The Value Line Investment Survey® Sample Page

The Value Line System

Our Ranks (see below) always use 1 for best and 5 for worst. It's that simple. Value Line ranks stocks for Timeliness, Safety, and Technical in five groups, with Rank 1 being the best, always in comparison to all approximately 1,700 stocks we cover.

(Please read the boxes at the bottom of this column titled Value Line Ranks and Target Price Ranges.)

Value Line Ranks — the rank for Timeliness; the rank for Safety; the Technical rank. Beta measures how volatile the stock price is relative to all NYSE exchange-listed stocks. Beta is not one of our proprietary ranks. Safety measures the overall risk of a stock, taking into account the company's Financial Strength as well as the volatility of the stock.

The Legends box contains the "cash flow" multiple, and indicates if options are traded on the stock. "Options" refer to rights to buy or sell shares of the stock at a certain price.

The 18-month Target Price predicts a stock's price over an 18-month horizon. The percentage difference between the current stock price and the midpoint of the range is provided (rounded to the nearest 5%). This percentage may be thought of as the stock's most likely 18-month potential profit. Value Line publishes the median expected appreciation to the midpoint of all of our approximately 1,700 stocks from the present until 18 months in the future on the front page of the weekly *Summary & Index*, along with the 3- to 5-year median of midpoints.

Projected stock price Value Line also projects the high to low price Value Line expects the stock to reach in three to five years, the total expected % gain/loss before dividends and the projected high and low Annual Compound Total Return (% including dividends) for the next three to five years.

Stock purchases/sales by institutions — the number of times institutions with more than $100 million of assets under management bought or sold stock of this company during the past three quarters and the total number of shares of this stock held by those institutions at the end of each of the last three quarters.

Statistical Array — historical financial data appears in regular type. Value Line estimates are in bold type. Calendar years are used, unless the company has a fiscal year indicated in the Footnotes.

The Capital Structure as of the indicated recent date showing, if applicable, the number of shares of common and preferred stock, interest, leases, the company's market capitalization (the stock price times the number of outstanding shares), the $ amount of long-term debt, and the % of capital represented by the long-term debt.

Current Position — total current assets and total current liabilities.

Annual Rates of Change are actual annual rates for each of the past five and 10 years, and are Value Line estimates for the next three to five years.

Quarterly Sales are shown on a gross basis before taxes are paid (estimates in bold italic type).

Quarterly earnings are shown on a per-share basis (estimates in bold italic type).

Quarterly Dividends Paid are actual payments. The total of dividends paid in four (calendar) quarters may not equal the figure shown in the annual series on dividends declared in the Historical and Statistical Arrays. Often, a dividend declared at the end of a calendar year is paid in the beginning of the following year. When a company announces an increase or decrease to the next dividend payment not yet paid, we will show that dividend in bold.

The "Cash Flow" line — reported earnings plus depreciation ("cash flow") multiplied by a number selected to correlate with the stock's 3–5 year projected target price in the top right portion of the graph over the same time period. The line is dotted in the period for which full-year audited financials have not been released.

Recent Price — Price as of the date listed on page 2 under Index to Stocks of this issue's *Summary & Index*.

P/E ratio — is the company's recent stock price divided by the latest six months' earnings per share plus earnings estimated for the next six months. P/E shows what price a shareholder would pay for each dollar of a stock's earnings.

Monthly price ranges of the stock — plotted on a ratio (logarithmic) grid to show percentage changes in true proportion. For example, a ratio grid equalizes the move of a $10 stock that rises to $11 with that of a $100 stock that rises to $110. Both have advanced 10% and over the same space on a ratio grid. Each vertical line represents one month. The length of the vertical line represents the high and low prices for the month. The dot at the right end of the monthly price range graph is the latest price whenever the graph is not done on the last day of the month.

Trailing and Median P/E — the first is the recent price divided by the sum of reported earnings for the past four reported quarters; the second is the median of the price/earnings ratios over the past 10 years. The median P/E is not calculated when the trading history is less than 10 years.

Relative P/E ratio — the stock's current P/E divided by the current median P/E for the approximately 1,700 stocks under Value Line review.

Dividend Yield — cash dividends estimated by Value Line to be declared in the next 12 months divided by the recent price.

The stock's highest and lowest prices of the calendar year referred to on the chart. The year is found at the bottom of each column. The chart uses calendar years.

Target Price Range — the range in which Value Line thinks a stock price is likely to trade in the next 3- to 5-years; also shown in the "Projections" box near the top left of the page. The range from high to low is narrower for stocks with higher Safety ranks.

Relative Price Strength describes the stock's past price performance relative to the Value Line Arithmetic Index, which is an average of the prices of the approximately 1,700 stocks in *The Value Line Investment Survey*. (A rising line indicates that this stock's price has outperformed the average of the stocks in the Value Line universe. A declining line indicates that this stock's price has risen less than that of the average stock in the Value Line universe.)

The % Total Return shows the cumulative price appreciation and dividends of a stock for the past one, three, and five years compared to the Value Line Arithmetic Index, which is an average of the price appreciation and dividends of the approximately 1,700 stocks in *The Value Line Investment Survey*, for one, three and five years.
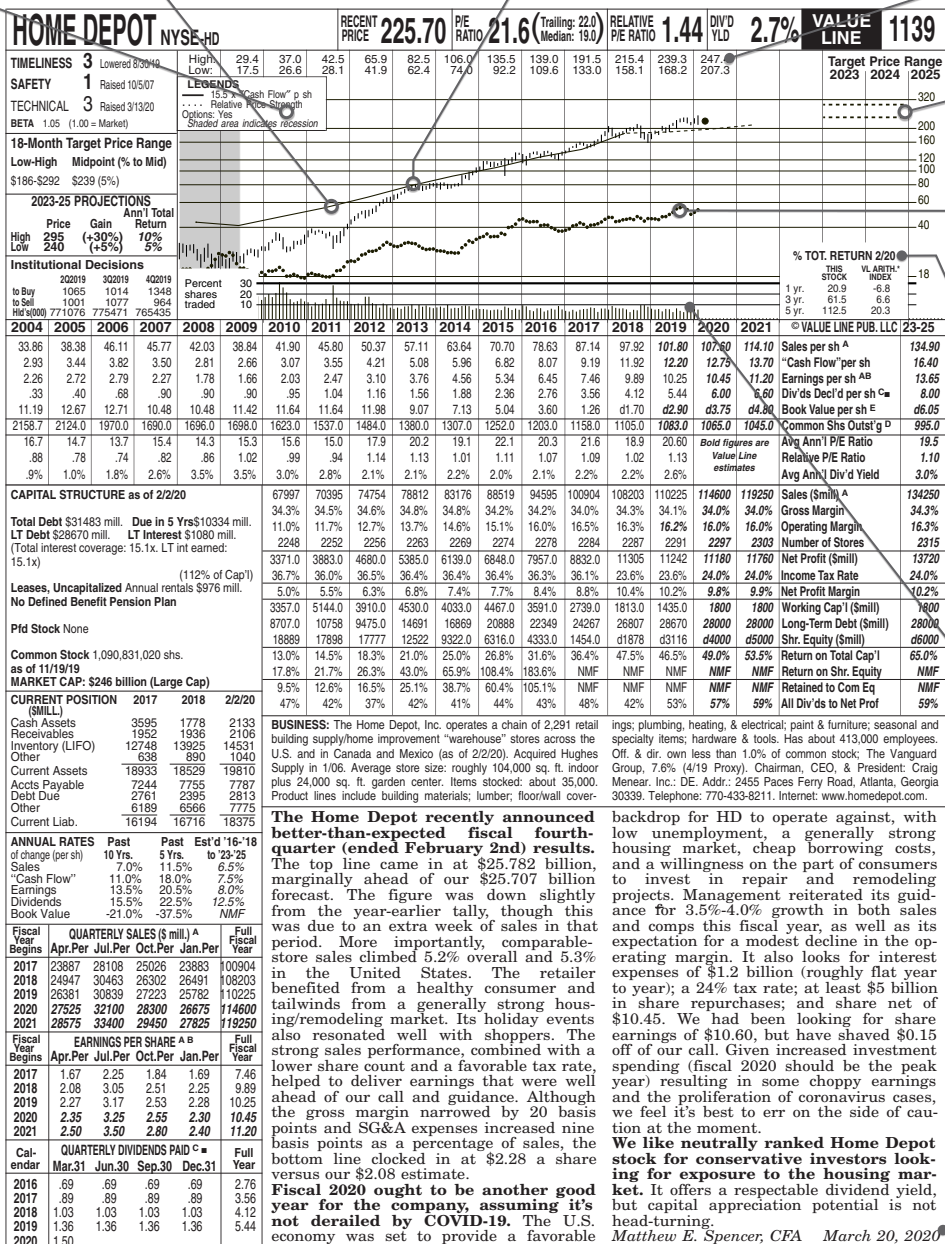
The percentage of shares traded monthly — the number of shares of this stock traded each month as a percentage of the number of shares outstanding. The scale of the % of the shares of this stock traded each month is immediately to the left of the grid of shares traded monthly.

Statistical Array — Important historical and projected financial information. The numbers are for fiscal years if used by the company. Historical financial data appears in regular type. Value Line estimates and projections appear in bold italics. The quarterly figures in the lower left of the page indicate whether calendar or fiscal years are used. The Footnotes indicate the fiscal year of non-calendar year companies.

Business Information — a brief description of the company's business, its major products, and other important data.

Analyst's Commentary — A 300 – 400 word report about recent developments and prospects – issued every three months on a regular schedule for each *Value Line Investment Survey* stock. Supplementary reports in the back of each issue of Ratings and Reports are issued when there is important news about the stock after the page has gone to press..

Issue Date — The expected date this issue will be received by print subscribers.

Central data panel

HOME DEPOT NYSE-HD | RECENT PRICE **225.70** | P/E RATIO **21.6** | Trailing: 22.0 / Median: 19.0 | RELATIVE P/E RATIO **1.44** | DIV'D YLD **2.7%** | VALUE LINE **1139**

TIMELINESS	3	Lowered 8/30/19	High:	29.4	37.0	42.5	65.9	82.5	106.0	135.5	139.0	191.5	215.4	239.3	247.
SAFETY	1	Raised 1/5/07	Low:	17.5	26.6	28.1	41.9	62.4	74.0	92.2	109.6	133.0	158.1	168.2	207.3

Target Price Range 2023 2024 2025

LEGENDS: 15.3 × "Cash Flow" p sh / Relative Price Strength / Options: Yes / Shaded area indicates recession

BETA 1.05 (1.00 = Market)

18-Month Target Price Range
Low-High Midpoint (% to Mid)
$186-$292 $239 (5%)

2023-25 PROJECTIONS
	Price	Gain	Ann'l Total Return
High	295	(+30%)	10%
Low	240	(+5%)	3%

Institutional Decisions
	2Q2019	3Q2019	4Q2019
to Buy	1065	1014	1348
to Sell	1001	1077	964
Hld'000	771076	775471	765435

% TOT. RETURN 2/20
	THIS STOCK	VL ARITH.* INDEX
1 yr.	20.9	-6.8
3 yr.	61.5	6.6
5 yr.	112.5	20.3

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
33.86	38.38	46.11	45.77	42.84	38.84	41.90	45.80	50.37	57.11	63.64	70.70	78.63	87.14	97.92	101.80	107.60	114.10	Sales per sh ^A	134.90
2.93	3.44	3.82	3.50	2.81	2.66	3.07	3.55	4.21	5.08	5.96	6.82	8.07	9.19	11.92	12.20	12.75	13.70	"Cash Flow" per sh	16.40
2.26	2.72	2.79	2.27	1.78	1.66	2.03	2.47	3.10	3.76	4.56	5.34	6.45	7.46	9.89	10.25	10.45	11.20	Earnings per sh ^AB	13.65
.33	.40	.68	.90	.90	.90	.95	1.04	1.16	1.56	1.88	2.36	2.76	3.56	4.12	5.44	6.00	6.80	Div'ds Decl'd per sh ^C■	8.00
11.19	12.67	12.71	10.48	10.48	11.42	11.64	11.54	11.98	9.07	7.13	5.04	3.60	1.26	d1.70	d2.90	d3.75	d4.30	Book Value per sh ^B	d6.05
2158.7	2124.0	1970.0	1690.0	1696.0	1698.0	1623.0	1537.0	1484.0	1390.0	1307.0	1252.0	1203.0	1158.0	1105.0	1083.0	1065.0	1045.0	Common Shs Outst'g ^D	995.0
16.7	14.7	13.7	15.4	14.3	15.3	15.6	15.0	17.9	20.2	19.1	22.1	20.3	21.6	18.9	Bold figures are Value Line estimates	Avg Ann'l P/E Ratio	19.5
.88	.78	.74	.82	.86	1.02	.99	.94	1.14	1.13	1.01	1.11	1.07	1.09	1.02				Relative P/E Ratio	1.10
.9%	1.0%	1.8%	2.6%	3.5%	3.5%	3.0%	2.8%	2.1%	2.1%	2.2%	2.0%	2.1%	2.2%	2.2%	2.6%			Avg Ann'l Div'd Yield	3.0%

CAPITAL STRUCTURE as of 2/2/20

Total Debt $31483 mill. Due in 5 Yrs $10334 mill.
LT Debt $28670 mill. LT Interest $1080 mill.
(Total interest coverage: 15.1x. LT int earned: 15.1x)

Leases, Uncapitalized Annual rentals $976 mill.
No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 1,090,831,020 shs.
as of 11/19/19
MARKET CAP: $246 billion (Large Cap)

	67997	70395	74754	78812	83176	88519	94595	100904	108203	110225	114600	119250	Sales ($mill) ^A	134250
	34.3%	34.5%	34.6%	34.8%	34.8%	34.2%	34.2%	34.0%	34.3%	34.1%	34.0%	34.0%	Gross Margin	34.3%
	11.0%	11.7%	12.7%	13.7%	14.6%	15.1%	16.0%	16.5%	16.3%	16.2%	16.0%	16.0%	Operating Margin	16.3%
	2248	2252	2256	2263	2269	2274	2284	2287	2291	2297	2303	2315	Number of Stores	2315
	3371.0	3883.0	4680.0	5385.0	6139.0	6848.0	7957.0	8832.0	11305	11242	11180	11760	Net Profit ($mill)	13720
	36.3%	36.6%	36.5%	36.4%	36.4%	36.4%	36.3%	36.3%	36.1%	23.8%	23.6%	24.0%	Income Tax Rate	24.0%
	5.0%	5.5%	6.3%	6.8%	7.4%	7.7%	8.4%	8.8%	10.4%	10.2%	9.8%	9.9%	Net Profit Margin	10.2%
	3357.0	5144.0	3910.0	4530.0	4033.0	4467.0	3591.0	2739.0	1813.0	1435.0	1800	1800	Working Cap'l ($mill)	1800
	8707.0	10758	9475.0	14591	16869	20888	22349	24267	26807	29670	28000	28000	Long-Term Debt ($mill)	28000
	18889	17898	17777	12522	9322	6316.0	4333.0	1454.0	d1878	d3116	d4000	d5000	Shr. Equity ($mill)	d6000
	13.0%	14.5%	18.3%	21.0%	25.0%	26.8%	31.6%	36.4%	47.5%	46.5%	49.0%	53.5%	Return on Total Cap'l	49.0%
	17.8%	21.7%	26.3%	43.0%	65.9%	104.4%	183.6%	NMF	NMF	NMF	NMF	NMF	Return on Shr. Equity	NMF
	9.5%	12.6%	16.5%	25.1%	38.7%	60.4%	105.1%	NMF	NMF	NMF	NMF	NMF	Retained to Com Eq	NMF
	47%	42%	37%	42%	41%	44%	43%	48%	42%	53%	57%	59%	All Div'ds to Net Prof	59%

CURRENT POSITION | 2017 | 2018 | 2/2/20
($MILL)			
Cash Assets	3595	1778	2133
Receivables	1952	1936	2106
Inventory (LIFO)	12748	13925	14531
Other	638	890	1040
Current Assets	18933	18529	19810
Accts Payable	7244	7755	7787
Debt Due	2761	2395	2813
Other	6189	6566	7775
Current Liab.	16194	16716	18375

ANNUAL RATES | Past | Past | Est'd '16-'18
of change (per sh) | 10 Yrs. | 5 Yrs. | to '23-'25
Sales	7.0%	11.5%	6.5%
"Cash Flow"	11.0%	18.0%	7.5%
Earnings	13.5%	20.5%	8.0%
Dividends	15.5%	22.5%	12.5%
Book Value	-21.0%	-37.5%	NMF

Fiscal Year Begins	QUARTERLY SALES ($ mill.) ^A				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2017	23887	28108	25026	23083	100904
2018	24947	30463	26302	26491	108203
2019	26381	30839	27223	25782	110225
2020	27525	32100	28300	26675	114600
2021	28575	33400	29450	27825	119250

Fiscal Year Begins	EARNINGS PER SHARE ^AB				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2017	1.67	2.25	1.84	1.69	7.46
2018	2.08	3.05	2.51	2.25	9.89
2019	2.27	3.17	2.53	2.28	10.25
2020	2.35	3.25	2.30	2.55	10.45
2021	2.50	3.50	2.80	2.40	11.20

Cal-endar	QUARTERLY DIVIDENDS PAID ^C■				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2016	.69	.69	.69	.69	2.76
2017	.89	.89	.89	.89	3.56
2018	1.03	1.03	1.03	1.03	4.12
2019	1.36	1.36	1.36	1.36	5.44
2020	1.50				

BUSINESS: The Home Depot, Inc. operates a chain of 2,291 retail building supply/home improvement "warehouse" stores across the U.S. and in Canada and Mexico (as of 2/2/20). Acquired Hughes Supply in 1/06. Average store size: roughly 104,000 sq. ft. indoor plus 24,000 sq. ft. garden center. Items stocked: about 35,000. Product lines include building materials; lumber; floor/wall cover- ings; plumbing, heating, & electrical; paint & furniture; seasonal and specialty items; hardware & tools. Has about 413,000 employees. Off. & dir. own less than 1.0% of common stock; The Vanguard Group, 7.6% (4/19 Proxy). Chairman, CEO, & President: Craig Menear. Inc.: DE. Addr.: 2455 Paces Ferry Road, Atlanta, Georgia 30339. Telephone: 770-433-8211. Internet: www.homedepot.com.

The Home Depot recently announced better-than-expected fiscal fourth-quarter (ended February 2nd) results. The top line came in at $25.782 billion, marginally ahead of our $25.707 billion forecast. The figure was down slightly from the year-earlier tally, though this was due to an extra week of sales in that period. More importantly, comparable-store sales climbed 5.2% overall and 5.3% in the United States. The retailer benefited from a healthy consumer and tailwinds from a generally strong housing/remodeling market. Its holiday events also resonated well with shoppers. The strong sales performance, combined with a lower share count and a favorable tax rate, helped to deliver earnings that were well ahead of our call and guidance. Although the gross margin narrowed by 20 basis points and SG&A expenses increased nine basis points as a percentage of sales, the bottom line clocked in at $2.28 a share versus our $2.08 estimate.

Fiscal 2020 ought to be another good year for the company, assuming it's not derailed by COVID-19. The U.S. economy was set to provide a favorable backdrop for HD to operate against, with low unemployment, a generally strong housing market, cheap borrowing costs, and a willingness on the part of consumers to invest in repair and remodeling projects. Management reiterated its guidance for 3.5%-4.0% growth in both sales and comps this fiscal year, as well as its expectation for a modest decline in the operating margin. It also sees further interest expenses of $1.2 billion (roughly flat year to year); a 24% tax rate; at least $5 billion in share repurchases; and share net of $10.45. We had been looking for share earnings of $10.60, but have shaved $0.15 off of our call. Given increased investment spending (fiscal 2020 should be the peak year) resulting in some choppy earnings and the proliferation of coronavirus cases, we feel it's best to err on the side of caution at the moment.

We like neutrally ranked Home Depot stock for conservative investors looking for exposure to the housing market. It offers a respectable dividend yield, but capital appreciation potential is not head-turning.
Matthew E. Spencer, CFA   March 20, 2020

(A) Fiscal year ends Sunday closest to January 31st of the following year.
(B) Diluted earnings. Excludes nonrecurring gains/(losses): '07, ($0.10); '08, ($0.40); '09, ($0.09); '10, ($0.02); '12, ($0.10); '14, $0.15; '15, $0.12; '17, ($0.17); '18, ($0.16). Totals may not sum due to rounding. Next earnings report due May 19th. (C) Dividends historically paid in March, June, Sept., and Dec. ■ Div'd reinvest. plan avail. (D) In millions, adjusted for stock splits. (E) Includes intangibles. At 2/3/19: $2,252 mill. ($2.04/share).

Company's Financial Strength	A++
Stock's Price Stability	95
Price Growth Persistence	100
Earnings Predictability	100

To subscribe call 1-800-VALUELINE

Footnotes explain a number of things, such as the way earnings are reported, whether basic or diluted. Basic Earnings are net income divided by the weighted average number of common shares outstanding during a year or quarter. Diluted Earnings divide the net income by the number of common shares, assuming that any securities or other contracts to issue common stock (including options and warrants) were exercised or converted into common stock. If a company does not use the calendar year, the day the fiscal year ends is described. The fiscal year is used in the Statistical Array, and in the Quarterly Sales and Quarterly Earnings Per Share boxes. The calendar year is used in the graph and in the Quarterly Dividends Paid box.

Value Line Ratings

Company's Financial Strength	A++
Stock's Price Stability	95
Price Growth Persistence	100
Earnings Predictability	100

The Value Line "ranks" in the upper left corner of the page, are our proprietary 1 to 5 measures for Timeliness, Safety and Technical. Our other measurements listed here and known as ratings, run from 100 (highest) to 5 (lowest) in increments of five in 20 equal groups, except for a Company's Financial Strength which runs from C to A++ in nine steps.

Financial Strength Rating — Senior analysts at Value Line classify approximately 1,700 companies in *The Value Line Investment Survey* assigning Financial Strength ratings from A++ to C, in nine steps (A++, A+, A, B++, B+, B, C++, C+, C). The lowest grade (C) is reserved for companies experiencing serious financial difficulty. A grade of B+ is considered average for the companies in *The Value Line Investment Survey*. The ratings are not necessarily distributed in a "bell curve." The proportion of debt to capital, business risk, the amount of cash on hand net of debt, corporate size and the level and direction of profits all contribute to a company's position.

Price Stability — This rating is based on the standard deviation of weekly percentage changes in the price of a stock over the past five years. A stock has higher "stability" if its price trend remains relatively the same over time, whether its price trend is steadily increasing, decreasing, or staying flat. The ratings go from 100 for the most stable to 5 for the least stable in increments of five in 20 equal groups. The average Price Stability is 50.

Price Growth Persistence — A measure of the historic tendency of a stock to show persistent price growth compared to the other stocks in *The Value Line Investment Survey*, over the past 10 years. Value Line price growth persistence ratings are computed in a range from 100 (highest) to 5 (lowest) in increments of five in 20 equal groups. The average is 50.

Earnings Predictability — A quantitative measure of how volatile the earnings are. Earnings Predictability is based upon the stability of year-to-year earnings, with recent years being weighted more heavily than earlier ones. The most "predictable" ratings are those with the highest rating (100). Earnings Predictability is computed from 100 (highest) to 5 (lowest) in increments of five in 20 equal groups. The average Earnings Predictability rating is 50.

Value Line Ranks And Target Price Ranges

Each Value Line Rank and the Target Price Ranges refer to a different time frame. Please factor in the length of time you are likely to hold a stock. The Ranks (left side below) always use 1 for best and 5 for worst.

The Technical Rank is a trader's guide. It is Value Line's estimate of a stock's probable price performance over the next three to six months relative to the approximately 1,700 stocks in *The Value Line Investment Survey*. Stocks ranked 1 for Technical are expected to perform best.

The Timeliness Rank is Value Line's estimate of the stock's probable price performance over the next six to twelve months relative to the approximately 1,700 stocks in *The Value Line Investment Survey*. Stocks ranked 1 and 2 for Timeliness are projected to perform better over the next year than stocks ranked 4 and 5.

The Safety Rank measures the overall risk of a stock. Every investor can benefit by considering the Safety Rank. Stocks ranked 1 and 2 are safest, but usually their prices go up less in a rising market and fall less in a declining market.

The 18-Month Target Price Range is Value Line's estimate of the range of the stock's probable price 18 months in the future.

The Three- to Five-year Target Price Range is based on our projections and predicts the stock's probable price performance over the next three to five years. It represents Value Line's estimate of the range of the stock's probable price three to five years in the future.

Supplements are issued when major changes occur in ranks, prices, etc. Please refer to Quick Links in our digital service and the end of *Ratings & Reports* for Supplements.

The Value Line Investment Survey consists of three parts: *Summary & Index* is a summary and index of all the important information in the service. *Ratings & Reports* contain a one-page detailed report on each of the stocks covered in the Value Line universe, and a one-page report on each industry the stocks of which are included in the weekly *Ratings & Reports* section. *Selection & Opinion*, kept in a separate binder, features a current assessment of the U.S. stock market and economic conditions, and four Model Portfolios discussed below under "Selection & Opinion".

BUILDING YOUR PORTFOLIO

What Value Line Does

What You Do

Value Line®

Know Your Asset Allocation

Over time, your mix of stocks and other assets may vary with your cash flow needs and risk preference. You should also consider the Value Line asset allocation model, appearing each week on the Market Monitor page, which is the inside back page of the weekly issue of *Selection & Opinion*. The model, based on economic factors, suggests the percentage of an investor's portfolio that Value Line thinks should be in stocks, and the percentage in cash and Treasury issues.

Consider your needs for income and your risk preferences. Some industries and stocks are less risky than average. For example, the entire electric utility industry (power companies) tends to be less risky than average, having average or better Safety ranks. On the other hand, some Bank stocks have high Safety ranks, while others rank lower for Safety.

MAINTAINING YOUR PORTFOLIO

By Stock — Safety™

Value Line ranks approximately 1,700 stocks according to Safety in five categories. Those ranked 1 (Highest) are expected to be the least volatile and financially strongest, and those ranked 5 (Lowest) the most volatile and weakest financially.

Make a list of those stocks you like that are ranked 1 (Highest) or 2 (Above Average) for Safety. Also consider the Technical Ranks, and Target Price Ranges. You will find the latest full-page report on each stock in *Ratings & Reports*.

Safety ranks are significant and should not be ignored. If they fall by two or more ranks, compared to when you purchased the stock, you should generally consider a sale.

By Stock — Price Appreciation

The new 18-month Target Price Range is an excellent guide for investors not inclined to hold a stock for three years or longer. Value Line publishes the median expected appreciation of our approximately 1,700 stocks from the present until 18 months in the future on the front page of the weekly *Summary & Index* (S&I). In the Projections Box at the top left of the Value Line page, Value Line predicts the price range in which we think a stock may trade three to five years in the future, and the median percentage increase that price range represents for the particular stock. At any given time, you will probably want to buy stocks with an 18-month projected midpoint increase or 3- to 5-year projected midpoint increase that is greater than the median of all stocks, appearing weekly on the front page of the *Summary & Index* in *The Value Line Investment Survey* and *The Value Line 600*.

Particularly if you are a short-term investor, you should look at the Technical Ranks which look ahead three to six months, and limit purchases to stocks with Technical Ranks of 1 or 2. Earnings are not a factor in the Technical rank, which is based on a stock's historical price trend and predicts the stock's price movement relative to the other stocks Value Line covers, in the next three to six months. For investors who may want to sell a stock within a year, the Timeliness Rank predicts the relative price performance of the stocks in our universe for the next six to 12 months. The favorable ranks, 1 and 2, indicate stocks whose prices we believe will outperform those ranked 3, 4, and 5. Many investors consider the Rank 2 stocks "rising stars" with the best profit potential. Rank 1 stocks are strong performers whose price Value Line thinks still has room to rise. Investors for the mid-term should look at our new 18-month Target Price Range. Longer-term investors will rely more on the 3- to 5-year projected appreciation.

If a stock has reached its 18-month mid-point price sooner than in 18 months, or its 3- to 5-year Target Price sooner than in three to five years, it may be time to take profits. Sometimes you may consider the fact that a stock's price has reached its Value Line target price range sooner than the relevant period as a sign of good management and may wish to keep the stock. If you are an active trader, consider a sale when a stock's Technical rank falls.

By Stock — Income

Value Line estimates the next 12 months' dividend yield every week of each stock based on its most recent price. The stock's expected yield is updated every week in the *Summary & Index*. Value Line also shows, for comparative purposes, the median yield of all dividend-paying stocks in *The Value Line Investment Survey* on the front page of the *Summary & Index*.

If one of your objectives is income, you should eliminate from your list those stocks that fall short of your current-income standard. For example, if your standard is 3%, eliminate stocks that yield less than 3%, or if you accept a stock that yields less than 3%, see to it that other stocks you select yield enough to bring the average of the stocks in your portfolio up to 3%.

Value Line Reports

Value Line reports on each stock and each industry once every three months, on a preset schedule, in the weekly *Ratings & Reports* section. The page numbers on which the reports appear are shown in the *Summary & Index*. When important news is released before the next issue goes to press, a "Supplementary Report" is published. The "Supplementary Reports" appear in the final pages of each issue of the *Ratings & Reports* section, as well as on our website. In the *Summary & Index*, the number to the far left of the company name refers to the page for any recent Supplementary Report. If two asterisks (**) appear at the far left, there is a Supplementary Report in the current Issue. Supplements are inserted just before press time with "final report" notes on discontinued stocks first. An alphabetical table of Supplements appears weekly on the back page of the *Ratings & Reports* section.

Most stocks in an industry are grouped together, preceded by a report on the industry as a whole. Read the latest Value Line reports on those industries and stocks that have qualified according to all of your standards. In making your final selection, see to it that you have stock representation in a variety of different industries. In addition, we list all the Industries we follow on the front page of *Summary & Index*, with our ranks for probable industry price performance, and the page on which each Industry analysis is found. The industry rank for price performance is based on the Timeliness ranks of the stocks in that industry.

When a stock is sold, replace it with a well-ranked stock that also meets your standards for expected price appreciation, Safety, and/or Beta and current income. See if there is room for price growth from today's price to the 18-month and 3- to 5-year Target Price Ranges. It would be best in the long run to maintain diversification through at least 10 or more stocks in six different industries. (See Note and Comment below.) Please keep track of news affecting your stocks with our Supplementary Reports. When a second number appears to the far left of the company name in the Summary & Index, that is the page number for a Supplementary Report. Two stars (★★) indicate a new Supplementary Report is in the current Issue of our service.

Selection & Opinion

Value Line's *Selection & Opinion* section provides a current appraisal of the stock market and economic conditions. It recommends on the Market Monitor page (the inside back page of each weekly issue of *Selection & Opinion*) how much of one's capital should be invested in common stocks and how much Value Line recommends you set aside temporarily in cash and Treasury issues.

Each week we suggest you review the wealth of economic information in the *Selection & Opinion* section.

Many investors rely on the Model Portfolios in the *Selection & Opinion* section for guidance in choosing stocks. These portfolios each include 20 stocks. The separate portfolios are oriented to 18-month price potential, income and growth; 3- to 5-year price potential; and above-average dividend yields. When the Value Line service in its *Selection & Opinion* section recommends building cash reserves because the general market seems temporarily to be too high, sell stocks and temporarily invest instead in cash and Treasury issues.

Note: There can be no assurance that every one of the approximately 1,700 stocks will always perform in accordance with its Rank, or rating. But it can be said that a high percentage have done so in the past. Note that diversification is essential.

Of the Safety Ranks, it can be said that stocks ranked high for Safety have held up better than average during significant market declines in the past. In strongly rising markets, however, high Safety could prove to be a restraining influence upon performance. For example, in the case of two stocks, both predicted to appreciate in the next three to five years, the stock ranked 1 for Safety will tend to go up less than another ranked 5 for Safety, during a rising market. Conversely, in a down market, stocks with a high Safety Rank should hold up better than stocks with low Safety ranks.

Comment: In a widely diversified portfolio, the variations in individual stock prices tend to cancel each other out, leaving the general market fluctuation as the main influence. The Beta measures the individual stock's likely price movement relative to all New York Stock Exchange-listed stocks. The Safety Rank, on the other hand, is a measure of the stock's total risk, i.e., volatility relative to the market (Beta) plus sensitivity to all other factors affecting the individual stock's price.

The Value Line 600 does not include Market Monitor.

When major changes occur, Value Line publishes the most significant supplements as space permits. Please refer to the back pages of *Ratings & Reports*, or to Quick Links in our digital services, where all supplements are available.