20,000 | 82,500 | 32% | \$499,018 |
| 5/7/2019 | GPC | Genuine Parts Co | Sonnemaker Scott | Group Pres Automotive | P - Purchase | \$99.01 | 5,000 | 5,000 | New | \$495,050 |
| 5/13/2019 | EPC | Edgewell Personal Care Co | Hoover R David | Dir | P - Purchase | \$32.97 | 15,000 | 25,885 | 138% | \$494,565 |
| 5/21/2019 | IIVI | II-Vi Inc | Sadasivam Shaker | Dir | P - Purchase | \$34.63 | 14,250 | 21,834 | 188% | \$493,496 |
| 5/1/2019 | AIMC | Altra Industrial Motion Corp. | Michael Lipscomb S | Dir | P - Purchase | \$37.30 | 13,000 | 27,290 | 91% | \$484,871 |
| 5/13/2019 | VBTX | Veritex Holdings, Inc. | Bolin Pat S | Dir | P - Purchase | \$25.80 | 18,771 | 121,510 | 18% | \$484,298 |
| 5/9/2019 | FLR | Fluor Corp | Boeckmann Alan L | Exec COB | P - Purchase | \$29.81 | 16,000 | 18,313 | 692% | \$476,960 |
| 5/3/2019 | ADC | Agree Realty Corp | Rakolta John Jr | Dir | P - Purchase | \$66.19 | 6,801 | 206,088 | 3% | \$450,158 |
| 5/6/2019 | BYND | Beyond Meat, Inc. | Thompson Donald | Dir | P - Purchase | \$25.00 | 18,000 | 2,632,384 | 1% | \$450,000 |
| 5/15/2019 | CTLT | Catalent, Inc. | Morel Donald E Jr | Dir | P - Purchase | \$44.44 | 10,000 | 46,958 | 27% | \$444,400 |
| 5/7/2019 | FNKO | Funko, Inc. | Denson Charles D | Dir | P - Purchase | \$21.25 | 20,600 | 33,900 | 155% | \$437,780 |
| 5/17/2019 | NFE | New Fortress Energy LLC | Mack John J | Dir | P - Purchase | \$12.45 | 34,866 | 106,295 | 49% | \$434,215 |
| 5/13/2019 | MEC | Mayville Engineering Compan | Michels Patrick D | Dir | P - Purchase | \$17.00 | 25,000 | 25,000 | New | \$425,000 |
| 5/14/2019 | W | Wayfair Inc. | Kumin Michael Andrew | Dir | P - Purchase | \$141.04 | 3,000 | 178,228 | 2% | \$423,120 |
| 5/17/2019 | OSTK | Overstock.Com, Inc | Tabacco Joseph J Jr | Dir | P - Purchase | \$10.45 | 40,000 | 96,033 | 71% | \$418,050 |
| 5/8/2019 | MAC | Macerich Co | O Hern Thomas E | CEO | P - Purchase | \$40.98 | 10,000 | 58,621 | 21% | \$409,850 |
| 5/10/2019 | CTL | Centurylink, Inc | Clontz Steven T | Dir | P - Purchase | \$10.93 | 37,000 | 289,834 | 15% | \$404,250 |
| 5/7/2019 | GM | General Motors Co | Bush Wesley G | Dir | P - Purchase | \$38.58 | 10,000 | 10,000 | New | \$385,800 |
| 5/3/2019 | BSRR | Sierra Bancorp | Olague Michael | EVP, Chief Banking Officer | P - Purchase | \$27.33 | 14,000 | 30,341 | 86% | \$382,571 |
| 5/10/2019 | PDCE | Pdc Energy, Inc. | Ellis Mark E | Dir | P - Purchase | \$37.30 | 10,000 | 17,752 | 129% | \$373,000 |
| 5/20/2019 | NFE | New Fortress Energy LLC | Griffin C. William | Dir | P - Purchase | \$12.97 | 28,520 | 271,429 | 12% | \$369,858 |
| 5/17/2019 | NFE | New Fortress Energy LLC | Grain David J | Dir | P - Purchase | \$12.65 | 28,365 | 104,294 | 37% | \$358,892 |
| 5/6/2019 | TDC | Teradata Corp /de/ | Culhane Mark | CFO | P - Purchase | \$38.41 | 9,050 | 69,135 | 15% | \$347,603 |
| 5/21/2019 | UIHC | United Insurance Holdings Co | Poitevint Alec II | Dir | P - Purchase | \$13.73 | 25,000 | 1,065,973 | 2% | \$343,250 |
| 5/3/2019 | GEL | Genesis Energy LP | Flynn Edward T | Pres, Genesis Alkali, LLC | P - Purchase | \$21.73 | 15,700 | 43,916 | 56% | \$341,161 |
| 5/15/2019 | LIN | Linde Plc | Lamba Sanjiv | EVP APAC Gases | P - Purchase | \$179.21 | 1,900 | 25,579 | 8% | \$340,499 |
| 5/8/2019 | FFIN | First Financial Bankshares Inc | Trotter Johnny | Dir | P - Purchase | \$61.29 | 5,000 | 435,913 | 1% | \$306,450 |
| 5/2/2019 | FISI | Financial Institutions Inc | Dugan Joseph L | SVP | P - Purchase | \$28.45 | 10,600 | 12,051 | 731% | \$301,570 |
| 5/10/2019 | CUB | Cubic Corp /de/ | Warner John H Jr | Dir | P - Purchase | \$60.25 | 5,000 | 7,500 | 200% | \$301,250 |
| 5/17/2019 | TH | Target Hospitality Corp. | Archer James B. | Pres, CEO | P - Purchase | \$10.74 | 28,000 | 1,002,528 | 3% | \$300,720 |
| 5/21/2019 | EPC | Edgewell Personal Care Co | Little Rod R | CEO | P - Purchase | \$32.00 | 9,300 | 14,575 | 176% | \$297,600 |
| 5/8/2019 | KOP | Koppers Holdings Inc. | Johnson R. Michael | VP Utility, Industrial Prod | P - Purchase | \$29.09 | 9,900 | 193,687 | 5% | \$287,967 |
| 5/14/2019 | LGND | Ligand Pharmaceuticals Inc | Higgins John L | CEO | P - Purchase | \$113.50 | 2,500 | 143,899 | 2% | \$283,750 |

Sector ETF Set-Up of the Month

Vanguard Real Estate ETF (VNQ) on 5/23 saw 5,000 September \$89 calls bought for \$1.70 and has been one of the stronger technical set-ups as the low yield environment attracts investors to bond proxies like REITS. VNQ has \$63.8B in net assets with the top ten holdings comprising 41.4% and overall holding 188 stocks. Large holdings include American Tower (AMT), Simon Property (SPG), Crown Castle (CCI), Prologis (PLD), Equinix (EQIX), Public Storage (PSA), Equity Residential (EQR), Avalon Bay (AVB) and Welltower (WELL) which gives exposure to some of the best of breed REITS including the strong thematic data center and tower spaces. On the chart VNQ is working out of a weekly bull flag and on a longer term view looking to clear a \$71/\$89 sideways range it has moved inside the past four years and break to the upside.



Monthly Educational and Insightful Links

Stratechery: "Microsoft, Slack, Zoom and the SaaS Opportunity" <https://stratechery.com/2019/microsoft-slack-zoom-and-the-saas-opportunity/>

101 Financial Ratios & Metrics: <https://www.suredividend.com/ratios-metrics/>

Graham & Doddville Spring 2019 Newsletter:

https://www8.gsb.columbia.edu/valueinvesting/sites/valueinvesting/files/Graham%20&%20Doddsville_Issue%2036_vF.pdf

Disclaimer:

Not Investment Advice or Recommendation

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.

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