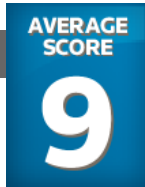


Last Close 118.95 (USD)	Avg Daily Vol 499,200	52-Week High 119.66	Trailing PE 22.9	Annual Div 1.48	ROE 32.6%	LTG Forecast 10.3%	1-Mo Return 5.4%
2018 January 17 NEW YORK Exchange	Market Cap 5.6B	52-Week Low 77.94	Forward PE 19.1	Dividend Yield 1.3%	Annual Rev 3.3B	Inst Own >100%	3-Mo Return 29.3%

AVERAGE SCORE

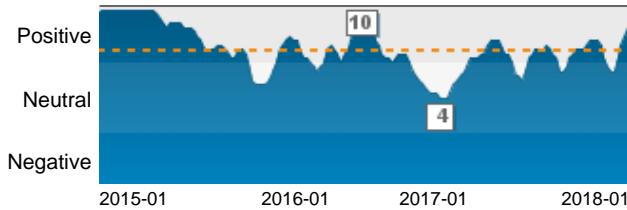


POSITIVE OUTLOOK: CRI's current score of 9 places it within the top 15% of stocks scored.

Score Averages

Specialty Retailers Group: 5.8	Mid Market Cap: 6.2
Retailers Sector: 5.9	S&P 500 Index: 6.9

Average Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
AEO	6	6	9	9	9	
CRI	7	8	9	9	9	
URBN	4	6	10	10	9	
KORS	7	10	8	8	8	
FL	6	5	7	6	6	

HIGHLIGHTS

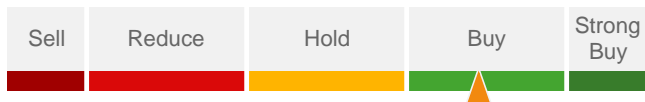
- The score for Carter's Inc has been on a positive trend from 6 to 9 over the past 8 weeks.
- The recent change in the Average Score was primarily due to an improvement in the Earnings and Insider Trading component scores.

THOMSON REUTERS I/B/E/S MEAN

Buy

12 Analysts

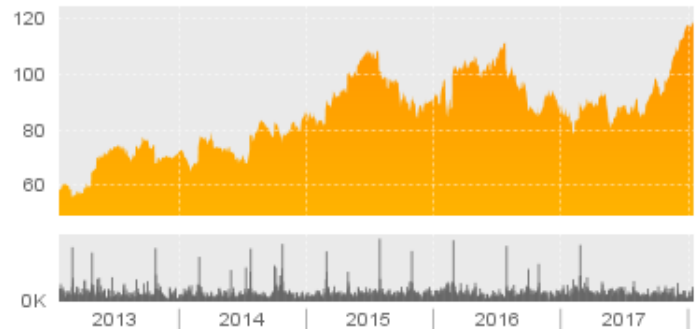
Mean recommendation from all analysts covering the company on a standardized 5-point scale.



PRICE AND VOLUME CHARTS

1-Year Return: 35.0%

5-Year Return: 99.4%



BUSINESS SUMMARY

Carter's, Inc. (Carter's) is a marketer of apparel for babies and young children in the United States and Canada. The Company owns two brand names in the children's apparel industry, Carter's and OshKosh B'gosh (OshKosh). The Company operates through five segments: Carter's Retail, Carter's Wholesale, OshKosh Retail, OshKosh Wholesale and International. Its International segment includes company-operated retail stores and online Websites, wholesale operations, and royalty income from its international licensees. It markets products for consumers, and offer various product categories, including baby, sleepwear, play clothes, and related accessories. Its multi-channel international business model - retail stores, online and wholesale - enables it to reach a range of consumers around the world. As of December 31, 2016, its channels included approximately 18,000 wholesale locations, 792 stores in the United States, 164 stores in Canada, and its Canadian and the United States Websites.

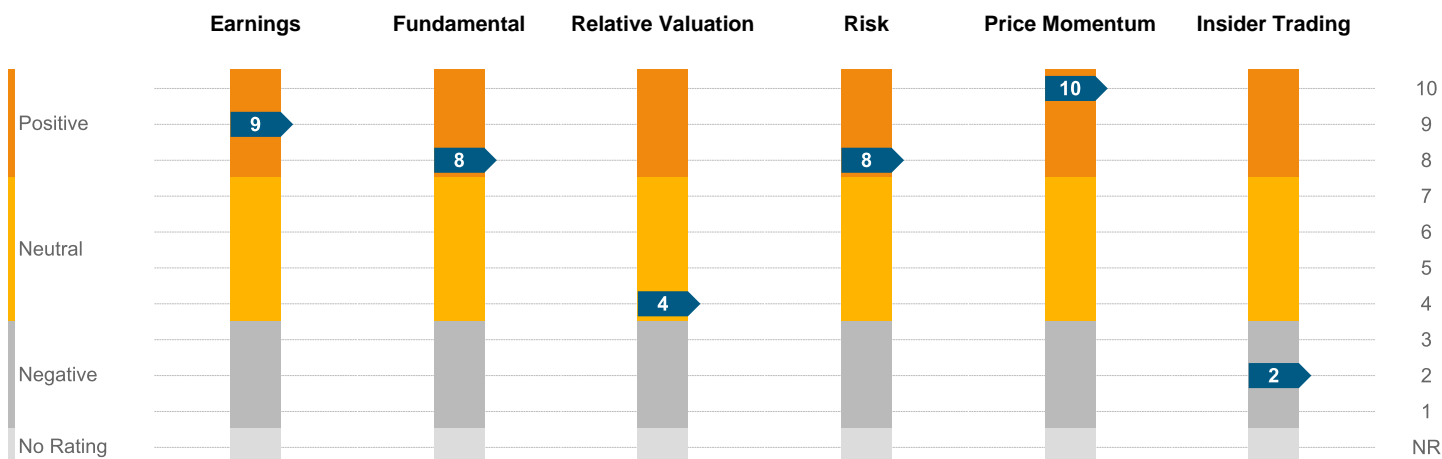


INDICATOR COMPONENTS

AVERAGE SCORE

9

The **AVERAGE SCORE** combines the quantitative analysis of six widely-used investment decision making tools: Earnings, Fundamental, Relative Valuation, Risk, Price Momentum and Insider Trading. A simple average of the underlying component ratings is normally distributed to rank stocks on a 1-10 scale (10 being awarded to the most favorable). These factors may be evaluated differently using alternative methodologies and the importance of individual factors varies across industries, market capitalization and investment styles. Additional criteria should always be used to evaluate a stock.



OPTIMIZED SCORE

OPTIMIZED SCORE

7

Historically, companies with an optimized score of 7 have tended to moderately outperform the market over the following 12-month period.



As an alternative approach to equally weighting each of the six factors, independent research firm, Verus Analytics, conducted a backtest to empirically determine the optimal factor blend. Results and weighting vary across four different market capitalization categories. For large cap stocks, price momentum and insider trading historically provided the most explanatory power among the six factors and are weighted heavily in the current optimized score. Among the small cap universe, the earnings and fundamental factors joined with insider trading and price momentum to explain returns.

PEER ANALYSIS

Currency in USD

Average Score	Ticker	PRICE MOMENTUM			VALUATION		FUNDAMENTAL		ANALYSTS				
		Price (2018-01-17)	1-Mo Return	3-Mo Return	1-Yr Return	Market Cap	Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean	# of Analysts
9	ROST	81.30	7.0%	28.6%	21.1%	31.9B	26.0	21.6	0.8%	8.9%	10.0%	Buy	25
4	LB	48.95	-15.8%	17.9%	-19.9%	14.0B	14.9	15.2	4.9%	7.7%	7.8%	Hold	29
7	GPS	33.26	-0.9%	25.3%	37.7%	13.2B	15.3	14.7	2.8%	5.6%	7.2%	Hold	26
8	KORS	64.63	4.8%	31.9%	48.4%	9.9B	18.0	16.4	--	12.7%	1.8%	Hold	28
6	FL	48.07	5.3%	55.0%	-31.1%	5.8B	12.1	11.4	2.6%	6.8%	1.3%	Buy	20
9	CRI	118.95	5.4%	29.3%	35.0%	5.6B	22.9	19.1	1.2%	7.6%	10.3%	Buy	12
9	URBN	33.77	3.0%	44.7%	25.3%	3.8B	22.5	18.2	--	4.8%	10.7%	Hold	24
9	AEO	17.74	1.8%	38.5%	16.0%	3.3B	19.3	13.5	2.8%	4.5%	1.6%	Hold	19
3	GES	17.51	7.8%	8.3%	36.4%	1.4B	64.9	24.3	5.1%	-0.1%	--	Hold	5
6	ANF	18.86	12.9%	44.5%	56.5%	1.3B	314.3	67.6	4.2%	-0.5%	18.0%	Hold	16
9	BKE	19.95	-12.1%	27.5%	-8.3%	1.0B	11.5	11.9	5.0%	9.2%	--	Hold	3
7.2	Average	45.73	1.7%	31.9%	19.7%	8.3B	49.2	21.3	3.3%	6.1%	7.6%	Hold	18.8

PEER COMPANIES

ROST	Ross Stores Inc	URBN	Urban Outfitters Inc
LB	L Brands Inc	AEO	American Eagle Outfitters Inc
GPS	Gap Inc	GES	Guess? Inc
KORS	Michael Kors Holdings	ANF	Abercrombie & Fitch Co
FL	Foot Locker Inc	BKE	Buckle Inc



EARNINGS

EARNINGS

9

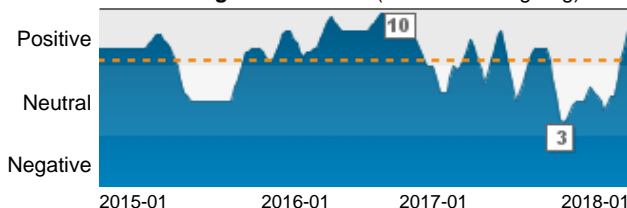
Currency in USD

POSITIVE OUTLOOK: Strong earnings with recent analyst upgrades or a history of surpassing consensus estimates.

Earnings Score Averages

Specialty Retailers Group: **6.0** Mid Market Cap: **6.0**
Retailers Sector: **6.1** S&P 500 Index: **6.6**

Earnings Score Trend (4-Week Moving Avg)



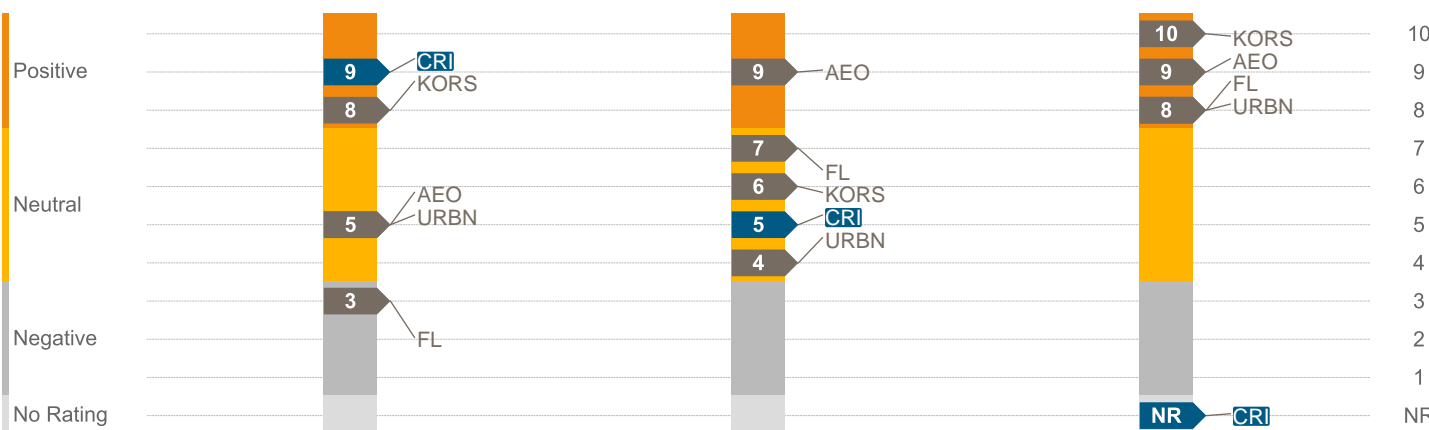
Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
AEO	3	7	10	10	10	
KORS	7	10	10	10	10	
CRI	8	6	9	9	9	
FL	4	4	5	4	7	
URBN	1	2	10	10	6	

EARNINGS INDICATORS

Earnings Surprises (33.3% weight)

Estimate Revisions (33.3% weight)

Recommendation Changes (33.3% weight)



Last 4 Quarters

# Positive Surprises (> 2%)	4
# Negative Surprises (< -2%)	0
# In-Line Surprises (within 2%)	0
Avg Surprise	9.6%

Last 4 Weeks

# Up Revisions	2
# Down Revisions	2
Avg Up Revisions	16.7%
Avg Down Revisions	-16.7%

Last 120 Days

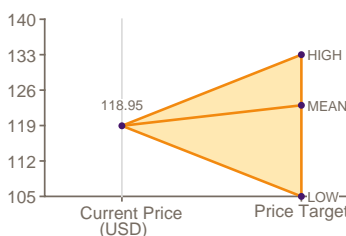
# Broker Upgrades	0
# Broker Downgrades	0

HIGHLIGHTS

- Carter's Inc currently has an Earnings Rating of 9, which is significantly more bullish than the Apparel Retailers industry average of 6.6.
- Over the past 90 days, the consensus price target for CRI has increased notably from 103.00 to 123.00, a gain of 19.4%.
- CRI's current quarter consensus estimate has remained relatively unchanged over the past 90 days at 2.19. Estimates within its industry have moved an average of 1.0% during the same time period.

PRICE TARGET

The chart indicates where analysts predict the stock price will be within the next 12 months, as compared to the current price.



12-Month Price Target

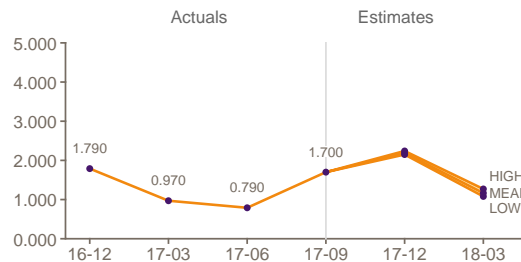
Mean (USD)	123.00
High	133.00
Low	105.00
Target vs. Current	3.4%
# of Analysts	10



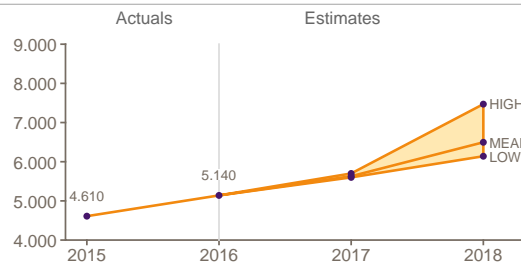
EARNINGS PER SHARE

Earnings per share (EPS) is calculated by dividing a company's earnings by the number of shares outstanding. Analysts tend to interpret a pattern of increasing earnings as a sign of strength and flat or falling earnings as a sign of weakness.

The charts provide a comparison between a company's actual and estimated EPS, including the high and low forecasts.



Quarterly	17-12	18-03
Mean	2.191	1.166
High	2.240	1.270
Low	2.149	1.080
# of Analysts	12	7



Annual	2017	2018
Mean	5.630	6.496
High	5.700	7.470
Low	5.600	6.140
# of Analysts	12	12

MEAN ESTIMATE TREND

	Q 17-12	Q 18-03	Y 2017	Y 2018	Price Target
Current	2.191	1.166	5.630	6.496	123.00
30 Days Ago	2.181	1.125	5.621	6.304	111.00
90 Days Ago	2.220	1.085	5.609	6.185	103.00
% Change (90 Days)	-1.3%	7.5%	0.4%	5.0%	19.4%

Current Fiscal Year End: 17-12
Next Expected Report Date: 2018-02-21

ANALYST RECOMMENDATIONS

Thomson Reuters I/B/E/S Mean: **Buy** (12 Analysts)

Strong Buy	4
Buy	4
Hold	4
Reduce	0
Sell	0

EARNINGS SURPRISES

Comparing a company's actual earnings to the mean expectation of analysts results in a difference referred to as a 'positive' or 'negative' surprise. Research has shown that when a company reports a surprise, it is often followed by more of the same surprise type.

Surprise Summary (Last 12 Quarters)

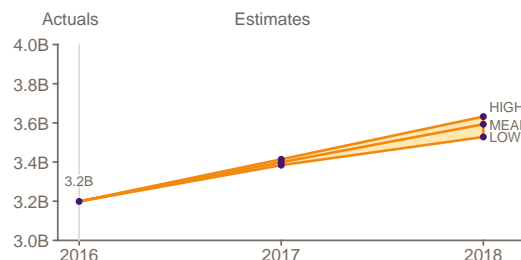
Surprise Type	Amount	Percent
Positive Quarters (> 2%)	11	91.7%
Negative Quarters (< -2%)	1	8.3%
In-Line Quarters (within 2%)	0	--

Surprise Detail (Last 6 Periods)

Surprise Type	Announce Date	Period End Date	Actual EPS	Mean EPS	Surprise (%)
Positive	2017-10-26	2017-09-30	1.700	1.652	2.9%
Positive	2017-07-27	2017-06-30	0.790	0.701	12.7%
Positive	2017-04-27	2017-03-31	0.970	0.839	15.6%
Positive	2017-02-23	2016-12-31	1.790	1.673	7.0%
Negative	2016-10-27	2016-09-30	1.610	1.672	-3.7%
Positive	2016-07-27	2016-06-30	0.720	0.664	8.4%

ANNUAL REVENUE

A pattern of increasing sales in conjunction with a rising EPS may influence a buy recommendation, while flat or falling sales and faltering earnings may explain a sell recommendation. A rising EPS with flat or falling sales may result from increased cost efficiency and margins, rather than market expansion. This chart shows the sales forecast trend of all analysts and the highest and lowest projections for the current and next fiscal year.



	2017	2018
Mean	3.4B	3.6B
High	3.4B	3.6B
Low	3.4B	3.5B
Forecasted Growth	6.3%	12.3%
# of Analysts	10	10



FUNDAMENTAL

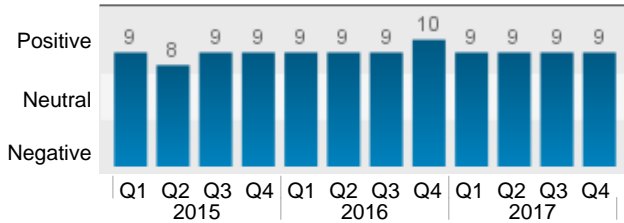


POSITIVE OUTLOOK: Strong fundamentals such as high profit margins, low debt levels, or growing dividends.

Fundamental Score Averages

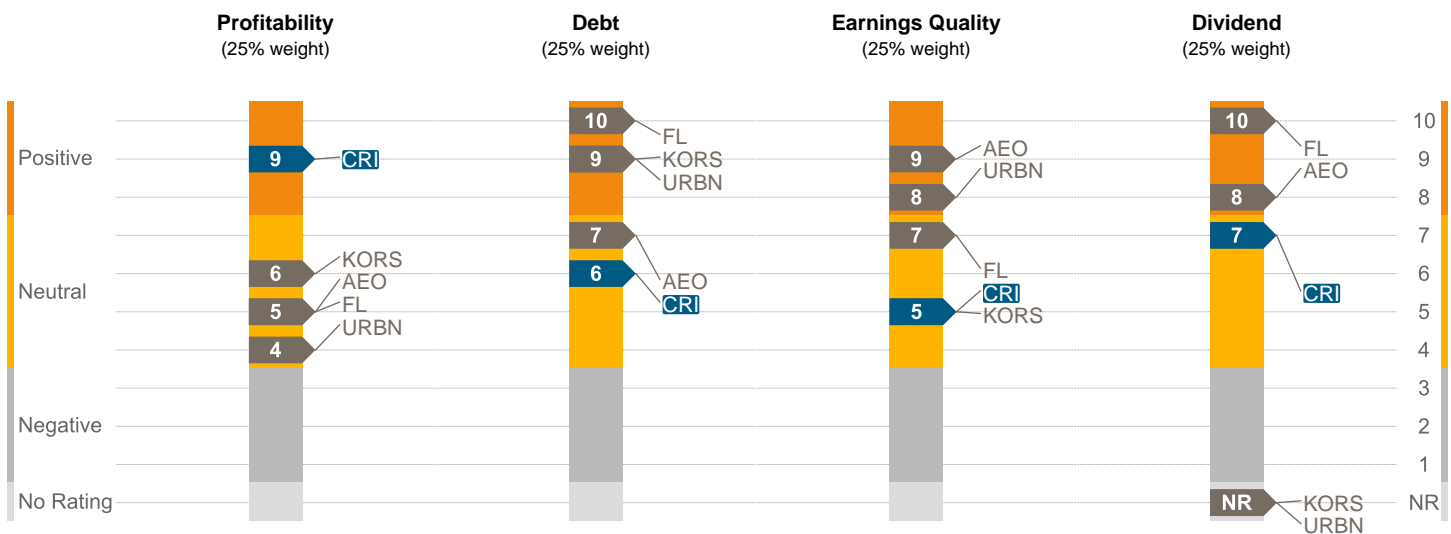
Specialty Retailers Group: **5.7** Mid Market Cap: **6.2**
Retailers Sector: **5.6** S&P 500 Index: **6.0**

Fundamental Score Trend



Peers	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Current	3Y Trend
FL	10	9	9	8	10	[Bar Chart]
AEO	9	9	9	9	9	[Bar Chart]
URBN	9	9	9	9	9	[Bar Chart]
CRI	9	9	9	9	8	[Bar Chart]
KORS	6	5	6	4	8	[Bar Chart]

FUNDAMENTAL INDICATORS



Revenue Growth	5.6%	Current Ratio	3.2	Oper. Cash Yield	46.8%	Dividend Growth	19.0%
For year over year ending 2017-09		For interim period ending 2017-09		For latest 12 months ending 2017-09		For year over year ending 2017-09	
Gross Margin	44.7%	Debt-to-Capital	42.4%	Accruals	-2.3%	Dividend Payout	28.8%
For latest 12 months ending 2017-09		For annual period ending 2016-12		For latest 12 months ending 2016-12		For latest 12 months ending 2017-09	
Return On Equity	32.6%	Interest Funding	9.4%	Days Sales In Inv.	102.5	Dividend Coverage	5.2
For interim period ending 2017-09		For interim period ending 2017-04		For annual period ending 2016-12		For annual period ending 2016-12	
Net Margin	7.6%	Interest Coverage	16.3	Days Sales In Rec.	23.4	Current Div. Yield	1.3%
For latest 12 months ending 2017-09		For interim period ending 2017-09		For annual period ending 2016-12		For latest 12 months ending 2018-01	

HIGHLIGHTS

- Carter's Inc currently has a Fundamental Rating of 8. The average Fundamental Rating for its Apparel Retailers industry is 6.4 and the S&P 500 index average is 5.9.
- CRI's net margin of 7.6% is substantially above the Apparel Retailers industry average of 3.1%.
- CRI's current ratio of 3.2 is substantially above the Apparel Retailers industry average of 2.1.
- CRI's operating cash yield of 46.8% is substantially below the Apparel Retailers industry average of 125.6%.
- Of the 40 firms within the Apparel Retailers industry, Carter's Inc is among 22 companies that pay a dividend. The stock's dividend yield is currently 1.3%.



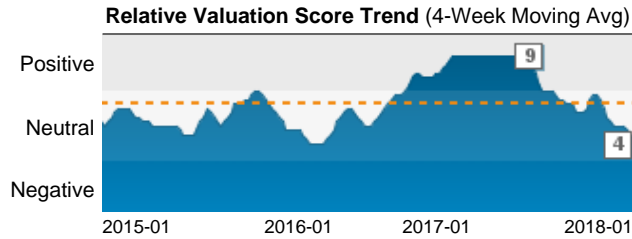
RELATIVE VALUATION



NEUTRAL OUTLOOK: Multiples relatively in-line with the market.

Relative Valuation Score Averages

Specialty Retailers Group:	6.3	Mid Market Cap:	5.1
Retailers Sector:	6.2	S&P 500 Index:	5.2



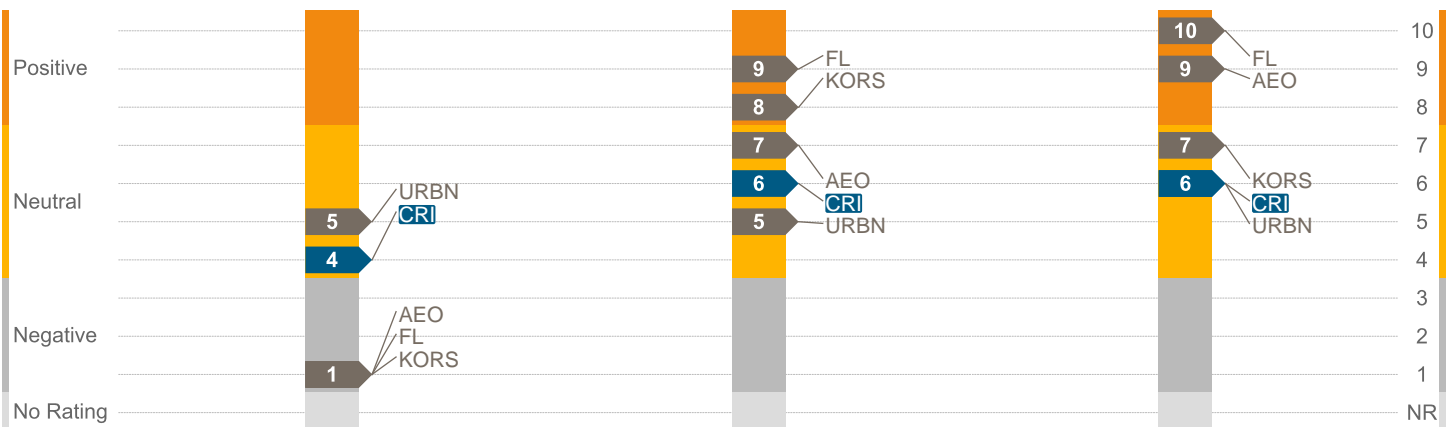
Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
FL	10	10	5	5	5	
URBN	8	6	5	5	5	
AEO	10	5	4	4	4	
CRI	7	7	5	4	4	
KORS	10	10	4	3	3	

RELATIVE VALUATION INDICATORS

Forward PEG
(50% weight)

Trailing PE
(25% weight)

Forward PE
(25% weight)



Forward PEG	2.1	Trailing PE	22.9	Forward PE	19.1
5-Yr Average	1.3	5-Yr Average	23.0	5-Yr Average	18.4
Rel. to 5-Yr Avg.	61% Premium	Rel. to 5-Yr Avg.	0.3% Discount	Rel. to 5-Yr Avg.	4% Premium
S&P 500 Index	1.5	S&P 500 Index	26.5	S&P 500 Index	19.5
Rel. to S&P 500	43% Premium	Rel. to S&P 500	14% Discount	Rel. to S&P 500	2% Discount

HIGHLIGHTS

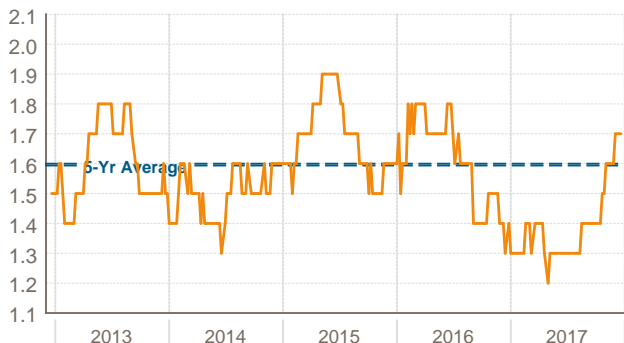
- Carter's Inc currently has a Relative Valuation Rating of 4 which is significantly below the S&P 500 index average rating of 5.2.
- CRI's 2.1 Forward PEG is currently at the high end of its 5-year range (lowest 0.9 to highest 2.1).
- CRI's Trailing P/E of 22.9 represents a 0.3% Discount to its 5-year average of 23.0.
- CRI's Forward P/E of 19.1 represents a 4% Premium to its 5-year average of 18.4.



PRICE TO SALES

The most recent week's close price divided by the revenue per share.

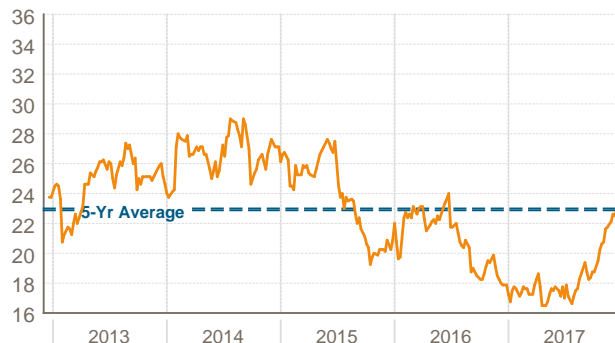
Price to Sales: 1.7
5-Year Average: 1.6
S&P 500 Index Average: 2.2
Apparel Retailers Industry Average: 1.1



TRAILING PE

The most recent week's close price divided by the sum of the four most recently reported quarterly earnings.

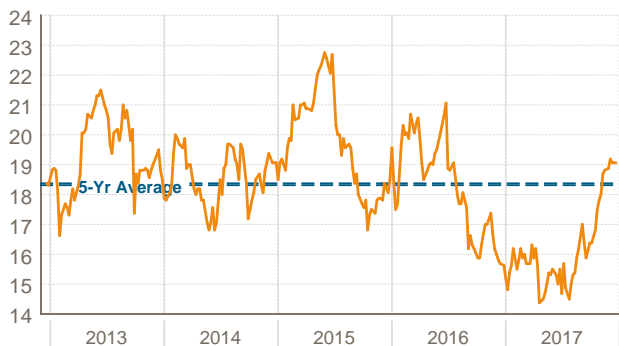
Trailing PE: 22.9
5-Year Average: 23.0
S&P 500 Index Average: 26.5
Apparel Retailers Industry Average: 26.6



FORWARD PE

The most recent week's close price divided by the sum of the four upcoming quarterly consensus estimates.

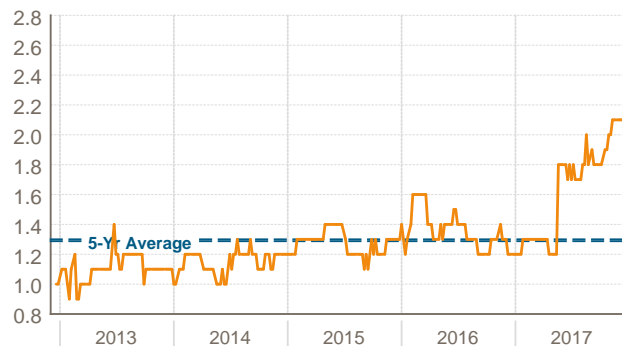
Forward PE: 19.1
5-Year Average: 18.4
S&P 500 Index Average: 19.5
Apparel Retailers Industry Average: 17.2



FORWARD PEG

The Forward P/E divided by the five-year forecasted growth rate.

Forward PEG: 2.1
5-Year Average: 1.3
S&P 500 Index Average: 1.5
Apparel Retailers Industry Average: 1.8



RISK

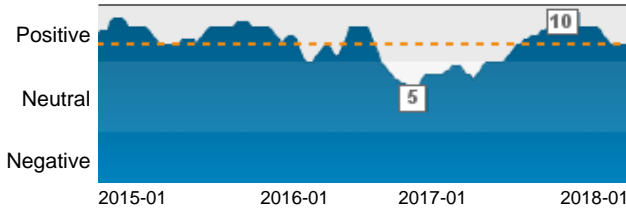
RISK
8

POSITIVE OUTLOOK: Consistent return patterns (low volatility).

Risk Score Averages

Specialty Retailers Group:	4.7	Mid Market Cap:	7.0
Retailers Sector:	4.9	S&P 500 Index:	8.5

Risk Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
CRI	9	9	8	8	8	
AEO	6	6	6	6	6	
URBN	4	5	6	6	6	
KORS	3	3	5	5	5	
FL	5	3	4	3	3	

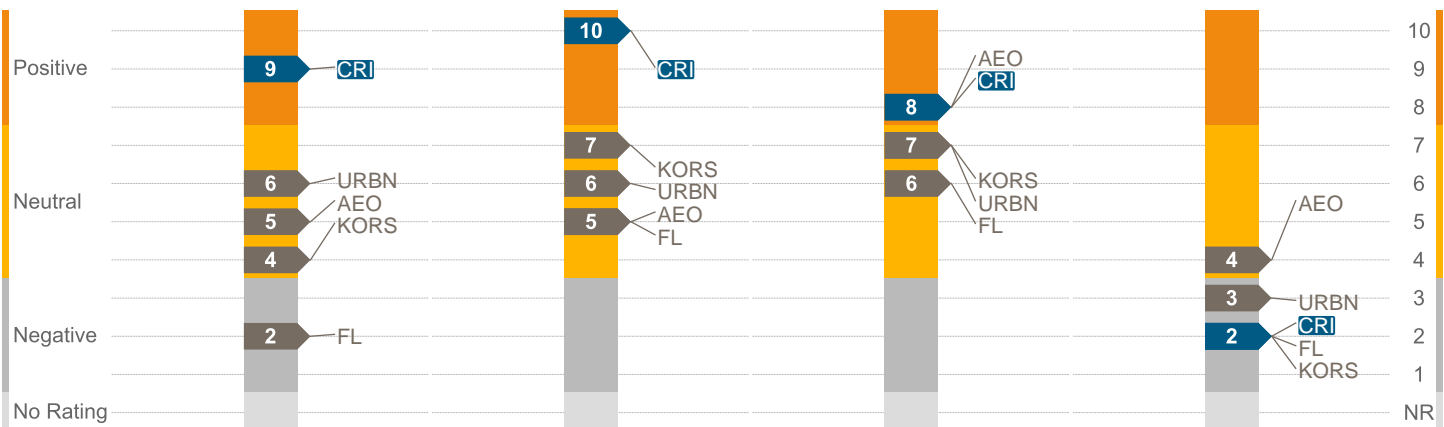
RISK INDICATORS

Magnitude of Returns
(25% weight)

Volatility
(25% weight)

Beta (1-year)
(25% weight)

Correlation
(25% weight)



Daily Returns (Last 90 Days)		Standard Deviation		Beta vs. S&P 500		Correlation vs. S&P 500	
Best	4.4%	Last 90 Days	1.01	Positive Days Only	0.36	Last 90 Days	9%
Worst	-2.1%	Last 60 Months	6.31	Negative Days Only	0.62	Last 60 Months	17%
Monthly Returns (Last 60 Months)		Intra-Day Swing (Last 90 Days)		Beta vs. Group		Correlation vs. Group	
Best	15.8%	Average	1.8%	Positive Days Only	0.43	Last 90 Days	47%
Worst	-10.7%	Largest	4.7%	Negative Days Only	0.67	Last 60 Months	45%

HIGHLIGHTS

- Carter's Inc currently has a Risk Rating of 8 while the S&P 500 index has an average rating of 8.5.
- On days when the market is up, CRI shares tend to lag the S&P 500 index. However, on days when the market is down, the shares generally decrease less than the index.
- In both short-term and long-term periods, CRI has shown low correlation (≥ -0.1 and $< 0.2\%$) with the S&P 500 index. Thus, this stock would provide high levels of diversification to a portfolio similar to the broader market.
- Over the last 90 days, CRI shares have been less volatile than the overall market, as the stock's daily price has fluctuated less than 91% of S&P 500 index firms.

RISK ANALYSIS

Peers	Last 90 Days				Last 60 Months		
	Best Daily Return	Worst Daily Return	# Days Up	# Days Down	Largest Intra-Day Swing	Best Monthly Return	Worst Monthly Return
CRI	4.4%	-2.1%	44	18	4.7%	15.8%	-10.7%
AEO	6.9%	-4.9%	34	27	6.6%	34.0%	-25.6%
FL	28.2%	-5.2%	32	29	8.5%	42.4%	-25.3%
KORS	14.7%	-2.1%	37	23	6.0%	42.0%	-25.6%
URBN	5.5%	-4.1%	39	23	7.1%	26.9%	-21.7%
S&P 500	1.0%	-0.6%	35	26	1.7%	8.3%	-6.3%



PRICE MOMENTUM

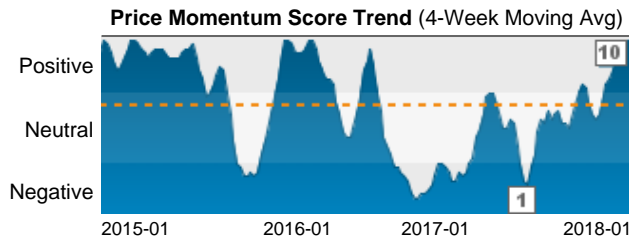


Currency in USD

POSITIVE OUTLOOK: Strong recent price performance or entering historically favorable seasonal period.

Price Momentum Score Averages

Specialty Retailers Group:	6.0	Mid Market Cap:	6.1
Retailers Sector:	6.3	S&P 500 Index:	6.7



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
CRI	4	4	10	10	10	
KORS	3	7	10	10	10	
URBN	3	3	10	10	10	
AEO	4	2	8	9	9	
FL	3	1	8	8	8	

PRICE MOMENTUM INDICATORS

Relative Strength (70% weight)

Seasonality (30% weight)



Relative Strength Indicator (Scale from 1 to 100)

	CRI	Industry Avg
Last 1 Month	69	57
Last 3 Months	65	55
Last 6 Months	58	52

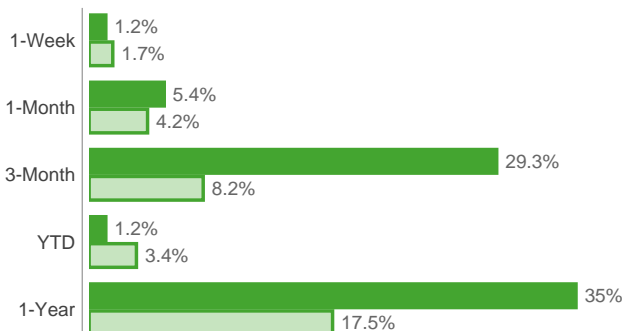
Average Monthly Return (Last 10 Years)

	JAN	FEB	MAR
Company Avg	-1.5%	2.8%	4.2%
Industry Avg	-3.2%	3.4%	6.7%
Industry Rank	110 of 122	10 of 122	7 of 122

PRICE PERFORMANCE

Daily close prices are used to calculate the performance of the stock as compared to a relevant index over five time periods.

■ CRI
■ S&P Mid



	CRI	S&P Mid
Close Price (2018-01-17)	118.95	1,966
52-Week High	119.66	1,966
52-Week Low	77.94	1,667

- The Price Momentum Rating for Carter's Inc is at its 3-year high of 10.
- On 2018-01-17, CRI closed at 118.95, 0.6% below its 52-week high and 52.6% above its 52-week low.
- CRI shares are currently trading 6.2% above their 50-day moving average of 111.97, and 24.8% above their 200-day moving average of 95.35.



INSIDER TRADING

INSIDER TRADING

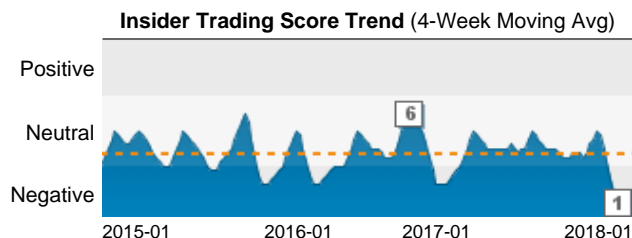
2

Currency in USD

NEGATIVE OUTLOOK: Recent or longer-term trend of selling by company insiders.

Insider Trading Score Averages

Specialty Retailers Group:	5.2	Mid Market Cap:	4.3
Retailers Sector:	5.0	S&P 500 Index:	3.9

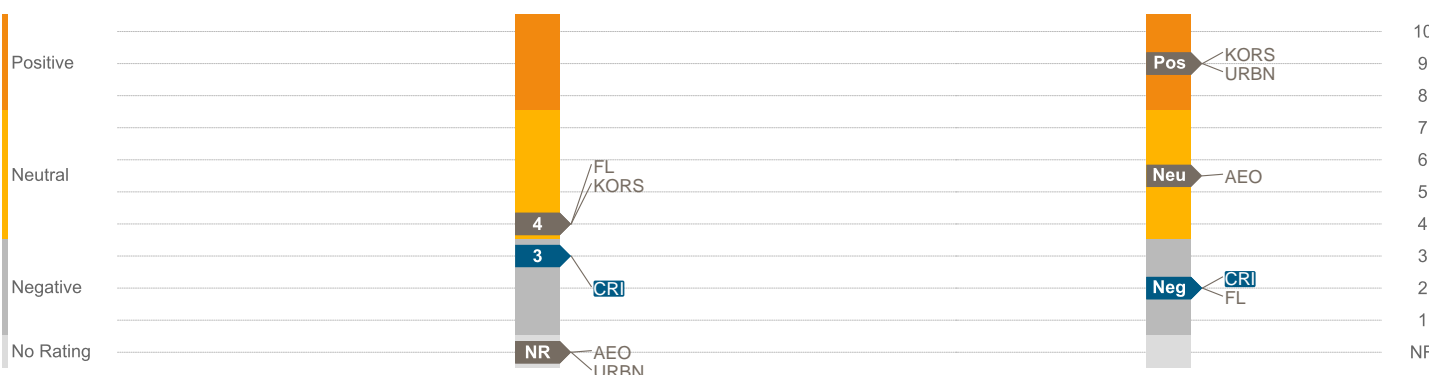


Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
URBN	8	8	8	8	8	
AEO	8	4	5	5	5	
KORS	8	8	3	4	4	
FL	4	5	5	5	3	
CRI	4	5	1	2	2	

INSIDER TRADING INDICATORS

Short-Term Insider (70% weight)

Long-Term Insider (30% weight)



Most Recent Buys and Sells (Last 90 Days)

Insider Name	Role	Tran Date	Tran Type	Shares
Foglesong, William Greg	O	2018-01-02	S	6,000
D Emilio, Julie	O	2017-12-01	S	3,000
Casey, Michael Dennis	CEO	2017-11-20 - 2017-11-27	S	53,047

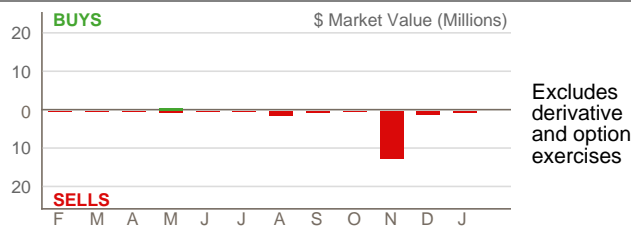
Insider Summary (Last 6 Months)

Total Shares Acquired	120,095
Total Shares Disposed	156,634
Net Shares	-36,539
Sector Average	-197,293

HIGHLIGHTS

- Carter's Inc currently has an Insider Trading Rating of 2, which is significantly more bearish than both the Apparel Retailers industry average of 5.64 and the Specialty Retailers industry group average of 5.23.
- Since the beginning of the current quarter, sales by Carter's Inc executives have totaled \$707,880. Over the past five years, the average sell total for Q1 has been \$2,299,187.

MONTHLY BUYS AND SELLS



TOP INSTITUTIONAL HOLDERS

Institution Name	Inst. Type	% O/S	Shares Held	Reported Date
The Vanguard Group Inc	Inv Mgmt	8.1%	3.81M	2017-09-30
BlackRock Institutional	Inv Mgmt	7.7%	3.63M	2017-09-30
Janus Henderson Investors	Inv Mgmt	7.2%	3.41M	2017-09-30
Lazard Asset Management	Inv Mgmt	6.6%	3.10M	2017-09-30
Wellington Management	Inv Mgmt	4.1%	1.92M	2017-09-30

Updated daily as of 2018-01-18

TOP EXECUTIVE HOLDERS

Insider Name	Role	Direct Shares	Value	Reported Date
Casey, Michael Dennis	CEO	0.36M	40.5M	2017-11-27
Lynch, Brian J.	P	69,965	7.90M	2017-02-23
Fulton, Paul	D	68,016	7.68M	2017-11-09
Pulver, David	D	54,331	6.13M	2017-05-24
Whiddon, Thomas E	D	52,849	5.97M	2017-08-04

Updated monthly as of 2017-12-17



DETAILED STOCK REPORT TIPS

The Thomson Reuters Stock Report is a comprehensive, company-specific analysis that includes a proprietary Stock Rating along with underlying component indicators and supportive data elements. The report is updated daily, although some of the data elements and the ratings are updated weekly.

Average Score

The Average Score combines a quantitative analysis of six widely-used investment decision making tools - Earnings, Fundamental, Relative Valuation, Risk, Price Momentum, and Insider Trading. First, a simple average of the six underlying component ratings is calculated. Then, a normal distribution is used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. A score of 8 to 10 is considered positive, 4 to 7 is neutral, and 1 to 3 is negative. These six factors may be evaluated differently using alternative methodologies, and the importance of individual factors varies across groups, market capitalization and investment styles. Additional criteria should always be used to evaluate a stock.

A company must have sufficient data available for at least four of the six component indicators in order to receive an overall Average Score. Approximately 85% of the stocks within the coverage universe meet the criteria to generate a score.

Optimized Score

As an alternative to the average score, the Stock Report includes an Optimized Score generated by independent research firm, Verus Analytics. It uses the same six component ratings, but rather than equally weighting each of the factors, the weighting varies by market capitalization of the underlying security based on backtesting research. These scores are also updated weekly and distributed normally on a 1 to 10 scale, with 10 being best. The variable size is assigned monthly by ranking the market capitalization and assigning the appropriate category as follows:

- Large - Top 5.55%
- Mid - Next 13.87%
- Small - Next 34.68%
- Micro - Remaining 45.9%

Indicator Components

The six indicators that comprise the stock rating are displayed. Like the stock rating, the component rating scale is 1 to 10, with 10 being best. A company will receive an 'NR' for No Rating if the required data elements or criteria are not met. A detailed section for each component is included in the report.

Indicator Trends

Within each component section, historical score trends are displayed, typically using a 4-week moving average over a timeframe of the past three years. The dotted orange line indicates the average of the scores over those three years. The most recent occurrences of the best and worst scores are also displayed on the chart in grey boxes to put the current score into historical context.

Next to the trend chart for the company, current score averages are included, along with peer company comparisons of values from 6 months ago, 3 months ago, 1 month ago, the most recent value from 1 week ago, and the current score. The four closest industry peers are presented based on similar market capitalization.

Peer Analysis

The Thomson Reuters Business Classification (TRBC) system is used for industry comparisons. It is designed to track and display the primary business of a corporation by grouping together correlated companies that offer products and services into similar end markets. The system includes 10 Economic Sectors, 28 Business Sectors, 54 Industry Groups, and 136 Industries.

The Peer Analysis section of the report compares the company to its ten closest peers. The peers are selected from the industry based on similar market capitalization. The peer listing may have fewer than ten companies if there are fewer than ten companies classified within that industry.

Highlights

The Thomson Reuters proprietary automated text-generation system creates highlights summarizing the most noteworthy data. The bullets will vary by company and will change from week to week as different criteria are met.

Earnings

The Earnings Rating is based on a combination of three factors: earnings surprises, estimate revisions, and recommendation changes. Each factor is equally weighted. Then, equal deciles are used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. A stock needs to have at least two of the three earnings factors in order to receive a score.

Earnings Surprises - The number of positive and negative surprises within the last 4 quarters.

Estimate Revisions - The number of up and down revisions and the average percentage change of those revisions within a 4 week period.

Recommendation Changes - The number of broker upgrades and downgrades in the last 120 days.

Price Target

The price target is based on the predictions of analysts covering the stock and shows the high, low and mean price expected within the next 12 months.

Earnings Per Share

The quarterly and annual earnings per share are presented when available, along with the mean, high and low. Quarterly data is displayed for the past 4 quarters (actual) and the next 2 quarters (estimated). Annual data is displayed for the past 2 years (actual) and the next 2 years (estimated).

Mean Estimate Trend

The mean estimates show how the consensus has changed over the past 30 days and 90 days for the upcoming two quarters and two years. The percentage change is calculated for the company as a means for comparison by measuring the difference between the current consensus estimate and that of 90 days ago.

Analyst Recommendations

The I/B/E/S Mean is the average recommendation of all analysts covering the stock, as provided by Thomson Reuters I/B/E/S (Institutional Brokers Estimate System). The recommendations are presented on a five-point standardized scale: strong buy, buy, hold, reduce, and sell.

Earnings Surprises

The surprise summary includes the total number of quarters (and percentage) in the past 12 quarters in which earnings surprises were positive, negative, or in-line. In order to be recognized as a positive or negative surprise, the percent must be greater than 2% above or 2% below the consensus, respectively.

The surprise detail section includes a listing of the company's quarterly earnings reported for the most recent 6 quarters. The consensus analyst estimate is provided to determine if the actual earnings report represented a positive surprise, negative surprise, or in-line result.

Fundamental

The Fundamental Rating is based on a combination of four factors: profitability, debt, earnings quality, and dividend. Companies that do not pay a dividend are not penalized. Each factor is equally weighted. Then, equal deciles are used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. A stock needs to have at least two of the four fundamental factors present for a given fiscal quarter in order to receive a score.

Profitability is comprised of four data elements.

- Revenue Growth: (Net Sales – Previous Net Sales) / Previous Net Sales
- Gross Margin: Gross Profit / Net Sales
- Return on Equity: Net Income / Total Equity
- Net Margin: Net Profit / Net Sales

Debt is comprised of four data elements.

- Current Ratio: Current Assets / Current Liabilities
- Debt-to-Capital: Total Debt / Total Capital
- Interest Funding: (Interest Expense on Debt + Preferred Cash Dividends) / Funds from Operations
- Interest Coverage: Earnings before Interest and Taxes / (Interest Expense on Debt + Preferred Cash Dividends)

Earnings Quality is comprised of four data elements.

- Operating Cash Yield: (Operating Cash Flow – Net Income) / Net Income
- Accruals: (Net Income – Operating Cash Flow – Investing Cash Flow) / Average Net Operating Assets

- Days Sales in Inventory: 365 / (Cost of Goods Sold / Inventory)
- Days Sales in Receivables: 365 / (Net Sales / Receivables)

Dividend is comprised of four data elements. The company must have a current dividend yield.

- Dividend Growth Rate: (Dividends per Share – Previous Dividends per Share) / Previous Dividends per Share
- Dividend Payout: Dividends per Share / Earnings per Share
- Dividend Coverage: Funds from Operations / Cash Dividends
- Dividend Yield: Annual Dividends per Share / Current Market Price per Share

Indicator Trend

The fundamental indicator trend displays quarterly scores over the past three years. The best and worst scores over that timeframe can be easily determined from the values shown on the chart for each quarter.



Relative Valuation

The Relative Valuation Rating is based on a combination of three factors: Forward PEG (50% weight), Trailing P/E (25% weight), and Forward P/E (25% weight). After the weightings are considered to combine individual factors, equal deciles are used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. These common valuation metrics are evaluated against the overall market, the index, and the company's own historic 5-year averages. A stock needs to have at least one of the three relative valuation factors in order to receive a score.

Trailing P/E: Close Price / Most Recent 4 Quarters of Earnings
Forward P/E: Close Price/ Upcoming 4 Quarters of Earnings
Forward PEG: Forward P/E / Long-Term Forecasted Growth Rate

Valuation Averages

Negative values are excluded when calculating the averages. A maximum value of 100 is placed on Trailing P/E and Forward P/E, a maximum value of 5 is placed on Forward PEG, and a maximum value of 20 is placed on Price to Sales when calculating the averages. Higher values are rounded down to the maximum for the averages.

Valuation Multiples

The valuation multiples provide the Trailing P/E, Forward P/E, Forward PEG, and Price to Sales for the company and the S&P 500 index average. In addition, a comparison of the current company's values to its 5-year average and an industry average are presented. A discount occurs when the company's ratio is valued more favorably (lower) than that to which it is compared.

Risk

The Risk Rating displays stocks on a scale of 1 to 10 with 10 being awarded to the least risky stocks. It is derived by looking at a series of long-term (5-year) and short-term (90-day) stock performance measures including volatility, magnitude of returns, beta, and correlation. Each factor is equally weighted. Then, equal deciles are used to rank each stock across the market. A stock needs to have at least two of the four risk factors in order to receive a score.

Magnitude of Returns – The best / worst daily returns in the past 90 days and the best / worst monthly returns in the past 60 months.

Volatility – The standard deviation of the stock price over the last 90 days and last 60 months, along with the average and largest intra-day stock swing.

Beta – Measures the tendency of a security's returns to respond to swings in the market, based on the beta of the company versus the relevant index.

Correlation – Determines how closely the returns of the stock and the relevant index move together, measured over the last 90 days and last 60 months.

Risk Analysis

Price analysis for the company and the S&P 500 is provided over two time periods. Daily analysis is provided for the last 90 days, whereas monthly statistics are used for the last 60 months.

Price Momentum

The Price Momentum Rating is based on a combination of two technical performance factors: relative strength (70% weight) and seasonality (30% weight). After the weightings are considered to combine individual factors, equal deciles are used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. A stock needs to have data for the relative strength factor in order to receive a score.

Relative Strength – The relative strength of the company for the last 1 month, 3 months, and 6 months on a scale of 1 to 100.

Seasonality – The average monthly return (price performance) for the current month and next 2 months for the company and industry, over the past 10 years.

A lower industry rank indicates a higher return.

Price Performance

Daily close prices are used to calculate the price performance of the stock. The performance of the S&P 500 is also displayed as a means of comparison.

Insider Trading

The Insider Trading Rating is based on short-term (70% weight) and long-term (30% weight) legal insider trading behavior. After the weightings are considered to combine individual factors, a function similar to a normal distribution is used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. A stock needs to have at least one of the two insider trading factors in order to receive a score.

Short-Term Insider – Uses insider buy and sell transactions within the past 90 days. This factor is based on the Thomson Reuters quantitative insider trading model that considers the insider's role, consensus, number of shares, market capitalization of the company, and the historic stock performance following trades by the given insider.

Long-Term Insider – Looks at buying, selling and option exercise decisions over the past six months relative to other stocks within the same business sector. The net shares are presented alongside the business sector average as a means of comparison.

Monthly Buys and Sells

The total market value of open-market buying and selling is displayed by month in the chart for easy comparison. Transactions by trusts and corporations are excluded, along with buys greater than \$10 million and sales greater than \$50 million. Transactions for the exercise of derivatives and option exercises are excluded from the totals.

Institutional Holders

The top five institutional holders of the company are listed in descending order, based on their total share holdings. Possible values for the institution type include Brokerage, Funds, Inv Mgmt, or Strategic.

Executive Holders

The top five executive insiders of the company are listed in descending order, based on their total direct common share holdings (options are not considered). Indirect holdings are excluded, as the owner may not actually have investment discretion over these shares. This table is updated monthly. Insiders who have not filed any transactions or holdings over the past two years are excluded as this may indicate that the individual is no longer associated with the company. Additionally, direct shares held must be greater than 1,000 to be considered.

Insider Roles

These role codes may appear in the data for recent insider buys and sells or top executive holders:

AF - Affiliate	IA - Investment Advisor
AI - Affiliate of Advisor	MC - Member of Committee
B - Beneficial Owner	MD - Managing Director
C - Controller	O - Officer
CB - Chairman	OB - Officer / Beneficial Owner
CEO - Chief Executive Officer	OD - Officer / Director
CFO - Chief Financial Officer	OE - Other Executive
CI - Chief Investment Officer	OS - Officer of Subsidiary
CO - Chief Operating Officer	OT - Officer / Treasurer
CT - Chief Technology Officer	OX - Divisional Officer
D - Director	P - President
DO - Director / Beneficial Owner	R - Retired
DS - Indirect Shareholder	S - Secretary
EC - Member of Exec Committee	SH - Shareholder
EVP - Exec Vice President	SVP - Senior Vice President
FO - Former	T - Trustee
GC - General Counsel	UT - Unknown
GP - General Partner	VC - Vice Chairman
H - Officer / Director / Owner	VP - Vice President

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