

Hello –

It is time for the (NLC) Northern Lights Chapter's 4th quarter stock study. My first step, as always, is to check for Relative Strength. I have found www.stockcharts.com to be a great resource for this purpose. I have seen the Communication Services sector perform better than the S&P 500, as represented by the ETF symbol SPY, over recent time frames.

My second step is to go to www.betterinvesting.org and use their search tool to find all companies in this sector. The results show 280 companies. I click on Export as CVS found at the top of the Results section. This file is then opened in Excel.

The third step is to sort these 280 companies by size. I copied the large-size results to a new worksheet inside my Excel workbook. I do the same for medium-size and small-size companies. For each company size worksheet, I sort by salesgrowth and remove those companies not growing sales at the rate we expect. Large-size companies are expected to grow sales by 5% to 7%; medium-size companies are expected to grow sales by 7% to 12%; small-size companies are expected to grow sales by 12% or better. There are 35 large-size companies in this sector with only 20 companies meeting expectations for sales growth. There are 85 medium-size companies with only 47 meeting expectations. There are 160 small-size companies with only 73 meeting expectations. I do the same for epsgrowth, and I have the same expectations regarding size and growth. Large-size companies are reduced to 13; medium-size companies are reduced to 17; small-size companies are reduced to 26. Finally, I want to see currentpe to be greater than zero. Medium-size companies are reduced to 14; small-size companies are reduced to 11. Those companies that have passed these tests are combined into a new worksheet in this Excel workbook. I now have 38 companies in this sector that are ready for the next step. However, I see there are duplicate ticker symbols: FOX and FOXA, GOOGL and GOOG, LBRDK and LRBDA. Removing these duplicates gives me 35 companies to study. We went from 280 companies to 35 in about five minutes.

Our fourth step is to do a quick SSG for these 35 companies, removing those that don't pass the 'sniff test.' Here is the NLC short list: TTD, NTES, NFLX, TCEHY, GOOGL, META, LYV, SPOT. I sort these companies by Industry. GOOGL, META, SPOT, and TCEHY are all in the Internet Content and Information Industry. LYV and NFLX are in the Entertainment Industry. NTES - is in the Electronic Gaming, Multimedia Industry. TTD - is in the Advertising Agency Industry.

Our fifth step is to do a more thorough SSG to end up with just one company per Industry. TTD and NTES are in their own industries. NFLX, we feel, is the better

company over LYV. We removed SPOT, leaving GOOGL, META, and TCEHY in the Internet Content and Information Industry. We feel all three are good companies.

Our last step is to pick one company of the six for our 4th quarter stock study. While all those companies that completed our fifth step deserve your attention, I chose TTD for this reason: there are no First Cuts for this company. Please check out the Audit tab in our SSG and remember to do your own due diligence. Thanks, and watch for our January stock study. Contact me if you have any questions regarding the above procedure.

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