Cabot EARLY OPPORTUNITIES

Get in Before the Crowd

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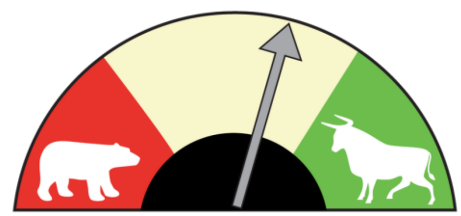
Stocks in This Issue

Stock Name	Market Cap (Fully Diluted)	Price (12/16/25)	Investment Type	Current Rating
Advanced Energy Industries (AEIS)	$8.08 billion	214	Rapid Growth – Power Conversion	Watch
Atmus Filtration (ATMU)	$4.32 billion	53	Growth – Industrial Filters	Watch
Mirion Technologies (MIR)	$6.00 billion	24	Growth – Industrial Radiation	Buy
RBC Bearings (RBC)	$14.3 billion	453	Growth – Bearings & Components	Buy Half
Viking Holdings (VIK) ★ Top Pick ★	**$31.0 billion**	**70.4**	**Rapid Growth – Cruise Line**	**Buy**

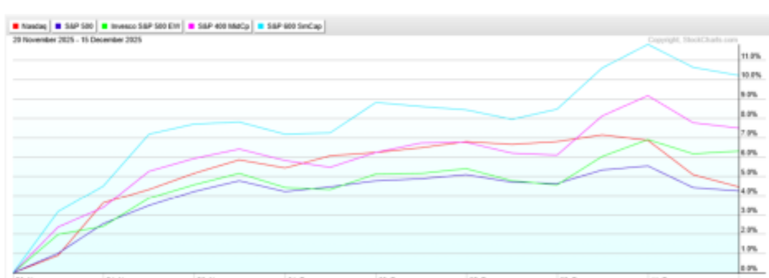
What to Do Now



With the S&P 500 and Nasdaq having recently pulled back from new highs, but the equal-weight S&P 500, small and mid-cap indices showing new potential, it's a good time to be open to the possibility of changing leadership in the market.

I'm not saying that all of what's worked no longer will, and that all the mediocre performers will suddenly surge higher. I'm just saying that we don't want to be ignorant to the evidence right in front of us. So let's take it all in.

To be more specific, since the bottom of the pre-Thanksgiving market retreat, which ended on November 20, we've seen new leadership from small caps (+10.2%), mid-caps (+7.5%) and the equal-weight S&P 500 (+6.3%), all of which have outperformed the Nasdaq and S&P 500, which are both up just over 4%.



The good news is that we've already been rotating into some fresh areas of the market, including several small and mid-caps. Last month we jumped into some biotech and pharma names, and our gold positions have been acting very well too.

While we still have exposure to some of the market darlings from 2025, like **Microsoft (MSFT)** and **Credo Tech (CRDO)** – both of which are down recently – as well as **GE Vernova (GEV)** – which has acted very well since its Investor Day on November 9 – our current strategy is to continue to explore other areas of the market where there has been less of a focus.

That said, we're not making super bold moves. Rather, we'll stick to the steady cadence of buying and selling that has helped our average gain on current positions get to 31% – despite our "deep value" stock **Primo Brands (PRMB)** remaining deep in the red (but looking better lately!) – and with three positions posting better than 70% gains.

NEW STOCKS

Advanced Energy Industries (AEIS)

Advanced Energy (AEIS) sells power conversion products that transform, refine and modify the raw power coming from utilities and buildings and convert it into various types of highly controllable power that customers can use in a wide range of complex equipment.

It has exposure to four primary end markets: semiconductor capital equipment (53% of revenue), industrial and medical (21%), data center computing (19%) and telecom & networking (6%).

For the semiconductor market, Advanced Energy is best known for making critical subsystems – wafer processing tools like plasma-based etch and deposition – that are embedded into semiconductor capital equipment platforms and which help them migrate to more advanced process technologies.

In the other markets, including data center, the company makes a variety of system power solutions. These range from embedded power solutions for servers, storage and networking equipment in data centers, to inverters and converters used in the solar industry, to power supply solutions for MRI, CT and ultrasound equipment in the medical market.

At a recent Investor Conference management talked about how the one time pure-play semiconductor equipment company diversified with the 2019 acquisition of Artesyn Embedded Power – which added AC-DC power supplies, DC-DC modules and other highly engineered power conversion products – and launched the company into new markets.

In data centers specifically, management has spent the last four years shifting the focus away from commodity solutions and to more differentiated, high-margin offerings. It's been working.

Around 70% of revenue now comes from designs that are specifically designed into a customer's system and have no alternative supplier. This is helping to push gross margin higher (up 280bps to 39% in Q3) toward management's goal of around 43%.

Advanced Energy will grow over 100% in data center this year thanks to a first wave of hyperscale customers. A second wave that requires slightly less sophisticated solutions is expected to begin driving revenue in 2026 and 2027.

The company grew revenue by 24% to $463 million in Q3 and delivered adjusted EPS of $1.74, up 78%. Consensus estimates call for full-year 2025 revenue to be up 20% to $1.78 billion and for adjusted EPS to rise 69% to $6.30. This is one of those businesses where the good times can be extremely good. And there's potential for the semi and industrial & medical segments to turn to growth in 2026. Still, with some questions lately about the AI trends I'd like to monitor the stock for a month or so before we jump in. So AEIS will go on our Watch List today.

The Stock
AEIS came into 2025 with modest momentum, but the stock's performance really accelerated after the tariff-induced market decline this spring. In June, AEIS broke out to fresh all-time highs above 132 and it didn't pause to consolidate until mid-August, after shares hit 163. The stock broke higher again in mid-September and kept running until it topped out at 232, right after the Q3 earnings report on November 4. AEIS dipped to 188 after that event but then turned north and has since walked back to around 213. **WATCH**

Atmus Filtration Technologies (ATMU)

Atmus Filtration (ATMU) is a $4.3 billion market cap company specializing in filtration solutions for products that protect engines, industrial systems and power generation equipment.

Its filtration and media technologies remove contaminants from air, fuel, lubricants, coolants and hydraulic fluids. Atmus was spun out of **Cummins (CMI)**, the truck engine and parts company best known for its diesel and natural gas engines, back in 2023 and now operates as an independent company based in Tennessee.

It offers over 9,000 products across six continents that are used in trucks and buses, agriculture, construction and mining equipment, the marine industry and by power generation equipment.

The company has extensive relationships with Original Equipment Manufacturers (OEMs) and also benefits from recurring, high-margin sales of consumables and filters into the aftermarket channel.

It’s a relatively defensive business that’s benefiting from strong OEM sales, tightening emissions standards and a large installed base of diesel and industrial equipment.

Two of its well-known brands are Fleetguard and WIX. And in mid-November Atmus announced it would acquire Koch Filter for $450 million.

This acquisition will tilt the overall business slightly more toward products with a shorter replacement cycle (almost 60% of Koch’s filters are replaced every 3-6 months) given Koch’s high exposure to HVAC (59%).

Koch generates 8% of revenue from data centers, a market where it’s enjoying double-digit growth.

While not the fastest growing company out there, investors are increasingly drawn to ATMU’s consistency. Revenue, which jumped by 10.9% in Q3 (an outlier growth rate), should be up by 4.2% to $1.74 billion this year.

That said, revenue growth could easily accelerate into the mid or high single digits once the Koch acquisition closes (expected early in 2026), then stay there in future years if Atmus can grow market share.

Adjusted EPS should be up about 7% this year, to $2.67. EPS should accelerate to over 10% in 2027, once the Koch acquisition closes.

The Stock
ATMU’s business attributes are drawing more investors to the name and driving solid share price performance. The stock was in a bit of a funk this past summer but shot up to new all-time highs above 46 after the Q2 earnings report on August 8. ATMU toyed with the idea of a pullback in the weeks after that event, but the Q3 report on November 7 sent it north of 51. A quick pullback to 45 began the following week but it was short-lived. ATMU bounced off 45 on November 18 and has shot to fresh all-time highs above 53 since. I’d prefer to buy this stock on a pullback, so we will be patient. **WATCH**

Mirion Technologies (MIR)

I added **Mirion Technologies (MIR)** to our Watch List last month and with a few analyst upgrades since then, but no upward movement in the stock just yet, we're going to step in to buy today.

To refresh your memory, Mirion is an industrial company specializing in the nuclear space, where it generates recurring revenue for replacement equipment in a large installed base.

Growing support from governments and hyperscalers suggests that nuclear capacity could triple by 2050. And Mirion has exposure to both the Small Modular Reactor (SMR) and conventional Nuclear Power Plant (NPP) markets.

The company generates 65% of revenue from its Nuclear & Safety segment, which offers personal radiation detection and identification equipment for defense applications, as well as radiation detection and analysis tools for power plants, labs, and research applications.

These mission-critical solutions are used throughout a nuclear power plant's full life cycle (60 to 100 years) and are in high demand now that plants are running hotter and requiring more frequent equipment replacement.

Thanks to the recent acquisition of Paragon ($585 million, closed December 1), Mirion is even better positioned to expand in both the U.S. and Europe.

The acquisition furthers Mirion's footprint in the growing Small Modular Reactors (SMR) space, while also bringing on new customers. Paragon should contribute about $150 million in 2026 revenue, plus drive +$10 million in synergies.

The remaining 35% of revenue comes from the Medical segment, where Mirion offers a variety of safety and monitoring solutions used by diagnostic imaging and radiation therapy centers, as well as radiation monitoring solutions used by medical staff. This segment could see an uptick in growth thanks to new radiopharma drugs.

Mirion's Q3 revenue grew by 7.9% to $223.1 million and adjusted EPS was $0.12. Both results surpassed analyst expectations. Full-year 2025 revenue is expected to grow just north of 7%.

With updated analyst estimates that include Paragon starting to fold in for 2026, we could see revenue grow by around 25%. EPS should grow by about 29% to $0.63.

The Stock
MIR came public at 10 in June of 2020. After a nice rally to 18.8 to close out 2024, a slow drawdown pulled MIR back to 12 by April of this year. Buyers showed up through the spring and MIR was trading at new highs near 20 by early June. Not much happened through August, then MIR inched higher as the Q3 report on October 28 approached. That event catalyzed an 18% gap up to 30. However, MIR has since given up all of that gain and has been trading around the 25 level for a couple weeks. We'll step in to the stock here. **BUY**

RBC Bearings (RBC)

RBC Bearings (RBC) is a 100-year-old company that makes highly engineered precision bearings, components and related engineered products that serve mission-critical applications across aerospace & defense (36% of revenue) and industrial (64% of revenue) markets.

Its bearings and components are used in situations where failure is not an option, like in aircraft engines, helicopters, tanks, naval vessels, space vehicles, satellites and heavy industrial machinery.

Because of this performance focus, RBC isn't a supplier of commodity parts. It competes on performance, reliability, and the customization needed for components to do their job in extremely harsh, high-consequence environments.

Major OEM industrial customers include **Caterpillar (CAT)**, **Komatsu (KMTUY)** and **Halliburton (HAL)**. Major OEM aerospace & defense customers include the U.S. DOD, **Boeing (BA)**, **Airbus (EADSY)**, Newport News Shipbuilding, **Lockheed Martin (LMT)**, **Northrop Grumman (NOC)**, Raytheon, Blue Origin and SpaceX.

The business is benefitting from stabilizing/strong trends in commercial aerospace production as well as defense spending (advanced defense systems, missiles, space programs) and industrial use cases (mining, infrastructure, energy), both of which are getting a lift from the One Big Beautiful Bill (OBBB).

The recent acquisition of VACCO Industries ($310 million, closed in July), which sells specialty valves, filters and advanced fluid control products, will help RBC expand in space and naval defense (i.e., submarines) by selling more, high-margin components to existing customers.

With the first two quarters of fiscal 2026 in the books, RBC is on track to grow revenue by 13.6% to $1.8 billion this year. Adjusted EPS should grow by 18% to $11.80.

Current consensus estimates for FY27 suggest a slight growth deceleration, but take that with a grain of salt; the end of FY27 is six quarters away.

The Stock

RBC came public in 2005 and is up over 3,000% since. While there have been normal pullbacks along the way, and deep declines during recessions, the monthly chart's up-and-to-the-right pattern clearly suggests RBC is a buy-and-hold stock. The most recent weak spot was the 58 days following the Q1 FY26 report on August 1, which initially propelled RBC to new all-time highs above 416. Momentum waned after that as shares drifted down toward the 365 level (only a 12% decline). RBC came back to life and was back previous highs just before the Q2 report on Halloween. It has walked 13% higher, to new highs near 461, since then. We will step in with a half-sized position. **BUY HALF**

Viking Holdings (VIK) ★ Top Pick ★

With the recent strength in higher-end travel stocks, we're going to jump on Watch List stock **Viking Holdings (VIK)** today.

The ocean, river and expedition cruise company has been operating since 1997, offering immersive experiences to travelers that want less of everything under the sun and more curated, cultural experiences.

Viking's trips span all seven continents.

While the company is the smallest of the cruise line operators, it's arguably the best in the group, with the fastest growth and highest booking visibility as compared to **Carnival (CCL)**, **Royal Caribbean (RCL)** and **Norwegian (NCLH)**.

Viking is growing revenue at a solid double-digit rate and has roughly 70% of inventory for the next 12 months already booked. That's well above the competition and has been helped by new dynamic pricing that management has implemented to optimize 2026 yields.

Part of the reason bookings are so high is that Viking doesn't have that many ships to begin with. It has a fleet of 100 small ships, which it sees as floating hotels. They're state-of-the-art and offer a more enriching experience than the floating cities the other operators have.

Viking doesn't have casinos, doesn't allow kids under 18 and doesn't charge for all the extras, like Wi-Fi, beer, wine, access to a spa, etc. Instead, it focuses on the journey, the destinations (often smaller ports than the mega-liners can access) and cultural enrichment.

This is part of why the company was rated #1 for Rivers, Oceans and Expeditions by Condé Nast Traveler in the 2025 Readers' Choice Awards. And it's a large part of why roughly 50% of bookings come from repeat guests. When the company reported Q3 results on November 19 they said that revenue grew 19.1% to $2 billion and EPS grew 35% to $1.20. Both results slightly beat expectations.

That result put the company on pace to grow revenue by about 20% this year and expand EPS by almost 34%. Analysts are increasingly bullish on the stock, with Jefferies, Citigroup, Goldman, JPMorgan and UBS all having recently boosted their price targets.

The Stock
VIK came public in May 2024 at 24 and has performed exceptionally well since, rising nearly 200%. The biggest recent drawdown was this past spring and was exacerbated by the tariff turmoil in April, when VIK briefly dipped to 31.8. Shares soon recovered and enjoyed a sustained and relatively smooth rally that carried VIK to 65.4 by 9/11. The stock took a 52-day break to consolidate those gains (it traded in the 56.4 to 65.4 price zone), then broke out to new all-time highs four sessions after the Q3 FY26 earnings report on November 19. VIK has walked up to 70.5 since. **BUY**

PORTFOLIO CHANGES SINCE LAST ISSUE

We sold **Life360 (LIF)** on 12/1 for an 8% loss and sold **Unity (U)** on 12/12 for a 13% gain.

Today we're dropping **CoreWeave (CRWV)** from our Watch List due to poor performance.

An updated table of all stocks rated BUY, HOLD and WATCH as well as recent stocks SOLD, is included below.

Stocks rated BUY are suitable for purchasing now. I suggest averaging into every stock to spread out your cost basis.

For stocks rated BUY A HALF, you should average into a position size that's roughly half the dollar value of your typical position.

Those rated HOLD are stocks that still look good and are recommended to be kept in a long-term-oriented portfolio. Or they've pulled back a little and are under consideration for being dropped.

Stocks rated SOLD didn't pan out, or the uptrend has run its course for the time being. They should be sold if you own them. SOLD stocks are listed in one monthly Issue, then they fall off the SOLD list.

Please use this list to keep up with my latest thinking, and don't hesitate to email with any questions.

Active Positions

Company Name	Ticker	Date Covered	Ref Price	12/16/25	Current Gain	Notes	Current Rating
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
							[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]							
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
WATCH LIST							

Advanced Energy [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]

Recently Sold Positions

Company Name	Ticker	Date Covered	Reference Price^	Date Sold	Price Sold^	Gain/loss	Notes
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
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