TEMATICA INVESTING
THEMATIC COMMENTARY, EQUITY RESEARCH & INVESTING STRATEGIES

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**Christopher Versace**
*CHIEF INVESTMENT OFFICER, TEMATICA RESEARCH, LLC*

## INSIDE THIS ISSUE



## ECONOMICS & EXPECTATIONS

As we get ready to bring both the month of September and 3Q 2016 to a close with Friday's final trading bell, we've had a few events this week that have helped shape the market. Monday night was the first of three presidential debates, and in many respects, it was a repeat of what we've been getting over the last several months just condensed into a painful 90 minutes. In our view, little of substance was discussed during the debate, but based on the move in the Mexican Peso overnight after the debate it seems the market viewed Hilary Clinton as the winner.

There are still three more debates to go over the coming weeks, and we expect the campaign rhetoric to kick into high gear. Should a clear front runner become evident, we could see businesses start to loosen the purse strings on spending and investment, but odds are it's going to be a close race come Election Day. This means the market is likely to continue to move sideways just as it has done over the last several weeks.

By comparison, we've had very strong performance in a number of positions including **Amazon (AMZN), CalAmp Corp. (CAMP)** and **Alphabet (GOOGL)**. While the market has moved sideways, we've taken advantage of pullbacks in several positions over the last few weeks to improve our cost basis. We're going one step further today as we add **Costco Wholesale (COST)** shares back to the ***Tematica Select List***. We've also got earnings from **Nike (NKE)** last night, a preview on **CalAmp Corps' (CAMP)** earnings that hit on Thursday, a deep dive on ***Disruptive Technology*** contender **Universal Display (OLED)**, and several other quick updates, including one on ***Content is King*** company **Disney (DIS).**

It's another packed issue, so as the famous Nike slogan goes, let' just do it…

TEMATICA RESEARCH

*Tematica Investing*, a weekly publication by Chief Investment Officer Chris Versace, is designed for the experienced or professional investor, providing in-depth information on real-time developing thematic strategies, economic outlook, investment trading ideas, and analysis of the most pressing developments for the market, as well as forces that drive both our thematic perspectives and thematic recommendations.

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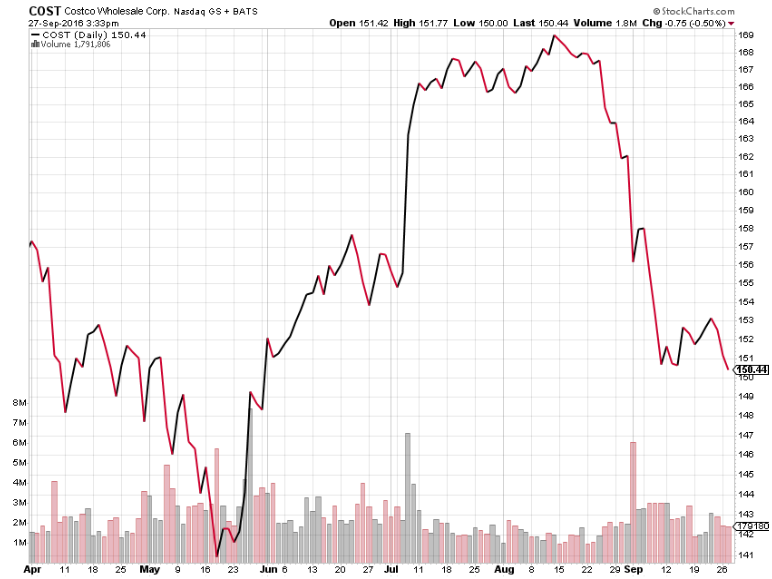
## Adding Costco Wholesale (COST) Back onto the Tematica Select List




Over the last six weeks, shares of **Costco Wholesale (COST)** have fallen more than 10%, which has us taking another look at the shares as part of our ***Cash-strapped Consumer*** investing theme. If you remember, we first added Costco to the ***Tematica Select List*** in April of this year, adding the position at a price point of $152.83. We had put in place a $140 stop loss, which the stock ticked over for half a second in May 2016, setting of our trade to exit the position. As luck would have it, the stock then rallied up to almost $170 in August.

COST is now back in our original strike range, closing at $150.45 at the end of trading yesterday, and we see the same set of circumstances lining up again.

**Whoever said you never get a second chance?**

It's no secret the retail space has been hard hit, all we need to do is examine monthly Retail Sales data published by the Commerce Department to gauge the overall health of the consumer. But when we look at Costco in particular, the warehouse discounter continues to outperform the general merchandise category month after month. This tells us that due to affordable prices, its expanded fresh food offering, and growing services business (healthcare, dental care, pharmaceuticals) Costco continues to take consumer wallet share, filling up pantries and refrigerators with goodies like 5 lb. packages of bacon or 32 oz. of pesto sauce! As we head into the shopping-heavy December quarter, we see those wallet share gains picking up steam as shoppers look to stretch dollars further over the Halloween, Thanksgiving, Christmas, New Years and other year-end holidays. Nothing says Happy Holidays like 3 gallons of Egg Nog!

### What Makes Costco Different from Other Retailers

Aside from its ability to negotiate with suppliers and vendors to drive better prices, the other key differentiator vs. most other retailers is the membership aspect.

When we look at Costco's profits and EPS, membership fees are a significant contributor. Over the last two years, more than 70 percent of Costco's operating income has been derived from its higher margin membership fee revenue. While there have been some reported slip ups in the transition away from American Express in favor of the new co-branded card relationship between **Costco, Citibank (C)** and **Visa (V)**, we suspect this has been baked into the stock price. Candidly, Costco is a shrewd operator and we expect it will quickly put that situation behind. On the upside, the return of membership and credit card marketing efforts should drive meaningful membership revenue and EPS growth in the coming quarters.

On the downside, deflation in the form of lower gas is bound to weigh on Costco's business, and it has as evidenced in its monthly same-store-sales reporting. But, Costco also breaks out the impact of gas prices, which as you know can bounce around month to month, as well as the impact of foreign currency translation. Excluding those factors and focusing on what the company sells inside its warehouse locations, Costco's same-store-sale rose 3 percent in June, 1 percent in July and 2 percent in August vs. the 0.7 percent decline in General Merchandise Stores over the June-August period per the Commerce Department monthly Retail Sales reports.

Given the likelihood for an upside surprise much like the one when Costco last reported its quarterly results, we are adding COST shares back to the ***Tematica Select List*** ahead of the company reporting its quarterly results tomorrow (Sept. 29). Consensus expectations have Costco delivering quarterly EPS of $1.73 on revenue of $36.89 billion. We will hold off with a downside stop loss protection recommendation as we would look to use any sharp pullback to improve our cost basis, much the way we had done with **Sherwin Williams (SHW), Whirlpool (WHR)** and other recent additions to the ***Tematica Select List***.

For more detail on Costco, click here to see our post from back in April.

**Bottomline on (COST) Costco Warehouse:**

- **We are adding COST shares, which closed last night at $150.45 back to the Tematica Select List.**
- **We would look to scale into the position between $140-$145 on any market-related volatility like we saw earlier this year.**
- **We will assess adding a protective stop once we've scaled into the position.**
- **Our price target on COST shares is $170.**

## COSTCO Wholesale Corporation

NASDAQ: **COST**

Theme: ***Cash-Strapped Consumer***

Price on 9/28/16: **$xxx.xx**

- Currently the largest membership-only warehouse club in the United States and as of 2015, the second largest retailer in the world (after Walmart).
- Worldwide headquarters: Issaquah, WA.
- 698 warehouses, spread throughout the United States (474), Canada (89), Mexico (34), United Kingdom (26), Japan (20), South Korea (12), Taiwan (12), Australia (8), and Spain (2).

| | |
|---|---|
| Shares Outstanding | 439.04M |
| Avg. Volume | 1.87M |
| Market Cap | 66.02B |
| EPS: '15 / '16 / '17 | $5.27/$5.29/$5.96 |
| Cash: $US | 6.02B |
| Debt: $US | 5.11B |
| Net Cash | 0.91B |
| Revenue: | 117.94B |
| Enterprise Value to Revenue: | .57 |
| Annualized Dividend Per Share | $1.80 |
| Dividend Yield | 1.19% |

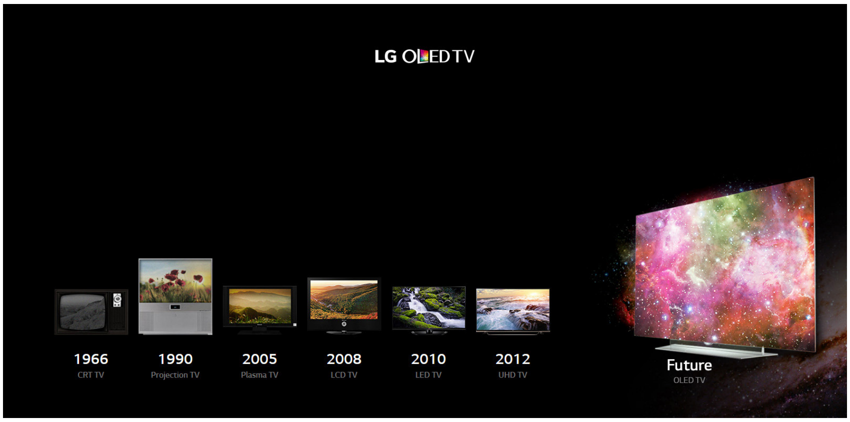
## A Deep Dive on Universal Display (OLED) Shares

UNIVERSAL DISPLAY CORPORATION™

From time to time we like to do a deep dive for subscribers for a company that sits on our ***Tematica Contender List***. Today, it's OLED development company **Universal Display (OLED)**, which is a contender for our ***Disruptive Technology*** investing theme.

OLED stands for "organic light-emitting diode" and is a flat light emitting technology, made by placing a series of organic thin films between two conductors and when an electrical current is applied, a bright light is emitted.

Because OLEDs emit light, they do not require a backlight, which makes for thinner, more efficient displays that are far less of a drain on a battery than LCD displays — in other words, the make Samsung's Galaxy phones thinner and brighter without draining the battery so fast. (Too bad we can't use OLED's to make ourselves thinner and brighter!)




OLED displays are now mass produced for smartphones, tablets, and TVs, with newer applications that include wearable devices such as augmented reality (AR) and virtual reality (VR). **Sony (SNE), Facebook (FB)**, Oculus, and HTC have already announced new VR headsets based on OLED technologies.

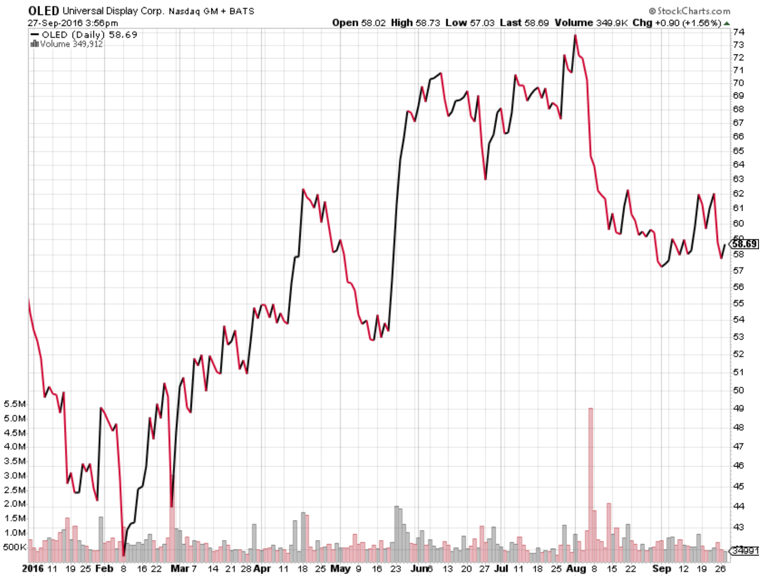
Other potential applications include specialty and general lighting. IDTechEx forecasts the market for OLED displays will grow to nearly $57 billion over the next decade up from nearly $16 billion this year as market penetration of OLED technology in these categories and others proliferates.

### How Universal Display Makes Money

Much like **Qualcomm's (QCOM)** chip and licensing business, Universal Display's revenue model is composed of licensing its considerable OLED patent portfolio, (4,100 patents issued and pending worldwide) and selling it proprietary OLED materials for customer use in manufacturing OLED products. The patent angle gives OLED a toe into our ***Asset-Lite*** thematic — and as we always say, the only thing better than a strong thematic tailwind is TWO thematic tailwinds!

While Universal Display's financial filing do not disclose who their customers are, it does show that two South Korean customers accounted for 94% of its revenue in 2015. We suspect those customers to be Samsung and LG, two market share leaders in OLED display production. Samsung is the top supplier of OLED displays and uses much of its capacity for its own smartphones, such as its flagship Galaxy S7 and S7 Edge handsets.

Near term, the key driver of the OLED industry will be the continued adoption of its technology in smartphones. According to research firm IHS, roughly 25% of the smartphone market uses OLED display technology, but with a growing number of Chinese smartphone vendors like Oppo, Xiaomi, and Vivo adopting the technology, as well as more models by top vendors like Samsung, LG, HTC, and Huawei, that penetration level should expand in coming years. The one holdout thus far has been **Apple (AAPL)**, which to date has opted for its LCD based display technology.




Over the last few weeks, OLED shares have fallen more than 20 percent, from just under $74 to just over $58, as the company pruned back its outlook for the balance of 2016. That move lower in the share price has pulled the share price to levels last seen before they bottomed out near $53 and ran up to that aforementioned $74 on chatter that **Apple's (AAPL)** newest iPhone iteration would incorporate OLED display technology.

## The iPhone Effect

We've seen what happens to the shares of other companies, such as **Synaptics (SYNA), Cirrus Logic (CRUS)**, and **Skyworks Solutions (SWKS)** to name a few when their products are incorporated into the iPhone. As Internet chatter firmed up ahead of Apple's latest event, speculation shifted to Apple incorporating OLED display technology in the 2017 iPhone model. While the expected iPhone 7 is shaping up to be the model to get if you've broken your prior iPhone, next year marks the 10th anniversary of the iPhone and industry chatter is already alluding to something big, which may mean an OLED display, that would not only save on battery life (a key issue for smartphones) but offer a bright display and the potential for a curved device given the far more flexible nature of OLEDs compared to LCD technology.

Part of Apple's timing could also reflect the state of the OLED industry, which is currently capacity constrained. Capacity restrictions? Well, then we just rang the bell on the third thematic tailwind or OLED — ***Scarce Resources***!

Given the sharp ramp in OLED demand from Chinese smartphone manufacturers, Samsung is facing an OLED capacity shortage, which is limiting Universal Display's revenue. During its June quarter earnings conference call, Universal Display reduced its 2016 revenue guidance to $190-$200 million down from the prior $210-$230 million revenue guidance it issued in April. Implied in this revised guidance is flat to up 10% revenue in the second half of 2016 compared to the $94 million Universal Display delivered in the first half of 2016. Despite the sequential improvement, that implied revenue is flat to down compared to that achieved in second half of 2015.

Given the underlying OLED demand, both Samsung and LG have announced significant investments to expand their production capacity and others like Foxconn/Sharp are set to enter the OLED market next year  That activity has been corroborated by a pick up in orders and other OLED display equipment activity at both **Applied Materials (AMAT)** and **Aixtron SE (AIXG)**. As that capacity comes on stream in 2017, demand for Universal Display's OLED materials should grow anew. Current consensus estimates call for the company to deliver revenue of $254 million on a range of $230-$270 million, up from $195 million this year. Given the current shortage and timetable to qualify new OLED production lines, we're inclined to side with the lower end of that revenue range.

**With all this great news on OLED, we're going to hold off a bit longer to pull the trigger, however.**

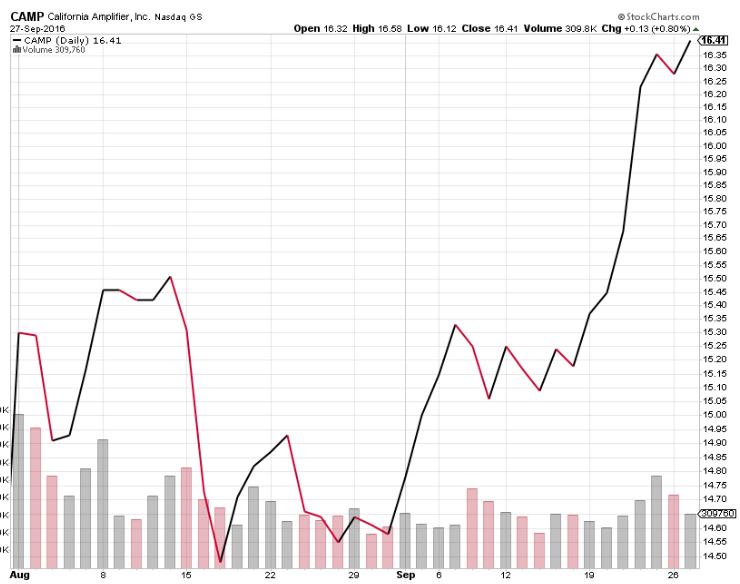
As we watch for signs that the oncoming OLED capacity is tracking as expected, we will also be monitoring OLED shares, which over the last several years have bottomed at a P/E of 30x, a price to revenue per share multiple of 7.8x and an enterprise value to revenue multiple of 6.0, all of which yield a downside price target range near $45 when applied to more tempered 2017 expectations. Applying prior peak P/E, price to revenue per share and enterprise value to revenue multiples to 2017 expectations we find an upside in the shares in the range of $65-$68. From the current share price we see the potential upside vs. downside in the shares to be neutral at best.

**Said another way, we would look to add OLED shares to the Tematica Select either closer to $50 or on signs that industry OLED capacity is ramping sooner than expected. When the balance of the scales tips, we'll let you know straight away.**

## Updates Updates Updates

### Getting Prepped for CalAmp's (CAMP) Earnings *Connected Society*

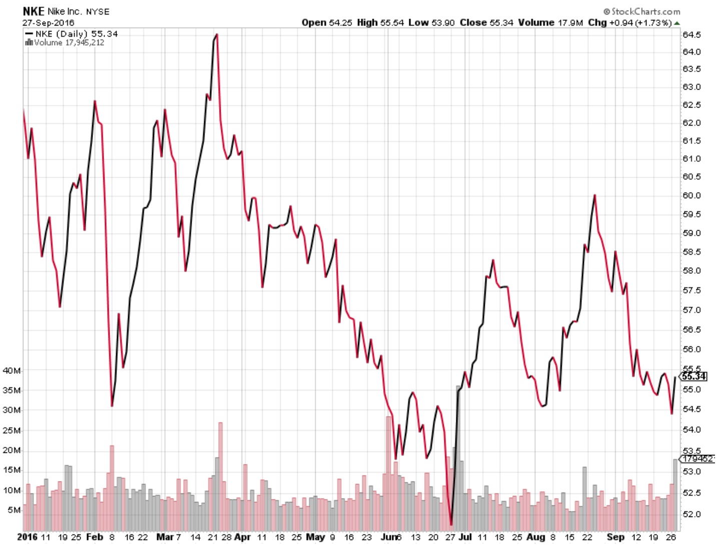
Costco isn't the only company reporting quarterly earnings tomorrow. **CalAmp Corp. (CAMP)**, our wireless solutions company is also issuing quarterly results. As you recall, CalAmp competes in the developing Internet of Things market, better known as telematics and resonates with our ***Connected Society*** investing theme.




Over the last few weeks, the company has issued a number of positive partnerships and product announcements. Paired with last week's news from the National Highway Traffic Safety Administration that guidelines will not impede companies from bringing self-driving cars to market, we see CalAmp discussing a number of positives on its earnings call. Consensus expectations for the soon-to-be-reported quarter sit at EPS of $0.27 on revenue of $92.26 million, with expectations for the current quarter at $0.31 per share in earnings on revenue of $95 million.

**Our price target on CAMP shares remains $20.**

## Nike (NKE) Reports Results — Rise & Fall of the Middle-Class




After the market close yesterday, athletic footwear and apparel giant **Nike (NKE)** reported August-quarter earnings of $0.73 per share on revenue of $9.1 billion vs. consensus expectations calling for earnings per share of $0.56 on revenue of $8.87 billion.

On the surface, the headline shows a nice win for Nike. Below the surface, however, things get a little sweaty.

While revenue for the quarter was better than expected, with increases in all three categories (footwear, apparel and equipment), margins were lower than expected. This was due to margin pressure primarily in Europe and the emerging markets, as well as some in North America. Offsetting that margin pressure was a very low effective tax rate for the quarter (2.5 percent vs. 18.4 percent in the year-ago quarter) and a share count that fell 2.6 percent year over year.

The bottom line is that despite better-than-expected quarterly revenue, **this was a low-quality EPS beat**, which is clearly demonstrated by the 11.3 percent year-over-year drop in income before taxes.

On the earnings call last night, Nike management attributed the margin pressure to a number of issues including foreign exchange and other temporary items, such as its exit from the golf equipment business and a higher mix of off-price sales as the company right-sized inventory, primarily in the US. There were other factors as well including investments and expenses surrounding the Olympics and European football championships that weighed on margins in the quarter.

Nike also continues to invest in its Manufacturing Revolution initiatives to reduce waste and drive labor productivity. These efforts seem to be nearing an inflection point, which means we could see the effort switch from investment to benefit in the coming quarters.

**To us, the big question is to what degree several of these temporary items are indeed just that.**

We expect the weight of shutting the golf equipment business to pass and with the company's excess inventory having improved during the quarter, it should see the benefit of bringing newer, fuller priced footwear models to market in coming quarters. Even so, the company guided current quarter margins down modestly, with some improvement in the following quarters.

The one issue we didn't hear much about was the competitive landscape, particularly in Europe where it's been reported that **Under Armour (UA), Adidas (ADDYY)** and Puma have gained share. In looking at Nike's geographic performance metrics, while its European business delivered solid revenue growth, profits were hit hard during the quarter down some 19 percent year over year.

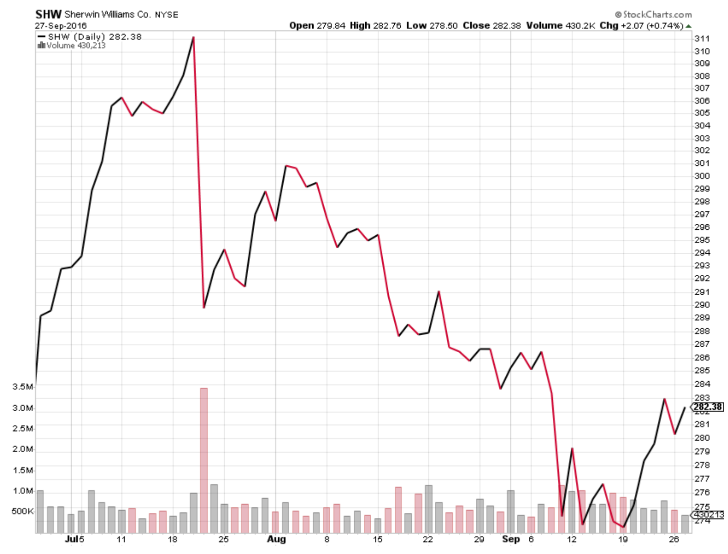
As we noted when we first added Nike shares to the ***Tematica Select List,*** we like the company's overall competitive position in the athletic apparel and footwear industry, as well as its global reach. Near-term we remain concerned with the company's ability to drive margin improvement amid what is likely a more price competitive market.

As the fallout from the quarterly results is felt in the form of several rating downgrades, price target cuts to levels more in line with our $67 price target and earnings expectations get tweaked lower, **we are inclined to sit on the sidelines and let the shares settle out before adding to the position. And we're certainly not bailing on the shares either** — Nike is a fierce competitor and margin benefits from new product introductions and its manufacturing investments are likely to accelerate in coming quarters.

That said, given the volatile stock price over the last several weeks we believe the market has been bracing for a weaker than expected report and that's what we got last night and this could have us adding to the position sooner than later.

## August New Homes Sales Bode Well For Sherwin Williams and Whirlpool Corp. *Rise & Fall of Middle Class*

Earlier this week, we received another positive data point for our ***Rise & Fall of the Middle-Class*** positions in both paint and coatings company **Sherwin Williams (SHW)** and appliance company **Whirlpool (WHR)** in the form of better than expected August New Home Sales. For the month, New Homes Sales hit 609,000, down 7.6% month over month, but still ahead of the 585,000 homes that were expected. In our view, the better way to examine this data is to look at the year-over-year comparison. In doing so, New Homes Sales rose more than 20% vs. August 2015. Examining the August 2016 data one other way shows the annualized sales pace was the highest since January 2008.




While some may still fixate on the month over month decline, we'd point out August was the second highest level for New Homes Sales over the last five months, and was up nicely compared to the 566,000-579,000 monthly range recorded in 2Q 2016. Combined with the 659,000 homes sold in July, New Homes Sales in 3Q 2016 are looking much stronger compared to 2Q 2016.

We are also encouraged by the month over month increase in inventory of new homes for sales, which hit 4.6 months for August vs. 4.2 months in July. While still well short of the desired 6.0 month level, the upward move confirms that as we discussed last week more homes are being constructed and we see that as positive for paint and appliance demand in the coming months.

**Our price targets for these *Rise & Fall of the Middle-Class* positions, SHW and WHR shares, remain $350 and $232, respectively.**

## Disney CEO Bob Iger Updates Us on The House of Mouse and It's All Good *Content is King*


**Robert Allen "Bob" Iger**
**CHAIRMAN AND CHIEF EXECUTIVE OFFICER, THE WALT DISNEY CO. (DIS)**

After several catalyst-free weeks, last week **The Walt Disney Co (DIS)** **Chairman and CEO Bob Iger** presented at the Goldman Sachs Cornucopia Conference. During the presentation Iger hit on many of the key aspects of our ***Content is King*** thesis for DIS shares:

> *"…first of all the strategy is still in place, which is to put most of our capital, the direction of high-quality branded content, to use technology to distribute more broadly, to get close to the customer to make the product better and then to grow globally in a more profound way than we had been." The company has a pipeline of tentpole Pixar, Marvel and Star Wars films coming over the next few years that will continue to ripple through the other businesses"*

> *"We do have another Frozen movie in development, but that's later on. We also have the Cars being made and Toy Story being made and I mentioned Star Wars and Marvel and Sony will distribute Spiderman in '17, but we're making Spiderman."*

> *"I had a meeting yesterday with Kathy Kennedy and we mapped out what we reviewed the Star Wars plans that we have till 2020. We have movies in development for Star Wars till then, and we started talking about what we're going to do in 2021 and beyond. And so, she is not just making a Star Wars movie, she is making a Star Wars universe of sorts and we had a similar meeting with Marvel a week and a half ago to plot that out where we've got movies either in development or production, some nearing completion through the end of this decade and we too are starting to talk about what do we the next decade."*

When asked why there has been such a gap over the last few months between high-profile films, Iger's answered pointed to a more disciplined Disney approach, which we both like and agree with:

> *"We had seen some very sobering returns at our studio over the prior decade in both live-action and in animation and looked at the industry and thought that returns in general across the entire U.S. movie business were not impressive, and we thought one of the reasons for that is that too many movies were being made, too many bets being made, too much money being spent on at least at that point of the business that we didn't think was expanding much with the volume of movies being released. So we said, simply, let's make fewer and make bigger bets."*

We have started to see these tentpole films influence Disney's Parks business, which bodes well for new and return visitors, but also merchandise sales and potentially future ticket price increases as well as further margin expansion.

> *"We've made some really big and some really good bets. What we did in California, California Adventure is a great example of that with Cars Land for instance, what we've done in Florida with Fantasyland, which was all redone and adding a Frozen attraction fairly recently. Those made a big*

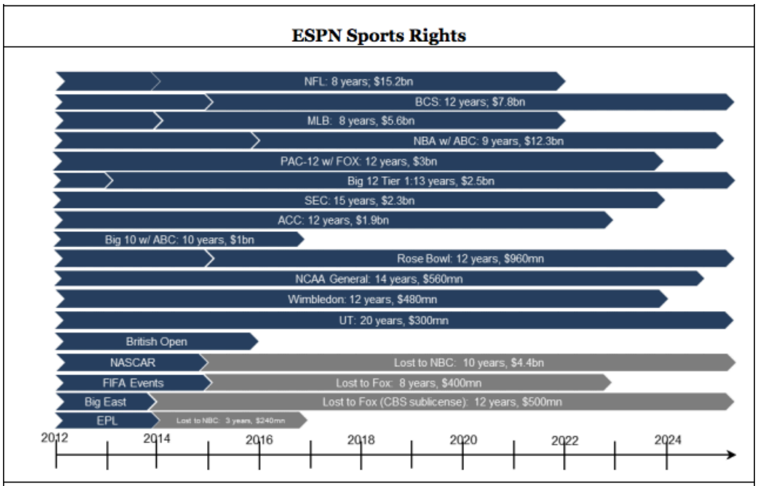
*difference and in terms of going forward, we think we still have margin expansion possibilities."*

*"We're going to open up a huge Pandora or Avatar land in Animal Kingdom…"*

*"We are also building two very large, largest lands we've ever built, Star Wars, attractions for Florida and for California. We haven't been specific about when those will come online, but we're in the building process already, so we've more than broken ground.*

*"…these tie to the franchise focus of the company too, the leveragability of those franchises at parks and resorts has driven real success in terms of margin expansion in the parks and resorts. The most popular franchises are appearing more often at parks and resorts, not just domestically, but from Shanghai to Hong Kong to Paris to Tokyo and that's when you put popular things in, instead of things that people have never heard of before, obviously, that helps your business."*

As expected, the two elephants in the room were chord cutting and ESPN. Iger's perspective shows that here, too, Disney sees itself as a content company with opportunities beyond the legacy distribution platform that is cable:



Source: Company reports, MoffettNathanson analysis

*"So ESPN has a treasure trove of digital rights for 99% of the sports that it covers that it is not fully exploiting on new platforms and it fully intents ultimately to do that."*

*"So we believed for a long time that mobile digital media was going to become a fairly big deal and in fact it has. It's still relatively small compared with some of the traditional platforms in terms of consumption, but it's growing and it's grown significantly.*

*So, what BAMTech represented to us particularly for ESPN was an enabler of sort and a very high quality one, we're extremely impressed with how robust, how great their platform was and the business they had already created; it was a great way for us to move ESPN and probably other Disney assets onto digital mobile platforms in a more effective way.*

*"At some point probably in '17 with BAM we'll launch a branded ESPN service that will include a lot of the rights that I just talked about -- rights that we brought that were not exploiting on the primary services."*

We could not have said it any better ourselves.

## Any Legs to the Disney Twitter Acquisition Rumors?

Finally, with Disney, there are some indications the company may be kicking the tires at **Twitter (TWTR)** as a possible digital content distribution mechanism given Twitter's new relationship with the National Football League. While this may be the case, Disney's strategy has been to lead with content related acquisitions (Marvel, Pixar, Lucasfilm) that it can sprinkle across its businesses. Granted, there may be some that see a connection between Twitter and ESPN, but in our view, Twitter also brings a host of problems, including slowing growth and reputation issues related to permissible content.

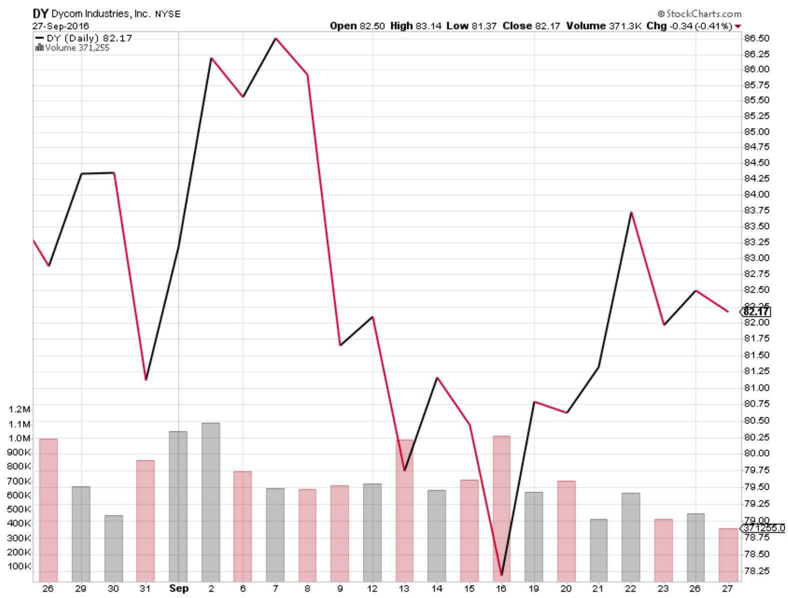
While Disney could clean that up and figure out how to make a Twitter acquisition workable, it is apt to come with a hefty price tag that in our view reduces the return on capital. According to some reports, Twitter's board is reportedly looking for a premium price tag for the company, asking potential acquirers to shell out at least $30 billion.

We would much rather see Disney stick to the core strategy outlined above by Bob Iger.

**Our price target on DIS shares remains $125.**

## Conference Comments Confirm Our View on Dycom Industries (DY) & AT&T (T) *Connected Society*

At the same Goldman Sachs Cornucopia Conference last week comments made by both **AT&T (T)** and **Comcast (CMCSA)** over the need to build out existing networks as well as deploy next-generation technologies to keep up with the unquenchable consumer thirst for data bode very well for our **Dycom (DY)** shares.




AT&T, in particular, revealed plans to have Web streaming as its primary TV platform by 2020. In our view, this shores up the company's competitive position against Comcast and **Verizon Communications (VZ).** Given confidence to its streaming initiative, AT&T added **Starz (STRZA)** and **Scripps Networks Interactive (SNI)**, the TV home of HGTV, Food Network, DIY, Cooking Channel, Travel Channel and more, to its growing number of content deals. AT&T also took an equity stake in Starz partner **Lions Gate Entertainment (LFG)**. DirecTV Now launches in Q4 with more than 100 channels and what AT&T chief Randall Stephenson calls a "very, very aggressive price point" and data-cap exemptions for AT&T wireless subscribers.

**Our price target on DY shares is $115 and our price target on AT&T shares remains $45.**

# TEMATICA SELECT LIST PERFORMANCE

| POSITION | DATE ADDED | ADD PRICE | CURRENT PRICE | DIV. PAID | STOP PRICE | RETURN (%) | TARGET | RATING |
|---|---|---|---|---|---|---|---|---|
| **ALPHABET, INC. (GOOGL)** *Asset-Lite* | 6/15/16 | $733.94 | $783.01 | -- | -- | 6.69% | $900.00 | (BUY) |
| **AMAZON.COM (AMZN)** *Connected Society* | 5/24/16 | $709.53 | $816.11 | -- | -- | 15.02% | $900.00 | (BUY) |
| **AMN HEALTHCARE SERV. (AHS)** *Scarce Res. / Aging of Population* | 8/17/16 | $33.80 | $32.48 | -- | -- | -3.91% | $47.00 | (BUY) |
| **AT&T (T)** *Connected Society* | 7/21/15 | $34.67 | $41.46 | $1.91 | $39.00 | 25.09% | $45.00 | (HOLD) |
| **Consumer Disc. SPDR (XLY)** *Content is King* | 4/20/16 | $79.57 | $79.59 | -- | -- | -0.02% | -- | (HOLD) |
| **CALAMP CORP (CAMP)** *Connected Society* | 8/09/16 | $15.37 | $16.41 | -- | -- | 6.76% | $21.00 | (BUY) |
| **WALT DISNEY CO. (DIS)** *Content is King* | 4/20/16 | $102.16 | $91.72 | -- | $87.00 | -10.44% | $125.00 | (BUY) |
| | 5/11/16 | $101.78 | $91.72 | -- | $87.00 | -9.88% | $125.00 | (BUY) |
| **DYCOM INDUSTRIES (DY)** *Connected Society* | 9/14/16 | $80.47 | $82.17 | -- | -- | 2.11% | $115.00 | (BUY) |
| **NIKE INC. (NKE)** *Rise & Fall of the Middle Class* | 5/18/16 | $56.10 | $55.34 | $0.16 | -- | -1.07% | $66.00 | (BUY) |
| **PETMEDS EXPRESS (PETS)** *Connected Society* | 5/4/16 | $17.80 | $20.41 | $0.57 | -- | 17.87% | $23.00 | (HOLD) |
| **PHYSICIANS REALTY TRUST (DOC)** *Aging of the Population* | 6/27/14 | $14.33 | $21.51 | $2.03 | $18.00 | 64.27% | $25.00 | (HOLD) |
| **PROSHARES SHORT S&P 500 (SH)** | 1/14/16 | $45.10 | $38.25 | -- | -- | -15.19% | $24.00 | (BUY) |
| | 3/23/16 | $41.12 | $38.25 | -- | -- | -6.98% | $24.00 | (BUY) |
| **REGAL ENTERTAINMENT (RGC)** *Content is King* | 11/23/15 | $18.51 | $21.60 | $0.66 | $19.00 | 20.25% | $24.00 | (HOLD) |
| **SHERWIN WILLIAMS (SHW)** *Rise & Fall of Middle Class* | 9/14/16 | $275.81 | $282.38 | -- | -- | -2.38% | $350.00 | (HOLD) |
| | 8/03/16 | $301.06 | $282.38 | -- | -- | -6.20% | $350.00 | (HOLD) |
| **STARBUCKS (SBUX)** *Guilty Pleasures* | 6/01/16 | $54.90 | $54.19 | $0.20 | -- | -0.93% | $74.00 | (BUY) |
| **UNDER ARMOUR (UA)** *Rise & Fall of Middle Class* | 7/27/16 | $39.26 | $38.19 | -- | -- | -2.72% | $55.00 | (BUY) |
| **UNITED NATURAL FOODS (UNFI)** *Foods with Integrity* | 8/31/16 | $47.00 | $39.14 | -- | -- | -16.72% | $232.00 | (BUY) |
| | 9/14/16 | $38.91 | $39.14 | -- | -- | -0.59% | $232.00 | (BUY) |
| **WHIRLPOOL CORP (WHR)** *Rise & Fall of Middle Class* | 8/24/16 | $186.24 | $162.81 | -- | -- | -12.58% | $65.00 | (BUY) |

*as of market close September 27, 2016*

## STOCKS / FUNDS MENTIONED

Aixtron SE (AIXG)
Apple (AAPL)
Applied Materials (AMAT)
AT&T (T)
CalAmp Corp. (CAMP)
Cirrus Logic (CRUS)
Citibank (C)
Comcast (CMCSA)
Costco Wholesale (COST)
Dycom (DY)
Facebook (FB)
Lions Gate Entertainment (LFG)
Nike (NKE)
Qualcomm (QCOM)
Scripps Networks Interactive (SNI)
Sherwin Williams (SHW)
Skyworks Solutions (SWKS)
Sony (SNE)
Starz (STRZA)
Synaptics (SYNA)
The Walt Disney Co. (DIS)
Twitter (TWTR)
Universal Display (OLED)
Verizon Communications (VZ)
Visa (V)
Whirlpool (WHR)

## Analyst Positions

At the time of publication, Mr. Versace, Chief Investment Officer of Tematica Research had no positions in the shares of companies mentioned in this issue.

## Important Disclosures and Certifications

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