

The MarketGrader 100 Index Rebalance Notes

February 2018

The MarketGrader 100 Index (MGONE) completed the first of this year's two semi-annual reconstitutions on Friday, February 16th, with plenty of changes for us to report in our now customary rebalance write-up. This year, though, the nature, breadth and significance of the changes made to the index based on MarketGrader's fundamental grading of virtually all U.S. stocks suggest to us that something is afoot in U.S. equities, as we'll explain ahead. Furthermore, what's noteworthy about the changes we're seeing through the lens of MGONE is that they're evident when looking at the market from the *bottom up*, as opposed to the much discussed macro or top down views expressed by market observers recently, especially in the context of the market's recent correction and the return of volatility, long absent from financial markets. Despite the correction, by the way, MGONE delivered a six-month price-only return of 14.6% since its last rebalance, besting the Russell 3000 Index by 190 basis points (Figure 1). Over a one-year period the advantage to MGONE was greater, at 750 basis points (Figure 2).

Figure 1. MarketGrader 100 Index Price Returns vs. Benchmarks - Aug. 2017 to Feb. 2018 Rebalance Period

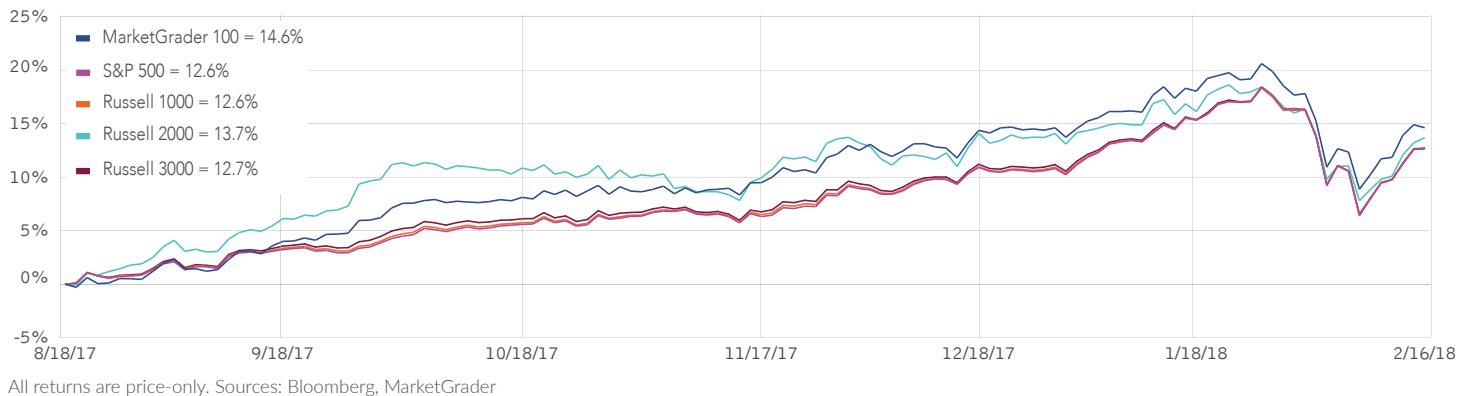
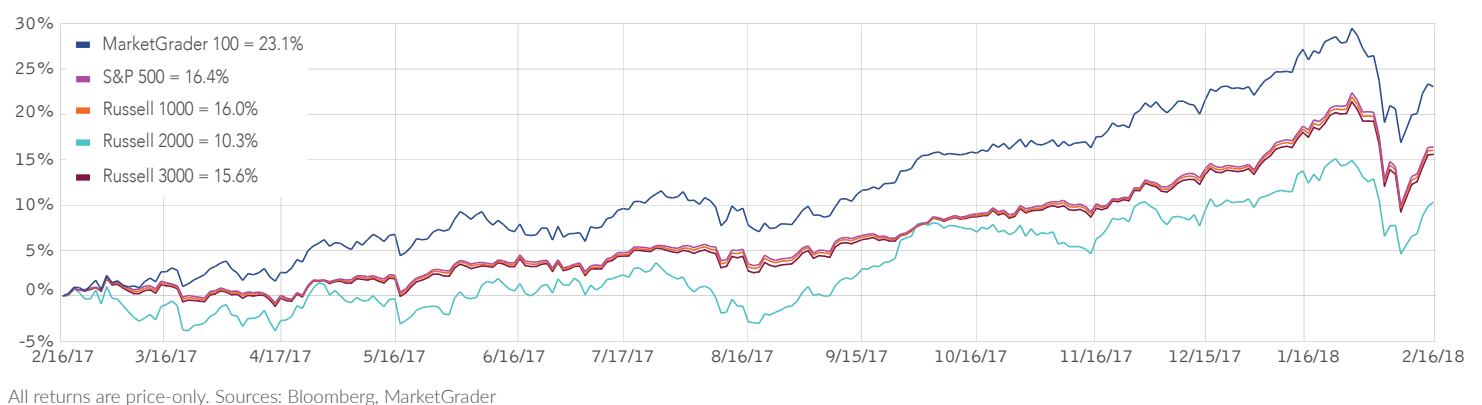


Figure 2. MarketGrader 100 Index Price Returns vs. Benchmarks - 1 Year



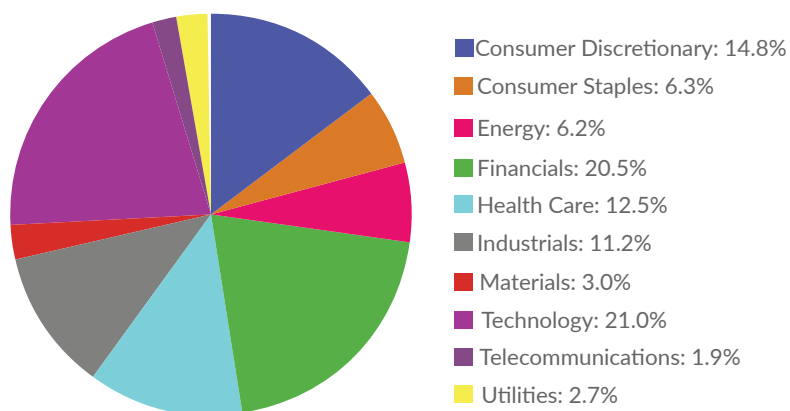
Before we expand on our interpretation of what the latest rebalance may say about current market conditions, we'll get to the facts. MGONE replaced 80 constituents in its most recent reconstitution, the third time in a row that the index has turned over at least 80 of its names. The index's historical turnover is now 62% (up from 60% a year ago). From the perspective of size, the changes to the index were minimal. Exposure to large caps was reduced by three names to 30 constituents (companies with a

market cap greater than \$10 billion). Mid caps lost two names and are now represented by 57 companies, once again accounting for the lion's share of MGONE as is customary. The five names lost by these two segments were, therefore, gained by small caps (companies with less than \$1 billion in market cap), which are now represented by 13 names. This last segment continues to be, by a large margin, the smallest size segment in the index. The complete list of MGONE constituents following its latest rebalance appears in Appendix I.

The index welcomed 48 first-timers, also customary for MarketGrader indexes as the underlying GARP methodology looks for value across all corners of the market irrespective of past index inclusion (or size, of course). Another 13 companies, which had been absent from MGONE for at least two years, made their way back into the index, the largest five of which are Boeing (BA), Las Vegas Sands (LVS), Intuit (INTU) PPG Industries (PPG) and Dollar Tree (DLTR). Among the new list of constituents, by the way, only ten companies have been selected to the index on more than five occasions since its inception dating back to 2002, which we find pretty remarkable since, despite its historical turnover, the index usually carries a fairly large number of companies that have been its members many times over; furthermore, there are no companies in the current index that have been continuous members for at least two years (four consecutive selections). The reason we highlight the above statistics is not to suggest a high turnover rate in a long-term oriented portfolio is a source of superior returns; rather these observations are among those we find striking this time around following what has been an almost uninterrupted nine-year bull market that has resulted in some parts of the market looking outright expensive, preventing MGONE from owning them. This is nowhere clearer than across sectors, as we explain next.

Sector allocations within an index, especially a fairly concentrated one like MGONE, are usually best understood when measured relative to the breakdown of the underlying market, or the universe from which its constituents are selected. This is especially true in the case of MGONE given that its members are selected on the basis of their fundamental quality and more specifically according to their growth-at-a-reasonable-price attributes (minding always company profitability and cash flow). Its returns will therefore come from two sources: security selection and active bets on size or sector that differ from the market itself. Therefore, in order to understand the bets the index is making on a sector basis, we must first break down the entire U.S.

Figure 3. U.S Stock Market Sector Breakdown



Source: MarketGrader Research.

equity market. In order to do this, MarketGrader calculates, daily, beta indexes (market cap weighted indexes that represent the overall market) across individual countries, regions and globally, including, of course, the U.S. (not unlike Russell, S&P or MSCI do). In the case of our U.S. beta index, which represents 98% of the country's aggregate market capitalization, from a sector perspective the U.S. stock market is currently broken down as illustrated in Figure 3.

While MGONE always places an active bet across sectors by overweighting some and underweighting others, from a bottom up perspective, a pretty clear pattern has emerged, in our view, during the last year and is pretty evident in the most recent selection. The index has drastically cut its allocation to Technology stocks from 25% a year ago, the maximum allowed per index rules, all the way down to 16% today. This, in itself, is significant, but combined with the fact that Technology is the largest sector of the U.S. stock market based on aggregate market cap of its constituents, such underweight strikes us as pretty revelatory

of where Technology stocks may be today, at least as seen through our GARP lens. These changes in Technology stocks, however, are only half of what we think is an important sector rotation pattern. The other half is MGONE's steady increase in its allocation to Industrials, which is now the index's biggest sector bet with 25% of its constituents classified as such. Furthermore, while MGONE's cutback in Technology stocks left it at a 5% underweight relative to the market, its recent bet on Industrials left it with a 13.8% overweight to the sector. This, in our view, is significant, especially as we're of the view that with the recent rise in volatility and a new interest rate regime in the horizon, we might see a larger dispersion in stock returns than has been the case in prior years in which large caps, especially large cap technology stocks have been virtually unbeatable. Figure 4 illustrates MGONE's sector bets relative to the entire U.S. market.

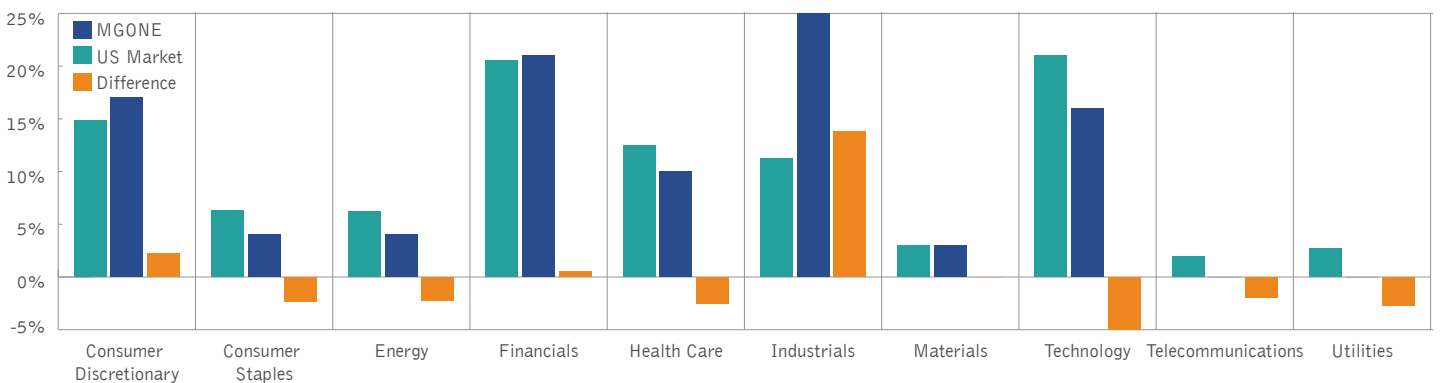
Technology



Industrials



Figure 4. MGONE's sector bets relative to the entire U.S. market



Source: MarketGrader Research.

A look at changes in the overall fundamental grades of the companies removed from the index at this last rebalance might help complete at least a partial picture of what we think is going on. As expected, companies' fundamental grades, as scored by MarketGrader (based on indicators of Growth, Value, Profitability and Cash Flow), deteriorate as the rebalance period progresses, usually as a result of two things: increasing valuations as stock prices rise faster than underlying company fundamentals and a decline in growth and/or profitability and cash flow indicators based on companies' latest earnings reports. The most recent period was no exception. The average grade of the 80 companies excluded from MGONE fell by 9.8%. From a growth perspective (when MarketGrader overweights growth indicators and underweights value indicators) overall scores fell, on average, by an even larger 9.9% while from the value perspective they fell by 8.9%.

For the 17 Technology companies removed from the index, the average decline in their overall grade was 11.3%, larger than the universe of 80 companies that were removed; meanwhile, for the 13 Industrials that were removed from MGONE, the average decline in overall grade was only 3.5%. In other words, the overall fundamental quality of the Industrial stocks that were deleted from the index saw only a small fundamental deterioration while that was not the case for the Tech names that are no longer in MGONE. When we break down the numbers based on growth or value tilts, an even clearer picture emerges. While overall value grades fell by similar percentages, 7.1% and 6.7%, on average, across Tech and Industrials, respectively, the difference in growth declines was much larger. Technology names saw an average decline in overall growth grades of 11.7% while Industrials'

growth grades fell by a minimal 1.8%. In other words, the Industrial companies that were removed from the index simply priced themselves out of contention while Technology names not only got more expensive but their valuations and their fundamental grades also suffered due to a deterioration in their growth (P/Es can stretch based on a rising price, falling earnings or a combination of both).

Furthermore, not only did Technology companies fall across both growth and value grades, but, also, MarketGrader was only able to find 13 new names in the sector to replace the 17 it deleted (plus three holdovers from August: NVIDIA, Paychex and Jack Henry & Associates). On the other hand, our GARP methodology was able to identify 22 Industrials to replace the 13 that were deleted from August (and join the three that remained from the prior period: Huntington Ingalls, MAXIMUS and Kansas City Southern).

To be clear, though, other sectors had both bigger and smaller grade declines in average grades than did Technology and Industrials, respectively (the complete list of deletions with their average grade declines appear in Appendix II). We chose to highlight those two sectors, however, for two primary reasons. First, allocations to both of them seemed to move in almost identical, and synchronized, opposite directions in the last year; and, second, both of those sectors account for MGONE's largest underweight and overweight relative to the overall market, which we find significant, especially at a time when large cap Tech has become such a large portion of the overall market. To wit, at MGONE's rebalance, five technology companies accounted for a full 13.8% of the weight in the S&P 500 (Apple, Microsoft, Amazon, Facebook and Google's two share classes) and 14.3% when including Netflix, another momentum crowd darling. And the numbers for the widely followed Nasdaq 100 Index are downright silly: 44% of the index's weight was in just the same five names mentioned (excluding Netflix). When Intel, Cisco, NVIDIA and Netflix are added to the mix, the overall weight in these nine large cap tech names climbs to almost 53%. If the easy money winds that have been propelling large cap Tech's sails recently were to suddenly shift direction, investors that have ignored company valuations may be in for a nasty surprise. Then again, if the large names heretofore driving broad index returns were to all sneeze at the same time, the entire market may catch a cold, leaving those paying only for "reasonable" valuations relatively better off.

Appendix I.

MarketGrader 100 Index Constituents - February 2018 Rebalance

Ticker	Company Name	Overall Grade	Market Cap*
Consumer Discretionary			
TPH	TRI Pointe Group Inc	61.9	2,444.52
LZB	LaZBoy Incorporated	65.7	1,384.02
MHK	Mohawk Industries, Inc.	60.7	18,544.40
SNA	Snap-on Incorporated	66.7	9,053.28
CENT	Central Garden & Pet Company	63.1	1,963.75
EVC	Entravision Communications C	83.9	585.03
CMCSA	Comcast Corporation Class A	65.7	179,139.00
ISCA	International Speedway C	62.3	1,922.27
SHAK	Shake Shack, Inc. Class A	64.5	1,036.84
MAR	Marriott International, Inc. Class A	66.9	49,688.70
LVS	Las Vegas Sands Corp.	62.2	56,124.10
BIG	Big Lots, Inc.	64.2	2,404.71
DLTR	Dollar Tree, Inc.	61.1	25,516.40
JILL	J.Jill, Inc.	67.9	358.73
PLCE	Children's Place, Inc.	71.9	2,497.20
HD	Home Depot, Inc.	65.9	215,006.00
BBY	Best Buy Co., Inc.	63.4	20,685.00
Consumer Staples			
TWPK	Hostess Brands, Inc. Class A	60.9	1,307.94
PPC	Pilgrim's Pride Corporation	72.8	6,273.55
FIZZ	National Beverage Corp.	73.1	4,442.01
TAP	Molson Coors Brewing Co.	60.0	15,985.10
Energy			
RMP	Rice Midstream Partners LP	84.5	1,989.20
VNOM	Viper Energy Partners LP	74.2	2,591.54
ARCH	Arch Coal Inc Class A	65.2	2,082.48
EQM	EQT Midstream Partners LP	81.7	5,404.64
Financials			
BKU	BankUnited, Inc.	75.4	4,235.45
CBSH	Commerce Bancshares, Inc.	64.1	6,065.33
CFR	Cullen/Frost Bankers, Inc.	66.6	6,501.30
HBAN	Huntington Bancshares Inc	63.3	16,520.00
LBAI	Lakeland Bancorp, Inc.	66.2	932.87
LOB	Live Oak Bancshares, Inc.	77.8	1,046.76
NTB	Bank of N.T. Butterfield & Son Lim	72.8	2,147.79
PFBC	Preferred Bank	65.1	849.81
PGC	Peapack-Gladstone Financial C	68.4	639.04
TMP	Tompkins Financial Corporation	61.9	1,218.04
UMBF	UMB Financial Corporation	66.9	3,696.64
WAL	Western Alliance Bancorporation	69.5	6,107.70
MSFG	MainSource Financial Group, Inc.	63.4	980.20
PBCT	People's United Financial, Inc.	61.6	6,547.63
AGM	Federal Agricultural Mortgage Co	62.6	797.54
EVR	Evercore Inc Class A	71.1	3,602.97
APO	Apollo Global Management, LLC	84.1	6,313.01
NMIH	NMI Holdings, Inc. Class A	67.6	1,092.60
ORI	Old Republic International Co	64.5	5,249.76
PRI	Primerica, Inc.	63.9	4,261.08
HIHQ	Health Insurance Innovations, Inc.	71.2	280.06
Health Care			
SUPN	Supernus Pharmaceuticals, Inc.	74.2	1,906.95
ZTS	Zoetis, Inc. Class A	63.7	35,255.30
CELG	Celgene Corporation	66.5	69,583.80

*Market Cap in millions of USD. Source: MarketGrader Research.

Ticker	Company Name	Overall Grade	Market Cap*
Health Care			
LGND	Ligand Pharmaceuticals Inc	64.1	3,167.23
ABMD	ABIOMED, Inc.	67.5	10,156.50
GMED	Globus Medical, Inc. Class A	61.1	4,232.20
MASI	Masimo Corporation	76.5	4,312.98
NEOG	Neogen Corporation	60.3	2,889.41
WST	West Pharmaceutical Services, Inc.	63.7	6,775.59
PINC	Premier Inc. Class A	60.6	1,728.96
Industrials			
ROLL	RBC Bearings Incorporated	62.5	2,875.57
FELE	Franklin Electric Co., Inc.	60.6	1,940.77
IEX	IDEX Corporation	64.8	10,001.00
NDSN	Nordson Corporation	64.4	7,888.75
ALSN	Allison Transmission Holdings, Inc.	73.7	5,904.35
TTC	Toro Company	68.4	6,430.57
LEA	Lear Corporation	75.4	12,489.30
DOV	Dover Corporation	63.5	15,166.30
KMG	KMG Chemicals, Inc.	60.2	888.96
RAVN	Raven Industries, Inc.	68.2	1,244.31
BA	Boeing Company	63.3	198,227.00
HII	Huntington Ingalls Industries, Inc.	68.6	10,457.80
HXL	Hexcel Corporation	64.7	5,693.76
PPG	PPG Industries, Inc.	61.3	28,595.50
HDSN	Hudson Technologies, Inc.	63.2	244.25
COTV	Cotiviti Holdings, Inc.	62.0	2,969.14
CPRT	Copart, Inc.	68.2	9,608.37
G	Genpact Limited	61.1	6,167.69
MMS	MAXIMUS, Inc.	63.3	4,160.58
DLX	Deluxe Corporation	60.8	3,352.80
NSP	Insperty, Inc.	61.5	2,388.61
AIT	Applied Industrial Technologies, Inc	67.1	2,701.45
FAST	Fastenal Company	64.7	15,381.10
LUV	Southwest Airlines Co.	65.5	32,631.30
KSU	Kansas City Southern	61.7	10,693.90
Materials			
CE	Celanese Corporation Class A	68.1	13,592.10
NP	Neenah Inc	62.6	1,427.01
PKG	Packaging Corporation of America	66.4	10,733.30
Technology			
NVDA	NVIDIA Corporation	79.8	140,640.00
IPGP	IPG Photonics Corporation	76.9	12,462.50
AEIS	Advanced Energy Industries, Inc.	77.4	2,557.88
AXTI	AXT, Inc.	67.0	301.40
RTEC	Rudolph Technologies, Inc.	61.9	770.72
PAYX	Paychex, Inc.	66.5	23,045.30
TNET	TriNet Group, Inc.	65.8	2,761.55
JKHY	Jack Henry & Associates, Inc.	64.1	8,910.63
ADBE	Adobe Systems Incorporated	70.0	92,411.90
CHUBA	CommerceHub, Inc. Class A	64.4	774.13
INTU	Intuit Inc.	66.1	40,152.40
PAYC	Paycom Software, Inc.	71.7	4,816.71
QLYS	Qualys, Inc.	62.1	2,271.41
RHT	Red Hat, Inc.	65.6	22,451.20
VEEV	Veeva Systems Inc Class A	68.2	7,893.05
CSGP	CoStar Group, Inc.	61.9	11,855.20

*Market Cap in millions of USD. Source: MarketGrader Research.

Appendix II.

Companies removed from the MarketGrader 100 Index at its February 2018 Rebalance

Ticker	Company Name	Change In Grade	Change In Growth Grade	Change In Value Grade
Consumer Discretionary				
CRI	Carter's, Inc.	-0.6%	3.2%	-8.2%
DIS	Walt Disney Company	2.6%	20.7%	-8.2%
EA	Electronic Arts Inc.	-20.0%	-21.5%	-19.4%
FOXF	Fox Factory Holding Corp.	-12.4%	-14.3%	-11.1%
MDP	Meredith Corporation	-3.9%	-24.1%	10.0%
MED	Medifast, Inc.	-0.3%	4.8%	-9.2%
NXST	Nexstar Media Group, Inc.	-7.7%	-7.9%	-9.7%
NYT	New York Times Company	-28.7%	-23.4%	-36.9%
OLLI	Ollie's Bargain Outlet Hold	-7.3%	-8.6%	-3.5%
ORLY	O'Reilly Automotive, Inc.	-5.6%	-7.2%	-2.8%
PLAY	Dave & Buster's Ent	-0.5%	-7.4%	14.7%
PRTY	Party City Holdco, Inc.	-7.6%	-9.9%	-3.9%
TPR	Coach, Inc.	-12.4%	6.5%	-19.7%
WSM	Williams-Sonoma, Inc.	-7.3%	-9.4%	-5.9%
Mean		-8.0%	-7.0%	-8.1%
Consumer Staples				
INGR	Ingredion Incorporated	-4.0%	-8.2%	2.3%
PAHC	Phibro Animal Health Co.	-21.5%	-29.9%	-5.2%
Mean		-12.8%	-19.1%	-1.5%
Energy				
ANDX	Andeavor Logistics LP	-3.4%	3.6%	-21.1%
DVN	Devon Energy Corporation	-15.9%	-21.3%	-5.5%
EQGP	EQT GP Holdings LP	-3.6%	9.6%	-35.8%
FANG	Diamondback Energy, Inc.	5.5%	14.5%	-13.1%
MMP	Magellan Midstream Part.	-18.6%	-19.4%	-20.8%
MTDR	Matador Resources Co.	2.2%	1.5%	2.3%
NFG	National Fuel Gas Company	-11.9%	-19.8%	-1.8%
Mean		-6.5%	-4.5%	-13.7%
Financials				
AFG	American Financial Group,	-29.9%	-33.7%	-23.8%
BBT	BB&T Corporation	-15.2%	-12.6%	-23.4%
BNCL	Beneficial Bancorp Inc	-28.3%	-27.6%	-30.8%
CACC	Credit Acceptance Co	-7.1%	-11.8%	0.8%
CBF	Capital Bank Financial Corp.	-2.2%	-2.1%	-2.8%
FDS	FactSet Research Systems	-15.6%	-18.3%	-11.1%
FII	Federated Investors, Inc.	2.7%	11.8%	-10.3%
GBNK	Guaranty Bancorp	-5.9%	-2.3%	-14.7%
HLI	Houlihan Lokey, Inc. Class A	-11.2%	-16.4%	-3.9%
JPM	JPMorgan Chase & Co.	-19.9%	-15.3%	-26.4%
MAIN	Main Street Capital Co	2.8%	7.1%	-3.5%
NRZ	New Residential Investment	2.6%	-4.3%	22.3%
OAK	Oaktree Capital Group, LLC	-17.6%	-24.9%	-3.5%
SPGI	S&P Global, Inc.	-3.5%	-4.9%	0.0%
UNM	Unum Group	-13.2%	-13.2%	-15.1%
V	Visa Inc. Class A	-12.2%	-16.3%	-7.4%
ZION	Zions Bancorporation	-13.9%	-9.8%	-22.6%
Mean		-11.0%	-11.4%	-10.4%

Source: MarketGrader Research.

Ticker	Company Name	Change In Grade	Change In Growth Grade	Change In Value Grade
Health Care				
ALXN	Alexion Pharmaceuticals, Inc.	-26.3%	-37.0%	-2.8%
AMGN	Amgen Inc.	-42.7%	-46.5%	-35.5%
BIIB	Biogen Inc.	-13.9%	-20.6%	-5.4%
BYM	Bristol-Myers Squibb Co	-46.1%	-47.1%	-44.0%
COO	Cooper Companies, Inc.	-11.6%	-13.8%	-6.4%
HLS	HealthSouth Corporation	1.7%	4.9%	-1.7%
LMAT	LeMaitre Vascular, Inc.	-14.4%	-17.8%	-6.4%
OSUR	OraSure Technologies, Inc.	-18.8%	-17.2%	-15.9%
Mean		-21.5%	-24.4%	-14.8%
Industrials				
AGX	Argan, Inc.	-13.2%	-17.4%	-6.6%
ALGT	Allegiant Travel Company	5.9%	18.5%	-7.9%
BWXT	BWX Technologies, Inc.	13.9%	14.3%	15.7%
CRL	Charles River Laboratories	-31.7%	-32.9%	-30.2%
EXPO	Exponent, Inc.	-20.9%	-28.2%	-6.7%
GNRC	Generac Holdings Inc.	1.4%	0.3%	3.2%
HEI.A	HEICO Corporation Class A	7.6%	12.0%	-0.3%
JBLU	JetBlue Airways Corporation	2.1%	2.1%	1.5%
LSTR	Landstar System, Inc.	6.9%	22.6%	-15.4%
NOC	Northrop Grumman Co	-15.1%	-15.1%	-14.9%
PGTI	PGT Innovations, Inc.	-14.8%	-18.7%	-5.7%
SAVE	Spirit Airlines, Inc.	19.5%	35.6%	-1.9%
SSD	Simpson Manufacturing Co.	-6.6%	-16.7%	-17.9%
Mean		-3.5%	-1.8%	-6.7%
Materials				
BERY	Berry Global Group Inc	0.3%	-1.9%	3.2%
OC	Owens Corning	-6.4%	-8.9%	-4.3%
Mean		-3.0%	-5.4%	-0.5%
Technology				
AAPL	Apple Inc.	-4.0%	-2.4%	-6.4%
ACIA	Acacia Communications, Inc.	-8.3%	-10.0%	-5.5%
APH	Amphenol Corporation	-23.6%	-30.7%	-9.1%
BR	Broadridge Financial Sol	3.5%	8.2%	-5.2%
CDNS	Cadence Design Systems,	-24.6%	-29.6%	-17.6%
CRUS	Cirrus Logic, Inc.	-27.0%	-39.2%	-6.6%
CSRA	CSRA, Inc.	-2.4%	12.5%	-11.2%
CTSH	Cognizant Technology Sol	-20.5%	-28.2%	-8.6%
EGOV	NIC Inc.	-11.0%	-19.8%	2.0%
EXLS	ExlService Holdings, Inc.	-0.6%	2.9%	-6.7%
FTV	Fortive Corp.	-7.5%	20.6%	-11.3%
INTC	Intel Corporation	-21.2%	-27.6%	-11.8%
MANH	Manhattan Associates, Inc.	-3.1%	-3.2%	-2.6%
MXIM	Maxim Integrated Products	-10.5%	-2.2%	-20.8%
SLAB	Silicon Laboratories Inc.	-28.5%	-32.9%	-19.1%
TXN	Texas Instruments Inc	-12.7%	-18.6%	-2.8%
XCRA	Xcerra Corporation	9.6%	1.9%	22.7%
Mean		-11.3%	-11.7%	-7.1%

Source: MarketGrader Research.

Appendix III.

Companies Selected to the MarketGrader 100 Index for the First Time in February 2018

Ticker	Company Name	Overall Grade	Market Cap*
Consumer Discretionary			
CMCSA	Comcast Corporation Class A	65.7	179,139.00
PLCE	Children's Place, Inc.	71.9	2,497.20
CENT	Central Garden & Pet Company	63.08	1,963.75
ISCA	International Speedway Corp	62.33	1,922.27
EVC	Entravision Communications Co	83.91	585.03
JILL	J.Jill, Inc.	67.9	358.73
Consumer Staples			
TAP	Molson Coors Brewing Co	60	15,985.10
TWNK	Hostess Brands, Inc. Class A	60.91	1,307.94
Energy			
VNOM	Viper Energy Partners LP	74.15	2,591.54
ARCH	Arch Coal Inc Class A	65.17	2,082.48
Financials			
HBAN	Huntington Bancshares Inc	63.26	16,520.00
PBCT	People's United Financial, Inc.	61.59	6,547.63
CFR	Cullen/Frost Bankers, Inc.	66.55	6,501.30
WAL	Western Alliance Bancorporation	69.54	6,107.70
CBSH	Commerce Bancshares, Inc.	64.12	6,065.33
ORI	Old Republic International Co	64.46	5,249.76
BKU	BankUnited, Inc.	75.41	4,235.45
UMBF	UMB Financial Corporation	66.87	3,696.64
EVR	Evercore Inc Class A	71.06	3,602.97
NTB	Bank of N.T. Butterfield & Son	72.79	2,147.79
TMP	Tompkins Financial Corporation	61.9	1,218.04
LOB	Live Oak Bancshares, Inc.	77.8	1,046.76
MSFG	MainSource Financial Group, Inc.	63.42	980.20
LBAI	Lakeland Bancorp, Inc.	66.19	932.87
PFBC	Preferred Bank	65.13	849.81
PGC	Peapack-Gladstone Financial Co	68.41	639.04
HIIQ	Health Insurance Innovations, Inc.	71.17	280.06
Health Care			
WST	West Pharmaceutical Services, Inc.	63.73	6,775.59
NEOG	Neogen Corporation	60.29	2,889.41
SUPN	Supernus Pharmaceuticals, Inc.	74.21	1,906.95
Industrials			
FAST	Fastenal Company	64.66	15,381.10
DOV	Dover Corporation	63.46	15,166.30
IEX	IDEX Corporation	64.83	10,001.00
G	Genpact Limited	61.07	6,167.69
ALSN	Allison Transmission Holdings, Inc.	73.71	5,904.35
COTV	Cotiviti Holdings, Inc.	62.03	2,969.14
ROLL	RBC Bearings Incorporated	62.49	2,875.57
AIT	Applied Industrial Technologies,	67.11	2,701.45
NSP	Insperty, Inc.	61.51	2,388.61
FELE	Franklin Electric Co., Inc.	60.64	1,940.77
KMG	KMG Chemicals, Inc.	60.2	888.96
HDSN	Hudson Technologies, Inc.	63.17	244.25
Technology			
RHT	Red Hat, Inc.	65.61	22,451.20
CSGP	CoStar Group, Inc.	61.85	11,855.20
VEEV	Veeva Systems Inc Class A	68.15	7,893.05
PAYC	Paycom Software, Inc.	71.66	4,816.71
TNET	TriNet Group, Inc.	65.76	2,761.55
CHUBA	CommerceHub, Inc. Class A	64.39	774.13

*Market Cap in millions of USD. Source: MarketGrader Research.

Companies With the Most Selections to the MarketGrader 100 Index Among Current Constituents

Ticker	Company Name	Times Selected
HD	Home Depot, Inc.	11
BA	Boeing Company	9
BBY	Best Buy Co., Inc.	8
MMS	MAXIMUS, Inc.	8
CELG	Celgene Corporation	7
IPGP	IPG Photonics Corporation	7
RAVN	Raven Industries, Inc.	7
TTC	Toro Company	7
LVS	Las Vegas Sands Corp.	6
NDSN	Nordson Corporation	6
ADBE	Adobe Systems Incorporated	5
DLTR	Dollar Tree, Inc.	5
INTU	Intuit Inc.	5
EQM	EQT Midstream Partners LP	4
CPRT	Copart, Inc.	4
APO	Apollo Global Management, LLC Class A	4
HXL	Hexcel Corporation	4
MASI	Masimo Corporation	4
MHK	Mohawk Industries, Inc.	4
PKG	Packaging Corporation of America	4
PPC	Pilgrim's Pride Corporation	4
ABMD	ABIOMED, Inc.	3
AEIS	Advanced Energy Industries, Inc.	3
GMED	Globus Medical, Inc. Class A	3
LEA	Lear Corporation	3
LGND	Ligand Pharmaceuticals Incorporated	3
LUV	Southwest Airlines Co.	3
NP	Neenah Inc	3
NVDA	NVIDIA Corporation	3
PINC	Premier Inc. Class A	3

Source: MarketGrader Research.

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