

The Other 20%

Beyond the SSG



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Disclaimer



All stock references are meant to be used for educational purposes.

No recommendation for purchase or sell is intended or implied.

Please perform your own due diligence



The 80% on the SSG

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- ▶ **Quality Company** - Consistent Growth
 - Up, Straight, and Parallel
- ▶ **Management** – Turning Assets into Sales
 - PTP – Better than Industry Average
 - ROE – above 15%-20%+ and steady or increasing
- ▶ **Good Value** – PE's
 - Current PE below the Average PE
 - Buy - Hold – Sell

The Other 20% - Not on the SSG

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- ▶ **Factors that contributed to Sales & Earnings Growth in the past**
- ▶ **How they will grow Sales & Earnings in the Future**
 - New or Improving products
 - Expand geographically
 - Acquire other companies or product lines
 - Ways to improve profit margins
 - Marketing strategy

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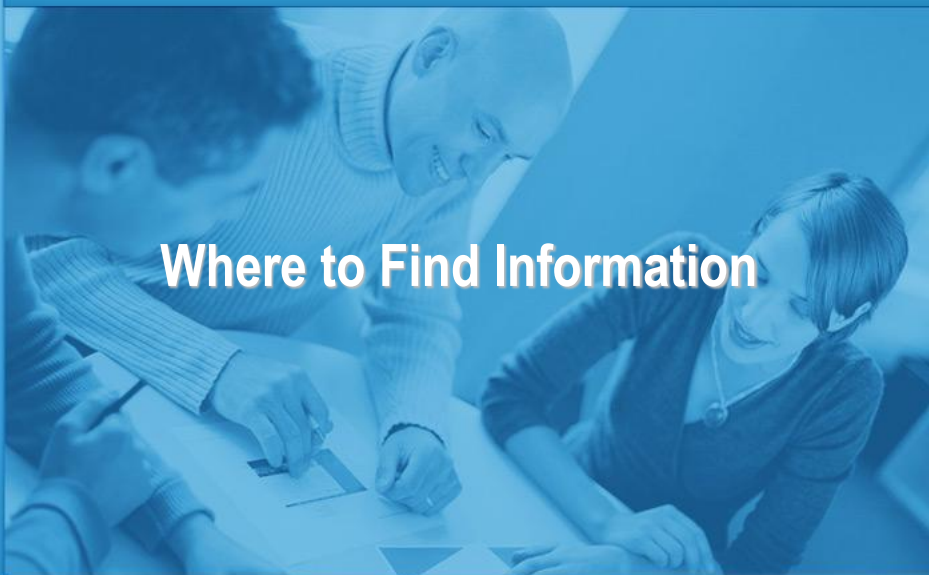
▶ Are There Problems in the Company

- Competition- erosion of competitive advantage
- Patent protection expiration
- Limited product (1 or 2 key products)
- Dependent too few customers or suppliers
- Shrinking market
- Stagnant sales in major market area
- Financially sound
- Lawsuits or government investigation
- Management integrity is questionable

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▶ Are There Problems in the Industry

- Economic downturn
- Rising unemployment
- Rising commodity costs
- Rising energy costs
- Credit crisis
- Government investigation of industry



Where to Find Information

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▣ Independent Analysts Reports

- **Value Line**
 - Commentary & Analysis, Opinion of Future Prospects
 - Industry Overview
- **Morningstar**
 - Bulls & Bears, Moat, Valuation, Management discussion
- **Standard & Poor's**
 - Basic Info, Industry Outlook, Wall Street Consensus

Where to Find Information

▶ Recent News Articles – Internet Sites

- Yahoo
- Google
- NASDAQ
- MSN
- Zack's
- Seeking Alpha
- Others, the list is endless

Where to Find Information

▶ Company Sources

- **Annual Report**
 - Presidents' Letter to Shareholders
 - Management Discussion & Analysis (MD&A)
- **Conference Calls**
- **Earnings Transcripts**
- **Press Releases**



Make Better Decisions

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Recommendation:
Minimum of Three (3)
Research Resources

Make Better Decisions

▶ **Judgment is weighing what you know about:**

- a company,
- its industry and the
- economy and
- making a decision about future growth

Equals a more informed opinion from our research

