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Educating Investors Since 1951

California Chapters Fall 2023 Education Event

Sacramento Area
San Francisco Bay Area
Silicon Valley
Golden West
Channel Islands

October 18, 2023



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**Using Online Tools
to Make You a Better Investor**

October 18, 2023

Presenters

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Agenda

We will discuss:

- Why investors use the Stock Selection Guide (SSG)
- The 5 main sections of the SSG and why they are important

We will introduce:

- Key investing concepts and guidelines:
 - Compound annual return
 - Potential total return
 - Risk/reward benchmarks
 - Price/earnings ratio (P/E ratio)
- Library resources

Handouts

- Copy of PPT slides
- SSG Guidelines for Beginners
- SSG Features Comparison – Plus vs Core
- Contact Information
- 90-Day Free Digital Core Membership

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INTRODUCTION

What the SSG does for investors

5

B **The Stock Selection Guide (SSG) is our online tool** **6**

What the SSG Does for You

Before you buy a company's stock, it makes sense to check:

- ✓ How its business has been doing
- ✓ What is a reasonable price for the stock so you don't overpay

This is where the SSG comes in.

- It shows you important information about the company's performance
- It helps you estimate a reasonable price range in which to consider buying

The SSG also helps you to avoid:

- Companies with poor, erratic or insufficient performance
- Companies that are so young they are difficult to evaluate

The SSG also helps you:

- Decide when to sell or replace a stock you own
- When to buy more shares of something you own

It is always your decision about what and when to buy, hold or sell, but the SSG always gives you important information to consider.

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We have two versions of the SSG
Core is for beginners. Plus includes a toggle switch to Core and provides many more features.

We're going to use the Plus version tonight.

SSGPlus

CoreSSG

There are also online tutorials and Quick Guides to each version in the “?” choice in the vertical menu.

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SSG SECTION 1

Analyze Growth and Quality
Valuation and Return

Sections 1 & 2

Growth and Quality

What does the company do?
How has the company done for the past 5-10 years and in recent quarters?

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Section 1: What does the company do?

Start by hovering over the Company Name Bar

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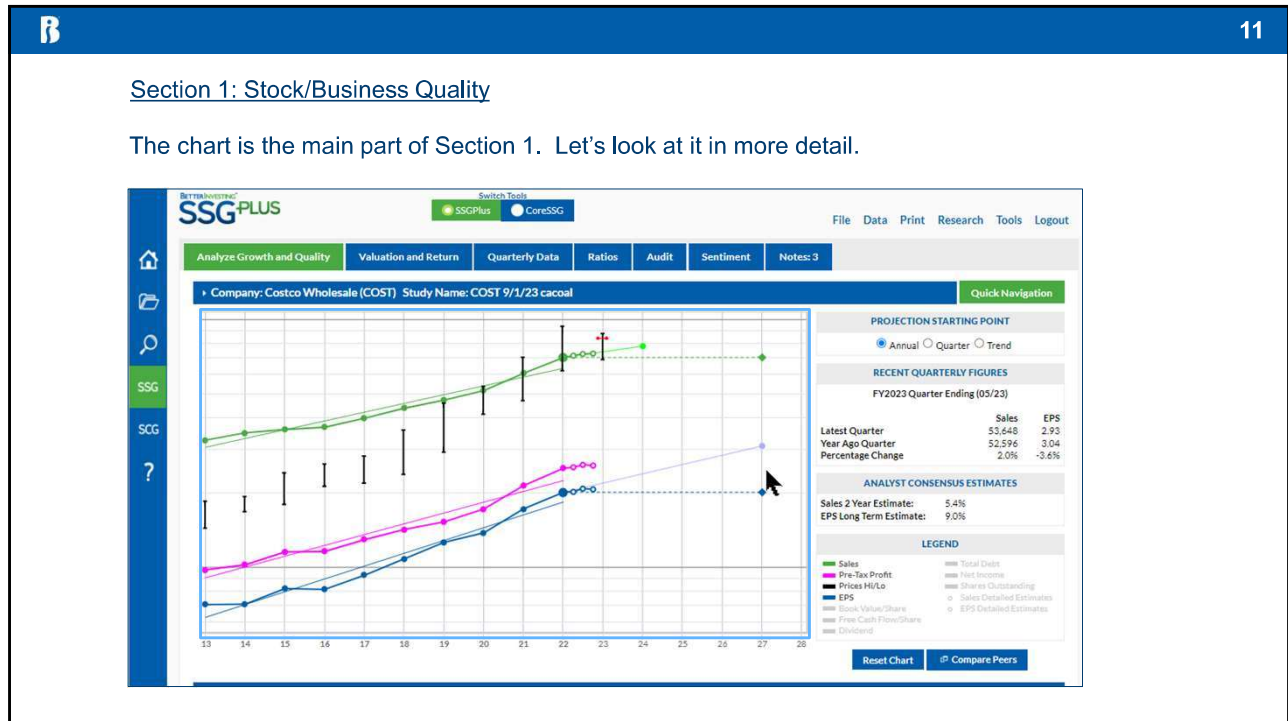
10

Company: Costco Wholesale (COST) Name bar brings up useful initial information

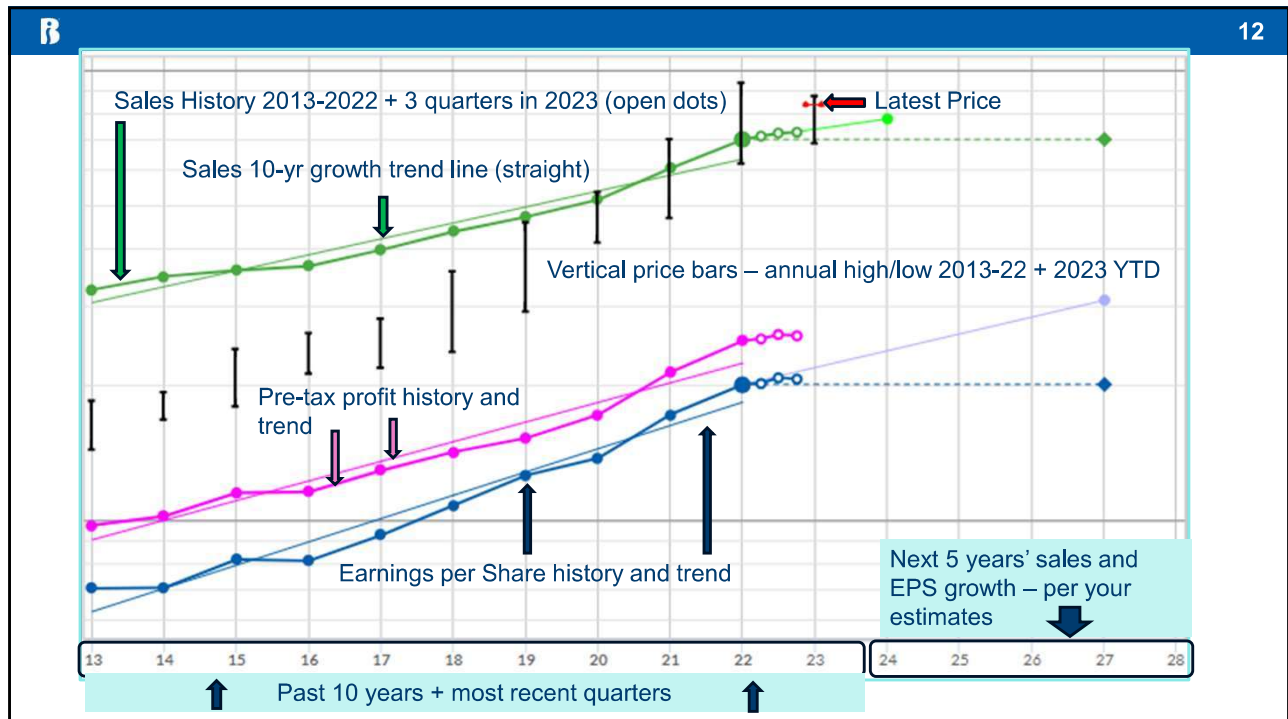
Price date
When FY ends
Industry
Sector
Company Size (in BI terms)
Morningstar Financial Health Rating
[Business Description](#)

Closing Price: 549.28 (08/31/23)
Last Fiscal Year End: 8/2022
Industry: Discount Stores
Sector: Consumer Defensive
Company Size: Large - >\$10B in Sales
Morningstar Financial Health Grade: A
Description: As the leading warehouse club, Costco has 838 stores worldwide (at the end of fiscal 2022), with most sales derived in the United States (73%) and Canada (14%). It sells memberships that allow customers to shop in its warehouses, which feature low prices on a limited product assortment. Costco mainly caters to individual shoppers, but nearly 20% of paid members carry business memberships. Food and sundries accounted for nearly 39% of fiscal 2022 sales, with non-food merchandise 27%, warehouse ancillary and other businesses (such as fuel and pharmacy) 21%, and fresh food 13%. Costco's warehouses average around 146,000 square feet; over 75% of its locations offer fuel. About 7% of Costco's global sales come from e-commerce (excluding same-day grocery and various other services).

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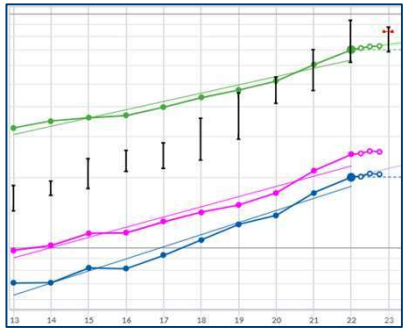
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One quick look tells us several things about this stock over the past 10 years.



The 3 lines for sales, PTP and EPS have all:
Risen
Steadily
In parallel

Sales show that business has grown.
PTP shows that company managers have controlled expenses.
EPS shows that profits have grown.

The rising price bars show that investors are happy. They have kept on being willing to pay more each year for the stock.

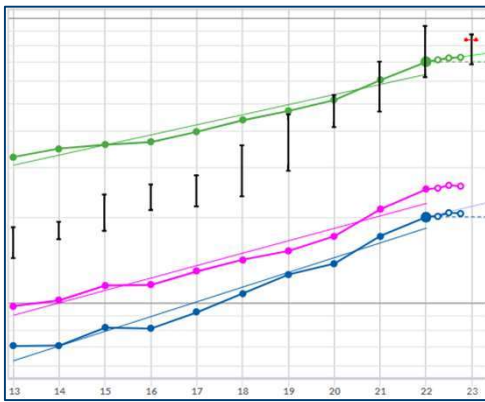
UP, STRAIGHT & PARALLEL is a BI “mantra” for chart lines we like to see.

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Compound Annual Growth Rates

Investors are interested in compound growth rates, where later gains build on previous gains and accelerate the dollar amount of return over time.

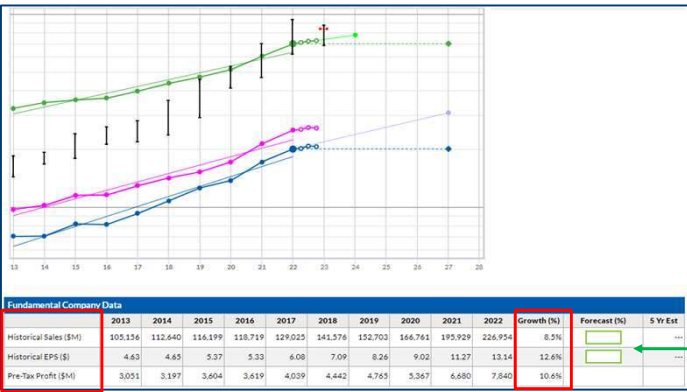


Semi-log charts, such as those used in the SSG, show compound annual growth rates and rates of return.

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The data rows below the chart show the company's 10-year CAGR growth rates



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Growth (%)	Forecast (%)	5 Yr Est
Historical Sales (\$M)	105.156	112.640	116.199	118.719	129.025	141.576	152.705	166.761	195.929	226.954	8.5%		...
Historical EPS (\$)	4.63	4.85	5.37	5.33	6.08	7.09	8.26	9.02	11.27	13.14	12.6%		...
Pre-Tax Profit (\$M)	3,051	3,197	3,604	3,619	4,059	4,442	4,765	5,367	6,680	7,640	10.6%		...

The green "judgment" boxes show where we will put our forecasts of future sales and EPS growth rates.

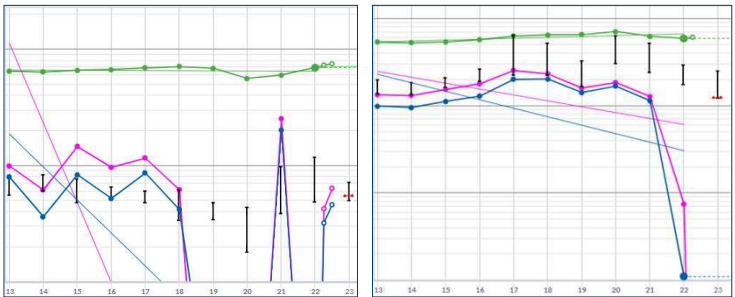
	Growth (%)
Historical Sales (\$M)	8.5%
Historical EPS (\$)	12.6%
Pre-Tax Profit (\$M)	10.6%

Compound Annual Growth Rates (CAGR) over 10 years

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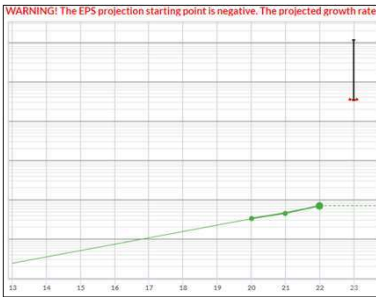
When companies struggle, their charts look more like these.



Flat sales
Erratic PTP and EPS
Declining then erratic price bars
Trend lines headed down
Prices erratic

Flat sales
Declining then plunging PTP and EPS
Erratic then plunging price bars
Trend lines headed down
Prices headed down

New companies might look like this.



Insufficient history for SSG.
No EPS, so no profits yet.
Red warning above chart.

The SSG enables us to forecast future sales and EPS.
 However, forecasting is difficult or impossible:
 When a company's 10-year history is erratic or
 It hasn't been in business very long

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Considerations when analyzing companies

Where is the company in its “Life Cycle?”
At its beginning or long established?
Companies tend to grow differently at different stages.

Has a company met minimum growth requirements for its size in the past?
A CAGR of 15% doubles the value of an investment in 5 years.
It is generally easier for companies to double in size when they are smaller.

Inflation eats into returns.
It makes no sense to invest in a company if your analysis shows it won't beat inflation.
Inflation has averaged 3-4% annually since 1980.

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Conceptual Diagram of a Company’s Potential “Life Cycle”

The diagram illustrates a company's potential life cycle as a curve. It starts with an 'IPO' at the beginning. The curve rises through a phase of 'Explosive Growth', which is associated with 'High P/E and expectations'. This is followed by a phase of 'Mature Growth'. At the peak of the curve, there is a point labeled 'Reinvest'. After this point, the curve begins to fall, labeled as 'Decline'.

From Toolkit manual

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BetterInvesting benchmarks for risk & reward

Company Sales	Company Size	Acceptable CAR (Growth)	Amount of Risk	Years to Double "Rule" of 72
< \$1 Billion	Small	At least 12%	More	6 or fewer
\$1 billion to \$10 billion	Medium	7% - 12%	Average	10 - 6
> \$10 billion	Large	5% - 7%	Less	14 - 10

Inflation = ?

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The rest of Section 1 to the right of the chart

PROJECTION STARTING POINT

Annual Quarter Trend

RECENT QUARTERLY FIGURES

FY2023 Quarter Ending (05/23)

	Sales	EPS
Latest Quarter	53,648	2.93
Year Ago Quarter	52,596	3.04
Percentage Change	2.0%	-3.6%

ANALYST CONSENSUS ESTIMATES

Sales 2 Year Estimate: 5.4%

EPS Long Term Estimate: 9.0%

LEGEND

<ul style="list-style-type: none"> ■ Sales ■ Pre-Tax Profit ■ Prices Hi/Lo ■ EPS ■ Book Value/Share ■ Free Cash Flow/Share ■ Dividend 	<ul style="list-style-type: none"> ■ Total Debt ■ Net Income ■ Shares Outstanding ○ Sales Detailed Estimates ○ EPS Detailed Estimates
---	--

Reset Chart
Compare Peers

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PROJECTION STARTING POINT

Annual Quarter Trend

RECENT QUARTERLY FIGURES

FY2023 Quarter Ending (05/23)

	Sales	EPS
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Year Ago Quarter	52,596	3.04
Percentage Change	2.0%	-3.6%

ANALYST CONSENSUS ESTIMATES

Sales 2 Year Estimate: 5.4%

EPS Long Term Estimate: 9.0%

LEGEND

 Sales	 Total Debt
 Pre-Tax Profit	 Net Income
 Prices Hi/Low	 Shares Outstanding
 EPS	 Sales Detailed Estimates
 Book Value/Share	 EPS Detailed Estimates
 Free Cash Flow/Share	
 Dividend	

Reset Chart
Compare Peers

PROJECTION STARTING POINT
Your first judgment – where to start your estimate of the next 5 years.

RECENT QUARTERLY FIGURES
How was business in the most recent quarter?

ANALYST CONSENSUS ESTIMATES (ACE)
What future growth rates do Morningstar ACE estimates show?

LEGEND
6 more quality indicators + projected Morningstar ACE estimates
These will be displayed on the chart if you wish

RESET CHART – If you moved chart lines, you can reset them.
COMPARE PEERS – a quick look at some competitors

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SSG SECTION 2

Analyze Growth and Quality

Valuation and Return

Sections 1 & 2

Quality – Management

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Section 2: Quality – three more ways to evaluate management

Evaluate Management												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	5 Yr Avg	Trend
% Pre-Tax Profit on Sales	2.9%	2.8%	3.1%	3.0%	3.1%	3.1%	3.1%	3.2%	3.4%	3.5%	3.3%	
% Return on Equity	19.3%	17.2%	22.2%	20.3%	26.9%	25.6%	25.1%	23.7%	30.2%	29.1%	26.7%	
% Debt To Capital	31.6%	29.3%	36.7%	29.9%	38.2%	33.6%	30.9%	35.7%	36.6%	30.5%	33.5%	

Choice of trend display

% Pre-Tax Profit on Sales: $(\text{Sales} - \text{Expenses})/\text{Sales} = \text{profits before taxes}$

% Return on Equity: How efficiently the company uses its money

% Debt to Capital: Debt level

When trends go the wrong way.

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What you learn from SSG Sections 1 & 2

Have the 5-10 year growth rates have been:

- Good to Great
- Mediocre
- Erratic
- Declining

What about the latest quarterly growth?

Has management been:

- Improving
- Steady
- Declining?

Where, roughly, is the company in the theoretical life cycle?

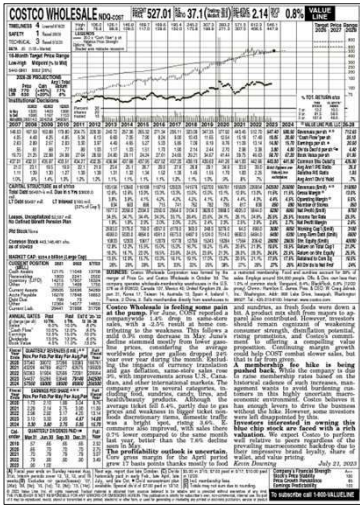
Has growth been adequate for the company size?

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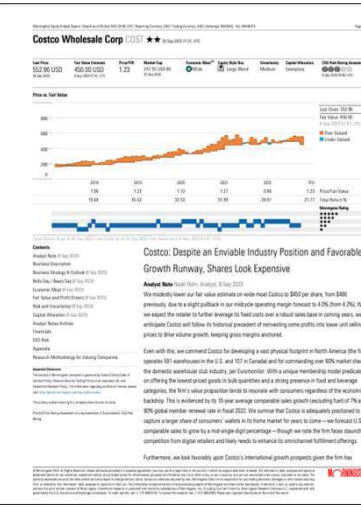
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Why has the company performed as it has?


 3 great sources of outside information – libraries or brokers



Value Line



Morningstar



Standard & Poor's
NetAdvantage or CFRA

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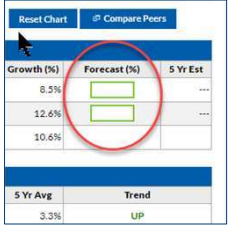
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After you have reviewed Sections 1 and 2

Decide whether the company's historical performance is good enough to continue working with the SSG.

If it is, complete the green judgment boxes for forecasting (estimating) future sales and EPS growth, and proceed to Sections 3-5.

If you know from looking at Sections 1 and 2 that the company's performance has been disappointing or that the company is too young to analyze by standard measures, Sections 3-5 won't be much help in forecasting the future. If you continue to study the company, you will need to rely on other sources of information.



See slide 16

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Questions?

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SSG SECTION 3

Analyze Growth and Quality Valuation and Return
Sections 3-5

Valuation - History

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Sections 3 - Data, Data, Data

Analyze Growth and Quality | **Valuation and Return** | Quarterly Data | Ratios | Audit | Sentiment | Notes: 3

Company: Costco Wholesale (COST) Study Name: COST 9/1/23 cacao Quick Navigation

3. PRICE EARNINGS HISTORY as an indicator of the future

Year	A Price		C Earnings	D Price Earnings Ratio		F Dividend	G % Payout	H % High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
	2018	233.5	154.1	7.09	32.9	21.7	2.14	30.2%
2019	299.9	189.5	8.26	36.3	22.9	2.44	29.5%	1.3%
2020	349.1	271.3	9.02	38.7	30.1	2.70	29.9%	1.0%
2021	460.6	307.0	11.27	40.9	27.2	2.98	26.4%	1.0%
2022	612.3	406.5	13.14	46.6	30.9	3.38	25.7%	0.8%
AVERAGE		265.7		39.1	26.6		28.4%	
CURRENT/TTM			13.50	42.3	33.2	4.08	30.2%	

AVERAGE PRICE EARNINGS RATIO: 32.8 CURRENT PRICE EARNINGS RATIO: 40.7

[Show / Hide Price/Earnings Chart](#) [Compare Peers](#)

Look for increases over time in the stock prices, earnings and dividends.

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Sections 3 - Very Powerful For Wealth

Analyze Growth and Quality | **Valuation and Return** | Quarterly Data | Ratios | Audit | Sentiment | Notes: 3

Company: Costco Wholesale (COST) Study Name: COST 9/1/23 cacao Quick Navigation

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AVERAGE PRICE EARNINGS RATIO: 32.8 CURRENT PRICE EARNINGS RATIO: 40.7

[Show / Hide Price/Earnings Chart](#) [Compare Peers](#)

Stock price more than doubled. Dividends almost doubled.
 The dividend yield is lower.

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Sections 3 - Click on Compare Peers

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	5 Yr Avg
Costco Wholesale (COST)	26.0	27.1	29.2	31.8	30.1	32.9	36.3	38.7	40.9	46.6	39.1
Dollar Gen (DG)	19.9	20.6	20.6	21.9	18.8	19.8	25.1	21.2	23.6	24.6	22.9
Walmart (WMT)	16.8	18.2	19.3	17.2	33.5	47.1	24.2	32.3	31.3	37.7	34.5
BJ's Wholesale Club (BJ)	---	---	---	---	---	31.4	21.8	16.6	24.0	21.3	23.0
Peer Group Average	19.1	20.0	21.3	19.8	29.7	38.7	26.4	31.5	31.4	39.0	33.4
Industry Average	19.1	20.1	21.3	19.8	29.6	38.5	26.3	31.3	31.3	38.7	33.2

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Sections 3 - The Key to the SSG - P/E

Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2018	233.5	154.1	7.09	32.9	21.7	2.14	30.2%	1.4%
2019	299.9	189.5	8.26	36.3	22.9	2.44	29.5%	1.3%
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AVERAGE PRICE EARNINGS RATIO: 32.8 CURRENT PRICE EARNINGS RATIO: 40.7


Look at the past to be able to predict the future. Do this by comparing the current P/E to P/E Range and average P/E.

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Price to Earnings Ratio

 Share Price

 = P/E Ratio
 Earnings per Share

Stock price is \$50 Earnings per share is \$2.50 = 20X



What is the P/E ?

Stock price is \$50 Earnings per share is \$5.00 = 10X

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Ratios Are Important – Which is the Better Value?

Price	\$1.35	\$.80
		
	15 oz.	8 oz.
Ratio	\$.09 / oz.	\$.10 / oz.

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The Relationship of Price to Earnings

Why are earnings so important?

- Long term EPS drives stock prices
- Investors pay more for anticipated growth of earnings

Short term expectations of earnings per share and news items can move stock prices on a daily basis

\$ales should drive earnings.

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Sections 3 - P/E History Chart in SSG

AVERAGE PRICE EARNINGS RATIO: 32.8 CURRENT PRICE EARNINGS RATIO: 40.7

Show / Hide Price/Earnings Chart Compare Peers

Year	High P/E	Low P/E
13	26	20
14	27	23
15	29	22
16	32	26
17	30	23
18	33	22
19	36	22.9
20	38	30
21	41	27
22	47	31

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How Changes To Earnings or P/E Impacts Returns

Current Situation

PE	Earnings	Price
25	5.00	125

Possible Situations with Earnings Doubling

PE	Earnings	Price	Change %
15	10.00	150	+ 20%
20	10.00	200	+ 60%
25	10.00	250	+ 100%
30	10.00	300	+ 140 %
35	10.00	350	+ 180%
40	10.00	400	+ 220%

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Return Impacts When Starting With A High P/E Ratio

Current Situation

PE	Earnings	Price
40	5.00	200

Possible Situations with Earnings Doubling

PE	Earnings	Price	Change %
15	10.00	150	- 25 %
20	10.00	200	0 %
25	10.00	250	+ 25%
30	10.00	300	+ 50%
35	10.00	350	+ 75%
40	10.00	400	+ 100 %

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Don't Overpay Today for Anticipated Growth Tomorrow

“How much should future earnings be discounted?”

Also don't be too conservative!



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SSG SECTION 4

Analyze Growth and Quality
Valuation and Return

Sections 3-5

Valuation – Judgments (Estimates)

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Section 4
Overview
Evaluating
Risk &
Reward
over the
next 5
years

4. EVALUATING RISK and REWARD over the next 5 years

A. HIGH PRICE - NEXT 5 YEARS
Avg. High P/E: 0.0 X Estimate High Earnings/Share: 13.14 = Forecasted High Price:

B. LOW PRICE - NEXT 5 YEARS
 (a) Avg. Low P/E: 0.0 X Estimate Low Earnings/Share: 13.50 = Forecasted Low Price: 0.0
 (b) Avg. Low Price of Last 5 Years: 265.7
 (c) Recent Market Low Price: 307.0
 2021 Low Stock Price: 307.0 52 Week Low Stock Price: 447.9
 2022 Low Stock Price: 406.5
 (d) Price Dividend Will Support: $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{4.08}{1.4\%} = 293.8$

Selected Forecasted Low Price:

C. ZONING using 25%-50%-25% (click to toggle)
 Forecasted High Price: 0.0 Minus Forecast Low Price: 0.0 = 0.0 Range: 25% of Range: 0.0
 Buy Zone: 0.0 to 0.0
 Hold Zone: 0.0 to 0.0
 Sell Zone: 0.0 to 0.0

Closing Stock Price of: 549.28 is in the **INVALID** Zone.
[Show / Hide Gain vs Loss Chart](#)

D. UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)
 $\frac{\text{Forecasted High Price} - \text{Closing Price}}{\text{Closing Price} - \text{Forecasted Low Price}} = \frac{(0.0 - 549.28)}{(549.28 - 0.0)} = \frac{-549.28}{549.28} = \text{Invalid}$

E. PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)
 $\frac{\text{Forecasted High Price}}{\text{Closing Price}} = \frac{0.0}{549.28} = (0.0000 \times 100) = (0.00 - 100) = \text{---\% Appreciation}$

Evaluating Risk At A Glance

Zone: INVALID

Forecasted High Price: 0.0
 Forecasted Low Price: 0.0
 Closing Price (08/31/23): 549.28
 Upside Downside Ratio: Invalid
 Potential Price Appreciation: ---%

The current price has to be in the stock price range that you create. Otherwise you will get invalid.

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Earnings Numbers – Where do They Come From?

3. PRICE EARNINGS HISTORY as an indicator of the future

Year	A Price		C Earnings		D Price Earnings Rat	
	High	Low	Per Share	High A / C	Low	
2018	233.5	154.1	7.09		32.9	
2019	299.9	189.5	8.26		36.3	
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AVERAGE		265.7	13.50		39.1	
CURRENT/TTM					42.3	
AVERAGE PRICE EARNINGS RATIO: 32.8						

[Show / Hide Price/Earnings Chart](#)

4. EVALUATING RISK and REWARD over the next 5 years

A. HIGH PRICE - NEXT 5 YEARS
Avg. High P/E: --- X Estimate High Earnings / Share: --- = Forecasted High Price:

B. LOW PRICE - NEXT 5 YEARS
(a) Avg. Low P/E: --- X Estimate Low Earnings/Share: **13.50** = Forecasted Low Price: 0.0
(b) Avg. Low Price of Last 5 Years: **265.7**
(c) Recent Market Low Price: **307.0**
2021 Low Stock Price: **307.0** 52 Week Low Stock Price: **447.9**
2022 Low Stock Price: **406.5**
(d) Price Dividend Will Support: Indicated Dividend = 4.08 = 293.8
High Yield 1.4%

Selected Forecasted Low Price:

C. ZONING using 25%-50%-25% (click to toggle)
Forecasted High Price: --- Minus Forecast Low Price: --- = Range. 25% of Range: ---
Buy Zone: --- to ---
Hold Zone: --- to ---
Sell Zone: --- to ---
Closing Stock Price of **549.28** is in the **INVALID** Zone.

[Show / Hide Gain vs Loss Chart](#)

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Where do Estimated Future Earnings Originate?

Fundamental Company Data											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	5 Yr Est
Historical Sales (\$M)	105,156	112,640	116,199	118,719	129,025	141,576	152,703	166,761	195,929	226,954	333,470
Historical EPS (\$)	4.63	4.65	5.37	5.33	6.08	7.09	8.26	9.02	11.27	13.14	19.31
Pre-Tax Profit (\$M)	3,051	3,197	3,604	3,619	4,039	4,442	4,765	5,367	6,680	7,840	

Gives 5 year estimated earnings
\$19.31

Applied to current earnings
\$13.50

Estimated annual EPS growth projection

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Section 4A Estimate High Price

3. PRICE EARNINGS HISTORY as an indicator of the future

Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2018	233.5	154.1	7.09	32.9	21.7	2.14	30.2%	1.4%
2019	299.9	189.5	8.26	36.3	22.9	2.44	29.5%	1.3%
2020	349.1	271.3	9.02	38.7	30.1	2.70	29.9%	1.0%
2021	460.6	307.0	11.27	40.9	27.2	2.98	26.4%	1.0%
2022	612.3	406.5	13.14	46.6	30.9	3.38	25.7%	0.8%
AVERAGE		265.7		39.1	26.6		28.4%	
CURRENT/TTM			13.50	42.3	33.2	4.08	30.2%	
AVERAGE PRICE EARNINGS RATIO: 32.8				CURRENT PRICE EARNINGS RATIO: 40.7				

If in Section 3 and you remove a P/E. Automatic recalculation.

4. EVALUATING RISK and REWARD over the next 5 years

A. HIGH PRICE - NEXT 5 YEARS

Avg. High P/E: X Estimate High Earnings / Share: = Forecasted High Price:

Click on Green Box

Determine High Price - Next 5 Years

Forecast High Stock Price

5 Year Average High P/E: 5 Year Average P/E: Current P/E:

Your Average High P/E Forecast: X High EPS Forecast: = High Stock Price Forecast:

Closing Price (08/31/23): 549.28

You can still override.

EPS From Section 1 of the SSG

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Section 4 Estimate Low Price

Determine Low Price - Next 5 Years

Select Low Stock Price Forecast

Your Low Stock Price Forecast:

Low P/E X Low EPS Forecast: Update Low EPS Forecast using: Auto Update to TTM EPS (click to toggle)

Average Low P/E Forecast: X Low EPS Forecast: = Forecast Low Stock Price:

5 Year Average Low P/E: 26.6 TTM EPS: 13.50 Closing Price (08/31/23): 549.28

5 Year Average P/E: 32.8 Current P/E: 40.7

Recent Market Low Price: 2021 Low Stock Price: 307.0 52 Week Low Stock Price: 447.9

2022 Low Stock Price: 406.5

Average Low Price of Last Five Years:

Price Dividend Will Support: Indicated Dividend: 4.08 High Yield: 1.4%

It chooses TTM or YOU override manually.

Most times Pick This

4B (a) Avg. Low P/E For growth stocks

(b) Avg. low price last 5 years For cyclical stocks

(c) Severe market low For severe down market

(d) Price dividend will support For high dividend yield

Selecting the low price is just as important as selecting the high price

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Sections 4C, 4D, and 4E

4. EVALUATING RISK and REWARD over the next 5 years

A. HIGH PRICE - NEXT 5 YEARS
Avg. High P/E: 39.1 X Estimate High Earnings / Share: 19.31 = Forecasted High Price: **754.9**

B. LOW PRICE - NEXT 5 YEARS
(a) Avg. Low P/E: 26.6 X Estimate Low Earnings/Share 13.50 = Forecasted Low Price: 359.1
(b) Avg. Low Price of Last 5 Years: 265.7
(c) Recent Market Low Price: 307.0
2021 Low Stock Price: 307.0 52 Week Low Stock Price: 447.9
2022 Low Stock Price: 406.5
(d) Price Dividend Will Support: $\frac{4.08}{1.4\%} = 293.8$
High Yield

Selected Forecasted Low Price: **359.1**

C. ZONING using 25%-50%-25% (click to toggle)
Forecasted High Price: 754.9 Minus Forecast Low Price: 359.1 = 395.8 Range. 25% of Range: 99.0
Buy Zone: 359.1 to 458.1
Hold Zone: 458.1 to 656.0
Sell Zone: 656.0 to 754.9
Closing Stock Price of 549.28 is in the **HOLD** Zone.
[Show / Hide Gain vs Loss Chart](#)

D. UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)
 $\frac{\text{Forecasted High Price} - \text{Closing Price}}{\text{Closing Price} - \text{Forecasted Low Price}} = \frac{754.9 - 549.28}{549.28 - 359.1} = \frac{205.62}{190.18} = 1.1 \text{ To } 1$

E. PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)
 $\frac{\text{Forecasted High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{754.9 - 549.28}{549.28} = (1.3743 \times 100) = (137.43 \cdot 100) = 37.4\% \text{ Appreciation}$

Evaluating Risk At A Glance

Zone: **HOLD**

Forecasted High Price: 754.9

Forecasted Low Price: 359.1

Closing Price (08/31/23): 549.28

Upside Downside Ratio: **1.1 To 1**

Potential Price Appreciation: 37.4%

↑

Good summary of potential risk.
Three valuation tools.

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Section 4C Zoning: Buy — Hold — Sell

C. ZONING using 25%-50%-25% (click to toggle)
Forecasted High Price: 754.9 Minus Forecast Low Price: 359.1 = 395.8 Range. 25% of Range: 99.0
Buy Zone: 359.1 to 458.1
Hold Zone: 458.1 to 656.0
Sell Zone: 656.0 to 754.9
Closing Stock Price of 549.28 is in the **HOLD** Zone.
[Show / Hide Gain vs Loss Chart](#)

Zoning

3

1

Potential Gain vs Loss

Upside Downside Ratio UDR: 1.1

Zoning – 2 options:
25% - 50% - 25%
33% - 33% - 33%

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Section 4D Upside-Downside Ratio Potential Gain vs. Loss

D. UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$$\frac{\text{Forecasted High Price} - \text{Closing Price}}{\text{Closing Price} - \text{Forecasted Low Price}} = \frac{(754.9 - 549.28)}{(549.28 - 359.1)} = \frac{205.62}{190.18} = 1.1 \text{ To } 1$$

Forecast high price

Forecast upside (potential gain)
\$754.90 - 549.28 = \$205.62

Upside-Downside ratio: 1.1 to 1

Current price

205.62 / 190.18 = 1.1
Upside 1.1 / Downside 1

Selected low price

\$549.28 - 359.10 = 190.18
Downside Risk or Loss

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Sections 4E

E. PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$$\frac{\text{Forecasted High Price}}{\text{Closing Price}} = \frac{754.9}{549.28} = (1.3743 \times 100) = (137.43 - 100) = 37.4\% \text{ Appreciation}$$

This potential simple price appreciation is carried over to section 5 to figure out the five year compounded annual return.

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SSG SECTION 5

Analyze Growth and Quality
Valuation and Return

Sections 3-5

Total Return – Price Appreciation and Dividend Yield

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Yield and Payout Ratio

5. FIVE-YEAR POTENTIAL

A. CURRENT YIELD

$$\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{4.08}{549.28} = 0.0074 = 0.7\%$$

B. AVERAGE YIELD - USING FORECAST HIGH P/E

$$\frac{\text{Avg. \% Payout}}{\text{Forecast High P/E}} = \frac{28.4}{39.1} = 0.7\%$$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$$\frac{\text{Avg. \% Payout}}{\text{Forecast Average P/E}} = \frac{28.4}{32.85} = 0.9\%$$

Determine Average Payout Percent

Name	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Last 5 Year Avg.
% Payout	25.3%	28.6%	28.1%	31.9%	31.3%	30.2%	29.5%	29.9%	26.4%	25.7%	28.4%
EPS	4.63	4.65	5.37	5.33	6.08	7.09	8.26	9.02	11.27	13.14	
Dividend	1.17	1.33	1.51	1.70	1.90	2.14	2.44	2.70	2.98	3.38	
% High Yield	1.3%	1.2%	1.3%	1.2%	1.3%	1.4%	1.3%	1.0%	1.0%	0.8%	

Forecast Average Payout Percent

5 Year Average Payout: 28.4%

Your Average Payout Forecast:

[Update Study](#)

Last judgment item - the Payout Ratio.
How much of the earnings are being shared with shareholders as a dividend?

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Section 5C: Compound Average Return

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E	COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E
Annualized Appreciation 15.2 %	Annualized Appreciation 11.3 %
Average Yield 0.0 %	Average Yield 0.0 %
Annualized Rate of Return 15.2 %	Annualized Rate of Return 11.3 %

Concept:

Compound Return of 15% annually will
double your money in 5 years.

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Double Your Investment

Rule of 72

Rate of Return	Years to Double Your Money
6%	12 Years
7%	10.3 Years
→ 8%	9 Years
9%	8 Years
10%	7.2 Years
11%	6.6 Years
12%	6 Years
→ 15%	4.8 Years

**Formula: 72 Divided by Rate of Return =
Years to Double Your Money**
Example: 72 ÷ 15 = 4.8 Years

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Sections 5A, 5B, 5C

▶ 5. FIVE-YEAR POTENTIAL

A. CURRENT YIELD

$$\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{4.08}{549.28} = 0.0074 = 0.7\%$$

B. AVERAGE YIELD - USING FORECAST HIGH P/E

$$\frac{\text{Avg. \% Payout}}{\text{Forecast High P/E}} = \frac{28.4}{39.1} = 0.7\%$$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$$\frac{\text{Avg. \% Payout}}{\text{Forecast Average P/E}} = \frac{28.4}{32.85} = 0.9\%$$

C. COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Price Appreciation	6.6%
Average Yield	0.7%
Annualized Rate of Return	7.3%

COMPOUND ANNUAL RETURN - USING FORECAST AVERAGE P/E

Annualized Price Appreciation	2.9%
Average Yield	0.9%
Annualized Rate of Return	3.8%

SSG Results Summary

Zone: HOLD

Upside Downside Ratio: 1.1 To 1

Total Return (High P/E): 7.3%

Projected Return (Avg. P/E): 3.8%

Buy price to satisfy US/DS of 3 to 1 and 15% total return: 387.4

Buy Below price based on zoning selection: 458.1

Closing Price (08/31/23): 549.28

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Summary of Judgment Basics

When choosing a stock, look for:

1. consistent sales and EPS growth
2. industry leader
3. competitive edge due to unique products
4. great management

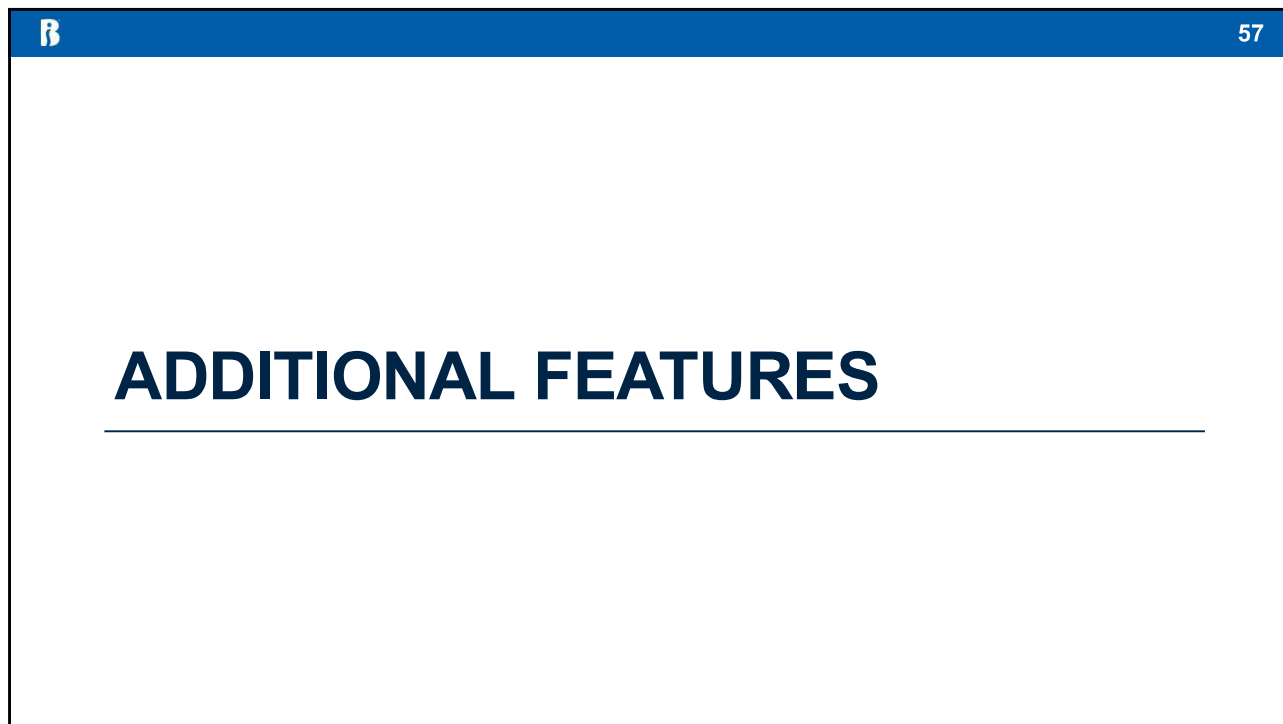
Compare the company:

1. P/E, earnings growth, and margins to its historical norms
2. To the industry, and compare the Industry to the market

Finally, use reasonable valuations

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Additional Features – in top menu

SSG PLUS

Switch Tools
SSGPlus CoreSSG

File Data Print Research Tools Logout

Analyze Growth and Quality Valuation and Return Quarterly Data Ratios Audit Sentiment Notes: 3

Quarterly Data - Visualize quarter by quarter performance with graphs and data tables

Ratios – Relative Value, PEG, quick ratio, current ratio, debt coverage

Audit – Has performance declined or have estimates tripped SSG “warning bells?”


Sentiment – How have other SSG users estimated the next five years?

Notes – Record your own notes about the company

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More Features, Controls and Links to Other Sites



File: Save, copy, export, etc. your SSG. Go to your SSG library. Go to the Stock Screener

Data: Update/refresh data. See basic, annual and quarterly data and estimates

Print: Self-explanatory

Research: Many links to outside sources
Company website, analyst estimates, SEC filings, financial statements, price charts

Tools: Set preferences. Quickly navigate to another SSG.

Logout: Self-explanatory

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Questions and Comments

Using Online Tools to Make You a Better Investor

Craig Braemer: craigbraemer1@gmail.com
Marion Michel: contact@silicon.betterinvesting.net

Our sponsor's presentation is next.



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Our Sponsor

Ticker: **(Nasdaq: FNGR)**
<https://fingermotion.com/>

FingerMotion is an evolving technology company with a core competency in mobile payment and recharge platform solutions in China. It is one of only a few companies in China with access to wholesale rechargeable minutes from China's largest mobile phone providers to service their consumers.

As the user base of its primary business continues to grow, the Company is developing additional value-added technologies to market to its users. The vision of the Company is to rapidly grow the user base through organic means and have this growth develop into an ecosystem of users with high engagement rates utilizing its innovative applications. Developing a highly engaged ecosystem of users would strategically position the Company to onboard larger customer bases. FingerMotion eventually hopes to serve over 1 billion users in the China market and expand the model to other regional markets.

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