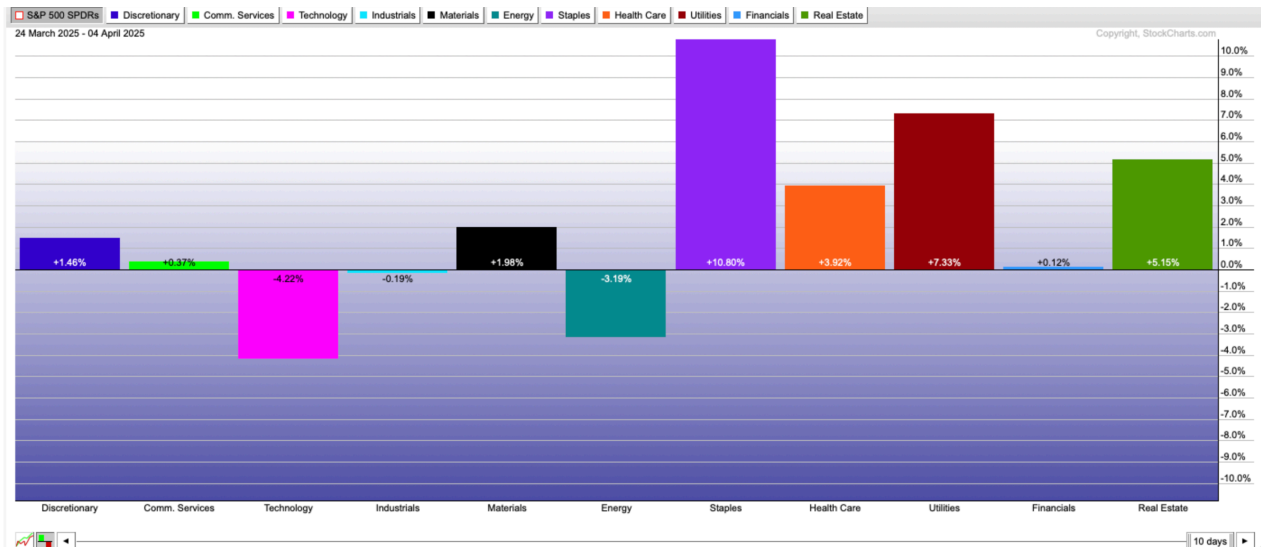


How I found the stocks we are studying -

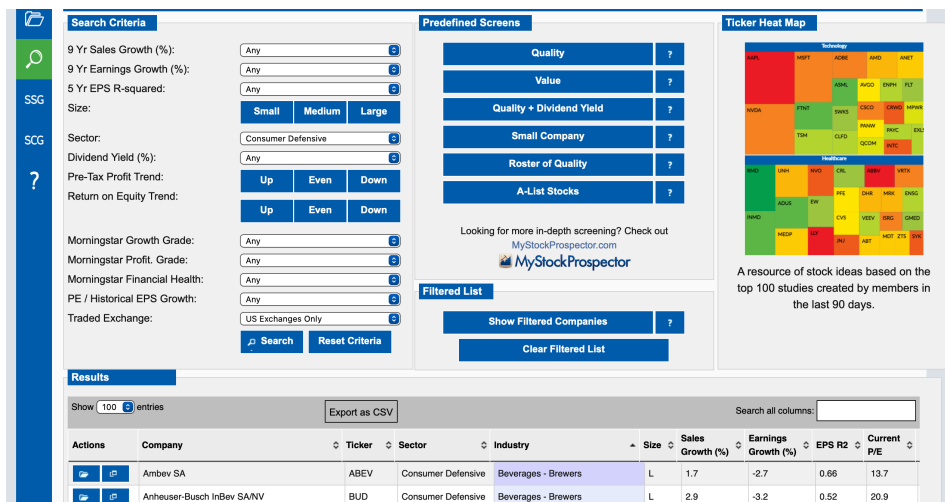
My first step is to look at Relative Strength (RS) at www.stockcharts.com
Here I compare the S&P 500 (SPY) to the eleven sectors that make up the market.
I noticed that the Consumer Staples sector (XLP) had outperformed SPY over a recent timeframe.



Caption

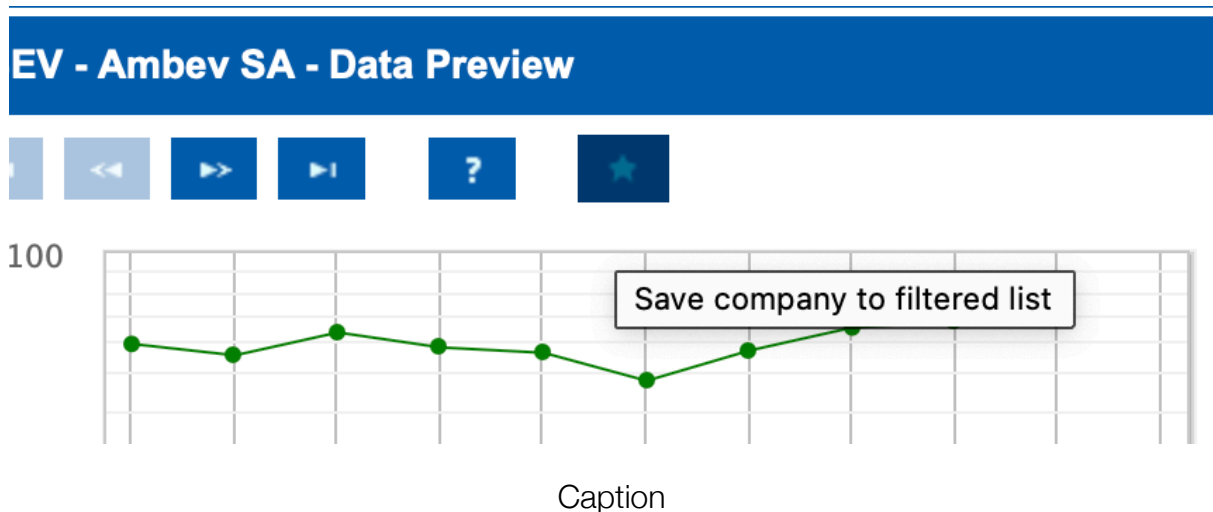
Consumer Staples Sector is made up of different Industries, one of which is Brewers, which has been near the top in performance again over a recent timeframe.

Moving to the screening tool at the BetterInvesting website, I can search for all stocks in the Consumer Defensive Sector. BI calls it Consumer Defensive, stockcharts calls it Consumer Staples. Once I select Consumer Defensive, I click on the Search button, then click on the Industry heading to sort by Industry.



Caption

I click on the Clear Filtered List tab, and then I add all companies in this Industry to the Filtered List. This is easy to do by clicking on the Preview Data button on the left-hand side of the screen, and then clicking on the Star.



What I am doing is an Industry Study by adding all companies to my Filtered List. Once all 37 companies are selected, I click on Show Filtered Companies and sort this list by size. Large-size companies (> 10B in annual sales) are expected to have annual growth rates between 5 to 8%; mid-size companies (1B to 10B in annual sales) are expected to have annual growth rates between 8 to 12%; small-size companies (< 10B in annual sales) are expected to have annual growth rates 12% or more. I remove from my Filtered List those companies whose annual sales growth does not match expectations. To remove a company, click on the Preview Data button again and click on the yellow pin. I show Show Filtered Companies again and I see only 21 companies are now on my list. Again, I sort by size and repeat the process for EPS, removing those not meeting expectations. Now I am down to just six companies.

I can do a rough SSG on these six companies. Two more companies are removed because of this, leaving me with four companies to study in greater depth: CCEP, PEP, COKE, MNST.

Stay tuned for our pick of the 2nd quarter. - Barry

PS. If you have questions about the above method you can always email me at detlo001@umn.edu