AAII's Growth Investing 2025 Portfolio Review

Presented by

Cynthia McLaughlin, Financial Analyst

John M. Bajkowski, President, AAII

Hosted by Jenna Brashear

AAII Digital Content & Community Manager

Today’s Agenda

- The Growth Investing strategy
  - Growth Grade & G-Score
  - Portfolio management rules
- Looking back on 2025
  - Portfolio & market performance
  - Portfolio turnover & composition
  - What we learned
- Looking ahead to 2026
  - Market Risks
  - Portfolio Opportunities
- Q&A

Why Growth Investing?

- AAII's Growth Investing approach seeks to:

- Avoid the highest growth on an absolute basis

- Look for consistent, sustainable growth by considering stocks with:
  - A history of profitability and cash flow generation
  - Fundamental factors that indicate “quality growth” going forward

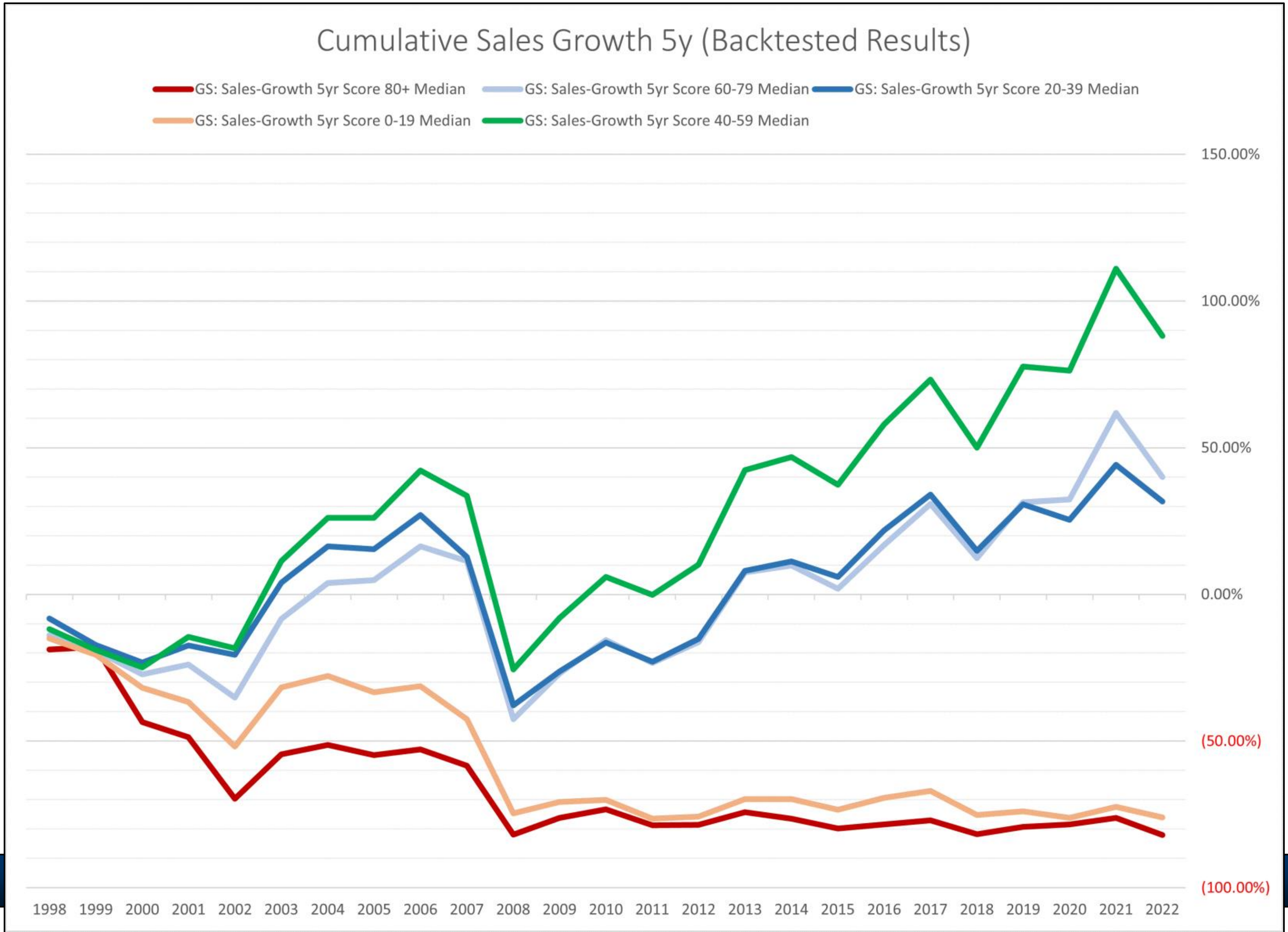
Growth Investing Strategy

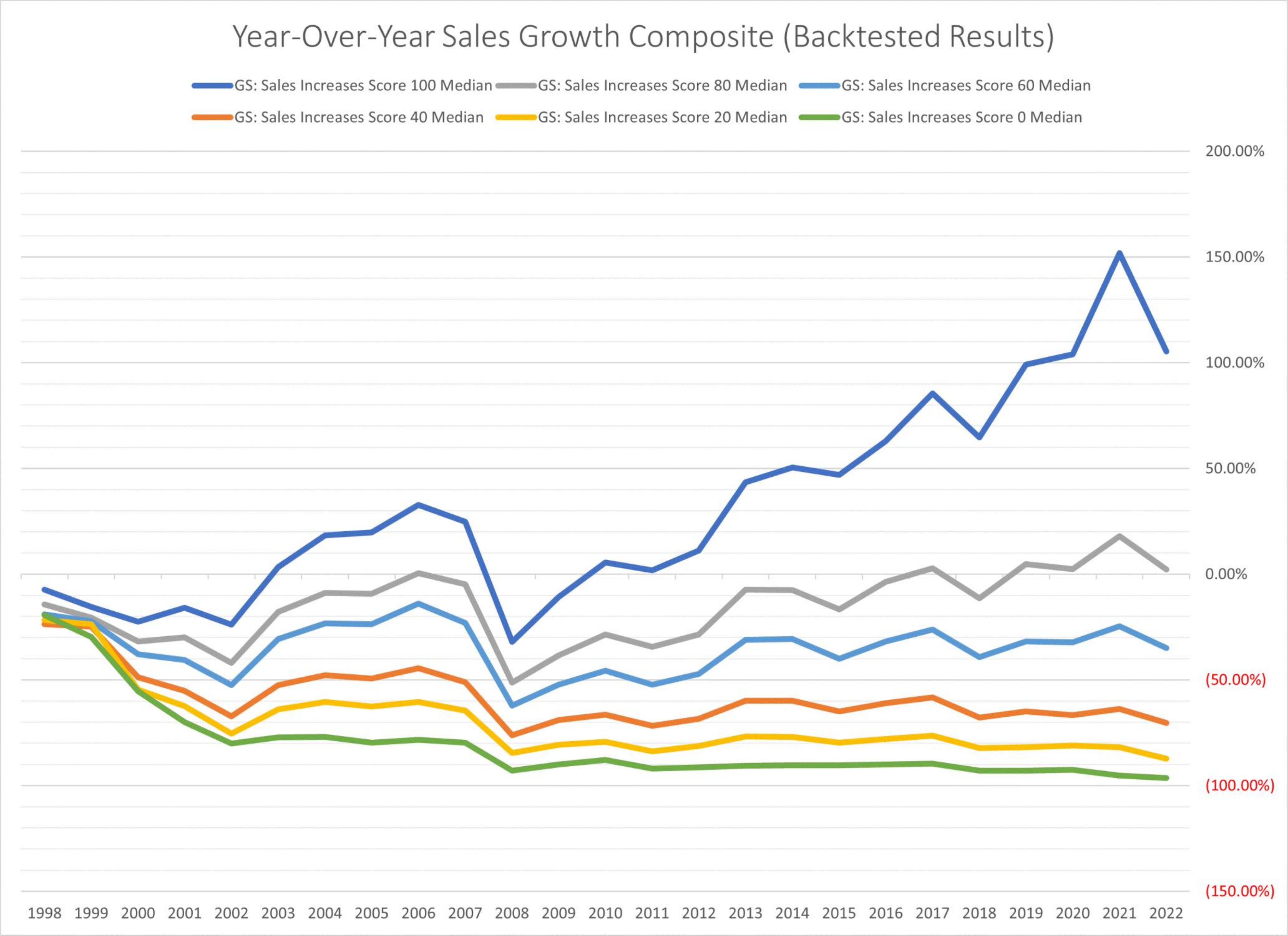
- 20-stock model portfolio following a rules-based approach
- Evaluating Stocks with Growth Investing
  - Growth Grade
    - Reward companies with strong and sustainable growth, not the highest absolute growth
    - Higher grades, too, for a history of annual positive cash from operations and year-over-year sales growth
  - Mohanram’s G-Score
    - An eight-factor model using financial statement analysis for analyzing growth companies
    - A means of evaluating the “quality” of a company’s growth prospects by looking at elements of profitability, operating stability and accounting conservatism

Growth Investing Selection Criteria

- Growth Grade of A
- G-Score of 7 or 8
- Quality Grade of A or B
- Positive cash from operations for the trailing 12 months
- Positive year-over-year sales growth for the last-reported fiscal quarter
- Listed on the major U.S. stock exchanges (Nasdaq, New York and NYSE Amex)
- Minimum three-month average daily dollar volume of $1 million and three-month average monthly volume of 200,000 shares
- Minimum market capitalization of $400 million

Highest Growth Doesn't Necessarily Mean Highest Performance




Year-Over-Year Sales Growth Composite (Backtested Results)
GS: Sales Increases Score 100 Median
GS: Sales Increases Score 80 Median
GS: Sales Increases Score 60 Median
GS: Sales Increases Score 40 Median
GS: Sales Increases Score 20 Median
GS: Sales Increases Score 0 Median
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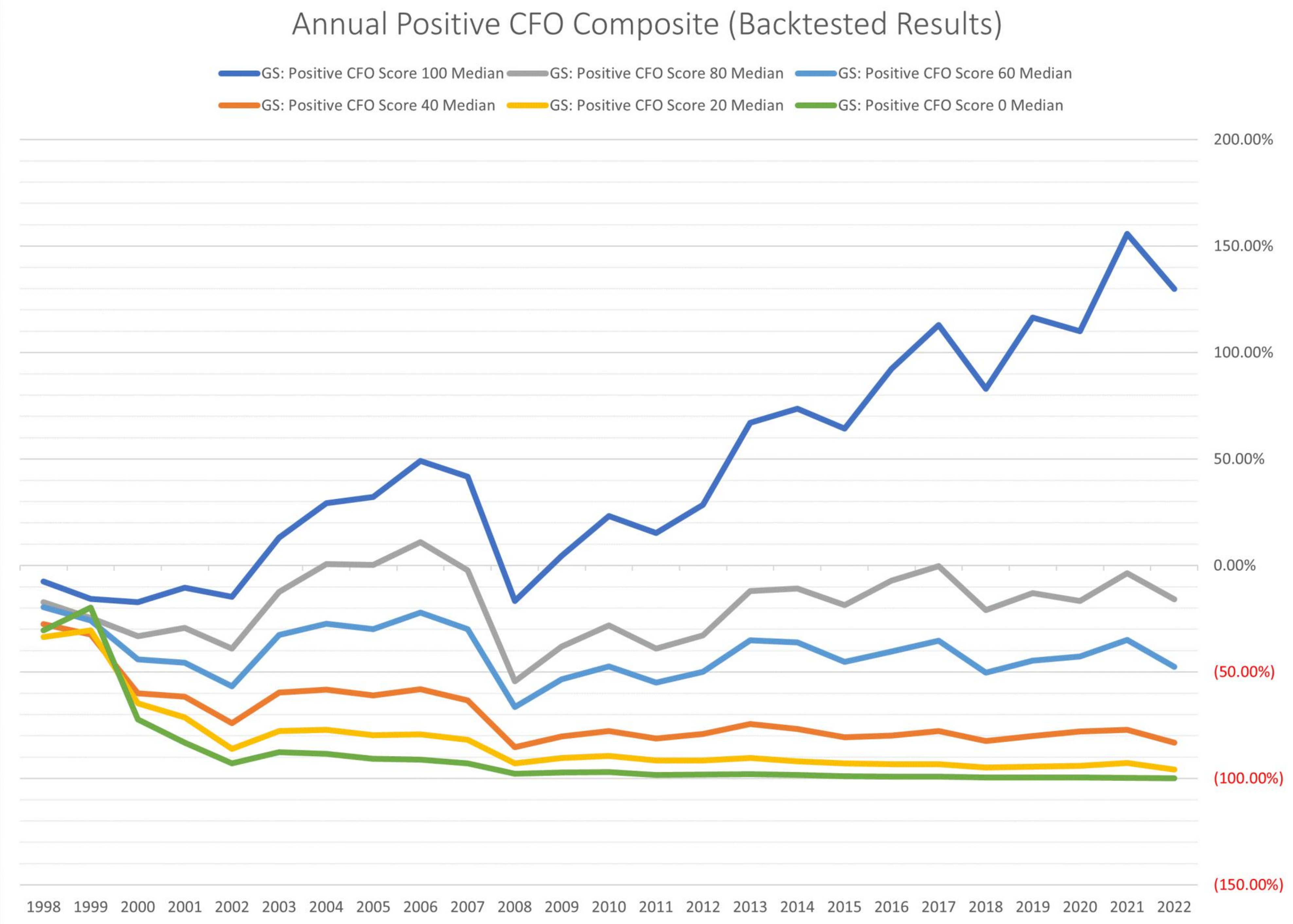
Annual Positive CFO Composite (Backtested Results)
GS: Positive CFO Score 100 Median
GS: Positive CFO Score 80 Median
GS: Positive CFO Score 60 Median
GS: Positive CFO Score 40 Median
GS: Positive CFO Score 20 Median
GS: Positive CFO Score 0 Median
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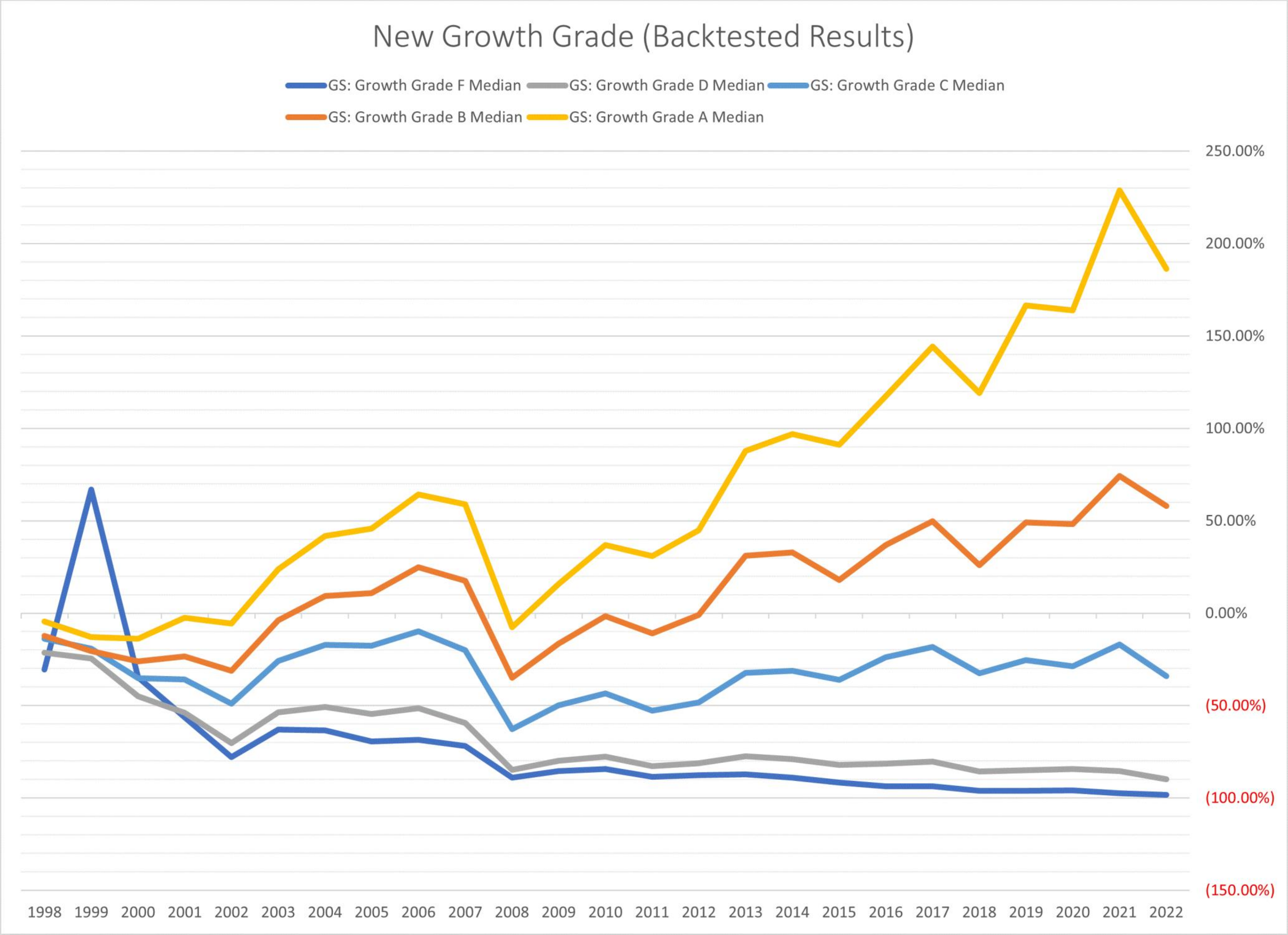
New Growth Grade (Backtested Results)
GS: Growth Grade F Median
GS: Growth Grade D Median
GS: Growth Grade C Median
GS: Growth Grade B Median
GS: Growth Grade A Median
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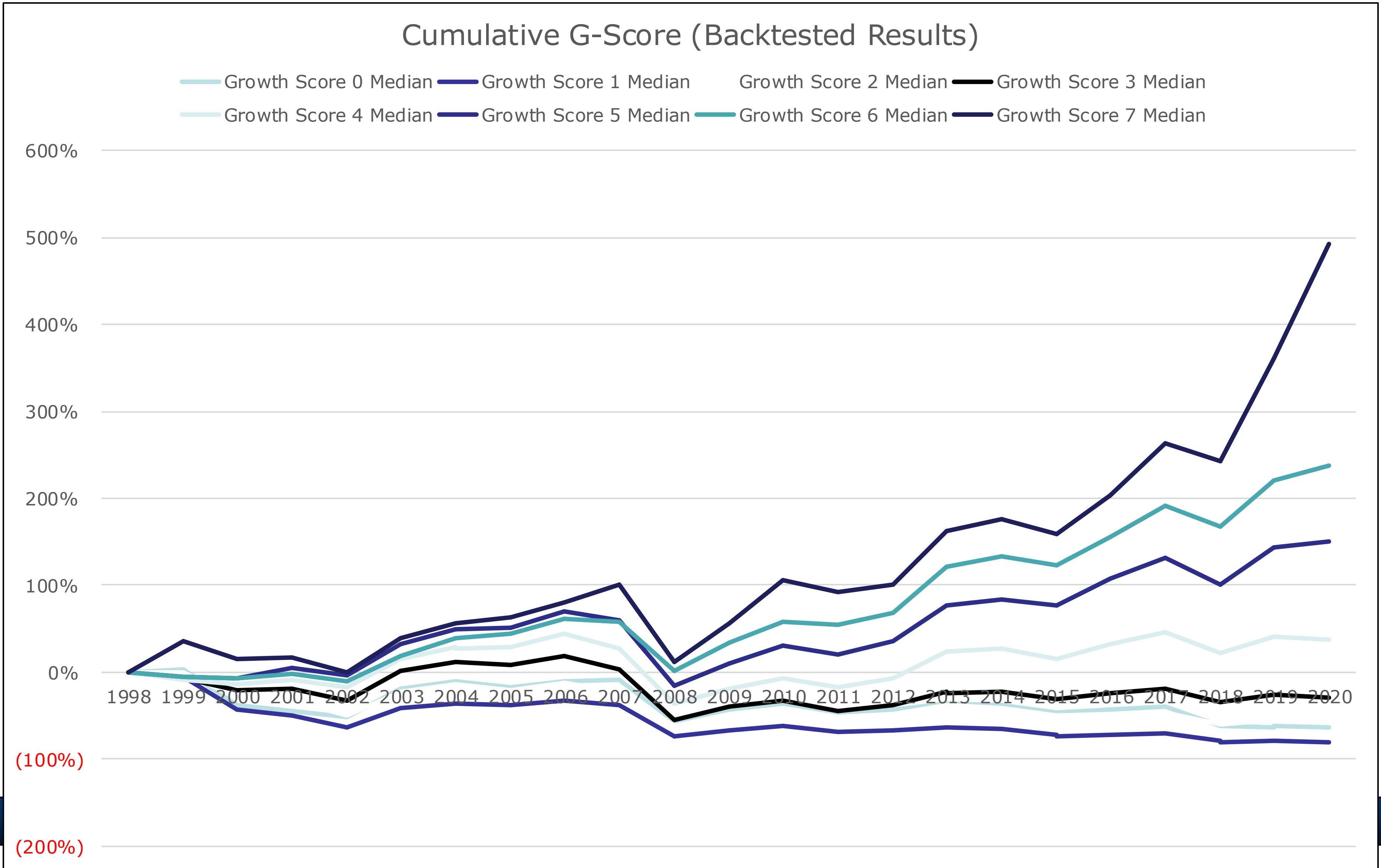
Higher G-Score Companies Generate Better Performance



Current Growth Investing Model Portfolio

Ranked By G-Score, then Growth Score

Company	Ticker	Currently Qualifies	Growth Score	Growth Grade	G- Score	Quality Grade	Current Price (1/5)	Alert Date	Stock Change Since Addition	IVV Change Since Addition	Sector
ServiceNow, Inc.	NOW	✗	70	B	8	A	$147.60	10/31/22	75.4%	78.8%	Info Tech
Jack Henry & Associates	JKHY	✓	100	A	7	A	$181.46	6/27/25	2.1%	11.3%	Financials
The New York Times Co	NYT	✓	97	A	7	A	$70.11	12/10/25	3.5%	(0.3%)	Com Services
Brinker International	EAT	✓	91	A	7	A	$149.48	10/2/25	18.3%	2.7%	Con Disc
Eli Lilly and Company	LLY	✓	91	A	7	A	$1,041.51	11/14/22	199.1%	72.6%	Health Care
MSCI Inc.	MSCI	✓	91	A	7	A	$577.60	9/15/25	0.2%	4.5%	Financials
Synopsys, Inc.	SNPS	✗	91	A	7	D	$494.19	10/26/22	68.8%	81.0%	Info Tech
Taboola.com Ltd.	TBLA	✓	91	A	7	A	$4.39	11/12/25	9.9%	3.3%	Com Services
Generac Holdings Inc.	GNRC	✗	87	A	7	A	$148.68	11/8/24	(21.5%)	14.8%	Industrials
Garmin Ltd.	GRMN	✓	87	A	7	A	$203.76	9/8/23	97.6%	54.5%	Con Disc
Amazon.com, Inc.	AMZN	✗	70	B	7	A	$233.06	11/7/22	157.4%	80.1%	Con Disc
Alphabet Inc.	GOOGL	✗	70	B	7	A	$316.54	11/7/22	258.5%	80.1%	Com Services
ASML Holding N.V.	ASML	✗	62	B	7	A	$1,228.19	10/26/22	162.2%	81.0%	Info Tech
Domino's Pizza, Inc.	DPZ	✗	97	A	6	A	$411.44	11/7/22	22.9%	80.1%	Con Disc
Rollins, Inc.	ROL	✗	91	A	6	A	$58.93	10/31/22	45.7%	78.8%	Industrials
DocuSign, Inc.	DOCU	✗	70	B	6	A	$64.34	11/14/22	23.7%	73.9%	Info Tech
Intuit Inc.	INTU	✗	70	B	6	A	$633.84	11/8/23	23.7%	58.5%	Info Tech
MercadoLibre, Inc.	MELI	✗	70	B	6	B	$2,148.62	10/26/22	157.8%	81.0%	Con Disc
Exelixis, Inc.	EXEL	✗	70	B	5	A	$42.40	3/8/24	88.4%	33.5%	Health Care
LPL Financial Holdings	LPLA	✗	70	B	5	D	$370.12	11/14/22	64.3%	72.6%	Financials

Source: S&P Global Market Intelligence. Data as of 1/5/2026.

Where Are Earnings?

- Earnings *stability* is a component of the G-Score
- A company needs to produce top-line growth to grow earnings
- “Profitable” companies can still go bankrupt if they don’t generate sufficient cash
- Earnings are an accounting measure impacted by management decisions
- Analyst forecasts aren’t always reliable

When to Sell

- Growth Grade falls to D or F (Growth Score of 40 or lower)
- G-Score falls below 5 (4 or lower)
- Quality Grade falls to F
- Year-over-year sales growth is negative for four consecutive quarters
- Five-year annualized sales growth falls to the bottom quintile of the stock universe (rank of 20% or lower)
- Cash from operations (operating cash flow) is negative over the trailing 12 months (last four fiscal quarters)
- Over the three years since being added to the portfolio, the stock has underperformed the portfolio benchmark—iShares Core S&P 500 ETF (IVV)
- Stock has underperformed the iShares Core S&P 500 ETF by more than 50 percentage points from its high closing price since being added to the model portfolio (relative strength from high below 0.50)

Portfolio Turnover

Based on simulations run before launching the Growth Investing model portfolio, we expected holding periods, on average, of at least two years

In 2025, there were ten total transactions (5 deletions and 5 additions)

- 1 acquisition – Electronic Arts
- 3 due to underperformance relative to the benchmark – Adobe, Chipotle Mexican Grill, and HubSpot
- 1 due to three-year weak relative strength – Colgate-Palmotive

	Avg Holding Period (Yrs)	Annual Portfolio Turnover	Average Buys/Sells per Year	Average No of Holdings	Ann'l Return
Inception	**9.6**	**10%**	**0.3**	**20**	**17.8%**
2025	4.9	20%	0.4	20	6.1%
2024	15.8	6%	0.3	20	17.4%
2023	21.6	5%	0.2	20	39.8%
2022	nmf	nmf	nmf	20	0.6%

Data as of 12/31/2025

Growth Investing 2025 Performance

Security Performance 12/31/2024 - 12/31/2025

Company	Ticker	Return On Investment	End Value%		
Alphabet Inc.	GOOGL	66.0%	10.2%	Communication Services	Interactive Media & Services
ASML Holding N.V.	ASML	55.6%	6.2%	Information Technology	Semiconductors & Semi Equipment
Eli Lilly and Company	LLY	40.0%	9.4%	Health Care	Pharmaceuticals
Electronic Arts Inc.	EA	37.8%	0.0%	Communication Services	Entertainment
Exelixis, Inc.	EXEL	31.6%	4.1%	Health Care	Biotechnology
Rollins, Inc.	ROL	31.1%	4.2%	Industrials	Commercial Services & Supplies
MercadoLibre, Inc.	MELI	18.5%	7.3%	Consumer Discretionary	Broadline Retail
Taboola.com Ltd.	TBLA	15.4%	4.9%	Communication Services	Interactive Media & Services
Brinker International, Inc.	EAT	13.6%	5.4%	Consumer Discretionary	Hotels, Restaurants & Leisure
LPL Financial Holdings Inc.	LPLA	9.8%	4.4%	Financials	Capital Markets
Intuit Inc.	INTU	6.1%	1.9%	Information Technology	Software
Amazon.com, Inc.	AMZN	5.2%	7.4%	Consumer Discretionary	Broadline Retail
Jack Henry & Associates, Inc.	JKHY	3.1%	4.0%	Financials	Financial Services
The New York Times Company	NYT	2.5%	3.2%	Communication Services	Media
Domino's Pizza, Inc.	DPZ	0.9%	3.3%	Consumer Discretionary	Hotels, Restaurants & Leisure
Garmin Ltd.	GRMN	-0.1%	4.0%	Consumer Discretionary	Household Durables
MSCI Inc.	MSCI	-0.2%	4.2%	Financials	Capital Markets
Synopsys, Inc.	SNPS	-3.2%	4.8%	Information Technology	Software
Generac Holdings Inc.	GNRC	-12.1%	1.6%	Industrials	Electrical Equipment
Adobe Inc.	ADBE	-12.8%	0.0%	Information Technology	Software
Colgate-Palmolive Company	CL	-13.0%	0.0%	Consumer Staples	Household Products
DocuSign, Inc.	DOCU	-24.0%	3.9%	Information Technology	Software
ServiceNow, Inc.	NOW	-27.8%	5.6%	Information Technology	Software
Chipotle Mexican Grill, Inc.	CMG	-35.2%	0.0%	Consumer Discretionary	Hotels, Restaurants & Leisure
HubSpot, Inc.	HUBS	-45.5%	0.0%	Information Technology	Software
	Portfolio	**5.5%**			

Reflecting on 2025

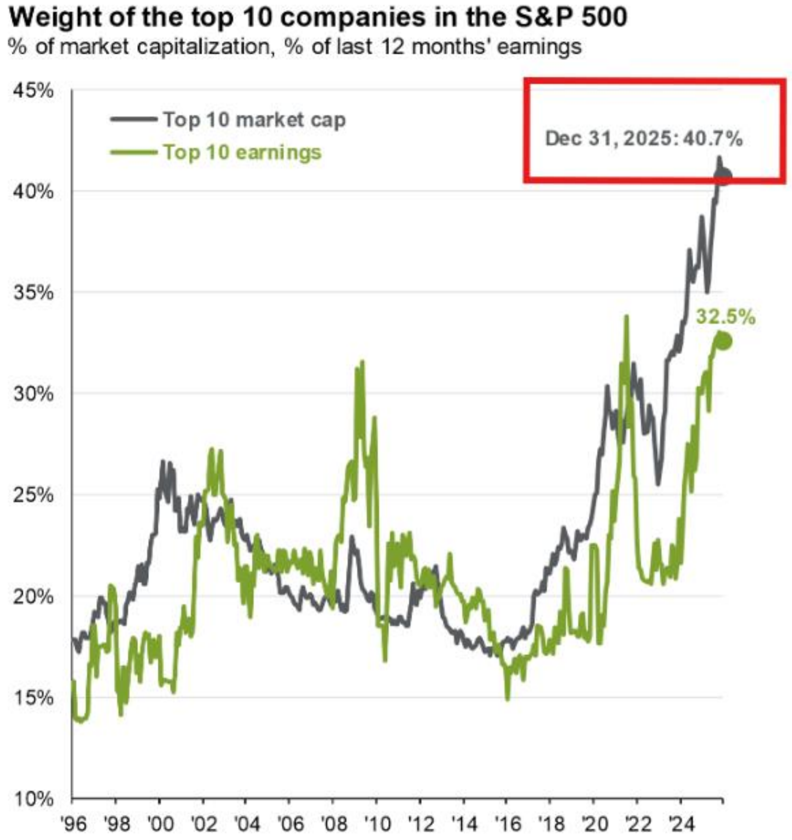
- Discipline is key and having a clearly defined approach to adding and deleting stocks makes navigating market turbulence easier
- However, it's important to learn from your mistakes and have the flexibility and willingness to adapt when needed
- AI proved to be a double-edged sword, benefiting companies with a path towards monetizing (Alphabet, ASML Holdings, Taboola.com) and hurting those without (Adobe, Docusign, HubSpot)
- Health care Rotation help companies with a strong product line (Eli Lilly, Exelixis)
- Company specific factors can also drive performance (Generac)
- Performance of recent replacements has improved recently
- Market-cap-weighted index performance can overstate the market's strength

The S&P 500 Remains Very Concentrated

S&P 500: Index concentration

Actions

	Latest	Average	% of avg.
Top 10	28.1x	20.7x	136%
Remaining companies	19.2x	15.9x	121%
S&P 500	22.0x	16.8x	131%



Source: J.P. Morgan Asset Management; data as of 12/31/25

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Magnificent 7 Stock Performance

Magnificent 7 performance in the S&P 500

Indexed to 100 on 1/1/2021, price return

Returns	'21	'22	'23	'24	'25
S&P 500	27%	-19%	24%	23%	16%
S&P 493	23%	-12%	11%	14%	13%
Mag 7	40%	-40%	76%	48%	23%
*Return share**	*33%*	*56%*	*63%*	*55%*	*46%*

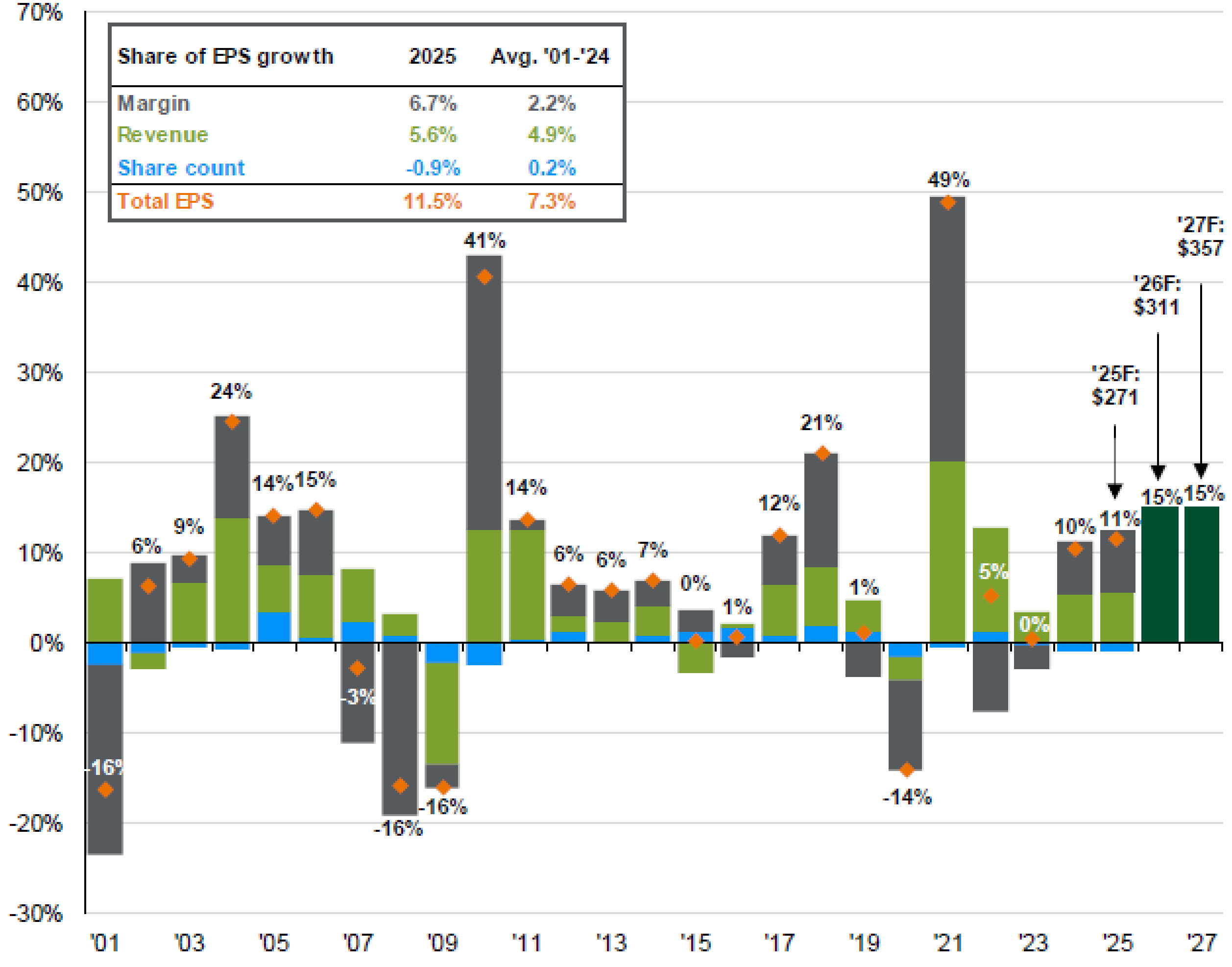
Source: J.P. Morgan Asset Management; data as of 12/31/2025

Sources of earnings growth and profit margins

S&P 500 EPS growth

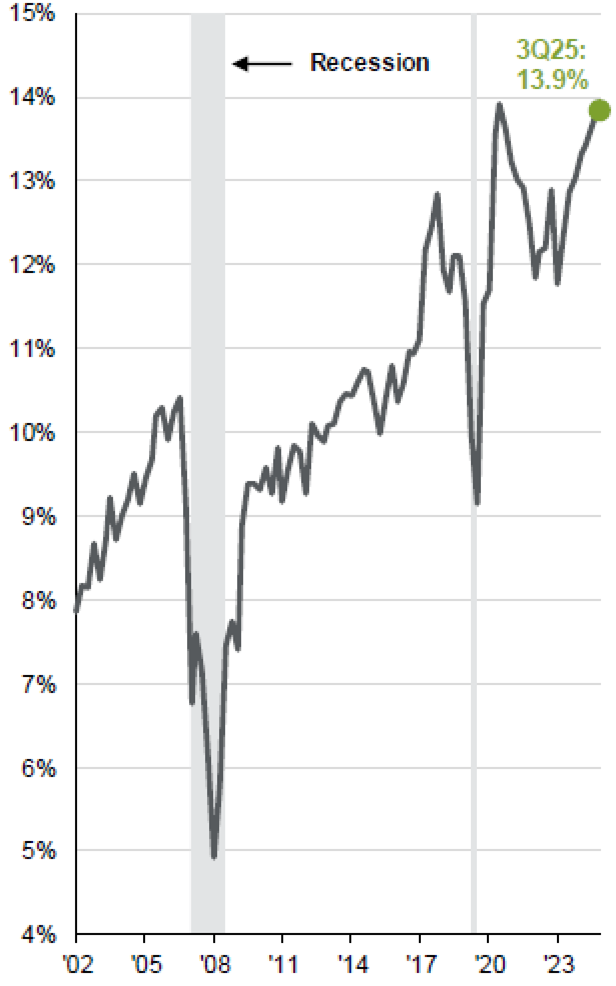
Year-over-year growth broken into changes in revenue, profit margin and share count

Share of EPS growth	2025	Avg. '01-'24
Margin	6.7%	2.2%
Revenue	5.6%	4.9%
Share count	-0.9%	0.2%
Total EPS	11.5%	7.3%



S&P 500 profit margins

Quarterly earnings/sales



Source: J.P. Morgan Asset Management; data as of 12/31/2025

Portfolio Composition

- To beat the market, a long-only portfolio must (significantly) differ from the market’s weightings
- Growth Investing follows a quantitative portfolio construction methodology and makes no active diversification decisions

S&P Sector, Market Cap & Factor Trends

	Total Returns						
S&P 500 Sectors	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**
Communication Services	33.6%	40.2%	55.8%	(37.7%)	16.0%	23.6%	32.7%
Information Technology	24.0%	36.6%	57.8%	(27.6%)	34.7%	43.9%	50.3%
Industrials	19.4%	17.5%	18.1%	(5.5%)	21.1%	11.1%	29.3%
Utilities	16.0%	23.4%	(7.1%)	1.6%	17.7%	0.5%	26.4%
Financials	15.0%	30.6%	12.2%	(10.5%)	35.0%	(1.8%)	32.1%
Health Care	14.6%	2.6%	2.1%	(2.0%)	26.1%	13.5%	20.9%
Materials	10.5%	(0.0%)	12.6%	(12.3%)	27.3%	20.7%	24.6%
Energy	8.7%	5.7%	(1.3%)	64.6%	53.4%	(33.7%)	11.8%
Consumer Discretionary	6.0%	30.1%	42.4%	(36.2%)	28.0%	33.3%	27.9%
Consumer Staples	3.9%	14.9%	0.5%	(0.7%)	17.3%	10.8%	27.6%
Real Estate	3.2%	5.2%	12.4%	(26.1%)	46.2%	(2.2%)	29.0%
S&P Indexes	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**
S&P 500	17.9%	25.0%	26.3%	(18.1%)	28.7%	18.4%	31.5%
S&P 500 Growth	22.2%	36.1%	30.0%	(29.4%)	32.0%	33.5%	31.1%
S&P 500 Value	13.2%	12.3%	22.2%	(5.2%)	24.9%	1.4%	31.9%
S&P MidCap 400	7.5%	13.9%	16.4%	(13.1%)	24.8%	13.7%	26.2%
S&P MidCap 400 Growth	7.5%	15.9%	17.5%	(19.0%)	18.9%	22.8%	26.3%
S&P MidCap 400 Value	7.6%	11.7%	15.4%	(6.9%)	30.7%	3.7%	26.1%
S&P SmallCap 600	6.0%	8.7%	16.1%	(16.1%)	26.8%	11.3%	22.8%
S&P SmallCap 600 Growth	5.4%	9.6%	17.1%	(21.1%)	22.6%	19.6%	21.1%
S&P SmallCap 600 Value	6.7%	7.6%	14.9%	(11.0%)	31.0%	2.5%	24.5%

Source: S&P Dow Jones Indices LLC. Data as of 12/31/2025.

Sector Analysis

Sector	Growth Investings Portfolio #	Growth Investings Portfolio % of Value	S&P 500	S&P MidCap 400	S&P SmallCap 600	Relative Strength Index 4-Wk	Relative Strength Index 52-Wk	Trailing P/E Ratio (X)	Forward P/E Ratio (X)	Sales Growth TTM	Sales Growth 3-Yr	Net Profit Margin
Energy	0	0.0%	2.5%	3.9%	4.9%	(3)	(12)	15.8	13.9	0.0%	10.3%	7.0%
Materials	0	0.0%	1.7%	5.3%	5.1%	4	6	24.1	18.4	4.7%	0.9%	3.2%
Industrials	2	5.8%	7.5%	23.4%	17.7%	1	(10)	25.6	21.5	6.2%	6.5%	4.3%
Consumer Discretionary	5	27.5%	10.3%	12.1%	12.6%	(1)	(19)	20.1	18.1	4.3%	5.0%	2.5%
Consumer Staples	0	0.0%	5.0%	4.7%	3.0%	(2)	(24)	21.8	15.4	4.5%	3.9%	3.7%
Health Care	2	13.5%	8.8%	9.0%	10.9%	(4)	(21)	25.6	19.2	9.9%	8.2%	-8.4%
Financials	3	12.5%	13.0%	16.3%	18.0%	2	(4)	13.0	11.6	11.4%	3.7%	22.6%
Information Technology	5	22.6%	31.2%	13.9%	15.9%	(3)	(19)	30.8	25.1	9.9%	5.1%	1.8%
Communication Services	3	18.2%	16.4%	2.3%	2.9%	0	(16)	15.8	14.6	4.7%	2.1%	1.2%
Utilities	0	0.0%	2.0%	3.1%	2.1%	0	0	19.5	19.4	6.5%	3.8%	10.2%
Real Estate	0	0.0%	1.6%	6.0%	7.0%	0	(21)	29.0	28.6	5.6%	6.6%	7.7%

Source: AAII Stock Investor Pro *and S&P Global. Data as of 1/2/2026.*

Security Performance 12/31/2024 - 12/31/2025 (Ranked by Sector; Industry)

	Company	Ticker	Return On Investment	End Value%	Sector	Industry
	Electronic Arts Inc.	EA	37.8%	Sold	Communication Services	Entertainment
	Alphabet Inc.	GOOGL	66.0%	10.2%	Communication Services	Interactive Media & Services
*	*Taboola.com Ltd.*	*TBLA*	*15.4%*	*4.9%*	*Communication Services*	*Interactive Media & Services*
	The New York Times Company	*NYT*	*2.5%*	*3.2%*	*Communication Services*	*Media*
	Amazon.com, Inc.	AMZN	5.2%	7.4%	Consumer Discretionary	Broadline Retail
	MercadoLibre, Inc.	MELI	18.5%	7.3%	Consumer Discretionary	Broadline Retail
*	*Brinker International, Inc.*	*EAT*	*13.6%*	*5.4%*	*Consumer Discretionary*	*Hotels, Restaurants & Leisure*
	Chipotle Mexican Grill, Inc.	CMG	-35.2%	Sold	Consumer Discretionary	Hotels, Restaurants & Leisure
	Domino's Pizza, Inc.	DPZ	0.9%	3.3%	Consumer Discretionary	Hotels, Restaurants & Leisure
	Garmin Ltd.	GRMN	-0.1%	4.0%	Consumer Discretionary	Household Durables
	Colgate-Palmolive Company	CL	-13.0%	Sold	Consumer Staples	Household Products
	LPL Financial Holdings Inc.	LPLA	9.8%	4.4%	Financials	Capital Markets
*	*MSCI Inc.*	*MSCI*	*-0.2%*	*4.2%*	*Financials*	*Capital Markets*
*	*Jack Henry & Associates, Inc.*	*JKHY*	*3.1%*	*4.0%*	*Financials*	*Financial Services*
	Exelixis, Inc.	EXEL	31.6%	4.1%	Health Care	Biotechnology
	Eli Lilly and Company	LLY	40.0%	9.4%	Health Care	Pharmaceuticals
	Rollins, Inc.	ROL	31.1%	4.2%	Industrials	Commercial Services & Supplies
	Generac Holdings Inc.	GNRC	-12.1%	1.6%	Industrials	Electrical Equipment
	ASML Holding N.V.	ASML	55.6%	6.2%	Information Technology	Semiconductors & Semi Equipment
	Adobe Inc.	ADBE	-12.8%	Sold	Information Technology	Software
	DocuSign, Inc.	DOCU	-24.0%	3.9%	Information Technology	Software
	HubSpot, Inc.	HUBS	-45.5%	Sold	Information Technology	Software
	Intuit Inc.	INTU	6.1%	1.9%	Information Technology	Software
	ServiceNow, Inc.	NOW	-27.8%	5.6%	Information Technology	Software
	Synopsys, Inc.	SNPS	-3.2%	4.8%	Information Technology	Software

** Added during 2025*

Growth Investing Website

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LATEST INSIGHT

Growth Investing Ideas List Update

By John Bajkowski

If you're looking for stocks that meet the initial selection criteria of the AAII Growth Investing strategy but are not currently included in the model portfolio, the Growth Investing Ideas list offers a curated set of candidates to explore.

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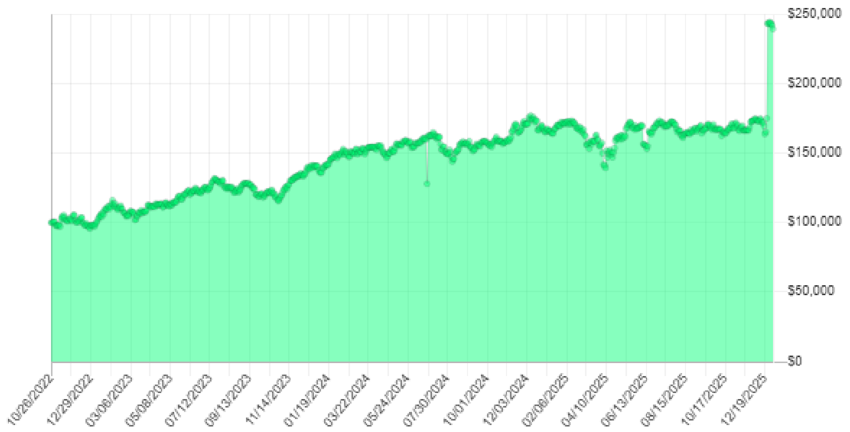
Growth of $100,000

AAII Growth Investing Portfolio



		AAII Growth Investing Portfolio	iShares Core S&P 500 (IVV)
Total Return	Day	1.2%	0.6%
	Week	2.1%	1.3%
	Month	1.0%	1.5%
	YTD	1.0%	1.5%
	Since Inception	141.4%	85.6%

Current Portfolio Holdings List

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Portfolio Holdings | Portfolio Performance | Portfolio Growth Analysis | Portfolio Characteristics

Price data delayed up to 20 minutes. All other data as of 01/05/2026.

Ticker	Company	Portfolio Addition Alert		Latest Price	Return Since Purchase	Currently Qualifies	G-Score	Growth Composite		Quality		Industry	Notes	News
		Date	Price					Score	Grade	Score	Grade			
NOW	ServiceNow, Inc.	10/31/2022	$10.52	$148.81	1314.7%	✗	8	70	B	89	A	Software	Relative Strength From High nearing deletion	News Archive for NOW
GOOGL	Alphabet Inc.	11/07/2022	$88.49	$314.34	255.2%	✗	7	70	B	95	A	Interactive Media & Services		News Archive for GOOGL
LLY	Eli Lilly and Company	11/14/2022	$356.06	$1,064.04	198.8%	✓	7	91	A	81	A	Pharmaceuticals		News Archive for LLY
AMZN	Amazon.com, Inc.	11/07/2022	$90.53	$240.93	166.1%	✗	7	70	B	81	A	Broadline Retail		News Archive for AMZN
MELI	MercadoLibre, Inc.	10/26/2022	$833.36	$2,187.04	162.4%	✗	6	70	B	77	B	Broadline Retail		News Archive for MELI
ASML	ASML Holding N.V.	10/26/2022	$482.64	$1,242.19	158.4%	✗	7	62	B	86	A	Semiconductors & Semiconductor Equipment		News Archive for ASML

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Growth Investing Ideas List

AAII.com | Home | Portfolio | Insights | Ideas | Tools | How-To

Search Ticker

Ideas Overview | Ideas Growth Analysis | Ideas Characteristics

Price data delayed up to 20 minutes. All other data as of 01/05/2026.

Ticker	Company	Latest Price	Risk Index	Growth Composite Score	Growth Composite Grade	G-Score	Sector	Industry
ATR	AptarGroup, Inc.	$120.56	1.53	100	A	7	Materials	Containers & Packaging
FTDR	Frontdoor, Inc.	$57.85	3.37	100	A	7	Consumer Discretionary	Diversified Consumer Services
PEP	PepsiCo, Inc.	$138.96	1.14	100	A	8	Consumer Staples	Beverages
SSTK	Shutterstock, Inc.	$19.30	3.15	100	A	7	Communication Services	Interactive Media & Services
HSY	The Hershey Company	$179.28	1.82	100	A	7	Consumer Staples	Food Products
VRSN	VeriSign, Inc.	$246.20	1.77	100	A	7	Information Technology	IT Services
WMT	Walmart Inc.	$114.34	1.46	100	A	7	Consumer Staples	Consumer Staples Distribution & Retail
ZTS	Zoetis Inc.	$129.35	1.99	100	A	7	Health Care	Pharmaceuticals
ATEN	A10 Networks, Inc.	$17.46	2.57	97	A	7	Information Technology	Software
CHE	Chemed Corporation	$441.09	1.77	97	A	7	Health Care	Health Care Providers & Services
FLO	Flowers Foods, Inc.	$10.79	1.38	97	A	8	Consumer Staples	Food Products
FOXA	Fox Corporation	$76.11	1.78	97	A	7	Communication Services	Media
GNTX	Gentex Corporation	$24.48	2.12	97	A	7	Consumer Discretionary	Automobile Components

AMERICAN ASSOCIATION OF INDIVIDUAL INVESTORS

Growth Investing Ideas

- As of 1/06/2026
  - 43 stocks on the Growth Ideas list
  - Median market cap of $8.1 billion, average of $53.49 billion
    - Wal-Mart Inc. (WMT) with a market cap of $900 billion
    - Shutterstock, Inc. (SSTK) with a market cap of $669 million
  - Sector breakdown
    - 9 in Technology
    - 10 Consumer Discretionary
    - 4 Industrials
    - 5 Financials
    - 5 Communication Services
    - 3 Health Care
    - 6 Consumer Staples
    - 1 Materials
    - 0 Energy, Real Estate or Utilities

Growth Analyzer

AAII Growth Investing Report Card

G-Score

7
Highest Growth Potential

Growth Grade

A
Very Strong
91

Learn About the G-Score

Learn About the Growth Grade

G-Score Factor Tests

Profitability & Cash Flow

- ✔ Return on Assets
- ✔ Cash Flow ROA
- ✔ Accruals

Business Variability

- ✔ Earnings Variability
- ✔ Sales Growth Variability

Accounting Conservatism

- ✘ R&D Intensity
- ✔ Capex Intensity
- ✔ Advertising Intensity

Chart | Grade History

$90.88 -2.29 (-2.46%)

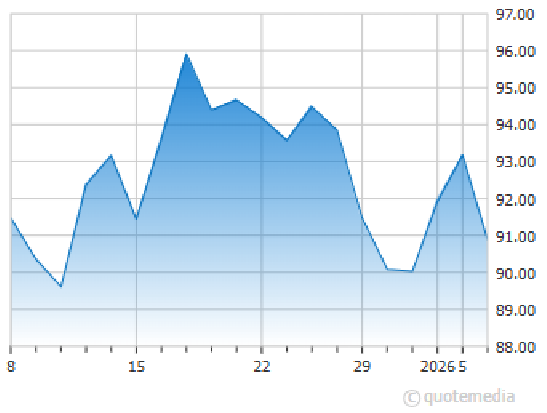
Bid: 90.96 x 100 Ask: 91.85 x 200

January 6, 2026 4:00 PM ET Volume: 1,659,425

After Hours: $90.88 0.00 (0.00%) January 6, 2026 4:0

USD | NEW YORK STOCK EXCHANGE | DELAYED PRICE | MAF

Detailed Quote



1d | 5d | 1m | 3m | 6m | 1y | 5y

Company Description

Sector: Consumer Staples BJ's Wholesale Clul operates membership warehouse clubs on the e offers groceries, fresh food, general merchandi coupon books, and promotions. It sells its produ and its mobile app. The company was formerly name to BJ's Wholesale Club Holdings, Inc. in February 2018. BJ's Wholesale Club Holdings,

G-Score Factor Tests

Profitability & Cash Flow — Passes 3 of 3

✔ Return on Assets (ROA)

BJ's return on assets is 7.8%, while the median ROA for the Consumer Staples Distribution & Retail industry is 3.4%. BJ's return on assets is greater than its respective industry median. Therefore, it PASSES this test and is awarded a point on the G-Score scale.

✔ Cash Flow ROA

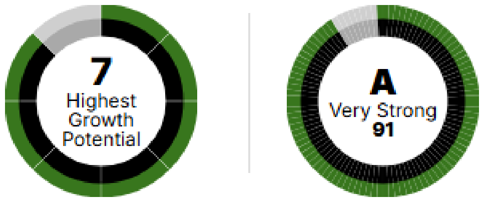
BJ's cash flow return on assets is 12.6%, while the median cash flow ROA for the Consumer Staples Distribution & Retail industry is 9.4%. BJ's cash flow return on assets is greater than its respective industry median. Therefore, it PASSES this test and is awarded a point on the G-Score scale.

Earnings may be less meaningful than cash flow for the early-stage companies that are likely to be found among high-growth companies. Operating cash flow is reported on the statement of cash flows. It measures a company's ability to generate cash from its day-to-day operations as it provides goods and services to its customers. Operating cash flows consider factors such as cash from the collection of accounts receivable, the cash consumed in the production of goods or services, payments made to suppliers, labor costs, taxes and interest payments. Positive cash from operations implies that a firm could generate enough cash from continuing operations without additional funds. Conversely, negative cash flow from operations indicates that additional cash inflows were required for the firm's day-to-day operations.

Growth Analyzer

AAII Growth Investing Report Card

G-Score
Growth Grade



Learn About the G-Score
Learn About the Growth Grade

G-Score Factor Tests

Profitability & Cash Flow

- ✔ Return on Assets
- ✔ Cash Flow ROA
- ✔ Accruals

Business Variability

- ✔ Earnings Variability
- ✔ Sales Growth Variability

Accounting Conservatism

- ✖ R&D Intensity

Chart | Grade History

	Closing Price	G-Score	Growth Grade	Growth Score
2026-01-05	$91.92	7	A	91
2026-01-02	$91.92	7	A	91
2025-12-31	$90.03	7	A	91
2025-12-30	$90.09	7	A	91
2025-12-29	$91.47	7	A	91
2025-12-26	$93.85	6	A	91
2025-12-24	$94.48	6	A	91
2025-12-23	$93.57	6	A	91
2025-12-22	$94.18	6	A	91
2025-12-19	$94.66	6	A	91
2025-12-18	$94.45	6	A	91
2025-12-17	$95.91	6	A	91
2025-12-16	$93.61	7	A	91
2025-12-15	$91.44	7	A	91
2025-12-12	$93.16	7	A	91
2025-12-11	$92.37	7	A	91

Looking Ahead to 2026

S&P 500 First-Quarter 2026 Earnings Growth Rates

	Earnings $B	Earnings $B	Growth $B	Growth %
Sector	26Q1	25Q1	26Q1	26Q1
Consumer Discretionary	42.5	40.0	2.5	6.3%
Consumer Staples	30.1	28.2	1.9	6.6%
Energy	24.6	24.2	0.3	1.3%
Financials	115.5	99.0	16.5	16.7%
Health Care	77.0	73.0	4.0	5.5%
Industrials	42.7	39.7	3.0	7.6%
Materials	11.5	9.3	2.2	23.3%
Real Estate	13.1	11.6	1.5	13.1%
Information Technology	169.6	124.9	44.7	35.8%
Communication Services	63.0	64.7	-1.7	-2.7%
Utilities	19.5	18.0	1.6	8.8%
S&P 500	**609.2**	**532.7**	**76.5**	**14.4%**

Source: LSEG Data & Analytics and I/B/E/S. Data as of 1/2/2026.

S&P 500 Estimated Earnings Growth for 2026

Exhibit 21. Estimated Earnings Growth for 2026

Sector	Today	1 Jan	1 Oct	1 Jul	1 Apr
Consumer Discretionary	11.4%	11.4%	13.0%	15.2%	16.5%
Consumer Staples	7.3%	7.3%	8.1%	7.9%	8.4%
Energy	7.8%	7.8%	16.3%	19.1%	19.3%
Financials	9.5%	9.5%	11.5%	13.2%	13.4%
Health Care	9.2%	9.2%	9.8%	10.7%	10.3%
Industrials	15.6%	15.6%	17.2%	16.3%	16.5%
Materials	20.9%	20.9%	17.3%	16.5%	18.2%
Real Estate	7.7%	7.7%	9.7%	9.1%	9.1%
Technology	30.8%	30.8%	22.1%	18.7%	17.7%
Communication Services	10.5%	10.5%	7.9%	9.5%	14.3%
Utilities	9.4%	9.4%	9.1%	8.3%	8.0%
S&P 500	**15.6%**	**15.6%**	**14.1%**	**14.0%**	**14.5%**

Source: LSEG I/B/E/S

Source: LSEG Data & Analytics and I/B/E/S. Data as of 1/2/2026.

Back-to-Back 20% Gains Are Uncommon

1927	37.5%
1928	43.6%
1929	-8.4%
1935	47.7%
1936	33.9%
1937	-35.0%
1942	20.3%
1943	25.9%
1944	19.8%

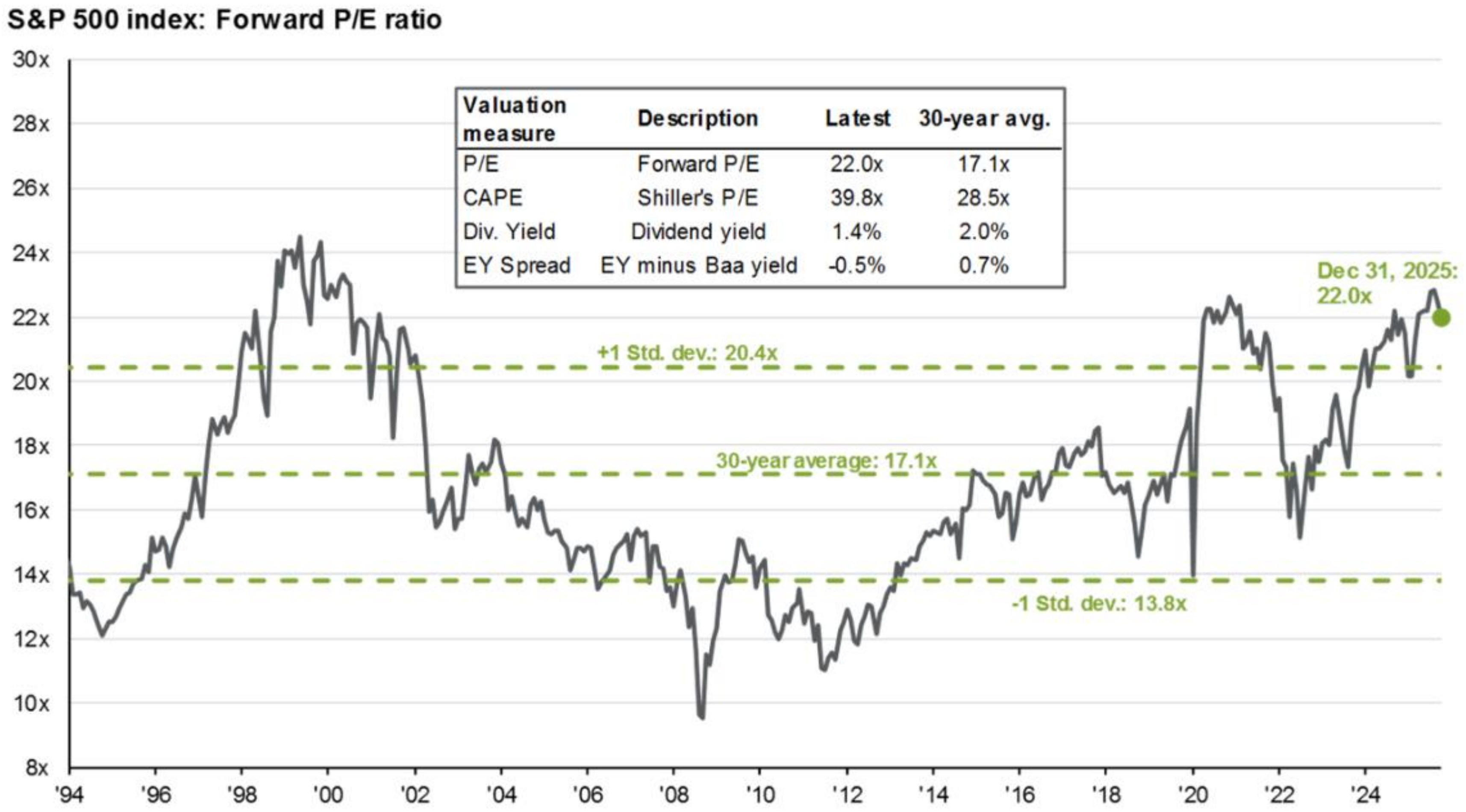
1950	31.7%
1951	24.0%
1952	18.4%
1954	52.6%
1955	31.6%
1956	6.6%
1975	37.2%
1976	23.9%
1977	-7.2%

1982	21.5%
1983	22.6%
1984	6.3%
1995	37.6%
1996	23.0%
1997	33.4%
1998	28.6%
1999	21.0%
2000	-9.1%
2023	26.3%
2024	25.0%
2025	17.9%

Data Source: Morningstar Direct/SBBI; 2024 and 2025 returns from S&P Dow Jones Indexes for S&P 500.

S&P 500 valuation measures

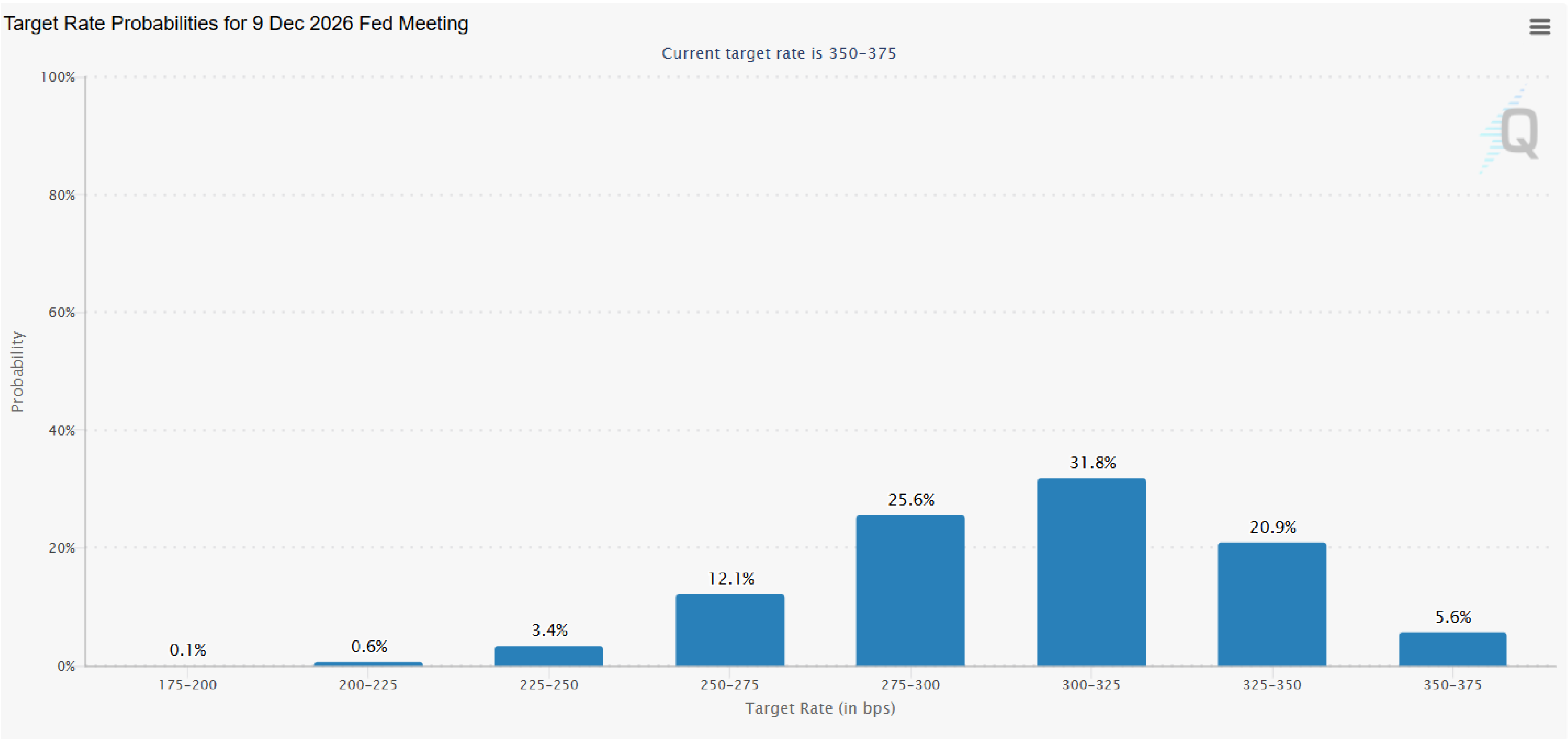
Actions



Valuation measure	Description	Latest	30-year avg.
P/E	Forward P/E	22.0x	17.1x
CAPE	Shiller's P/E	39.8x	28.5x
Div. Yield	Dividend yield	1.4%	2.0%
EY Spread	EY minus Baa yield	-0.5%	0.7%

Data Source: JPMorgan Asset Management Guide to the Markets; Data as of 12/31/2025.

2026 Interest Rate Outlook



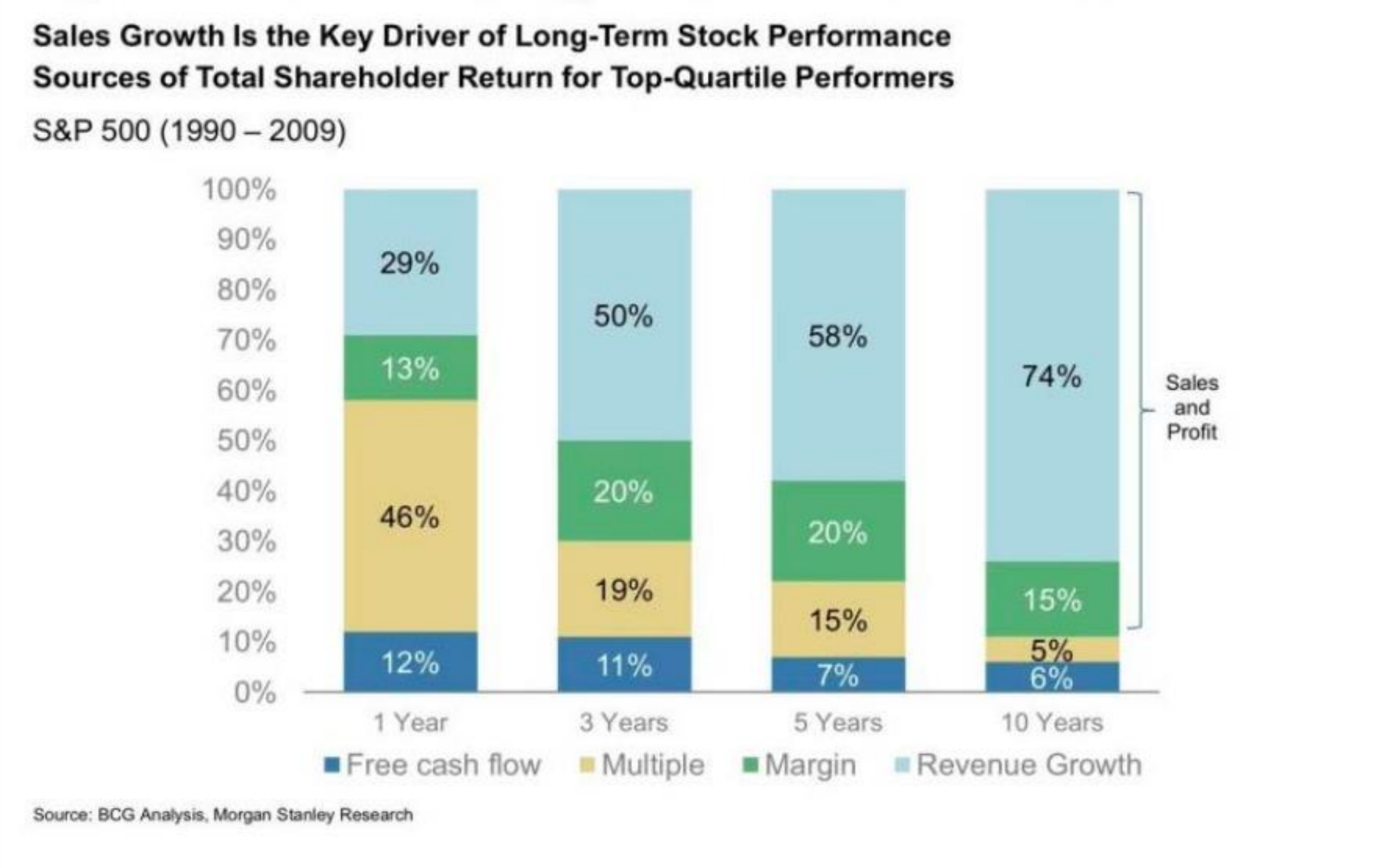
Source: CME FedWatch Tool. Data as of 1/3/2026.

Stock Valuations Remain High

- The AAII Growth Investing approach is not “growth at a reasonable price” or GARP
- Given the requirements for strong, sustainable revenue growth and positive cash flows for Growth Investing candidates, high multiples to earnings, book value, sales and cash flow are not surprising
- High valuations could trigger short-term price volatility, especially around earnings announcements
- However, longer holding periods offset the near-term impact of valuations on price performance

High Growth Expectations = High Valuations

Company	Ticker	Value Score	Value Grade	Sector
ASML Holding N.V.	ASML	5	F	Information Technology
Synopsys, Inc.	SNPS	5	F	Information Technology
Eli Lilly and Company	LLY	6	F	Health Care
ServiceNow, Inc.	NOW	6	F	Information Technology
Rollins, Inc.	ROL	8	F	Industrials
Intuit Inc.	INTU	12	F	Information Technology
Amazon.com, Inc.	AMZN	13	F	Consumer Discretionary
Alphabet Inc.	GOOGL	14	F	Communication Services
MSCI Inc.	MSCI	17	F	Financials
LPL Financial Holdings Inc.	LPLA	19	F	Financials
MercadoLibre, Inc.	MELI	19	F	Consumer Discretionary
DocuSign, Inc.	DOCU	21	D	Information Technology
Garmin Ltd.	GRMN	21	D	Consumer Discretionary
Jack Henry & Associates, Inc.	JKHY	21	D	Financials
The New York Times Company	NYT	23	D	Communication Services
Domino's Pizza, Inc.	DPZ	33	D	Consumer Discretionary
Generac Holdings Inc.	GNRC	38	D	Industrials
Exelixis, Inc.	EXEL	50	C	Health Care
Brinker International, Inc.	EAT	55	C	Consumer Discretionary
Taboola.com Ltd.	TBLA	77	B	Communication Services


Sales Growth Is the Key Driver of Long-Term Stock Performance
Sources of Total Shareholder Return for Top-Quartile Performers
S&P 500 (1990 – 2009)
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
29%
13%
46%
12%
50%
20%
19%
11%
58%
20%
15%
7%
74%
15%
5%
6%
Sales and Profit
1 Year
3 Years
5 Years
10 Years
Free cash flow
Multiple
Margin
Revenue Growth
Source: BCG Analysis, Morgan Stanley Research

Market Risk Factors for 2026

- Policy Uncertainty
  - Federal Reserve Chair Jerome Powell's term ends in May. Federal Reserve independence going forward has been a question.
  - Continued tariff negotiations and unpredictable trade actions weigh on business planning and investment — both in the U.S. and take globally.

- Market Valuations
  - Valuations have risen after three strong years for the stock market
  - There is less upside, making the market less forgiving to hiccups

Market Risk Factors for 2026

- Consumer resiliency
  - Rising household debt could negatively affect consumer spending.
  - Significant changes in trade policies could boost inflation
- Labor market weakness
  - Labor market weakness, stagnant wage growth and an increase in unemployment could create headwinds.
- Geopolitics
  - Global conflicts could also negatively impact the economy and stock market.

Trends & Opportunities in 2026

- Technology & AI
  - AI adoption is gaining momentum. 55% of large U.S. firms are currently piloting AI agents, while 42% have already actively deployed at least some.
- FinTech
  - The shift towards digital financial services, including mobile banking and blockchain technologies, is reshaping the financial landscape.
- Health Care & Biotech
  - An aging population and breakthroughs in medical research are increasing demand for innovative healthcare solutions.

Outlook for Growth Investing

- The Growth Investing approach seeks out long-term secular growth
  - Sustainable growth that is influenced less by the business and economic environment than cyclical firms
  - The companies the approach seeks have products or services that should defy the overall economic trend
- However, in the short term, Fed policy, inflation expectations and policy decisions can create significant market and individual stock volatility
- Sector leadership changes and can affect the performance of the portfolio, even if the growth story for individual stocks remains intact
- Growth Investing's rules-based approach to buying and selling and long-term investment horizon helps navigate market or economic turmoil.
- Examining holdings closely using the three-year portfolio rule to reconsider many of the original holdings.

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