



Model Portfolio Update: November 17, 2017

New Actions Required

None.

Sell Side Upgrades and Downgrades Today

Long model: **None**.

Also of Note

Long model: **ANET** reached our model portfolio price target, and the position will be assumed closed and replaced with cash at the end of trading Monday.

Long model: **ALSN** received a Sell reiterate with a \$26 price target by a sell side firm citing a study of electric trucks, which do not seem to need sophisticated gearboxes.

Short sale model: **AGIO** presented updated and positive data from a Phase 1 study of single agent ivosidenib in patients with IDH1m positive solid tumors, including glioma.

Return Data

For the month to date the **Core Long Model** portfolio is up +0.78% on a simple cumulative return basis (sum of daily returns). This compares to the **S&P 500** up +0.15%, the **S&P 1500 Composite** up +0.14%, and the **Russell 2000** down -0.65%. The **Core Long/Short Model** is up +1.93%.

Ascendere Associates Model Portfolio Stock Selections Are Presaging Major Sell Side Analyst Actions

MTD 9 stocks in the **long model** have received 27 positive price target revisions, and 5 stocks have received 7 ratings upgrades from sell side firms, led by **Facebook, Inc. (FB)**.

MTD 5 stocks in the **short sale model** have received 17 negative price target revisions, and 4 stocks have received 7 ratings downgrades, led by **Under Armour, Inc. (UAA)**.

Of Note in the Long Models Today

Arista Networks, Inc. (ANET) – up +16.97% MTD to \$233.82

Arista reached the long model portfolio price target today, and the position will be assumed closed and replaced with cash at the end of the next trading day, Monday, November 20, 2017. On November 2, ANET reported significantly better than expected 3Q17 financial results and provided guidance higher than consensus. Since then, the sell side has given the stock five positive price target revisions and one ratings upgrade (RBC Capital on November 8).

Allison Transmission Holdings, Inc. (ALSN) – down -8.33% MTD to \$ 38.95

Piper Jaffray reiterated its Underweight rating and \$26 price target -- the Street low of 16 price targets ranging \$26-\$52 -- following an examination of 63 existing and proposed fully electric trucks and buses from 34 different manufacturers. At least 30 of the vehicles examined do not use transmissions, and of the ones that do, most use simple one- or two-speed gearboxes. Competing in a market of simplified drivetrains would require price cuts or removing features from its products and negatively impact its gross margin, currently close to 50%.

Ascendere Associates
Sell Side Analyst Upgrades and Downgrades to Long Model Portfolio Stocks
Long Model Portfolios

Upgrades -- November 1, 2017 to date

Date	Company	Ticker	Action
11/16/2017	Arista Networks, Inc.	ANET	Needham raises price target to \$230 from \$217 and maintains Buy rating.
11/16/2017	YY Inc.	YY	JPMorgan raises price target to \$140 from \$70 and upgrades to Overweight from Neutral.
11/15/2017	YY Inc.	YY	Jefferies raises price target to \$110 from \$79 and upgrades to Buy from Hold.
11/14/2017	Peabody Energy Corp.	BTU	Jefferies initiates coverage with a \$38 price target and Buy rating.
11/10/2017	Micron Technology Inc.	MU	JP Morgan raises price target to \$55 from \$50 and maintains Overweight rating.
11/10/2017	Kohl's Corp.	KSS	Baird raises price target to \$47 from \$46 and upgrades to Outperform from Neutral.
11/9/2017	Kohl's Corp.	KSS	Gordon Haskett raises price target to \$44 and upgrades to Accumulate from Hold.
11/8/2017	Arista Networks, Inc.	ANET	RBC Capital raises price target to \$234 from \$200 and upgrades to Outperform from Sector Perform.
11/7/2017	Huntsman Corp.	HUN	Citi raised its price target to \$38 from \$29 while resuming coverage with a Buy rating.
11/7/2017	Micron Technology Inc.	MU	Deutsche Bank raises price target to \$50 from \$43 and reiterates Buy rating.
11/6/2017	Arista Networks, Inc.	ANET	Needham raises price target to \$217 from \$175 and maintains Buy rating.
11/6/2017	MasTec, Inc.	MTZ	Baird raises price target to \$53 from \$51 and upgrades to Outperform from Neutral.
11/3/2017	Yum! Brands Inc.	YUM	UBS raises price target to \$89 from \$83 and reiterates Buy rating.
11/3/2017	Arista Networks, Inc.	ANET	BMO Capital raises price target to \$205 from \$190 and keeps Market Perform rating.
11/3/2017	Arista Networks, Inc.	ANET	Citi raises price target to \$220 from \$215 and maintains Buy rating.
11/2/2017	Facebook, Inc.	FB	Oppenheimer raises price target to \$200 from \$194 and reiterates Outperform rating.
11/2/2017	Facebook, Inc.	FB	Needham raises price target to \$215 from \$185 and maintains Buy rating.
11/2/2017	Facebook, Inc.	FB	RBC Capital raises price target to \$230 from \$195 and maintains Outperform rating.
11/2/2017	Facebook, Inc.	FB	Wedbush increases price target to \$230 from \$225 and reiterates Outperform rating.
11/2/2017	Facebook, Inc.	FB	UBS increases price target to \$208 from \$190 and reiterates Buy rating.
11/2/2017	Facebook, Inc.	FB	Baird increases price target to \$200 from \$185 and reiterates Outperform rating.
11/2/2017	Facebook, Inc.	FB	Cantor Fitzgerald raises price target to \$220 from \$190, keeps it a top pick, and maintains Overweight.
11/2/2017	Facebook, Inc.	FB	KeyBanc raises price target to \$220 from \$200 and reiterates Overweight rating.
11/2/2017	Facebook, Inc.	FB	Citi raises price target to \$210 from \$200 and maintains Buy rating.
11/2/2017	Facebook, Inc.	FB	JP Morgan raises price target to \$225 from \$210 and reiterates Overweight rating.
11/2/2017	Facebook, Inc.	FB	Jefferies raises price target to \$225 from \$215 and maintains Buy rating.
11/2/2017	Facebook, Inc.	FB	Barclays raises price target to \$215 from \$200 and maintains Overweight rating.
11/1/2017	Allison Transmission Holdings, Inc.	ALSN	Deutsche Bank raises price target to \$37 from \$33 and maintains Sell rating.

Downgrades -- November 1, 2017 to date

Date	Company	Ticker	Action
11/2/2017	Facebook, Inc.	FB	Credit Suisse lowers price target to \$230 from \$235 and reiterates Outperform rating.
11/2/2017	Facebook, Inc.	FB	Stifel lowers price target to \$195 from \$200 and maintains Buy rating.

Of Note in the Short Sale Models Today

Agios Pharmaceuticals, Inc. (AGIO) – down -7.20% MTD to \$59.64

[A press release](#) from the company announced positive data from a Phase 1 study of single agent ivosidenib in patients with IDH1m positive solid tumors, including glioma.

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Sell Side Analyst Upgrades and Downgrades
Short Sale Model Portfolios

Downgrades confirming short sale thesis -- November 1, 2017 to date

Date	Company	Ticker	Action
11/15/2017	MACOM Technology Solutions	MTSI	Needham lowers price target to \$42 from \$45 and maintains Buy rating.
11/15/2017	MACOM Technology Solutions	MTSI	Stifel lowers price target to \$35 from \$43 and maintains Hold rating.
11/15/2017	MACOM Technology Solutions	MTSI	DA Davidson lowers price target to \$32 from \$45 and maintains Neutral rating.
11/15/2017	MACOM Technology Solutions	MTSI	BofA/Merrill lowers price target to \$30 from \$45 and downgrades to Underperform from Hold.
11/15/2017	MACOM Technology Solutions	MTSI	Barclays lowers price target to \$40 from \$50 and maintains Overweight.
11/10/2017	MetLife, Inc.	MET	Sandler O'Neill downgrades to Hold from Buy.
11/10/2017	Under Armour, Inc.	UAA	Nomura Instinet lowers price target to \$9 from \$13 and maintains Reduce rating.
11/7/2017	Colfax	CFX	Baird lowers price target to \$47 from \$50 while reiterating Outperform rating.
11/7/2017	Under Armour, Inc.	UAA	Susquehanna upgrades to Neutral from Negative and lowers price target to \$11 from \$15.
11/3/2017	Flowserve Corp.	FLS	Seaport Global lowers price target to \$40 from \$60 and downgrades to Neutral from Buy.
11/3/2017	Flowserve Corp.	FLS	BMO Capital lowers price target to \$41 from \$51 and downgrades to Market Perform from Outperform.
11/1/2017	Under Armour, Inc.	UAA	Bernstein lowers price target to \$9 from \$14 and reiterates Underperform rating.
11/1/2017	Under Armour, Inc.	UAA	Wedbush lowers price target to \$11 from \$17 and reiterates Neutral rating.
11/1/2017	Under Armour, Inc.	UAA	Canaccord lowers price target to \$8 from \$15 and downgrades to Sell from Hold.
11/1/2017	Under Armour, Inc.	UAA	SunTrust downgrades rating to Hold from Buy.
11/1/2017	Under Armour, Inc.	UAA	Deutsche Bank lowers price target to \$11 and reiterates Sell rating.
11/1/2017	Under Armour, Inc.	UAA	Citi lowers price target to \$14 from \$21 and maintains Neutral rating.

Upgrades contradicting short sale thesis -- November 1, 2017 to date

11/10/2017	ViaSat, Inc.	VSAT	Needham upgrades to Buy from Hold with a \$78 price target.
11/10/2017	Puma Biotechnology	PBYI	Credit Suisse raises price target to \$142 from \$136 and maintains Outperform rating.
11/10/2017	Puma Biotechnology	PBYI	RBC Capital raises price target to \$108 from \$92 and maintains Sector Perform rating.
11/10/2017	Puma Biotechnology	PBYI	Barclays raises price target to \$122 from \$103 and maintains Overweight.
11/8/2017	Penumbra, Inc.	PEN	BMO Capital raises price target to \$117 from \$96 and maintains Outperform.
11/7/2017	Under Armour, Inc.	UAA	Susquehanna upgrades to Neutral from Negative.
11/6/2017	Fluor Corporation	FLR	Canaccord raises price target to \$54 from \$49 and reiterates Buy rating.
11/6/2017	Cree Inc.	CREE	Deutsche Bank "has" \$45 price target and upgrades to Buy from Hold.
11/3/2017	Mattel Inc.	MAT	DA Davidson maintained \$12 price target and upgraded to Neutral from Underperform.
11/1/2017	The Mosaic Company	MOS	Cleveland Research upgrades to Buy from Neutral.

Core & Opportunistic Long Model					MTD					
10/31/2017 to 11/17/2017					0.7%					
Sector	Company	Ticker	10/31/2017	11/17/2017	Performance	Price Target	Stop Target	Target/ Stop Date	Date+1 Sell Price	Return
Information Technology	YY Inc.	YY	90.39	107.23	18.63%	\$ 116.53	None			
Information Technology	Arista Networks, Inc.	ANET	199.89	233.82	16.97%	\$ 233.04	None	11/17/2017	NA	
Consumer Discretionary	TEGNA Inc.	TGNA	12.23	13.01	6.38%	\$ 13.74	None			
Consumer Discretionary	Yum! Brands Inc.	YUM	74.45	78.60	5.57%		None	11/7/2017	\$ 81.13	8.97%
Materials	Kronos Worldwide Inc.	KRO	26.31	27.58	4.83%	\$ 29.18	None			
Consumer Discretionary	Kohl's Corp.	KSS	41.76	43.72	4.69%	\$ 47.17	None			
Information Technology	Micron Technology Inc.	MU	44.31	46.16	4.18%	\$ 50.99	None			
Materials	Methanex Corp.	MEOH	48.75	50.45	3.49%	\$ 54.47	None			
Financials	Evercore Inc.	EVR	80.10	82.75	3.31%	\$ 89.07	None			
Energy	Peabody Energy Corp.	BTU	30.89	31.49	1.94%	\$ 34.50	None			
Information Technology	Teradyne Inc.	TER	42.89	43.57	1.59%	\$ 47.45	None			
Financials	Ameriprise Financial Inc.	AMP	156.54	158.28	1.11%	\$ 168.27	None			
Materials	Trinseo S.A.	TSE	71.00	71.55	0.77%	\$ 78.37	None			
Information Technology	Vishay Intertechnology Inc.	VSH	22.25	22.40	0.67%	\$ 24.20	None			
Industrials	Illinois Tool Works Inc.	ITW	156.52	157.14	0.40%	\$ 164.66	None			
Financials	American Equity Investment Life Holdin	AEL	29.51	29.62	0.37%	\$ 32.89	None			
Information Technology	Cirrus Logic Inc.	CRUS	56.00	55.77	-0.41%	\$ 62.85	None			
Financials	Federated Investors Inc.	FII	31.07	30.92	-0.48%	\$ 33.61	None			
Information Technology	Facebook, Inc.	FB	180.06	179.00	-0.59%	\$ 195.17	None			
Materials	Cabot Corporation	CBT	60.96	60.54	-0.69%	\$ 65.91	None			
Financials	Synovus Financial Corp.	SNV	46.85	46.39	-0.98%	\$ 50.48	None			
Financials	Raymond James Financial Inc.	RJF	84.78	83.78	-1.18%	\$ 91.06	None			
Industrials	Trex Company, Inc.	TREX	109.45	108.01	-1.32%	\$ 137.53	None			
Financials	Cathay General Bancorp	CATY	41.80	41.25	-1.32%	\$ 45.56	None			
Industrials	Armstrong World Industries, Inc.	AWI	51.10	50.40	-1.37%	\$ 55.98	None			
Consumer Discretionary	Thor Industries Inc.	THO	136.22	133.87	-1.73%	\$ 148.49	None			
Financials	Western Alliance Bancorporation	WAL	55.80	54.72	-1.94%	\$ 61.79	None			
Materials	Norbord Inc.	OSB	36.05	35.20	-2.36%	\$ 40.97	None			
Financials	JPMorgan Chase & Co.	JPM	100.61	98.14	-2.46%	\$ 106.92	None			
Industrials	Norfolk Southern Corp.	NSC	131.42	127.54	-2.95%	\$ 141.86	None			
Financials	Cullen/Frost Bankers, Inc.	CFR	98.50	95.38	-3.17%	\$ 107.62	None			
Financials	East West Bancorp Inc.	EWBC	59.84	57.90	-3.24%	\$ 65.91	None			
Materials	Huntsman Corp.	HUN	32.02	30.55	-4.59%	\$ 35.60	None			
Information Technology	MKS Instruments Inc.	MKSI	108.65	103.50	-4.74%	\$ 121.43	None			
Industrials	MasTec, Inc.	MTZ	43.55	40.60	-6.77%	\$ 49.67	None			
Industrials	Allison Transmission Holdings, Inc.	ALSN	42.49	38.95	-8.33%	\$ 47.47	None			

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Core & Opportunistic Short Model					MTD						
10/31/2017 to 11/17/2017											
Sector	Company	Ticker	10/31/2017	11/17/2017	Performance	Price Target	Stop Target	Target/ Stop Date	Date+1 Sell Price	Return	
Information Technology	MACOM Technology Solutions Holding	MTSI	40.88	32.85	-19.64%			11/15/2017	\$ 31.54	-22.85%	
Healthcare	Puma Biotechnology, Inc.	PBYI	127.30	105.50	-17.12%			11/10/2017	\$ 101.10	-20.58%	
Industrials	Colfax Corporation	CFX	41.71	35.54	-14.79%			11/6/2017	\$ 36.95	-11.41%	
Information Technology	Symantec Corporation	SYMC	32.50	28.04	-13.72%			11/2/2017	\$ 29.88	-8.06%	
Industrials	Flowserve Corp.	FLS	44.07	39.21	-11.03%			11/2/2017	\$ 39.25	-10.94%	
Healthcare	Spark Therapeutics, Inc.	ONCE	80.90	73.93	-8.62%			11/9/2017	\$ 72.25	-10.69%	
Healthcare	Agios Pharmaceuticals, Inc.	AGIO	64.27	59.64	-7.20%	\$ 58.56	\$ 69.98				
Materials	Summit Materials, Inc.	SUM	31.40	29.48	-6.11%	\$ 29.16	\$ 33.64				
Financials	MetLife, Inc.	MET	53.58	51.65	-3.60%	\$ 51.16	\$ 56.00				
Industrials	Univar Inc.	UNVR	29.75	28.92	-2.79%	\$ 27.85	\$ 31.65				
Consumer Discretionary	UniFirst Corp.	UNF	157.50	153.70	-2.41%			11/10/2017	\$ 151.00	-4.13%	
Healthcare	Portola Pharmaceuticals, Inc.	PTLA	49.41	49.28	-0.26%	\$ 43.69	\$ 55.13				
Materials	Axalta Coating Systems Ltd.	AXTA	33.25	33.32	0.21%	\$ 29.63	\$ 36.87				
Materials	The Mosaic Company	MOS	22.34	22.94	2.69%	\$ 20.61	\$ 24.07				
Information Technology	Cree Inc.	CREE	35.70	36.93	3.45%	\$ 31.06	\$ 40.34				
Healthcare	Penumbra, Inc.	PEN	100.55	104.55	3.98%			11/8/2017	\$ 115.85	15.22%	
Consumer Discretionary	Under Armour, Inc.	UAA	12.52	13.08	4.47%	\$ 10.45	\$ 14.59				
Industrials	ZTO Express (Cayman) Inc.	ZTO	15.99	16.83	5.25%	\$ 14.34	\$ 17.64				
Industrials	Fluor Corporation	FLR	43.09	46.70	8.38%			11/3/2017	\$ 48.57	12.72%	
Information Technology	ViaSat Inc.	VSAT	65.10	73.77	13.32%			11/13/2017	\$ 72.90	11.98%	
Consumer Discretionary	Mattel Inc.	MAT	14.12	18.68	32.29%			11/13/2017	\$ 18.54	31.30%	

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November 2017										
MTD Theoretical Returns of Core Long/Short Model Portfolios										
Simple Cumulative Returns										
Date	^VIX	Daily S&P 500	MTD S&P 500	Daily Long*	Daily Short	Daily Dollar Neutral	MTD Long	MTD Short	MTD Neutral*	
11/01/17	10.20	0.16%	0.16%	-0.03%	-0.79%	0.76%	-0.03%	-0.79%	0.76%	
11/02/17	9.93	0.02%	0.18%	0.27%	-1.11%	1.38%	0.24%	-1.89%	2.13%	
11/03/17	9.14	0.31%	0.49%	0.06%	0.81%	-0.76%	0.29%	-1.08%	1.37%	
11/06/17	9.40	0.13%	0.62%	0.29%	0.12%	0.17%	0.59%	-0.96%	1.55%	
11/07/17	9.89	-0.02%	0.60%	-1.08%	-0.41%	-0.67%	-0.49%	-1.36%	0.88%	
11/08/17	9.78	0.14%	0.74%	0.28%	-0.18%	0.45%	-0.21%	-1.54%	1.33%	
11/09/17	10.50	-0.38%	0.36%	-0.55%	-0.51%	-0.03%	-0.76%	-2.06%	1.30%	
11/10/17	11.29	-0.09%	0.27%	0.10%	-0.05%	0.14%	-0.66%	-2.11%	1.45%	
11/13/17	11.50	0.10%	0.37%	0.18%	0.80%	-0.62%	-0.48%	-1.30%	0.83%	
11/14/17	11.59	-0.23%	0.14%	-0.20%	0.00%	-0.19%	-0.67%	-1.30%	0.63%	
11/15/17	13.13	-0.55%	-0.41%	0.04%	-0.98%	1.02%	-0.64%	-2.28%	1.65%	
11/16/17	11.76	0.82%	0.41%	1.07%	0.86%	0.21%	0.43%	-1.43%	1.86%	
11/17/17	11.47	-0.26%	0.15%	0.35%	0.28%	0.07%	0.78%	-1.15%	1.93%	
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Note: These are theoretical returns and do not include any assumptions for execution costs, slippage, margin, or any other kind of cost.										

November 2017

MTD Theoretical Returns of Opportunistic Long/Short Model Portfolios

Simple Cumulative Returns

Date	^VIX	Daily S&P 500	MTD S&P 500	Daily Long*	Daily Short	Daily Dollar Neutral	MTD Long*	MTD Short*	MTD Neutral*	Cash Long	Cash Short
11/01/17	10.20	0.16%	0.16%	-0.03%	-0.79%	0.76%	-0.03%	-0.79%	0.76%	0%	0%
11/02/17	9.93	0.02%	0.18%	0.27%	-1.11%	1.38%	0.24%	-1.89%	2.13%	0%	0%
11/03/17	9.14	0.31%	0.49%	0.06%	0.81%	-0.76%	0.29%	-1.08%	1.37%	0%	0%
11/06/17	9.40	0.13%	0.62%	0.29%	0.12%	0.17%	0.59%	-0.96%	1.55%	0%	0%
11/07/17	9.89	-0.02%	0.60%	-1.08%	-0.41%	-0.67%	-0.49%	-1.36%	0.88%	0%	0%
11/08/17	9.78	0.14%	0.74%	0.28%	-0.18%	0.45%	-0.21%	-1.54%	1.33%	0%	0%
11/09/17	10.50	-0.38%	0.36%	-0.55%	-0.51%	-0.03%	-0.76%	-2.06%	1.30%	0%	0%
11/10/17	11.29	-0.09%	0.27%	0.10%	-0.05%	0.14%	-0.66%	-2.11%	1.45%	0%	0%
11/13/17	11.50	0.10%	0.37%	0.18%	0.80%	-0.62%	-0.48%	-1.30%	0.83%	0%	0%
11/14/17	11.59	-0.23%	0.14%	-0.20%	0.00%	-0.19%	-0.67%	-1.30%	0.63%	0%	0%
11/15/17	13.13	-0.55%	-0.41%	0.04%	-0.98%	1.02%	-0.64%	-2.28%	1.65%	0%	0%
11/16/17	11.76	0.82%	0.41%	1.07%	0.86%	0.21%	0.43%	-1.43%	1.86%	0%	0%
11/17/17	11.47	-0.26%	0.15%	0.35%	0.28%	0.07%	0.78%	-1.15%	1.93%	0%	0%

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Note: These are theoretical returns and do not include any assumptions for execution costs, slippage, margin, or any other kind of cost.

*This model occasionally assumes 70% and 100% cash positions depending on portfolio return targets and market volatility.

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Long/Short Model Portfolio Selection Criteria

The stocks selected for our theoretical model portfolio strategies all rank highly on four key metrics, with an emphasis on proxies for cash flow growth and ROIC:

- Relative value.
- Operating momentum.
- Consensus estimate revisions.
- Fundamental quality.



The highest-ranked stocks are selected for our long model portfolios and the lowest-ranked stocks are selected for our short model portfolios. More detailed stock selection criteria are explained in [September 2015 Model Portfolio report](#).

Highlighted long ideas represent are typically selected from the “new idea” list, and – after a very brief review – chosen as offering the best potential upside.

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