

At a Glance

Symbol	Rating		Est.	Price Target	
	Prior	Current		Prior	Current
PRICE TARGET CHANGES					
CJES	B	B	▲▼	\$14.00	\$18.00
CBT	B	B	▼	\$56.00	\$53.00
PNM	N	N	▼	\$27.00	\$26.00
VRTV	N	N	▲▼	\$55.00	\$46.00
COMPANY UPDATES					
GMCR	N	N	▼	\$95.00	\$95.00
VRSK	B	B	▲▼	\$89.00	\$89.00
ANET	B	B	▲▼	\$100.00	\$100.00
CSC	N	N		\$65.00	\$65.00
FITB	N	N	▼	\$21.00	\$21.00
GSBD	B	B	▲▼	\$23.00	\$23.00
P	B	B		\$25.00	\$25.00
SAGE	B	B	▲▼	\$67.00	\$67.00

INDUSTRY UPDATES

[Banking - Regional and Community Banks - STRH Weekly Banking Sector Spotlight](#)

[Biotechnology - ASGCT Day 2: BLUE Manufacturing, C\(T?\)RISPR, AAVL's Directed Evolution Platform](#)

[REITs - REITs: Houston Property Tour – “We’re Not Seeing a Significant Impact Yet”](#)

[US Major Pharmaceuticals - ASCO 2015 Abstract Highlights](#)

Today's Events

5/15 Building Products/Durable Goods - Keith Hughes - Analyst Trip - TX

Morning Meeting Highlights

Verisk Analytics, Inc. (VRSK, \$73.45, Buy) - Going Global With WoodMac. Buy. - We reiterate our Buy and \$89 price target. We are also raising our estimates for the pending WoodMac acquisition, which we expect will close in the next few weeks. Our new C15 and C16 revenue and EPS estimates are \$2,074m/\$2.87 and \$2,419m/\$3.40 (Prior \$1,901m/\$2.83 and \$2,066m/\$3.22. Street \$1,884m/\$2.80 and \$2,032m/\$3.13). We are also introducing our C17 estimates of \$2,624m/\$3.81 (Street \$2,284m/\$3.54). - [Andrew Jeffrey](#)

Keurig Green Mountain (GMCR, \$103.08, Neutral) - Price Points Take the "Fizz" Out of Keurig Kold; Takeaways from Product Preview - Last night, we attended the unveiling of GMCR's Keurig KOLD (at-home cold beverage brewer) at the company's offices in Burlington, MA. We came away from the meeting impressed with the technology, but concerned by the initial price points and near-term investments needed to launch the product. Based on management's comments that 2016 will be another investment year, we are lowering our FY16 EPS estimate from \$4.07 to \$3.73. The company will give official FY16 guidance when it reports F4Q15 results in late October. We maintain our Neutral rating. - [William Chappell, Jr.](#)

REITs - REITs: Houston Property Tour – “We’re Not Seeing a Significant Impact Yet” - [Ki Bin Kim](#)

Banking - Regional and Community Banks - STRH Weekly Banking Sector Spotlight - This week we hosted an investor lunch with Houston CRE lenders from ZION's Amegy Bank, privately held Cadence Bank, and GNBC. We came away feeling incrementally more positive about the credit quality of Houston CRE loans. That said, Houston CRE loan demand peaked in 2014 and requests have fallen significantly YTD which should result in slower loan growth in 2016-2017. Houston will be slower, but Dallas, Austin and San Antonio are more insulated from the oil price decline. While the energy lender stock prices have largely recovered, we still favor GNBC, HTH, ZION, and PB. - [Jennifer Demba](#)

Other Focus Items Today

Pandora Media, Inc. (P, \$18.81, Buy) - BMI Rate Court Rules Against P, Financial Impact De Minimis, Expect Appeals - [Robert Peck](#)

Computer Sciences Corporation (CSC, \$64.51, Neutral) - Thoughts on Potential Breakup of CSC - [Frank Atkins](#)

Veritiv Corporation (VRTV, \$39.98, Neutral) - 1Q15 Results Ahead of Expectations; Targets on Track - Results were somewhat better than expected, with a solid start to the year. The company is on track to achieve its EBITDA goal as it continues to target the more attractive business of the combined units. Expense reductions also contributed to the EBITDA result. Stock

has been exceptionally volatile as the name tries to find its footing given it was a spin as opposed to an IPO. - [Keith Hughes](#)

[C&J Energy Services, inc. \(CJES, \\$15.19, Buy\)](#) - Completion Activity Has Bottomed; Reiterate Buy - While CJES admittedly has its hands full integrating NCPS this year and could stumble at some point (note to self, be careful around earnings), we see completion tailwinds brewing from the growing backlog of drilled but uncompleted (DUC) well inventory, which could provide a catalyst for CJES in 2H15/early '16. Moreover, we continue to think the cyclical recovery in pressure pumping could prove to be more robust than any other US land service line. Therefore, we continue to like CJES and are raising our price target to \$18 from \$14. - [B. Chase Mulvehill](#)

[Goldman Sachs BDC, Inc. \(GSBD, \\$20.89, Buy\)](#) - Strong Post-IPO Quarter - We reiterate our Buy rating and \$23 price target following GSBD's first quarter as a public company. The five cent NII beat (\$0.52 vs. our \$0.47 estimate and the \$0.50 consensus) supports our favorable view on this high-quality BDC, which has low energy exposure, a prudent management team, and an extensive sourcing network. GSBD should be able to out-earn the dividend and return low double-digit ROE once it fully levers its IPO capital. We have made only a slight estimate adjustment, increasing 2016E NII/share to \$2.03 from \$2.02. - [Douglas Mewhirter](#)

[Fifth Third Bancorp \(FITB, \\$20.49, Neutral\)](#) - Updating EPS Estimates for FITB - We are updating our EPS estimates to reflect FITB's revised 1Q15 EPS due to an operating lease impairment recorded following the first quarter's results. - [Will Curtiss](#)

[Cabot Corp. \(CBT, \\$42.97, Buy\)](#) - 1H15 Headwinds Abating - 1H15 headwinds are starting to dissipate, with inventory destocking in China giving way to restocking and high cost European inventory worked down. We expect a meaningful improvement in carbon black volumes in 2H15. Based on a lowered normalized EBITDA forecast for Purification Solutions, we have lowered our normal unlevered FCF estimate by \$17MM to \$384MM. Our 8.4% cash flow return objective implies a price target of \$53 (lowered by \$3), offering 23% total shareholder return. CBT is trading at 6.9x 2016 EV/EBITDA vs diversified chemical peers at 7.5x. Buy. - [James Sheehan](#)

[Arista Networks, Inc. \(ANET, \\$68.91, Buy\)](#) - 1Q15: Strong Quarter, Conservative Guidance - Arista reported strong Q1 results easily surpassing consensus estimates for both revenue and EPS yet overly conservative guidance, in our view, likely results into a short-term overhang for the stock. The demand drivers, the competitive environment, and lawsuit risk remain unchanged for Arista and as such we continue to expect significant market share gains. We think that Arista's favorable product mix towards the high-end of the switching market can help the company deliver growth rates above consensus in FY15/ FY16. We continue to envision upside for the stock and our PT remains at \$100. - [Georgios Kyriakopoulos](#)

SAGE Therapeutics, Inc. (SAGE, \$57.29, Buy) - Q1 EPS: SAGE-547 Updated Data Bode Well for the Phase III Outlook - SAGE reported GAAP Q1 EPS of \$(0.66), versus STRH at \$(0.52) and cons. of \$(0.49), due to higher OpEx from clinical ramp-up. Updated 547 Phase I/II results in SRSE detail 17/22, or 77% (previously 12/17 or 71%) response rates. We believe these impressive data provide a positive read through to the Phase III trial to start in mid-15. Phase III enrollment could be expedited as sites in the 302 study roll over. Follow-on drugs, SAGE-689 and SAGE-217, are on track to enter the clinic by YE15. We like SAGE into mid-15 data for 547 in essential tremor and postpartum depression - view them as upside. - **Salveen Richter**

PNM Resources, Inc. (PNM, \$25.97, Neutral) - Reducing 2016 Estimate; Regulatory Uncertainty Causes Overhang - Reflecting recent decisions by the New Mexico PRC, we have reduced our 2016 estimate. Based on latest peer valuations, we have reduced our price target to \$26 from \$27. - **Ali Agha**

Biotechnology - ASGCT Day 2: BLUE Manufacturing, C(T?)RISPR, AAVL's Directed Evolution Platform - The second day of ASGCT showcased presentations of BLUE's manufacturing processes and batch consistency. A variation of CRISPR is TRISPR, an exciting (albeit early) genome editing technique with RNAi/others. A vector from AAVL's directed evolution platform appears effective, amenable to intravitreal delivery based on NHP data, and less immunogenic than AAV2. In line with prior disclosure, Phase IIa baseline characteristics for AAVL's AVA-101 are suggestive of a broad wet AMD population (less severe than Phase I). We recommend investors own both BLUE and AAVL ahead of key catalysts by mid-15. - **Salveen Richter**

US Major Pharmaceuticals - ASCO 2015 Abstract Highlights - Preliminary ASCO abstracts largely confirm our & Street expectations for lung, melanoma, & other tumors; but also provides visibility on the emerging clinical & regulatory strategies. Opdivo's OS in CM-017 is statistically significant & elotuzumab is a solid add-on in multiple myeloma. MRK's early combo data shows solid efficacy & limited safety issues, but OS data is needed. Avelumab's (PFE/MRK:GR) early ORR in lung is unimpressive, while AZN's early combo efficacy data reinforces BMJ's checkpoint approach. We maintained our 2020E IO sales of \$19.2B vs. the Street's \$17.3B (see Exhibit 1). - **John Boris**

Management Access / NDRs			
Date	Event	Analyst(s)	Region
5/18/15	Flamel Technologies SA (FLML) - Mid-Atlantic	Boris	MID-ATLANTIC
5/19/15	Fox Factory Holding Corp. (FOXF) - HQ/Manufacturing Facility Tour - Scotts Valley, CA	Swartz	WEST COAST
5/20/15	The Coca-Cola Co. (KO) - Atlanta	Chappell	SOUTHEAST
5/20/15	Glacier Bancorp (GBCI) - Boston	Demba	BOSTON
5/20/15	Amedisys (AMED) - Boston	MacDonald	BOSTON
5/21/15	Veritiv Corp. (VRTV) - Boston	K. Hughes	BOSTON
5/21/15	Amerisafe (AMSF) - Boston	M. Hughes	BOSTON
5/21/15	Arther J Gallagher & Co. (AJG) Group Lunch - New York	M. Hughes	NEW YORK
5/21/15	New York REIT, Inc. (NYRT)	Lewis	MID-ATLANTIC
5/21/15	Conatus Pharmaceuticals (CNAT) - Dallas	Boris	TEXAS
5/21/15	Wireless Bus Tour - CSCO, RKUS, UBNT, ERIC - Silicon Valley	Kyriakopoulos	WEST COAST
5/22/15	Conatus Pharmaceuticals (CNAT) - Chicago	Boris	MIDWEST
5/22/15	Veritiv Corp. (VRTV) - New York	K. Hughes	NEW YORK
5/26/15	Versartis, Inc. (VSAR) - New York	Richter	NEW YORK
5/26/15	WhiteWave Foods Company (WWAV) - Dallas	Chappell	TEXAS
5/26/15	Best Buy Co., Inc. (BBY) - New York	Magee	NEW YORK
5/27/15-5/28/15	Stage Stores, Inc. (SSI) - Montreal & Toronto	Quintiliano	CANADA
5/27/15-5/28/15	Interface (TILE) - San Diego, Los Angeles, San Francisco	K. Hughes	WEST COAST
5/28/15	The AES Corporation (AES) - New York	Agha	NEW YORK
5/28/15	The AES Corporation (AES) Group Dinner - New York	Agha	NEW YORK

STRH Hosted Events			
Date	Event	Analyst(s)	Region
5/15/15	Building Products/Durable Goods - Keith Hughes - Analyst Trip - TX	K. Hughes	TEXAS
5/18/15	Healthcare IT - Sandy Draper - Analyst Trip - New York	Draper	NEW YORK
5/18/15-5/19/15	Transaction Processing/Electronic Payments - Andrew Jeffrey - Analyst Trip - NYC	Jeffrey	NEW YORK
5/18/15-5/19/15	Lodging - Patrick Scholes - Analyst Trip - Midwest	Scholes	MIDWEST
5/19/15-5/20/15	Building Products/Durable Goods - Keith Hughes - Analyst Trip - Milwaukee and Chicago	K. Hughes	MIDWEST
5/19/15-5/21/15	Electric Power & Utilities - Ali Agha - Analyst Trip - West Coast	Agha	WEST COAST
5/20/15-5/21/15	Biotechnology - Salveen Richter - Analyst Trip - Toronto & Montreal	Richter	CANADA
5/20/15-5/21/15	Healthcare IT - Sandy Draper - Analyst Trip - Milwaukee and Chicago	Draper	MIDWEST
5/27/15-5/28/15	Transaction Processing/Electronic Payments - Andrew Jeffrey - Analyst Trip - Midwest	Jeffrey	MIDWEST
5/28/15-5/29/15	Consumer Recreation & Leisure - Michael Swartz - Analyst Trip - Montreal & Toronto	Swartz	CANADA

Conferences			
Date	Event	Analyst(s)	Region
5/19/15-5/20/15	Financial Services Conference - New York	Demba/Curtiss/Young/M. Hughes/Mewhirter	NEW YORK
6/17/15	Third Annual Vacation Ownership & Exchange Conference - New York	Scholes	NEW YORK
11/12/15	Financial Technology, Business & Government Services Conference - New York	Jeffrey/Sommer	NEW YORK
12/02/15	Third Annual Boston Lodging & Leisure Conference - Boston, MA	Scholes	BOSTON

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3 designations based on total returns* within a 12-month period**

- **Buy** – total return \geq 15% (10% for low-Beta securities)***
- **Reduce** – total return \leq negative 10% (5% for low Beta securities)
- **Neutral** – total return is within the bounds above
- **NR** – NOT RATED, STRH does not provide equity research coverage
- **CS** – Coverage Suspended

*Total return (price appreciation + dividends)

**Price targets are within a 12-month period, unless otherwise noted

***Low Beta defined as securities with an average Beta of 0.8 or less, using Bloomberg's 5-year average Beta

Legend for Rating and Price Target History Charts:

D = drop coverage

I = initiate coverage

T = transfer coverage

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Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	292	52.61%	Buy	105	35.96%
Neutral	252	45.41%	Neutral	50	19.84%
Sell/Reduce	11	1.98%	Sell/Reduce	1	9.09%

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