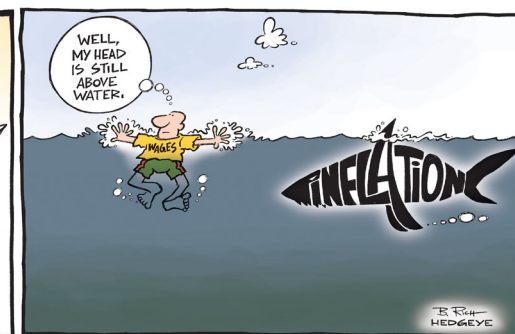
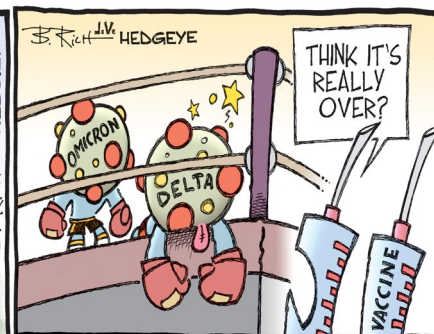
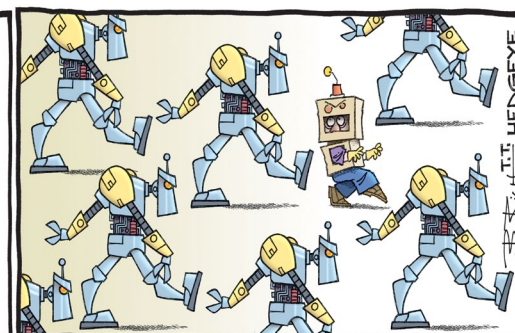
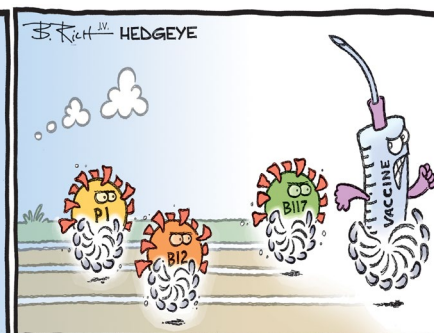
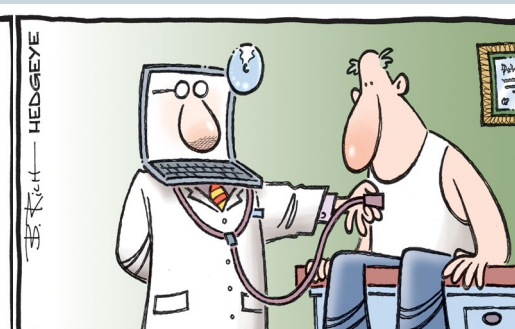
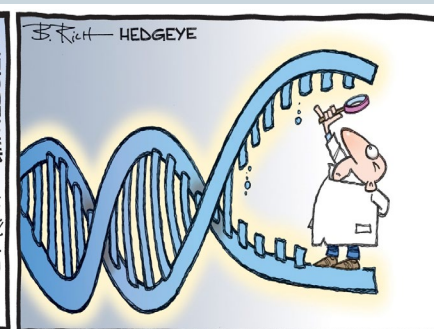


HEDGEYE

Hedgeye Health Care House Call + Q&A

For the Week Ending April 8, 2022

April 4, 2022



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MICROQUAD RESULTS

While we have up to five (5) years of data on the securities in the MicroQuads model, not all securities in the model have five years of trading history, and while we make every effort to assure the accuracy of the data, we cannot guarantee its accuracy. The methodology used to arrive at the results displayed herein is proprietary to Hedgeye and involves aggregating the actual historical results for each security while it "resides" in the appropriate MicroQuad over the defined periods of time. These results do not include any consideration for trading costs, commissions, or other factors that could impact results, we make no representations or warranties that past results will or can be repeated, and the data have not been verified by a third-party.

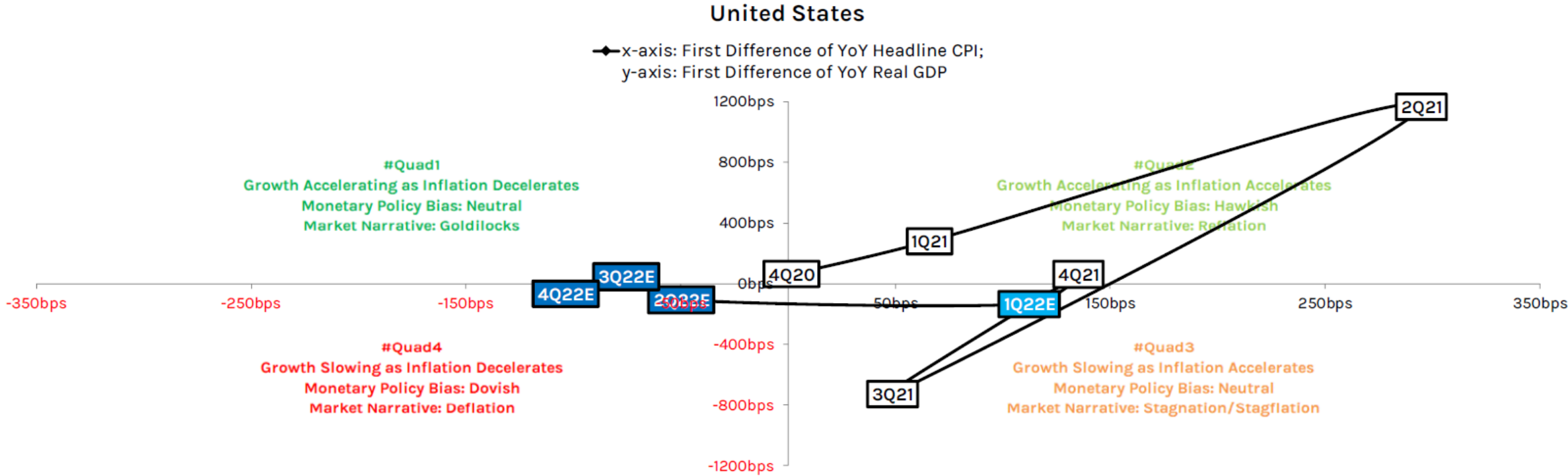
PERFORMANCE MONITOR FORWARD/PROSPECTIVE PRICE CHANGES

The data for each security are based on historic price performance and average forward returns and are not a guarantee of future performance. We make every effort to assure the accuracy of the calculations and forecasts; however, we cannot guarantee their accuracy or that performance will be repeated.

Macro Quad Framework

Health Care Typically Outperforms in Quad 4

United States	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	← Actuals Estimates →	1Q22E	2Q22E	3Q22E	4Q22E
Real GDP QoQ SAAR	2.40%	3.20%	2.80%	1.90%	-5.10%	-31.20%	33.80%	4.50%	6.30%	6.70%	2.30%	7.00%	Real GDP QoQ SAAR	0.99%	2.43%	4.08%	4.22%
Real GDP YoY	2.15%	2.11%	2.32%	2.57%	0.63%	-9.08%	-2.89%	-2.26%	0.55%	12.23%	4.95%	5.56%	Real GDP YoY	4.22%	3.16%	3.62%	2.96%
2yr Comparative Base Effects	2.45%	2.72%	2.66%	2.52%	2.58%	2.70%	2.69%	2.45%	1.39%	-3.49%	-0.28%	0.15%	2yr Comparative Base Effects	0.59%	1.57%	1.03%	1.65%
Headline CPI YoY	1.64%	1.81%	1.76%	2.03%	2.12%	0.36%	1.22%	1.24%	1.90%	4.85%	5.34%	6.69%	Headline CPI YoY	7.81%	7.32%	6.56%	5.53%
2yr Comparative Base Effects	2.38%	2.31%	2.30%	2.16%	1.93%	2.26%	2.20%	2.12%	1.88%	1.09%	1.49%	1.64%	2yr Comparative Base Effects	2.01%	2.61%	3.28%	3.96%



Data Source: Bloomberg. Light Blue box = Hedgeye Nowcast Model estimate. Dark Blue boxes = Hedgeye Comparative Base Effects Model estimates. © Hedgeye Risk Management

Health Care Outperforms in Macro Quad 4

Highest/Lowest Expected Values By Quad Regime

HEDGEYE

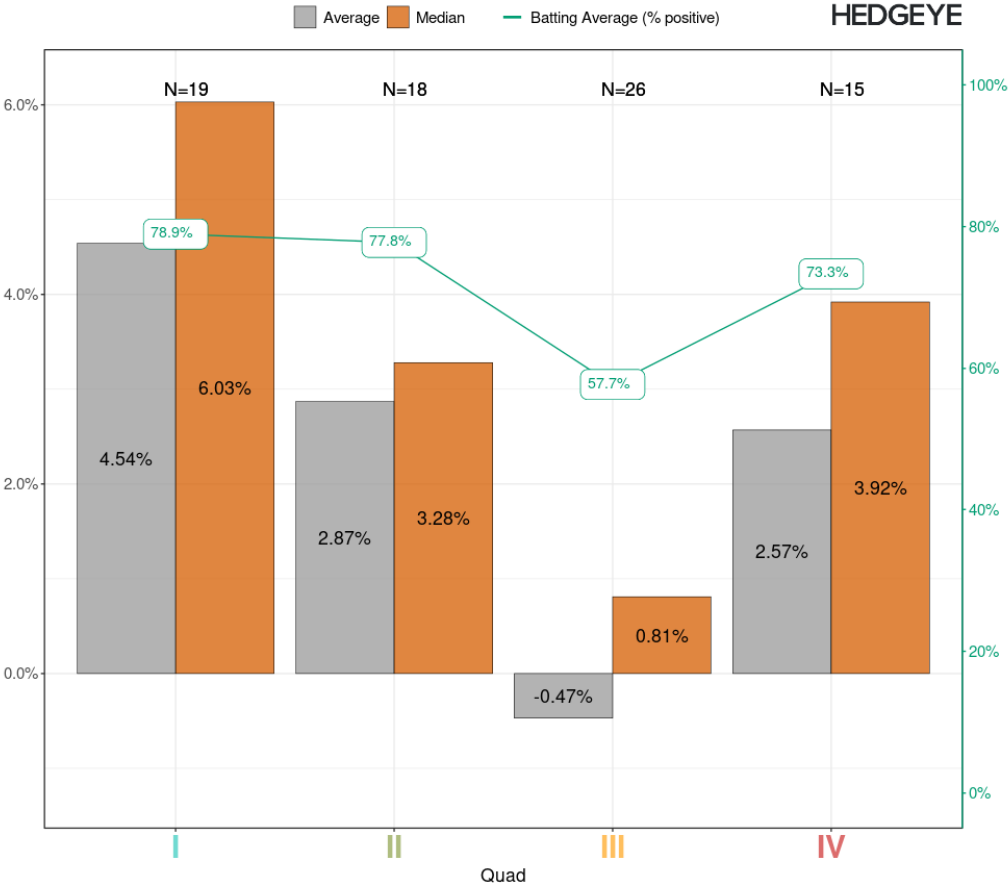
Quad 1: Goldilocks	Quad 2: Reflation	Quad 3: Stagflation	Quad 4: Deflation
Best Asset Classes: Equities, Credit, Commodities, FX	Best Asset Classes: Commodities, Equities, Credit, FX	Best Asset Classes: Gold, Commodities, Fixed Income	Best Asset Classes: Fixed Income, Gold, USD
Worst Asset Classes: Fixed Income, USD	Worst Asset Classes: Fixed Income, USD	Worst Asset Classes: Credit	Worst Asset Classes: Commodities, Equities, Credit, FX
Best Equity Sectors: Tech, Consumer Discretionary, Materials, Industrials, Telecom	Best Equity Sectors: Tech, Consumer Discretionary, Industrials, Energy, Financials	Best Equity Sectors: Utilities, Tech, Energy, Industrials, Consumer Discretionary	Best Equity Sectors: Consumer Staples, Utilities, REITS, Health Care, Telecom
Worst Equity Sectors: Utilities, REITS, Consumer Staples, Financials, Energy	Worst Equity Sectors: Telecom, Utilities, REITS, Consumer Staples, Health Care	Worst Equity Sectors: Financials, REITS, Materials, Telecom, Consumer Staples	Worst Equity Sectors: Energy, Tech, Industrials, Financials, Materials
Best Equity Style Factors: High Beta, Momentum, Leverage, Secular Growth, Mid Caps	Best Equity Style Factors: Secular Growth, High Beta, Small Caps, Cyclical Growth, Momentum	Best Equity Style Factors: Secular Growth, Momentum, Mid Caps, Low Beta, Quality	Best Equity Style Factors: Low Beta, Dividend Yield, Quality, Defensives, Value
Worst Equity Style Factors: Low Beta, Defensives, Value, Dividend Yield, Small Caps	Worst Equity Style Factors: Low Beta, Dividend Yield, Value, Defensives, Size	Worst Equity Style Factors: Small Caps, Dividend Yield, Value, Defensives, Size	Worst Equity Style Factors: High Beta, Momentum, Leverage, Secular Growth, Cyclical Growth
Best Fixed Income Sectors: BDCs, Convertibles, HY Credit, EM \$ Debt, Leveraged Loans	Best Fixed Income Sectors: Convertibles, BDCs, Preferreds, Leveraged Loans, HY Credit	Best Fixed Income Sectors: Munis, EM \$ Debt, Long Bond, TIPS, Treasury Belly	Best Fixed Income Sectors: Long Bond, Treasury Belly, IG Credit, Munis, MBS
Worst Fixed Income Sectors: TIPS, Short Duration Treasurys, MBS, Treasury Belly, Long Bond	Worst Fixed Income Sectors: Long Bond, Treasury Belly, Munis, MBS, IG Credit	Worst Fixed Income Sectors: BDCs, Preferreds, Convertibles, Leveraged Loans, HY Credit	Worst Fixed Income Sectors: Preferreds, EM Local Currency, BDCs, Leveraged Loans, TIPS

Sector Performance by Macro Quad

XLV

Quarterly Performance

Health Care Select Sector SPDR Fund (\$XLV)

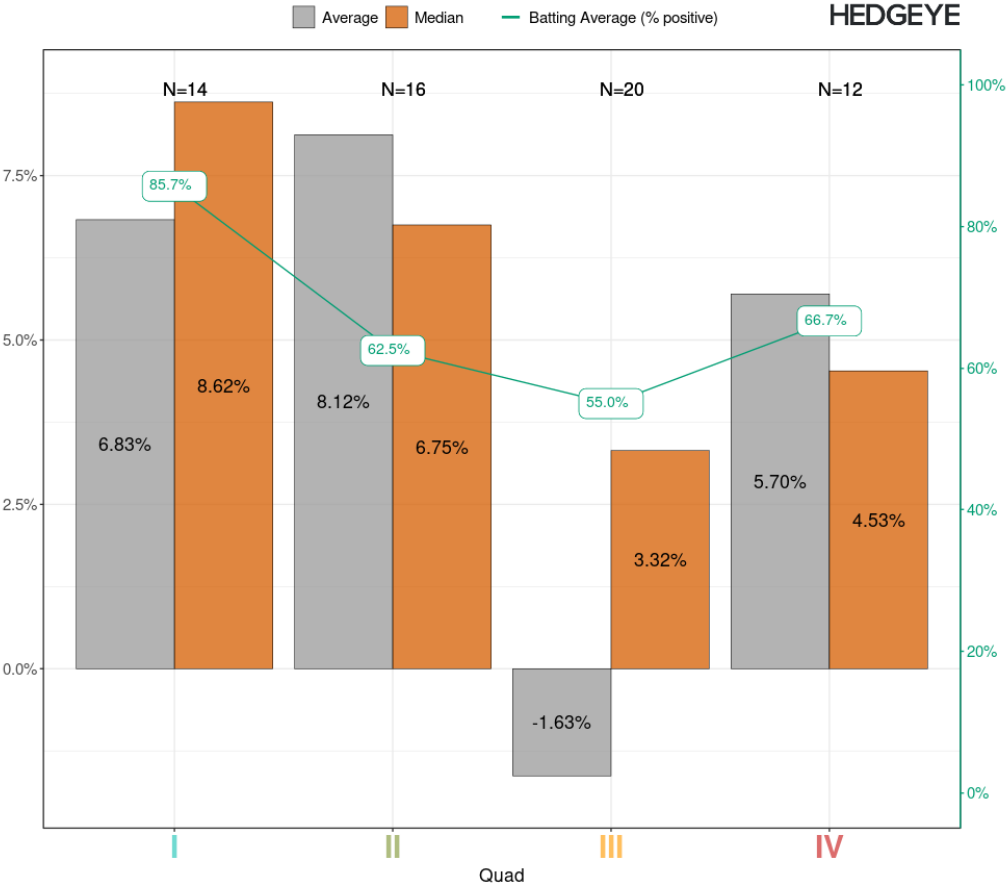


Data Sources: Federal Reserve Economic Data (FRED)
FactSet Research Systems Inc.

XBI

Quarterly Performance

SPDR S&P BIOTECH ETF (\$XBI)



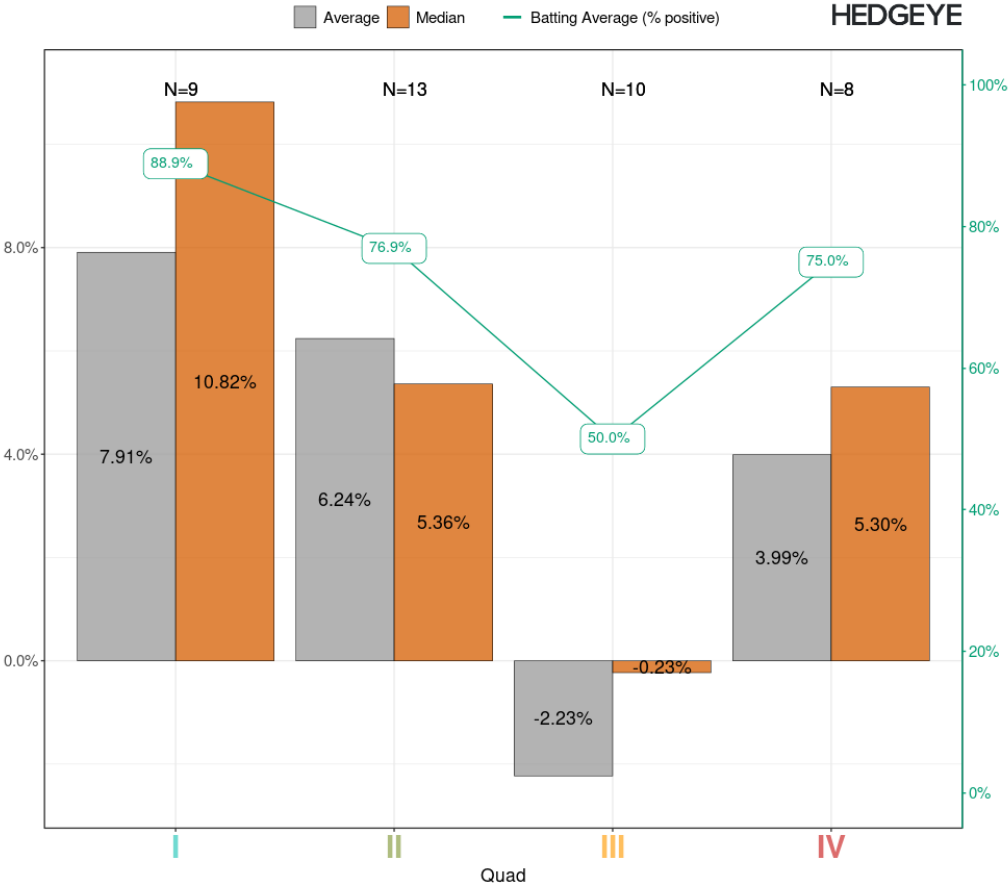
Data Sources: Federal Reserve Economic Data (FRED)
FactSet Research Systems Inc.

Sector Performance by Macro Quad

XHS

Quarterly Performance

SPDR S&P Health Care Services ETF (\$XHS)

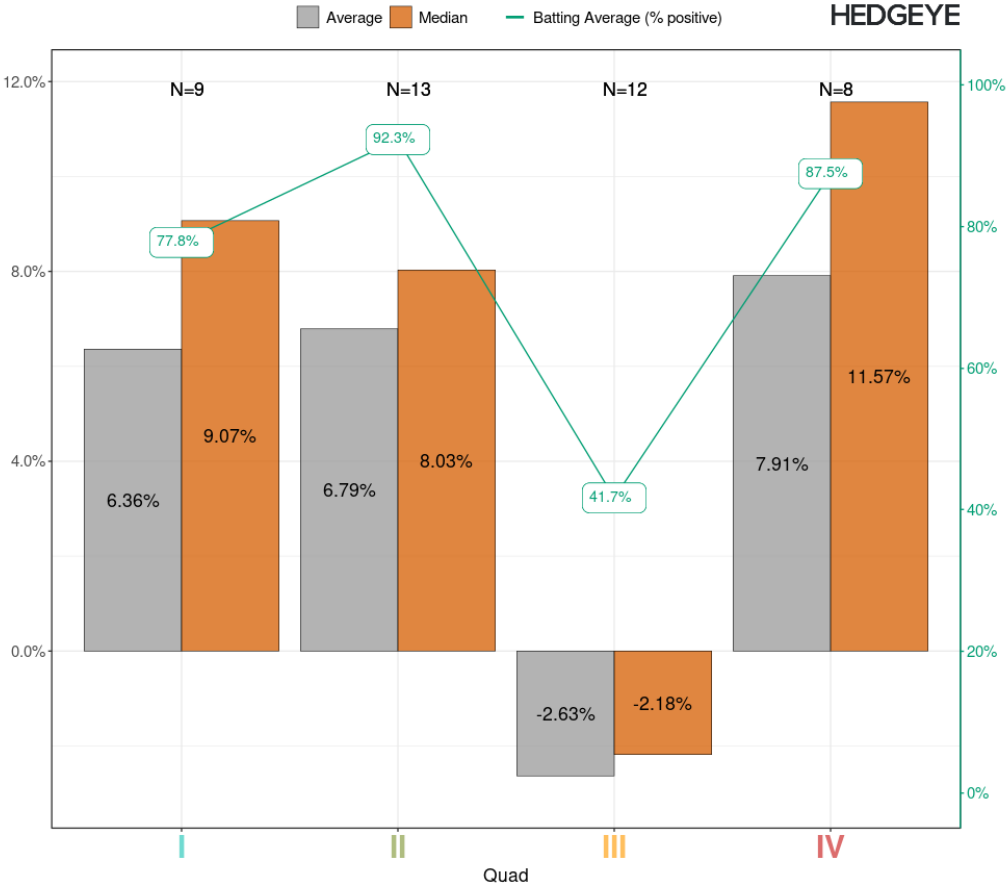


Data Sources: Federal Reserve Economic Data (FRED)
FactSet Research Systems Inc.

XHE

Quarterly Performance

SPDR S&P Health Care Equipment ETF (\$XHE)



Data Sources: Federal Reserve Economic Data (FRED)
FactSet Research Systems Inc.

Health Care Position Monitor – April 4, 2022

HEDGEYE

New this week: LFST from Best Idea Long -> Short Bench, EYE to Best Idea Short, HCA added (Long Bench), CANO added (Short Bench)

Best Ideas - Longs						Best Ideas - Shorts					
LONG		Price	Mkt Cap (\$B)	Trend	Tail	SHORT		Price	Mkt Cap (\$B)	Trend	Tail
Active Longs						Active Shorts					
AMN	AMN Healthcare Services, Inc.	\$ 104.33	\$4.8B	✓	✓	ACHC	Acadia Healthcare Company, Inc.	\$ 65.53	\$5.9B	×	×
BAX	Baxter International Inc.	\$ 77.54	\$39.0B	✓	✓	EXAS	Exact Sciences Corporation	\$ 69.92	\$12.2B	×	×
BDX	Becton, Dickinson and Company	\$ 259.33	\$73.9B	✓	✓	TXG	10x Genomics Inc Class A	\$ 76.07	\$7.1B	×	×
DRIO	DarioHealth Corp.	\$ 5.84	\$0.1B	✓	✓	EYE	National Vision Holdings, Inc.	\$ 43.57	\$3.5B	×	×
						TDOC	Teladoc Health, Inc.	\$ 72.13	\$11.6B	×	×
						XHS	SPDR S&P Health Care Services ETF	\$ 101.32	\$0.1B	×	×
						ARKG	ARK Genomic Revolution ETF	\$ 45.93	\$3.7B	×	×
ONEM	1Life Healthcare, Inc.	\$ 11.08	\$2.1B								
ATIP	ATI Physical Therapy, Inc. Class A	\$ 1.88	\$0.4B								
Long Bias						Short Bias					
PGNY	Progyny, Inc.	\$ 51.40	\$4.7B			LFST	Lifestance Health Group, Inc.	\$ 10.11	\$3.8B		
PRVA	Privia Health Group, Inc.	\$ 26.73	\$2.9B			CANO	Cano Health Inc Class A	\$ 6.35	\$1.3B		
CTKB	Cytek Biosciences, Inc.	\$ 10.78	\$1.4B			DGX	Quest Diagnostics Incorporated	\$ 136.86	\$16.3B		
DOCS	Doximity, Inc. Class A	\$ 52.09	\$5.5B			CYS	CYS Investments, Inc.	#N/A	#N/A		
HCA	HCA Healthcare Inc	\$ 250.62	\$75.7B			UHS	Universal Health Services, Inc. Class B	\$ 144.95	\$9.8B		
XHE	SPDR S&P Health Care Equipment ETF	\$ 112.04	\$0.5B								
NTRA	Natera, Inc.	\$ 40.68	\$3.9B								
GDRX	GoodRx Holdings, Inc. Class A	\$ 19.33	\$10.2B								

Note

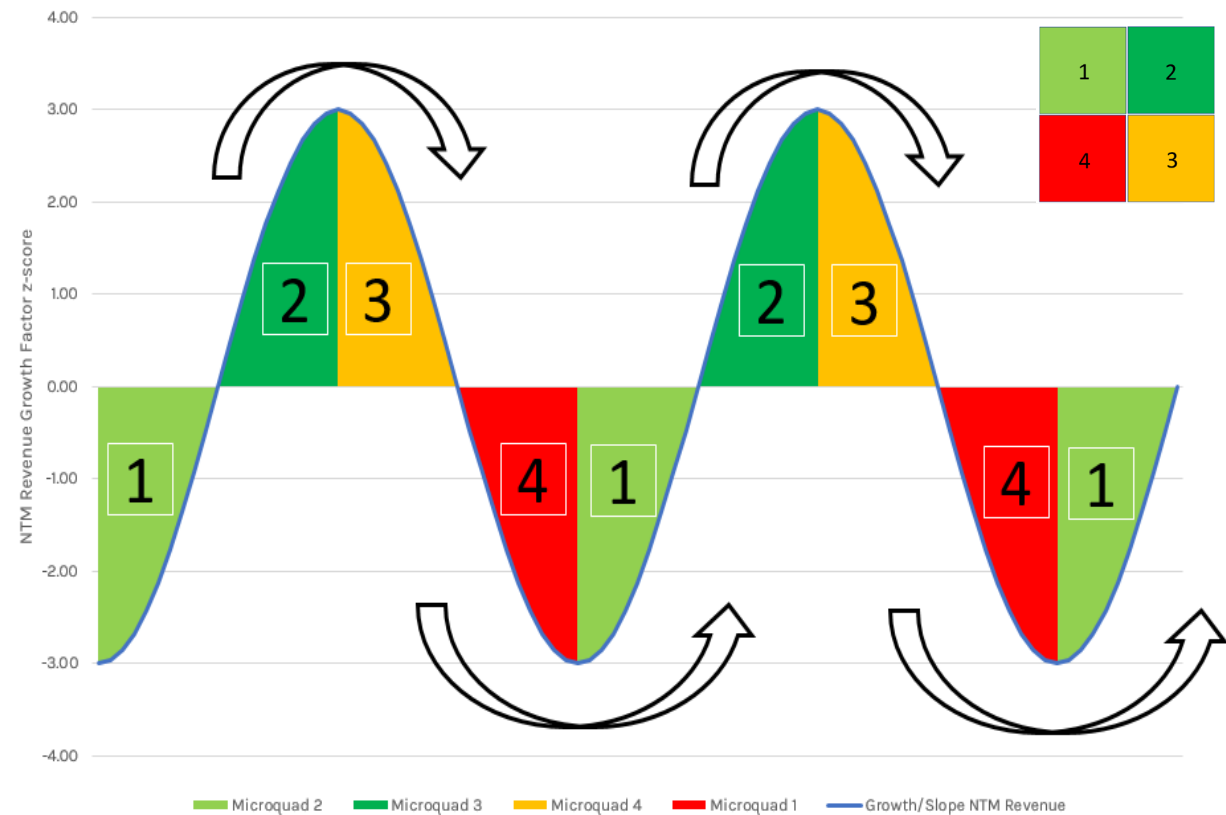
Best Idea Longs/Shorts are high conviction ideas that we've either presented a Black Book for already or have one in the works (similar to other Hedgeye teams). Bias Ideas are ones in which we've done the bulk of the work, but there may be another question we need to answer to move it over the line. All active positions are higher conviction than bias ideas. We rank active versus active and bias versus bias.

Disclaimer

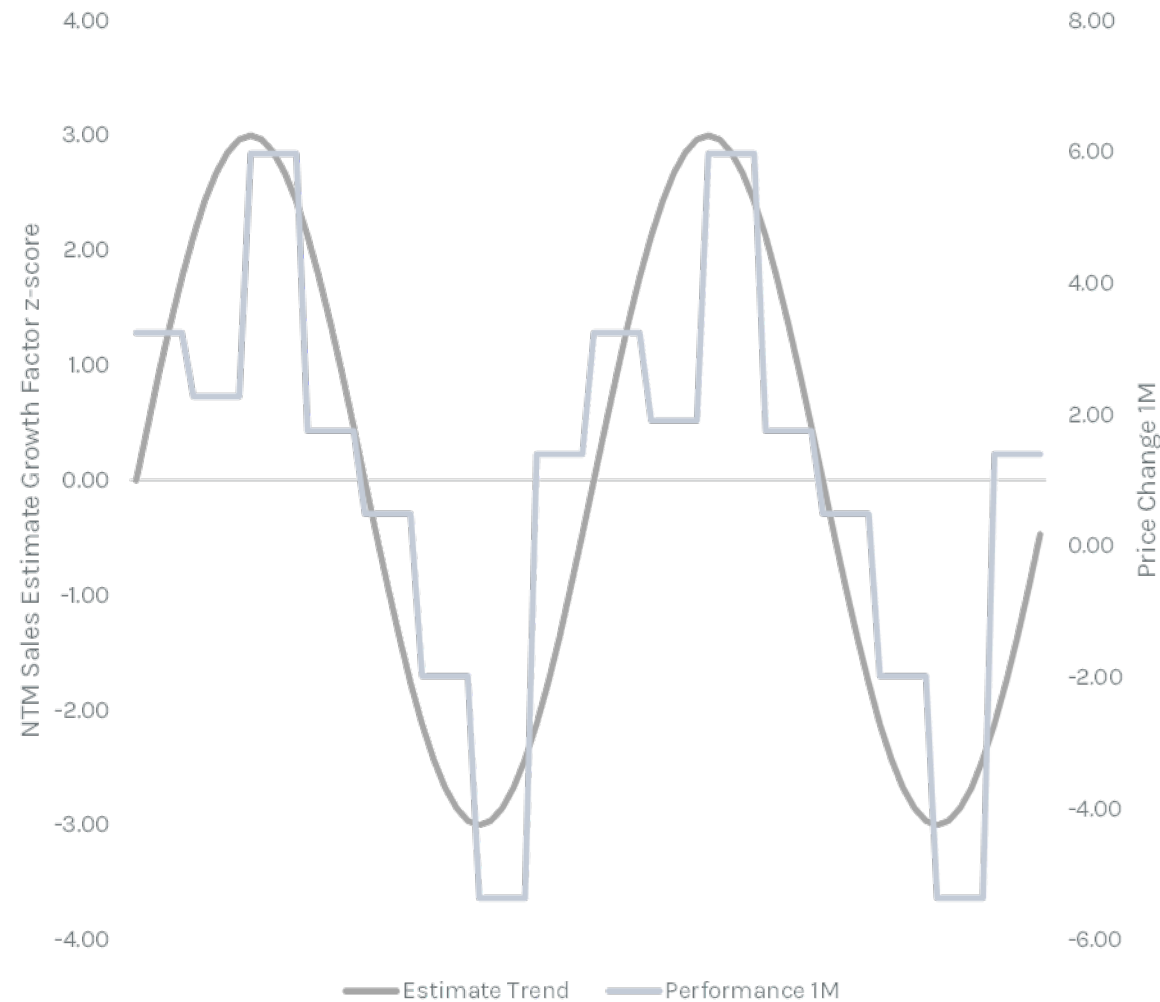
Hedgeye's "bias" represents Hedgeye's outlook on companies currently under Hedgeye's review, or for which timing is not right for greater coverage. Hedgeye may or may not provide further commentary on any or all companies represented on the bias and representation of a company on the bias does not forecast whether Hedgeye will or will not issue any additional material on that company.

MicroQuad | Model vs Backtest

MicroQuad – Generic Growth Curve Progression



Historical 1M Performance vs MicroQuad Curve



Micro Quad Results Stats Through April 1

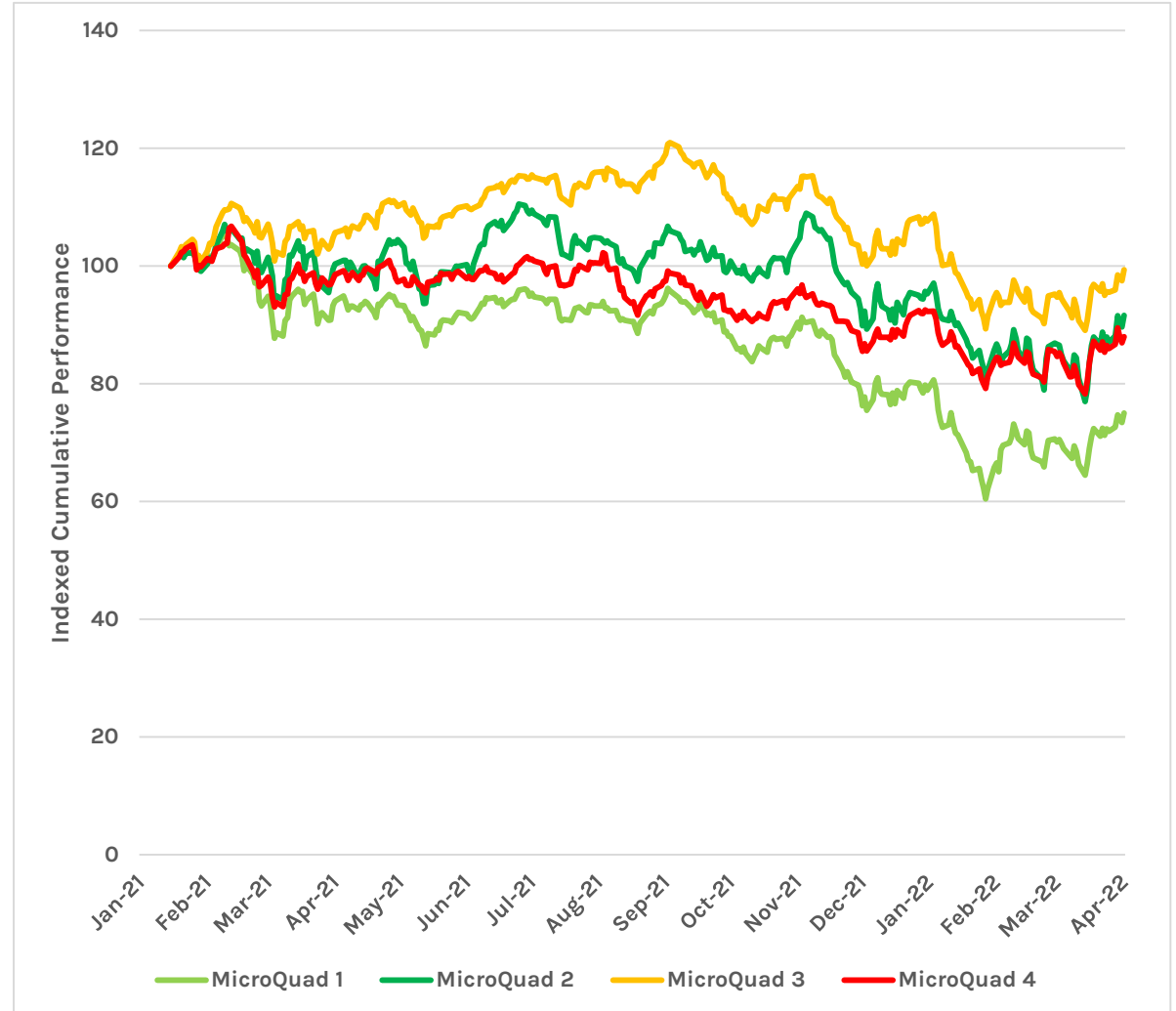
Micro Quad – Percentage Change

Average Performance (%)					
MicroQuad	1WK	1M	3M	6M	12M
1	2.41	6.01	-0.52	-8.71	-18.48
2	3.56	7.71	-1.13	-5.84	-9.15
3	3.44	5.50	-3.55	-7.67	-9.82
4	1.26	4.46	-0.62	-2.61	-11.75

Batting Average					
MicroQuad	1WK	1M	3M	6M	12M
1	0.632	0.556	0.467	0.472	0.480
2	0.597	0.532	0.453	0.461	0.478
3	0.593	0.529	0.463	0.485	0.500
4	0.553	0.536	0.476	0.495	0.485

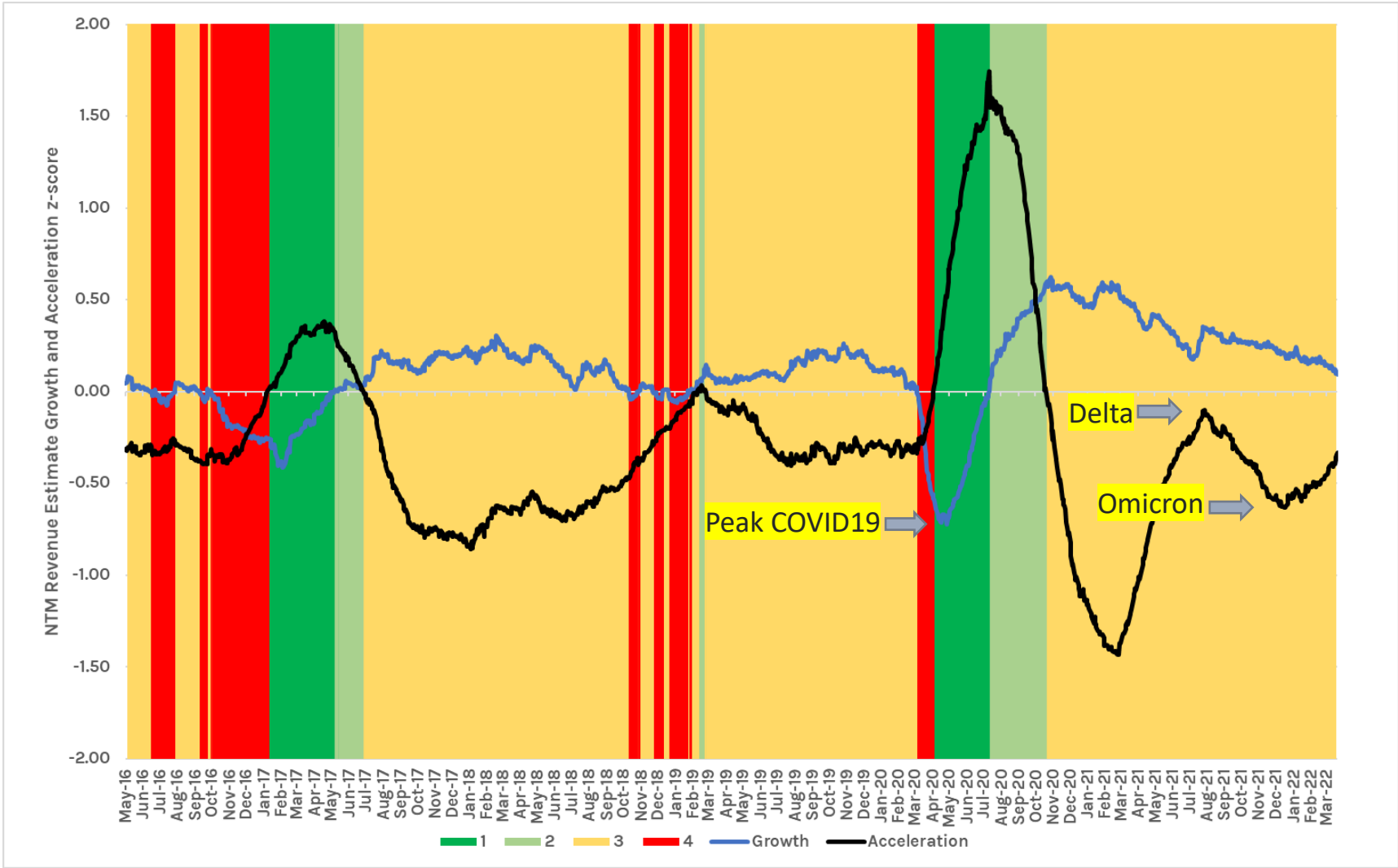
Slugging Percentage					
MicroQuad	1WK	1M	3M	6M	12M
1	1.527	3.340	-0.243	-4.113	-8.879
2	2.125	4.099	-0.514	-2.693	-4.375
3	2.043	2.911	-1.642	-3.718	-4.913
4	0.700	2.391	-0.295	-1.294	-5.702

Percentage Change – 1Y Index by Micro Quad



Estimate Revision Trend | April 1, 2022

Revision trend rate of change: Acceleration line is moving...

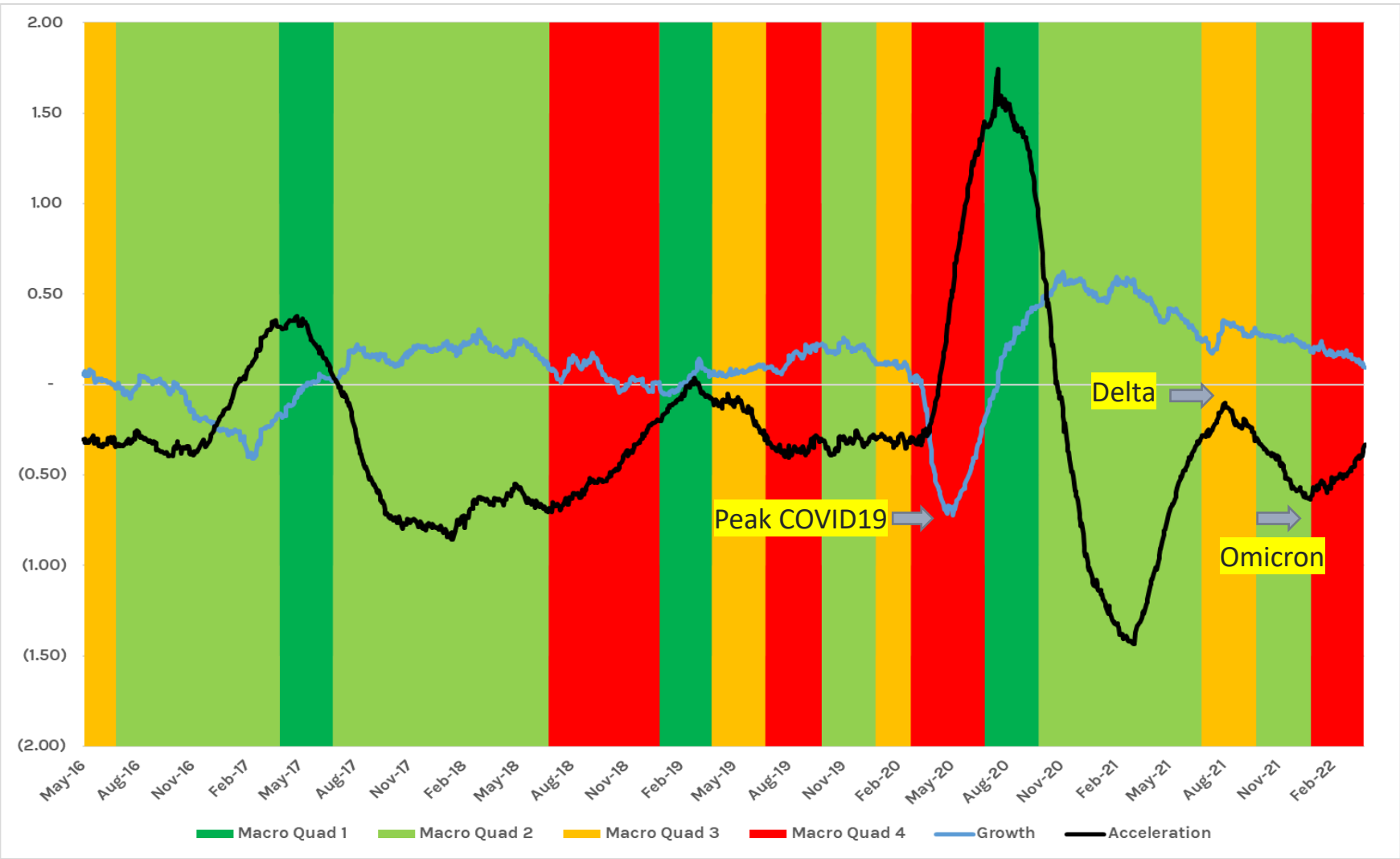


Data updated through 4/1/2022. The estimate trend slope appears to have put COVID-19 behind it as the Omicron wave appears to be over. The focus has shifted to the reopen and labor/staffing, supply chain, and inflation/recession concerns.

In aggregate, our universe remains in MicroQuad 3, and as you can see on the following slides, it looks like NTM estimate trends are improving and the re-reopening can commence. Non-COVID hospital occupancy continues to rise, and while cases are rising, the BA.2 variant is NOT expected to derail volumes, but the media will push the narrative.

Estimate Revision Trend | April 1, 2022

Revision trend rate of change w/ Macro Quad backdrop... Macro Quad 4 remains the call.



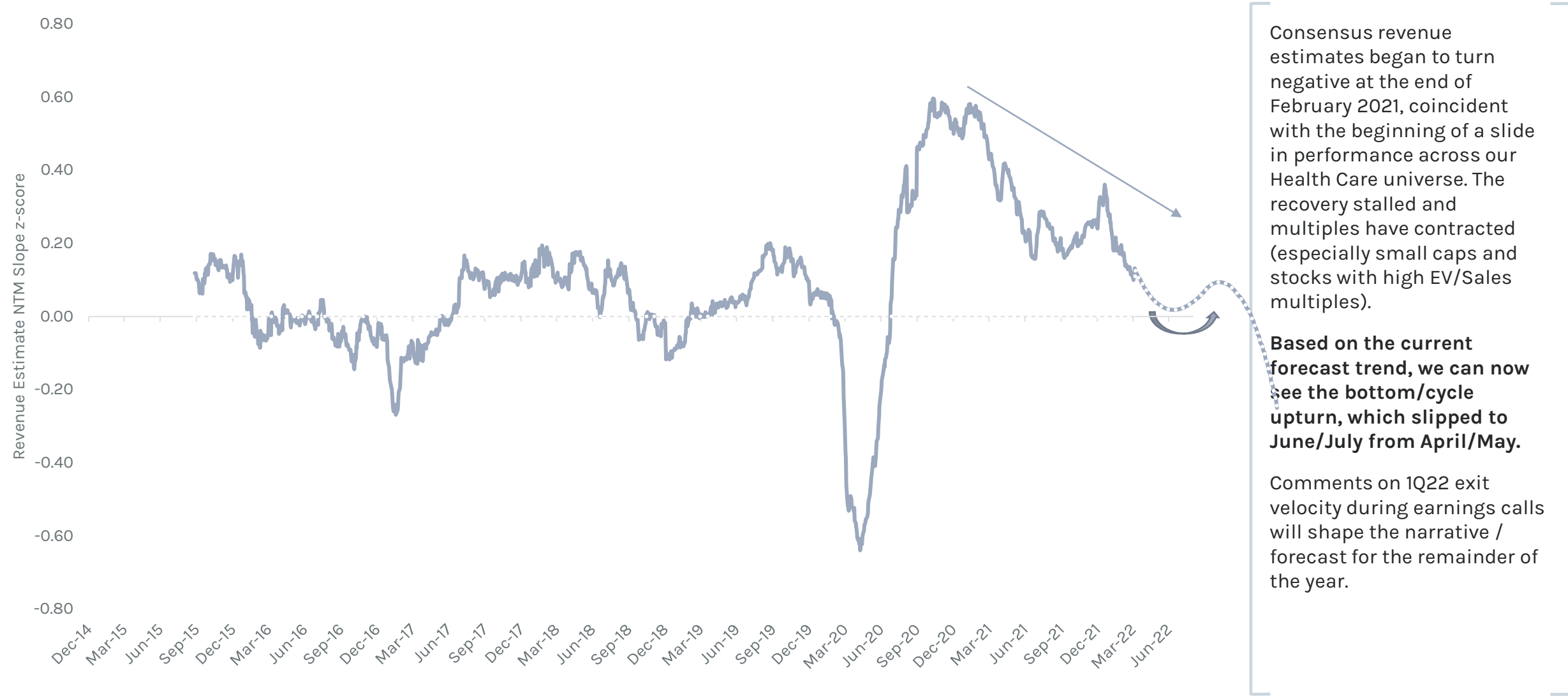
Same growth and acceleration trends as the previous slide, but this time with a Macro Quad backdrop.

The data here go back 5 years, and it looks like mid-Quad 2 there's a shift that pushes the acceleration higher, and then **in Macro Quad 4, there's a meaningful uptick as well (while growth - the blue line) usually falters.**

We've looked at ARKG, XLV, XBI, XHS, XHE, and PINK. Our Factor Scoring work helps carve out what stocks are likely to "work" in each Macro Quad. **XLV and PINK appear to have the best construction for the current environment.**

Estimate Trend | Down and to the right, but lifting...

We can now see the upturn in the forecast to start 3Q22 (July)...



Micro Quad Screen | April 1, 2022

Active Long

Active Short

Bench Long

Bench Short

MicroQuad1

A	MCK
ABC	PODD
ABBV	CHE
AMGN	TXG
GMED	WST
OPK	TNDM
STE	EYE
TFX	BSX
THC	IQV
VEEV	DHR
MDT	DXCM
EXAS	HUM

MicroQuad2

ALGN	AMED
BIO	CNMD
CERN	ATRC
GKOS	EHC
PGNY	IART
WAT	NVRO
TECH	
CRL	
NTRA	
IDXX	
STAA	
GH	

MicroQuad3

MEDP	LH	SYK
ABT	LHCG	LLY
AMN	OMCL	ZTS
BAX	PCRX	LNTH
BDX	PEN	
MD	QDEL	
CHNG	RCM	
COO	SGRY	
ENSG	TMO	
HOLX	TWST	
ILMN	UNH	
IRTC	VCRA	

MicroQuad4

ANTM	MTD
HCA	MASI
JNJ	DGX
MOH	SEM
MRNA	MRK
OPCH	
PFE	
RGEN	
RMD	
PKI	
TDOC	
VRTX	

Micro Quad 2 Screen

We continue to look for longs here: revenue estimates rising at an accelerating rate...

MicroQuad 2														Sales MicroQuad								
Ticker	Name	Price	1W	1M	3M	EV	MCAP	Beta	Days to Cover	Sales Corr	Sales	EBITDA	EPS	O-21	N-21	D-21	J-21	F-22	M-22	A-22	M-22	J-22
ALGN	Align Technology, Inc.	\$436.00	-0.06	-12.12	-34.16	34,520	35,175	2.39	1.71	0.85	5,008	1,455	\$13.37	3	3	3	3	3	2	2	2	2
AMED	Amedisys, Inc.	\$172.29	2.89	6.49	4.97	6,269	5,655	1.12	3.76	0.85	2,417	295	\$5.59	1	1	1	3	1	4	2	2	2
ATRC	AtriCure, Inc.	\$65.67	3.86	-7.70	-4.16	2,996	3,038	1.56	6.33	0.84	335	0	-\$0.98	3	3	3	3	3	3	2	2	2
BIO	Bio-Rad Laboratories, Inc. Class A	\$563.23	-0.79	-7.95	-25.76	16,604	17,098	1.53	1.48	0.92	2,936	696	\$14.26	3	3	4	3	3	2	2	2	3
CERN	Cerner Corporation	\$93.56	-0.10	0.16	0.45	29,255	27,472	0.03	2.57	0.54	6,131	2,095	\$3.77	2	2	2	2	2	2	2	2	2
CNMD	CONMED Corporation	\$148.55	4.04	3.43	3.65	5,490	4,406	0.74	7.87	0.93	1,111	235	\$3.84	3	3	3	3	4	4	2	2	2
CRL	Charles River Laboratories International, Inc.	\$283.97	1.04	-1.05	-24.45	17,608	14,573	1.68	1.72	0.90	4,121	1,084	\$12.08	3	4	1	3	4	2	2	2	3
EHC	Encompass Health Corporation	\$71.11	4.53	6.01	7.73	11,086	7,125	0.60	4.93	0.65	5,564	1,066	\$4.22	3	4	1	2	1	1	2	2	2
GH	Guardant Health, Inc.	\$66.24	11.16	0.78	-33.91	7,841	7,440	2.76	3.73	0.60	505	-455	-\$4.82	3	4	1	3	1	3	2	2	2
GKOS	Glaukos Corp	\$57.82	4.78	5.65	26.13	2,791	2,860	1.04	5.44	0.63	281	-35	-\$1.75	1	1	1	3	2	2	2	2	2
IART	Integra LifeSciences Holdings Corporation	\$64.26	1.45	-4.93	-6.03	6,824	5,537	0.50	10.50	0.54	1,612	428	\$3.40	2	2	3	3	3	3	2	2	2
IDXX	IDEXX Laboratories, Inc.	\$547.06	1.23	1.31	-17.28	48,799	46,627	1.36	1.74	0.95	3,644	1,220	\$9.86	3	3	3	3	3	2	2	2	3
NTRA	Natera, Inc.	\$40.68	0.07	-35.57	-56.33	3,368	4,096	0.14	0.67	0.81	829	-520	-\$5.77	3	3	3	3	2	2	2	2	3
NVRO	Nevro Corp.	\$72.33	7.83	1.49	-11.87	2,470	2,678	1.82	5.62	0.50	435	-12	-\$2.66	1	1	1	3	2	2	2	2	2
STAA	STAAR Surgical Company	\$79.91	6.62	-2.90	-14.69	3,813	3,843	2.79	4.51	0.82	315	59	\$0.96	3	3	3	3	3	2	2	2	2
TECH	Bio-Techne Corporation	\$433.04	-0.46	2.21	-14.89	17,926	17,022	1.57	3.90	0.96	1,202	491	\$8.73	3	3	3	3	2	2	2	2	2
WAT	Waters Corporation	\$310.39	-4.53	-1.71	-16.56	20,173	18,674	1.16	6.16	0.88	2,968	1,031	\$12.17	3	3	3	3	3	2	2	2	3
PGNY	Progyny, Inc.	\$51.40	3.84	15.43	0.21	5,102	4,739	1.48	7.23	0.77	824	125	\$0.21	2	2	2	2	2	2	2	2	2

MQ2 gained several med device companies (**IART, NVRO, ATRC**) and inpatient rehab, home health, and hospice player **EHC**, which made the turn from Micro Quad 1. **Bench Longs NTRA and PGNY** remain in MQ2.

Please note, the sales MicroQuad is the average for the month, which is why the box for the current month may reflect a different Micro Quad (e.g., AMED, ATRC, GH, IART, CNMD, and EHC this week).

Micro Quad 3 Screen

Slowing, with some deteriorating further in 4Q21, but these stocks are still Longs...

MicroQuad 3														Sales MicroQuad									
Ticker	Name	Price	1W	1M	3M	EV	MCAP	Beta	Days to Cover	Sales Corr	Sales	EBITDA	EPS	O-21	N-21	D-21	J-21	F-22	M-22	A-22	M-22	J-22	
ABT	Abbott Laboratories	\$117.82	-2.79	0.49	-15.23	222,026	210,338	1.00	2.24	0.96	41,020	11,690	\$4.91	1	1	1	3	3	3	4	4	4	
AMN	AMN Healthcare Services, Inc.	\$103.47	-3.66	2.02	-14.72	5,569	4,769	1.13	3.48	0.85	4,611	703	\$8.88	4	3	3	3	3	3	3	4	4	
ATRC	AtriCure, Inc.	\$63.23	-3.60	1.35	-11.50	2,835	2,878	1.69	6.33	0.85	334	0	-\$0.98	3	3	3	3	3	3	3	3	2	
BAX	Baxter International Inc.	\$77.68	-2.22	-9.40	-8.95	54,621	38,852	0.48	1.91	0.56	16,081	3,966	\$4.44	1	1	1	2	3	3	3	4	4	
BDX	Becton, Dickinson and Company	\$263.09	0.31	-2.07	6.15	91,545	75,655	0.32	2.90	0.81	20,122	5,746	\$13.42	1	3	2	4	3	3	3	3	3	
CHNG	Change Healthcare, Inc.	\$21.81	-0.05	7.76	4.15	11,700	6,854	0.29	8.49	0.62	3,691	1,165	\$1.84	2	3	2	3	3	3	3	3	3	
COO	Cooper Companies, Inc.	\$411.94	-1.41	4.17	1.81	23,633	20,135	1.18	4.50	0.74	3,434	1,129	\$14.86	2	3	3	3	3	3	3	3	3	
ENSG	Ensign Group, Inc.	\$85.43	-2.71	9.88	4.01	5,915	4,766	0.49	8.42	0.93	3,010	386	\$4.14	1	2	2	2	3	3	3	3	3	
HOLX	Hologic, Inc.	\$75.19	1.75	6.10	-2.63	21,146	19,112	0.65	2.63	0.85	4,275	1,641	\$4.52	1	1	1	3	3	3	4	4	4	
IART	Integra LifeSciences Holdings Corporation	\$63.34	-3.21	-2.04	-7.07	6,568	5,288	0.38	10.50	0.54	1,610	427	\$3.39	2	2	3	3	3	3	2	2	2	
ILMN	Illumina, Inc.	\$343.05	1.42	8.81	-9.44	52,801	53,650	1.13	2.19	0.77	5,412	1,096	\$4.39	3	3	3	2	3	3	3	3	3	
IRTC	iRhythm Technologies, Inc.	\$145.12	4.65	34.86	21.46	4,097	4,245	2.62	4.22	0.60	424	-27	-\$3.16	2	3	3	3	3	3	3	3	4	
LH	Laboratory Corporation of America Holdings	\$271.44	-1.05	1.10	-10.78	31,602	25,588	0.60	1.62	0.89	15,429	2,978	\$19.27	1	4	4	3	3	3	3	4	4	
LHCG	LHC Group, Inc.	\$156.85	6.17	29.67	18.84	5,681	4,854	1.16	5.48	0.71	2,564	290	\$5.98	2	2	2	1	3	3	3	3	3	
LLY	Eli Lilly and Company	\$287.69	0.76	20.72	7.95	276,646	275,247	0.40	2.14	0.91	28,831	10,461	\$8.90	4	2	2	3	3	3	3	3	3	
LNTH	Lantheus Holdings Inc	\$50.93	-7.32	76.47	74.72	3,462	3,399	1.35	1.60	0.68	727	244	\$2.11	3	3	3	3	3	3	3	3	3	
MD	MEDNAX, Inc.	\$23.06	-2.82	-1.54	-14.56	2,668	2,122	0.80	6.27	0.50	2,012	275	\$1.89	3	3	3	2	3	3	3	3	3	
MEDP	Medpace Holdings, Inc.	\$160.51	-1.73	14.49	-27.63	5,653	5,338	1.49	4.35	0.92	1,462	277	\$5.78	3	3	3	4	3	3	3	4	4	
MRK	Merck & Co., Inc.	\$80.41	1.86	6.03	5.58	233,049	205,606	0.29	1.60	0.69	56,843	24,050	\$7.29	4	2	3	3	3	3	4	4	4	
OMCL	Omniceil, Inc.	\$131.59	-4.58	9.04	-26.01	6,347	5,709	0.55	6.06	0.93	1,438	265	\$3.99	2	2	2	3	3	3	3	3	3	
PCRX	Pacira Biosciences, Inc.	\$75.61	3.04	20.82	25.31	3,963	3,430	0.86	9.87	0.73	753	316	\$4.17	3	3	3	3	3	3	4	4	4	
PEN	Penumbra, Inc.	\$205.68	-2.32	0.80	-24.13	7,591	7,626	1.53	9.81	0.88	914	78	\$1.10	3	3	3	3	3	3	3	3	3	
QDEL	Quidel Corporation	\$110.45	0.67	7.14	-33.56	3,993	4,566	1.01	7.24	0.77	1,698	881	\$12.59	1	1	3	3	3	3	3	4	4	
RCM	R1 RCM Inc	\$25.09	-1.84	-1.18	3.76	7,479	7,067	1.44	5.64	0.87	1,783	430	\$0.62	3	3	3	4	3	3	3	3	3	
SGRY	Surgery Partners, Inc.	\$53.50	-0.02	17.92	2.10	8,010	4,805	1.48	6.82	0.74	2,601	387	\$0.45	2	2	2	4	3	3	3	3	3	
SYK	Stryker Corporation	\$263.01	-0.38	3.70	-0.39	111,574	100,427	1.32	3.09	0.96	18,593	5,201	\$10.06	1	1	1	3	4	3	3	2	2	
TMO	Thermo Fisher Scientific Inc.	\$573.69	0.25	8.53	-11.97	260,026	224,658	1.02	1.83	0.97	42,619	11,893	\$22.96	1	3	3	3	3	3	4	4	4	

It's important to keep an eye on the forward forecast with MQ3 stocks – keep in mind that the last 3 columns are April '22, May '22 and June '22. There's usually higher volatility and the batting average is lower with Micro Quad 3 stocks, but they are smaller allocations on the long side in the model portfolio.

Best Ideas **AMN**, **BAX**, and **BDX** remain in MQ3, and there are no new additions this week.

Micro Quad 4 Screen

Good reasons to be short some of these names...

MicroQuad 4														Sales MicroQuad								
Ticker	Name	Price	1W	1M	3M	EV	MCAP	Beta	Days to Cover	Sales Corr	Sales	EBITDA	EPS	O-21	N-21	D-21	J-21	F-22	M-22	A-22	M-22	J-22
ANTM	Anthem, Inc.	\$491.22	3.69	5.98	5.15	142,451	120,491	0.87	1.79	0.89	154,842	10,654	\$29.39	4	4	4	4	4	4	4	4	4
DGX	Quest Diagnostics Incorporated	\$136.86	-3.61	1.56	-20.12	21,469	16,285	0.39	5.23	0.78	9,266	1,943	\$8.90	1	4	4	4	3	3	4	4	4
HCA	HCA Healthcare Inc	\$250.62	-3.83	-4.02	-2.90	120,029	75,731	0.52	2.01	0.90	61,887	12,974	\$19.35	3	3	3	3	4	4	4	1	1
MASI	Masimo Corporation	\$145.54	-7.13	-5.27	-51.03	8,035	8,399	1.70	0.95	0.90	1,385	424	\$4.48	4	3	3	3	4	4	4	4	4
MOH	Molina Healthcare, Inc.	\$333.59	-1.16	8.13	4.03	17,977	19,914	0.79	0.72	0.91	30,093	1,581	\$17.75	3	3	3	3	4	4	4	4	1
MTD	Mettler-Toledo International Inc.	\$1,373.19	-0.46	-1.02	-19.34	33,878	31,185	1.32	3.34	0.92	3,999	1,252	\$39.23	3	3	3	3	3	4	4	4	4
PKI	PerkinElmer, Inc.	\$174.46	-2.72	-1.61	-12.58	24,608	21,645	1.46	7.83	0.95	4,502	1,278	\$7.01	1	3	4	3	3	3	4	4	4
RGEN	Repligen Corporation	\$188.09	4.69	-3.55	-27.93	10,529	10,403	1.98	6.48	0.92	851	278	\$3.37	3	3	3	3	4	4	4	4	4
RMD	ResMed Inc.	\$242.51	0.47	-2.85	-7.44	36,879	36,038	1.23	1.84	0.96	4,063	1,400	\$6.85	3	3	3	3	4	4	4	4	4
SEM	Select Medical Holdings Corporation	\$23.99	-2.00	0.08	-19.55	8,152	3,296	0.66	6.47	0.68	6,416	818	\$2.31	3	3	3	3	3	3	4	4	4
TDOC	Teladoc Health, Inc.	\$72.13	3.95	-0.50	-23.55	11,962	11,827	2.81	5.49	0.58	2,732	371	-\$1.49	1	1	1	3	4	4	4	4	4
JNJ	Johnson & Johnson	\$177.23	1.14	6.74	2.86	479,623	468,571	0.08	1.93	0.87	100,464	36,913	\$10.69	4	4	4	3	4	4	4	4	4
MRK	Merck & Co., Inc.	\$82.05	2.04	7.02	6.37	238,582	211,116	0.16	1.60	0.69	56,794	23,972	\$7.28	4	2	3	3	3	3	4	4	4
PFE	Pfizer Inc.	\$51.77	-1.56	8.53	-11.35	304,950	291,256	0.50	1.91	0.77	101,331	47,575	\$6.87	4	3	3	3	3	3	4	4	4
VRTX	Vertex Pharmaceuticals Incorporated	\$260.97	3.68	11.47	17.32	62,610	67,756	0.30	2.43	0.71	8,706	4,846	\$14.72	4	4	4	4	4	4	4	4	4
OPCH	Option Care Health Inc	\$28.56	3.44	9.22	0.46	6,244	5,168	1.05	6.64	0.73	3,809	331	\$0.98	4	4	4	4	4	4	1	1	1
MRNA	Moderna, Inc.	\$172.26	-4.13	16.50	-31.53	66,299	71,169	2.25	2.13	0.88	19,455	12,381	\$23.16	4	4	4	3	4	4	4	4	4

This “bin” remains relatively full – **PFE is down by ~6% over the past week since slipping into Micro Quad 4**, and we see another large cap pharma joining the short portfolio this week: **Merck (MRK)**.

TDOC and **DGX** remain.

Micro Quad 1 Screen

Who can make the turn?

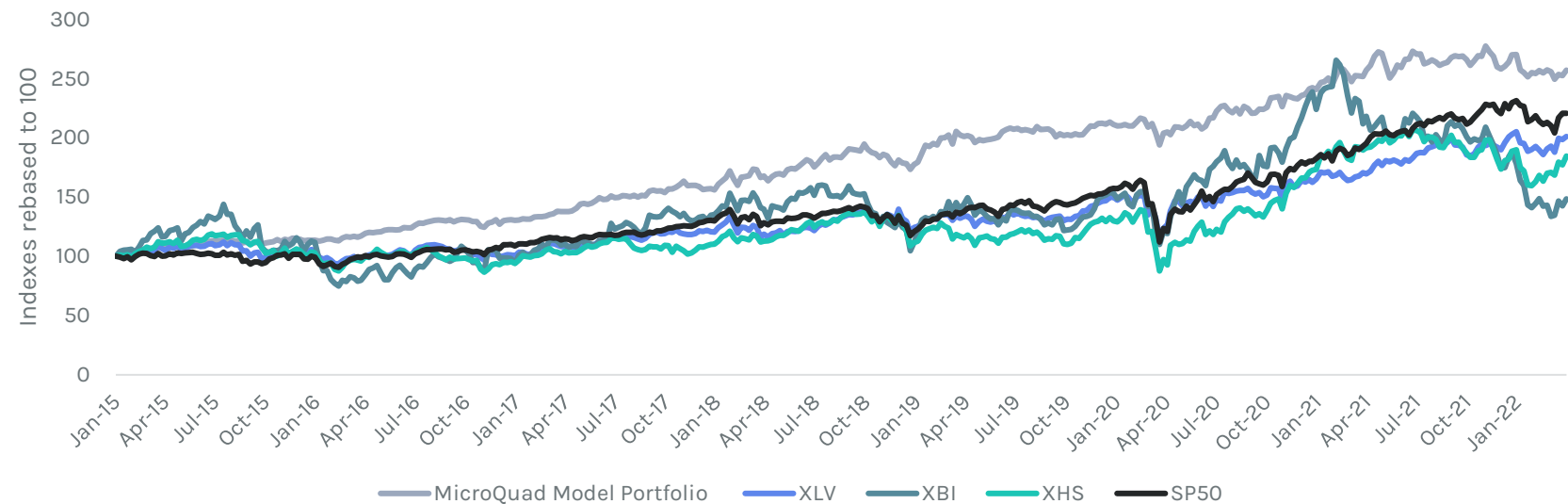
MicroQuad 1														Sales MicroQuad									
Ticker	Name	Price	1W	1M	3M	EV	MCAP	Beta	Days to Cover	Sales Corr	Sales	EBITDA	EPS	O-21	N-21	D-21	J-21	F-22	M-22	A-22	M-22	J-22	
A	Agilent Technologies, Inc.	\$132.33	-2.99	-0.62	-17.75	42,339	40,206	1.13	1.92	0.93	6,917	1,990	\$5.09	3	3	4	3	1	1	1	4	2	
ABC	AmerisourceBergen Corporation	\$154.71	1.38	8.19	15.65	36,924	32,734	0.35	1.79	0.87	243,480	3,609	\$11.19	3	3	4	3	4	1	1	1	1	
BSX	Boston Scientific Corporation	\$44.29	3.31	0.89	3.02	71,919	64,188	0.98	1.57	0.87	13,076	3,847	\$1.83	3	3	3	3	3	3	2	2	2	
CHE	Chemed Corporation	\$506.55	6.42	4.37	-4.40	8,462	7,674	0.38	4.42	0.98	2,214	454	\$19.75	3	4	4	4	4	1	1	1	2	
DHR	Danaher Corporation	\$293.33	2.37	6.86	-10.70	238,881	208,819	1.00	1.74	0.96	31,283	10,955	\$10.59	3	4	4	3	4	4	1	1	1	
DXCM	DexCom, Inc.	\$511.60	9.23	21.79	-5.49	52,358	51,769	1.47	3.88	0.95	3,073	680	\$3.74	3	3	3	3	4	4	1	1	1	
EXAS	Exact Sciences Corporation	\$69.92	4.19	-7.17	-10.23	14,326	13,165	1.51	7.87	0.69	2,093	-525	-\$4.00	1	1	4	3	4	1	1	1	1	
GMED	Globus Medical Inc Class A	\$73.78	6.53	1.96	1.75	7,455	7,736	0.71	3.26	0.87	1,053	372	\$2.18	3	3	3	3	3	4	1	1	1	
HUM	Humana Inc.	\$435.17	-0.51	-0.29	-6.67	66,971	55,946	0.60	1.72	0.89	94,484	5,033	\$24.92	3	3	3	4	4	4	1	1	1	
MCK	McKesson Corporation	\$306.13	0.72	11.81	22.99	51,882	45,988	0.35	4.27	0.66	251,457	4,846	\$23.05	1	4	4	3	4	1	1	1	1	
MDT	Medtronic Plc	\$110.95	4.33	4.30	6.20	166,041	150,950	0.69	1.24	0.68	33,236	10,157	\$5.80	2	3	4	3	4	1	4	2	2	
OPK	OPKO Health, Inc.	\$3.44	-1.15	7.84	-28.93	2,395	2,392	1.77	10.60	0.63	1,182	17	-\$0.16	1	1	1	3	1	1	1	1	1	
PODD	Insulet Corporation	\$266.39	5.87	-1.60	-1.18	19,630	19,313	1.62	3.77	0.96	1,310	250	\$1.41	2	4	1	3	2	1	3	2	2	
STE	STERIS Plc	\$241.77	4.05	-0.17	-1.39	28,157	24,832	1.08	1.91	0.87	4,903	1,493	\$8.71	3	3	4	3	1	1	1	1	3	
TFX	Teleflex Incorporated	\$354.83	6.09	4.32	7.24	18,371	16,642	0.61	1.90	0.86	2,943	910	\$14.37	2	1	1	3	1	1	3	2	2	
THC	Tenet Healthcare Corporation	\$85.96	-3.18	-4.37	4.94	27,055	9,474	0.83	3.89	0.61	20,038	3,545	\$6.66	1	1	1	3	4	1	1	1	2	
TNDM	Tandem Diabetes Care, Inc.	\$116.29	3.45	1.03	-23.43	7,483	7,734	1.55	7.15	0.94	896	137	\$0.69	3	3	4	4	4	4	4	2	2	
VEEV	Veeva Systems Inc Class A	\$212.46	7.44	-7.87	-18.29	32,854	30,133	1.72	1.62	0.92	2,225	874	\$4.12	3	3	4	3	1	1	1	1	1	
WST	West Pharmaceutical Services, Inc.	\$410.71	0.55	6.77	-12.86	31,382	30,978	1.24	3.58	0.89	3,124	1,047	\$9.54	3	3	4	3	4	1	1	1	1	
TXG	10x Genomics Inc Class A	\$76.07	10.26	-1.01	-49.58	8,445	7,568	2.15	4.73	0.59	668	-36	-\$0.72	2	2	2	3	3	1	1	4	2	
ABBV	AbbVie, Inc.	\$162.11	1.14	8.38	19.26	356,855	287,339	0.38	2.19	0.73	59,370	33,063	\$13.70	4	4	4	1	4	1	1	1	1	
AMGN	Amgen Inc.	\$241.82	2.09	5.79	6.78	165,250	135,425	0.22	7.24	0.85	26,422	16,165	\$18.01	1	1	4	4	4	1	1	1	1	
IQV	IQVIA Holdings Inc	\$231.21	2.93	-0.50	-18.19	58,147	45,879	1.36	1.82	0.94	15,221	3,454	\$10.53	3	3	3	3	3	3	4	2	2	
EYE	National Vision Holdings, Inc.	\$43.57	-0.07	14.36	-10.26	4,939	3,617	0.74	6.66	0.56	2,220	255	\$1.13	3	3	3	3	4	4	1	1	4	

HUM and **GMED** became smaller short allocations this week – both are new to Micro Quad 1 (rotated around the clock from Micro Quad 4).

EXAS, **TXG**, and **EYE** remain.

MicroQuad Model Portfolio

Wrap up for the week of 04/01/2022



For the week ending 04/01/2022, the model portfolio return was 0.5% month/month and 1.8% week/week, with positive returns in Micro Quads 2 and 3 having the greatest impact on overall performance last week.

The allocation for each Micro Quad is based on the Macro Quad 4 allocations listed in the table below.

Particulars	1	2	3	4
Number of Tickers	24	14	31	18
Average % Change	3.55%	4.76%	4.11%	1.73%
Batting Avg.	16.7%	78.6%	77.4%	38.9%
Average Weeks	7.75	7.21	18.32	13.72
Contribution to the weekly P&L	-2.05%	2.66%	1.40%	-0.17%

		Micro Quad			
		2	3	1	4
Macro Quad	1	80%	30%	-10%	-30%
	2	80%	30%	-10%	-40%
	3	70%	20%	-10%	-50%
	4	70%	20%	-10%	-60%

Particulars	WoW	MoM	YTD	YoY	Since 2015
Micro Quad Model	1.8%	0.5%	-4.9%	0.0%	13.9%
XLV	1.3%	4.2%	-2.0%	18.6%	10.1%
XBI	4.1%	11.2%	-16.7%	-31.9%	5.6%
XHS	4.1%	8.1%	-2.8%	-3.7%	8.8%
SP50	0.0%	5.0%	-4.6%	13.1%	11.5%

Factor Scoring Materials and Methods

A brief description of the data we used and the process

Stocks Included in the analysis: For our analysis we included the tickers from the Health Care Select Sector SPDR Fund (XLV), SPDR S&P Biotech ETF (XBI), SPDR S&P Health Care Services ETF (XHS), SPDR S&P Health Care Equipment ETF (XHE), ARK Genomic Revolution ETF (ARKG), and PINK Simplify Health Care ETF (PINK). These ETFs represent the most liquid Health Care focused funds with a wide range of names and style factors included. A total of 306 individual names were included in the analysis.

Data: We built a data table listing each ticker, the factor reading at each quarter, the Quad, and our estimate momentum values alongside performance data for the 1M and 3M trailing periods. We plan to expand the factor list as we refine and improve the analysis. We've sourced the data from Factset through their API. Our estimate momentum calculations are also based on Factset data.

Factor Quartiles and the Factor Score: We then measure the quartiles for each factor and the performance values by Quad and Factor quartile. We are looking for both the absolute level of performance, but importantly the spread between the highest and lowest quartiles. We used the absolute value of the spread between the performance in the highest and lowest Factor Quartiles as an "Effect Size" to weight the impact of individual factors in calculating a Factor Score.

Limitations: Limitations for the analysis include that we only used tickers currently listed among the selected ETFs. Some of these companies are new issues and do not span the entire length of the data set time frame. We did not include tickers no longer active. Our data includes the quarters from 4Q08 to 1Q22 which includes 13 Quad 1s, 16 Quad 2s, 13 Quad 3s, and 12 Quad 4s over 13.5 years.

Quad 4 Ranked Factor Exposure

Combining Quad and Factors across the Health Care Universe

Factor Name	Macro Quad 4					Long Positioning
	Average 3M Performance				Q4 vs Q1	
	Quartile 1	Quartile 2	Quartile 3	Quartile 4	Effect Size	
Short Interest Days to Cover	8.07	1.63	-0.06	0.08	7.98	low Short interest
Consensus Sales Bin1 (-1,0,+1)	0.03	2.16	2.50	6.25	6.22	upper band of average growth
Consensus Sales NTM Slope Standardized	0.21	0.30	3.08	5.88	5.67	above average sales growth, standardized
Consensus Sales NTM Acceleration Standardized	4.75	3.88	1.76	-0.52	5.28	decelerating sales growth, standardized
Consensus Sales Bin2 (-1,0,+1)	4.80	3.72	2.01	-0.15	4.95	decelerating sales growth, categorized
Consensus EBITDA NTM Absolute Level	-0.86	3.09	2.49	3.40	4.26	high absolute level of EBITDA
Dollar Volume Traded Average	0.66	0.66	3.38	4.19	3.53	high daily liquidity
Consensus Sales NTM Slope	-0.04	1.60	4.05	3.37	3.41	above average growth, non-standardized
EBITDA Growth NTM/LTM	2.65	2.97	2.36	0.13	2.52	low expected EBITDA growth NTM
EPS Growth STM/NTM	5.11	1.07	2.02	2.61	2.50	low expected EPS growth STM
Enterprise Value	1.22	1.61	2.68	3.40	2.18	large enterprise value
Consensus Sales MicroQuad	2.68	6.62	3.73	0.67	2.01	MicroQuad 2, 3
Consensus EPS Growth NTM/LTM	4.52	0.92	2.30	2.54	1.97	low expected EPS growth NTM
Consensus Sales Growth NTM/LTM	1.64	2.68	2.99	3.36	1.72	high expected sales growth NTM
Consensus Sales Growth STM/NTM	3.11	3.05	3.13	1.42	1.69	low expected sales growth STM
EV/EBITDA	4.95	-2.20	2.94	3.37	1.58	low EV/EBITDA multiple
Market Capitalization	2.19	0.75	2.42	3.48	1.29	large market capitalization
Consensus Sales Price Correlation	4.12	2.09	1.95	2.84	1.29	low correlation between price and estimates
Sellside Rating	1.50	2.51	2.07	2.68	1.18	low sellside rating
EBITDA Margin	1.30	2.82	2.48	2.46	1.16	low expected EBITDA growth STM
Consensus EBITDA Growth STM/NTM	1.24	2.28	2.69	2.37	1.12	low expected EBITDA growth NTM
Consensus Sales NTM Absolute Level	3.66	0.88	2.43	2.79	0.87	low Sales, absolute level
Volatility	3.29	2.39	2.07	2.71	0.57	low volatility, stdev/avg price

This table includes data aggregated from our 306 unique tickers currently held across major Health Care ETFs including XLV, XBI, XHE, XHS, ARKG, and PINK. The data covers the period from 4Q 2008 to 1Q 2022.

The Average 3M Performance is measured daily and averaged for the quarter for each individual equity, which was then grouped by factor quartile.

The Effect Size is the absolute difference between quartile 4 and quartile 1.

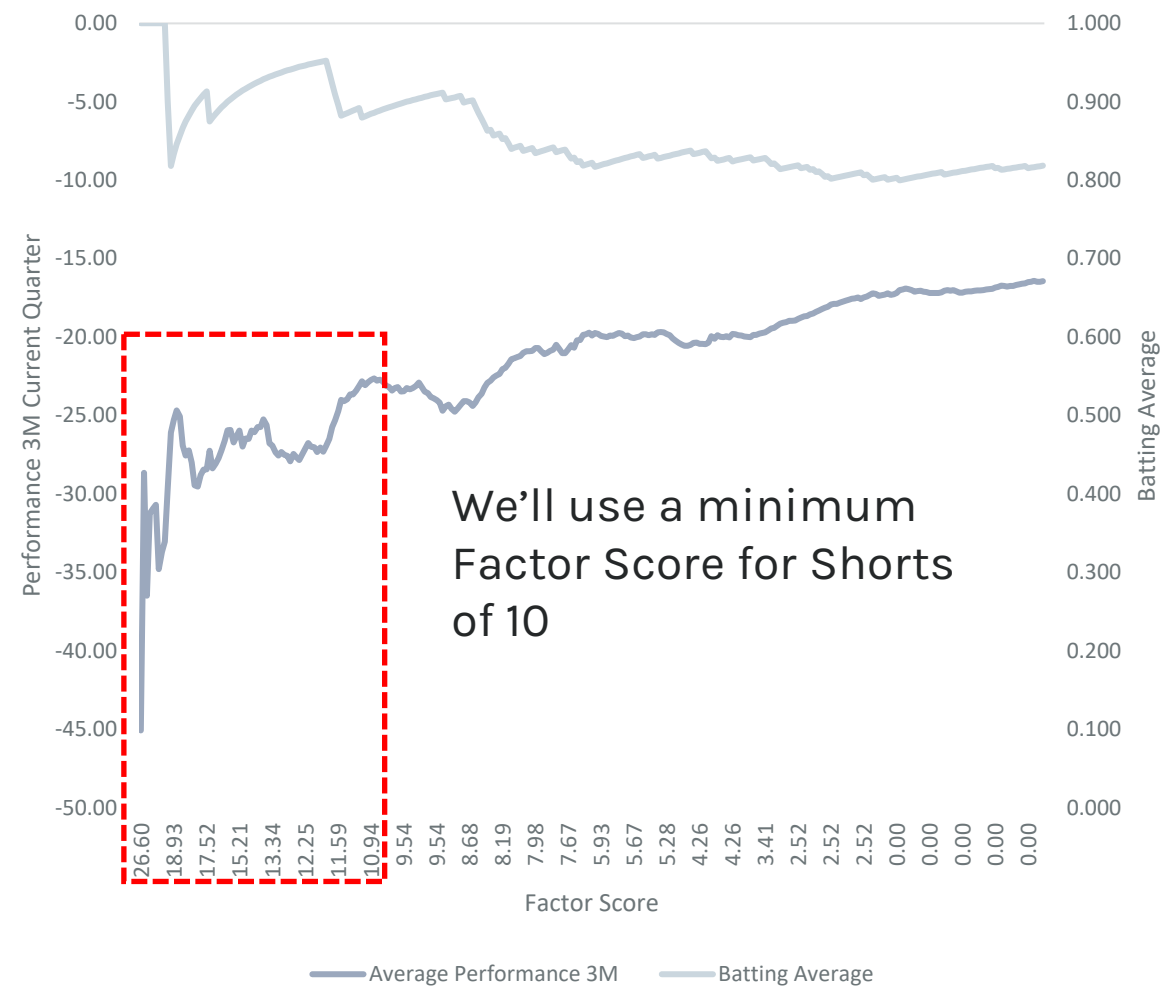
Consensus estimate trends are passed through a weekly process that drives our MicroQuad analysis for estimate momentum. Standardized values compare daily readings to the trailing 3 years.

Quad 4 Factor Score vs 1Q22 Results

Quad 4 Longs



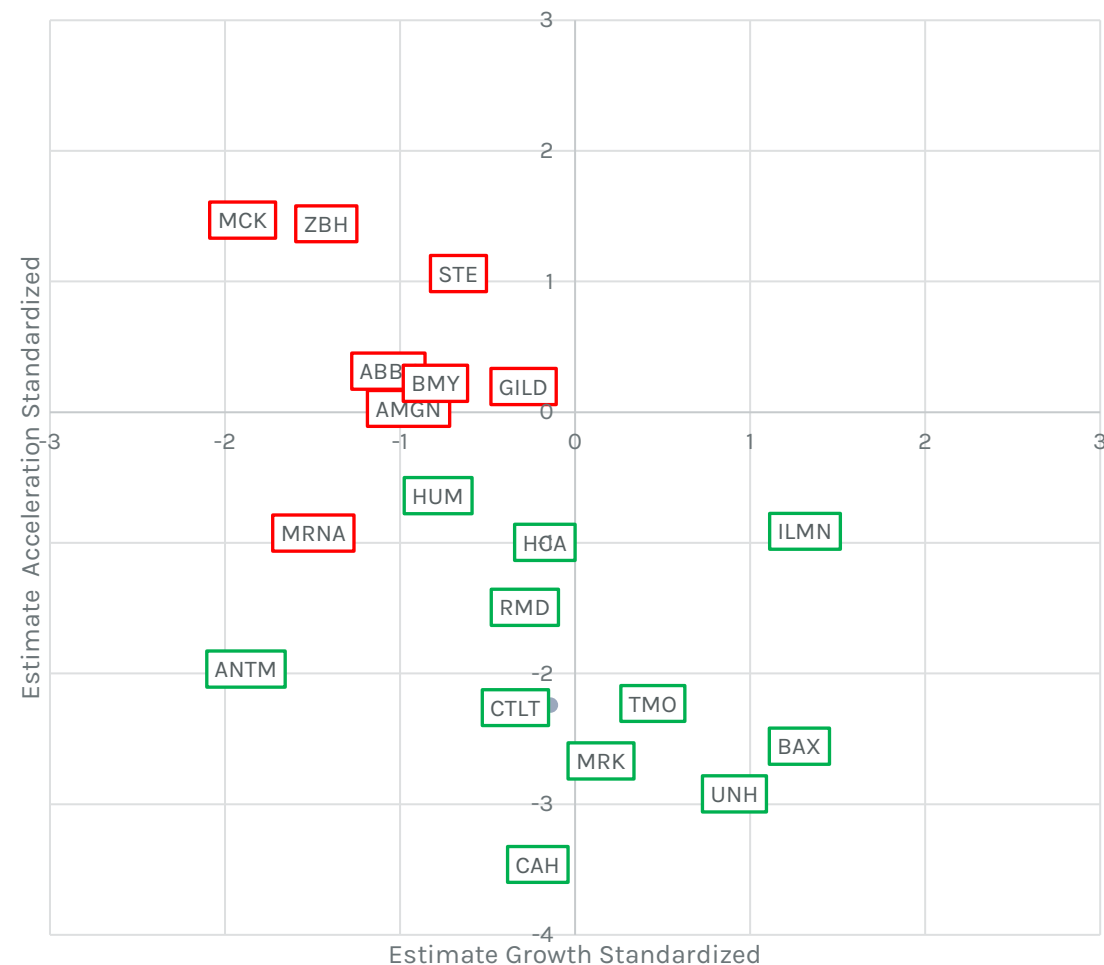
Quad 4 Shorts



XLV | Longs and Shorts

Optimized Factor Score and Estimate momentum for Quad 4

Rank	Ticker	Short Interest Days to Cover	Consensus Sales NTM Slope Standardized	Consensus Sales NTM Acceleration Standardized	Consensus EBITDA NTM Absolute Level	Dollar Volume Traded Average	Consensus Sales NTM Slope	EBITDA Growth NTM/LTM	Factor Score
1	BAX	LONG	LONG	LONG	LONG	LONG	LONG		30.12
2	UNH	LONG	LONG	LONG	LONG	LONG	LONG		30.12
3	ILMN	LONG	LONG		LONG	LONG	LONG		24.85
5	CAH	LONG		LONG	LONG	LONG	LONG		24.46
6	MOH	LONG		LONG	LONG	LONG	LONG		24.46
7	RMD	LONG		LONG	LONG	LONG	LONG		24.46
8	TMO	LONG		LONG	LONG	LONG	LONG		24.46
9	MRK	LONG		LONG	LONG	LONG	LONG		24.46
10	CTLT	LONG		LONG	LONG	LONG	LONG		24.46
14	ANTM	LONG		LONG	LONG	LONG	LONG		24.46
15	HCA	LONG		LONG	LONG	LONG	LONG		24.46
16	HUM	LONG		LONG	LONG	LONG	LONG		24.46
11	AMGN	SHORT	SHORT				SHORT	SHORT	19.58
23	ZBH		SHORT				SHORT	SHORT	11.59
24	MRNA		SHORT				SHORT	SHORT	11.59
25	GILD		SHORT				SHORT	SHORT	11.59
26	STE		SHORT				SHORT	SHORT	11.59
27	ABBV		SHORT				SHORT	SHORT	11.59
29	BYM		SHORT				SHORT	SHORT	11.59
30	MCK		SHORT				SHORT	SHORT	11.59



PINK | Longs and Shorts

Optimized Factor Score and Estimate momentum for Quad 4

Rank	Ticker	Short Interest Days to Cover	Consensus Sales NTM Slope Standardized	Consensus Sales NTM Acceleration Standardized	Consensus EBITDA NTM Absolute Level	Dollar Volume Traded Average	Consensus Sales NTM Slope	EBITDA Growth NTM/LTM	Factor Score
20	ISRG	LONG			LONG	LONG	LONG		19.18
2	UNH	LONG	LONG	LONG	LONG	LONG	LONG		30.12
20	JNJ	LONG			LONG	LONG	LONG		19.18
20	CVS	LONG			LONG	LONG	LONG		19.18
14	ANTM	LONG		LONG	LONG	LONG	LONG		24.46
20	LLY	LONG			LONG	LONG	LONG		19.18
16	HUM	LONG		LONG	LONG	LONG	LONG		24.46
20	BSX	LONG			LONG	LONG	LONG		19.18
13	UTHR	LONG		LONG	LONG	LONG	LONG		24.46
20	ABT	LONG			LONG	LONG	LONG		19.18
15	HCA	LONG		LONG	LONG	LONG	LONG		24.46
8	TMO	LONG		LONG	LONG	LONG	LONG		24.46
20	LH	LONG			LONG	LONG	LONG		19.18
3	ILMN	LONG	LONG		LONG	LONG	LONG		24.85
4	PFE	LONG		LONG	LONG	LONG	LONG		24.46
20	IQV	LONG			LONG	LONG	LONG		19.18
1	BAX	LONG	LONG	LONG	LONG	LONG	LONG		30.12
20	ZTS	LONG			LONG	LONG	LONG		19.18
7	RMD	LONG		LONG	LONG	LONG	LONG		24.46
20	VEEV	LONG			LONG	LONG	LONG		19.18
20	DHR	LONG			LONG	LONG	LONG		19.18
11	VRTX	LONG		LONG	LONG	LONG	LONG		24.46
27	ABBV		SHORT				SHORT	SHORT	11.59
30	MCK		SHORT				SHORT	SHORT	11.59
11	AMGN	Short	SHORT				SHORT	SHORT	19.58
25	GILD		SHORT				SHORT	SHORT	11.59
26	STE		SHORT				SHORT	SHORT	11.59



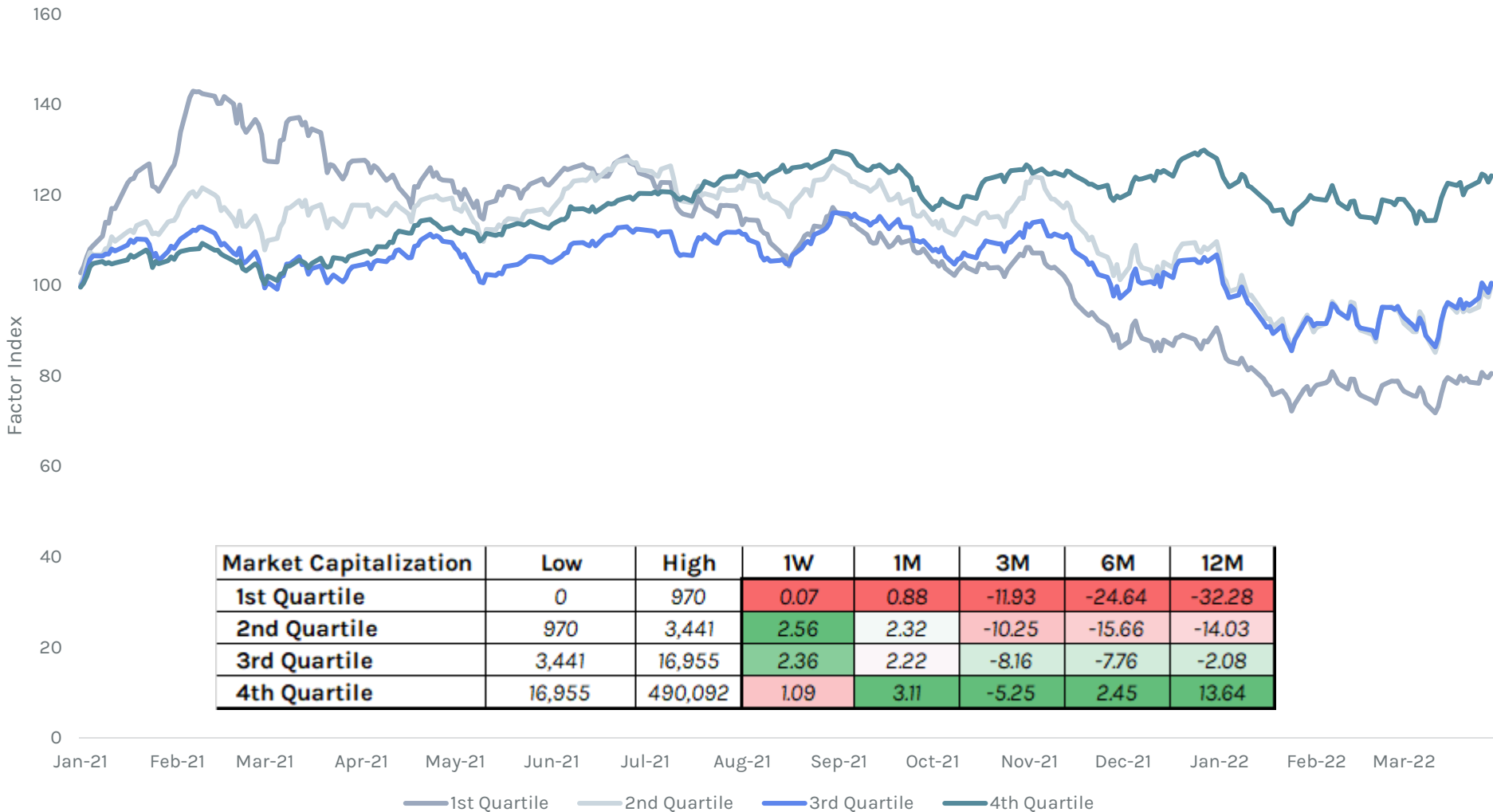
Factor Index | Market Capitalization

Market Cap has been one of the strongest performance factors since November 2021

When markets peaked in February 2021, we can see that it was driven by bottom quartile market cap stocks. On the other side were large caps and near large cap names. A year later and the opposite is now true as large caps have held up and small caps have been decimated.

Heading into successive Macro Quad 4 quarters in 2022 we expect this trend to continue.

The signal for a 2H22 shift out of Quad 4 will likely start with the Bottom Quartile Factor Index for Market Cap to start outperforming and recovering lost ground.

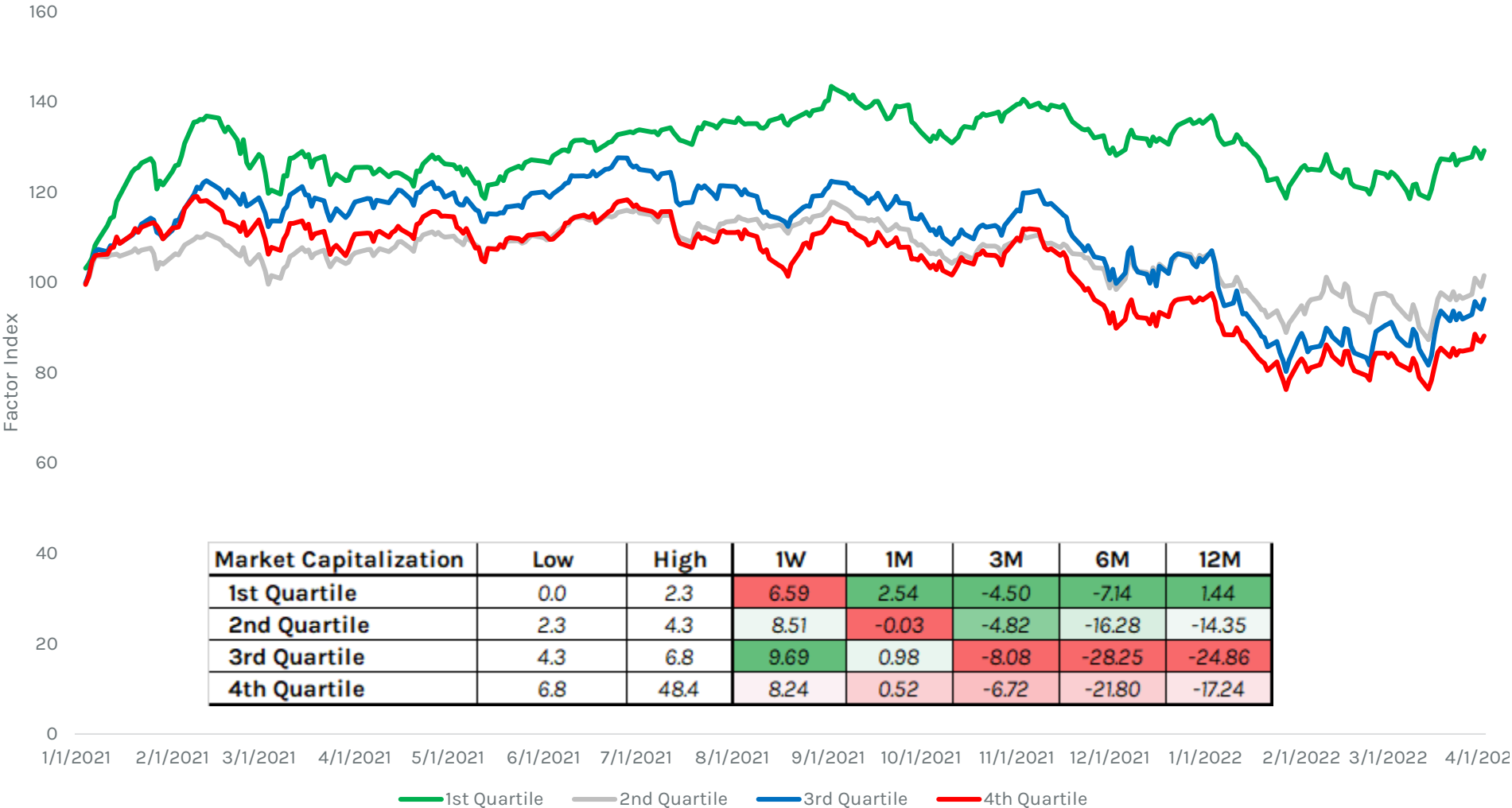


Factor Index | Short Interest Days to Cover

Short interest is the top Factor in Quad 4

Our work on how to quantify and track the impact of stock factors at the individual equity level shows short interest routinely ranks at or near the top for effect size.

In Quad 4, the separation between low short interest names versus high is dramatic. Although in the last few weeks, the impact has been less significant during the rallies.

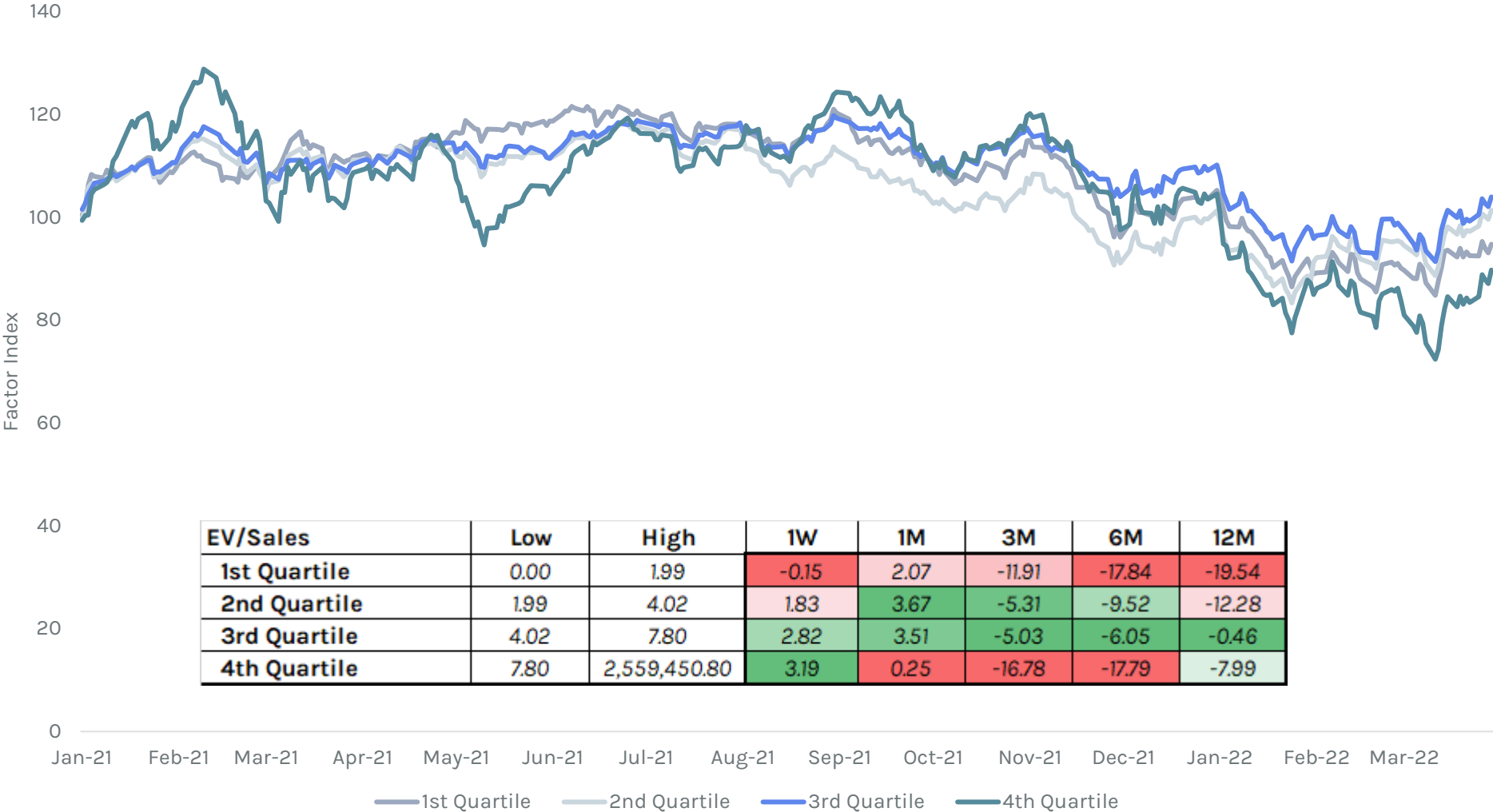


Factor Index | Enterprise Value to Sales

EV/Sales is a mediocre Factor in Quad 4

EV/Sales has been shown only modest results in separating high versus low multiple names.

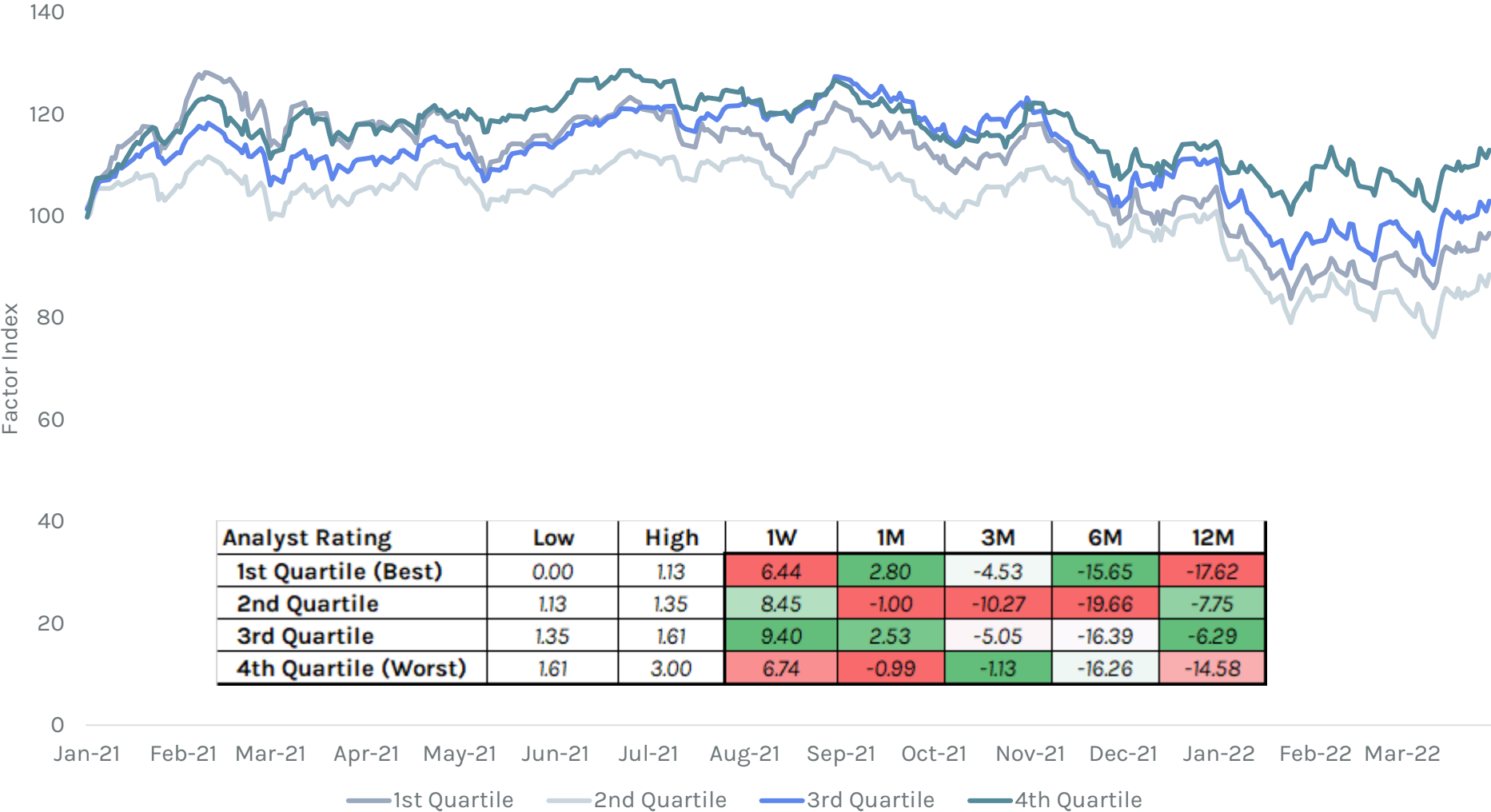
We did notice that the absolute level of EBITDA saw good separation between large and small values, presumably driven by unprofitable TAM stories, although the signal was lost at the EV/Sales level.



Factor Index | Sellside Rating

Sellside Rating a contraindicator in Quad 4

In Quad 4, sellside rating are a contra indicator in most Quads, although it back tests well in Quad 3.

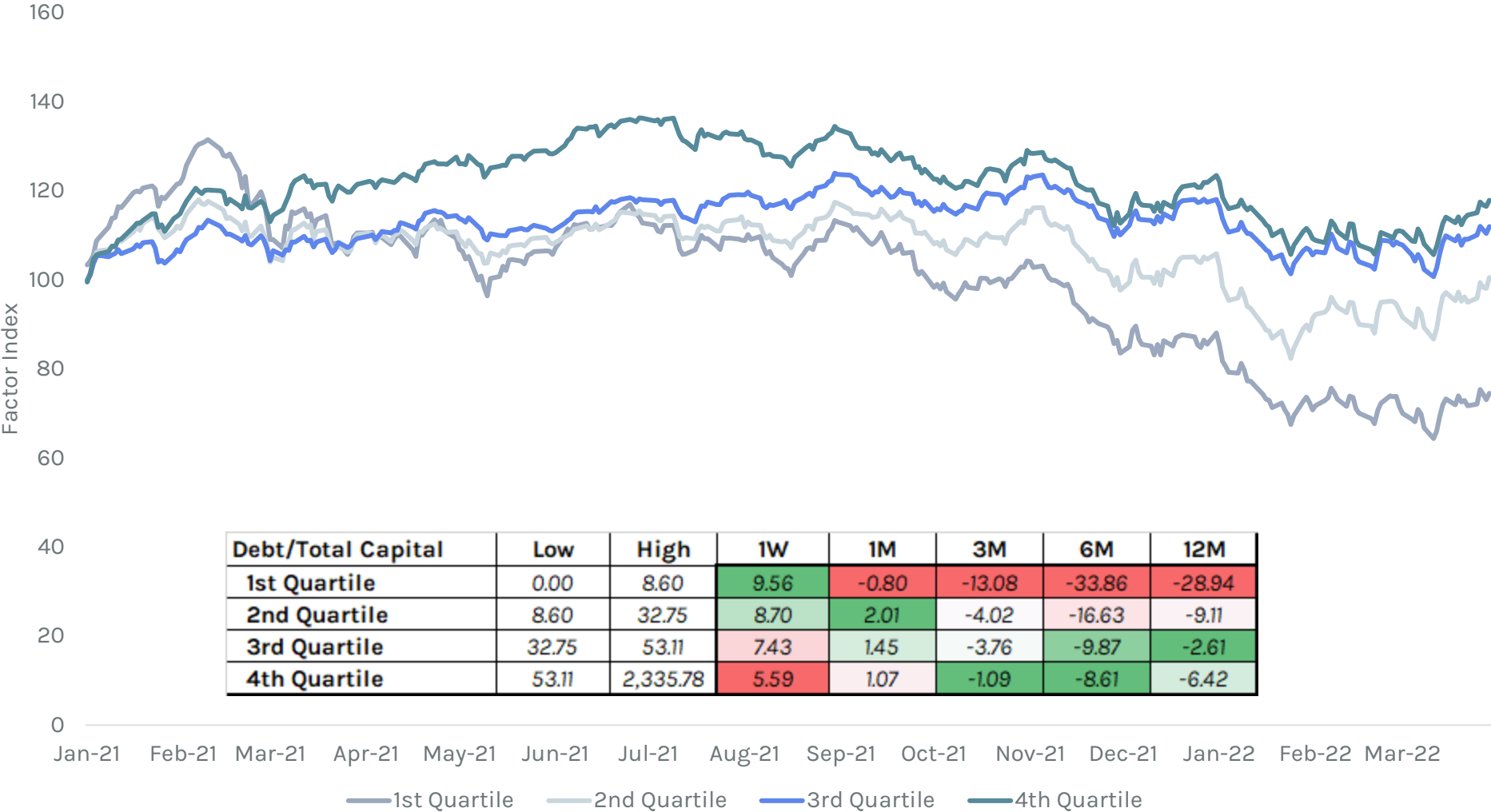


Factor Index | Debt to Total Capital

Debt to Total Capital is the top Factor in Quad 4

Debt to total capital suggests not that debt is a positive, but instead of correlating to low quality, it more likely reflects market cap and access to capital.

Smaller capitalization stocks tend to use equity instead of debt to fund operations particularly for unprofitable growth.



Top 20 List – Quad 4 Longs

A higher Factor Score the individual categories

Each of the categories with the highest effect size in Quad 4 is scored for each ticker. The Factor Effect Size is summed for each category and ranked.

The tickers that rank highly reflect many of the metrics we hear anecdotally in terms of a “quality” and “risk off” type names. We found it interesting that a high absolute level of EBITDA seems to capture the size factor better than market capitalization and enterprise value.

Rank	Ticker	SHORT Interest Days to Cover	Consensus Sales NTM Slope Standardized	Consensus Sales NTM Acceleration Standardized	Consensus EBITDA NTM Absolute Level	Dollar Volume Traded Average	Consensus Sales NTM Slope	EBITDA Growth NTM/LTM	Factor Score
1	BAX	LONG	LONG	LONG	LONG	LONG	LONG		30.12
2	UNH	LONG	LONG	LONG	LONG	LONG	LONG		30.12
3	ILMN	LONG	LONG		LONG	LONG	LONG		24.85
4	PFE	LONG		LONG	LONG	LONG	LONG		24.46
5	CAH	LONG		LONG	LONG	LONG	LONG		24.46
6	MOH	LONG		LONG	LONG	LONG	LONG		24.46
7	RMD	LONG		LONG	LONG	LONG	LONG		24.46
8	TMO	LONG		LONG	LONG	LONG	LONG		24.46
9	MRK	LONG		LONG	LONG	LONG	LONG		24.46
10	CTLT	LONG		LONG	LONG	LONG	LONG		24.46
11	VRTX	LONG		LONG	LONG	LONG	LONG		24.46
12	HZNP	LONG		LONG	LONG	LONG	LONG		24.46
13	UTHR	LONG		LONG	LONG	LONG	LONG		24.46
14	ANTM	LONG		LONG	LONG	LONG	LONG		24.46
15	HCA	LONG		LONG	LONG	LONG	LONG		24.46
16	HUM	LONG		LONG	LONG	LONG	LONG		24.46
17	AMN	LONG		LONG		LONG	LONG	LONG	22.71
18	NVAX	LONG		LONG	LONG	LONG			21.05
19	CYH	LONG	LONG		LONG			LONG	20.43
20	CLOV	LONG		LONG			LONG	LONG	19.19

Top 20 List – Quad 4 Shorts

The top 20 list of shorts is dominated by lesser-known names. The full list includes tickers with a short Factor Score above 10, a threshold we chose based on the batting average and cumulative performance. The threshold extends to 78 names in total.

Many of these names have performed poorly already, but with Quad 4 in play for 2Q22 and likely the remainder of the year.

Rank	Ticker	SHORT Interest Days to Cover	Consensus Sales NTM Slope Standardized	Consensus Sales NTM Acceleration Standardized	Consensus EBITDA NTM Absolute Level	Dollar Volume Traded Average	Consensus Sales NTM Slope	EBITDA Growth NTM/LTM	Factor Score
1	INO	SHORT	SHORT	SHORT	SHORT		SHORT		26.60
2	RIGL	SHORT	SHORT	SHORT	SHORT		SHORT		26.60
3	DNA	SHORT	SHORT	SHORT	SHORT				23.19
4	FOLD	SHORT	SHORT	SHORT	SHORT				23.19
5	NVCR	SHORT	SHORT	SHORT			SHORT		22.34
6	VERV	SHORT		SHORT	SHORT		SHORT		20.93
7	SANA	SHORT		SHORT	SHORT		SHORT		20.93
8	RLAY	SHORT		SHORT	SHORT		SHORT		20.93
9	CLDX	SHORT		SHORT	SHORT		SHORT		20.93
10	XENT	SHORT	SHORT				SHORT	SHORT	19.58
11	AMGN	SHORT	SHORT				SHORT	SHORT	19.58
12	AGL	SHORT	SHORT	SHORT					18.93
13	VCEL	SHORT	SHORT	SHORT					18.93
14	CRSP		SHORT	SHORT	SHORT		SHORT		18.61
15	BLUE		SHORT	SHORT	SHORT		SHORT		18.61
16	RPTX	SHORT			SHORT		SHORT	SHORT	18.17
17	BEAM	SHORT		SHORT	SHORT				17.52
18	ZIOP	SHORT		SHORT	SHORT				17.52
19	TGTX	SHORT		SHORT	SHORT				17.52
20	FATE	SHORT		SHORT	SHORT				17.52

Top Ranked Quad 4 Shorts- Providers, Services, Equipment, Supplies

Top Short Factor Score for Quad 4 outside of Biotech

The shorts in Quad 4 have a lower Factor Score threshold for success, which captures a greater percentage of the universe of names. The top end of the list is dominated by Biotechnology.

We filtered the list for Equipment and Supplies as well as Providers and Services for this table of top ranked Short candidates.

The features are arranged in order left to right and indicated as upper or lower quartile threshold measures. The Effect Size for each category is summed and reranked.

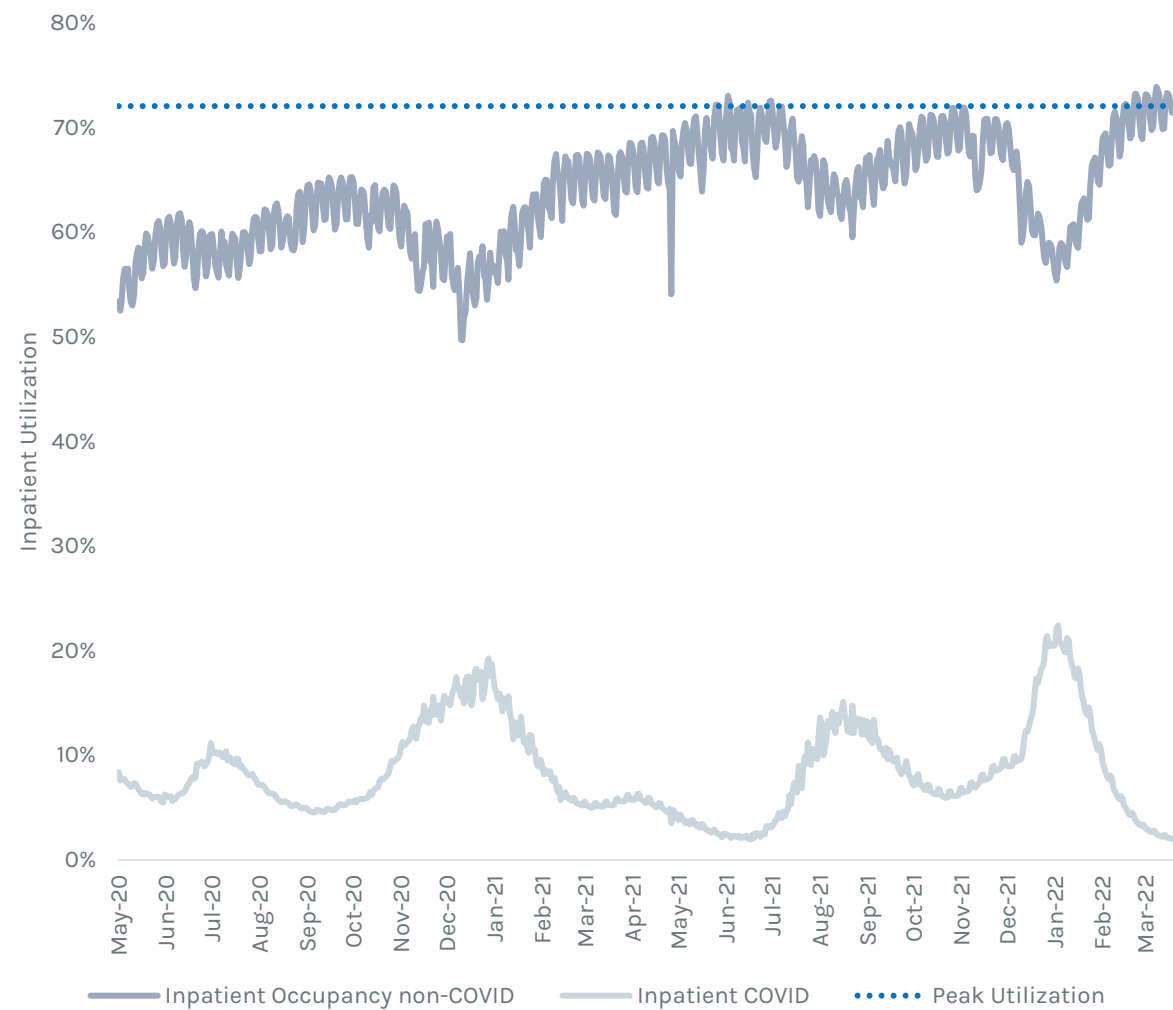
Rank	Ticker	Factor Score	Short Interest Days to Cover - upper quartile	Consensus Sales NTM Slope Standardized - lower quartile	Consensus Sales NTM Acceleration Standardized - upper quartile	Consensus EBITDA NTM Absolute Level - lower quartile	Dollar Volume Traded Average - lower quartile	Consensus Sales NTM Slope - lower quartile	EBITDA Growth NTM/LTM - upper quartile	Industry
1	NVCR	22.34	Short	SHORT	SHORT			SHORT		Health Care Equipment & Supplies
2	CLDX	20.93	Short		SHORT	SHORT		SHORT		Health Care Equipment & Supplies
3	AGL	18.93	Short	SHORT	SHORT					Health Care Providers & Services
4	OM	17.52	Short		SHORT	SHORT				Health Care Equipment & Supplies
5	LMAT	17.06	Short	SHORT				SHORT		Health Care Equipment & Supplies
6	ATRI	16.67	Short		SHORT			SHORT		Health Care Equipment & Supplies
7	ALHC	15.21		SHORT	SHORT	SHORT				Health Care Providers & Services
8	AXNX	15.21		SHORT	SHORT	SHORT				Health Care Equipment & Supplies
9	BLI	15.21		SHORT	SHORT	SHORT				Health Care Providers & Services
10	AMED	14.35		SHORT	SHORT			SHORT		Health Care Providers & Services
11	CSII	14.35		SHORT	SHORT			SHORT		Health Care Equipment & Supplies
12	SRDX	14.35		SHORT	SHORT			SHORT		Health Care Equipment & Supplies
13	AMEH	13.26	Short		SHORT					Health Care Providers & Services
14	LFST	13.26	Short		SHORT					Health Care Providers & Services
15	SDC	12.94			SHORT	SHORT		SHORT		Health Care Providers & Services
16	SIBN	12.94			SHORT	SHORT		SHORT		Health Care Equipment & Supplies
17	BFLY	12.94			SHORT	SHORT		SHORT		Health Care Equipment & Supplies
18	ATEC	12.25	Short			SHORT				Health Care Equipment & Supplies
19	ZBH	11.59		SHORT				SHORT	SHORT	Health Care Equipment & Supplies
20	STE	11.59		SHORT				SHORT	SHORT	Health Care Equipment & Supplies
21	MCK	11.59		SHORT				SHORT	SHORT	Health Care Providers & Services
22	PNTG	11.59		SHORT				SHORT	SHORT	Health Care Providers & Services
23	SPNE	11.51	Short				SHORT			Health Care Equipment & Supplies
24	IART	11.39	Short					SHORT		Health Care Equipment & Supplies
25	VREX	11.39	Short					SHORT		Health Care Equipment & Supplies
26	HNGR	11.39	Short					SHORT		Health Care Providers & Services
28	CANO	10.94		SHORT	SHORT					Health Care Providers & Services
29	OCDX	10.94		SHORT	SHORT					Health Care Equipment & Supplies
30	CMAX	10.50	Short						SHORT	Health Care Providers & Services

We'll add additional analysis and refine and adapt the core process over time...

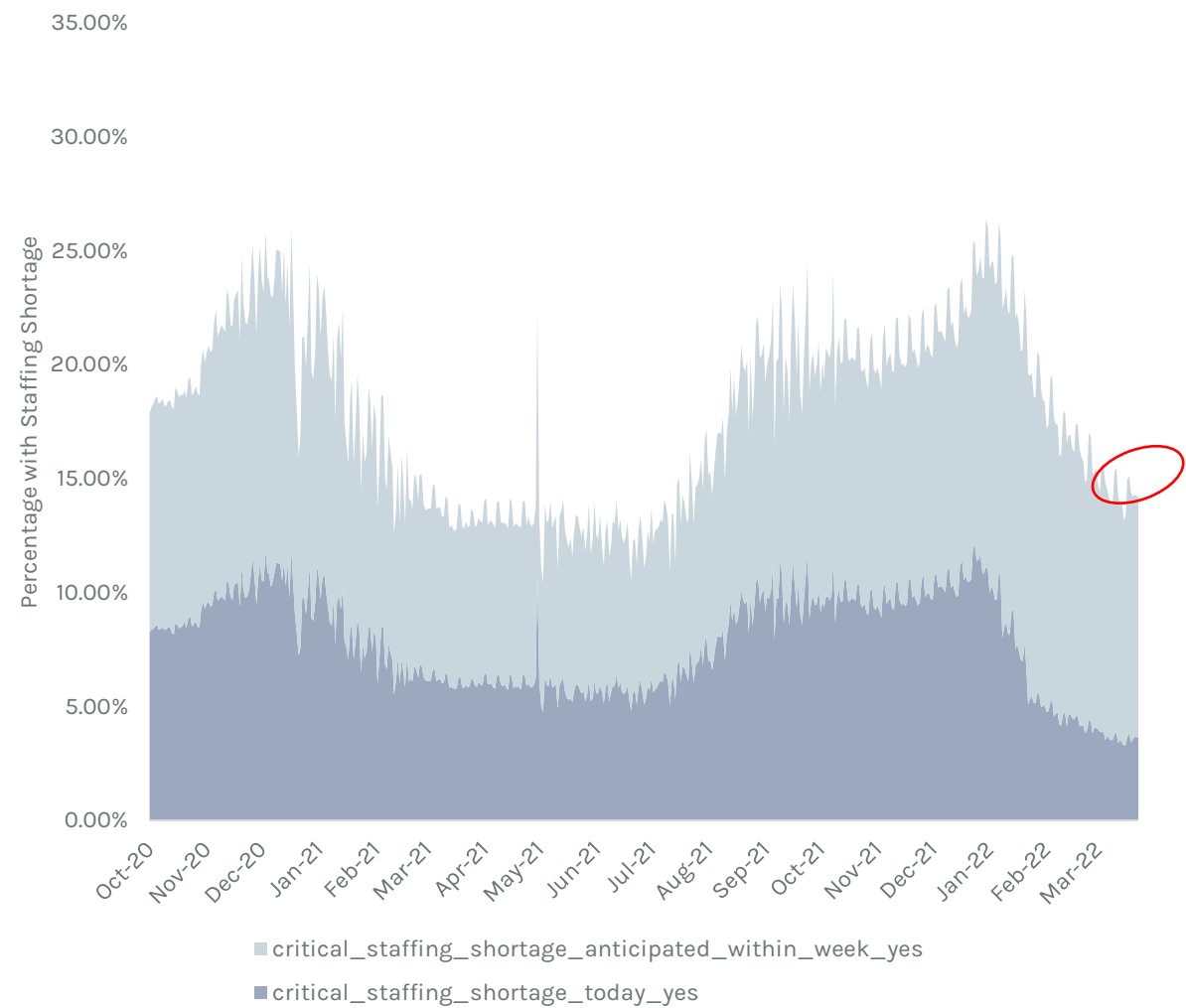
- Rank current Position Monitor names for both short and long Factor Scores
- Update Factor Scores and Factor Index trends weekly to track progress and for signs of a reversal at the aggregate level
- Put top ranked and high probability names into our process funnel for additional fundamental work and a go no-go
- Continue monitoring Factor Index trends for signs of a reversal at the aggregate level
- Create a Quad Price Index with the roster of top-rated longs and shorts
- Position ETFs on the long and short side of our Position Monitor based on the Factor Score stepping out highly ranked longs and shorts for additional fundamental analysis.
- Test additional factors to improve the overall scoring
- Test prior quarter predictions for consistency
- Long PINK, Long XLV, short XBI

Utilization Rising While Wages Dis-inflate?

Hospital occupancy making new highs

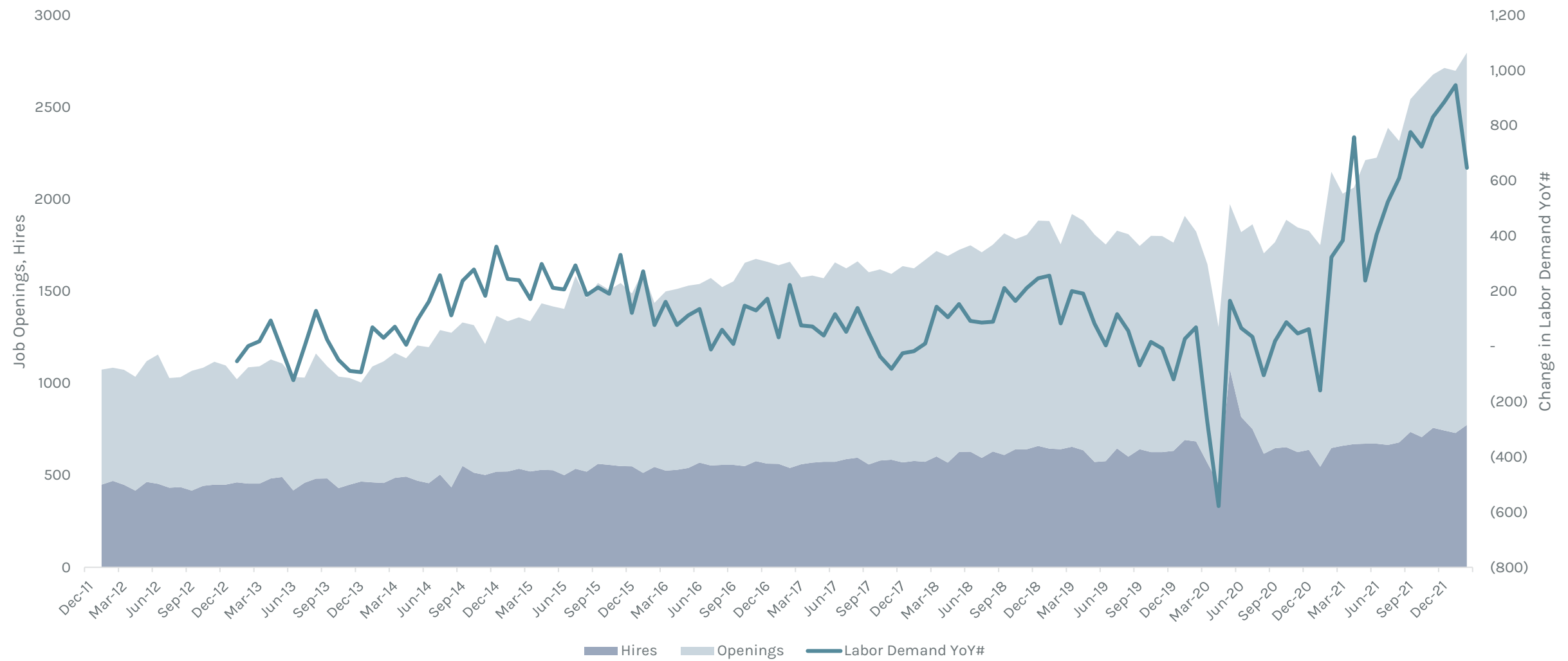


Staffing shortages stable to inflecting



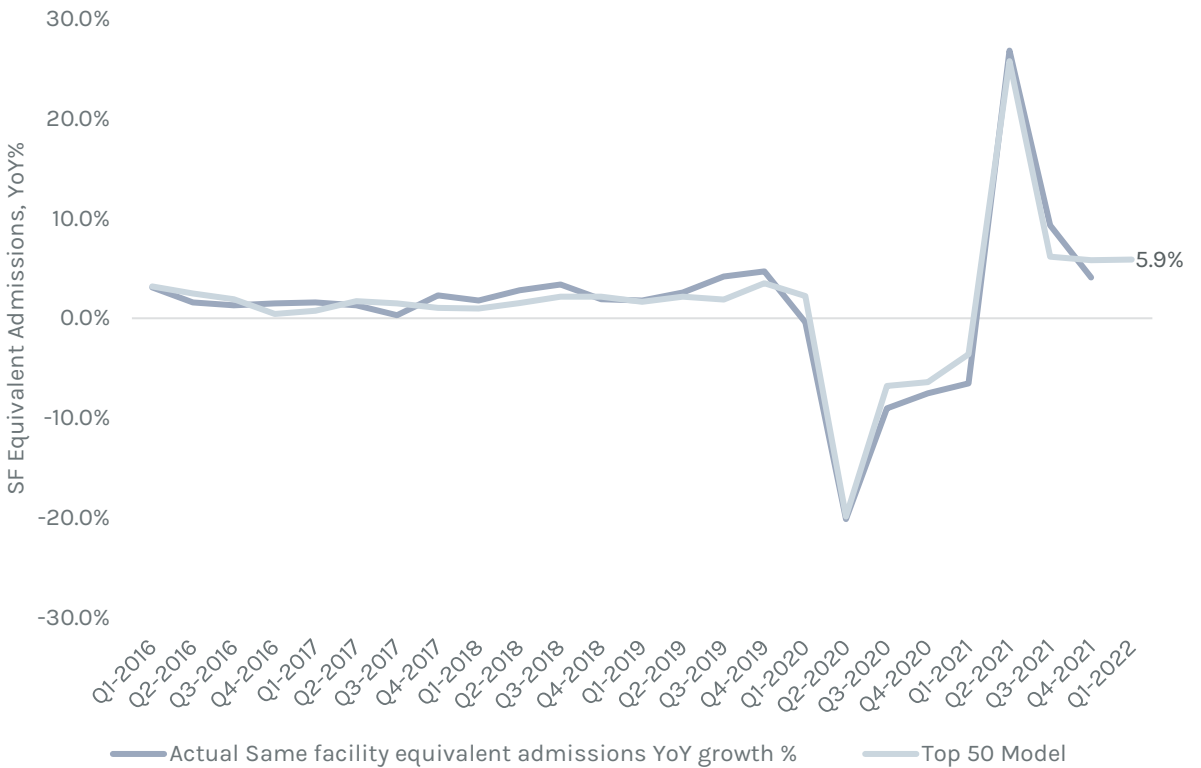
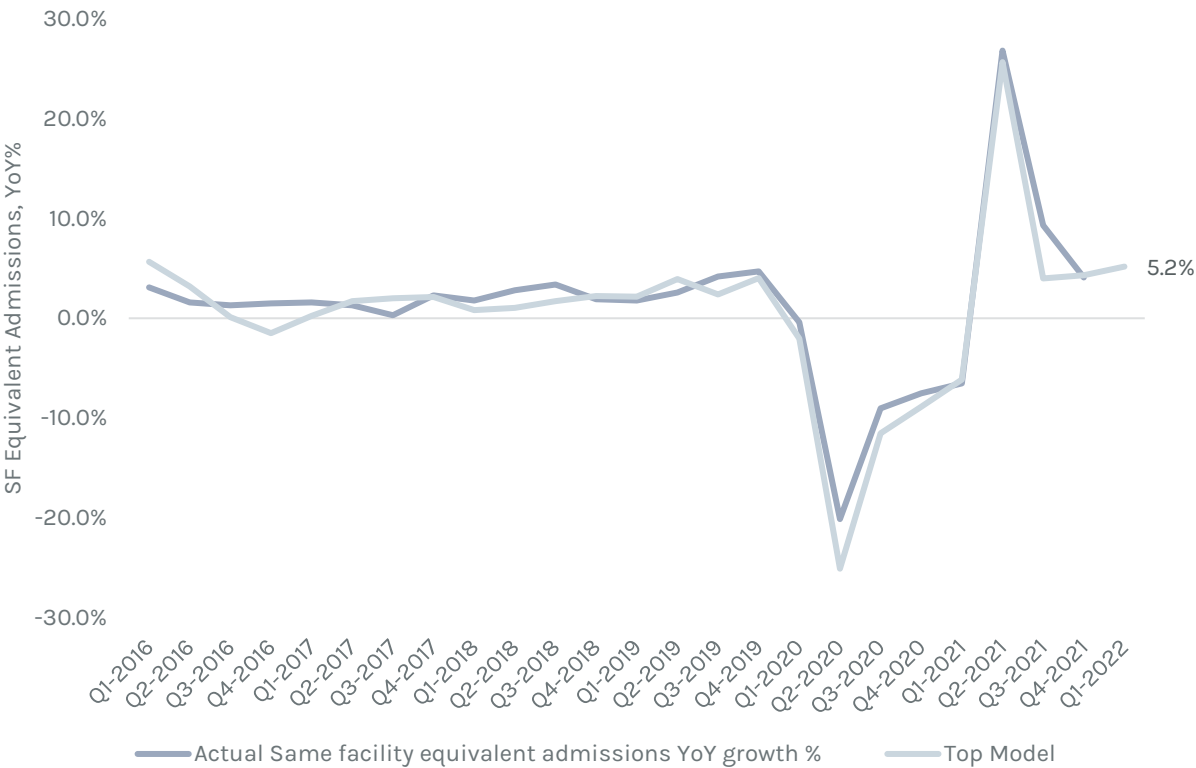
Health Care Labor Demand

2.0M Job Openings make a new high even with a 20-month high for hires



Forecast Algorithm | Actual SF Equivalent Admissions

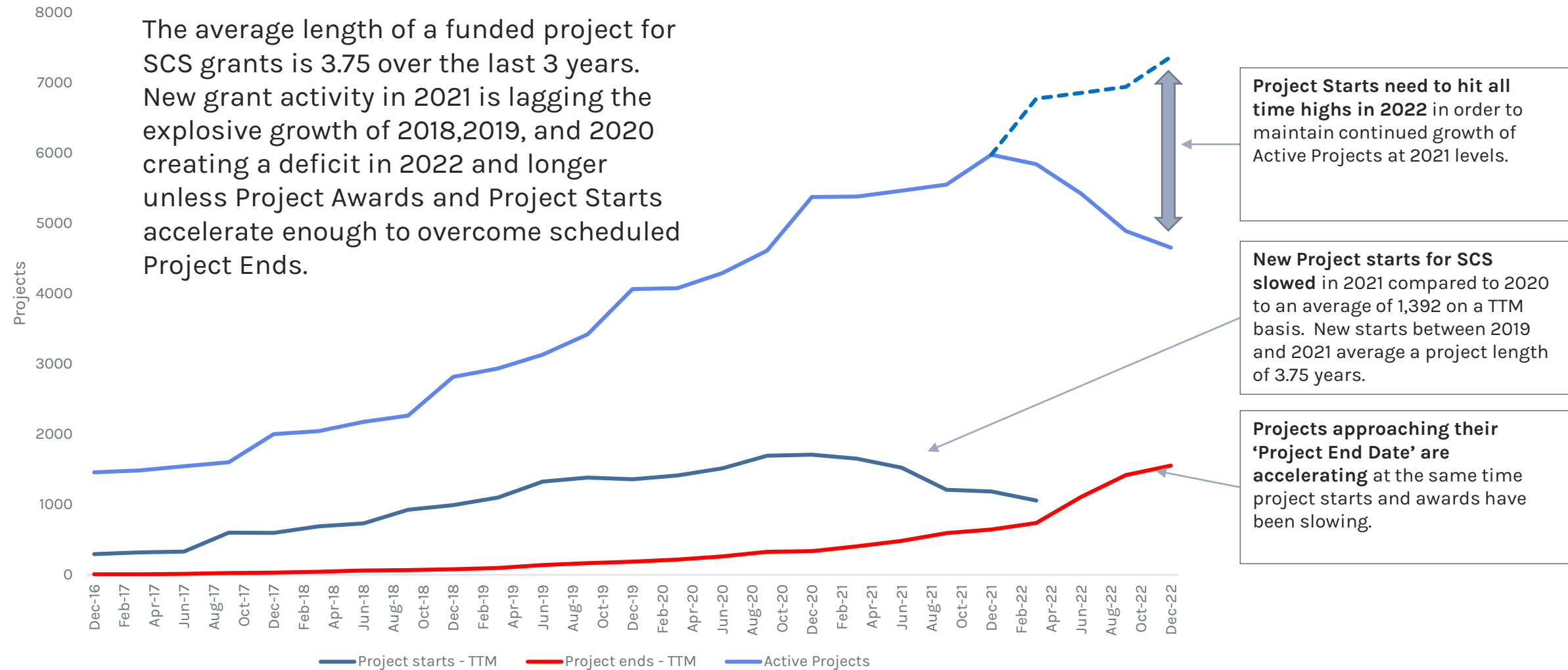
Forecast algorithm expects upside to consensus volume numbers in 1Q22 despite headwinds



Deterred by Omicron- related delays in the return of elective surgeries paired with the current labor shortage across the US Medical Economy, we expected HCA to experience in-line to less than expected volumes. After having run the tool, our Top Model projected 5.2% growth YoY in 1Q22, while the Top 50 Model projected 5.9% growth YoY, versus consensus of 2.5%.

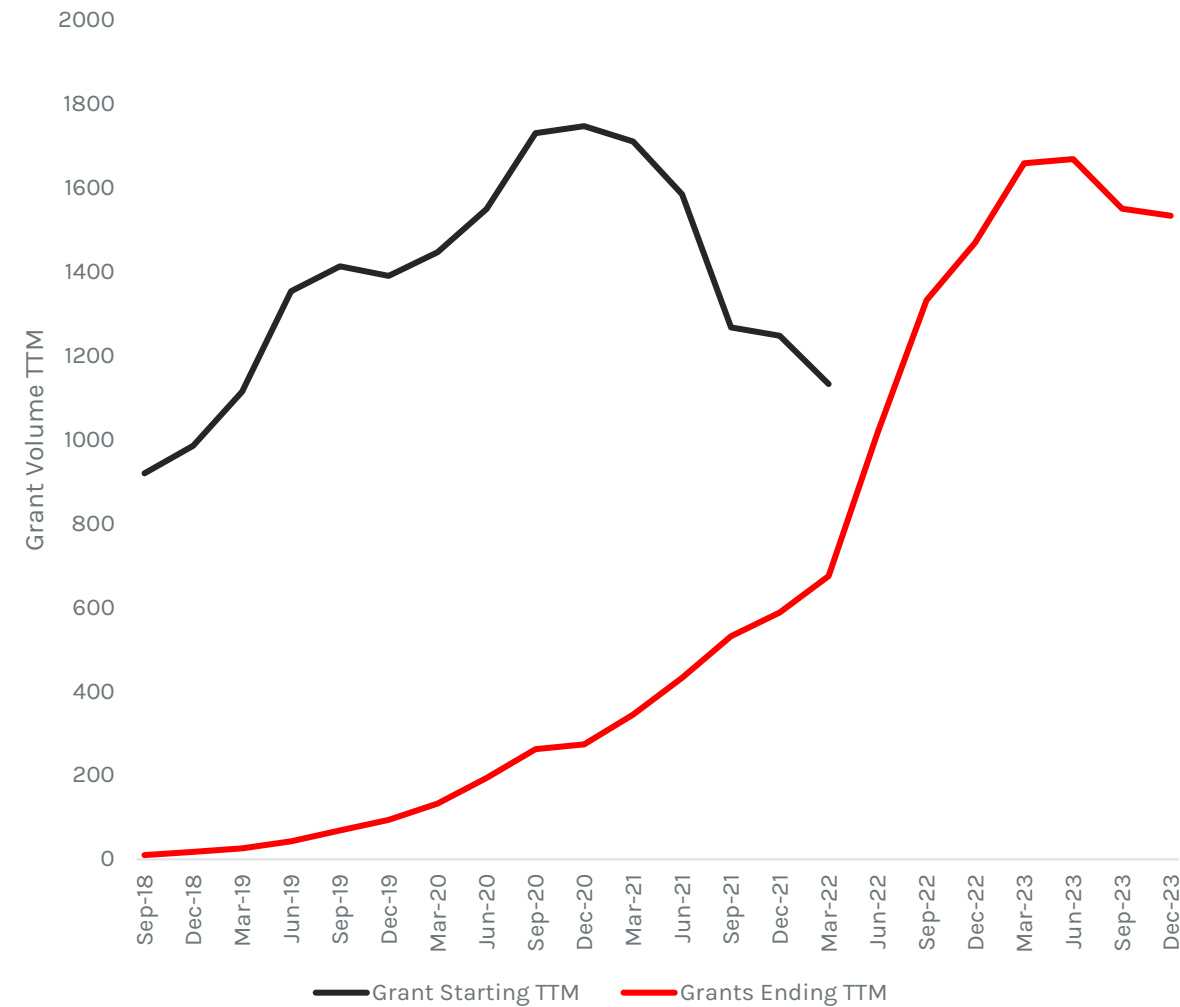
Project Starts Growing Pains

Grant activity slowed in 2020 and 2021 setting up a difficult 2022 and 2023

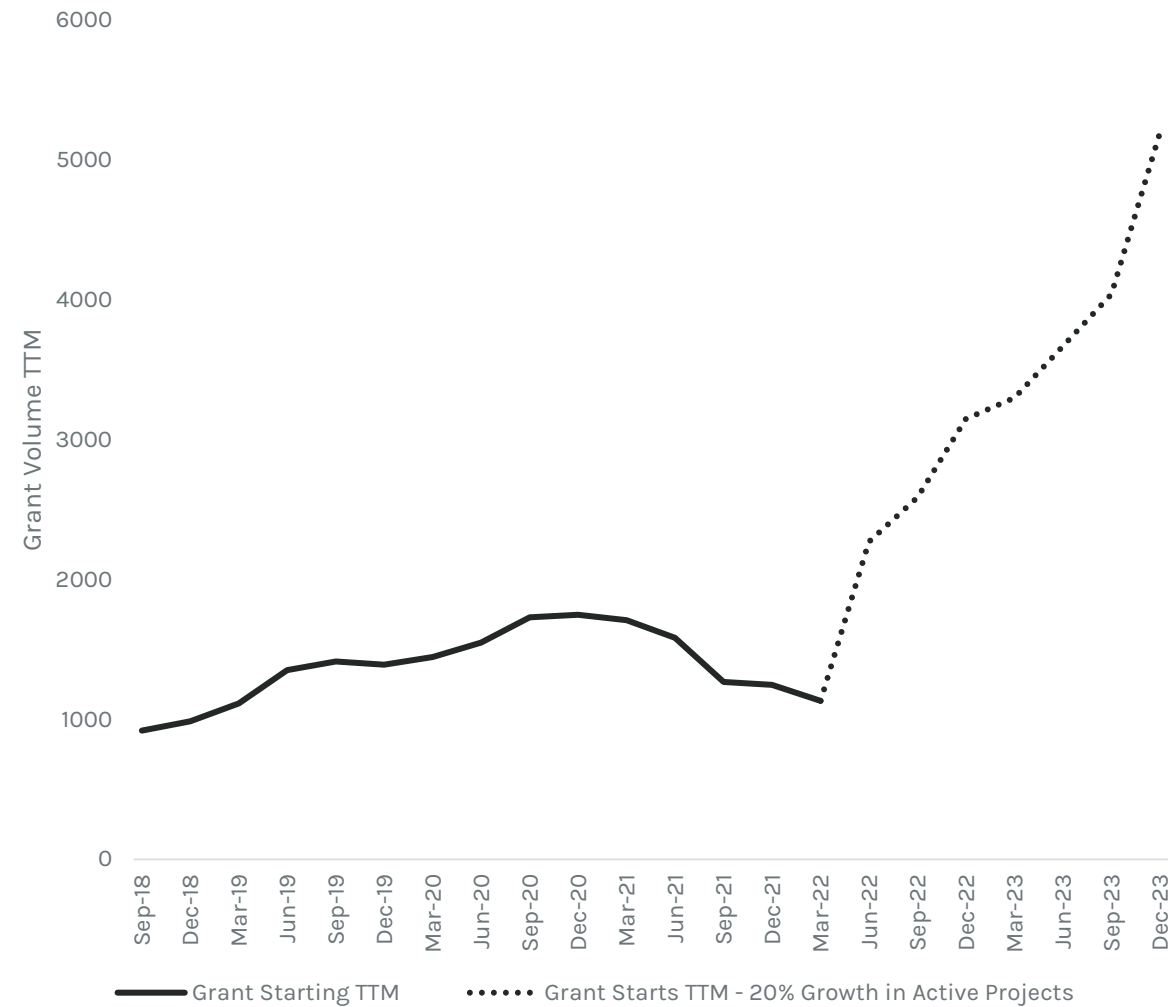


TXG | Grant Volume Needs Massive Reversal

March 2022: Starts slowing into rising expirations

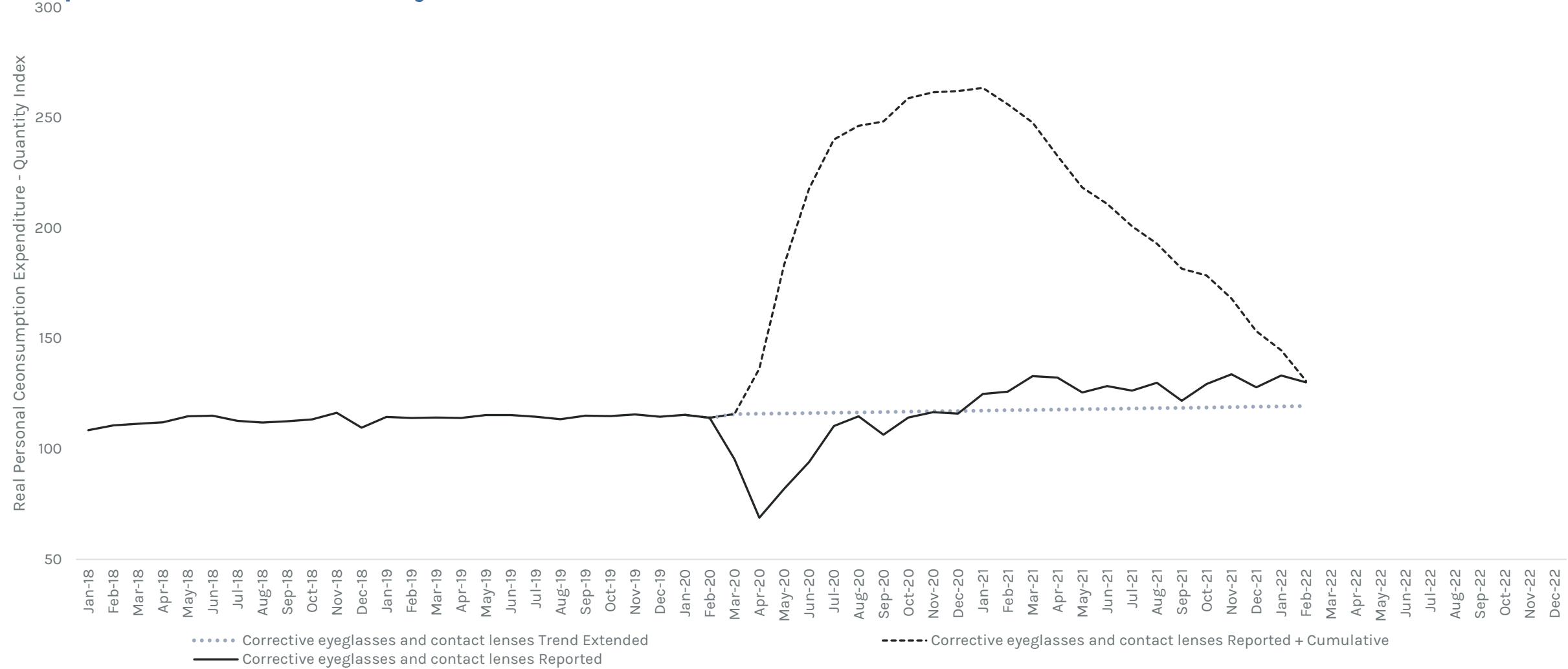


To fill the gap and grow, starts need to look like....



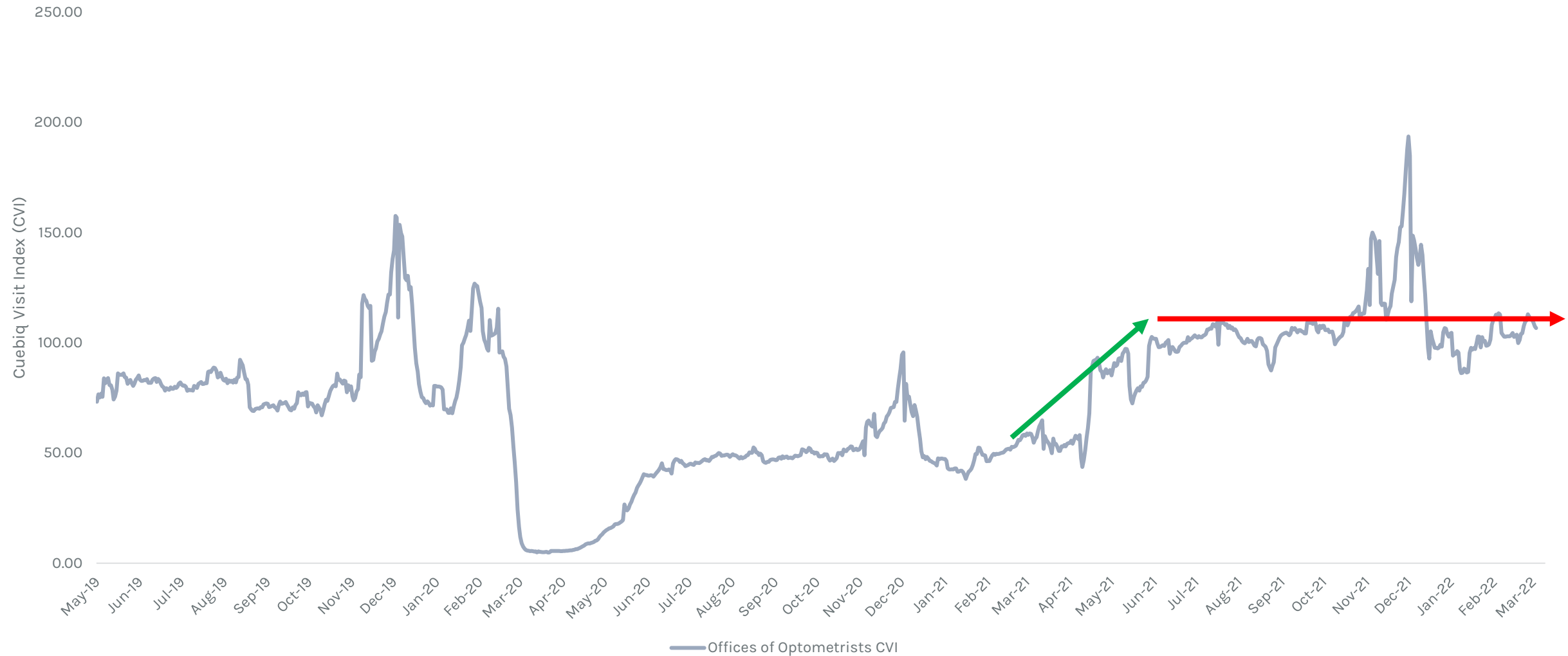
Corrective Eyewear Excess Demand Fading

Pent up demand, the cumulative deficit in the chart, has been worked off setting up difficult compares for 2022 and likely 2023.



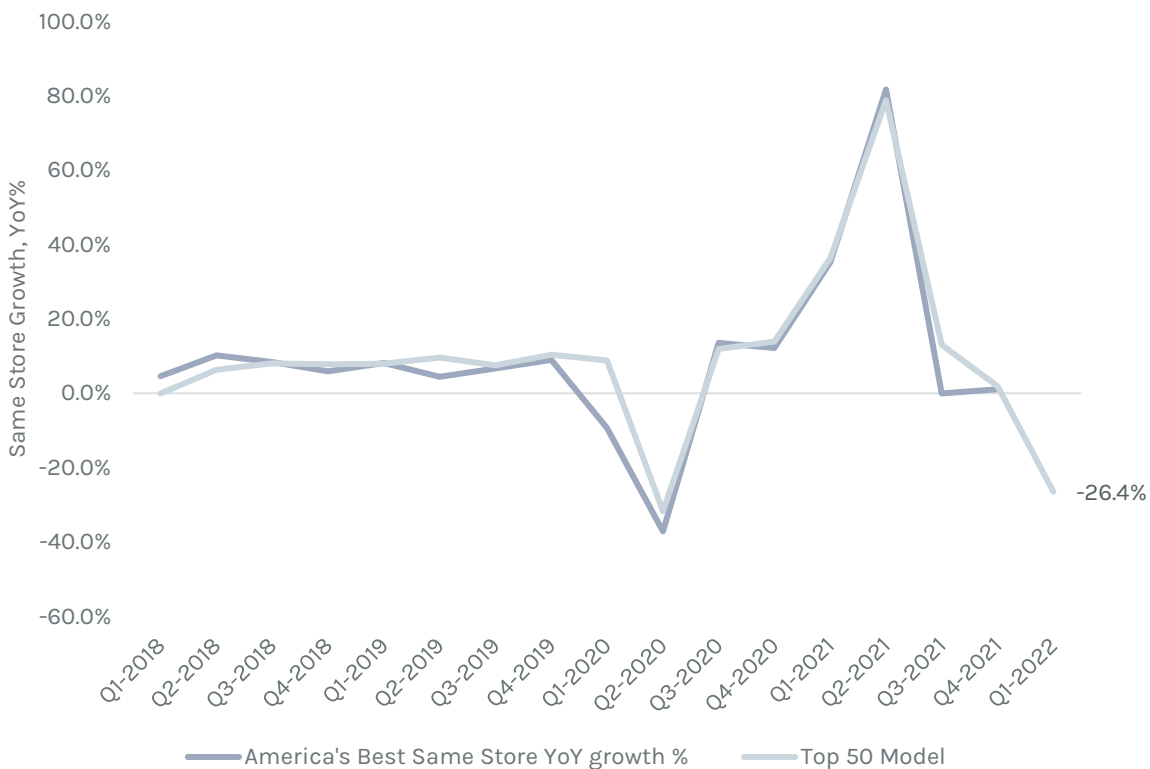
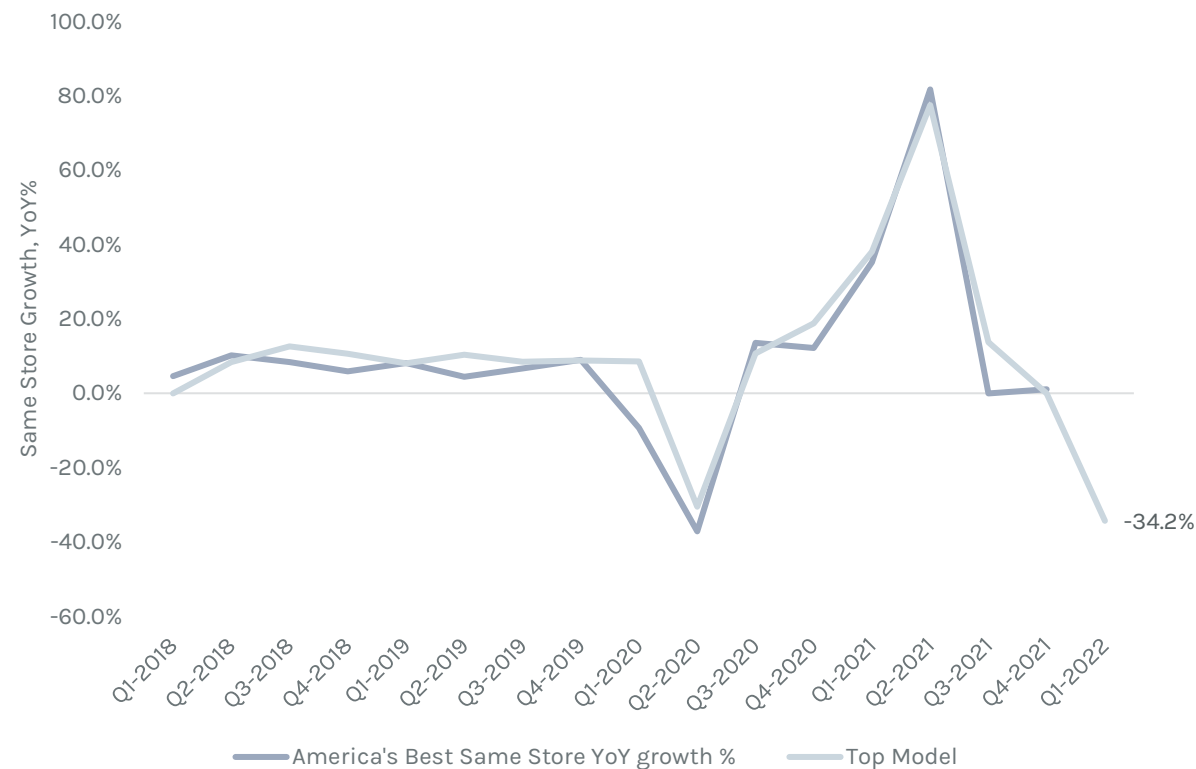
Offices of Optometrists | Recovery Looks Over

Growth peaked 2Q22, 3Q21 leveled off, 4Q21 seasonal surge



Forecast Algorithm | America's Best Same Store Growth, YoY%

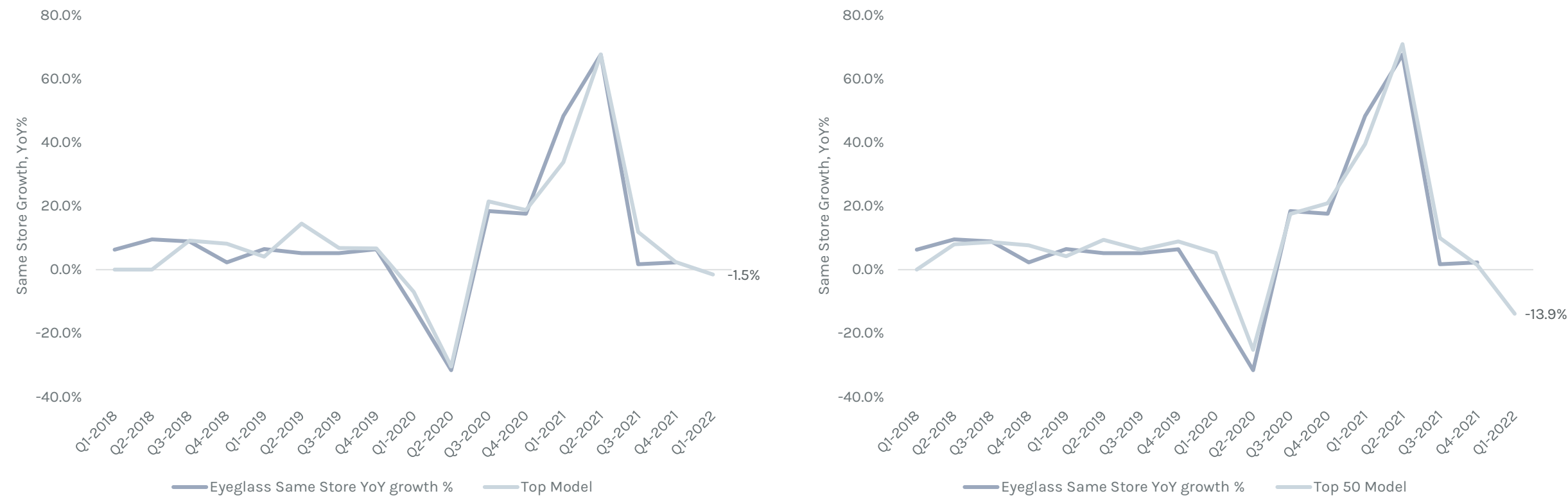
Despite positive price momentum in past month, model projects same store deterioration



After the most recent update of our Forecast Algorithm, we will be moving EYE to an active short. The results for the largest piece of EYE’s business, America’s Best, included a significant portion of double-digit negative outcomes. Specifically, our Top Model projected -34.2% YoY in 1Q22, while the Top 50 Model projected -26.4% YoY.

Forecast Algorithm | Eyeglass World Same Store Growth, YoY%

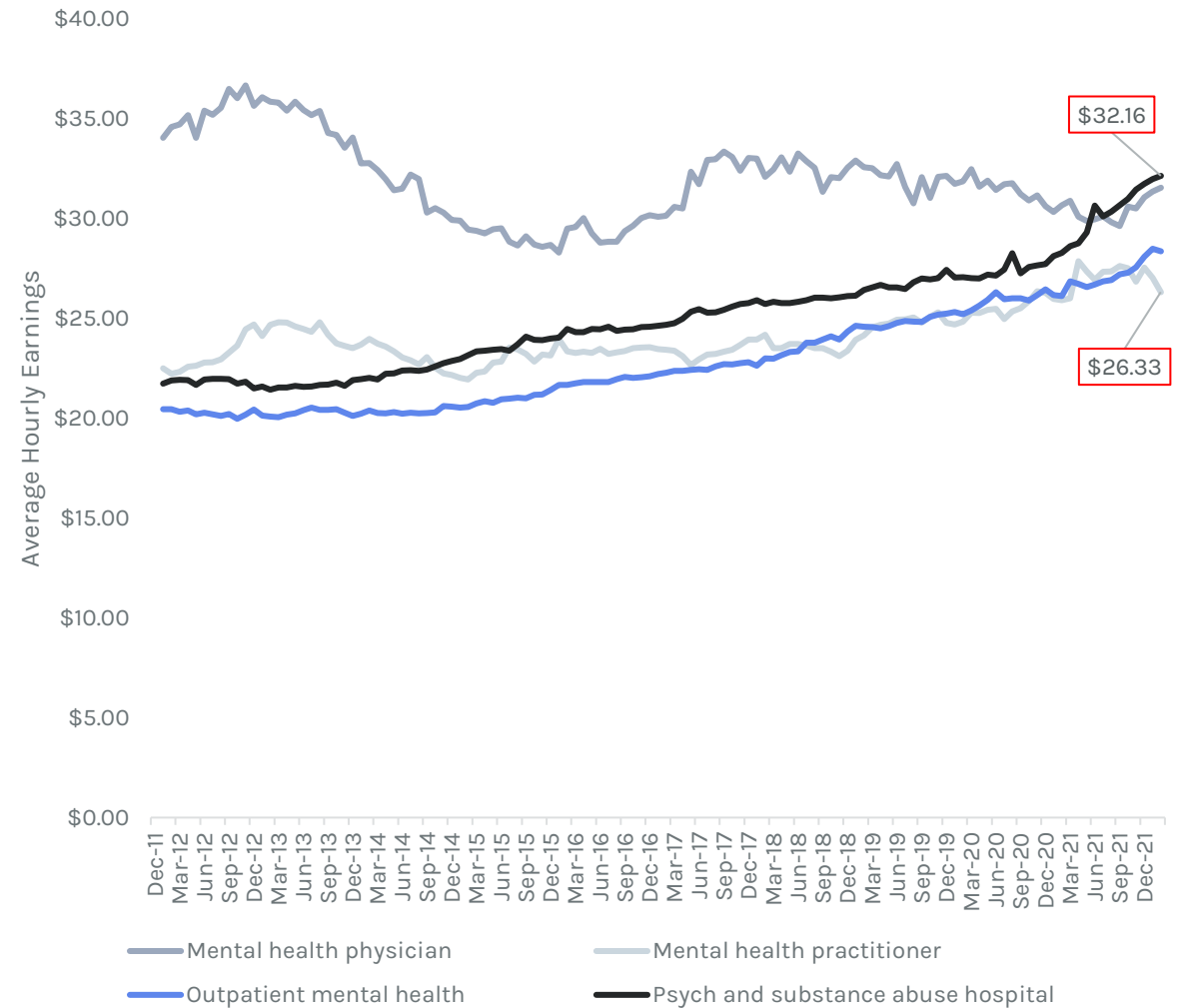
Despite positive price momentum in past month, model projects same store deterioration



Similarly, the Forecast Algorithm for EYE’s second largest business line, Eyeglass World, shared in the dismal outlook. Our Top Model projected -1.5% YoY in 1Q22, while the Top 50 Model projected -13.9% YoY.

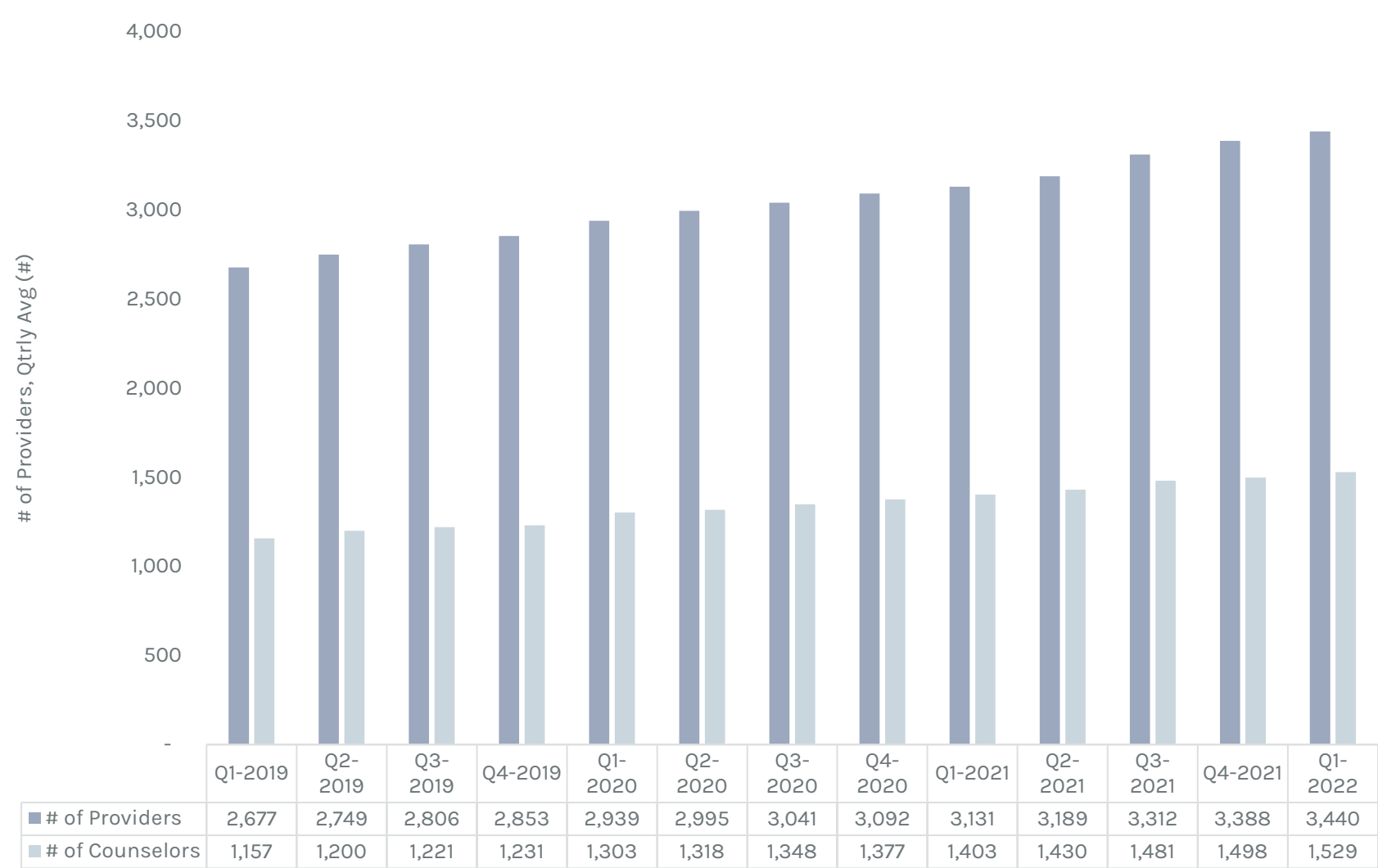
HEDGEYE

Wages continue to climb for inpatient



Counselors are Key to Supporting Incremental Demand

From the taxonomy codes listed, some variation of a counselor made up 44% of total hiring



At the JPM HC Conference, ACHC laid out a plan to add over 1,300 beds to their existing number of ~10,500 through 8 joint ventures and the acquisition of CentrePoint in Missouri.

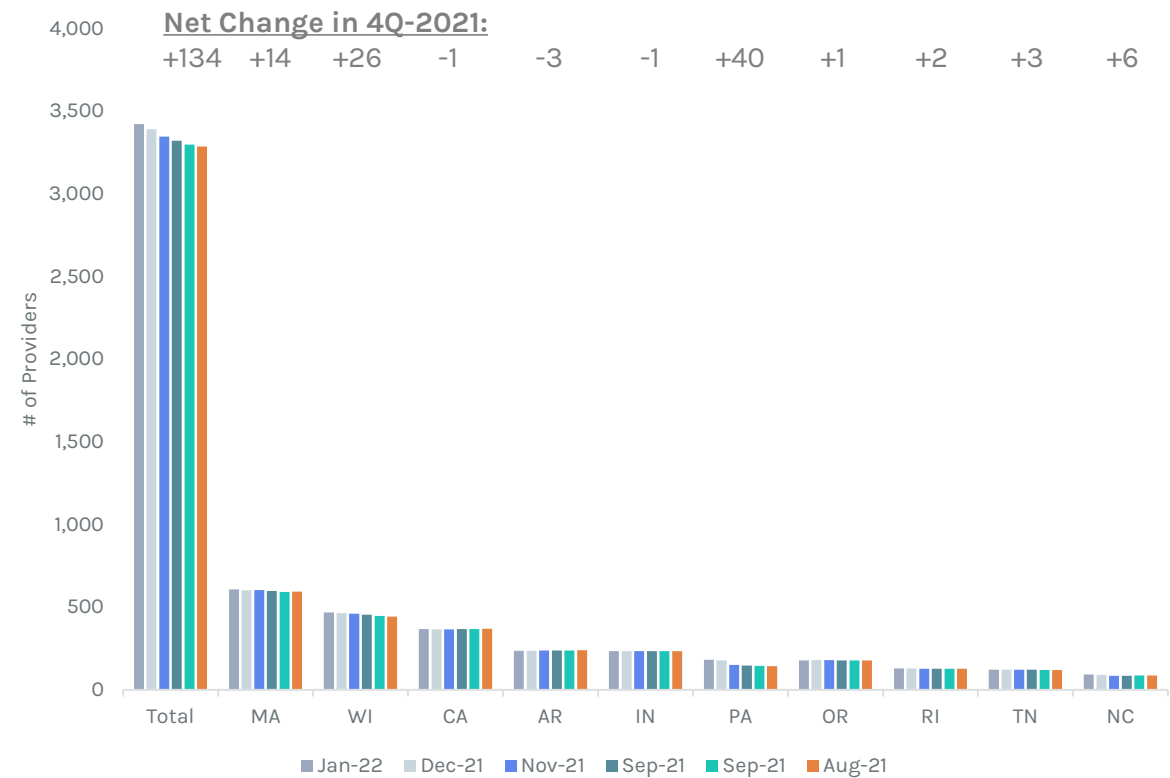
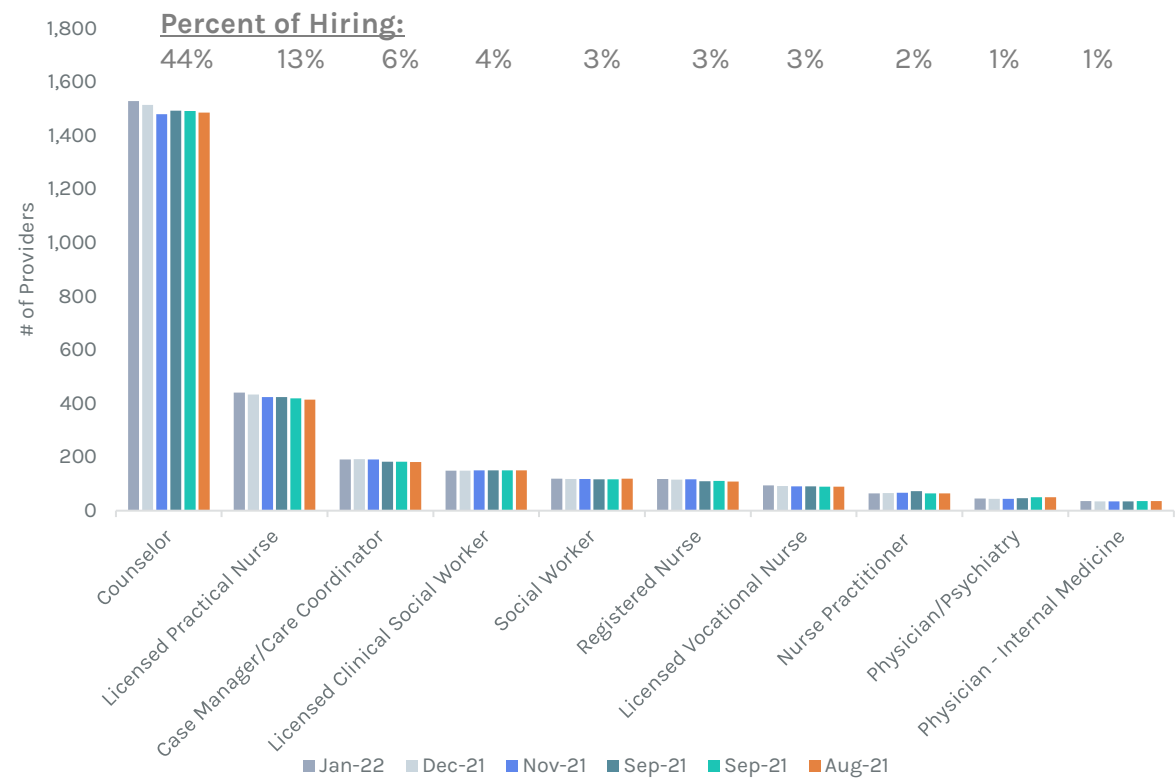
Our tracker should give us premium insights into the rate and staff shortages they are experiencing in these markets.

Additionally, the progression of total providers and specifically counselors over time should allow us to create a strong proxy for volume given the company's historically disciplined hiring process.

Utilizing 10,500 beds from their presentation and 3,440 employees from our data, the company has maintained its historical range of roughly 3 beds per provider.

Facilities Tracker Shows Hiring by Type and State

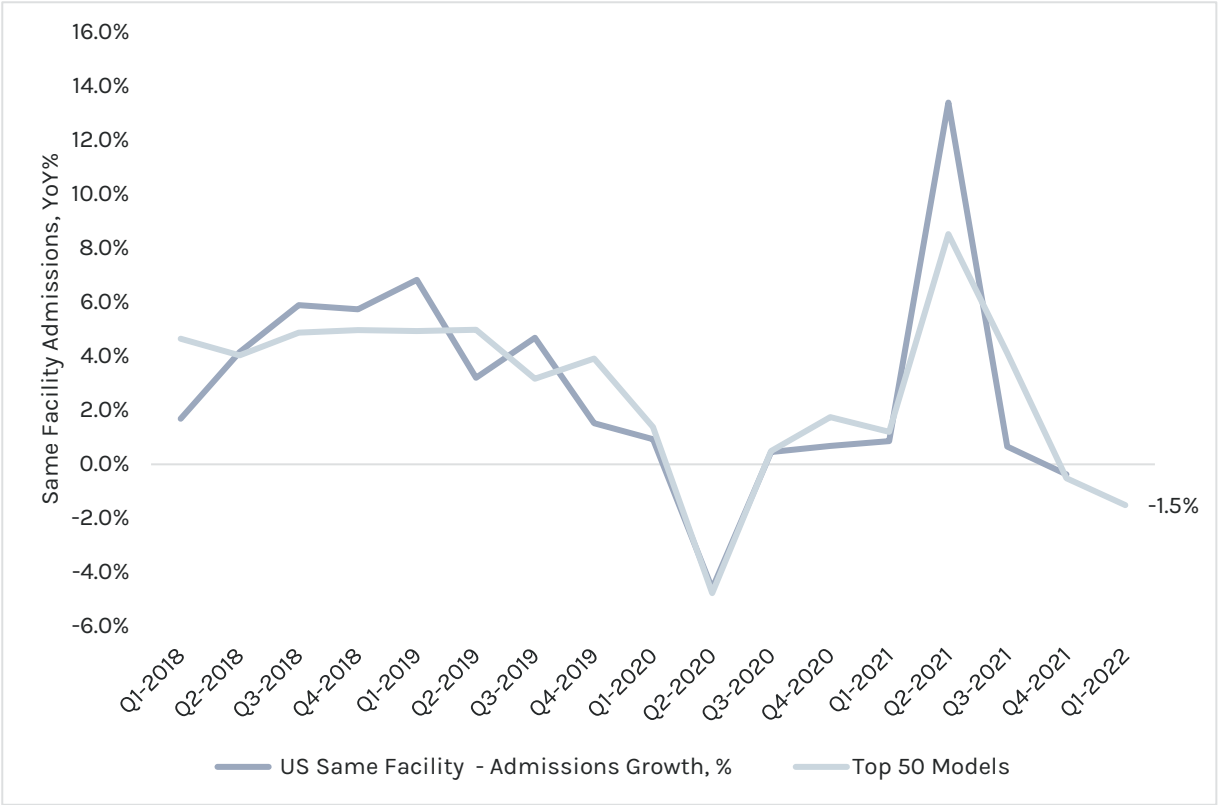
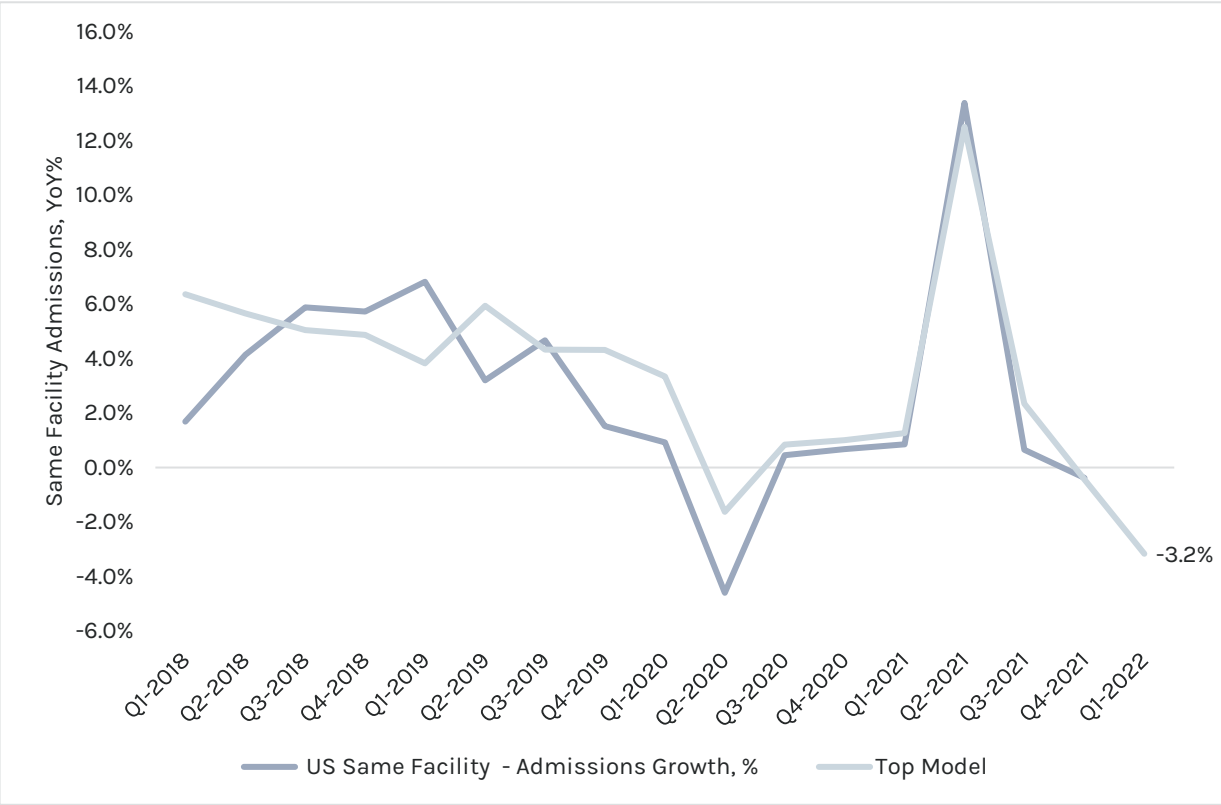
Additional granularity from our Facilities Tracker feeds into our model assumptions



Given management’s expectation to ramp the existing Tower Behavior Health Facility to 144 beds and the estimated open date of a 192-bed facility in conjunction with Geisinger Health, we believe the tracker is correct in finding the largest number of net additions for 4Q 2021 in Pennsylvania. Massachusetts, Wisconsin, and California are also large markets for ACHC.

Forecast Algorithm | US Same Facility Admissions

Model expects flat to negative results for ACHC's same facility admissions in 1Q22

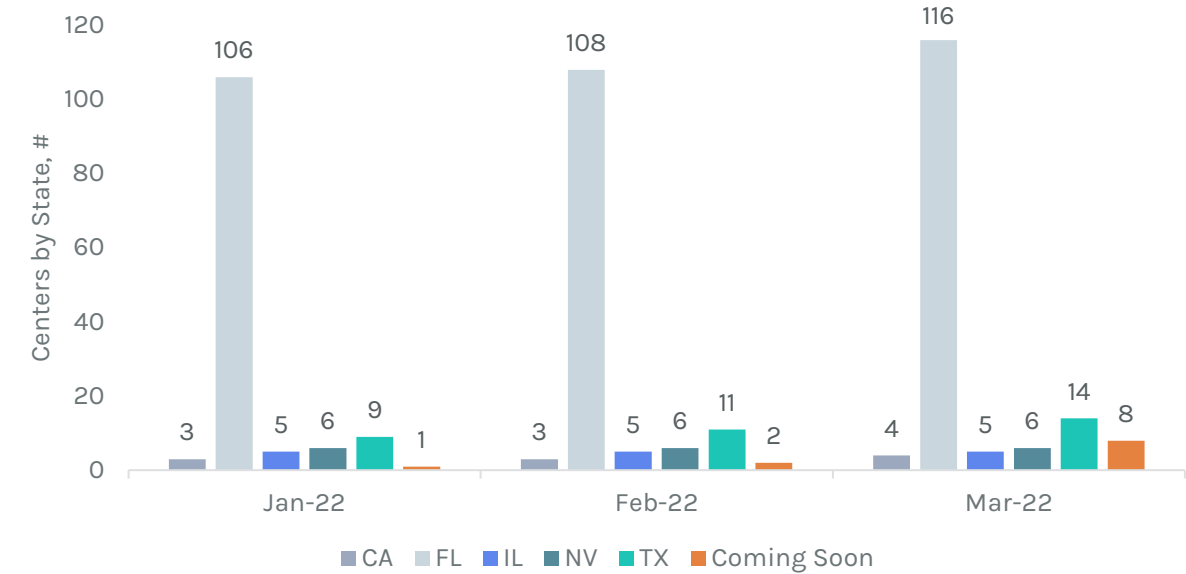


When we updated our forecast algorithm for ACHC's US Same Facility Admissions in 1Q22, the model expects another quarter of negative results. Our Top Model expects -3.2% growth YoY, while our Top 50 Model forecasts -1.5% YoY. These results have worsened since our last update.

CANO | Locations Tracker

Center Openings look to be on track for 1Q22; tracker will help to keep in focus

Centers	May-21	Jul-21	Aug-21	Sep-21	Sep-21	Nov-21	Jan-22	Feb-22	Mar-22
Opened		20	35	1	0	9	5	4	12
Closed	9	5	2	0	0	0	1	0	0
Total Centers, EoP	70	85	115	116	116	125	129	133	145
Coming Soon	1	1	2	0	0	2	1	2	8



Centers	May-21	Jul-21	Aug-21	Sep-21	Sep-21	Nov-21	Jan-22	Feb-22	Mar-22
CA	0	0	0	0	0	0	3	3	4
Active	0	0	0	0	0	0	3	3	4
Closed	0	0	0	0	0	0	0	0	0
Coming Soon	0	0	0	0	0	0	0	0	0
FL	63	77	102	103	103	107	106	108	116
Active	70	88	113	114	114	118	118	120	128
Closed	7	11	11	11	11	11	12	12	12
Coming Soon	1	2	3	3	3	4	4	4	10
IL	1	1	1	1	1	4	5	5	5
Active	1	1	1	1	1	4	5	5	5
Closed	0	0	0	0	0	0	0	0	0
Coming Soon	0	0	0	0	0	1	1	1	1
NV	1	2	4	4	4	6	6	6	6
Active	2	4	6	6	6	8	8	8	8
Closed	1	2	2	2	2	2	2	2	2
Coming Soon	0	0	0	0	0	0	0	0	0
TX	5	5	8	8	8	8	9	11	14
Active	6	6	11	11	11	11	12	14	17
Closed	1	1	3	3	3	3	3	3	3
Coming Soon	0	0	0	0	0	0	1	3	5
Total Centers	70	85	115	116	116	125	129	133	145
Coming Soon	1	2	3	3	3	5	6	8	16

From what we can see so far, CANO looks to have successfully opened 15 centers in 1Q22, keeping them on track with their original guidance from 4Q21 Earnings. We can also see that management has chosen TX as a key state for early expansion while building up their number of “coming soon” centers nationally.

CANO | Provider Tracker

HEDGEYE

MD Counts are growing alongside centers; not as exposed to wage inflation as others

	Jan-19	Feb-19	Mar-19	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Sep-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Active	149	149	149	186	191	200	203	207	207	211	213	215	218	218	221	221	228	231	231	233	237
Active - New		1	1	5	10	3	4	2	4	2	5	3	2	5	4	8	3	1	2	5	8
Inactive		1	0	0	1	0	0	2	0	0	3	0	2	2	4	1	0	1	0	1	1
Total - End	149	149	150	191	200	203	207	207	211	213	215	218	218	221	221	228	231	231	233	237	244

	Jan-19	Feb-19	Mar-19	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Sep-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Total - Beginning	111	111	111	156	159	167	170	172	174	178	180	185	187	189	192	194	202	203	204	205	207
Internal Medicine	37	0	0	0	4	1	1	0	0	1	2	0	1	1	0	0	0	0	0	0	1
Family Nurse Practitioner	18	0	0	2	0	1	0	1	1	1	1	0	1	1	1	3	0	1	0	1	4
General Practice	17	0	0	1	2	0	0	0	0	0	1	1	0	0	0	2	0	0	1	1	1
Family Medicine	16	0	0	0	1	0	1	0	1	0	0	0	0	1	1	2	1	0	0	0	0
Pediatrics	8	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Physician Assistant	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Physician Assistant	6	0	0	0	1	0	0	1	1	0	1	1	0	0	0	0	0	0	0	0	0
Nurse Practitioner	2	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	2
Total - End	111	111	111	159	167	170	172	174	178	180	185	187	189	192	194	202	203	204	205	207	215

Total MD Count	78	78	78	104	111	113	115	115	116	117	120	121	122	124	125	129	130	130	131	132	134
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*See underlying workbook for full dataset from all dates.

*Above table shows 1Q19, 4Q20 to Current.

Although not able to define as specific ratios for volume-to-staffing as we have in the past, these trackers have worked as effective internal catalysts in the path for monitoring new hires and attrition. CANO is not as exposed to nurse staffing shortages and labor inflation as the majority of their staff is not in nursing.

CANO | Locations & Provider Tracker in Model

The results from our trackers will inform the model and help forecast results

	365	366	90	91	92	92	365	90	91	92	92	365	365
	FY2019	FY2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	FY2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	FY2022	FY2023
Locations & Provider Tracker													
Medicare PMPM, \$	\$752.9	\$1,054.6	\$972.2	\$849.2	\$1,163.7	\$1,084.4	\$1,108.3	\$1,229.6	\$1,247.9	\$1,355.7	\$1,280.0	\$1,371.8	\$1,351.6
Medicaid PMPM, \$	\$498.4	\$682.4	\$590.2	\$578.5	\$264.6	\$254.1	\$356.8	\$259.4	\$259.4	\$259.4	\$259.4	\$278.1	\$268.2
ACA PMPM, \$		\$20.7	\$43.8	\$14.2	\$47.8	\$37.8	\$40.1	\$35.6	\$16.0	\$40.5	\$26.0	\$31.6	\$30.5
Providers, EoP			211	218	221	231	231	244	269	294	320	320	421
Month 1			207	213	218	228		233					
Month 2			207	215	221	231		237					
Month 3			211	218	221	231		244					
Weighted Average Providers			208	215	220	230		236					
Revenue per Average Provider, \$000s			\$1,280.4	\$1,556.5	\$2,195.6	\$2,060.1		\$2,570.1					
Members per Average Provider, #			562.90	727.45	959.74	989.13		1105.15					
Centers, EoP					116	130	130	145	160	175	190	190	250
Month 1					85	116		129					
Month 2					115	125		133					
Month 3					116	130		145					
Weighted Average Centers					100	121		133					
Providers per Center, #					1.91	1.78		1.68	1.68	1.68	1.68		
Members per Center, 000s					1,816.1	1,746.2		1,800.0	1,700.0	1,600.0	1,500.0		
Revenue per Center, \$000s					\$4,154.6	\$3,636.8		\$4,186.0	\$3,955.3	\$4,043.8	\$3,608.4		
MD Providers - Actual, EoP			178	187	194	204		215	237	259	282		
MD Provider, % of Total			84%	86%	88%	88%		88%	88%	88%	88%		
MD Providers - Estimated, EoP			421	442	459	482		508	561	613	666		
Tracker % of Total			58%	58%	58%	58%		58%	58%	58%	58%		
Available appointments per day per provider			15	15	15	15		15	15	15	15		
Days in period			90	91	92	92		90	91	92	92		
Weeks in period			13	13	13	13		13	13	13	13		
Holidays			3	2	2	4		3	2	2	4		
Workdays			61	63	64	62		61	63	64	62		
Visits per period per provider			919	945	956	926		919	945	956	926		
Total visits, 000s visits			386.8	417.7	438.2	446.4		467.2	529.9	586.2	616.4		

CANO | Revenue Forecast & Sensitivity Table

	365	366	90	91	92	92	365	90	91	92	92	365	365
	FY2019	FY2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	FY2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	FY2022	FY2023
Total Revenue													
Medicare revenue, mm	282.8	670.4	220.2	285.0	419.2	409.9	1334.3	534.4	565.2	632.1	607.5	2339.1	2970.9
Medicaid revenue, mm	61.1	120.9	38.6	43.7	50.7	50.7	183.7	59.5	62.0	63.8	65.0	250.3	311.1
ACA revenue, mm	0.0	2.9	2.6	0.8	3.8	3.9	11.1	4.2	2.0	5.2	3.4	14.8	18.4
Capitated revenue, mm	343.9	794.2	261.4	329.5	473.8	464.5	1529.1	598.1	629.2	701.1	675.8	2604.2	3300.4
Fee-for-service revenue, mm	1.5	9.5	4.5	4.4	8.2	8.3	25.4	8.8	3.7	6.6	9.8	28.9	40.1
Pharmacy revenue, mm	4.7	23.1	7.3	8.2	10.1	10.7	36.3	12.3	12.8	13.2	13.4	51.7	64.3
Other revenue, mm	0.5	2.6	1.4	1.5	6.9	8.8	18.6	2.6	1.7	5.6	7.0	16.9	27.1
Fee-for-service and other revenue, mm	6.6	35.2	13.2	14.1	25.2	27.7	80.2	23.7	18.2	25.4	30.2	97.5	131.5
Total revenue, mm	350.5	829.4	274.6	343.6	498.9	492.3	1609.4	621.8	647.4	726.4	706.0	2701.6	3431.8
Consensus Revenue, mm								653.0	684.5	722.4	737.8	2810.8	3599.3
Delta, %								-5%	-5%	1%	-4%	-4%	-5%
Centers & Membership													
De Novo Medical Centers, BoP	19	35	71	72	90	113	71	130	145	160	175	130	190
Change in De Novo Medical Centers	16	36	1	18	23	17	59	15	15	15	15	60	60
De Novo Medical Centers, EoP	35	71	72	90	113	130	130	145	160	175	190	190	250
De Novo Medical Centers, Average	27	53	71.5	81	101.5	122	101	137.5	152.5	167.5	183	160	220
Medicare members, 000s of members	31.3	74.6	75.5	111.9	120.1	126.0	126.0	144.9	151.0	155.4	158.2	158.2	208.1
Medicaid members, 000s of members	10.2	19.3	21.8	25.2	63.9	66.5	66.5	76.5	79.7	82.0	83.5	83.5	109.9
ACA members, 000s of members		11.7	19.6	19.0	26.7	34.5	34.5	39.7	41.3	42.6	43.3	43.3	57.0
Total members by organizations, 000s of members	41.5	105.7	116.9	156.0	210.7	227.0	227.0	261.0	272.0	280.0	285.0	285.0	375.0

2023 EBITDA					
	\$276	\$278	\$279	\$280	\$282
6.0x	1.48	1.49	1.51	1.53	1.54
8.0x	2.61	2.64	2.66	2.68	2.70
10.0x	3.75	3.78	3.81	3.84	3.86
12.0x	4.89	4.92	4.96	4.99	5.02
14.0x	6.02	6.06	6.10	6.14	6.18
16.0x	7.16	7.21	7.25	7.30	7.34

2024 EBITDA					
	\$ 318	\$ 319	\$ 321	\$ 322	\$ 324
6.0x	1.99	2.01	2.03	2.05	2.07
8.0x	3.29	3.32	3.35	3.37	3.40
10.0x	4.60	4.63	4.67	4.70	4.73
12.0x	5.91	5.95	5.99	6.03	6.07
14.0x	7.22	7.26	7.31	7.35	7.40
16.0x	8.52	8.58	8.63	8.68	8.74

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