AMERICAN ASSOCIATION OF INDIVIDUAL INVESTORS & BETTERINVESTING

# Finding Growth BEYOND THE HEADLINES


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# PROVIDENT INVESTMENT MANAGEMENT

- Founded 1981 on foundation of BetterInvesting principles.
- $1.1 billion Assets Under Management (AUM) with over 300 clients, many high net worth.
- Utilize individual securities to build growth, dividend and bond portfolios.
- Authors *Investor Advisory Service (IAS)* and *Dividend Informer* newsletters for iCLUB.
- Authors Repair Shop and Yield Signs columns for BetterInvesting magazine.
- Volunteer presenters at BetterInvesting conferences.

# “The heart of our movement is democratic capitalism.”

George A. Nicholson, Jr.
Co-founder, BetterInvesting
(formerly NAIC)


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# BETTERINVESTING METHODOLOGY

- A growth company is one with a diligent management that has produced strong, consistent historical sales and earnings growth year after year over a five- to ten-year period.
- Past sales and earnings guide future projections.
- Invest in companies that can double in value over a five-year period.
- Balance growth and valuation to buy the right companies at the right price – a variant of GARP (Growth At a Reasonable Price).

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# THE STOCK SELECTION GUIDE (SSG)

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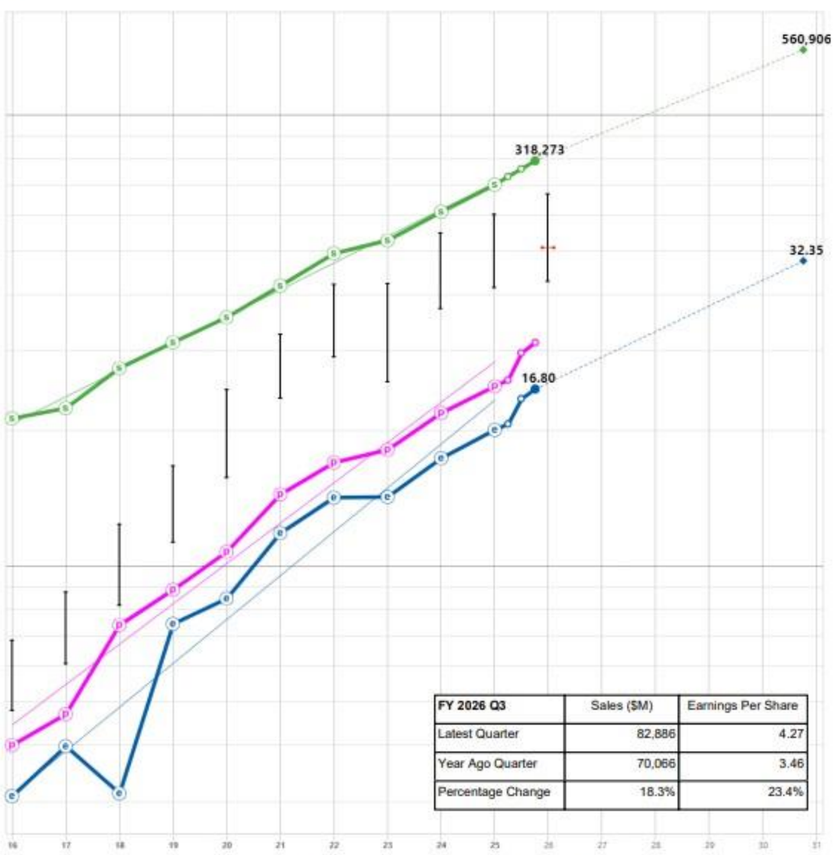
Educating Investors Since 1951

## Stock Selection Guide

| | | | | | |
|---|---|---|---|---|---|
| Company: Microsoft | | | | Date: 05/18/26 | |
| Prepared by: Equity Research | | | | Data taken from: BI Stock Data | |
| Where traded: NAS | | Industry: Software - Infrastructure | | | |
| Capitalization --- Outstanding Amounts | | | | Reference | |
| Preferred ($M) | 0.0 | % Insiders | | % Institution | |
| Common (M Shares) | 7,445.0 | | 6.0 | | 53.8 |
| Debt ($M) | 56,965.0 | % to Tot Cap | 12.1 | % Pot Dil | 0.3 |

**Symbol: MSFT**

### 1 VISUAL ANALYSIS of Sales, Earnings, and Price




| FY 2026 Q3 | Sales ($M) | Earnings Per Share |
|---|---|---|
| Latest Quarter | 82,886 | 4.27 |
| Year Ago Quarter | 70,066 | 3.46 |
| Percentage Change | 18.3% | 23.4% |

(1) Historical Sales Growth 14.6%
(2) Estimated Future Sales Growth 12.0%
(3) Historical Earnings Per Share Growth 25.1%
(4) Estimated Future Earnings Per Share Growth 14.0%

### 2 EVALUATING Management

**Microsoft**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Last 5 Year Avg. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| % Pre-tax Profit on Sales | 23.1% | 25.7% | 33.1% | 34.7% | 37.1% | 42.3% | 42.2% | 42.1% | 44.0% | 43.9% | 42.9% |
| % Earned on Equity | 21.9% | 30.0% | 20.6% | 40.8% | 38.1% | 45.0% | 44.2% | 37.0% | 34.7% | 31.5% | 38.5% |
| % Debt To Capital | 42.7% | 54.4% | 49.7% | 43.4% | 37.5% | 32.3% | 26.9% | 22.5% | 20.0% | 15.0% | 23.3% |

### 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

**CURRENT PRICE** 423.54 (05/18/26) **52-WEEK HIGH** 555.45 **52-WEEK LOW** 356.28

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| **Year** | **Price** | | **Earnings** | **Price Earnings Ratio** | | **Dividend** | **% Payout** | **% High Yield** |
| | High | Low | Per Share | High A / C | Low B / C | Per Share | F / C * 100 | F / B * 100 |
| 2021 | 271.7 | 196.3 | 8.05 | 33.7 | 24.4 | 2.19 | 27.2 | 1.1 |
| 2022 | 349.7 | 241.5 | 9.65 | 36.2 | 25.0 | 2.42 | 25.1 | 1.0 |
| 2023 | 351.5 | 213.4 | 9.68 | 36.3 | 22.0 | 2.66 | 27.5 | 1.2 |
| 2024 | 456.2 | 309.5 | 11.80 | 38.7 | 26.2 | 2.93 | 24.8 | 0.9 |
| 2025 | 500.8 | 344.8 | 13.64 | 36.7 | 25.3 | 3.24 | 23.8 | 0.9 |
| **AVERAGE** | | **261.1** | | **36.3** | **24.6** | | **25.7** | |
| CURRENT/TTM | | | 16.80 | 33.1 | 21.2 | 3.64 | 21.7 | |
| **AVERAGE PRICE EARNINGS RATIO: 30.5** | | | | | **CURRENT PRICE EARNINGS RATIO: 25.2** | | | |

### 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

**A HIGH PRICE - NEXT 5 YEARS**

Avg. High P/E 30.0 X Estimate High Earnings/Share 32.35 = Forecasted High Price $ 970.5

**B LOW PRICE - NEXT 5 YEARS**

(a) Avg. Low P/E 20.0 X Estimate Low Earnings/Share 16.80 = Forecasted Low Price $ 336.0

(b) Avg. Low Price of Last 5 Years 261.1

(c) Recent Market Low Price 309.5

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{3.64}{1.25\%} = 292.1$

Selected Forecasted Low Price $ 336.0

**C ZONING** using 25%-50%-25%

Forecasted High Price 970.5 Minus Forecasted Low Price 336.0 = 634.5 Range. 25% of Range 158.6

| | | | |
|---|---|---|---|
| Buy Zone | 336.0 | to | 494.6 |
| Hold Zone | 494.6 | to | 811.9 |
| Sell Zone | 811.9 | to | 970.5 |

Present Market Price of 423.54 is in the **BUY** Zone

**D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)**

$\frac{\text{High Price}}{\text{Current Price}} \quad \frac{970.5}{423.54} \quad \frac{\text{Minus Current Price}}{\text{Minus Low Price}} \quad \frac{423.54}{336.0} = \frac{546.96}{87.54} = 6.2$ To 1

**E PRICE TARGET** (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price}}{\text{Current Price}} \quad \frac{970.5}{423.54} = 2.2914 \times 100 = 229.14 - 100 = 129.1$ % Appreciation

### 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

**A** $\frac{\text{Indicated Annual Dividend}}{\text{Current Price}} \quad \frac{3.64}{423.54} = 0.0086 = 0.9\ \%$ Current Yield

**B AVERAGE YIELD - USING FORECAST HIGH P/E**

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{46.3\ \%}{30.00} = 1.5\ \%$

**AVERAGE YIELD - USING FORECAST AVERAGE P/E**

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{46.3\ \%}{25.00} = 1.9\ \%$

**C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E**

| | |
|---|---|
| Annualized Appreciation | 18.0 % |
| Average Yield | 1.5 % |
| Annualized Rate of Return | 19.6 % |

**COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E**

| | |
|---|---|
| Annualized Appreciation | 13.8 % |
| Average Yield | 1.9 % |
| Annualized Rate of Return | 15.7 % |

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# SSG METRICS AND CRITERIA

- Visual railroad tracks – up and to the right.
- Sales and EPS growth, stable or expanding pre-tax profit margins, consistently high ROE, manageable debt levels.
- Historical range analysis of Price/Earnings (P/E) ratio combine with estimated earnings growth to calculate an expected high and low price five years in the future.
- Through zoning, goal is to identify stocks with at least a 3-to-1 upside-to-downside ratio, i.e. potential appreciation should be roughly triple the potential downside.
- Assess relative value by comparing the current P/E to the stock's five-year average P/E and the stock market to determine relative cheapness or richness.

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# BETTERINVESTING V "GLAMOUR STOCKS"

- Treats valuation in a historical context independent of market enthusiasm or "story". Price momentum is not treated as validation.
- The 3-to-1 upside/downside requirement goes beyond simply selecting a great company by asking if the price is adequate reward for the risk.
- Rewards boring consistency over erratic growth, pre-revenue, or money losing businesses.
- Types of companies selected tend to be mid-caps in durable but boring industries, companies with a proven business model and a long runway, disciplined management cultures and under-followed names.

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# VALUATION: GARP V BI V PURE GROWTH

- GARP
  - Is the price reasonable enough that I'm not destroying my returns by overpaying?
  - A high PEG triggers a trim or sale.
- BetterInvesting
  - Historical P/E range as substitute for PEG.
- Pure Growth
  - Valuation doesn't matter if you identify a company compounding earnings at an exceptional rate over a long period of time.
  - Qualitative assessment is key: market size, competitive moat, reinvestment opportunities, management quality, etc.
  - A high PEG and/or elevated P/E can be justified by growth.

# ASSESSING VALUATION RISK

- Nothing substitutes for industry research and following a company over time.
- Business quality is paramount.
- Continually challenge investment thesis.
- Listening to earnings calls and updating the SSG is helpful for quick metrics on quarterly results to monitor trends and relative earnings growth/valuation.
- Portfolio management challenges holdings with new ideas and helps with position sizing, staged buys, trims.

# GROWTH STOCK PORTFOLIO MANAGEMENT

- Be mindful of position sizes and diversification.
- Write down investment thesis for each holding and continually monitor results.
- Opportunities to add:
  - External market movements reprice growth attractively.
  - Transitory issues create attractive price.
  - Changes in industry, competitive position, etc.
- Opportunities to subtract:
  - Mote erosion, management changes, questionable capital deployment.
  - Metrics are deteriorating.
  - Better growth stocks make themselves available.

# FINDING GROWTH STOCKS EARLY

- Invest in what you know.
- Follow an industry you like to develop expertise. Look for customer contacts, trade publications, etc.
- Stock screens that target underfollowed stocks, particularly small and micro caps.
- See what insiders are doing.
- Spin-offs can unlock hidden growth businesses.
- Watch what large companies are acquiring.
- Publications, like the *IAS*, *Dividend Informer* and *Small Cap Informer,* can provide ready made growth stock ideas.

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# EVALUATING A GROWTH COMPANY

- Answer three questions:
  - What is the firm's competitive advantage?
    - Networking effects, switching costs, scale advantages, intangible assets, management quality, capital allocation decisions, etc.
  - Is it getting stronger or weaker?
    - Metrics like relative growth versus industry, competition, gross margin expansion, customer retention and acquisition cost.
    - Investment versus expense spending to defend position.
  - How long will it persist?
    - Technology disruption.
    - Secular versus cyclical growth.
    - Opportunities to reinvest in adjacent areas.

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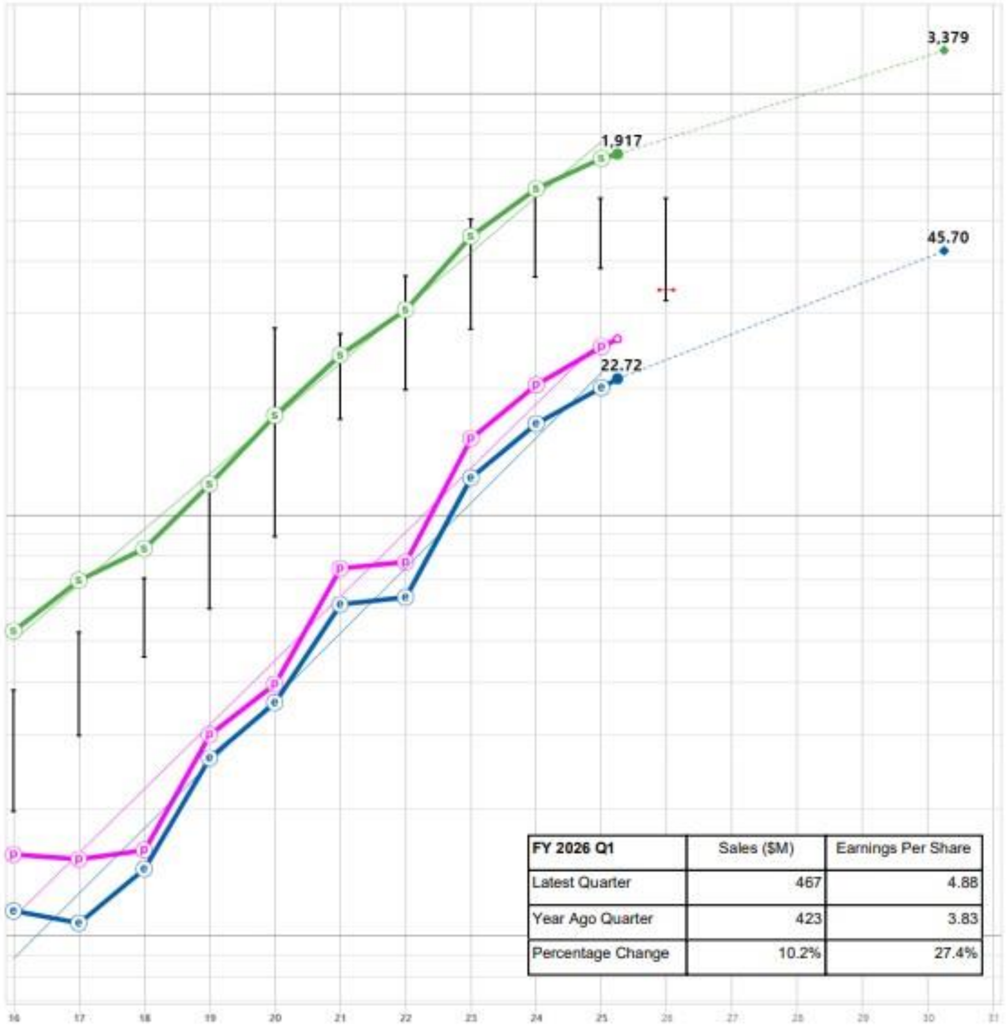
# Stock Selection Guide

| | | | | | |
|---|---|---|---|---|---|
| Company | Kinsale Cap Group | | | Date | 05/20/26 |
| Prepared by | IAS | | | Data taken from | BI Stock Data |
| Where traded | NYS | Industry | Insurance - Property & Casualty | | |
| Capitalization --- Outstanding Amounts | | Reference | | | |
| Preferred ($M) | 0.0 | % Insiders | | % Institution | |
| Common (M Shares) | 23.1 | 2.6 | | 72.5 | |
| Debt ($M) | 224.5 | % to Tot Cap | 10.2 | % Pot Dil | 0.4 |

**Symbol: KNSL**

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price




| FY 2026 Q1 | Sales ($M) | Earnings Per Share |
|---|---|---|
| Latest Quarter | 467 | 4.88 |
| Year Ago Quarter | 423 | 3.83 |
| Percentage Change | 10.2% | 27.4% |

(1) Historical Sales Growth 35.4% (3) Historical Earnings Per Share Growth 42.7%

(2) Estimated Future Sales Growth 12.0% (4) Estimated Future Earnings Per Share Growth 15.0%

## 2 EVALUATING Management

**Kinsale Cap Group**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Last 5 Year Avg. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| % Pre-tax Profit on Sales | 27.9% | 20.6% | 18.2% | 24.1% | 21.8% | 29.5% | 23.9% | 31.4% | 32.4% | 33.8% | 30.2% |
| % Earned on Equity | 12.4% | 10.5% | 12.9% | 16.3% | 16.5% | 22.9% | 25.7% | 33.2% | 28.8% | 26.9% | 27.5% |
| % Debt To Capital | 0.0% | 0.0% | 0.0% | 4.0% | 6.9% | 5.8% | 20.8% | 14.5% | 11.0% | 10.3% | 12.5% |

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

**CURRENT PRICE** 311.70 (05/20/26) **52-WEEK HIGH** 512.76 **52-WEEK LOW** 293.78

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| **Year** | **Price** | | **Earnings** | **Price Earnings Ratio** | | **Dividend** | **% Payout** | **% High Yield** |
| | High | Low | Per Share | High A / C | Low B / C | Per Share | F / C * 100 | F / B * 100 |
| 2021 | 245.2 | 153.1 | 6.62 | 37.0 | 23.1 | 0.44 | 6.6 | 0.3 |
| 2022 | 335.0 | 180.1 | 6.88 | 48.7 | 26.2 | 0.52 | 7.6 | 0.3 |
| 2023 | 457.7 | 250.9 | 13.22 | 34.6 | 19.0 | 0.56 | 4.2 | 0.2 |
| 2024 | 548.5 | 334.1 | 17.78 | 30.8 | 18.8 | 0.60 | 3.4 | 0.2 |
| 2025 | 512.8 | 349.0 | 21.65 | 23.7 | 16.1 | 0.68 | 3.1 | 0.2 |
| **AVERAGE** | | **253.4** | | **35.0** | **20.6** | | **5.0** | |
| CURRENT/TTM | | | 22.72 | 22.6 | 12.9 | 1.00 | 4.4 | |
| **AVERAGE PRICE EARNINGS RATIO: 27.8** | | | | | **CURRENT PRICE EARNINGS RATIO: 13.7** | | | |

## 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

**A HIGH PRICE - NEXT 5 YEARS**

Avg. High P/E 20.0 X Estimate High Earnings/Share 45.70 = Forecasted High Price $ 914.0

**B LOW PRICE - NEXT 5 YEARS**

(a) Avg. Low P/E 10.0 X Estimate Low Earnings/Share 22.72 = Forecasted Low Price $ 227.2

(b) Avg. Low Price of Last 5 Years 253.4

(c) Recent Market Low Price 293.8

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.00}{0.29\%} = 346.2$

Selected Forecasted Low Price $ 227.2

**C ZONING** using 25%-50%-25%

Forecasted High Price 914.0 Minus Forecasted Low Price 227.2 = 686.8 Range. 25% of Range 171.7

| | | | |
|---|---|---|---|
| Buy Zone | 227.2 | to | 398.9 |
| Hold Zone | 398.9 | to | 742.3 |
| Sell Zone | 742.3 | to | 914.0 |

Present Market Price of 311.70 is in the **BUY** Zone

**D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)**

$\frac{\text{High Price}}{\text{Current Price}} \frac{914.0}{311.70} \frac{\text{Minus Current Price}}{\text{Minus Low Price}} \frac{311.70}{227.2} = \frac{602.30}{84.50} = 7.1$ To 1

**E PRICE TARGET** **(Note: This shows the potential market price appreciation over the next five years in simple interest terms.)**

$\frac{\text{High Price}}{\text{Current Price}} \frac{914.0}{311.70} = 2.9323 \times 100 = 293.23 - 100 = 193.2$ % Appreciation

## 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

**A** $\frac{\text{Indicated Annual Dividend}}{\text{Current Price}} \frac{1.00}{311.70} = 0.0032 = 0.3\%$ Current Yield

**B AVERAGE YIELD - USING FORECAST HIGH P/E**

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{5.0\%}{20.00} = 0.2\%$

**AVERAGE YIELD - USING FORECAST AVERAGE P/E**

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{5.0\%}{15.00} = 0.3\%$

**C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E**

| | |
|---|---|
| Annualized Appreciation | 24.0 % |
| Average Yield | 0.2 % |
| Annualized Rate of Return | 24.3 % |

**COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E**

| | |
|---|---|
| Annualized Appreciation | 17.1 % |
| Average Yield | 0.3 % |
| Annualized Rate of Return | 17.4 % |

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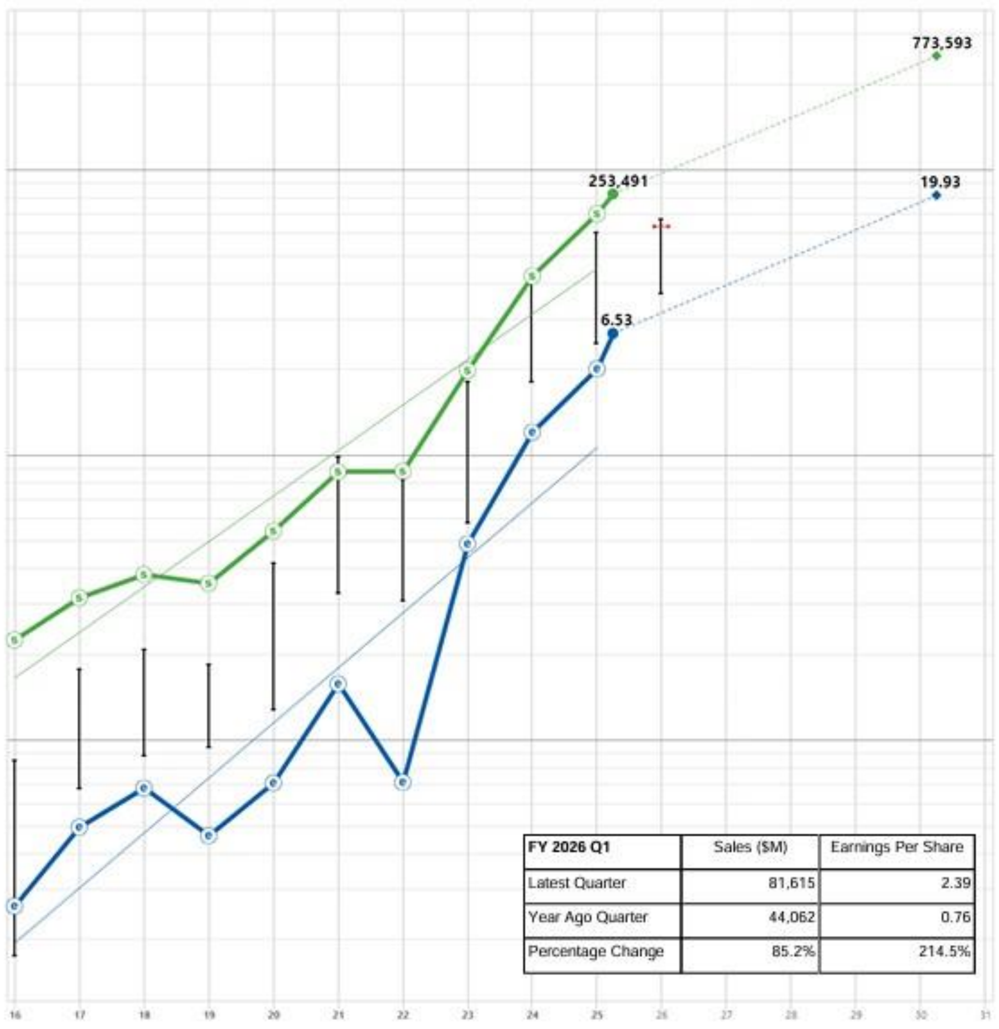
# Stock Selection Guide

| | | | | | |
|---|---|---|---|---|---|
| Company | NVIDIA | | | Date | 05/20/26 |
| Prepared by | IAS | | | Data taken from | BI Stock Data |
| Where traded | NAS | Industry | Semiconductors | | |
| Capitalization --- Outstanding Amounts | | Reference | | | |
| Preferred ($M) | | 0.0 | % Insiders | | % Institution |
| Common (M Shares) | | 24,430.0 | 0.4 | | 51.6 |
| Debt ($M) | 12,348.0 | % to Tot Cap | --- | % Pot Dil | 0.5 |

**Symbol: NVDA**

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price




| FY 2026 Q1 | Sales ($M) | Earnings Per Share |
|---|---|---|
| Latest Quarter | 81,615 | 2.39 |
| Year Ago Quarter | 44,062 | 0.76 |
| Percentage Change | 85.2% | 214.5% |

| | | | |
|---|---|---|---|
| (1) Historical Sales Growth | 44.4% | (3) Historical Earnings Per Share Growth | 56.0% |
| (2) Estimated Future Sales Growth | 25.0% | (4) Estimated Future Earnings Per Share Growth | 25.0% |

## 2 EVALUATING Management

**NVIDIA**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Last 5 Year Avg. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| % Pre-tax Profit on Sales | 27.6% | 32.9% | 33.3% | 27.2% | 26.4% | 36.9% | 15.5% | 55.5% | 64.4% | 65.5% | 47.6% |
| % Earned on Equity | 28.2% | 46.0% | 42.4% | 24.7% | 27.9% | 40.5% | 20.1% | 88.4% | 109.2% | 100.2% | 71.7% |
| % Debt To Capital | 32.9% | 21.2% | 17.5% | 17.8% | 31.4% | 30.5% | 35.2% | 20.5% | 11.5% | 6.6% | 20.9% |

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

**CURRENT PRICE** 223.47 (05/20/26) **52-WEEK HIGH** 236.54 **52-WEEK LOW** 129.16

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| **Year** | **Price** | | **Earnings** | **Price Earnings Ratio** | | **Dividend** | **% Payout** | **% High Yield** |
| | High | Low | Per Share | High A / C | Low B / C | Per Share | F / C * 100 | F / B * 100 |
| 2021 | 34.6 | 11.6 | 0.39 | 90.0 | 30.0 | 0.02 | 4.2 | 0.1 |
| 2022 | 28.9 | 10.8 | 0.17 | 166.4 | 62.1 | 0.02 | 9.2 | 0.1 |
| 2023 | 63.5 | 20.4 | 1.19 | 53.2 | 17.1 | 0.02 | 1.3 | 0.1 |
| 2024 | 153.1 | 63.7 | 2.94 | 52.1 | 21.7 | 0.03 | 1.2 | 0.1 |
| 2025 | 212.2 | 86.6 | 4.90 | 43.3 | 17.7 | 0.04 | 0.8 | 0.0 |
| **AVERAGE** | | **38.6** | | **49.5** | **18.8** | | **3.3** | |
| CURRENT/TTM | | | 6.53 | 36.2 | 19.8 | 1.00 | 15.3 | |
| **AVERAGE PRICE EARNINGS RATIO: 34.2** | | | | **CURRENT PRICE EARNINGS RATIO: 34.2** | | | | |

## 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

**A HIGH PRICE - NEXT 5 YEARS**

Avg. High P/E 30.0 X Estimate High Earnings/Share 19.93 = Forecasted High Price $ 597.9

**B LOW PRICE - NEXT 5 YEARS**

(a) Avg. Low P/E 18.8 X Estimate Low Earnings/Share 6.53 = Forecasted Low Price $ 122.8

(b) Avg. Low Price of Last 5 Years 38.6

(c) Recent Market Low Price 63.7

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.00}{0.15\%} = 675.8$

Selected Forecasted Low Price $ 122.8

**C ZONING** using 25%-50%-25%

Forecasted High Price 597.9 Minus Forecasted Low Price 122.8 = 475.1 Range. 25% of Range 118.8

| | | | |
|---|---|---|---|
| Buy Zone | 122.8 | to | 241.6 |
| Hold Zone | 241.6 | to | 479.1 |
| Sell Zone | 479.1 | to | 597.9 |

Present Market Price of 223.47 is in the **BUY** Zone

**D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)**

$\frac{\text{High Price} \quad 597.9}{\text{Current Price} \quad 223.47}$ $\frac{\text{Minus Current Price} \quad 223.47}{\text{Minus Low Price} \quad 122.8} = \frac{374.43}{100.67} = 3.7$ To 1

**E PRICE TARGET** **(Note: This shows the potential market price appreciation over the next five years in simple interest terms.)**

$\frac{\text{High Price} \quad 597.9}{\text{Current Price} \quad 223.47} = 2.6755 \times 100 = 267.55 - 100 = 167.6$ % Appreciation

## 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

**A** $\frac{\text{Indicated Annual Dividend} \quad 1.00}{\text{Current Price} \quad 223.47} = 0.0045 = 0.4\%$ Current Yield

**B AVERAGE YIELD - USING FORECAST HIGH P/E**

$\frac{\text{Avg. \% Payout} \quad 3.3\%}{\text{Forecast High PE} \quad 30.00} = 0.1\%$

**AVERAGE YIELD - USING FORECAST AVERAGE P/E**

$\frac{\text{Avg. \% Payout} \quad 3.3\%}{\text{Forecast Average PE} \quad 24.40} = 0.1\%$

**C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E**

| | |
|---|---|
| Annualized Appreciation | 21.8 % |
| Average Yield | 0.1 % |
| Annualized Rate of Return | 21.9 % |

**COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E**

| | |
|---|---|
| Annualized Appreciation | 16.8 % |
| Average Yield | 0.1 % |
| Annualized Rate of Return | 17.0 % |

# OUR 3 INVESTING NEWSLETTERS

**Investor Advisory Service**: Founded 1973, uses BetterInvesting/SSG style GARP methodology.

- Named to **Hulbert Investment Newsletter Honor Roll** for 15 years for consistent, long-term performance.

**SmallCap Informer**: Founded 2013, uses SSG approach to target smaller companies with long-term potential.

- Has outperformer S&P SmallCap 600 since founding.

**Dividend Informer**: Founded 2023, uses new approach to long-term quality & dividend growth metrics with aim to reduce volatility & still deliver performance.

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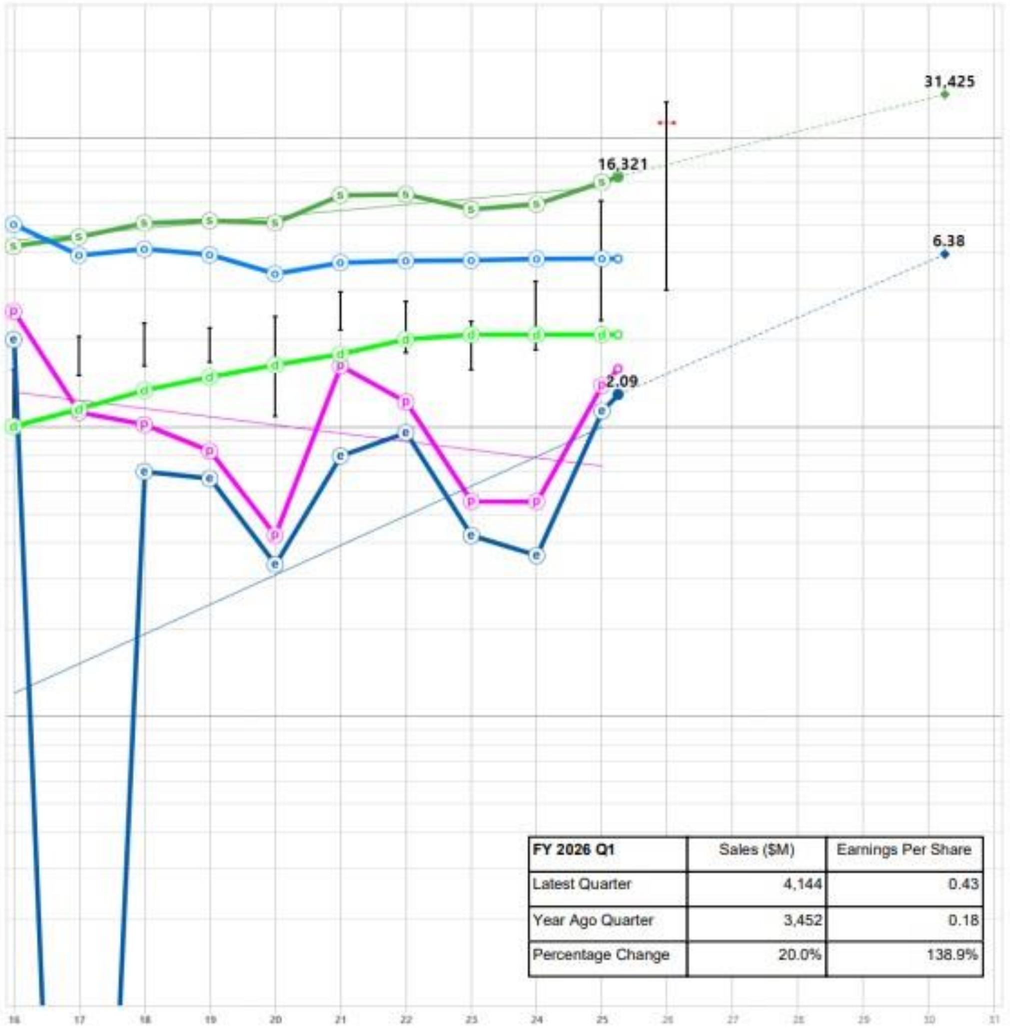
# Stock Selection Guide

| | | | | | |
|---|---|---|---|---|---|
| Company | Corning | | | Date | 05/20/26 |
| Prepared by | Dividend Informer | | | Data taken from | BI Stock Data |
| Where traded | NYS | Industry | Electronic Components | | |
| Capitalization --- Outstanding Amounts | | | | Reference | |
| Preferred ($M) | 0.0 | % Insiders | | % Institution | |
| Common (M Shares) | 871.0 | | 0.6 | | 48.9 |
| Debt ($M) | 9,900.0 | % to Tot Cap | 45.7 | % Pot Dil | 1.6 |

Symbol: GLW

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price




| FY 2026 Q1 | Sales ($M) | Earnings Per Share |
|---|---|---|
| Latest Quarter | 4,144 | 0.43 |
| Year Ago Quarter | 3,452 | 0.18 |
| Percentage Change | 20.0% | 138.9% |

| | | | |
|---|---|---|---|
| (1) Historical Sales Growth | 4.8% | (3) Historical Earnings Per Share Growth | 26.5% |
| (2) Estimated Future Sales Growth | 14.0% | (4) Estimated Future Earnings Per Share Growth | 25.0% |

## 2 EVALUATING Management

Corning

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Last 5 Year Avg. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| % Pre-tax Profit on Sales | 39.3% | 16.4% | 13.3% | 10.6% | 5.5% | 17.0% | 12.7% | 6.5% | 6.2% | 13.1% | 11.1% |
| % Earned on Equity | 19.4% | -3.4% | 7.7% | 7.6% | 4.0% | 8.8% | 11.2% | 5.1% | 4.5% | 13.6% | 8.6% |
| % Debt To Capital | 17.9% | 24.6% | 30.3% | 39.0% | 39.6% | 38.8% | 39.4% | 42.3% | 43.1% | 44.3% | 41.6% |

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

**CURRENT PRICE** 180.69 (05/20/26) **52-WEEK HIGH** 211.79 **52-WEEK LOW** 47.57

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| **Year** | **Price** | | **Earnings** | **Price Earnings Ratio** | | **Dividend** | **% Payout** | **% High Yield** |
| | High | Low | Per Share | High A / C | Low B / C | Per Share | F / C * 100 | F / B * 100 |
| 2021 | 46.8 | 34.8 | 1.28 | 36.6 | 27.2 | 0.96 | 75.0 | 2.8 |
| 2022 | 43.5 | 29.0 | 1.54 | 28.2 | 18.8 | 1.08 | 70.1 | 3.7 |
| 2023 | 37.1 | 25.3 | 0.68 | 54.6 | 37.1 | 1.12 | 164.7 | 4.4 |
| 2024 | 51.0 | 29.7 | 0.58 | 88.0 | 51.2 | 1.12 | 193.1 | 3.8 |
| 2025 | 96.6 | 37.3 | 1.83 | 52.8 | 20.4 | 1.12 | 61.2 | 3.0 |
| **AVERAGE** | | **31.2** | | **39.2** | **22.1** | | **112.8** | |
| CURRENT/TTM | | | 2.09 | 101.3 | 22.8 | 1.12 | 53.6 | |
| **AVERAGE PRICE EARNINGS RATIO: 30.7** | | | | | **CURRENT PRICE EARNINGS RATIO: 86.5** | | | |

## 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

**A HIGH PRICE - NEXT 5 YEARS**

Avg. High P/E 39.2 X Estimate High Earnings/Share 6.38 = Forecasted High Price $ 250.1

**B LOW PRICE - NEXT 5 YEARS**

(a) Avg. Low P/E 22.1 X Estimate Low Earnings/Share 2.09 = Forecasted Low Price $ 46.2

(b) Avg. Low Price of Last 5 Years 31.2

(c) Recent Market Low Price 29.7

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.12}{4.43\%} = 25.3$

Selected Forecasted Low Price $ 46.2

**C ZONING** using 25%-50%-25%

Forecasted High Price 250.1 Minus Forecasted Low Price 46.2 = 203.9 Range. 25% of Range 51.0

| | | | |
|---|---|---|---|
| Buy Zone | 46.2 | to | 97.2 |
| Hold Zone | 97.2 | to | 199.1 |
| Sell Zone | 199.1 | to | 250.1 |

Present Market Price of 180.69 is in the **HOLD** Zone

**D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)**

$\frac{\text{High Price}}{\text{Current Price}} \frac{250.1}{180.69} \frac{\text{Minus Current Price}}{\text{Minus Low Price}} \frac{180.69}{46.2} = \frac{69.41}{134.49} = 0.5$ To 1

**E PRICE TARGET** **(Note: This shows the potential market price appreciation over the next five years in simple interest terms.)**

$\frac{\text{High Price}}{\text{Current Price}} \frac{250.1}{180.69} = 1.3841 \times 100 = 138.41 - 100 = 38.4$ % Appreciation

## 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

**A** $\frac{\text{Indicated Annual Dividend}}{\text{Current Price}} \frac{1.12}{180.69} = 0.0062 = 0.6\%$ Current Yield

**B AVERAGE YIELD - USING FORECAST HIGH P/E**

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{112.8\ \%}{39.20} = 2.9\ \%$

**AVERAGE YIELD - USING FORECAST AVERAGE P/E**

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{112.8\ \%}{30.65} = 3.7\ \%$

**C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E**

| | |
|---|---|
| Annualized Appreciation | 6.7 % |
| Average Yield | 2.9 % |
| Annualized Rate of Return | 9.6 % |

**COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E**

| | |
|---|---|
| Annualized Appreciation | 1.6 % |
| Average Yield | 3.7 % |
| Annualized Rate of Return | 5.3 % |

# FOLLOW A COMPANY A WHILE… OR…