Sabrient Baker's Dozen for 2012

The 4th Annual Baker's Dozen Report from Sabrient Systems, LLC

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The Sabrient Baker's Dozen for 2012

Introduction

For the past three years Sabrient has published the *Sabrient Baker's Dozen*, a list of 13 top-ranked stocks that display particularly high earnings quality, exhibit strong growth potential relative to their peers, are reasonably priced (or better), and appear to be well-positioned to outperform going forward. The stocks represent a cross-section of sectors and industries. Each scores particularly well in our system, yet are not necessarily household names.

In 2009, 2010, and 2011 the Baker's Dozen outperformed the S&P 500 Index by an average of 10% per year. You can see the detailed past performance for each year on the Sabrient website.

The Sabrient Baker's Dozen for 2012 were first revealed during an interactive webinar on January 5, 2012. The stocks represent seven of the 10 U.S. industrial sectors. Only Utilities, Telecommunications, and Consumer Non-Cyclicals sectors are not represented in this year's list.

Here are the 13 Baker's Dozen stocks, listed in order of our relative conviction about each company.

Sabrient Baker's Dozen for 2012			
#	NAME	TICKER	SECTOR: INDUSTRY
1	Seagate Technology	STX	Technology: Data Storage Devices
2	Western Refining	WNR	Energy: Oil Refining & Marketing
3	Ocwen Financial Corp	OCN	Financials: Banking Services & Mortgages
4	Cloud Peak Energy	CLD	Energy: Coal
5	Watson Pharmaceuticals	WPI	Health Care: Biotech Pharmaceuticals
6	United Therapeutics Corp	UTHR	Health Care: Biotech Pharmaceuticals
7	Globe Specialty Metals	GSM	Basic Materials: Mineral Resources
8	Dana Holding Corp	DAN	Consumer Cyclicals: Auto & Truck Parts
9	AGCO Corp	AGCO	Industrials: Equipment Manufacturing
10	DXP Enterprises	DXPE	Industrials: Equipment Service & Distribution
11	Kronos Worldwide	KRO	Basic Materials: Chemical Manufacturing
12	United Rentals	URI	Industrials: Equipment Leasing
13	Ameristar Casinos	ASCA	Consumer Cyclicals: Casinos & Gaming

A discussion of each of the Baker's Dozen stocks, along with reasons for its selection, follows the Market Overview. The methodology used in selecting the stocks and the scores used in our analysis, appears at the end of this report.

Market Overview

As we enter 2012, the stock market has transitioned from its two-year bull run (from the March 2009 V-bottom through April 2011) into a sideways market for the balance of 2011. The bears came out of hibernation mid-year to challenge the bulls as to the foundation of their optimism. Volatility reared its ugly head in response to dire worldwide news events and became the main topic of any discussion about the market.

After collapsing below its 200-day simple moving average in August, the S&P 500 made six tests of resistance and four "false breakouts" since late October before closing the year sitting right at that important technical level. In fact, the S&P 500 price index closed 2011 at 1257.60, after closing 2010 at 1257.64. Now that is what you call flat.

The SPDR S&P 500 Trust (SPY), the exchange-traded fund that tracks the total return index by actually holding the portfolio of stocks, fared slightly better by receiving the 1.9% dividend yield, and so it finished positive for the year by that same +1.9%. The Dow Jones Industrials finished the year up +5.5%, while the Nasdaq was down -1.8%, and the Russell 2000 small caps were down -5.5%. (The 2011 Sabrient Baker's Dozen, by the way, gained +7.28% for the year.)

But then the first few minutes of regular-hours trading in 2012 brought a powerful upside breakout gap that has held and continued to build as of this writing.

POMO vs. the Euro-Zone Crisis. Last year at this time, many market observers were predicting that the Federal Reserve's *quantitative easing* programs (a.k.a., QE1 and QE2)—in which they employ their Permanent Open Market Operations (POMO) to print money and use it to buy Treasuries from the primary dealers who in turn put the cash to work, often by buying stocks and commodities—had created an artificial bubble in the stock market that would end badly. But U.S. stocks are hanging on.

The main concern has been the trials and tribulations in the euro-zone with its own Lehman Bros-style debt crisis, as several countries and scores of banks throughout Europe have teetered on the brink of bankruptcy. A rash of debt defaults within the European Union threatened to bring the entire global economy into depression.

No doubt, the threat has been real. The credit rating agencies have been downgrading credit in the region, while the European Central Bank (ECB) has refused to enact "quantitative easing" by aggressively buying bonds to keep rates down. Late in the year, the Greece 1-year bond yield was approaching 400%! However, the ECB came through with an alternative solution—a bigger-than-expected refinancing operation in which it offers $645 billion in 3-year loans at 1% interest to struggling European banks. The hope is that the banks will in turn reinvest in the higher yielding bonds of the struggling euro-zone countries (i.e., "carry trade"). The demand would keep rates on the sovereign debt manageable.

A European debt solution might keep liquid those countries at greatest risk and put a solid bid under the euro, which tends to benefit U.S. stocks and commodities as the relatively weaker dollar translates into greater dollar-denominated profits from international sales. It remains to be seen how it all plays out. Going into the New Year, European stocks had not shown any desire to rally.

Climbing a Wall of Worry. Beyond that unresolved situation, investors have plenty more to worry about. There is the highly polarized U.S. Congress that has given us the U.S. budget and debt ceiling non-solution and the resultant downgrading of the U.S. debt rating by Standard & Poor's. Then there is the rancor of the U.S. presidential election process, instability in Russia from their elections, economic slowdown in emerging markets, North Korea's leadership succession to an unknown 28-year-old, continued uprisings in the Arab world, the threat of Sunni/Shiite civil war in Iraq, and renewed threats from Iran to cut off the Strait of Hormuz to shipping traffic.

And as if all of that weren't enough, 2011 saw an incredible spate of destructive weather patterns bringing typhoons, tsunamis, hurricanes, tornadoes, earthquakes, heat, drought, and snow storms to the extent rarely seen before, from which many regions are still struggling to recover.

All of this distress and uncertainty has created a "flight to safety" mentality in which U.S. Treasuries serve as the "safe haven" of choice among investors around the world. In fact, the TED Spread, which is an indicator of perceived credit risk in the general economy measuring the difference between the 3-month LIBOR and 3-month T-bill interest rates, has risen steadily from the mid-teens earlier in the year to near 60 bps by year-end, indicating investor concern about bank liquidity and a preference for the safety of Treasuries over corporate bonds.

Nevertheless, stock investors like to climb the proverbial "wall of worry." Despite the unresolved debt crisis in Europe, the global financial system is more stable now than it was during the 2008 U.S. financial crisis. Here in the good old USA, the economic numbers continue to improve in fits and starts. LEI, jobless claims and unemployment, housing starts and home sales, GDP, durable goods orders, industrial production, and consumer confidence have all shown at least some improvement. Corporate earnings are robust and growing, and corporate cash levels remain high. Inflation is non-existent and interest rates remain historically low. In fact, the FOMC has pledged to keep the Fed Funds rate near zero and stands ready to employ its tools as needed to promote economic recovery. For borrowers, low rates are a boon for capital investment and home mortgages, but for income investors, it has forced them to seek better returns in the stock market.

A Bull Market for 2012? Combine these favorable indicators with any sign of positivity in Europe, and stocks have a reasonable foundation from which to move higher. Many commentators and investors believe that the best place to invest today is in the U.S. stock market. Indeed, the spread between S&P 500 earnings yield and corporate bond yields is at a multi-decade high, making stocks look like a relative bargain, with valuations attractive on a historical basis.

One enthusiastic investor is Warren Buffett. After starting 2011 by purchasing chemical maker Lubrizol and Wesco Financial, he put $24 billion to work during the third quarter in what was his largest quarterly cash outlay in 15 years—including $10 billion in IBM Corp (IBM) and $5 billion in Bank of America (BAC). He also announced a buy-back program in stock of his own company, Berkshire Hathaway (BRK.B).

The CBOE Market Volatility Index (VIX), a.k.a. the "fear gauge," closed 2011 at 23.44. It has been downtrending from its August high of 48, which is bullish for equities, and it seems to have put 30 firmly in the rearview mirror. Above 30 is typical of an elevated-fear, high-volatility trading environment.

In any case, at Sabrient we don't worry too much about where the market is headed. Instead, our quantitative models rank stocks relative to one another using fundamentals-based algorithms that focus on themes like value, growth, or overall quality. In other words, we sniff out great stocks that should outperform under any scenario. Even if we stay in a high volatility, low trading volume environment, there will be winners in the stock market, and Sabrient's annual list of top stocks—the Baker's Dozen—historically has performed quite well, due to our dedication to finding the best EPS growth at the lowest price.

Selection Process for the Baker's Dozen

To select the Baker's Dozen, we created a short list of high-quality stocks using our unbiased, fundamentals-based, quantitative approach based on various statistical analytics, including current stock valuations and, forward earnings outlook.

We then implemented a qualitative review, starting with a forensic accounting analysis by Gradient Analytics, a Sabrient subsidiary, to determine the quality of earnings. We also examine other external factors, including current news, technical charts, insider buying activity, and sector diversification.

The final 13 stocks are ones we believe will be among the top performers in 2012. The Sabrient scores and used in our analysis are defined below and appear in the table at the end of this report. Scores range from 0 to 100, the higher the better.

Sabrient Outlook Score. The Outlook score is a proprietary Sabrient rank that measures current and projected valuation and the forward earnings outlook of a consensus of Wall Street analysts. It can be considered largely a GARP rank (Growth at a Reasonable Price), and also rewards conservative accounting practices.

Sabrient Value Score. The Value score measures the relationship between a company's stock price and its intrinsic value, as indicated by earnings and balance sheet attributes, with an emphasis on earnings. Also considered are cash flow measures and fundamental valuation ratios. A high value score indicates that the stock may be undervalued, while a low value score indicates it is overvalued.

Sabrient Growth Score. The Growth Score reflects a company's historical and projected earnings growth, revenue and sales growth, projected cash flow, analyst activity, and changes in earnings estimates, each over various time periods. The higher the score, the better the combined performance of these key measures.

The Sabrient 1000 GARP

In this report we sometimes compare a stock's earnings growth rate or projected P/E ratio with the ***Sabrient 1000 GARP.*** This is an internal "index" of 1000 top-ranked stocks that have the highest "growth at a reasonable price." The index is updated weekly by ranking 3,000 stocks based on, among other things, their annualized 5-year earnings growth rate, P/E ratio, and projected P/E ratio (PPE). The top 1000 of those stocks become the Sabrient 1000 GARP.

At the end of the first week of January 2012, the Sabrient 1000 GARP had:

- An annualized 5-yr. EPS growth rate of **10.2%.**
- A current P/E ratio of **15.1.**
- A projected P/E ratio of **11.45**

The Baker's Dozen: Stock by Stock

For discussion purposes, we have grouped the Baker's Dozen stocks by their sectors in the order of the sector's relative position in Sabrient's most recent "SectorCast" forward-looking rankings. The weekly SectorCast rankings employ a bottom-up aggregate profile of all constituent stocks with a one-to-three month outlook.

Healthcare Sector

The Healthcare Sector includes manufacturers, developers, and marketers of pharmaceuticals, medical equipment and supplies, advanced therapeutic treatments and devices, and providers of healthcare facilities and medical research and development. Health care stocks continue to show good relative performance as well as strong value, most likely because of ongoing uncertainty around government intervention. In particular, companies that create new drugs have been top performers, and we expect this to continue as the Baby Boomers grow older and live longer.

Baker's Dozen # 5 (**WPI**) and #6 (**UTHR**) are from the #1 ranked Healthcare Sector.

#5: Watson Pharmaceuticals, Inc. (WPI)

Watson Pharmaceuticals is an integrated global pharmaceutical company engaged in the development, manufacturing, marketing, sale and distribution of pharmaceutical products. The company specializes in the treatment of female infertility and pre-term birth. Its product line consists of approximately 160 generic and 30 brand products. The company operates in the U.S. and in international markets, including Western Europe, Canada, Australia, Asia, South America, and South Africa. Website: www.watson.com

In January 2010, the company acquired 64% of Eden Biopharm Group Limited. In May 2011, it acquired Specifar Pharmaceuticals S.A. On December 19, 2011, Watson and Amgen (AMGN) announced a joint venture in which they will collaborate and develop a number of oncology antibody biosimilar medicines.

Reason for Selection: WPI has been a steady grower and maintains a promising future. It is currently trading at half the P/E of the Sabrient 1000 GARP stocks.

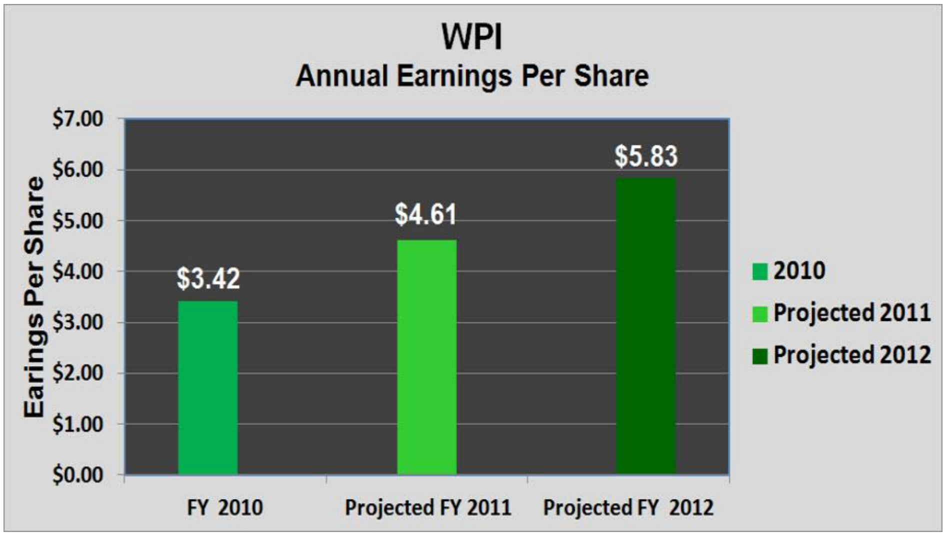

Chart 1: WPI's earnings are projected to grow steadily through 2012.

WPI carries some of the more modest scores among the 13 portfolio stocks, including an Outlook Score of 68, a Value Score of 62, and a Growth Score of 65. However, we chose it over some of Sabrient's other favorites in the pharma space—including Teva Pharmaceutical Industries (TEVA), Jazz Pharmaceuticals (JAZZ), Spectrum Pharmaceuticals (SPPI), Hi-Tech Pharmacal (SPPI), and Momenta Pharmaceuticals (MNTA)—because of Watson's strong market position and its promising joint venture with Amgen.

#6: United Therapeutics Corporation (UTHR)

United Therapeutics is a biotechnology company that develops and markets products in the field of cardiovascular medicine. Current commercial products for the treatment of pulmonary arterial hypertension include Remodulin®, Tyvaso®, and ADCIRCA®. The company is laying foundations for future franchises in the treatment of cancer and infectious diseases. Website: www.unither.com

Reason for Selection: UTHR boasts a cash reserve that amounts to about $12/share, which is twice its total debt, and the company is expected to grow earnings by over 100% this year. In the longer term, the company is expected to grow at 30% per year over the next 5 years, which is three times the expected average annual growth rate of the Sabrient 1000 GARP.

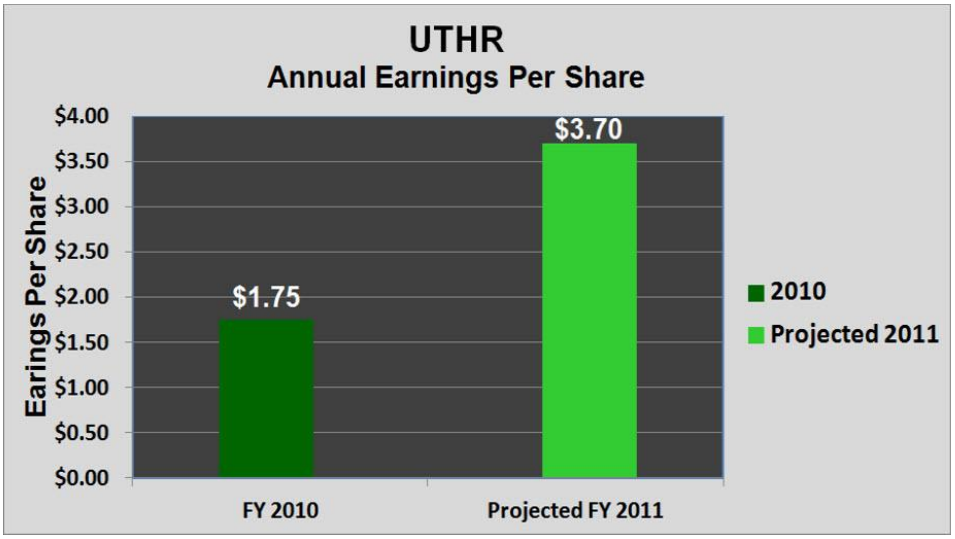

Chart 2: UTHR's earnings are projected to more than double this year.

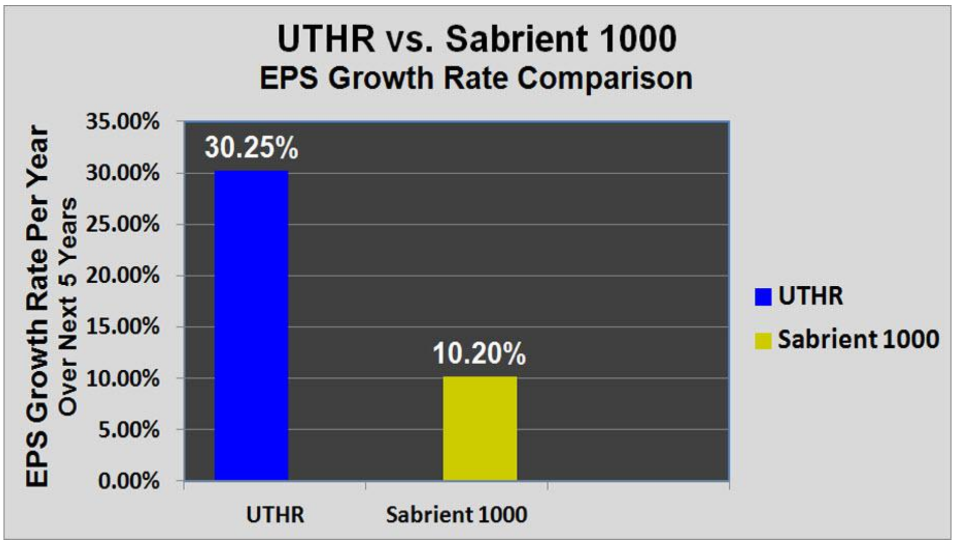

Chart 3: UTHR's 5-year annual growth rate is three times the Sabrient 1000 GARP.

UTHR is rated Strong Buy in the Sabrient Ratings Algorithm, with an Outlook Score of 86, a Value Score of 86, and a Growth Score of 99. The significant pullback in price during 2011 has provided a terrific entry point.

Energy Sector

The Energy Sector includes explorers, refiners, marketers, and distributors of fossil fuels and renewable energy, as well as manufacturers of energy-related equipment and providers of supporting services. This sector will be dominated by oil and gas for the foreseeable future, although coal also remains an important energy source. Economic recovery should keep the prices of oil, gas, coal, and refined products relatively stable, barring a serious development in the Middle East.

Baker's Dozen # 2 (**WNR**) and #4 (**CLD**) are from the Energy Sector.

#2: Western Refining, Inc. (WNR)

Western Refining is an independent crude oil refiner and marketer of refined products headquartered in El Paso, Texas. It operates mostly in the southwestern and western United States, with refineries in El Paso and Gallup, New Mexico. It also operates service stations and convenience stores in Arizona, Colorado, New Mexico, and Texas under the popular brands of Giant, Mustang, Sundial, and Howdy's. Website: www.wnr.com

Reason for Selection: WNR is one of a handful of oil refiners that scored highly in the Sabrient algorithms. It is trading at a compelling discount relative to it peers, especially given the hoard of cash it has on hand (about $4.50/share).

WNR's annual projected EPS growth rate over the next five years is 22%, twice that of the Sabrient 1000 GARP, and its projected P/E of 4.66 is the second lowest among the Baker's Dozen stocks. The stock had a recent pull-back in price in November, an overreaction to a supply-chain adjustment. However, it gives investors the rare opportunity to own a refiner at a forward P/E under 5 times earnings. WNR is rated a Strong Buy with an Outlook Score of 99 and a Value Score of 80.

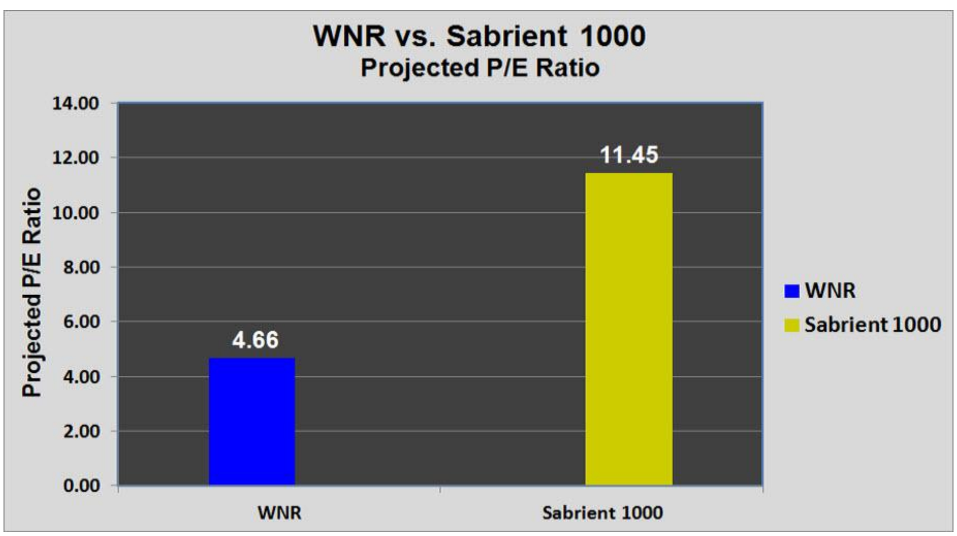

Chart 4: WNR's projected P/E is the second lowest among the Baker's Dozen stocks.

#4: Cloud Peak Energy, Inc. (CLD)

Cloud Peak Energy is a producer of coal in the Powder River Basin. The company's operations include three wholly owned surface coal mines: the Antelope mine and the Cordero Rojo mine in Wyoming, and the Spring Creek mine in Montana. CLD also owns a 50% non-operating interest in the Decker mine, a surface coal mine in Montana. The company sells its coal primarily to domestic electric utilities in the United States, Canada, and Asia. It controls approximately 970 million tons of proven and probable coal reserves (figures as of December 31, 2010). CLD is 2010 recipient of National Excellence in Surface Mining. Website: www.cloudpeakenergy.com

Reason for Selection: CLD is a veritable cash machine, with cash reserves equal to about half of its total market cap. Earnings are expected to grow at over 22% per year for the next five years, which is twice the annual earnings growth rate of the Sabrient 1000 GARP. The stock carries a Strong Buy rating with an Outlook score of 99 and a Value score of 99.

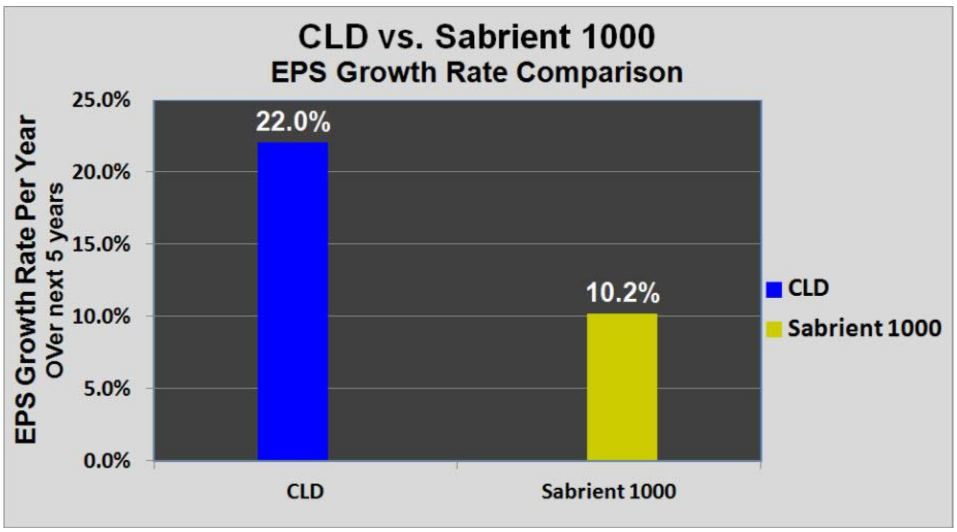

Chart 5: Cloud's 5-year annual EPS growth rate is twice that of the Sabrient 1000 GARP.

Basic Materials Sector

The Basic Materials Sector includes manufacturers, extractors, and refiners of chemicals, minerals, precious metals, steel, aluminum, forest products, and construction and other raw materials. Many firms in this sector will benefit from rising prices spurred by rising demand in an economic recovery, particularly if the dollar remains relatively weak, and from any uptick in inflation.

Baker's Dozen # 7 (**GSM**) and #11 (**KRO**) of the Baker's Dozen are from the Basic Materials Sector.

#7: Globe Specialty Metals, Inc. (GSM)

Globe Specialty Metals is among the world's largest producers of silicon metal and silicon-based specialty alloys—critical ingredients in a host of industrial and consumer products with growing markets. Headquartered in New York City, GSM has major manufacturing facilities in the U.S, Argentina, and China. Principal operating subsidiaries are Globe Metallurgical, Inc. and Solsil, Inc. in the U.S.; Globe Metales S.A. in Argentina; and Ningxia Yonvey Coal Industry Co., Ltd., in China. In August 2011, the company acquired Alden Resources, LLC. Website: www. glbsm.com

Reason for Selection: GSM has more cash than debt and earnings are growing steadily, and yet it remains attractively priced. It carries an Outlook Score of 90, a Value Score of 73, and a Growth Score of 78.

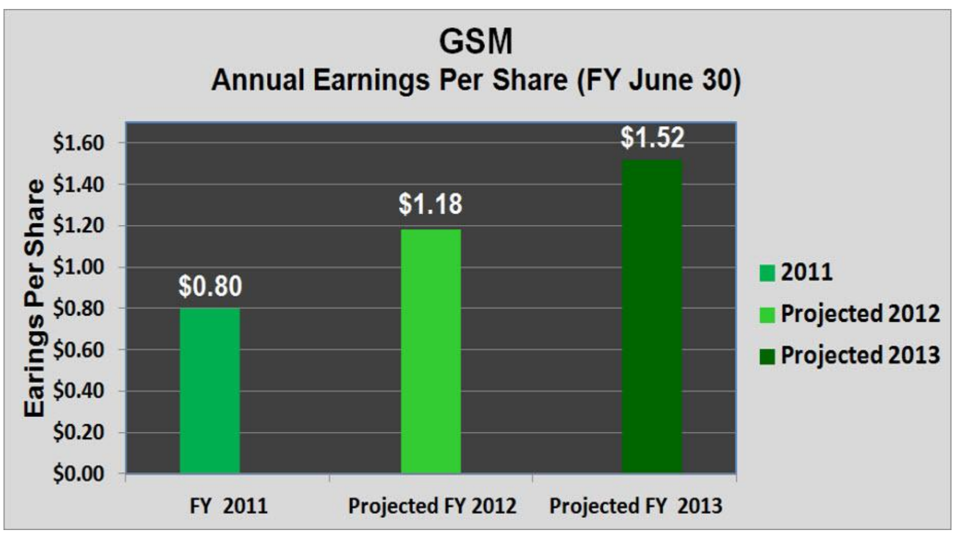

Chart 6: GSM is expected to almost double its earnings by 2013.

#11: Kronos Worldwide, Inc. (KRO)

Kronos Worldwide is a global producer and marketer of titanium dioxide pigments (TiO2), providing technical services to over 4,000 customers in North America and Europe. TiO2 is an inorganic pigment used to impart whiteness, brightness and opacity for products, such as coatings, plastics, paper, fibers, food, ceramics and cosmetics. In addition, TiO2 has resistance to interaction with other chemicals, thermal stability and resistance to ultraviolet degradation. The company ships TiO2 to its customers in either a powder or slurry form via rail, truck or ocean carrier. Website: www.kronos.de

Reason for Selection: KRO is the "story stock" of this year's Baker's Dozen. It trades at a projected P/E of less than 6, which is half the level of the average stock in the Sabrient 1000 GARP. It is expected to grow earnings by over 100% this year and over 20% for the next five years (compared to the Sabrient 1000 GARP's average annual growth rate of 10%), and it pays a nice dividend of 3.3%.

Moreover, a positive report was recently published on KRO by Gradient Analytics, a Sabrient subsidiary that specializes in forensic accounting, earnings quality, and anomalous executive behavior. The report focuses on unusual insider buying behavior that has historically portended strong price performance over the ensuing 12 months. KRO is rated a Buy in the Sabrient Ratings Algorithm with an Outlook score of 96, a Value score of 99, and a Growth score of 84.

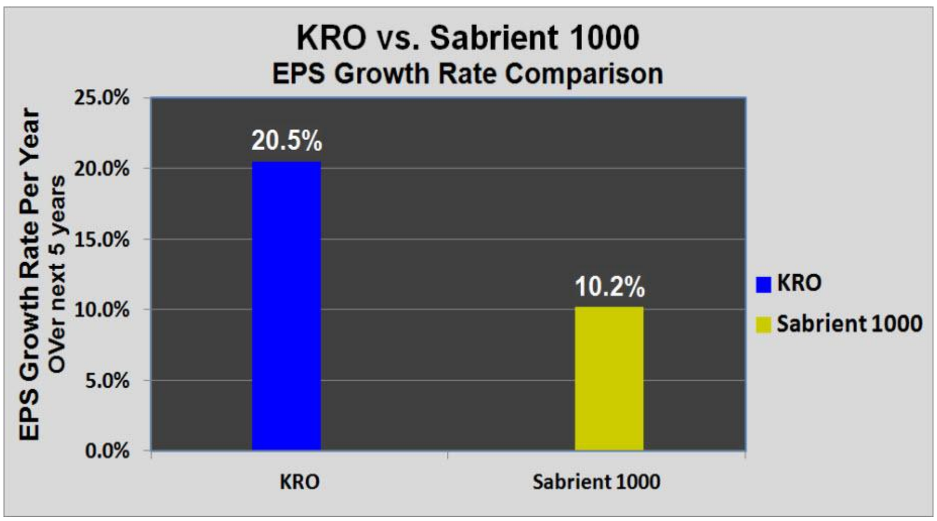

Chart 7: Kronos has a 5-year EPS growth rate twice that of the Sabrient 1000 GARP.

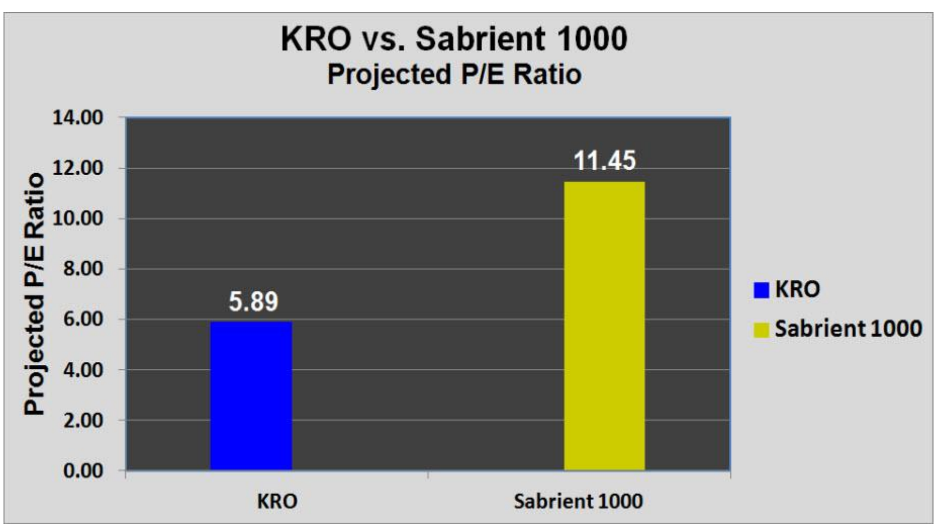

Chart 8: Yet KRO's projected P/E ratio is half that of the Sabrient 1000 GARP.

Financials Sector

The Financials Sector includes operators of commercial and investment banks, investment trusts and financial markets, as well as providers of investment, insurance and real estate services. The sector overall, and the banking industry in particular, have stabilized, with the support of the Federal government and quantitative easing. However, some industries within the sector have not missed a beat even while the banks were struggling for survival, including those that focus on consumer loans and servicing the borrowing needs of the masses.

Baker's Dozen #3 (**OCN**) is in the Financials Sector.

#3: Ocwen Financial Corporation (OCN)

Ocwen Financial, through its subsidiaries, is a provider of residential and commercial mortgage loan servicing, special servicing, and asset management services. In September 2010, OCN acquired the U.S. non-prime mortgage servicing business of Barclays Bank PLC. In September 2011, it acquired Litton Loan Servicing from Goldman Sachs Group, Inc. Website: www.ocwen.com

Reason for Selection: From our perspective, there will be sub-prime mortgages to service for years into the foreseeable future. Analysts apparently agree with us. OCN has also performed quite well in a punishing year for most financial stocks, with shares rising 49% in 2011. OCN is expected to grow earnings by 200% this year and 40% per year over the next five years, and yet it sports a projected P/E of less than 8.0.

Sabrient rates OCN a Buy with an Outlook score of 91 and a Value score of 78. It carries over $400 million in cash on its balance sheet and gets $4/share in cash flow.

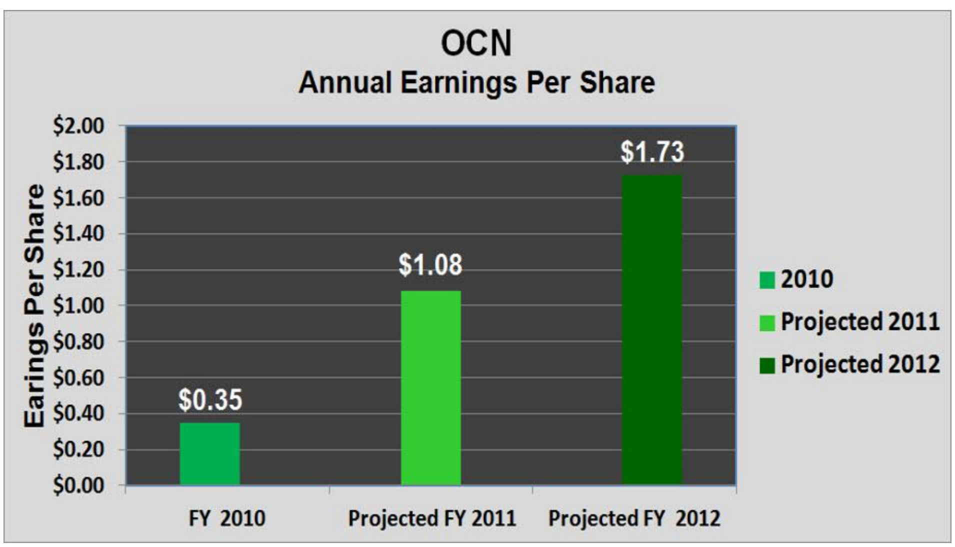

Chart 9: Ocwen's earnings are projected to triple in FY 2011 and increase 75% in FY 2012.

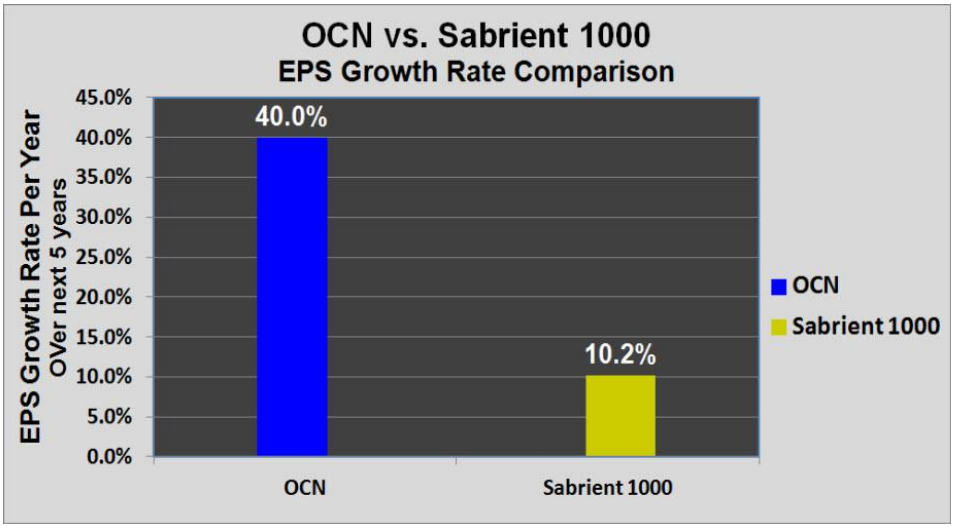

Chart 10: Over the next 5 years, OCN's earnings are expected to grow at 4 times the rate of the Sabrient 1000 GARP.

Technology Sector

The Technology Sector includes manufacturers of semiconductors, communications equipment, computer hardware, and technology related office equipment, as well as providers of consulting and IT services. A stable or growing economy requires ongoing capital spending on technology upgrades, and entrepreneurs continue to develop must-have technologies and "the next big thing."

The #1 Baker's Dozen stock (**STX**) is in the Technology Sector.

#1: Seagate Technology, plc (STX)

Seagate Technology designs and manufactures hard disk drives (HDD) for a variety of applications, including enterprise servers, mainframes, workstations, desktop and notebook computers, digital video recorders, personal data backup systems, portable external storage systems, and digital media systems. The company sells its disk drives primarily to major original equipment manufacturers (OEMs), distributors, and retailers. In addition, the company provides data storage services for small- to medium-sized businesses. Website: www.seagate.com

STX acquired the HDD division of Samsung in December 2011. The fact that Samsung's component manufacturers were untouched by recent flooding in Thailand gives STX, the largest HDD manufacturer in the world, a significant advantage over competitors like Western Digital (WDC).

Reason for Selection: Our top pick for 2012, STX is the only technology firm on Sabrient's list. STX is expected to grow earnings by over 160% this year and to average nearly 20% growth per year over the next five years. It has the lowest projected P/E (4.45) among the Baker's Dozen, and it offers a dividend yield of 4.4%.

STX is rated a Strong Buy in the Sabrient Ratings Algorithm and sits atop Sabrient's Outlook rankings with an Outlook score of 99. Its chart appears to be consolidating for a big move, which may have already started during the first week of the year after its preannouncement of blow-out earnings.

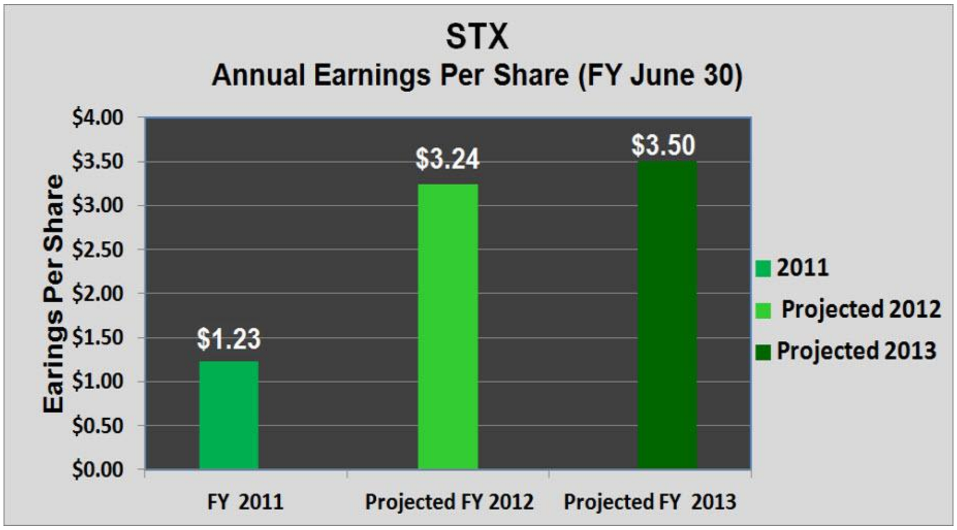

Chart 11: Seagate's earnings are expected to almost triple in FY 2012.

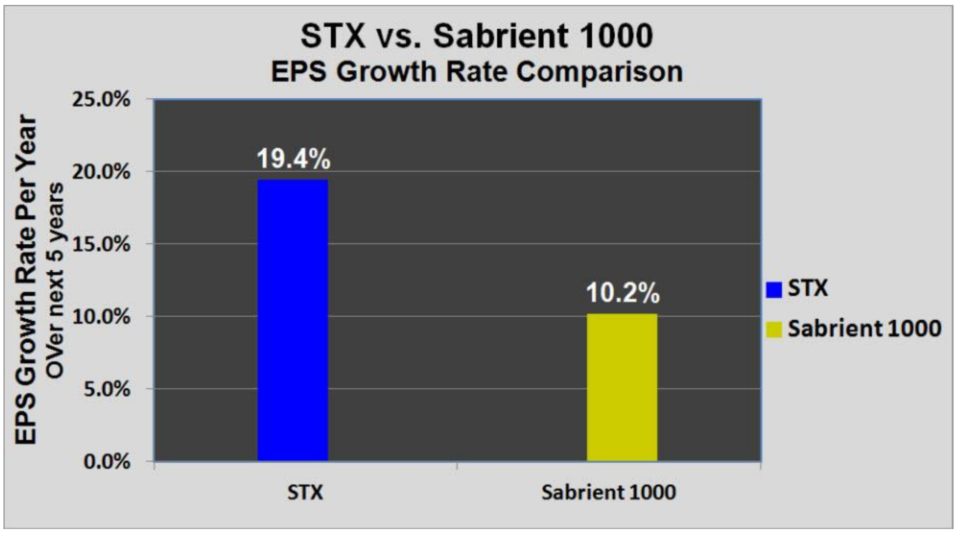

Chart 12: Over the next 5 years, earnings are expected to growth at twice the rate of the Sabrient 1000 GARP.

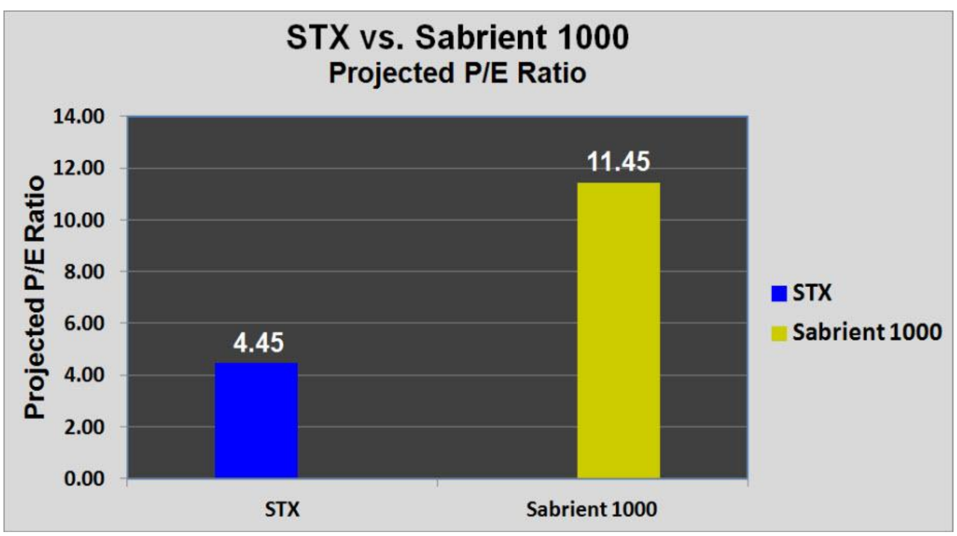

Chart 13: Seagate has the lowest projected P/E of all the Baker's Dozen.

Industrials Sector

The Industrials Sector includes manufacturers of industrial equipment and commercial supplies, as well as providers of related services such as diversified trading, distribution operations and transportation services. Performance in this sector is highly dependent on economic recovery. Nevertheless, these three diverse picks are positioned to outperform—and should hold up well even in a stagnant economy. Together, the three Baker's Dozen selections form a virtual supply chain, comprising an equipment manufacturer; a maintenance, repair, and operating (MRO) firm; and a specialist in equipment leasing.

Baker's Dozen #9 (**AGCO**), #10 (**DPXE**), and #12 (**URI**) are from the Industrials Sector.

#9: AGCO Corporation (AGCO)

AGCO is a manufacturer and distributor of agricultural equipment and related replacement parts worldwide. The equipment includes tractors, combines, self-propelled sprayers, hay tools, forage equipment and implements, and a line of diesel engines. The products are marketed under a number of brands, including Challenger, Fendt, Massey Ferguson and Valtra.

The company operates in North America; South America; Europe, Africa, the Middle East, Asia, Australia and New Zealand. In December 2010, AGCO acquired Sparex Holding Ltd. In On January 2011, it acquired 50% of AGCO-Amity JV, LLC, and in December 2011, it acquired GSI Holdings Corp, a leading global manufacturer in grain storage and production. Website: www.agcocorp.com

Reason for Selection: AGCO is growing 50% faster than larger competitor John Deere, and yet it trades at a lower valuation. It is rated Strong Buy with an Outlook score of 98, a Value score of 98, and a Growth score of 90. It has $455 million in cash, $8/share in operating cash flow and $3/share in free cash flow. Earnings are expected to grow by 88% this year and nearly 19%/year for the next five years.

Chart 14: AGCO's current earnings are expected to double this year.

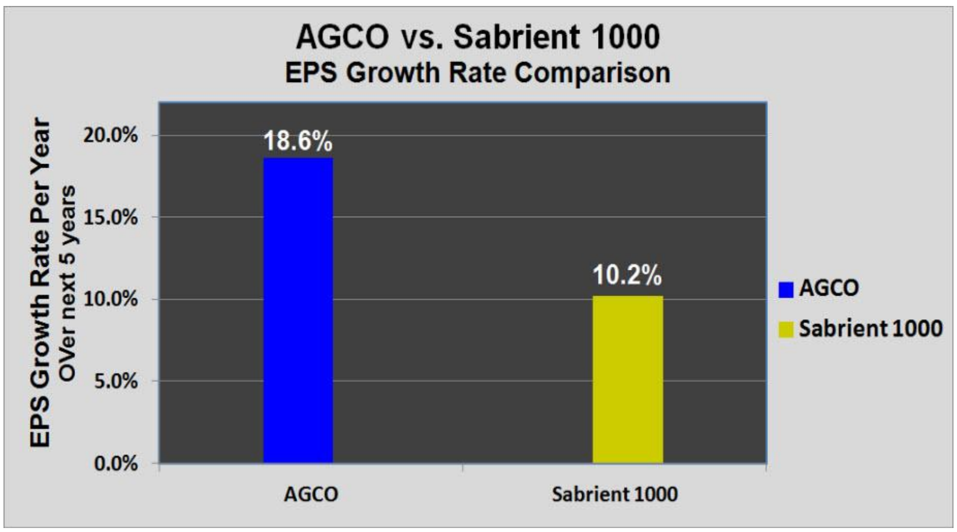

Chart 15: Earnings are expected to grow at nearly twice the rate of the Sabrient 1000 GARP.

#10: DXP Enterprises, Inc. (DXPE)

DXP Enterprises. is engaged in the business of distributing maintenance, repair and operating (MRO) products, equipment and service to industrial customers. Its product categories include bearings and power transmission, fluid handling and power, and safety and industrial supplies. In December 2010, the company acquired D&F Distributors, Inc. In October 2011it acquired Kenneth Crosby, a leading distributor of cuttings tools, abrasives, fasteners, gauges and industrial tools. Website: www.dxpe.com

Reason for Selection: DXPE is expected to grow earnings by 50% this year and over 25% per year during the next five years. It carries a Sabrient Buy rating with an Outlook score of 76 and a Growth score of 71. Its price has been on a tear since October, which is why its projected P/E of 14.97 is the highest among the Baker's Dozen stocks. Nevertheless, DXPE remains extremely well-positioned to outperform going forward.

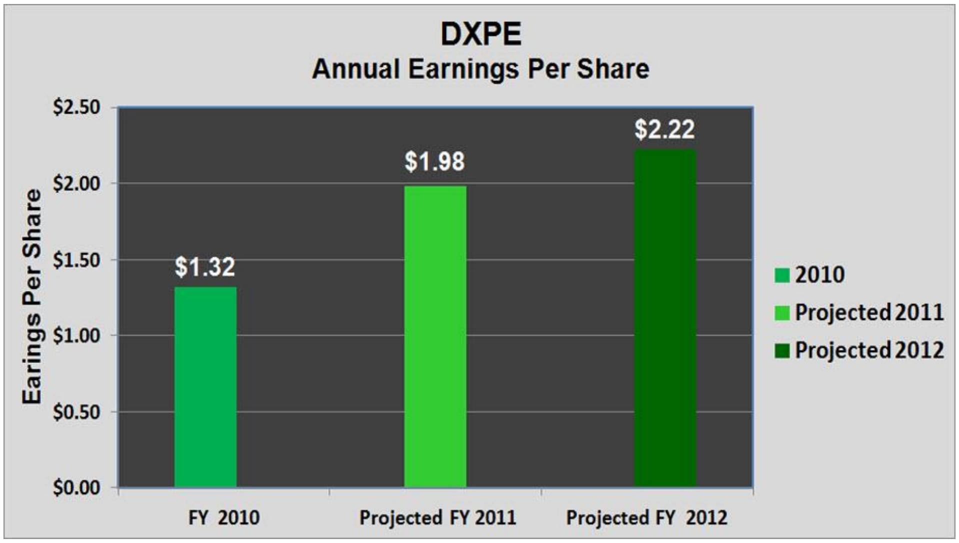

Chart 16: Steady earnings growth is expected for DXPE.

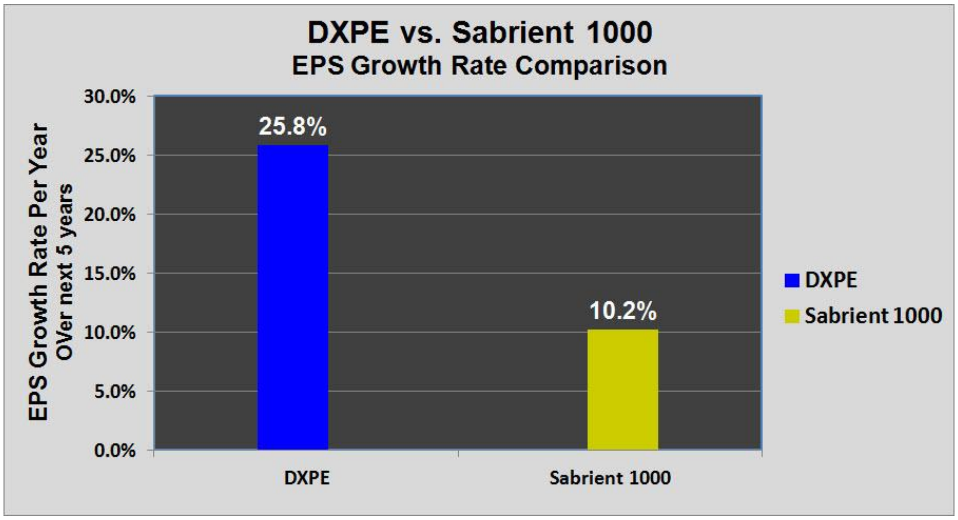

Chart 17: DXPE's projected EPS growth over the next 5 years is more than twice that of the Sabrient 1000 GARP.

#12: United Rentals, Inc. (URI)

Founded in 1997, United Rentals is the largest equipment rental company in the world, with an integrated network of more than 550 rental locations in 48 states and 10 Canadian provinces. Its customer base includes construction and industrial companies, utilities, municipalities, and homeowners. Website: www.ur.com

On December 2 2011, URI acquired Blue Mountain Equipment Rental Corporation. On December 16, 2011, the company announced that it had entered into a definitive agreement to acquire RSC Holdings, Inc. (NYSE: RRR) in a cash-and-stock transaction valued at $4.2 billion, including $2.3 billion of net debt.

Reason for Selection: URI is one of the two "misfit" stocks in the Baker's Dozen, which means it was selected despite a major negative of heavy leverage. But it also has a one-year earnings growth projection of over 400%, the biggest among our 13 stocks. URI has been a top performer in industrial services, which happens to be the top performing industry group in the past year. It is rated Buy with an Outlook score of 89 and a Growth score of 86. And, the company carries about $200 million in cash.

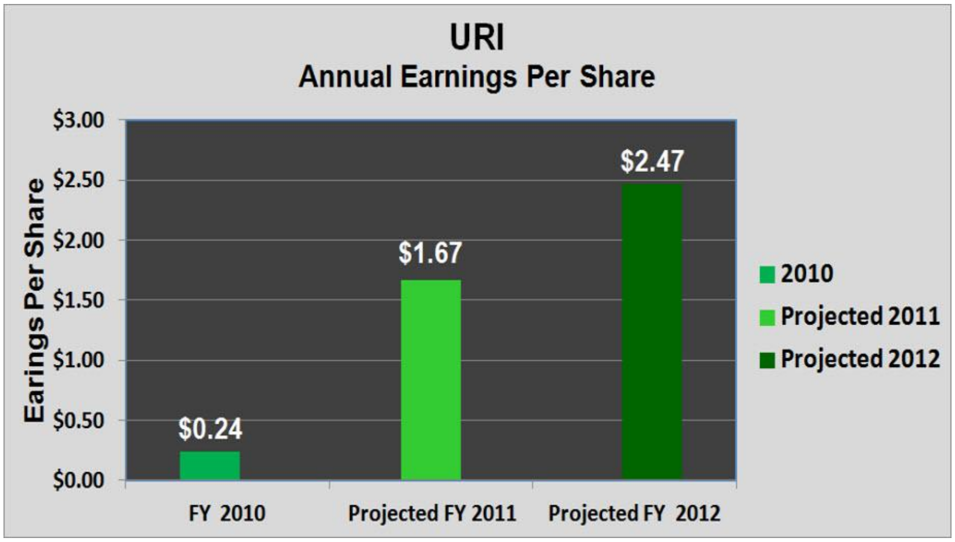

Chart 18: IN FY 2011, URI's earnings are projected to increase more than 700%.

Consumer Cyclicals Sector

The Consumer Cyclicals Sector includes manufacturers of automobiles, household goods, textiles, and other products, as well as homebuilders and retailers, and providers of consumer services such as hotel, entertainment and media services. A gain in consumer confidence bodes well for Consumer Cyclicals. However, even if growth in consumer spending is slow in 2012, these two Baker's Dozen companies are positioned to maintain their share of the pie.

Baker's Dozen #8 (**DAN**) and #13 (**ASCA**) are in the Consumer Cyclicals sector.

#8: Dana Holding Corporation (DAN)

Dana is a world leader in the supply of driveline products (axles, drive shafts, and transmissions), power technologies (sealing and thermal-management products), and genuine service parts for light- and heavy-duty vehicle manufacturers. The company's customer base includes nearly every major vehicle manufacturer in the global automotive, commercial vehicle, and off-highway markets. Based in Maumee, Ohio, the company employs approximately 22,500 people in 26 countries. Website: www.dana.com

Reason for Selection: Dana has $900 million in cash, which is about equal to its total debt. It is rated a Buy by Sabrient, with an Outlook score of 95, a Value score of 93, and a Growth score of 80. The firm boasts strong free cash flow, and it is expected to grow earnings by 170% this year and average over 33% per year for the next five years (three times the average of the Sabrient 1000 GARP). Yet it currently trades at a projected P/E of about 6.0. With about $7 billion in annual revenues, any margin expansion could significantly increase earnings.

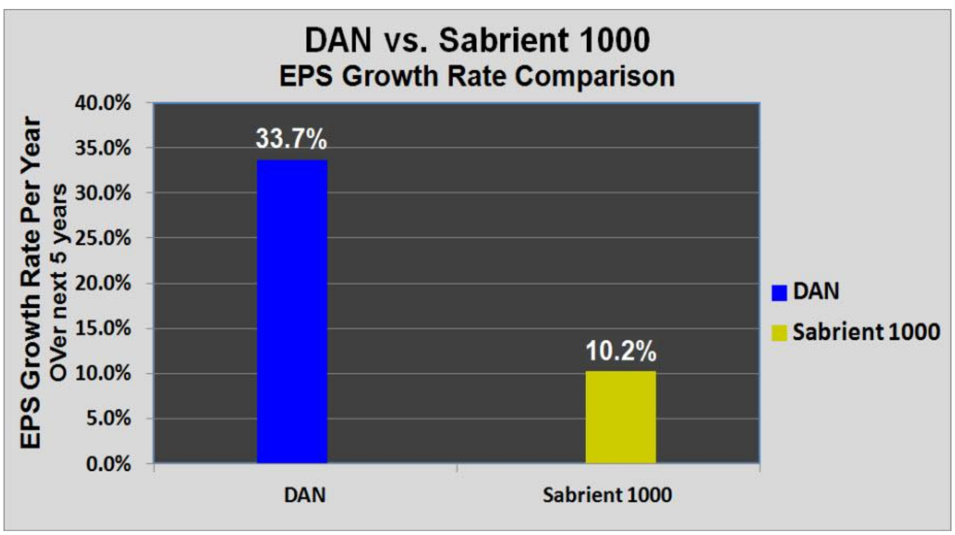

Chart 19: Dana's 5-year EPS growth rate is more than 3 times that of the Sabrient 1000 GARP.

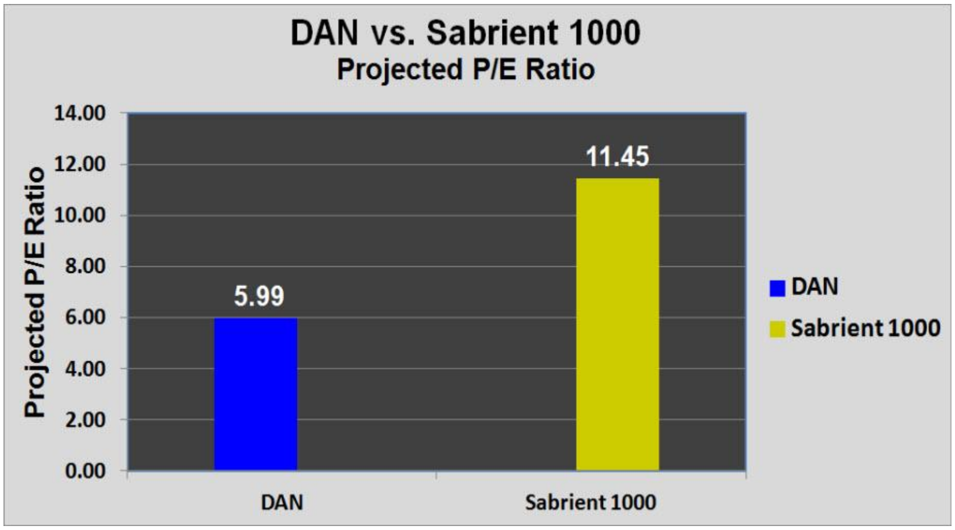

Chart 20: Dana's projected P/E ratio is half that of the Sabrient 1000 GARP.

#13: Ameristar Casinos, Inc. (ASCA)

Ameristar is an innovative casino gaming company that develops, owns and operates casino hotel properties which offer a variety of table games, including blackjack, craps, roulette and poker. Its market includes Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Mississippi, Missouri, Nebraska and Nevada. A public company since 1993, ASCA generates more than $1 billion in net revenues annually. Website: www.ameristar.com

Reason for Selection: ASCA is the other of the two "misfit" stocks in the Baker's Dozen. Why? Because the "square peg" of its high debt ratio doesn't exactly fit into the high quality "round hole" that marks our other selections. And, it actually has a slightly negative book value. But ASCA is growing at twice the rate of its competitors, with a projected 5-year growth rate of nearly 50% and the expectation of nearly 150% earnings growth this year. The stock is rated Buy with an Outlook score of 77, a Value score of 90, and a Growth score of 94. Moreover, ASCA pays a solid dividend yield of 2.4% and has free cash flow of $4/share.

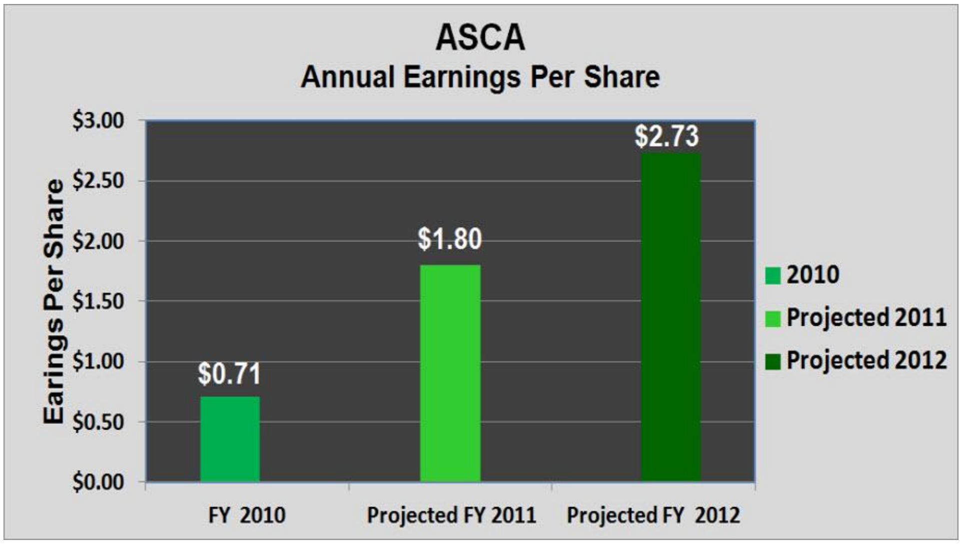

Chart 21: ASCA's earnings are projected to grow rapidly.

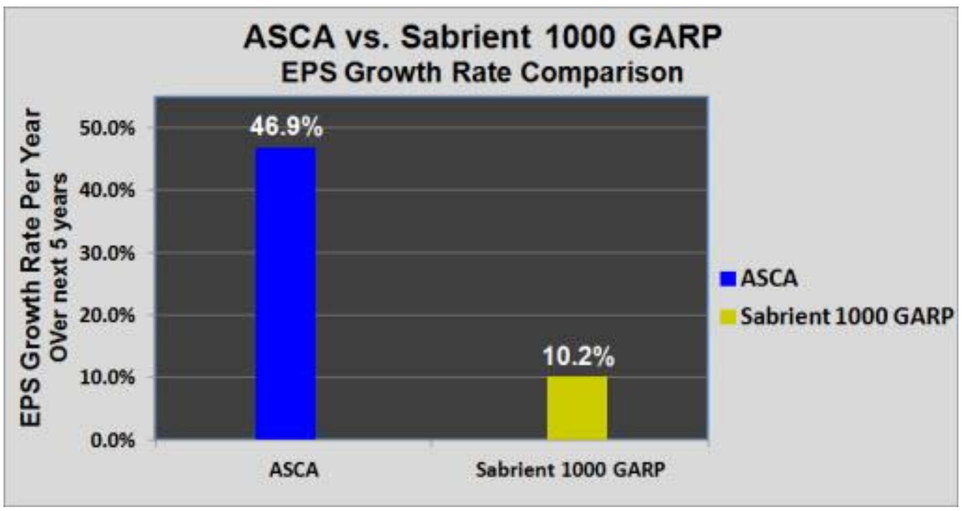

Chart 22: ASCA's 5-year annual projected EPS growth is almost 5 times that of the Sabrient 1000 GARP.

And those are the Sabrient Baker's Dozen of 2012. The stocks, with their various scores and other data are shown on the table on the next page.

Happy New Year . . . and Happy Investing! We wish you all the best of personal and investment success in 2012 and beyond.

About Sabrient Systems

Sabrient Systems (http://www.Sabrient.com) is an independent equity research firm based in Santa Barbara, CA that offers fundamentals-based *quantitative* equity research, rankings, tools, and strategies. The firm publishes indexes for ETFs, including Guggenheim's NFO and DEF, and Direxion's newly launched KNOW and INSD, and we have a strategic partnership with S&P for the joint development of a new family of sub-indexes. Sabrient's various models can be used to rank any given universe of stocks, including within a given sector.

Sabrient's wholly owned subsidiary, **Gradient Analytics** (http://www.EarningsQuality.com), is an independent equity research firm based in Scottsdale, Arizona, offering deep-dive *qualitative* fundamental research into the earnings quality, forensic accounting, executive incentives, and anomalous executive behavior of public companies. Gradient generally issues three to five new research alerts, notes, and "snapshots" each week, with each report reviewed personally by our Director of Research and Development before its release. Reports tend toward the *negative* side, focusing on red flags. Subject companies can come from any sector and be for U.S. or International companies.

Gradient and Sabrient's research can help with long, long/short, and hedging, as well as indexing, position weighting, asset allocation, sector rotation, enhanced sector, or sector pairs strategies.

Sabrient Baker's Dozen for 2012

#	TICKER	COMPANY NAME	SECTOR	INDUSTRY	MARKET CAP	PRICE ON 12/30/11	DIVIDEND YIELD	SABRIENT OUTLOOK SCORE	SABRIENT VALUE SCORE	SABRIENT GROWTH SCORE	1-YR PROJECTED GROWTH RATE	5-YR PROJECTED GROWTH RATE	PROJECTED P/E RATIO
1	STX	Seagate Technology	Technology	Data Sorage Devices	Large	$16.30	4.4%	99	77	22	161.3%	19.4%	4.45
2	WNR	Western Refining, Inc.	Energy	Oil Refining & Marketing	Mid	$13.29	N/A	99	80	58	-13.2%	20.0%	4.66
3	OCN	Ocwen Financial Corporation	Financials	Banking Services	Mid	$14.48	N/A	91	78	69	200.0%	40.0%	7.91
4	CLD	Cloud Peak Energy, Inc.	Energy	Coal	Mid	$19.32	N/A	99	99	62	20.2%	22.0%	8.26
5	WPI	Watson Pharmaceuticals, Inc.	Health Care	Biotech Pharmaceuticals	Large	$60.34	N/A	68	62	65	34.8%	12.2%	10.35
6	UTHR	United Therapuetics Corp.	Health Care	Biotech Pharmaceuticals	Large	$49.25	N/A	86	86	99	107.9%	30.3%	8.21
7	GSM	Globe Specialty Metals, Inc.	Basic Materials	Mineral Resources	Mid	$13.39	1.5%	90	73	78	45.7%	15.0%	8.75
8	DAN	Dana Holding Corporation	Consumer Cyclicals	Auto Parts	Mid	$12.15	N/A	95	93	80	170.5%	33.7%	5.99
9	AGCO	AGCO Corporation	Industrials	Industrial Goods	Mid	$42.97	N/A	98	98	90	87.9%	18.6%	8.77
10	DXPE	DXP Enterprises	Industrial	Industrial Goods	Small	$32.20	N/A	76	43	71	50.0%	25.8%	14.97
11	KRO	Kronos Worldwide, Inc.	Basic Materials	Chemicals	Mid	$18.04	3.3%	96	99	84	105.4%	20.5%	5.89
12	URI	United Rentals, Inc.	Industrials	Industrial Services	Mid	$29.55	N/A	89	36	86	406.1%	12.0%	12.4
13	ASCA	Ameristar Casinos, Inc.	Consumer Cyclicals	Consumer Services	Small	$17.29	2.4%	77	90	94	146.6%	46.9%	9.38

Sabrient Scores: Definitions are on page 4.

1-Yr Projected Growth Rate: This is the consensus estimate among Wall Street analysts of the next year's projected year-over-year earnings growth rate. Again, positive numbers are best.

5-Yr Projected Growth Rate: This is the consensus estimate among Wall Street analysts of the annualized projected earnings growth rate for the next five years. Of course, positive numbers are best.

Projected P/E Ratio: This is the current market price divided by the next year's consensus earnings estimate among the Wall Street analysts who cover the stock.