

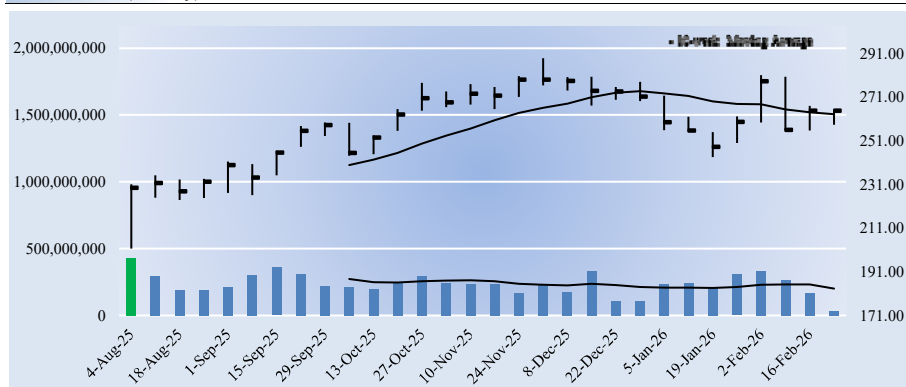
Apple AAPL FAIRLY VALUED

Buying Index™ 3
 Value Rating

Economic Castle Very Attractive	Estimated Fair Value \$264.00	Fair Value Range \$211.00 - \$317.00	Investment Style MEGA-CAP CORE	Sector Information Technology	Industry Technology Giants
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We like big cap tech and large cap growth, and Apple is a leader in these categories. The company has largely stayed away from investing heavily in capital spending for AI, a move that has helped free cash flow.

Stock Chart (weekly)



The week with the highest trading volume out of the last 30 weeks was a week of heavy selling, or distribution (red bar).

Company Vitals

Market Cap (USD)	\$3,930,244
Avg Weekly Vol (30 wks)	237,383
30-week Range (USD)	201.68 - 288.62
Valuentum Sector	Information Technology
5-week Return	5.2%
13-week Return	-4.8%
30-week Return	29.4%
Dividend Yield %	0.4%
Dividends per Share	1.04
Forward Dividend Payout Ratio	13.8%
Est. Normal Diluted EPS	9.94
P/E on Est. Normal Diluted EPS	26.6
Est. Normal EBITDA	185,090
Forward EV/EBITDA	26.9
EV/Est. Normal EBITDA	21.1
Forward Revenue Growth (5-yr)	8.2%
Forward EPS Growth (5-yr)	10.9%

NMF = Not Meaningful; Est. = Estimated; FY = Fiscal Year

Returns Summary

	3-year Historical Average
Return on Equity	166.9%
Return on Assets	28.2%
ROIC, with goodwill	78.8%
ROIC, without goodwill	78.8%

ROIC = Return on Invested Capital; NMF = Not Meaningful

Leverage, Coverage, and Liquidity

In Millions of USD	
Total Debt	98,657
Net Debt	-33,763
Total Debt/EBITDA	0.7
Net Debt/EBITDA	NMF
EBITDA/Interest	Excellent
Current Ratio	0.9
Quick Ratio	1.2

NMF = Not Meaningful

Investment Highlights

- Apple is as much a brand as it is one of the world's most innovative companies. The firm is no longer known for its iPods and personal computers thanks to the proliferation of the iPhone over the past decade. The company's execution remains top notch, and we expect it to continue to roll out innovative products in smartphones and wearable technology. Its 'Vision Pro' could spell upside.
- Though PC demand remains under pressure, Apple's rollout of future iterations of the iPhone should propel fundamentals. We're not embedding another blockbuster hit in our model, but we wouldn't be surprised if Apple delivers another in 'Vision Pro.' The sky is the limit when it comes to innovation at Apple.
- Apple's growing Services segment bodes well for its long-term profitability, and the segment is growing like a weed. Apple Pay is now accepted by a large percentage of US retailers. Wearables has been an area of strength, and Apple holds a large share of global smartwatch market. Its customer loyalty and installed base of devices are key competitive advantages.

- Though we're not too worried given Apple's bargaining power over suppliers, investors should pay close attention to the firm's gross margin. Pricing and cost pressures may be unavoidable at times, and currency exchange rates should not be ignored as Apple generates ~60% of its revenue outside the US.

- Apple's cash hoard is more than the market caps of some the largest firms in the S&P 500. It retains tremendous flexibility, and its dividend growth potential may be unmatched. Apple continues to aggressively buy back stock.

Structure of the Computer Hardware Industry

The computer hardware space, which spans the personal computer to the iPhone and iPad, is highly competitive. The industry is characterized by frequent product introductions and rapid technological advances that can cause dramatic market share shifts. Though some firms benefit from a strong brand, participants often price aggressively, pressuring margins. Firms are also subject to potential component shortages/disruptions, which can punish performance. Obsolescence may be an eventuality for some, and services revenue has become critical for others. We're neutral on the space.

Investment Considerations

DCF Valuation	FAIRLY VALUED
Relative Valuation	UNATTRACTIVE
ValueCreation™	EXCELLENT
ValueRisk™	LOW
ValueTrend™	NEGATIVE
Cash Flow Generation	STRONG
Financial Leverage	LOW
Growth	MODEST
Technical Evaluation	BEARISH
Relative Strength	WEAK
Money Flow Index (MFI)	NEUTRAL
Upside/Downside Volume (U/D)	BEARISH
Near-term Technical Support, 10-week MA	263.00

DCF = Discounted Cash Flow; MFI, U/D = Please see glossary. MA = Moving Average

Business Quality

ValueRisk™	ValueCreation™			
	Very Poor	Poor	Good	Excellent
Low				
Medium				
High				
Very High				

Firms that generate economic profits with little operating variability score near the top right of the matrix.

Relative Valuation

	Forward P/E	PEG	Price / FV
Alphabet	19.2	1.6	85.6%
Amazon.com	NMF	NMF	99.5%
Meta Platforms	27.4	1.6	99.7%
Microsoft	33.0	2.6	91.5%
Peer Median	27.4	1.6	95.5%
Apple	35.1	3.3	100.2%

Price / FV = Current Stock Price divided by Estimated Fair Value

Financial Summary

	----- Actual -----			Projected
	Fiscal Year End:	Sep-24	Sep-25	Sep-26
Revenue	391,035	416,161	469,346	
Revenue, YoY%	2.0%	6.4%	12.8%	
Operating Income	123,216	133,050	131,675	
Operating Margin %	31.5%	32.0%	28.1%	
Net Income	93,736	112,010	111,924	
Net Income Margin %	24.0%	26.9%	23.8%	
Diluted EPS	6.08	7.46	7.53	
Diluted EPS, YoY %	-0.8%	22.7%	0.9%	
Free Cash Flow (CFO-capex)	108,807	98,767	127,806	
Free Cash Flow Margin %	27.8%	23.7%	27.2%	

In Millions of USD (except for per share items)

Apple AAPL FAIRLY VALUED

Buying Index™
3

Value Rating


Economic Castle Very Attractive	Estimated Fair Value \$264.00	Fair Value Range \$211.00 - \$317.00
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Investment Style MEGA-CAP CORE	Sector Information Technology	Industry Technology Giants
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Economic Profit Analysis**ValueCreation™****EXCELLENT**

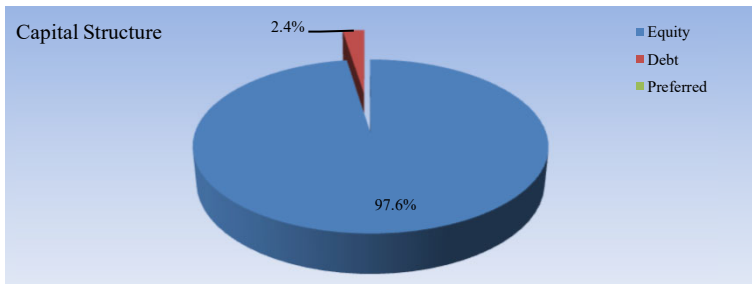
The best measure of a firm's ability to create value for shareholders is expressed by comparing its return on invested capital (ROIC) with its weighted average cost of capital (WACC). The gap or difference between ROIC and WACC is called the firm's economic profit spread. Apple's 3-year historical return on invested capital (without goodwill) is 78.8%, which is above the estimate of its cost of capital of 7.5%. As such, we assign the firm a ValueCreation™ rating of EXCELLENT. In the chart to the right, we show the probable path of ROIC in the years ahead based on the estimated volatility of key drivers behind the measure. The solid grey line reflects the most likely outcome, in our opinion, and represents the scenario that results in our fair value estimate.

ROIC - WACC Spread, 3-year historical average	71.3%
ROIC - WACC Spread, 5-year projected average	114.7%

These spreads equal the firm's annual average ROIC (excluding goodwill) less its WACC.

ValueTrend™**NEGATIVE**

Apple receives a ValueTrend™ rating of NEGATIVE, which is based on the company's trailing three-year performance. The firm's ROIC (excluding goodwill) fell to 68.1% last year from its trailing 3-year average of 78.8%. We expect ROIC (excluding goodwill) to be in the ballpark of about 172% by the end of our discrete forecast period, with downside risk to about 152% over that time period.

Weighted Average Cost of Capital (WACC)**Cost of Equity**

Risk Free Rate Assumption	4.3%
Fundamental Beta (ERP multiplier)	0.5
Estimated Equity Risk Premium	6.5%
Cost of Equity Assumption	7.6%

After-tax Cost of Debt

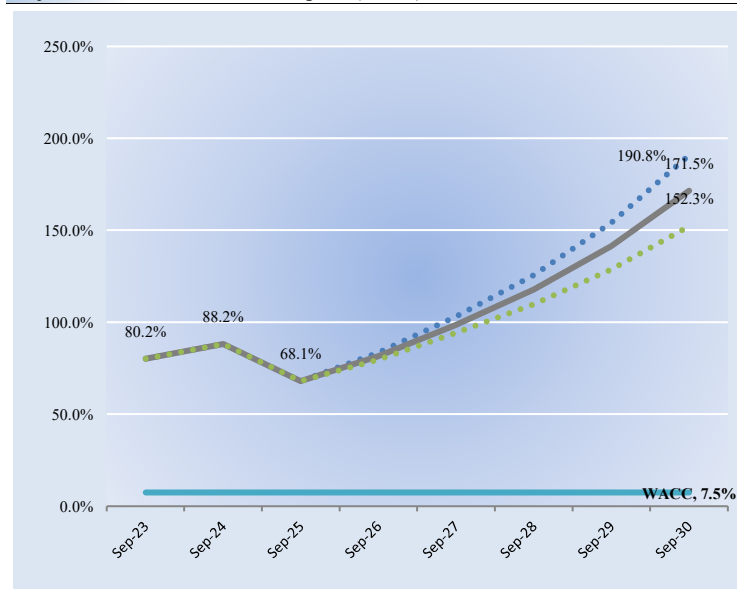
Risk Free Rate Assumption	4.3%
Synthetic Credit Spread	1.29%
Cost of Debt Assumption	5.6%
Cash Tax Rate Assumption	15.0%
After-tax Cost of Debt Assumption	4.8%

Cost of Preferred Stock

Preferred Dividends	0
Value of Preferred Stock	0
Cost of Preferred Assumption	NA

Weighted Average Cost of Capital (WACC)**7.5%**

ERP = Equity Risk Premium

Adjusted Return on Invested Capital (ROIC)

The graph above shows the firm's ROIC (excluding goodwill) compared with historical averages and its WACC.

Assessment of Company Dividend Strategy**Key Strengths**

Along with being one of the most innovative companies, Apple boasts unparalleled brand strength, giving it a material competitive advantage. We love what it has built through its ecosystem of apps and the presence it has in the everyday lives of consumers. A core tenet of Apple's investment thesis, and its dividend strength (seen through its stellar Dividend Cushion ratio), is its massive net cash position. The company's tremendous free cash flow generation allows such a position to proliferate while continuing to pay a growing dividend. It averaged ~\$102.4 billion in free cash flow from fiscal 2023-2025, well in excess of annual run-rate cash dividend obligations of ~\$15 billion.

Potential Weaknesses

With such an impressive Dividend Cushion ratio, we have a difficult time finding large drawbacks in Apple's dividend growth profile. Competing capital allocation options have the potential to impact the pace of dividend expansion moving forward, specifically through strategic acquisitions of differentiated technology and share repurchases (which has been enormous in recent fiscal years). Apple recently launched a \$100 billion buyback program. We're not particularly fond of Apple's decision to go to a cash-neutral balance sheet, but it is far from a concern at this point in time. Supply chain hurdles have been hampering Apple's ability to meet strong demand of late, but that may very well be transitory.

Note: Valuentum may provide an adjusted ROIC measure to better reflect the economic substance of a company's operations, as in the case of companies with negative invested capital.

Apple AAPL FAIRLY VALUED**Buying Index™ 3****Value Rating****Economic Castle**
Very Attractive**Estimated Fair Value**
\$264.00**Fair Value Range**
\$211.00 - \$317.00**Investment Style**
MEGA-CAP CORE**Sector**
Information Technology**Industry**
Technology Giants**Growth Analysis****Revenue Growth****MODEST**

		Last Fiscal Year Revenue	3-year Historical CAGR	5-year Projected CAGR
Apple	USD	416,161	1.8%	8.2%
Alphabet	USD	350,018	10.8%	10.8%
Amazon.com	USD	637,959	10.7%	10.5%
Meta Platforms	USD	164,501	11.7%	15.2%
Microsoft	USD	281,724	12.4%	12.4%
Peer Median			11.2%	11.6%
Industry Median			8.3%	8.8%

Apple's revenue expansion has trailed the median of both its peer group and its industry group during the past three years. We expect the firm's pace of revenue growth to fall below the median of both its peer group and industry group during the next five years. Our growth assessment of each firm is based on the firm's 5-year forward revenue CAGR. Apple's future pace of revenue growth is MODEST, in our opinion.

EBITDA Growth

		Last Fiscal Year EBITDA	3-year Historical CAGR	5-year Projected CAGR
Apple	USD	144,748	3.5%	9.5%
Alphabet	USD	129,497	13.3%	13.0%
Amazon.com	USD	120,468	26.6%	15.0%
Meta Platforms	USD	83,717	15.2%	18.4%
Microsoft	USD	156,528	16.9%	12.4%
Peer Median			16.1%	14.0%
Industry Median			7.5%	12.7%

Apple's EBITDA expansion has trailed both that of its peer group and its industry group during the past three years. We expect the firm's pace of EBITDA growth to fall below that of both its peer group and industry group during the next five years. Meta Platforms sports the highest expected EBITDA growth rate among peers.

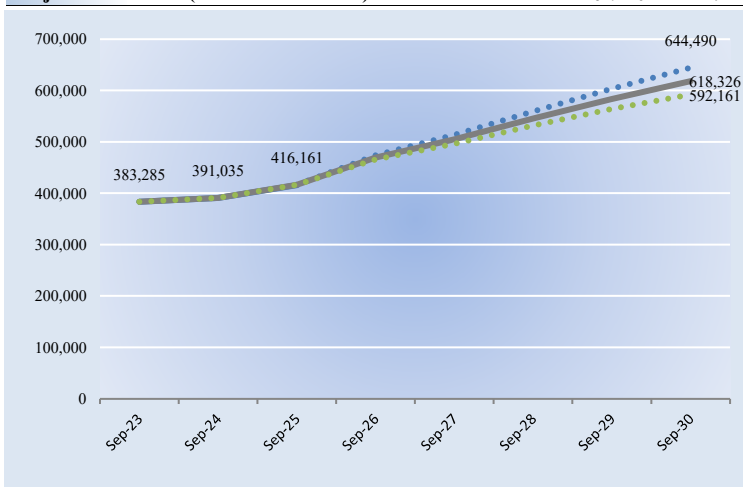
Net Income Growth

		Last Fiscal Year Net Income	3-year Historical CAGR	5-year Projected CAGR
Apple	USD	112,010	3.9%	9.8%
Alphabet	USD	100,118	9.6%	13.1%
Amazon.com	USD	59,248	21.1%	18.1%
Meta Platforms	USD	62,360	16.6%	17.3%
Microsoft	USD	101,832	11.9%	13.6%
Peer Median			14.2%	15.4%
Industry Median			5.3%	13.4%

Apple's net income expansion has trailed both that of its peer group and its industry group during the past three years. We expect the firm's pace of net income growth to fall below that of both its peer group and industry group during the next five years. Amazon.com sports the highest expected net income growth rate among peers.

Projected Revenue (in millions of USD)

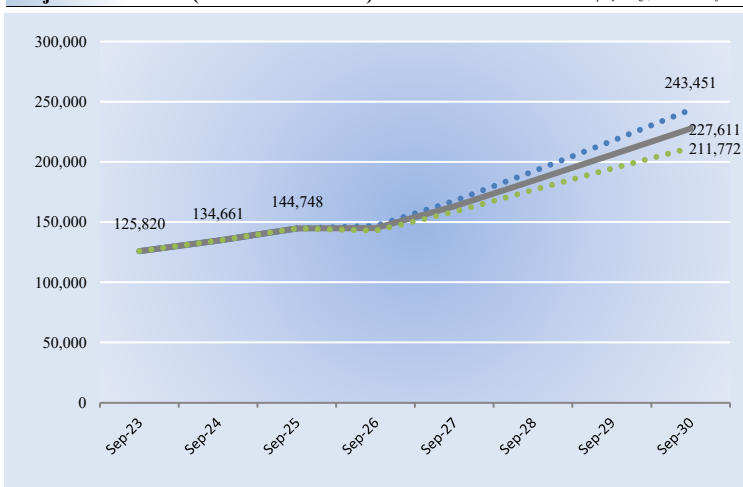
Source: Company Filings, Valuentum Projections



In the chart above, we show our baseline forecast for revenue as well as potential upside and downside cases.

Projected EBITDA (in millions of USD)

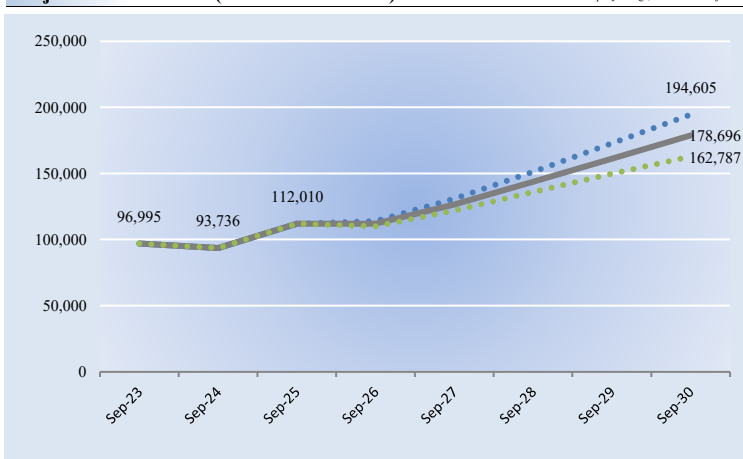
Source: Company Filings, Valuentum Projections



In the chart above, we show our baseline forecast for EBITDA as well as potential upside and downside cases.

Projected Net Income (in millions of USD)

Source: Company Filings, Valuentum Projections



In the chart above, we show our baseline forecast for net income as well as potential upside and downside cases.

Apple AAPL FAIRLY VALUED

Buying Index™ 3

Value Rating

Economic Castle
Very Attractive

Estimated Fair Value
\$264.00

Fair Value Range
\$211.00 - \$317.00

Investment Style
MEGA-CAP CORE

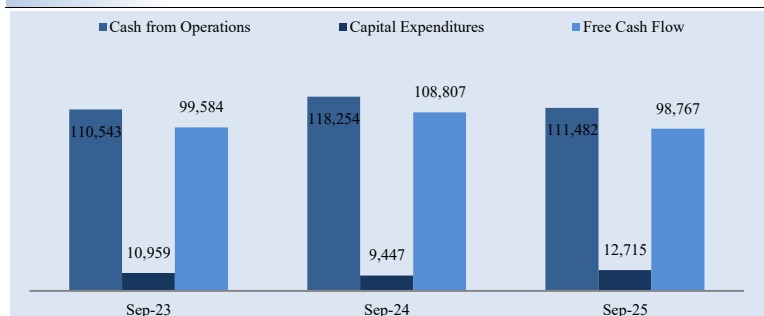
Sector
Information Technology

Industry
Technology Giants

Cash Flow and Financial Leverage Analysis

Cash Flow Generation

STRONG



The bars above show the firms operating cash flow, capital expenditures, and free cash flow, respectively.

Firms that generate a free cash flow margin (free cash flow divided by total revenue) above 5% are usually considered cash cows. Apple's free cash flow margin has averaged about 25.8% during the past 3 years. As such, we think the firm's cash flow generation is relatively **STRONG**. The free cash flow measure shown above is derived by taking cash flow from operations less capital expenditures and differs from enterprise free cash flow (FCFF), which we use in deriving our fair value estimate for the company. For more information on the differences between these two measures, please visit our website at Valuentum.com. At Apple, cash flow from operations increased about 1% from levels registered two years ago, while capital expenditures expanded about 16% over the same time period.

Cash Flow from Operations

		Last Fiscal Year CFO	3-year Historical CAGR	5-year Projected CAGR
Apple	USD	111,482	-3.0%	14.7%
Alphabet	USD	125,299	11.0%	11.4%
Amazon.com	USD	115,877	35.7%	14.8%
Meta Platforms	USD	91,328	16.6%	14.5%
Microsoft	USD	136,162	15.2%	12.7%
Peer Median			15.9%	13.6%
Industry Median			8.9%	14.5%

Apple's cash flow from operations expansion has trailed both that of its peer group and its industry group during the past three years. We expect the firm's cash flow from operations expansion to outpace its peer group and industry group during the next five years. Amazon.com sports the highest expected cash flow from operations growth rate among peers.

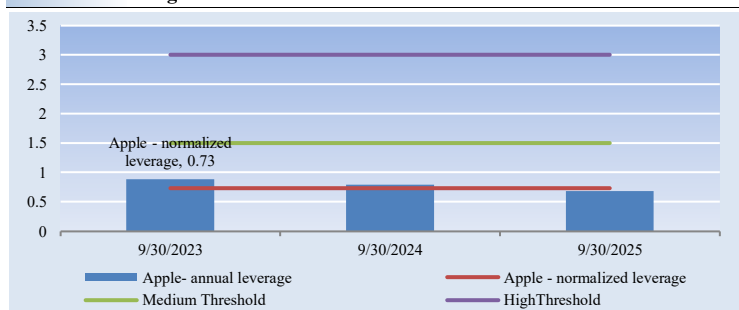
Free Cash Flow (CFO-capital expenditures)

		Last Fiscal Year FCF	3-year Historical CAGR	5-year Projected CAGR
Apple	USD	98,767	-3.9%	15.6%
Alphabet	USD	72,764	2.8%	17.6%
Amazon.com	USD	32,878	-230.7%	35.0%
Meta Platforms	USD	54,072	11.5%	13.6%
Microsoft	USD	71,611	3.2%	18.7%
Peer Median			3.0%	18.1%
Industry Median			7.5%	15.3%

Apple's free cash flow expansion has trailed both that of its peer group and its industry group during the past three years. We expect the firm's free cash flow to trail its peer group but outpace that of its industry group during the next five years. Amazon.com sports the highest expected free cash flow growth rate among peers.

Financial Leverage

LOW

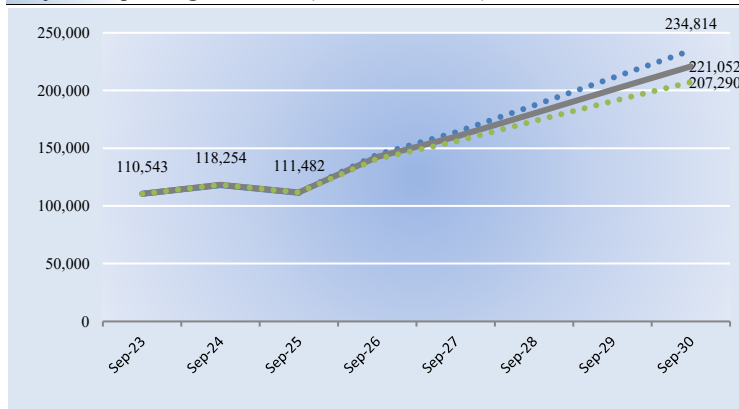


The bars above show the firm's annual debt-to-EBITDA. The red line shows the firm's normalized measure.

Firms that exhibit high leverage tend to be more risky than firms with relatively low debt loads, all else equal. We measure financial leverage by taking a firm's current total debt load and dividing it by the firm's trailing average 3-year annual EBITDA. Firms that are over 3 for this metric, we rate as having high leverage. Companies that have less than 1.5 turns of leverage (or a measure below 1.5), we rate as having low leverage. Apple's normalized debt-to-EBITDA measure of about 0.73 puts it in the **LOW** camp.

Projected Operating Cash Flow (in millions of USD)

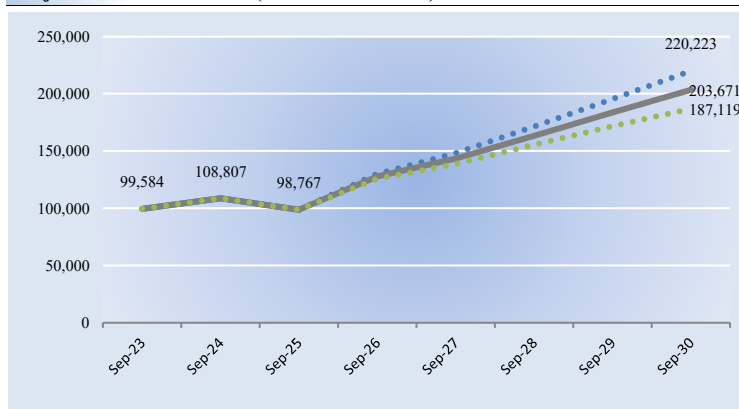
Source: Company Filings, Valuentum Projections



In the chart above, we show our baseline forecast for CFO as well as potential upside and downside cases.

Projected Free Cash Flow (in millions of USD)

Source: Company Filings, Valuentum Projections



In the chart above, we show our baseline forecast for free cash flow as well as potential upside and downside cases.

Apple AAPL FAIRLY VALUED**Buying Index™ 3****Value Rating**

Economic Castle **Estimated Fair Value** **Fair Value Range**
 Very Attractive \$264.00 \$211.00 - \$317.00

Investment Style **Sector** **Industry**
 MEGA-CAP CORE Information Technology Technology Giants

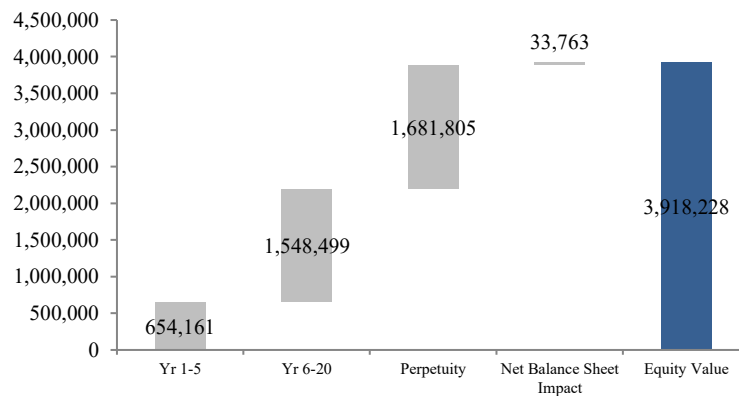
Valuation Analysis**Valuation Assumptions**

In Millions of USD (except for per share items)

	5-year Projections	
Revenue CAGR %	8.2%	
Avg. EBIT Margin %	31.0%	
Avg. Cash Tax Rate %	15.0%	
Earnings Before Interest CAGR %	13.7%	
Earnings Per Share CAGR %	10.9%	
Free Cash Flow to the Firm CAGR %	16.0%	
Earnings before interest = Net operating profits less adjusted taxes		
	Long-term Projections	
Phase II --> III FCF CAGR %	2.8% (II)	3% (III)
Cost of Equity %	7.6%	
After-tax Cost of Debt %	3.9%	
Discount Rate (WACC) %	7.5%	
Synthetic credit spread = 1.29%		
	Results	
Phase I Present Value	654,161	
Phase II Present Value	1,548,499	
Phase III Present Value	1,681,805	
Total Firm Value	3,884,465	
Net Balance Sheet Impact	33,763	
Total Equity Value	3,918,228	
Diluted Shares Outstanding	14,854.7	
Fair Value per Share	\$264.00	

Valuation Breakdown

In the chart below, we show the build up to our estimate of total enterprise value for Apple and the break down to the firm's total equity value, which we estimate to be about 3918.23USD billion. The present value of the enterprise free cash flows generated during each phase of our model and the net balance sheet impact is displayed. We divide total equity value by diluted shares outstanding to arrive at our \$264 per share fair value estimate.



In Millions of USD

DCF Valuation Summary

We think Apple is worth \$264 per share with a fair value range of \$211.00 - \$317.00. The margin of safety around our fair value estimate is driven by the firm's LOW ValueRisk™ rating, which is derived from an evaluation of the historical volatility of key valuation drivers and a future assessment of them. Our near-term operating forecasts, including revenue and earnings, do not differ much from consensus estimates or management guidance. Our model reflects a compound annual revenue growth rate of 8.2% during the next five years, a pace that is higher than the firm's 3-year historical compound annual growth rate of 1.8%. Our model reflects a 5-year projected average operating margin of 31%, which is below Apple's trailing 3-year average. Beyond year 5, we assume free cash flow will grow at an annual rate of 2.8% for the next 15 years and 3% in perpetuity. For Apple, we use a 7.5% weighted average cost of capital to discount future free cash flows.

Source: Company Filings, Valuentum Projections

Company Metrics versus Peer and Industry Medians

Company Name	Valuentum Buying Index™	Forward Price-to-Earnings	P/E on Est. Normal Diluted EPS	Price/Earnings-to-Growth (PEG), 5-year	Forward EV/EBITDA	EV/Est. Normal EBITDA	5-year Forward Earnings per Share CAGR	3-year Hist Avg ROIC, without goodwill	Dividend Yield %	Stock Price / Fair Value Estimate
Apple	3	35.1	26.6	3.3	26.9	21.1	10.9%	78.8%	0.4%	100.2%
Alphabet	7	19.2	15.1	1.6	14.4	11.8	15.4%	70.8%	0.4%	85.6%
Amazon.com	6	NMF	24.0	NMF	17.1	12.8	18.1%	13.8%	0.0%	99.5%
Meta Platforms	7	27.4	18.8	1.6	18.6	13.4	20.5%	63.9%	0.3%	99.7%
Microsoft	6	33.0	24.3	2.6	21.9	16.7	14.8%	44.7%	0.7%	91.5%
Peer Median	6.5	27.4	21.4	1.6	17.8	13.1	16.7%	54.3%	0.4%	95.5%
Industry Median	5.5	24.8	20.1	2.4	17.1	13.5	15.5%	57.4%	0.7%	98.6%

View back of report for a full list of industry constituents covered by Valuentum. VBI: Valuentum's ranking for the attractiveness of this investment at the date of the report.

Apple AAPL FAIRLY VALUED

Buying Index™ 3

Value Rating

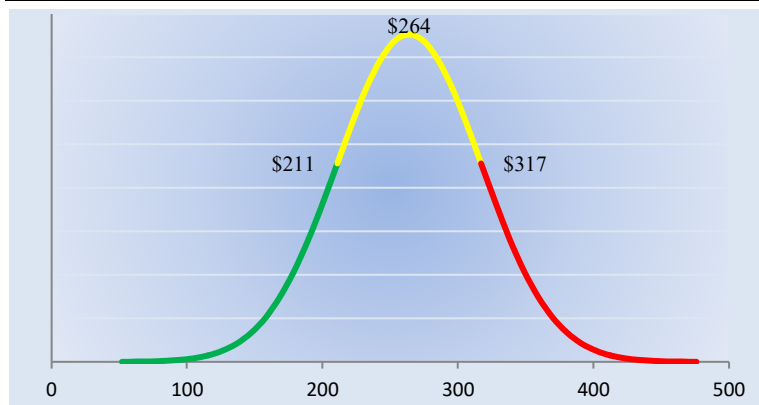


Economic Castle Very Attractive
Estimated Fair Value \$264.00
Fair Value Range \$211.00 - \$317.00

Investment Style MEGA-CAP CORE
Sector Information Technology
Industry Technology Giants

Margin of Safety Analysis

Range of Potential Outcomes



Our discounted cash flow process values each firm on the basis of the present value of all future free cash flows. Although we estimate the firm's fair value at about \$264 per share, every company has a range of probable fair values that's created by the uncertainty of key valuation drivers (like future revenue or earnings, for example). After all, if the future were known with certainty, we wouldn't see much volatility in the markets as stocks would trade precisely at their known fair values. Our ValueRisk™ rating sets the margin of safety or the fair value range we assign to each stock. In the graph above, we show this probable range of fair values for Apple. We think the firm is attractive below \$211 per share (the green line), but quite expensive above \$317 per share (the red line). The prices that fall along the yellow line, which includes our fair value estimate, represent a reasonable valuation for the firm, in our opinion.

ValueRisk™

LOW

Apple receives a ValueRisk™ rating of LOW based of the historical volatility of key drivers of economic value creation. The fair value range sets the margin of safety around our fair value estimate of the firm's shares.

Revenue Volatility	3.4%
Gross Margin Volatility	6.1%
Earnings (EBI) Volatility	9.0%
Cash Flow (FCFF) Volatility	15.3%
Fair Value Range	20.0%

The Fair Value Range sets the premium or discount on our estimate of the firm's fair value.

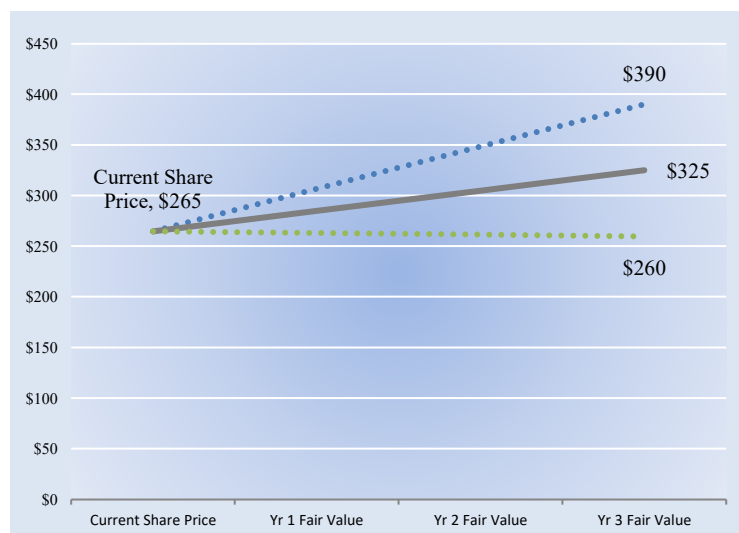
Upside and Downside Probabilities

Probability (fair value < \$0)	Less than 0.1%
Probability (fair value > 2x current share price)	0.00%

We strive to answer a few questions that investors often ask: 1) What are the chances of a total loss of investment in this company? and 2) What is the chance that the company is really worth twice what I paid for it? The probability (fair value < 0) strives to answer the first question. It indicates the chance that the firm may encounter insolvency based on the characteristics of its cash flow stream, capital structure, and risk profile. The probability (fair value > 2x current share price) strives to answer the second question. It is our best estimate of whether investors are participating in a half-off sale by buying the company's shares at current prices.

Future Path of Fair Value

We estimate Apple's fair value at this point in time to be about \$264 per share. As time passes, however, companies generate cash flow and pay out cash to shareholders in the form of dividends. The chart to the right compares the firm's current share price with the path of Apple's expected equity value per share over the next three years, assuming our long-term projections prove accurate. The range between the resulting downside fair value and upside fair value in Year 3 represents our best estimate of the value of the firm's shares three years hence. This range of potential outcomes is also subject to change over time, should our views on the firm's future cash flow potential change. The expected fair value of \$325 per share in Year 3 represents our existing fair value per share of \$264 increased at an annual rate of the firm's cost of equity less its dividend yield. The upside and downside ranges are derived in the same way, but from the upper and lower bounds of our fair value estimate range.



The graph above shows the expected future fair value of the firm's shares relative to its current stock price.

Apple AAPL FAIRLY VALUED

Valuentum
Buying Index™ 3

Valuentum
Value Rating

Economic Castle
Very Attractive

Estimated Fair Value
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Fair Value Range
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Investment Style
MEGA-CAP CORE

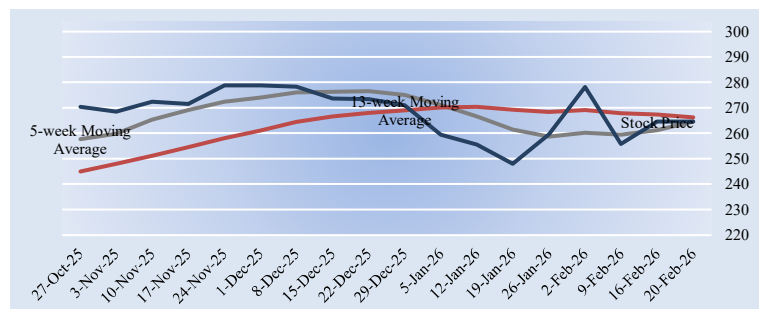
Sector
Information Technology

Industry
Technology Giants

Technical Analysis

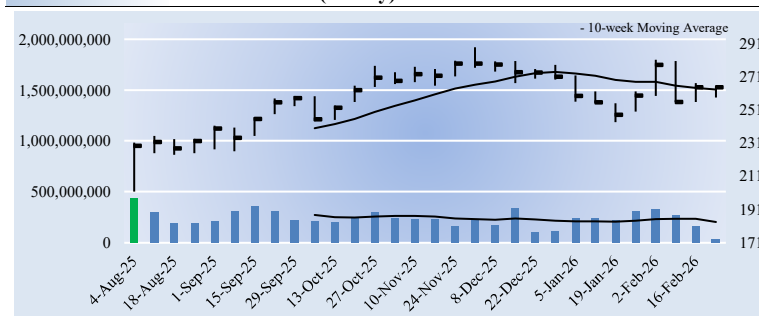
Technical Evaluation

BEARISH



The firm's near-term moving average (5-week, grey line) and medium-term moving average (13-week, red line) are shown in the chart above. Typically, when a shorter-term moving average crosses a medium- or longer-term moving average from below, it represents a bullish signal. If the short-term moving average crosses from above, traders often view this as bearish. Apple's 5-week moving average is below its 13-week measure, indicating a BEARISH trend. The firm's 30-week uptrend could be challenged.

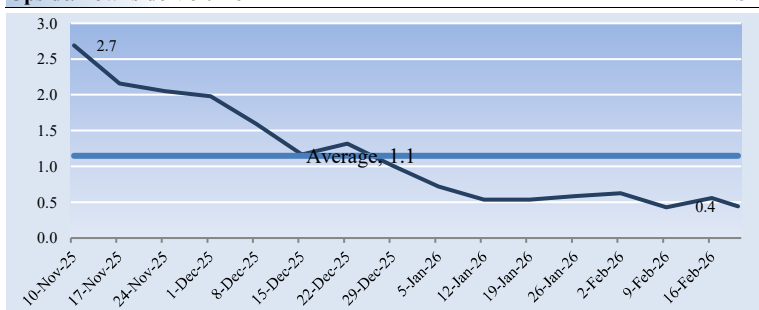
30-week Price and Volume Chart (weekly)



In the chart above, we pinpoint the heaviest accumulation or distribution week of the firm, determined by the week with the highest trading volume during the past 30 weeks. A heavy accumulation (buying) or distribution (selling) week often determines the future near-term direction of the firm's share price, as money managers continue to move in or out of the stock in the days and weeks ahead driving the stock up or down, respectively. For Apple, the week with the highest trading volume out of the last 30 weeks was a week of heavy buying, or accumulation (green bar). Such market activity could indicate a reversal of a downtrend or further confirmation of the firm's uptrend.

Upside/Downside Volume

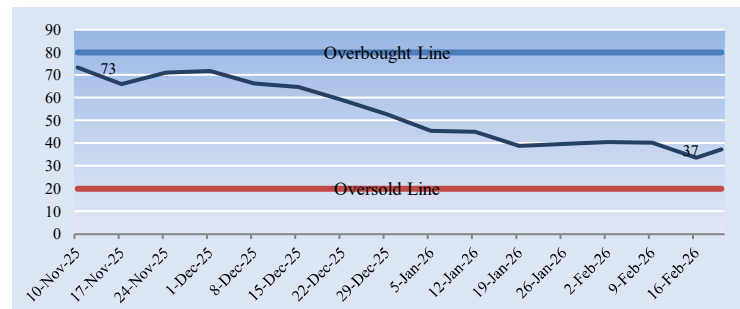
BEARISH



The level and trend of the Upside/Downside (U/D) volume ratio reveals whether institutional participation has been bullish or bearish as of late. Apple's U/D volume ratio of 0.4 is not only less than 1 but also is lower than its trailing average, indicating BEARISH institutional interest during the past several weeks.

Money Flow Index (MFI)

NEUTRAL



The Money Flow Index (MFI) is an oscillator that uses price and volume to measure buying and selling pressure. Chartists often look for overbought (above 80) and oversold (below 20) levels to warn of unsustainable near-term price extremes. Apple's MFI of 37 (green line) is neutral, suggesting the firm's stock is neither overbought nor oversold at this time. However, a score below 50 tends to favor bears. The MFI can also be used to gauge the strength or weakness of a firm's price trend. In Apple's case, its stock price and money flow neither reveals a bullish nor bearish divergence, further supporting our neutral view on its money flow action.

Relative Price Strength

WEAK

A firm's relative price strength can be assessed over any number of time horizons. We show the firm's performance over the past 5 weeks, 13 weeks, and 30 weeks below. In arriving at our relative strength rating for each company, we assess the past 13 weeks, which includes the market's reaction to the firm's most recently reported quarter, where applicable, and other more recent economic events. During the past 13 weeks, Apple's shares returned -4.8%, while the market benchmark returned 8.1%. We think Apple's 13-week relative price performance is WEAK.

5-week Company Performance	5.2%
5-week Market Benchmark Performance	2.0%
5-week Relative Performance vs. Market Benchmark	3.2%
13-week Company Performance	-4.8%
13-week Market Benchmark Performance	8.1%
13-week Relative Performance vs. Market Benchmark	-12.9%
30-week Company Performance	29.4%
30-week Market Benchmark Performance	5.8%
30-week Relative Performance vs. Market Benchmark	23.5%

Timeliness Matrix™

Equity Valuation

Relative Strength	Overvalued	Fairly Valued	Undervalued
Strong			
Neutral			
Weak			

Firms that are undervalued and currently showing near-term pricing strength score near the top right of the matrix.

Companies that are undervalued and showing near-term relative price strength could represent timely buys, as the stock may be attractive to both value and momentum investors. A cross section of the firm's equity valuation and its relative share price strength is shown in the matrix above. We tend to prefer undervalued stocks that have strong pricing momentum, also called Valuentum stocks.

Apple AAPL FAIRLY VALUED**Buying Index™****3****Value Rating****Economic Castle**
Very Attractive**Estimated Fair Value**
\$264.00**Fair Value Range**
\$211.00 - \$317.00**Investment Style**
MEGA-CAP CORE**Sector**
Information Technology**Industry**
Technology Giants**Pro Forma Income Statement**

	----- Historical -----			----- Projected -----	
In Millions of USD (except for per share items)	Sep-23	Sep-24	Sep-25	Sep-26	Sep-27
Total Revenue	383,285	391,035	416,161	469,346	504,782
Cost of Goods Sold	214,137	210,352	220,960	263,543	277,907
Selling, General and Administrative Expenses	24,932	26,097	27,601	32,920	34,714
Other Operating Expenses	29,915	31,370	34,550	41,208	43,454
Operating Income	114,301	123,216	133,050	131,675	148,706
Unusual items	0	0	0	0	0
Operating Income, including unusual items	114,301	123,216	133,050	131,675	148,706
Interest Expense	0	0	0	0	0
Other Non-operating Income	(565)	269	(321)	0	0
Pre-tax Income	113,736	123,485	132,729	131,675	148,706
Income Taxes	16,741	29,749	20,719	19,751	22,306
Income after tax	96,995	93,736	112,010	111,924	126,400
Minority Interest and Equity Income	0	0	0	0	0
Net Income, excluding extra items	96,995	93,736	112,010	111,924	126,400
Income Available to Common, excluding extra items	96,995	93,736	112,010	111,924	126,400
Diluted Earnings per Share, excluding extra items	6.13	6.08	7.46	7.53	8.60
Diluted Weighted Shares Outstanding	15,812.5	15,408.1	15,004.7	14,854.7	14,706.1

Source: Company Filings, Xignite, Valuentum Projections

Note: Pro forma data in discounted cash-flow valuation may reflect significant adjustments from GAAP accounting data, including cash (not effective) tax rates and other analytical adjustments on a backward-looking and forward-looking basis. No individual data, by itself, found in this report should be used to make any investment decision.

Apple AAPL FAIRLY VALUED**Buying Index™****3****Value Rating****Economic Castle**
Very Attractive**Estimated Fair Value**
\$264.00**Fair Value Range**
\$211.00 - \$317.00**Investment Style**
MEGA-CAP CORE**Sector**
Information Technology**Industry**
Technology Giants**Pro Forma Balance Sheet**

----- Historical -----

----- Projected -----

In Millions of USD (except for per share items)

	Sep-23	Sep-24	Sep-25	Sep-26	Sep-27
Assets					
Total Cash (including marketable securities)	162,099	156,650	132,420	205,078	293,093
Inventory	6,331	7,286	5,718	6,877	7,312
Accounts Receivable	60,985	66,243	72,957	81,778	87,411
Other Current Assets	14,695	14,287	14,585	14,585	14,585
Total Current Assets	244,110	244,466	225,680	308,318	402,401
Gross Fixed Assets	114,599	119,128	125,848	140,470	156,847
(Accumulated Depreciation)	(70,884)	(73,448)	(76,014)	(89,207)	(103,396)
Net Property, Plant, and Equipment	43,715	45,680	49,834	51,263	53,451
Goodwill, Net	0	0	0	0	0
Intangibles, Net	0	0	0	0	0
Other Long-term Assets	64,758	74,834	83,727	83,727	83,727
Total Assets	352,583	364,980	359,241	443,308	539,579
Liabilities					
Accounts Payable	62,611	68,960	69,860	83,415	87,425
Other Current Liabilities	66,890	86,553	75,442	79,178	89,646
Current Portion of Long-term Debt	15,807	20,879	20,329	20,329	20,329
Total Current Liabilities	145,308	176,392	165,631	182,922	197,400
Long-term Debt	95,281	85,750	78,328	78,328	78,328
Other Long-term Liabilities	49,848	45,888	41,549	41,549	41,549
Total Liabilities	290,437	308,030	285,508	302,799	317,277
Preferred Stock	0	0	0	0	0
Shareholders' Equity					
Common Stock and Additional Paid in Capital	73,812	83,276	93,568	93,568	93,568
Retained Earnings	(214)	(19,154)	(14,264)	82,211	192,552
Other Equity	(11,452)	(7,172)	(5,571)	(35,270)	(63,818)
Total Shareholders' Equity	62,146	56,950	73,733	140,509	222,303
Total Liabilities and Shareholders' Equity	352,583	364,980	359,241	443,308	539,579

Source: Company Filings, Xignite, Valuentum Projections

Note: Pro forma data in discounted cash-flow valuation may reflect significant adjustments from GAAP accounting data, including cash (not effective) tax rates and other analytical adjustments on a backward-looking and forward-looking basis. No individual data, by itself, found in this report should be used to make any investment decision.

Apple AAPL FAIRLY VALUED**Buying Index™****3****Value Rating****Economic Castle**
Very Attractive**Estimated Fair Value**
\$264.00**Fair Value Range**
\$211.00 - \$317.00**Investment Style**
MEGA-CAP CORE**Sector**
Information Technology**Industry**
Technology Giants**Pro Forma Cash Flow Statement**

----- Historical -----

----- Projected -----

In Millions of USD (except for per share items)

	Sep-23	Sep-24	Sep-25	Sep-26	Sep-27
Cash from Operations					
Net Income	96,995	93,736	112,010	111,924	126,400
Depreciation and Amortization	11,519	11,445	11,698	13,193	14,189
Deferred Income Taxes	0	0	0	0	0
Operating Gains Or Losses	2,029	13,073	(12,226)	10,000	10,755
Changes in Working Capital	0	0	0	7,312	8,409
Cash Flow from Operations	110,543	118,254	111,482	142,429	159,754
Cash from Investing					
Purchase of Property, Plant, Equipment	(10,959)	(9,447)	(12,715)	(14,622)	(16,377)
Other Investing Cash Flows	14,664	12,382	27,910	0	0
Cash Flow from Investing	3,705	2,935	15,195	(14,622)	(16,377)
Cash from Financing					
Issuance (Retirement) of Stock	(82,981)	(100,390)	(96,671)	(39,699)	(39,302)
Issuance (Retirement) of Debt	(9,901)	(5,998)	(8,483)	0	0
Dividends Paid	(15,025)	(15,234)	(15,421)	(15,449)	(16,059)
Other Financing Cash Flows	(581)	(361)	(111)	0	0
Cash Flow from Financing	(108,488)	(121,983)	(120,686)	(55,148)	(55,362)
Foreign Exchange	0	0	0	0	0
Net Change in Cash	5,760	(794)	5,991	72,658	88,015

Source: Company Filings, Xignite, Valuentum Projections

Note: Pro forma data in discounted cash-flow valuation may reflect significant adjustments from GAAP accounting data, including cash (not effective) tax rates and other analytical adjustments on a backward-looking and forward-looking basis. No individual data, by itself, found in this report should be used to make any investment decision.

Apple AAPL FAIRLY VALUED

VALUENTUM
Buying Index™ 3

VALUENTUM
Value Rating



Economic Castle
Very Attractive

Estimated Fair Value
\$264.00

Fair Value Range
\$211.00 - \$317.00

Investment Style
MEGA-CAP CORE

Sector
Information Technology

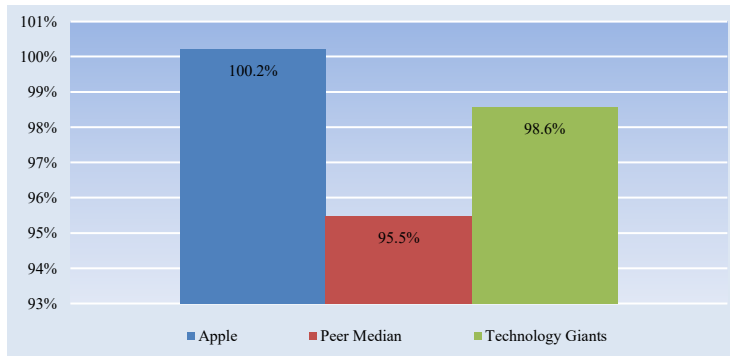
Industry
Technology Giants

Technology Giants

Technology Giants

FAIRLY VALUED

We think the Technology Giants industry is fairly valued at this time. The industry's market cap is trading between 80% and 120% of our estimate of its fair value based on our DCF process. Although we use a firm-specific ValueRisk™ measure to determine whether a firm is undervalued or overvalued based on our DCF process, we consider an industry to be undervalued if it is trading below 80% of our estimate of its fair value and overvalued if it is trading at over 120% of our estimate of its fair value. We think these fair value ranges are appropriate given the diversification benefits of holding a basket of stocks. Although there may be individual opportunities within the Technology Giants industry, we don't find the industry as a whole attractive based solely on valuation.



The above bar chart reveals the price/fair value of the company, its peers, and the industry as a whole.

Shaded blue denotes that the firm has earned the highest rating for that respective category.

Company Name	Ticker	Market Cap (USD-mil)	Investment Style	DCF Valuation	Relative Valuation	ValueCreation™	ValueRisk™	ValueTrend™	Technicals	Relative Strength
Adobe Systems	ADBE	154,842	LARGE-CAP VALUE	FAIRLY VALUED	NEUTRAL	EXCELLENT	LOW	POSITIVE	BEARISH	WEAK
Advanced Micro Devices	AMD	277,463	MEGA-CAP GROWTH	FAIRLY VALUED	UNATTRACTIVE	POOR	MEDIUM	NEGATIVE	NEUTRAL	STRONG
Alibaba	BABA	390,719	MEGA-CAP VALUE	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	MEDIUM	NEGATIVE	BULLISH	STRONG
Alphabet	GOOG	2,349,956	MEGA-CAP BLEND	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	LOW	NEGATIVE	BULLISH	STRONG
Amazon.com	AMZN	2,410,402	MEGA-CAP BLEND	FAIRLY VALUED	UNATTRACTIVE	GOOD	MEDIUM	POSITIVE	BULLISH	WEAK
Analog Devices	ADI	110,567	LARGE-CAP GROWTH	FAIRLY VALUED	NEUTRAL	EXCELLENT	LOW	NEGATIVE	VERY BEARISH	STRONG
Ansys	ANSS	29,790	LARGE-CAP BLEND	FAIRLY VALUED	NEUTRAL	EXCELLENT	MEDIUM	NEGATIVE	BULLISH	STRONG
Apple	AAPL	3,930,244	MEGA-CAP CORE	FAIRLY VALUED	UNATTRACTIVE	EXCELLENT	LOW	NEGATIVE	BEARISH	WEAK
Applied Materials	AMAT	150,608	LARGE-CAP VALUE	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	MEDIUM	POSITIVE	BULLISH	STRONG
Automatic Data Processing	ADP	121,562	LARGE-CAP CORE	FAIRLY VALUED	NEUTRAL	EXCELLENT	LOW	POSITIVE	BEARISH	NEUTRAL
Baidu	BIDU	47,345	LARGE-CAP VALUE	FAIRLY VALUED	ATTRACTIVE	GOOD	MEDIUM	NEGATIVE	NEUTRAL	STRONG
Booking Holdings	BKNG	185,211	LARGE-CAP VALUE	FAIRLY VALUED	NEUTRAL	EXCELLENT	LOW	POSITIVE	BEARISH	WEAK
Broadcom	AVGO	1,686,013	MEGA-CAP BLEND	FAIRLY VALUED	UNATTRACTIVE	EXCELLENT	MEDIUM	NEGATIVE	BULLISH	STRONG
Cisco	CSCO	270,592	MEGA-CAP VALUE	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	LOW	NEGATIVE	VERY BULLISH	WEAK
eBay	EBAY	45,277	LARGE-CAP CORE	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	MEDIUM	NEGATIVE	NEUTRAL	STRONG
Enphase Energy	ENPH	5,110	MID-CAP VALUE	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	LOW	NEGATIVE	BEARISH	WEAK
IBM	IBM	263,408	MEGA-CAP CORE	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	LOW	POSITIVE	BULLISH	WEAK
Intel	INTC	136,896	LARGE-CAP CORE	FAIRLY VALUED	UNATTRACTIVE	POOR	VERY HIGH	POSITIVE	BULLISH	STRONG
KLA Corp	KLAC	116,736	LARGE-CAP CORE	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	LOW	POSITIVE	VERY BEARISH	STRONG
Korn/Ferry	KFY	3,667	MID-CAP VALUE	FAIRLY VALUED	NEUTRAL	EXCELLENT	LOW	POSITIVE	BEARISH	WEAK
Lam Research	LRCX	177,948	LARGE-CAP GROWTH	FAIRLY VALUED	NEUTRAL	EXCELLENT	LOW	NEGATIVE	BULLISH	STRONG
Manpower	MAN	1,939	SMALL-CAP VALUE	FAIRLY VALUED	NEUTRAL	EXCELLENT	MEDIUM	NEGATIVE	BEARISH	WEAK
Mastercard	MA	520,820	MEGA-CAP BLEND	FAIRLY VALUED	UNATTRACTIVE	EXCELLENT	LOW	POSITIVE	VERY BULLISH	WEAK
Meta Platforms	META	1,922,778	MEGA-CAP BLEND	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	MEDIUM	NEGATIVE	BULLISH	WEAK
Micron Technology	MU	212,604	MEGA-CAP GROWTH	FAIRLY VALUED	NEUTRAL	POOR	MEDIUM	NEGATIVE	BULLISH	STRONG
Microsoft	MSFT	3,827,684	MEGA-CAP BLEND	FAIRLY VALUED	UNATTRACTIVE	EXCELLENT	LOW	NEGATIVE	VERY BULLISH	WEAK
Nvidia	NVDA	4,308,951	MEGA-CAP BLEND	FAIRLY VALUED	UNATTRACTIVE	EXCELLENT	MEDIUM	POSITIVE	NEUTRAL	STRONG
Oracle	ORCL	883,931	MEGA-CAP BLEND	FAIRLY VALUED	NEUTRAL	EXCELLENT	LOW	NEGATIVE	BULLISH	STRONG
PayPal	PYPL	70,288	LARGE-CAP VALUE	UNDervalUED	ATTRACTIVE	GOOD	LOW	POSITIVE	BEARISH	WEAK
QUALCOMM	QCOM	182,834	LARGE-CAP VALUE	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	LOW	NEGATIVE	BULLISH	WEAK
Salesforce.com	CRM	236,543	MEGA-CAP VALUE	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	LOW	POSITIVE	BEARISH	WEAK
Taiwan Semiconductor	TSM	1,179,711	MEGA-CAP BLEND	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	MEDIUM	NEGATIVE	VERY BEARISH	NEUTRAL
Texas Instruments	TXN	177,145	LARGE-CAP GROWTH	FAIRLY VALUED	NEUTRAL	EXCELLENT	MEDIUM	NEGATIVE	BEARISH	NEUTRAL
Visa	V	829,528	MEGA-CAP GROWTH	FAIRLY VALUED	NEUTRAL	EXCELLENT	LOW	NEGATIVE	BEARISH	WEAK

The information and data contained in this report is not represented or warranted to be timely, complete, accurate, or correct. This report is for informational purposes only and should not be considered a solicitation to buy or sell a security. Before acting on any information in this report, you should consider whether the information is suitable for your particular circumstances and, if necessary, seek professional advice. Assumptions, opinions, and estimates are based on our judgment as of the date of the report and are subject to change without notice. Valuentum is not responsible for any errors or omissions or for results obtained from the use of this report. Redistribution is prohibited without written permission. To license Valuentum research, contact us at valuentum@valuentum.com.

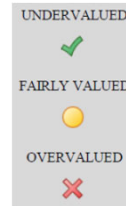


Valuentum's Full Page Stock Report

A DCF Valuation
Shows whether the firm is undervalued, fairly valued, or overvalued based on our DCF process and by how much.

B Valuentum Buying Index (VBI)
Provides insight into the timeliness of an investment opportunity. We rank firms from 1 to 10 based on rigorous financial, valuation, and technical analysis. A 10 represents one of our top picks.

C Valuentum Value Rating (VVR)
Indicates whether we think a firm is undervalued, fairly valued, or overvalued on the basis of our DCF process.



D Investment Considerations
Evaluates firms on 12 different measures, from the firm's growth and cash flow generation to the stock's money flow index and upside/downside volume. We reveal technical support and resistance levels.

E 30-week Price and Volume Action
Displays the last accumulation or distribution week of the stock and historical price and volume action.

Valuentum Retail Equity Research Visit us at www.valuentum.com Ratings as of 26-Oct-2016 Data as of 17-Oct-2016

Apple AAPL UNDERVALUED **A** **Buying Index™** **B** **Value Rating** **C**

Economic Castle Highest Rated Estimated Fair Value \$147.00 Fair Value Range \$121.00 - \$173.00 Investment Style MEGA-CAP VALUE Sector Information Technology Industry Computer Hardware

Apple is as much a brand as it is one of the most innovative companies.

Stock Chart (weekly)

The week with the highest trading volume out of the last 13 weeks was a week of heavy buying, or accumulation (green bar).

Company Vitals **G**

Market Cap (USD)	\$675,472
Avg Weekly Vol (30 wks)	180,295
30-week Range (USD)	\$9.47 - 118.69
Valuentum Sector	Information Technology
5-week Return	1.2%
13-week Return	18.7%
30-week Return	10.0%
Dividend Yield %	2.0%
Dividends per Share	2.28
Forward Dividend Payout Ratio	27.3%
Est. Normal Diluted EPS	9.55
P/E on Est. Normal Diluted EPS	12.2
Est. Normal EBITDA	83,978
Forward EV/EBITDA	7.2
EV/Est. Normal EBITDA	6.4
Forward Revenue Growth (5-yr)	1.1%
Forward EPS Growth (5-yr)	3.1%

Investment Highlights **J**

- Apple is as much a brand as it is one of the world's most innovative companies. The firm is no longer known for its iPods and personal computers, as the proliferation of the iPhone over the past several years has been a sight to behold. The company's execution remains top notch, and we expect it to continue to roll out innovative products in smartphones and wearable technology, its most recent major product launch.
- Criticism over the firm's dependence on sales of the iPhone gained momentum in fiscal 2016, as the second quarter of the fiscal year marked the first quarterly sales decline in 13 years. High levels of demand for the iPhone 7 and multiple safety issues at rival Samsung have eased concerns for the time being.
- Apple's rollout of future iterations of the iPhone should propel its fundamentals higher. Though we're not embedding another blockbuster hit in our model, we wouldn't be surprised if Apple delivers another one from its pipeline. Perhaps only a dream five years ago, the popularity of the new Apple Watch is now worth watching, though it has yet to catch fire in the eyes of consumers.
- Investors should pay close attention to the firm's gross margin, which is expected to fall to 37.5%-38% in fiscal 2016 from 40% in fiscal 2015. Pricing and cost pressures may be unavoidable. A slight step back in fiscal 2016 should not be a major concern to investors given Apple's massive cash position and impressive track record.
- Apple's cash hoard is more than some of the market capitalizations of the largest companies in the S&P 500. The company retains tremendous flexibility in this regard, and we continue to expect dividend increases and share buybacks.

Business Quality **H**

ValueRisk™	Very Poor	Poor	Good	Excellent
DCF Valuation				
Relative Valuation				
ValueCreation™				
ValueRisk™				
ValueTrend™				
Cash Flow Generation				
Financial Leverage				
Growth				
Technical Evaluation				
Relative Strength				
Money Flow Index (MFI)				
Upside/Downside Volume (U/D)				
Near-term Technical Support, 10-week MA				
DCF = Discounted Cash Flow; MFI U/D = Please see glossary; MA = Moving Average				

Relative Valuation **K**

	Forward P/E	PEG	Price / FV
BlackBerry	-53.0	NMF	89.2%
Cray	49.4	0.9	77.3%
Hewlett-Packard	9.0	NMF	75.9%
IBM	11.7	2.6	97.6%
Peer Median	10.4	1.8	83.3%
Apple	14.0	2.0	79.3%

Financial Summary **N**

	Actual	Projected
Revenue	182,795	233,715
Revenue, YoY%	7.0%	27.9%
Operating Income	52,503	71,230
Operating Margin %	28.7%	30.5%
Net Income	39,510	53,394
Net Income Margin %	21.6%	22.8%
Diluted EPS	6.45	9.22
Diluted EPS, YoY %	13.6%	42.8%
Free Cash Flow (CFO-capex)	49,900	69,778
Free Cash Flow Margin %	27.3%	29.9%

Returns Summary **L**

	3-year Historical Average
Return on Equity	36.8%
Return on Assets	19.3%
ROIC, with goodwill	160.3%
ROIC, without goodwill	183.5%

Leverage, Coverage, and Liquidity **M**

Total Debt	64,462
Net Debt	-141,204
Total Debt/EBITDA	0.8
Net Debt/EBITDA	NMF
EBITDA/Interest	112.5
Current Ratio	1.1
Quick Ratio	2.9

Structure of the Computer Hardware Industry **K**

The computer hardware space, which spans the personal computer to the iPhone and iPad, is highly competitive. The industry is characterized by frequent product introductions and rapid technological advances that can cause dramatic market share shifts. Though some firms benefit from a strong brand, participants often price aggressively, pressuring margins. Firms are also subject to potential component shortages/disruptions, which can punish performance. Obsolescence may be an eventuality for some, and services revenue has become critical for others. We're neutral on the space.

Valuentum

G Company Vitals
Shows sector, industry and other relevant company information.

I Normalized EPS and EBITDA
Estimation of the firm's normalized earnings measures and the corresponding valuation multiples.

L Returns Summary
3-year averages of the firm's key return measures, including return on invested capital, with and without goodwill.

M Leverage, Coverage, and Liquidity
A snapshot of the company's financial health.

N Financial Summary
A summary of the proforma financial statements found in the extended report.

About Valuentum

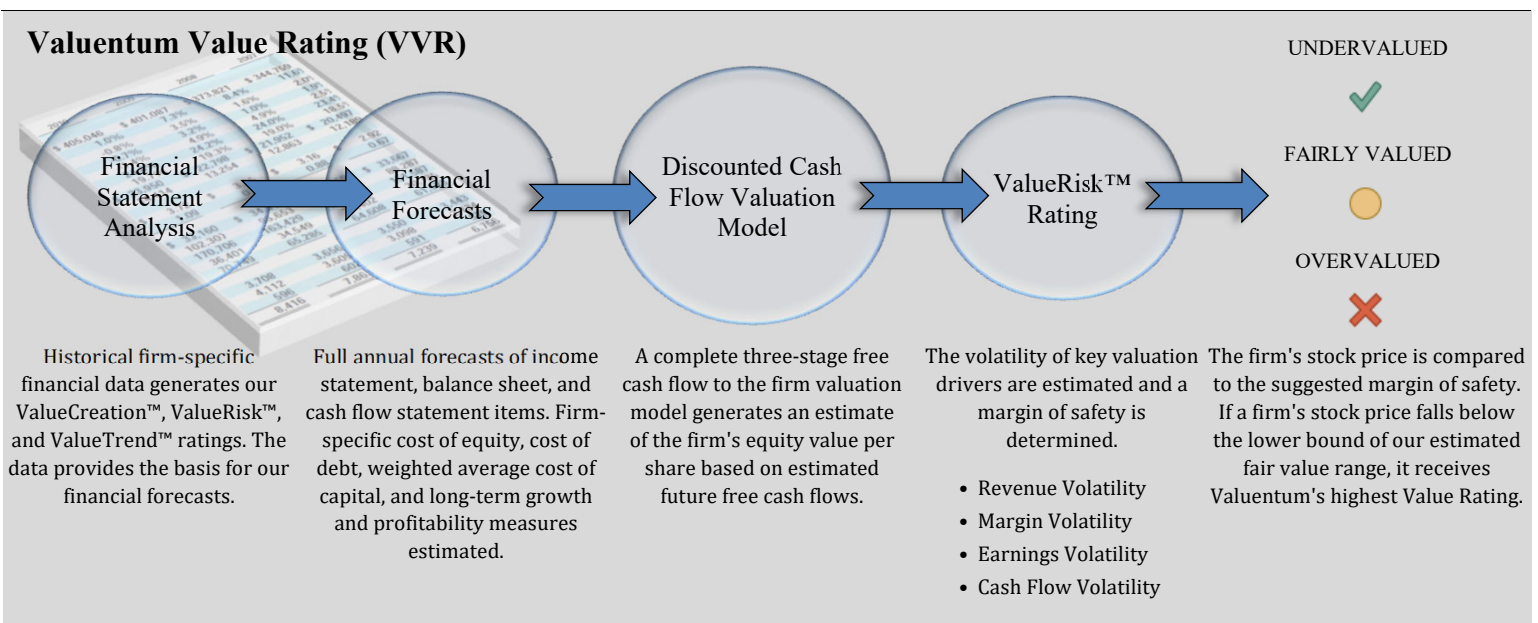
@Valuentum, we strive to stand out from the crowd. Most investment research publishers fall into a few camps, whether it be value, growth, income, momentum, chartist or some variant of the aforementioned. We think each in its own right holds merit, but we think the combination of these approaches can be even more powerful. After all, stock price movements aren't just driven by investors of the value or growth variety, but by all market participants. Therefore, we look at stocks from a variety of investment perspectives in order to better understand and identify ideas. We want to provide relevant information.

The core of our process is grounded in rigorous discounted cash flow analysis and incorporates the concept of a margin of safety. We offer a fair value estimate for each company and provide a relative valuation assessment in the context of a company's industry and closest peers. A cross section of our ValueCreation™ and ValueRisk™ ratings provides a financial assessment of a company's business quality, while our ValueTrend™ rating offers insight into the trajectory of a firm's economic profit creation. The Economic Castle rating measures the magnitude of future economic value generation, and the Dividend Cushion ratio assesses the financial capacity of a company to keep raising its dividend.

Our analysis doesn't stop there. We also offer a technical evaluation of the stock as well as other momentum indicators. We not only want to reveal to readers which firms may be undervalued, in our view, but we also want to provide readers with information to help them assess entry and exit points. Most research publishers focus on arriving at a target price or fair value estimate, but may fall short of providing a technical assessment to bolster buy and sell disciplines. We strive to go the distance and provide readers with answers--not half the story.

An explanation of our approach would not be complete if we didn't describe our ideal stock idea. We're looking for companies that are undervalued--both on a DCF basis and versus peers--have strong growth potential, have a solid track record of creating economic profits for shareholders with reasonable risk, are strong cash flow generators, have manageable financial leverage, and are currently showing bullish technical and momentum indicators. For dividend growth ideas, we look for companies that have both the capacity and willingness to keep raising the dividend.

Can such stock ideas exist? Subscribe to Valuentum to receive our best investment ideas and analysis on hundreds of stocks, dividends, ETFs and more.



Methodology for Picking Stocks - Valuentum Buying Index™ (VBI)

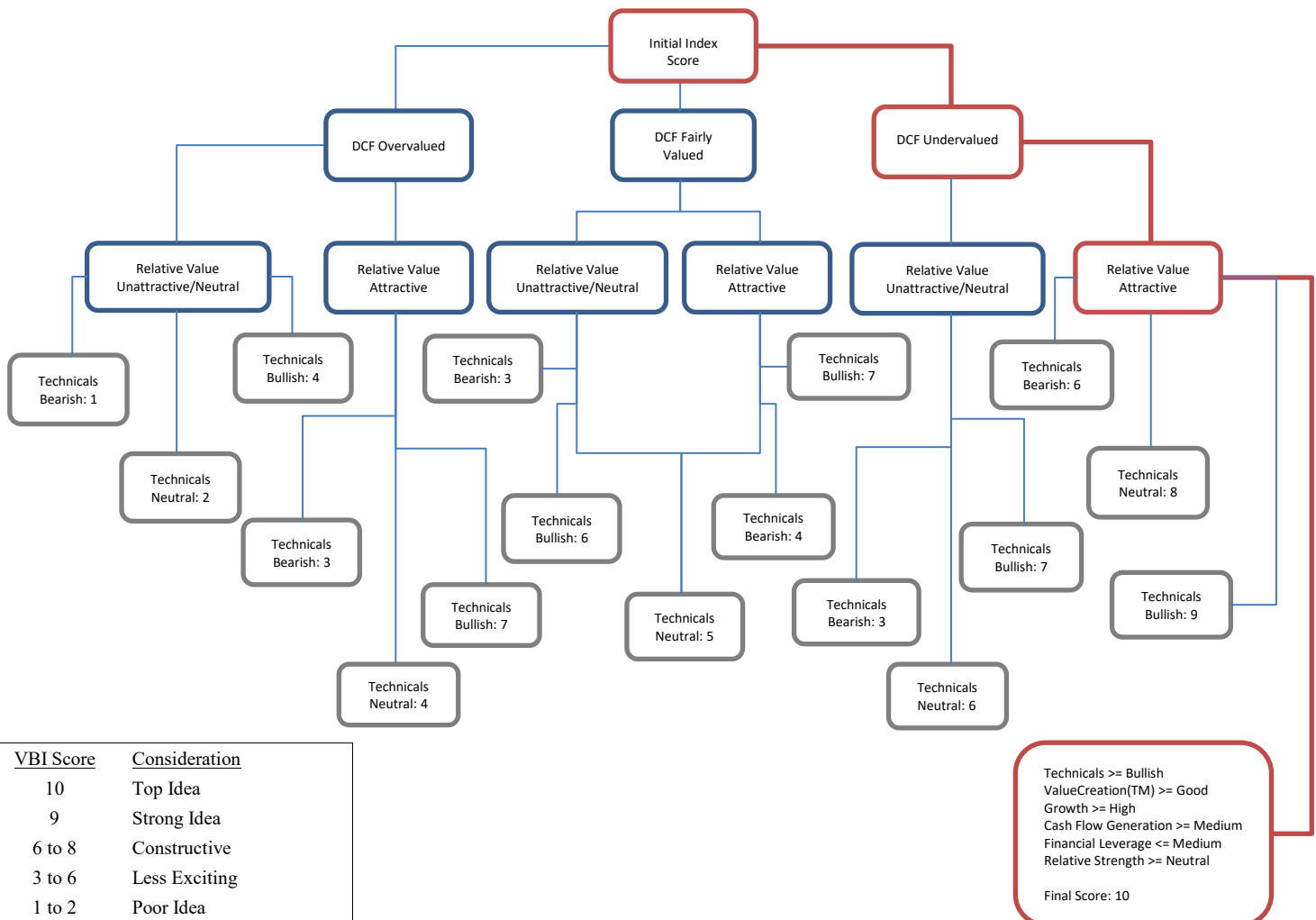
@Valuentum, we like to look at companies from a number of different perspectives. The Valuentum Buying Index (VBI) combines rigorous financial and valuation analysis with an evaluation of a stock's technicals to derive a rating between 1 and 10 for each company. The VBI places considerable emphasis on a company's discounted cash-flow (DCF) valuation, its relative valuation versus peers (both forward PE and PEG ratios), and its technicals in order to help readers assess entry and exit points on the most interesting ideas.

Let's follow the red line on the flow chart below to see how a company can score a 10, the best mark on the index. First, the company would need to be 'undervalued' on a DCF basis and 'attractive' on a relative

value basis. The stock would also have to be exhibiting 'bullish' technicals. The firm would need a ValueCreation™ rating of 'good' or 'excellent', exhibit 'high' or 'aggressive' growth prospects, and generate at least a 'medium' or 'neutral' assessment for cash flow generation, financial leverage, and relative price strength.

This is a tall order for any company. Stocks that don't make the cut for a 10 are ranked accordingly, with the least attractive stocks, in our opinion, garnering a rating of 1. Most of our coverage universe registers ratings between 3 and 7, but at any given time there could be large number of companies garnering either very high or very low scores, especially at market lows or tops, respectively.

The Best Ideas Newsletter portfolio puts the VBI into practice.



VBI Score	Consideration
10	Top Idea
9	Strong Idea
6 to 8	Constructive
3 to 6	Less Exciting
1 to 2	Poor Idea

Technicals >= Bullish
 ValueCreation(TM) >= Good
 Growth >= High
 Cash Flow Generation >= Medium
 Financial Leverage <= Medium
 Relative Strength >= Neutral
 Final Score: 10

Glossary

Estimated Fair Value. This measure is our opinion of the fair equity value per share of the company. If our forecasts prove accurate, which may not always be the case, we may expect a firm's stock price to converge to this value within the next 3 years.

Fair Value Range. The fair value range represents an upper bound and lower bound, between which we would consider the firm to be fairly valued. The range considers our estimate of the firm's fair value and the margin of safety suggested by the volatility of key valuation drivers, including revenue, gross margin, earnings before interest, and enterprise free cash flow (the determinants behind our ValueRisk™ rating).

DCF Valuation. We opine on the firm's valuation based on our DCF process. Firms that are trading with an appropriate discount to our fair value estimate receive an UNDERVALUED rating. Firms that are trading within our fair value range receive a FAIRLY VALUED rating, while firms that are trading above the upper bound of our fair value range receive an OVERVALUED rating.

Relative Value. We compare the firm's forward price-to earnings (PE) ratio and its price/earnings-to-growth (PEG) ratio to that of its peers. If both measures fall below the peer median, the firm receives an ATTRACTIVE rating. If both are above the peer median, the firm receives an UNATTRACTIVE rating. Any other combination results in a NEUTRAL rating.

ValueCreation™. This is a proprietary Valuentum measure. ValueCreation™ indicates the firm's historical track record in creating economic value for shareholders, taking the average difference between ROIC (without goodwill) and the firm's estimated WACC during the past three years. The firm's performance is measured along the scale of EXCELLENT, GOOD, POOR, and VERY POOR. Those firms with EXCELLENT ratings have a demonstrated track record of creating economic value, while those that register a VERY POOR mark have been destroying economic value.

ValueRisk™. This is a proprietary Valuentum measure. ValueRisk™ indicates the historical volatility of key valuation drivers, including revenue, gross margin, earnings before interest, and enterprise free cash flow. The standard deviation of each measure is calculated and scaled against last year's measure to arrive at a percentage deviation for each item. These percentage deviations are weighted equally to arrive at the corresponding fair value range for each stock, measured in percentage terms. The firm's performance is measured along the scale of LOW, MEDIUM, HIGH, and VERY HIGH. The ValueRisk™ rating for each firm also determines the fundamental beta of each firm along the following scale: LOW (0.85), MEDIUM (1), HIGH (1.15), VERY HIGH (1.3).

ValueTrend™. This is a proprietary Valuentum measure. ValueTrend™ indicates the trajectory of the firm's return on invested capital (ROIC). Firms that earned an ROIC last year that was greater than the 3-year average of the measure earn a POSITIVE rating. Firms that earned an ROIC last year that was less than the 3-year average of the measure earn a NEGATIVE rating.

Cash Flow Generation. Firms' cash flow generation capacity are measured along the scale of STRONG, MEDIUM, and WEAK. A firm with a 3-year historical free cash flow margin (free cash flow divided by sales) greater than 5% receives a STRONG rating, while firms earning less than 1% of sales as free cash flow receive a WEAK rating.

Financial Leverage. Based on the firm's normalized debt-to-EBITDA metric, we rank firms on the following scale: LOW, MEDIUM, and HIGH. Companies with a normalized debt-to-EBITDA ratio below 1.5 receive a LOW score, while those with a measure above 3 receive a HIGH score.

Upside/Downside Volume. Heavy volume on up days and lower volume on down days suggests that institutions are heavily participating in a stock's upward advance. We use the trailing 14-week average of upside and downside volume to calculate an informative ratio. We rank each firm's U/D volume ratio along the following scale: BULLISH, IMPROVING, DETERIORATING, and BEARISH.

Investment Style. Valuentum uses its own proprietary stock-classification system. Nano-cap: Less than \$50 million; Micro-cap: Between \$50 million and \$200 million; Small-cap: Between \$200 million and \$2 billion; Mid-cap: Between \$2 billion and \$10 billion; Large-cap: Between \$10 billion and \$200 billion; Mega-cap: Over \$200 billion. Blend: Firm's that we think are undervalued and exhibit high growth prospects (growth in excess of three times the rate of assumed inflation). Value: Firm's that we believe are undervalued, but do not exhibit high growth prospects. Growth: Firms that are not undervalued, in our opinion, but exhibit high growth prospects. Core: Firms that are neither undervalued nor exhibit high growth prospects.

Company Vitals. In this section, we list key financial information and the sector and industry that Valuentum assigns to the stock. The P/E-Growth (5-yr), or PEG ratio, divides the current share price by last year's earnings (EPS) and then divides that quotient by our estimate of the firm's 5-year EPS growth rate. The estimated normalized diluted EPS and estimated normalized EBITDA represent the five-year forward average of these measures used in our discounted cash flow model. The P/E on estimated normalized EPS divides the current share price by estimated normalized diluted EPS. The EV/estimated normalized EBITDA considers the current enterprise value of the company and divides it by estimated normalized EBITDA. EV is defined as the firm's market capitalization plus total debt, minority interest, preferred stock less cash and cash equivalents.

Business Quality Matrix. We compare the firm's ValueCreation™ and ValueRisk™ ratings. The box is an easy way for investors to quickly assess the business quality of a company. Firms that generate economic profits with little operating variability score near the top right of the matrix.

Timeliness Matrix. We compare the company's recent stock performance relative to the market benchmark with our assessment of its valuation. Firms that are experiencing near-term stock price outperformance and are undervalued by our estimate may represent timely buys.

Range of Potential Outcomes. The firm's margin of safety is shown in the graphic of a normal distribution. We consider a firm to be undervalued if its stock price falls along the green line and overvalued if the stock price falls along the red line. We consider the firm to be fairly valued if its stock price falls along the yellow line.

Return on Invested Capital. At Valuentum, we place considerable emphasis on return on invested capital (both with and without goodwill). The measure focuses on the return (earnings) the company is generating on its operating assets and is superior to return on equity and return on assets, which can be skewed by a firm's leverage or excess cash balance, respectively.

Technical Evaluation. We evaluate a firm's near-term and medium-term moving averages and money flow index (MFI) to assign each firm a rating along the following scale: VERY BULLISH, BULLISH, NEUTRAL, BEARISH, and VERY BEARISH.

Stock Price Relative Strength. We assess the performance of the company's stock during the past quarter, 13 weeks, relative to an ETF that mirrors the aggregate performance of constituents of the stock market. Firms are measured along the scale of STRONG, NEUTRAL, and WEAK. Companies that have outperformed the market index by more than 2.5% during this 13-week period receive a STRONG rating, while firms that trailed the market index by more than 2.5% during this 13-week period receive a WEAK rating.

Money Flow Index (MFI). The MFI is a technical indicator that measures buying and selling pressure based on both price and volume. Traders typically use this measure to identify potential reversals with overbought and oversold levels. We use a 14-week measure to rank firms along the following scale: EXTREMELY OVERBOUGHT (>90), OVERBOUGHT (80-90), NEUTRAL (20-80), OVERSOLD (10-20), EXTREMELY OVERSOLD (0-10).

Disclosures, Disclaimers & Additional Sources

To send us feedback or if you have any questions, please contact us at valuentum@valuentum.com. We're always looking for ways to better serve your investment needs and improve our research.

AAPL Rating History	Price	Fair Value	VBI
20-Feb-26	\$264.58	\$264.00	3
28-Jul-25	\$202.38	\$233.00	3
2-May-25	\$205.35	\$235.00	3
28-Jan-25	\$239.78	\$241.00	6
11-Nov-24	\$222.09	\$229.00	3
21-Aug-24	\$226.31	\$226.00	6
4-Jun-24	\$194.02	\$190.00	6
15-Mar-24	\$172.62	\$176.00	3
22-Dec-23	\$193.60	\$180.00	6
27-Nov-23	\$189.62	\$177.00	6
7-Jul-23	\$190.68	\$167.00	5
10-Apr-23	\$165.21	\$139.00	5
24-Dec-22	\$129.93	\$140.00	3
21-Sep-22	\$153.72	\$168.00	3

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