

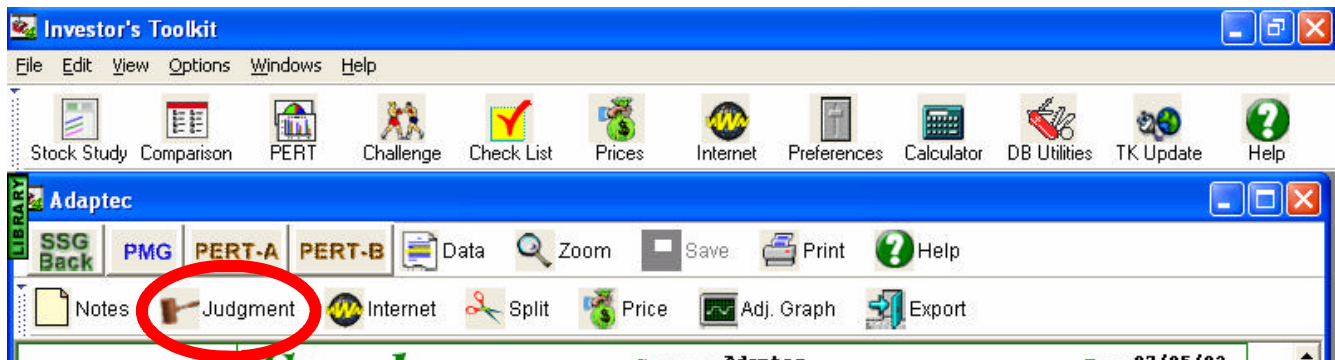
Using the “Judgment” Feature of Toolkit

A valuable addition to Investors Toolkit 4 is the Judgment feature. It compares your forecasts in various key areas in the SSG to pre-set criteria in the Toolkit software. These items of judgment include

Forecasts of future earnings and sales growth

Forecasts of future high and low PEs

Forecast low price.



To use this feature, first open the SSG of the company you are analyzing.

On the overhead toolbar, click on JUDGMENT. This will open Chart 1 [following page.] Items with a check mark have been determined by Toolkit to be outside a pre-determined range for those particular items.

As shown on following page, you can obtain more information by bringing up more charts. [Charts 2 and 3 on following page.]

Keep in mind that these judgment criteria in Toolkit are only general guidelines; they are **not** a substitute for common sense and good judgment. If you feel your initial forecasts are valid, don't change them simply because Toolkit has “flagged” them.

Having said that, give some thought to any flagged item; you may decide that you were too optimistic with your forecasts.

Judgment

Judgment Audit

Judgment Items

- Estimate Future Sales Growth
- Estimate Future Earnings Growth
- Estimate Future High P/E
- Estimate Future Low P/E
- Select Future Low Price

(Bold items have not yet been completed.)

Reset Judgment

Results

| Price Zone | Relative Value | Total Return | Up/Down Ratio |
|------------|----------------|--------------|---------------|
| Buy | 69.6% | 26.1% | 6.6 |

Items to Check

- Capitalization
- Recent Quarterly Growth
- Historical Sales Growth
- Historical Earnings Growth
- Forecast Sales Growth
- Forecast Earnings Growth
- Management Evaluation
- Historical P/Es
- Future P/Es
- Low Price

Result

(Click on a checked item for more info.)

Chart 1

At any time during the SSG process, you can click on "Judgment" on the toolbar.

Double-click on any checked item. You will get the "Take a closer look" window.

Then click on "more information."

Judgment - Result

D. Section 5

Projected average annual total return is the key test regarding whether the stock you are considering is a good value at the current price. While 15% is good, it meets the objective or doubling your investment in five years, again higher isn't always better.

The adage, if it looks too good to be true, it probably is, applies here. Too high a projected average annual total return could mean that your projected high price is too optimistic. It could also mean that the market knows something you don't.

Chart 3

Take a closer look

Result

You may wish to find out why this stock is selling at such a low multiple of earnings compared with what it has sold for historically.

More Information

Close

Chart 2