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### ISSUE 8

- **File at the front of the Ratings & Reports section of this issue. A Summary & Index should be included.**

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**ECONOMICALLY INDICATIVE PERFORMANCE INDEX:** The Economic Indicators of Industry Indexes provide an up-to-date view of economic activity and performance in various industries. The indexes are calculated using a broad range of economic indicators, such as employment, production, and sales, to reflect the overall health of each industry. The Value Line Investment Survey offers detailed analysis and up-to-date information on these indexes to help investors make informed decisions.
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The Value Line Investment Survey covers some 90% of total U.S. stock market capitalization: all the familiar stocks mentioned in the news plus hundreds you may have never come across. The aim of this guide is to help you understand The Value Line Investment Survey and the information it contains so you can use this product to its full capabilities.

HOW TO USE THE VALUE LINE INVESTMENT SURVEY

The Value Line Investment Survey is a unique source of financial information designed to help investors make informed investment decisions that fit their individual goals and levels of risk. It is: (1) a proven forecaster of long-term appreciation for buy-and-hold investors, as well as of safety in bear markets; (2) a source of interpretative analysis of approximately 1,700 individual stocks and approximately 100 industries; and (3) a source of historical information that helps investors spot trends.

If you come across any unfamiliar terms as you read through this guide, please refer to the Glossary which is available on our website, www.valueline.com.

Part 1 — Summary & Index

Please begin with the Summary & Index. The front page contains a Table of Contents, four important market statistics, and a list of all the industries we follow in alphabetical order with the relative industry rank to the right of the industry name and the page number of the industry analysis in Ratings & Reports listed under PAGE. The market statistics are found in four boxes. The first box (A) has the median of estimated price/earnings ratios of all stocks with earnings in The Value Line Investment Survey. The second box (B) shows the median of estimated dividend yields (total dividends expected to be paid in the next 12 months divided by the recent price) of all dividend-paying stocks in The Survey. The third box (C) contains the estimated median price appreciation potential 3 to 5 years into the future for the approximately 1,700 stocks in The Survey. The fourth box
(D) displays the median stock price-to-midpoint of the 18-Month Target Price Range of all stocks in The Value Line Investment Survey. While the median each week won't often turn out to be exactly right, it serves as an indicator of the relative level of the market. By studying these statistics, a fairly good picture emerges of how the universe of Value Line stocks is currently being evaluated. The Value Line universe of approximately 1,700 stocks comprises approximately 90% of the market capitalization of all stocks traded in U.S. markets.

Beginning on page 2, the Summary & Index also includes an alphabetical listing of all stocks in the publication with references to their location in Part 3, Ratings & Reports. If you are looking for a particular stock, look inside the Summary & Index section, which is updated each week to provide the most current data on all companies included in The Value Line Investment Survey.

To locate a report on an individual company, look for the page number just to the left of the company name. Then turn to that page in Part 3, Ratings & Reports, where the number appears in the upper right corner.

In the far left column of the Summary & Index is a number that refers to recent Supplementary Reports, if any, which are included on the back pages of Ratings & Reports. If two asterisks (**) appear in this column, it means that there is a Supplementary Report in the current Issue.

There are many columns in the Summary & Index with more information on each of the approximately 1,700 stocks we cover, including from left to right:

- Page numbers for the latest company report and any recent Supplementary Report (Supplementary Reports are published at the back of Ratings & Reports)
- The name of each stock and the exchange on which it is traded (the New York Stock Exchange, unless otherwise indicated)
- Each company’s stock exchange (ticker) symbol
- The recent stock price (see the top of page 2 in Summary & Index under Index to Stocks for the specific date)

Value Line’s proprietary Timeliness™, Safety™ and Technical ranks (See Chapter 3 and the online Glossary for definitions. For a more detailed review, read The Value Line Ranking System Guide.):

- Beta (a measure of volatility)
- Each stock’s 3- to 5-year projected Target Price Range and the percent appreciation potential
- Each stock’s current P/E ratio
- Each stock’s estimated dividend yield
- Each stock’s estimated earnings (approximately six months historical, six months estimated)
- Estimated dividends for the next 12 months
- The Value Line Industry rank (see Chapter 6)
- Latest earnings and dividend declarations
- Whether options are traded

Toward the back of each Summary & Index, we provide stock screens that we believe will provide a good starting point for any investor. The screens are updated weekly and cover a broad range of investment options. They are also useful for investors who want a list of stocks relevant to specific strategies they may have in mind.

Some examples of our useful screens are:

- Conservative Stocks (stocks ranked above average for Safety)
- Highest Dividend Yielding Stocks
- Stocks Moving Up or Down in Timeliness Rank that week
- Timely Stocks in Timely Industries
- Industries in Order of Timeliness
- Stocks with the Highest Estimated 3- to 5-Year Price Appreciation Potential
- Best/Worst Performing Stocks in the Past 13 Weeks
- Stocks With the Lowest and Highest P/E Ratios
• Stocks with the Highest Projected 3- to 5-year Dividend Yield
• Highest Growth Stocks
• Bargain Basement Stocks

PART 2 — SELECTION & OPINION

Selection & Opinion (S&O) contains Value Line’s weekly economic and stock market commentary, along with additional information, such as one or more pages of research on interesting stocks or industries, and a variety of pertinent economic and stock market statistics. Of greatest interest to those who want more investment guidance than a static stock screen, Selection & Opinion also includes four model stock portfolios (Stocks with Above-Average Year-Ahead Price Potential, Stocks for Income and Potential Price Appreciation, Stocks with Meaningful Long-Term Price Growth Potential, and Stocks with Above-Average Dividend Yields). These portfolios are overseen by senior Value Line analysts and updated weekly. We also provide stock screens and stock highlights in Selection & Opinion that go beyond those included on a weekly basis in the Summary & Index and often provide a different and unique view of an investment approach. The stock highlights are a more in-depth review of a company that we believe merits a look by our readers. These two options offer another convenient starting point for considering stocks for inclusion in your own portfolio. If you spend time with Selection & Opinion each week, you should be able to get some valuable investment ideas that suit your approach.

PART 3 — RATINGS & REPORTS

Ratings & Reports is the core of The Value Line Investment Survey with one-page reports on approximately 1,700 companies and one-page reports on approximately 100 industries. The company reports contain a summary describing the business, Value Line proprietary ranks, our 3- to 5-year forecasts for stock prices, income and balance sheet data, as much as 17 years of historical data, capital structure and our analysts’ commentaries. They also contain stock price charts; quarterly sales, earnings, and dividend information; and a variety of other very useful material. Each page in this section is fully updated every 13 weeks. When unexpected important news occurs during these 13 week intervals, a Supplementary Report (appearing in the back section of Ratings & Reports) is published. If there is a Supplementary Report, its page number will be shown in the far left hand column of the Summary & Index, near the company name (two asterisks — ** — indicate that a Supplementary Report is in this week’s Edition).
Every week subscribers receive a new Issue of *Ratings & Reports* containing approximately 135 company reports grouped by industry and six or eight one-page industry reports. The industry reports precede the reports on the companies in that industry. Over the course of three months, new reports are issued on all of the approximately 1,700 companies and some 100 industries.

**PART 4 — WEEKLY NEWSLETTER**

Subscribers to *The Value Line Investment Survey* also receive a weekly email newsletter that is sent out each Monday around 8:00 A.M. Eastern Time. The content is written by senior members of Value Line’s Research Department, and includes stock highlights, industry discussions, economic analysis, and top stories.
CHAPTER

2

Understanding the Value Line Page

To start studying a stock, we suggest that you concentrate on four features found on every Ratings & Reports page (a sample is printed on the inside rear cover). We also have included an enlarged sample page with the welcome package for new subscribers. First, we recommend that you look at the Timeliness and Safety ranks (see item 1 of the sample page) shown in the upper left corner of each page. Then, note the Financial Strength rating and read the business description and the Analyst’s Commentary (item 4) in the bottom half of each report. Next, we suggest you look at our forecasts for various financial data including the stock price (items 2, 3, 6, 7, and 9). These forecasts are explained in more detail later in this Chapter. Finally, we think you should study the historical financial data appearing in the Statistical Array in the center of the report (item 8). Illustrations and more detail follow. There is also a lot of other useful information on each page, but the four features mentioned above provide the best place to begin.

VALUE LINE RANKS
(See 1 on the sample page)

A synopsis of the Value Line Ranking System follows. For a more detailed description, please refer to The Value Line Ranking System Guide.

Timeliness
The Timeliness rank is Value Line’s measure of the expected price performance of a stock for the coming six to 12 months relative to our approximately 1,700 stock universe. Stocks ranked 1 (Highest) and 2 (Above Average) are predicted to perform better over the six to 12 months relative to the others. Stocks ranked 3 are forecast to be average performers relative to the Value Line universe. Stocks ranked 4 (Below Average) and 5 (Lowest) are expected to underperform stocks ranked 1 through 3 in Value Line’s stock universe.

Just one word of caution. Stocks ranked 1 may prove volatile and often tend to have smaller market capitalizations (the total value of a company’s outstanding shares, calculated by multiplying the number of shares outstanding by the stock’s market price per share). Conservative investors will want to select stocks that have high Safety ranks because they are usually more stable issues.

Safety
The Safety rank is a measure of the total risk of a stock compared to others in our approximately 1,700 stock universe. As with Timeliness, Value Line ranks stocks from 1 (Highest) to 5 (Lowest). The Safety rank is derived from two measurements found in the lower right corner of each page: a company’s Financial Strength and a stock’s Price Stability. Financial Strength is a measure of the company’s financial condition, and is reported on a scale of A++ (Highest) to C

Sample Ranks Box
(Also see item 1, on the sample page)
(Lowest). Larger companies with strong balance sheets get the highest grades. A stock’s Price Stability score is based on a ranking of the standard deviation (a measure of volatility) of weekly percent changes in the price of a stock over the last five years, and is reported on a scale of 100 (Highest) to 5 (Lowest) in increments of 5.

Technical

The Technical rank is primarily a predictor of short-term (three to six months) relative price change. It is based on a proprietary model which examines short-term price trends for a particular stock. The Technical ranks also range from 1 (Highest) to 5 (Lowest).

Beta

This is another measure of volatility, as calculated by Value Line. While it is not a rank, we do consider it important. See the online Glossary for more detail.

The 18-month Target Price

The 18-month Target Price seeks to predict a stock’s price over an 18-month horizon (from today) in terms of a range. In addition to the high and low values of the range, the percentage difference between the recent stock price and the midpoint of the range is provided. The percentage may be thought of as the most likely potential profit (or loss). The larger the positive percentage, the greater the possible price appreciation. The quantitative formula behind 18-month range includes a number of variables, such as analyst estimates, recent stock price performance, and per-share sales, earnings, cash flow, and book value results.

ANALYST’S COMMENTARY

(4 on the sample page)

Next, look at the analyst’s written commentary in the lower half of the page. Many readers think this is the most important section of the page. In the commentary, the analyst discusses the company’s recent performance and his/her expectations for the stock’s future. There are times when the raw numbers don’t tell the full story. The analyst uses the commentary to explain why the forecast is what it is. The commentary is also particularly useful when a change in trend is occurring or about to occur. As an example, a stock may have a low (i.e., 4 or 5) Timeliness rank but the analyst thinks earnings are on track to turn around in the future. In this case, the analyst may use the commentary to explain why he/she thinks conditions are likely to get better, thus giving the subscriber insight into what is happening, and why, as well as the stock’s prospects.

FINANCIAL AND STOCK PRICE PROJECTIONS

Value Line’s securities analysts make a variety of financial and stock price projections in most reports we publish. They make Estimates for 23 different numbers and ratios going out 3 to 5 years into the future in the Statistical Array (item 3 on the sample page). They also forecast a projected Target Price Range (item 2) for each stock, going out 3 to 5 years. And finally they show the 3- to 5- year Projections (item 9) for the price of the stock, along with the expected percentage appreciation (depreciation) and the expected annual total return (including dividends). These projections are discussed below.

Financial Estimates

(3 on the sample page)

In the Statistical Array in the center of the report (where most of the numbers are), Value Line provides both historical data and financial projections. All projections are printed in **bold italics**.
The estimates of sales, earnings, net profit margins, income tax rates, and so forth are all derived from spreadsheets maintained on every company and updated quarterly. Afterward, they make whatever adjustments they believe are warranted by developments that may not be revealed in the numbers (e.g., the expected outcome of pending lawsuits affecting the company’s finances), the anticipated success of new products, etc.

3- to 5-year Target Price Range
In the upper right-hand section of each report is a Target Price Range. The Target Price Range represents the band in which the expected average price is likely to fall in the next 3 to 5 years. The prices are based on the analyst’s projections in the period out 3 to 5 years for earnings multiplied by the average annual price/earnings ratio in the Statistical Array for the same period. The width of the high-low range depends on the stock’s Safety rank. (A stock with a high Safety rank has a narrower range, one with a low rank, a wider band.) Five years is a long time in the stock market, and obviously it is difficult to accurately forecast individual firms’ future revenues and earnings that far into the future. In addition, price-earnings ratios vary in different types of markets, as well as for individual firms. Moreover, there is a tendency for companies to make rosy forecasts, and for all Wall Street analysts to believe them. So as a whole, our price forecasts in the absolute have a tendency to be too high. Nevertheless, long experience has shown that our 3- to 5-year projections, when compared for one stock to the projections for other stocks in the same or different industries, have been a fairly reliable guide to future stock price performance.

3- to 5-Year Projections
(Item 9 on the sample page)
In the left hand column of each report, there is also a box which contains Value Line’s high and low stock price projections for a period 3 to 5 years in the future. There you can see the potential average high and low prices we forecast, the percentage price changes we project, and the expected compound annual total returns (price appreciation plus dividends). To make these calculations, analysts compare the expected prices out 3 to 5 years into the future (as shown in the Target Price Range and Projections box) with the recent price (shown on the top of the report).

Investors whose primary goal is long-term price appreciation should study the 3- to 5-year Projections carefully and choose stocks with above-average price appreciation potential. For comparative purposes, you can find the weekly Estimated 3- to 5-Year Median Price Appreciation Potential for all approximately 1,700 stocks on the front page of the Summary & Index.

ANNUAL RATES OF CHANGE
(Item 7 on the sample page)
At this point, it may be helpful to look at the Annual Rates box in the left-hand column. This box shows the compound annual per share growth percentages for sales, “cash flow,” earnings, dividends and book value for the past 5 and 10 years and also Value Line’s projections of growth for each item for the coming 3 to 5 years. All rates of change are computed from the average number for a past 3-year period to an average number for the specified future period, which our analyst estimates. For details, see below.

Trends are important here. Check whether growth has been increasing or slowing and see if Value Line’s analyst thinks it will pick up or fall off in the future. Specific estimates for various data items for 3 to 5 years out can be found in bold italics print in the far right hand column of the Statistical Array (item 3 on the sample page).

CALCULATING ANNUAL RATES OF CHANGE (GROWTH RATES)
In an attempt to eliminate short-term fluctuations that may distort results, Value Line uses a three-year base period and a three-year ending period when calculating growth rates. Investors often try to calculate a growth rate from one starting year to one ending year, and then can’t understand why the number they get is not the same as the one published by Value Line. If they used a three-year base period (2016-2018) and three-year ending period, (2022-2024), they would get the same results we do.
HISTORICAL FINANCIAL DATA

(8 on the sample page)

Many investors like to use the Statistical Array to do their own analysis. They, in particular, use the historical data in the center of each report to see how a company has been doing over a long time frame. It is worth pointing out that while all of the data are important, different readers find different data items to be most useful.

The numbers are probably most helpful in identifying trends. For example, look at sales per share to see if they have been rising for an extended period of time. Look at operating margins and net profit margins to see if they have been expanding, narrowing or staying flat. And examine some of the percentages near the bottom, such as the Return on Shareholders’ Equity, to see if they have been rising, falling, or remaining about the same.
All the company reports in *The Value Line Investment Survey* are grouped by industry, and at the front of each industry group is a one-page Industry Report.

The information contained in each Industry Report may differ considerably from one industry to another, but there is a general format we follow.

The number of industries followed in *The Value Line Investment Survey* is flexible. As companies drop out, usually because of mergers or acquisitions, we may discontinue an industry. On the other hand, as new industries develop, we might add them.

**ANALYTICAL COMMENTARY**

Much of each page contains analytical commentary. The text in each report is written by a Value Line securities analyst, who normally also follows a number (sometimes as many as 10 or 12) of the companies in the industry.

The text normally includes comments about important developments in the industry and the impact those developments have been having on the companies. It also usually includes the analyst’s projections about the immediate and longer-term prospects for the industry. We always recommend that you read this report to get an idea of just what an analyst thinks about an industry.

**INDUSTRY TRENDS**

When purchasing a stock in a company, an investor should also know something about the industry in which a company is operating. Some important questions are:

- Is the industry growing?
- Are the industry’s operating and profit margins increasing or at least remaining steady?
- Stock prices
- Are the industry’s returns on total capital and shareholders’ equity rising or at least remaining steady?
The answer to these questions can usually be found in the analyst commentary. In most cases, if an industry’s trends are favorable, the operating conditions for the companies in that industry will also be favorable. If the industry trends are negative, the opposite may be true.

COMPANY/INDUSTRY COMPARISONS

When you are investing in a company, you should also know how that company is performing relative to its industry. A company’s size and operating performance are both very important, and you should study them by looking at our individual company pages. However, you should also know if a company is well run. Some questions an investor should ask are:

- How does a company’s operating margin compare with its industry peers?
- How does a company’s net profit margin compare with its competitors?
- Are a company’s returns on total capital and on shareholders’ equity greater or less than others in the same sector?

If a company’s margins and returns are higher than its peers, the company is probably efficiently run. If the margins and returns are lower than most firms in the industry, the company is probably not being run as well as it could be.

WARNING! Many industries are dominated by one or two companies or even several. When that is the case, company/industry comparisons may not be very useful. Be careful when making company/industry comparisons to make certain the comparisons are meaningful.

INDUSTRY TIMELINESS

At the top right of each industry report, we publish an Industry Timeliness rank on each of the approximately 100 industries we rank (excluding Investment Companies). These go in descending order from 1, which is the highest possible rank.

The first screen each week is Industries in order of Timeliness.

The Industry Timeliness ranks are calculated by averaging the Timeliness ranks of each of the stocks in a particular industry. If an industry has a large number of stocks ranked 1, the Industry Timeliness rank is likely to be high. If an industry has a large number of stocks ranked 4 or 5, the Industry rank is likely to be low.

The Industry ranks are updated weekly and published on the front cover and a subsequent inside page of the Summary & Index. You should always look in the Summary & Index to make certain you have the most recent numbers.

RELATIVE STRENGTH CHART

In the lower right corner of most industry reports is a relative strength chart going back for as many as seven years. Relative strength compares the price of the stocks in that industry over time with the price of the Value Line Composite Index of approximately 1,700 stocks. When the relative strength line is rising, it means that the stocks in an industry are stronger than the broader market. When the line is falling, the stocks in an industry are weaker than the broader market.
Why do some stocks not have a Timeliness rank?

Our computer-generated Timeliness ranks require at least two years of income statement and stock price history. If a stock has been trading for less than two years, possibly because a company is relatively new or because there was a major spinoff or acquisition, we are unable to assign a rank to it. We also suspend Timeliness ranks for unusual developments such as a merger offer, bankruptcy rumors or the payment of a large special dividend.

What exactly is the Technical rank?

The Technical rank uses a stock’s price performance over the past year to attempt to predict via our computer model short-term (three to six month) future returns. The stocks in our approximately 1,700-company universe are ranked in relation to all others on a scale of 1 (Highest) to 5 (Lowest).

Why does Value Line sometimes show different share earnings than those in a company’s annual report, or in The Wall Street Journal, or in a brokerage house report?

We each calculate earnings differently. In particular, Value Line often excludes what we consider to be unusual or one-time gains or charges in order to show what we consider to be “normal” earnings.

Company earnings often contain one-time nonrecurring or unusual items, such as expenses related to the early retirement of debt, a change in accounting principles, restructuring charges, or a gain or loss on the sale of assets. In order to make a reasonable comparison of core operating results from one year to the next—or from one company to another—it is often necessary to exclude these items from reported earnings. Some items are relatively easy to take out because they are explicitly shown in the company’s income statement and footnotes. Others, however, must be estimated by our analysts. Unusual adjustments to reported earnings will be disclosed in the footnotes of each Value Line report.

What is an operating margin?

The operating margin shows operating income (earnings before the deduction of depreciation, amortization, interest, and income taxes) as a percentage of sales or revenues. Operating income is sometimes referred to as EBITDA.

Why does the Value Line price/earnings ratio often differ from that in The Wall Street Journal or brokerage reports?

All price/earnings ratios are calculated by dividing the recent stock price by 12 months of earnings. The different ratios occur because our analyst uses different 12-month earnings figures. General-interest publishers typically use 12-months trailing (i.e., reported) earnings. Value Line uses a total of the past six months of trailing earnings and the next six months of estimated earnings. (In our view, this is the best method since it incorporates both recent history and a near-term forecast.) Your broker is likely to use a calendar year’s earnings. While we think our method is best, none is wrong. Just be sure that when you are comparing two companies’ P/E ratios, you are using the same methods.
I have trouble understanding some of your abbreviations. Can you help me?

Yes. Most of the frequently used abbreviations are included in the online Glossary which is available at www.valueline.com.

SELECTION & OPINION MODEL PORTFOLIOS

How are stocks chosen for the Model Portfolios I, II, III, and IV in Selection & Opinion?

Each portfolio is dedicated to a different investment objective. To make it more attractive and useful to conservative investors, Portfolio II must hold stocks that are ranked at least 3 (Average) for Safety.

Portfolio I, Stocks with Above-Average Year-Ahead Price Potential, is built on Value Line’s well-respected Timeliness Ranking System. It is primarily suitable for investors who wish to take more risk in hopes of greater returns than might be afforded in Portfolios II or III. To qualify for purchase, stocks have to be ranked 1 (Highest) or 2 (Above Average) for Timeliness. A stock that drops to 3 (Average) for Timeliness must be sold.

Portfolio II, Stocks for Income and Potential Price Appreciation, attempts to combine our Timeliness Ranking System with an investment objective for above-average income. This portfolio is primarily suitable for more-conservative investors. To qualify for purchase, a stock’s yield (the estimated annual dividend for the next 12 months divided by the recent stock price) must be higher than the median yield for all approximately 1,700 stocks Value Line follows. The median is shown on the cover of the Summary & Index each week. The higher-than-average yields provide support to the shares in down markets. This portfolio tends to be less volatile because the companies, as a whole, are more likely to be mature and predictable.

Portfolio III, Stocks with Worthwhile Long-Term Price Growth Potential, is based on the fundamental research of our staff of research analysts. This portfolio is suitable for investors with a 3- to 5-year horizon; in terms of risk, it falls somewhere between Portfolios I and II. This portfolio tends to be the most flexible, allowing purchases of a broader array of companies. It is constructed under the principles of modern portfolio theory, which state that the risk of a portfolio should be viewed within the context of a portfolio as a whole, rather than judging the portfolio according to the average rankings of individual securities it holds. To that end, this portfolio is generally well diversified, comprising stocks in a variety of different non-related industries.

Portfolio IV focuses on stocks with above-average dividend yields. Investors with an interest in current income are likely to find interest here. Stocks selected for the portfolio must have a yield at least 1% above the median of all dividend-paying stocks tracked in The Value Line Investment Survey, and a strong Financial Strength rating.

Despite the focus on dividend yield and current income, stocks are typically selected from a broad range of industries, providing a meaningful degree of diversification. The portfolio’s risk profile will likely be less than the broader market, given the usual concentration of low-Beta stocks.

The Selected Investments section of Selection & Opinion has four portfolios. Why isn’t there a “Conservative” portfolio?

Portfolio II, Stocks for Income and Potential Price Appreciation, is the one we would recommend for “conservative” investors. A key criterion for this portfolio is that the stocks have above-average dividend yields. These attractive yields lend support to stock prices when the market is declining. This portfolio usually also has slightly lower-than-market risk (volatility) as measured by the average Beta of the stocks within the portfolio.

FINANCIAL STRENGTH

What goes into the Financial Strength rating for each individual company?

Our Financial Strength ratings take into account a lot of the same information used by the major credit rating agencies. Our analysis focuses on net income, cash flow, the amount of debt outstanding relative to equity, the outlook for profits, the stability of the industry, and the individual company returns. Other factors also enter into the equation. For example, a company that faces the loss of patent protection on a key product might face a downgrade. The ratings range from A++ (Highest) to C (Lowest), in nine steps, based on the judgment of our senior staff members. The rating of B+ is considered to be average.
STOCK DECLINES

I bought a stock based on your advice, but it went down. What happened?

Not all stocks do as we forecast, though, and we have never suggested that they will. What we have strongly recommended is that you diversify your portfolio by purchasing at least 10 to 20 stocks across 10 or more industries. That way, you will protect yourself from unexpected changes in the price of any one stock or any one industry.

PRETAX INCOME

Where can I find pretax income on a Value Line page?

You can’t. We do, however, show net profit after taxes (usually line 14 in the Statistical Array) and the effective tax rate (usually line 15). You can calculate pretax income by dividing net profit by: 1 minus the tax rate. Example: If net profit was $100 million and the tax rate was 36%, pretax profit would be $156.25 million.

$100,000,000

1.00 - .36 = $156,250,000

COMPANY COVERAGE

Does a company pay to be included in The Value Line Investment Survey?

No. Value Line is not compensated for coverage by the companies under our review. Subscribers can be assured that we are totally objective when we analyze companies in The Value Line Investment Survey.

Does the roster of stocks covered by Value Line change?

Yes. Vacancies constantly occur within our approximately 1,700 stock universe. Sometimes a company’s earnings will deteriorate to such a degree that we believe investors have lost interest. If that happens, we will discontinue coverage. More frequently, companies leave our universe when they are acquired by or merged with another firm. Acquired or merged companies will be replaced by others. In choosing replacements, we try to select actively traded stocks with broad investor interest.

Why isn’t XYZ, Inc., a large well-known company, included?

We do try to include companies with actively traded stocks, which have broad public interest. If XYZ fits in this category, we will, in all likelihood, provide coverage in the future.

GROWTH RATES

How are the growth rates calculated in the Annual Rates of change box?

We use a compound annual rate that reflects the annual change for various items over the entire period being computed. All rates of change are computed from the average figure for a past 3-year period to an average for a future 3-year period, as established by our analyst.

TIMELINESS OF INFORMATION

When can I expect to receive updates of your information?

Our intention is for subscribers to receive The Value Line Investment Survey in print generally on Friday or Saturday. Unfortunately, circumstances beyond our control may cause later delivery.

To guarantee that subscribers have access to key information including the latest ranks at the same time, such data are released to subscribers through our Value Line Web site by 8:00 A.M. Eastern Time each Monday. All subscribers to any version of The Investment Survey (print or online) have access to the latest key data on www.valueline.com.
The Home Depot's fiscal second-quarter (ended August 4th) results were greeted warmly by investors. Sales increased 1.2% from a year earlier, to $30.839 billion, versus our $31.200 billion forecast. A decline in lumber prices and a wet May also hurt. Same-store sales were more robust, rising 3.0% (1.2% at year-earlier exchange rates), which helped earnings climb 1.1%. Strength in the U.S. and in Canada and Mexico (as of 8/4/19). Acquired Hughes Plumbing, heating, a electrical, paint, fixtures, seasonal and specialty items, hardware & tools. Has about 413,000 employees. OR: & div. own less than 1.0% of common stock. The Vanguard Group, 7.6% (419 Price), Charles Schwab & Co., & President, Craig Menear. Inc.: DE. Addr.: 2455 Paces Ferry Road, Atlanta, Georgia 30328. Telephone: 770-435-4211. Internet: www.homedepot.com.

Looking ahead, the U.S. consumer appears to be doing well, even as trade disputes, political unrest, and softness in Europe are raising concerns about the health of the global economy. On our shores, the housing market is generally stable, if uneven, and the unemployment rate is low. As in the previous fiscal full year, the key supply chain, customer service, and omnichannel selling experience should continue to yield positive results.
