TEMATICA INVESTING

THEMATIC COMMENTARY, EQUITY RESEARCH & INVESTING STRATEGIES

Christopher Versace
CHIEF INVESTMENT OFFICER, TEMATICA RESEARCH, LLC

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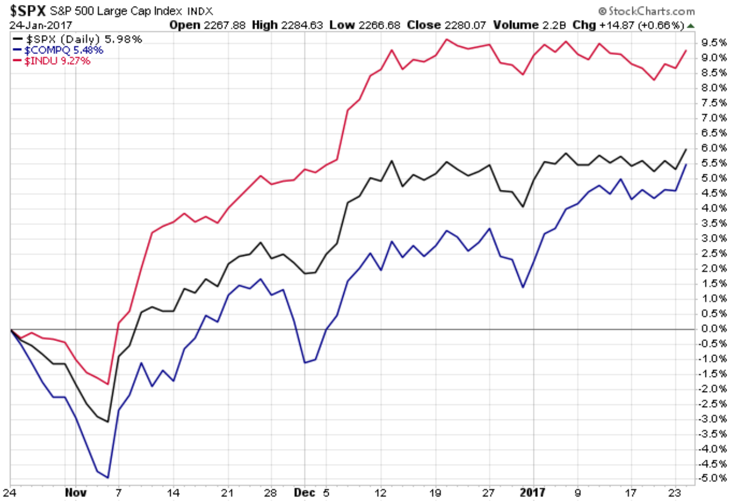
FOLLOW US:

As the Market Scales to New Heights, We Review Our Current Thematic Holdings

Over the last few days, we've been attending the Inside ETF conference in warm and sunny Hollywood, FL. While we were focused on the latest developments in the ETF space, we've kept one eye on the markets and the renewed climb in the stock market, with the DOW tipping over the 20,000 mark for the first time in history just this morning.

With yesterday's close both the tech-heavy Nasdaq composite index and the S&P 500 powered to new all-time highs amid news that President Trump is already getting down to business, the domestic manufacturing economy perked up further in January and the continued mixed bag of December quarter earnings.



As we shared in this week's Monday Morning Kickoff, this is the first full week of the year that teems with both data and earnings, with the latter escalating as the week goes on and on into next week. Toward the end of the week, we get the first print on 4Q 2016 GDP and we close it out with the start of Chinese New Year. As that holiday begins, we'll be looking for confirming points for our ***Affordable Luxury***, as well as ***Rise & Fall of the Middle-Class*** themes.

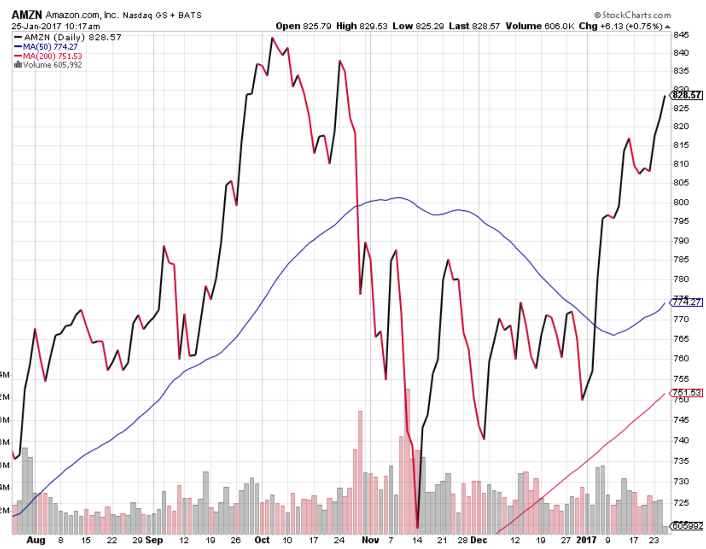
Tematica Investing, a weekly publication by Chief Investment Officer Chris Versace, is designed for the experienced or professional investor, providing in-depth information on real-time developing thematic strategies, economic outlook, investment trading ideas, and analysis of the most pressing developments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

This week we have four positions on the Tematica Select List reporting – ***Cash-strapped Consumer*** company **McCormick & Co. (MKC), *Connected Society*** player **AT&T (T)**, ***Guilty Pleasure*** company **Starbucks (SBUX)** and **Alphabet (GOOGL)**, which resides in our ***Asset-lite Business Model*** investing theme. This morning McCormick reported is 4Q 2016 results, and despite the impact of currency, which was expected given the company's geographic mix, we found the results rather favorable and the same can be said for the outlook over the next year – more on that below.

After today's market close, AT&T will share its full results for the December quarter. Last week the company pre-announced several metrics for its December quarter, but yesterday **Verizon's (VZ)** results fell short of Wall Street expectations. As part of our monthly position review below, we've laid out some of those metrics as well as shared reporting dates for those companies that have made their reporting dates known. That's right, today is the last Wednesday in January and it's time to take stock (pun intended) of the positions on the Tematica Select List.

During quarterly earnings season, we tend to shy away from initiating new positions, preferring instead to digest all the backward-looking results and put the puzzle pieces of the forward corporate commentary together. When combined with uncertainties of the Trump administration's unfolding policies, we are adding no new positions to the **Tematica Select List** this week, but we will be watching for potential opportunities for companies on the Tematica Contender List. With nearly 75 percent of the S&P 500 reporting in the coming weeks, we're likely to remain prudent with new positions, especially with the overall market trading at more than 19 times 2016 earnings; as we know while we've closed the book on 2016, we've quite a road to hoe before doing the same for 2016 earnings.

Amazon (AMZN) ***Connected Society***



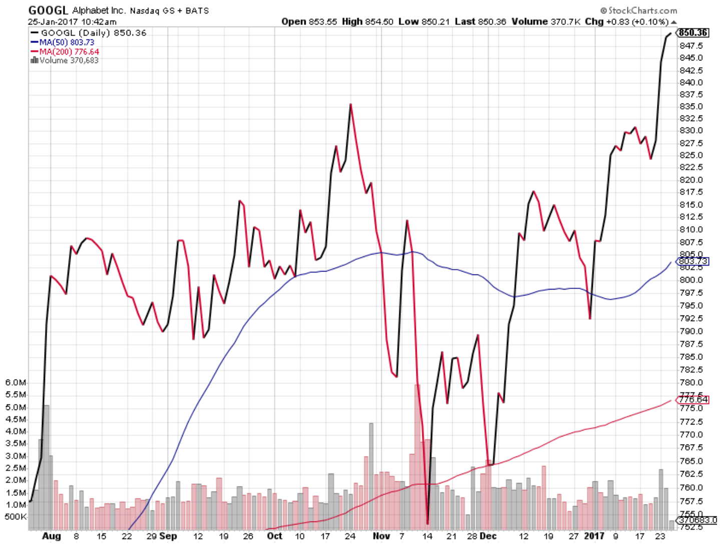
Over the last month, Amazon shares have risen more than 8 percent. During the last week, Amazon announced two new fulfillment centers, one in Texas (its ninth) and the other in Maryland (its third) and patented an autonomous vehicle lane assignment system, which we suspect is part of its long-term strategy to focus on improving its logistics costs. Getting back to the core digital-shopping business, we were once again reminded of the struggles happening in bricks-and-mortar retail when **Target (TGT)** missed expectations, joining the likes of **Macy's (M), Kohl's (KSS)** and others.

We continue to see Amazon benefiting by several aspects of what we call the ever-increasing ***Connected Society*** across its digital shopping, Amazon Web Services, and Alexa voice technology. The company will report its earnings on Feb. 2 and currently, it is expected to deliver EPS of $1.35 on revenue of $44.66 billion.

- **Our price target remains $975, which offers more than 18 percent upside.**
- **We continue to rate the shares of this Connected Society poster child a Buy at current levels.**

Alphabet (GOOGL) *Asset-lite Business Models*

Year-to-date GOOGL shares are up just over 7 percent, but we still see ample upside, roughly 15 percent, to our $975 price target. Over the weekend our Alphabet received **some very favorable comments in Barron's**, which reiterated part of our core investment thesis on the shares. The same article prognosticated GOOGL shares "look likely to top $1,000 in a year," and while that modestly above our $975 price target, we're not inclined to argue.



The crux of the Barron's piece is the positive impact that digital advertising and mobile will have on Google's business, especially search, mobile and video consumption. At the risk of being rather brash, we have to say this sounds rather familiar and after reading the article we suspect you would be inclined to agree. We'll take it as a compliment that the herd is catching onto our way of thinking. This includes a recent new "Outperform" rating at Pacific Crest Securities.

Another catalyst for GOOGL shares will be coming at us tomorrow (Jan. 26) when the company reports its 4Q 2016 earnings. Current expectations call for EPS of $9.64 on revenue of $25.2 billion. We're bullish heading into that report given the company's position in search and video, which continue to benefit from our increasingly Connected Society and the shifting landscape of advertising dollars away from traditional media toward digital platforms. Those drivers have the company tracking to grow earnings over 20 percent and the shares trading at 20.0x 2017 consensus EPS expectations of $41.12, essentially a PEG ratio of 1.0. Also helping the bottom line, as we learned with its September earnings, Alphabet's board authorized a new $7 billion share-repurchase program following the company's completion of the prior program; we wouldn't be surprised to learn Alphabet was buying back shares during late November when GOOGL traded at $790-$795.

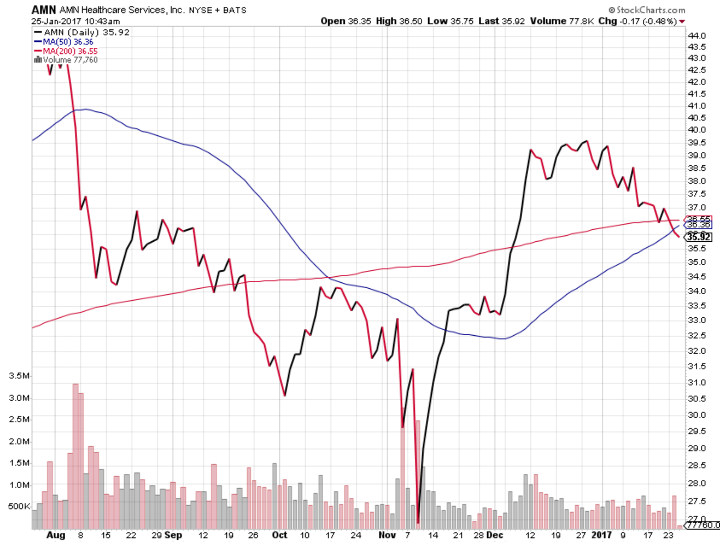
- **We continue to rate GOOGL a Buy at current levels, but much past $875 we would hold off adding to the position.**

AMN Healthcare (AMN) *Aging of the Population*

Over the last month, shares of this workforce solutions company that serves the healthcare staffing industry have fallen nearly 8 percent. We've seen some ups and downs with the shares over the last six months, amid questions over what's next for the Affordable Care Act and what could replace it under the new Trump administration. As you can image, we continue to wait for details; while we are anxious to get them, we also hope the plan to be put forth is well thought out. Fingers crossed.

Despite the political aspects, last week AMN shares received a boost as a result of a new "Buy" recommendation from The Benchmark Company with a $46 price target, a few dollars higher than our $43 target. Benchmark's rationale -- unprecedented shortages of and demand for nurses and other health-care professionals -- closely echoes one of our core reasons for adding AMN. By 2020, the U.S. is expected to need 1.6 million more direct-care workers than in 2010, which equates to a 48 percent increase for nursing, home health and personal-care aides over the decade, due primarily to the aging of 78 million baby boomers.

- **With a tailwind like that and roughly 19 percent upside to our $43 price target, we continue to rate AMN shares a Buy.**
- **AMN will report its December quarter earnings on Feb. 16.**



AT&T (T) *Connected Society*

AT&T shares rose just over 0.5 percent this week, keeping them between $41 and $42 for the third consecutive week. While we continue to wait for progress on the pending merger with **Time Warner (TWX)**, late last week AT&T shared some of what we will hear today when it reports its quarterly results on Jan. 25. Those items include a $1 billion non-cash, pretax loss of approximately $1 billion related to the annual re-measurement of pension and post-employment benefit plans.

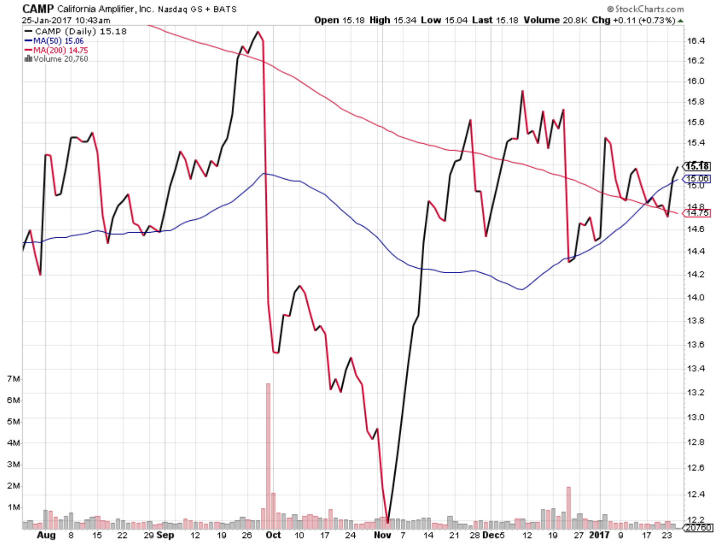
AT&T also gave a preview of subscriber metrics for the quarter, which includes 900,000 branded net adds of domestic wireless subscribers (about 500,000 postpaid and 400,000 prepaid) with approximately 700,000 2G deactivations. With roughly 2.3 million remaining 2G subscribers at the end of 2016, we see the company's recent discontinuance of 2G services resulting in more deactivations in the current quarter. Expectations for upcoming 4Q earnings sit at EPS of $0.66 on revenue of $42.03 billion.

From our perspective, AT&T is making progress on transforming the business from a phone company to one that is more fitting in today's Connected Society, with the pending acquisition of Time Warner accelerating that change. As those details get sorted out, we're inclined to be patient with the shares given the expanding role of the Connected Society and the company's place therein.

As a reminder, AT&T's board of directors approved a 2.1 percent increase in the quarterly dividend to $0.49 per share from $0.48 payable next week (Feb. 1) to holders of record on Jan. 10. We believe this reflects the underlying strength of the core business as well as the company's confidence, not only in the proposed deal but also in its ability to fund it.

- **With just over 6 percent to our $44 price target, we're inclined to hold off committing fresh capital at current levels.**
- **Rather we would prefer to use any near-term weakness — be it company specific or market-induced — to add to the position below $40.**
- **As more clarity on the merger develops, including President Trump's final position on the merger, we are likely to revisit both our rating and price target.**

CalAmp Corp. (CAMP) *Connected Society*



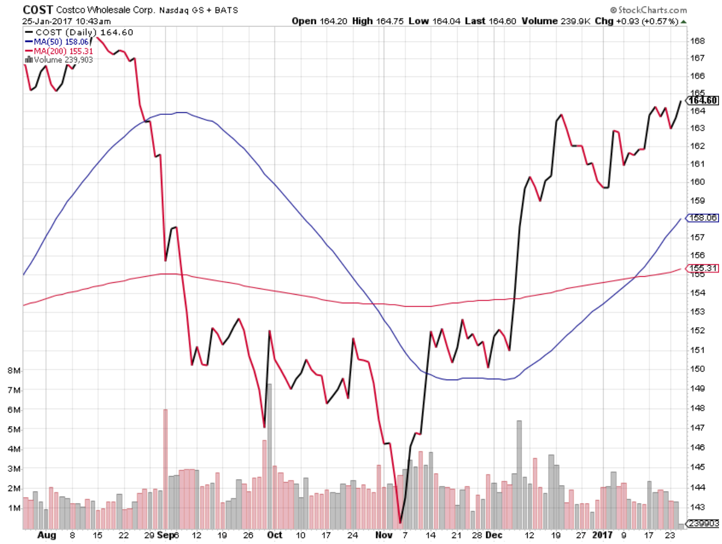
CalAmp is a wireless solutions company that competes in the developing Internet of Things market, better known as telematics and resonates with our ***Connected Society*** investing theme. Year to date, CalAmp shares are up just shy of 4 percent, **but given our $20 price target, we continue to see more than 30 percent upside to be had over the next several quarters.**

One of the key drivers of the company's business will be the federal electronic logging device (ELD) mandate, which requires trucking companies to move from paper logbooks to electronic logs for recording drivers' hours of service by Dec. 18, 2017. With the Owner-Operator Independent Drivers Association (OOIDA) having been denied a rehearing of a court decision in its lawsuit against the EDL mandate. We'll wait to see if OOIDA petitions Congress, but given that the ELD rule was mandated under a GOP House majority (in 2012), it is rather unlikely the new Congress will move to roll it back.

Industry estimates suggest more than one million ELDs will be deployed in the U.S. this year to comply with that mandate. This bodes very well for CalAmp's core telematics systems business (57 percent of revenue) in the coming quarters. Longer-term we continue to see the company's business model benefitting from the connected vehicle market, which includes autos, trucks and other equipment like that from customer **Caterpillar (CAT).**

- **We continue to rate CAMP shares a Buy with a $20 price target.**

Costco Wholesale (COST) *Cash-strapped Consumer*

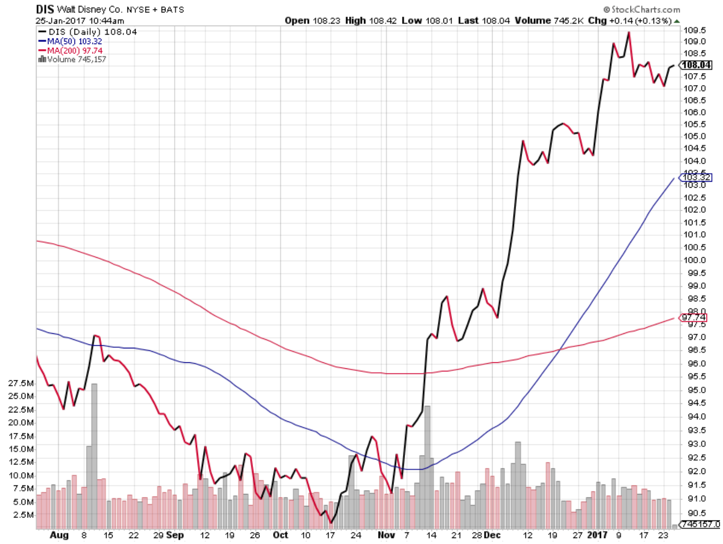


We continue to be fans of Costco, both as consumers and investors, but also acknowledge there is just over 4 percent upside to our $170 price target. In comparing recent retail sales reports, we continue to see Costco capturing consumer wallet share and as the company opens additional warehouse locations we see that trend continuing. We also like the fact that more warehouse locations mean more memberships, which carry high margins and that tends to help the company's bottom line performance.

- **Given that Costco is a "funny fiscal" that does not conform to the calendar year, we have several weeks until it next reports its quarterly results.**

The Walt Disney Co. (DIS) — *Content is King*

Disney shares were down slightly last week as dueling rating changes took place. First, **Goldman Sachs (GS)** boosted its view on the stock to "Buy" from "Neutral," with a new price target of $134 vs. the prior $109. Next, BMO Capital downgraded Disney shares to "Underperform."

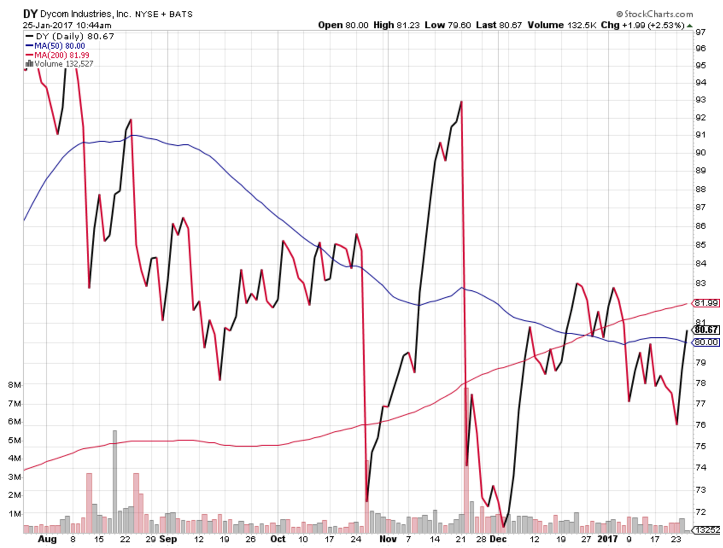


We can understand both changes, given the more than 15 percent move in DIS shares over the last three months. For patient investors like ourselves with a longer-term time horizon, Disney has several long-term ***Content is King*** thematic drivers that are soon to ripple across its several businesses. The bottom line, while the next few quarters are likely to be one of transition — keeping DIS shares range-bound in the process — as the company's film slate rolls out and other initiatives take hold, we should see the shares move higher in the back half of 2017. During the next several quarters, we continue to see Disney making the right investments (streaming media and turning studio content into park rides and attractions) to drive revenue and profits longer term.

- **Disney will report its December-quarter earnings on Feb. 7.**
- **Our longer-term price target remains $125.**

Dycom Industries (DY) — *Connected Society*

Dycom shares had a see-saw kind of week, falling over the last few days until they gapped up more than 3 percent yesterday on the news that Verizon's network capital spending is likely to grow year over year in 2017 albeit modestly. One of the key aspects of our thesis on DY shares is the deployment of 5G networks and the incremental buildout of existing wireline and mobile networks.



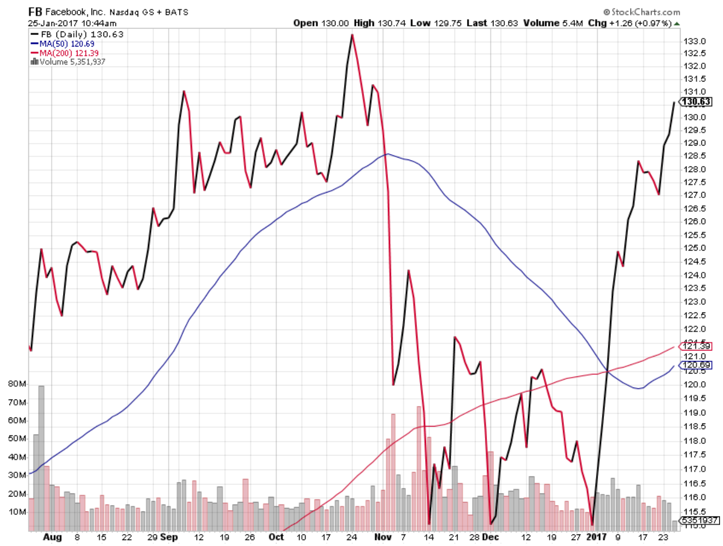
We've heard more on the pending testing of 5G networks over the last several days, but in our view, the next move in DY shares to be had will be based on what's contained within the sum of earnings reports and capital spending plans from AT&T, **Comcast (CMCSA)** and Verizon this week. In regards to Dycom, we'll be listening to those calls for capital spending plans as well as network load capacity to gauge additional demand in the coming quarters. We continue to see Dycom as a prime beneficiary of that spending.

Having scaled into DY shares once already on the Tematica Select List, we are going to sit tight and be patient with the position given our view that worst case it's only a matter of time for next generation network technologies to be deployed. In our view, the current share price offers subscribers that are underweight DY shares an excellent opportunity to pick the shares off at better prices than we saw in mid-November.

- **We continue to rate DY shares a Buy with a $110 price target.**

Facebook (FB) *Connected Society*

The period just after the 2016 Presidential election was less than kind to Facebook shares. Over the last few weeks, however, the shares have been a strong performer and year to date are up more than 12 percent. FB shares have been the beneficiary of several upgrades as of late, including ones by Raymond James and Pacific Crest Securities. Much like Alphabet, investors are increasingly recognizing the accelerating shift of advertising dollars to digital platforms at the expense of other media. With Facebook monetizing more aspects of its platform and growing its global user base, we continue to see it as a share gainer as more advertising dollars move online from more traditional media, including broadcasting.



- **Facebook will report its quarterly earnings on Feb. 1 and current expectations have the social media company delivering EPS of $1.30 on revenue of $8.49 billion.**
- **With 18 percent potential upside to our $150 price target, Facebook shares remain a Buy.**

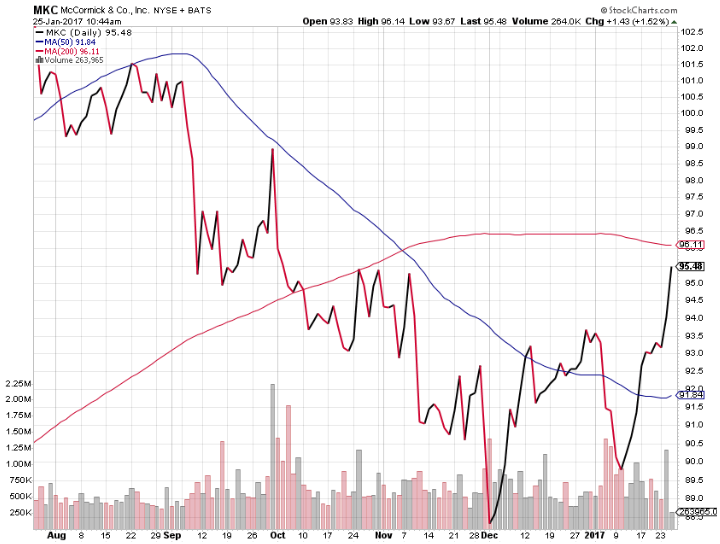
International Flavors & Fragrances (IFF) *Rise & Fall of the Middle Class*

Over the last few months, IFF shares have been underperforming the market melt up, part of which we attribute to the strengthening dollar and the fact that IFF derives roughly 75 percent of its revenue from outside the US. As the dollar has backed off more recently, IFF shares have rebounded and are now up 1.5 percent year to date. Even so, we continue to see several drivers that should power IFF's business and shares over the coming quarters. These include rising disposable income, particularly in emerging markets — the key tailwind to our ***Rise & Fall of the Middle-Class*** theme — as well as the shift in consumer preferences to natural/organic flavors (a second thematic tailwind in the form of ***Food with Integrity***).

At the same time, soda companies such as **Coca-Cola (KO)** and **PepsiCo (PEP)** are looking to reformulate their products to exclude sugar or to utilize organic flavors and fragrances, which bodes well for IFF's solutions. Longer term, the outlook remains bright for this market as the Freedonia Group's forecast calls for global demand for flavors and fragrances to reach $26.3 billion by 2020, which would be a 21 percent increase from $21.7 billion in 2015.

- **Our price target on the Buy rating for IFF stock remains $145.**

McCormick & Co. (MKC) *Cash-strapped Consumer*



Early this morning McCormick & Co. reported December quarter results excluding special charges that came in at $1.27 per share, which was inline with consensus expectations and up more than 7 percent year over year. Knowing the company has an active buyback program, we'd note that adjusted net income rose 5.8 percent year on year for the quarter, and the outstanding share count shrank by 1.4 percent.

Revenue for the quarter, which benefitted from continued strength in the core Consumer segment (66 percent of sales, 81 percent of operating profit) came in at $1.227 billion, a modest miss compared to the expected $1.24 billion. Buried inside those results is the impact of foreign currency, which had an unfavorable impact of 2 percent during the quarter. Hardly a surprise, given McCormick's geographic business mix, but overall we found the company's results to be rather favorable despite that headwind.

In the earnings press release, McCormick shared its view on 2017, which includes sales to grow 5 to 7 percent on a constant currency basis. On a reported basis that equates to up 3 to 5 percent year over year, a range that is skewed higher relative to the 3.6 percent consensus forecast. On the bottom line, the company sees 2017 EPS ranging between $4.05 to $4.13 compared to the consensus estimate of $4.10. We'd note the range of expected earnings for 2017 is rather wide, between $3.92 and $4.23, and we expect it to tighten up over the next few days.

As we mentioned above, the impact of currency on the quarter was of little surprise given the company's geographic mix, but also because the topic is one that we've been hearing more and more about this earnings season. While the dollar has cooled of late, given the dollar strength following the presidential election, we expect to hear much more about this over the next few weeks as more and more companies report quarterly results. We'll continue to monitor the currency situation especially given the likelihood of renewed Eurozone political drama in the coming weeks, which could pressure the euro and once again lead to a stronger dollar.

- **Stepping back, we continue to like the underlying business case at McCormick given the favorable outlook for the core herb and spice business, which Euromonitor sees growing at a compound annual growth rate of 5 percent through 2021.**
- **With food price deflation poised to continue in 2017, we continue to see McCormick's core Consumer products benefitting from greater grocery traffic.**

Nuance Communications (NUAN) *Disruptive Technology*

We recently added voice technology company **Nuance Communications (NUAN)** to the ***Tematica Select List*** as the technology has hit a tipping point into the mainstream. As that technology finds new applications in the home, car and other markets, we recognize larger players, as well as other human interface companies, are likely to add to their technology portfolio. Last week NUAN shares rose more than 2 percent, bringing the position's return to just under 3 percent thus far in 2017.

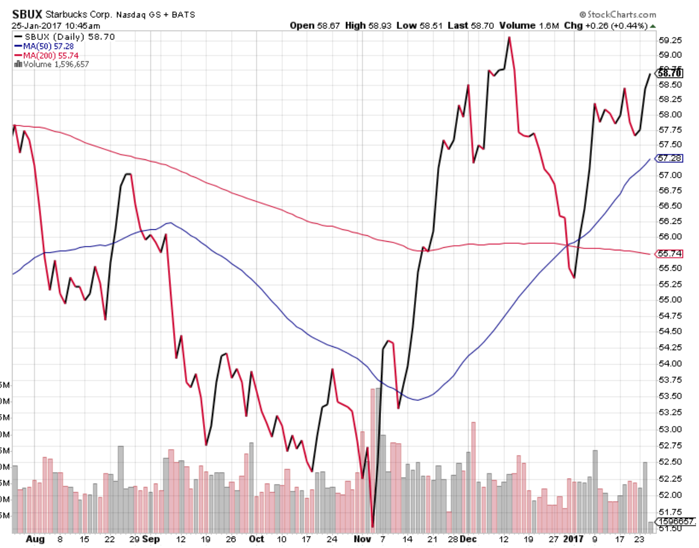
Even though we just added Nuance to the fold, even after CES 2018 we continue to hear about new voice-enabled applications like the one from **Adobe Systems (ADBE)** called "intelligent digital assistant photo editing" that is more simply put a voice-controlled photo editor. We see these and other applications (smartphone, auto, home and others) lending credence to market intelligence firm Tractica's forecast that calls for unique active consumer voice digital assistant (VDA) users growing from 390 million in 2015 to a whopping 1.8 billion worldwide by the end of 2021. During the same period, unique active enterprise VDA users are expected to rise from 155 million in 2015 to 843 million by 2021.

Putting those two markets together, Tractica forecasts total VDA revenue will grow from $1.6 billion in 2015 to $15.8 billion in 2021. As that market heats up, it isn't lost on us that **Apple (AAPL), Microsoft (MSFT), Alphabet (GOOGL)** are likely to acquire voice technology companies to improve their voice technology capabilities.

- **Against that backdrop, our rating on NUAN shares is a Buy at current levels and our price target resides at $21.**
- **Our intention is to scale into the shares on signs of strength like design wins, or on weakness should the shares pull back to the $14 level.**

Starbucks (SBUX) *Guilty Pleasures*

Shares of the coffee, tea and food company are up more than 5 percent thus far in 2017, which brings our position performance to up more than 7 percent.



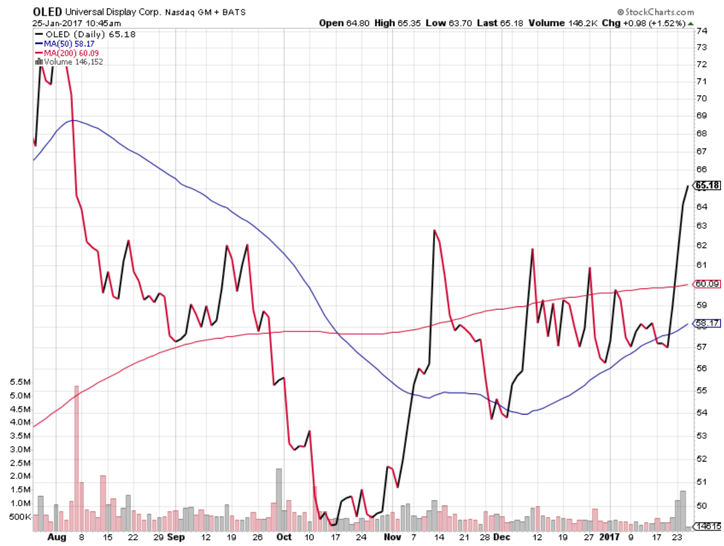
Later this week, Starbucks will report is December quarter earnings and ahead of that report, consensus expectations call for Starbucks to serve up EPS of $0.52 on $5.85 billion in revenue. The quarter's results should benefit from falling coffee prices, however, those same coffee prices have started to tick higher in January; we could see the company offer a more conservative outlook given that recent move in coffee prices that has them well above year-ago levels.

During the call, we expect to hear more about the management transition and more color on the role former CEO and now Chairman Howard Schulz will have at Starbucks Reserve Roasteries. We also expect to get a fresh update on the company's food menu strategy as well as its international roadmap that is rather China heavy.

- **At the current price, we have more than 25 percent upside to our $74 price target and continue to rate the shares as a Buy.**

Universal Display Corp. (OLED) — *Disruptive Technologies*

Universal Display (OLED) shares had a very good week as they finally broke out of the recent $56 to $59 trading range this week. While there was no official news from the company last week, we continue to hear reports that smartphone vendors are increasingly concerned over a shortage in OLED components. The basis of these reports is the ramping demand at Chinese smartphone vendors as well mounting rumors that Apple will be introducing a 5.8-inch iPhone option with an OLED edge-to-edge display as part of the "iPhone 8" line later this year.



To keep a bead on ramping OLED production, we'll continue to monitor OLED equipment order activity at **Applied Materials (AMAT)**, Aixtron AG and **Veeco Instruments (VECO)** as well as new product announcements in the coming months. As we've said previously, Universal shares are likely to be volatile week to week, but it's the longer-term view that is driving our thesis on the name as organic light emitting diode display (OLED) technology replaces liquid crystal display (LCD) and light-emitting diode (LED) technologies in smartphones, TVs, cars and other consumer electronic devices.

- **Ahead of the company's next quarterly earnings report on Feb. 23, the management team will be presenting on Feb. 15 at the Goldman Sachs Technology and Internet Conference.**
- **Following the strong move in the shares yesterday, we have just over 5 percent upside to our $68 price target.**
- **As we noodle on the potential upside to be had to that target, we're inclined to hold off committing fresh capital until we've either completed that analysis or the shares fall back to the $58-$59 level.**

Under Armour (UAA) — *Rise & Fall of the Middle Class*

Under Armour shares fell more than 5 percent over the last several days following **Big Five Sporting Goods' (BGFV)** earnings pre-announcement. In that announcement Big Five did boost its own EPS outlook, but offered softer revenue guidance vs. expectations for 4Q 2016, and also shared that its footwear category comps were slightly down. We'll be looking for more data and commentary to determine if this was share loss at Big Five or something else. We're inclined to think the former, given that several new products from **Nike (NKE)** and Under Armour, including the new Curry Three "Flight Jacket," and Nike's LeBron James Air Zoom Generation Retro and "Black Cat" Air Jordan 13 are just now starting to hit shelves.

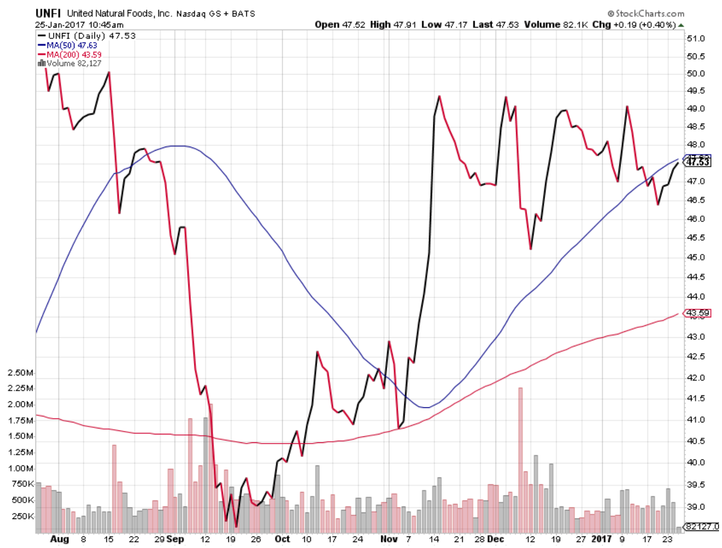
Despite all of the UA news over the last several weeks, UAA shares remain in that $28-$31 trading range we've seen since mid-November. As we mentioned following UA's September quarter earnings results that recast expectations over the next few years, UAA shares would be a "show me" story in the near-term. Is it frustrating? It sure is, but that is where we are.

While investors tend to be focused on comments from brick & mortar retailers, which have been rather dim, we have to remember that much like Nike, UA continues to grow its direct to consumer revenue, which is aided by its footwear strategy. The latest update on that business will be had on Jan. 31 when UA reports its December quarter results. Medium to longer term, Under Armour is still poised to continue to grow its revenue and operating income as its initiatives, (footwear, International, women's and UA SportsWear) take hold in the coming quarters.

- **Our price target for UAA is $40, which offers attractive upside potential.**

United Natural Foods (UNI) ***Food with Integrity***

Over the last week, our UNFI shares inched higher by 1 percent, which brought the return across our two UNFI buys on the ***Tematica Select List*** to more than 10 percent. Helping drive the shares higher last week was the latest restaurant industry same-store sales report from Miller Pulse. Per that report, restaurant industry same-store sales fell 2.4 percent in December marking the worst performance in the last six years. Peering into the data, the culprit was traffic, which had been a recurring theme for much of 2016 for the restaurant industry. That said, in December, overall same-store traffic fell 4.1 percent, the worst performance since the index first reported traffic results in 2010.



As consumers, particularly the ***Cash-strapped Consumer***, continue to embrace eating at home, we continue to see UNFI shares as a prime beneficiary of the growing awareness that is leading the shift toward natural, organics and "good for you foods." We do not see this as a short-term fad and point to a recent report from Research and Markets that forecasts the global market for organic food to grow at "a CAGR of over 14 percent during 2016-2021, on account of high demand for organic food." We have been and will continue to be patient with UNFI shares as the company regains investor confidence after stubbing its toe during 2015.

- **Our price target on UNFI shares is $60.**

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	$849.53	--	--	15.75%	$900.00	(BUY)
AMAZON.COM (AMZN) *Connected Society*	5/24/16	$709.53	$822.44	--	--	15.91%	$950.00	(BUY)
	10/28/16	$781.59	$822.44	--	--	5.23%	$950.00	(BUY)
AMN HEALTHCARE SERV. (AMN) *Scarce Res. / Aging of Population*	8/17/16	$33.80	$36.10	--	--	6.80%	$47.00	(BUY)
	10/5/16	$31.18	$36.10	--	--	15.78%	$47.00	(BUY)
AT&T (T) *Connected Society*	10/12/16	$39.29	$41.36	--	$31.00	5.54%	$45.00	(HOLD)
	11/21/16	$37.63	$41.36	--	$31.00	9.91%	$45.00	(HOLD)
CALAMP CORP (CAMP) *Connected Society*	8/09/16	$15.37	$15.07	--	--	-1.95%	$21.00	(BUY)
	10/05/16	$13.70	$15.07	--	--	10.00%	$21.00	(BUY)
COSTCO WHOLESALE (COST) *Cash-strapped Consumer*	9/28/16	$149.67	$163.67	--	--	9.65%	$170.00	(HOLD)
WALT DISNEY CO. (DIS) *Content is King*	4/20/16	$102.16	$107.90	$1.49	$87.00	7.08%	$125.00	(BUY)
	5/11/16	$101.78	$107.90	$1.49	$87.00	7.48%	$125.00	(BUY)
DYCOM INDUSTRIES (DY) *Connected Society*	9/14/16	$80.47	$77.68	--	--	-2.22%	$115.00	(BUY)
	10/27/16	$72.89	$77.68	--	--	7.94%	$115.00	(BUY)
FACEBOOK (FB) *Connected Society*	11/30/16	$116.86	$129.37	--	--	8.91%	$150.00	(BUY)
INTER. FLAVORS & FRAGRANCES (IFF) *Rise & Fall of the Middle Class*	10/19/16	$129.23	$119.54	--	$105	-7.00%	$145.00	(BUY)
	11/21/16	$120.06	$119.54	--	$105	0.10%	$145.00	(BUY)
MCCORMICK & CO. *Cash-strapped Consumer*	11/21/16	$91.80	$94.05	$0.47	--	2.96%	$170.00	(BUY)
NUANCE COMM. (NUAN) *Disruptive Technologies*	1/11/17	$15.51	$15.95	--	--	2.84%	$21.00	(BUY)
PROSHARES SHORT S&P 500 (SH)	1/14/16	$45.10	$35.91	--	--	-12.67%	$24.00	(BUY)
	3/23/16	$41.12	$35.91	--	--	-20.38%	$24.00	(BUY)
POWERSHARES INTERNET PORTFOLIO (PNQI) *Connected Society*	11/16/16	$83.68	$90.02	--	--	7.58%	$90.00	(BUY)
STARBUCKS (SBUX) *Guilty Pleasures*	6/01/16	$54.90	$58.44	$0.20	--	7.28%	$74.00	(BUY)
UNDER ARMOUR (UAA) *Rise & Fall of Middle Class*	7/27/16	$39.26	$28.54	--	$25.00	-27.31%	$55.00	(BUY)
	11/2/16	$30.74	$28.54	--	$25.00	-7.16%	$55.00	(BUY)
UNITED NATURAL FOODS (UNFI) *Foods with Integrity*	8/31/16	$47.00	$47.34	--	--	0.72%	$232.00	(BUY)
	9/14/16	$38.91	$47.34	--	--	21.67%	$232.00	(BUY)
UNIVERSAL DISPLAY (OLED) *Disruptive Technology / Connected Society*	10/5/16	$53.09	$64.20	--	--	20.93%	$68.00	(HOLD)

as of market close January 24, 2017

Tematica Contenders

As we roll up our sleeves each week we add companies and discard others to our list of ***Tematica Select Contenders***. These are companies that we're doing more work on and in some cases we're waiting for the risk to reward trade-off to reach more appetizing levels.

AWK	American Water Works	***Scarce Resources***
WTR	Aqua America	***Scarce Resources***
CHGG	Chegg Inc.	***Tooling & Retooling***
CMG	Chipotle Mexican Grill	***Foods with Integrity***
GLW	Corning Inc.	***Disruptive Technologies***
KIM	Kimco Realty	***Rise & Fall of the Middle Class***
MRK	Merk & Co.	***Aging of the Population***
NLSN	Nielson NV	***Connected Society***
OME	Omega Protein Corp.	***Fountain of Youth***
PANW	Palo Alto Networks	***Safety & Security***
SYNA	Synaptics Inc.	***Disruptive Technologies***
XYL	Xylem, Inc	***Scarce Resources***

STOCKS / FUNDS MENTIONED

Adobe Systems (ADBE)
Alphabet (GOOGL)
Amazon (AMZN)
AMN Healthcare (AMN)
Apple (AAPL)
Applied Materials (AMAT)
AT & T (T)
Big Five Sporting Goods (BGFV)
Caterpillar (CAT)
Coca-Cola (KO)
Comcast (CMCSA)
Costco Wholesale (COST)
Disney (DIS)
Dycom Industries (DY)
Facebook (FB)
Goldman Sachs (GS)
International Flavors & Fragrances (IFF)
Kohl's (KSS)
Macy's (M)
McCormick & Co. (MKC)
Microsoft (MSFT)
Nike (NKE)
Nuance Communications (NUAN)
PepsiCo (PEP)
Starbucks (SBUX)
Target (TGT)
Time Warner (TWX)
CalAmp Corp. (CAMP)
Under Armour (UAA)
United Natural Foods (UNFI)
Universal Display (OLED)
Veeco Instruments (VECO)
Verizon (VZ)

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.

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