

At a Glance

Symbol	Rating		Est.	Price Target	
	Prior	Current		Prior	Current
INITIATIONS					
SAGE	--	B		--	\$67.00
PRICE TARGET CHANGES					
FITB	N	N	▼	\$22.00	\$20.00
SIVB	B	B	▲▼	\$130.00	\$135.00
TXN	N	N	▲▼	\$48.00	\$59.00
COMPANY UPDATES					
AMSG	B	B		\$64.00	\$64.00
ASH	B	B		\$133.00	\$133.00
HLS	B	B		\$50.00	\$50.00
IPCM	N	N		\$43.00	\$43.00
MD	N	N		\$70.00	\$70.00
SCAI	B	B		\$40.00	\$40.00
AES	B	B		\$16.00	\$16.00
BRO	B	B		\$43.00	\$43.00
FNB	B	B	▼	\$15.00	\$15.00
FHN	B	B	▲▼	\$15.00	\$15.00
HBAN	N	N	▲▼	\$11.00	\$11.00
KEY	N	N	▲▼	\$14.00	\$14.00
NPBC	N	N	▲▼	\$11.00	\$11.00
NGVC	B	B		\$32.00	\$32.00
POST	N	N		\$45.00	\$45.00
TEL	N	N		\$64.00	\$64.00
ABCO	B	B	▼	\$57.00	\$57.00
WBA	N	N		\$80.00	\$80.00

INDUSTRY UPDATES

[Consumer Staples - Consumer Staples Weekly Commodity Monitor](#)

Today's Events

1/27	Marriott International, Inc. (MAR) / Group Meeting / Patrick Scholes / Los Angeles
1/27	Building Products / Durable Goods / Analyst Mktg / Keith Hughes / West Coast
1/27	Healthcare IT / Analyst Mktg / Sandy Draper / Texas
1/27	Healthcare Services / Analyst Mktg / David MacDonald / Southeast

Morning Meeting Highlights

[SAGE Therapeutics, Inc. \(SAGE, \\$38.25, Buy\)](#) - The Rare CNS Play; Initiating with Buy and \$67 PT - [Salveen Richter](#)

[Ashland Inc. \(ASH, \\$118.13, Buy\)](#) - Quick Take on F1Q Results - [James Sheehan](#)

[Healthcare Services](#) - Facility/Doc Based Services 4Q14 Preview (AMSG, IPCM, HLS, MD, SCAI) - We remain largely bullish on the facility based/doc outsourcing sector and see an upward bias to estimates for several companies in the sector. Our positive stance is underpinned by solid fundamentals complemented by encouraging recent events (HLS/Encompass, AMSG/Sheridan, MD balance sheet stance). Buy rated names are AMSG, HLS and SCAI - AMSG is our favorite mid-cap idea. - [David MacDonald](#)

[The AES Corporation \(AES, \\$12.73, Buy\)](#) - Aggressive Capital Allocation Key To 2015 Stock Performance - Based on the meetings we hosted for the AES CFO yesterday, we believe that aggressive use of the \$600 million of estimated excess cash will be the key driver for the stock performance this year, despite significant macro headwinds. - [Ali Agha](#)

Other Focus Items Today

[Watsco, Inc. \(WSO, \\$111.13, Buy\)](#) - Commentary from United Technologies (UTX, \$118.75, NR) earnings report points toward high single digit gains for its Carrier residential HVAC unit in 4Q14. We believe this represents a strong result for the period and gives us confidence in our estimates for its distributor customer WSO. We would also note comments from the trade show point towards no move by Carrier to "stuff the channel" ahead of the seasonal SEER requirement in 2015. - [Keith Hughes](#)

[TE Connectivity, Ltd. \(TEL, \\$63.16, Neutral\)](#) - Potential sale of Networks would be neutral to EPS, likely positive for TEL - [William Stein](#)

[Post Holdings \(POST, \\$41.44, Neutral\)](#) - Announced Acquisition of MOM Brands and Preliminary F1Q15 Results - [William Chappell, Jr.](#)

[Brown & Brown Inc. \(BRO, \\$31.83, Buy\)](#) - BRO Reports Adjusted EPS In Line with Street, Organic Improves - [Mark Hughes](#)

[SVB Financial Group \(SIVB, \\$113.85, Buy\)](#) - Increasing Estimates and Price Target - We are reiterating our Buy rating, revising our 2015/2016 EPS estimates to \$5.47/\$7.04 from \$5.45/\$6.59 and adjusting our price target to \$135 from \$130. SIVB reported 4Q14 EPS of \$1.14 and operating EPS of \$1.37 compared to consensus/STRH estimates of \$1.27/\$1.19 and operating EPS of \$1.22 in 3Q14. Upside came primarily from stronger than expected loan growth and securities gains. SIVB

sold its Indian subsidiary SVBIF for a pretax net loss of about \$14 million which is excluded from operating EPS. - [Jennifer Demba](#)

National Penn Bancshares, Inc. (NPBC, \$10.25, Neutral)

- Modest Revisions to EPS Estimates Following 4Q Results, Maintain Neutral Rating - The main takeaway from NPBC's earnings is that the core results were largely as expected, and our thoughts on the stock are relatively unchanged. Our updated estimates continue to contemplate the challenging revenue environment as evidenced by our reduced margin outlook. Despite additional top line pressures, 2015 earnings should benefit from the full-year impact of the TF Financial acquisition coupled with the announced share buyback plan adding to expected earnings growth. We continue to view the risk/reward as balanced at this time. Therefore, we are keeping our Neutral rating. - [Will Curtiss](#)

KeyCorp (KEY, \$13.49, Neutral) - Modest Increase to EPS Estimates Following 4Q Results, Maintain Neutral Rating - The key takeaway from KEY's earnings is that core trends came in slightly better than we anticipated driven in large part by stronger fee income. The 2015 outlook reflects a continuation of these recent trends and the focus remains on driving positive operating leverage which we contemplate in our updated estimates. We continue to view the risk/reward as balanced at this time. Therefore, we are keeping our Neutral rating. - [Will Curtiss](#)

Huntington Bancshares Incorporated (HBAN, \$10.16, Neutral)

- Modest Increase to EPS Estimates Following 4Q Results, Maintain Neutral Rating - The takeaway from HBAN's 4Q14 earnings is that we believe 2015 results will largely mirror 2014 with modest improvements in our outlook for balance sheet growth. Revenue growth will likely remain under pressure in the near-term, but we anticipate the company will show improving operating leverage this year. We have increased our EPS estimates slightly to reflect a modestly improved outlook, but we are keeping our price target at \$11. We continue to view the risk/reward as balanced at this time. Therefore, we are keeping our Neutral rating. - [Will Curtiss](#)

F.N.B. Corporation (FNB, \$12.52, Buy) - Minor Estimate Revisions Following 4Q Results, Reiterate Buy Rating - The key takeaway from FNB's 4Q14 earnings is that our thoughts on the stock are unchanged following the quarterly results. While we have modestly lowered our EPS estimates in large part due to a higher expense base, we continue to believe meaningful revenue growth will drive operating leverage going forward. We continue to see upside to earnings estimates as growth in the newer markets continue to gain traction, and the likelihood FNB will remain an active M&A participant. We continue to view the risk/reward as attractive, and therefore we are reiterating our Buy rating. - [Will Curtiss](#)

Fifth Third Bancorp (FITB, \$17.98, Neutral) - Lowering EPS Estimates Following 4Q Results, Maintain Neutral Rating - The key takeaway from FITB's earnings is that this quarter's core results came in a bit below our expectations driven primarily

by lower core revenues and higher credit costs, but were offset somewhat by lower-than-anticipated expenses. The 2015 outlook calls for a continuation of top line pressures which largely accounts for our lower EPS estimates. We continue to view the risk/reward as balanced. Therefore, we keep our Neutral rating and PT goes to \$20 from \$22. - [Will Curtiss](#)

First Horizon National Corporation (FHN, \$13.00, Buy) -

Increasing Estimates; Maintain Buy - We are reiterating our Buy rating, revising our 2015/2016 EPS estimates to \$0.84/\$1.00 from \$0.81/\$0.94 and maintaining our price target of \$15. The positive estimate revision primarily reflects better spread income, offset by higher provisioning assumptions. Our model includes a 2Q15 closing of the pending Trust Atlantic acquisition, which adds about \$450 million in assets. Modest spread and fee income growth, continued expense improvement and more share repurchases should offset some provisioning increase this year. - [Jennifer Demba](#)

The Advisory Board Company (ABCO, \$46.61, Buy) - Updated model for secondary offering - We updated our model to account for ABCO's secondary offering, expected to close on 1/27/15. Our 2015 EPS estimate came down by \$0.01 to \$1.39 (vs. consensus inclusive of Royall of \$1.56) and our 2016 EPS estimate down by \$0.05 to \$1.80 (consensus including Royall not available). We are not yet factoring in a potential debt refinancing into our model, which would add ~\$0.10-\$0.15 to both 2015 and 2016 EPS. -

[Sandy Draper](#)

Natural Grocers by Vitamin Cottage, Inc. (NGVC, \$27.50, Buy)

- 1Q Preview; Conditions Mounting for Upside? - We look for another quarter of stability when NGVC releases 1Q earnings on Thursday afternoon. Same-store sales are forecast to rise 4%, slightly better than 4Q14, as competitive intrusions continue to step down (see figure 3). To be fair, the market has returned to the stock (+60% in 3 months) in anticipation of NGVC's upgrading its competitiveness, getting back on track. We note that NGVC's current FY2 PEG ratio of (1.4x) is at a modest discount versus its short public history. As such, we emphasize the name for accounts interested in NGVC's strong, longer term potential. -

[David Magee](#)

Walgreens Boots Alliance, Inc. (WBA, \$75.84, Neutral)

- Announces New (Global) CFO - WBA announced the appointment of George Fairweather as its new (global) chief financial officer. Our interaction with Mr. Fairweather (who is CFO of Alliance Boots) has been positive and we believe that he will be a very capable executive. It is interesting to us that the management team of Alliance Boots seems to be populating Walgreens' management team at an impressive rate (acting CEO, President, CFO, IR, etc.)..making us wonder if talk of a tax inversion will resurface? (However, in our view, we don't think this is likely.) - [David Magee](#)

Texas Instruments Inc. (TXN, \$55.05, Neutral) - Bond-like stability continues - [William Stein](#)

Consumer Staples - Consumer Staples Weekly Commodity Monitor - Last week cocoa futures decreased 6.4 % to \$2,755/ton. Lower cocoa prices could have a positive impact on companies in our universe such as THS, GMCR, LNCE, and POST. - [**William Chappell, Jr.**](#)

STRH Highlighted Events

Date	Event	Details
1/27	Marriott International, Inc. (MAR) / Group Meeting / Patrick Scholes	Los Angeles
1/29	Brixmore Property Group (BRX) / Group Lunch / Ki Bin Kim	NYC
2/2	Smith Travel Research lodging outlook conference call / Patrick Scholes	2:00pm ET
2/3	Knickerbocker Pre-Opening Hotel Tour / Patrick Scholes	NYC
2/5	Amphenol Corp. (APH) / Field Trip / Will Stein	Wallingford, CT
2/5	Bank Field Trip / HBHC, IBKC, FNBC / Jennifer Demba	New Orleans
2/12	Hain Celestial (HAIN) / Group Lunch / Bill Chappell	NYC
2/17	Hasbro, Inc. (HAS) / Small Group Mtg @ NY Toy Fair / Michael Swartz	NYC
2/18	Mattel, Inc. (MAT) / Small Group Mtg @ NY Toy Fair / Michael Swartz	NYC
2/19	SunTrust Banks (STI) / Field Trip / Jennifer Demba	Atlanta
2/23	2015 STRH Orphan Drug Day / Salveen Richter / Edward Nash / John Boris	NYC
3/5-6	Healthcare IT Conference / Sandy Draper	Park City, UT
3/16-17	7th Utica Shale Mini-Conference / Neal Dingmann	Pittsburgh, PA
3/18-20	Shell Drilling School / Group Dinners & TMS Tour / Neal Dingmann	New Orleans
4/14-15	HIMSS Booth Tour / Sandy Draper	Chicago
5/12-13	2nd Annual Internet and Digital Media Conference / Bob Peck	San Francisco
5/19	Fox Factory Holding Corp. (FOXF) / HQ – Mfg Tour / Mike Swartz	Scotts Valley, CA
5/19-20	Financial Services Conference / Will Curtiss / Jennifer Demba / Mark Hughes / Douglas Mewhirter	New York
6/3-4	Marine/Boat Industry Field Trip / BC/SeaRay, HZO, MBUU / Michael Swartz	Knoxville, TN
6/17	3rd Annual 2015 STRH Vacation Ownership & Exchange Conference / Patrick Scholes	NYC
11/12	Financial Technology, Business & Government Services Conference / Andrew Jeffrey / Tobey Sommer	NYC
12/2	3rd Annual Boston Lodging and Leisure Conference / Patrick Scholes	Boston

NDRs

Date	Event	Details
1/29	Flamel Technologies (FLML) / John Boris	NYC
2/6	The Dow Chemical Company (DOW) / James Sheehan	Atlanta

Analyst Marketing

Date	Event	Details
1/27-28	Healthcare Services / David MacDonald	Southeast
1/27-29	Healthcare IT / Sandy Draper	Texas
1/27-29	Building Products / Durable Goods / Keith Hughes	West Coast
1/28	Government & Business Services & Human Capital / Tobey Sommer	Mid-Atlantic
1/28	Pharmaceuticals / John Boris	NYC
2/2,4	Healthcare IT / Sandy Draper	NYC
2/3	Banks Team / Jennifer Demba & Will Curtiss	CT
2/3-4	Biotechnology / Salveen Richter	TX
2/3-5	Automotive / Specialty Retail / Robert Higginbotham / David Magee	West Coast
2/5-6	Government & Business Services & Human Capital / Tobey Sommer	Midwest
2/10	Specialty Retail / David Magee	Boston
2/10-11	Building Products / Durable Goods / Keith Hughes	Midwest

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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	277	51.20%	Buy	95	34.30%
Neutral	253	46.77%	Neutral	42	16.60%
Sell/Reduce	11	2.03%	Sell/Reduce	2	18.18%

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