A word from the editor

Richard J. Moroney, CFA
Editor, Director of Research

Congratulations! You have subscribed to a powerful investment tool. In fact, the weekly newsletter is just one part of your Dow Theory Forecasts subscription. As you read the weekly publication, remember that the newsletter and all its extra benefits are designed to provide you with an investment service, not just a stock-market newsletter.

From weekly between-issue hotlines (available via toll-free telephone number, e-mail, or online) to research reports available on all monitored stocks, you now have access to an objective, unbiased source of investment information and guidance. Read on to see for yourself how you can use these services to build a secure future for you and your family.

Unlocking the power of your complete investment service

As you will discover, Dow Theory Forecasts is written with the busy reader in mind. You will not find laborious “think pieces” that gratify the writer’s ego but do nothing to enhance your pocketbook. What you will find is a concise, punchy style geared for the individual investor who can’t afford to waste hours sifting through convoluted and pointless writing. Our recommendations are to the point, a just-the-facts approach well-received by our readers.

Dow Theory Forecasts stocks has three recommended portfolios:

Focus List — These issues are expected to significantly outperform the market over the next 12 months. (Read Focus List reports for detailed information on these stocks.)

Buy List — These issues are expected to meaningfully outperform the market over the next 12 months.

Long-Term Buy List —

Continued on page 2

BUY LISTS VERSUS S&P 500 INDEX

<table>
<thead>
<tr>
<th>Year</th>
<th>Focus List</th>
<th>Buy List</th>
<th>LT Buy List</th>
<th>S&amp;P 500 Index</th>
<th>Returns since 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 †</td>
<td>14.4%</td>
<td>17.1%</td>
<td>17.0%</td>
<td>20.1%</td>
<td>340.3%</td>
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<tr>
<td>2018</td>
<td>-16.8</td>
<td>-17.9</td>
<td>-18.5</td>
<td>-6.2</td>
<td>281.6%</td>
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<tr>
<td>2017</td>
<td>28.6</td>
<td>26.1</td>
<td>24.6</td>
<td>19.4</td>
<td>248.4%</td>
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<tr>
<td>2016</td>
<td>-2.2</td>
<td>-1.8</td>
<td>0.7</td>
<td>9.5</td>
<td>242.0%</td>
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<tr>
<td>2015</td>
<td>-2.7</td>
<td>-1.6</td>
<td>-1.4</td>
<td>-0.7</td>
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<tr>
<td>2014</td>
<td>22.1</td>
<td>20.2</td>
<td>18.7</td>
<td>11.4</td>
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<tr>
<td>2013</td>
<td>36.0</td>
<td>42.6</td>
<td>42.7</td>
<td>29.6</td>
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<td>2012</td>
<td>14.2</td>
<td>16.0</td>
<td>15.8</td>
<td>13.4</td>
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<tr>
<td>2011</td>
<td>-4.8</td>
<td>-9.1</td>
<td>-4.2</td>
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<td>2010</td>
<td>19.5</td>
<td>12.7</td>
<td>10.3</td>
<td>12.8</td>
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<tr>
<td>2009</td>
<td>40.0</td>
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<td>30.6</td>
<td>23.5</td>
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<td>2008</td>
<td>-48.8</td>
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<td>2007</td>
<td>22.8</td>
<td>19.2</td>
<td>10.8</td>
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<tr>
<td>2006</td>
<td>12.9</td>
<td>16.9</td>
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<td>13.6</td>
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<td>2005</td>
<td>8.1</td>
<td>13.2</td>
<td>4.1</td>
<td>3.0</td>
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<td>2004</td>
<td>17.5</td>
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<td>9.0</td>
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<tr>
<td>2003</td>
<td>20.2</td>
<td>29.2</td>
<td>24.6</td>
<td>26.4</td>
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<tr>
<td>Since 2003 †</td>
<td>310.1</td>
<td>363.8</td>
<td>265.8</td>
<td>202.8</td>
<td>281.6%</td>
</tr>
</tbody>
</table>

† Through Sept. 12.

Notes: Returns assume fully invested portfolios and exclude dividends and transaction costs.
These are high-quality issues expected to outperform the market over the next 24 to 48 months. All Long-Term Buys have good track records and solid finances. In our view, a stock like Apple qualifies as both a Long-Term Buy and a Buy, so there will be overlap.

**Stocks monitored by Dow Theory Forecasts are divided into three category ratings:**

- **Stocks rated A** (above-average) have the potential for market-beating 12-month returns. All stocks on our buy lists earn an A rating.

- A rating of **B** (average) suggests a stock is either likely to roughly match the market or has enough uncertainty to make future returns particularly tough to predict.

- **Stocks rated C** (below-average) are usually expected to underperform the market. In some cases we assign a C rating to stocks with an uncomfortably high level of risk.

So what separates an A rating from a Buy rating? The depth of our conviction about the stock.

While we expect A-rated stocks to outperform, we’re simply not convinced they represent one of our top 20 to 30 picks. Sometimes we’ll find several attractive stocks in an industry group. All may be worthy of consideration, but we generally choose just one or two favorites for the Buy List.

Thus, the A, B, and C ratings are not a substitute for our traditional Focus, Buy, and Long-Term Buy ratings. We think our buy lists represent the best strategy for stock investing, but we also realize that many readers prefer to build their own portfolios. If that’s your predilection, we suggest starting with A-rated stocks.

**A Portfolio for Each Type of Investor**

Each investor has a different objective, so we provide several portfolios to meet all subscribers’ needs. The Focus List contains a collection of our favorite ideas for 12-month gains but is not a fully diversified portfolio.

The Buy List is a fairly diversified portfolio of our top 12-month picks. And a portfolio of Long-Term Buys highlights the investment-grade stocks we expect to beat the market over the next 24 to 48 months.

For subscribers who feel our Buy List has too much trading activity, the Long-Term Buys represent an attractive portfolio of high-quality stocks that can be held for the longer term.

The Focus List, Buy List, and Long-Term Buy List are shown weekly on page 7 of the newsletter. When we make a change, we’ll tell you about it on page 6.

**Quadrix® — The Science Behind Our Stock-Selection Process**

Our proprietary Quadrix® stock-rating system uses more than 90 variables to score stocks in six categories — Momentum (recent operating performance), Quality (long-term growth rates and returns on equity, investment, and assets), Value (price/earnings and other valuation ratios), Financial Strength (debt levels, interest coverage, and profit margins), Earnings Estimates (trends in analyst estimates), and Performance (stock-price action).

For these six categories and the Quadrix Overall score, stocks are scored on a percentile basis, with 0 the lowest score and 100 the highest. For example, a score of 95 means that a stock scores better than roughly 95% of the roughly 5,000 U.S. stocks in our universe. Stocks with the best Quadrix Overall scores tend to outperform the average stock.

Stocks cannot be reduced to a series of equations, and no numbers-based ranking system can substitute entirely for individual company analysis. Still, a numerical ranking system like Quadrix can be a great first screen for building portfolios. Because the system uses only quantifiable factors, it allows you to narrow your focus on companies achieving superior results. Similarly, because Quadrix is not influenced by the fear, hope, greed, and other emotions that can cloud the judgment of all investors, the system is an excellent tool for tracking current portfolio holdings.

After Quadrix has narrowed the vast universe, our team of experienced research analysts rolls up their sleeves and do the kind of individual company analysis no computer can replace.
The People Behind the Service

Our longevity in the investment-advisory business is not the only factor that sets us apart from the competition. Indeed, financial newsletters are often regarded as a cottage industry, where a single person is the entire research, editorial, customer-service, and production department rolled into one. That is not the case at Dow Theory Forecasts. Our depth runs throughout the entire organization.

Our knowledgeable research team has over 100 years of combined investment experience. Five of our analysts hold Chartered Financial Analyst® (CFA®) designations.

Our responsive customer-service team is available to serve you in a variety of ways. Have a question about your subscription, or how to use one of our services? Just call, and one of our representatives will take care of you. They’ll even walk you step-by-step through our website.

The Internet — Faster Access to Newsletter Issues, Investment Tools, and Research Reports

If you have access to the Internet, visit our website at www.DowTheory.com. A PDF of each weekly issue is posted to the site on Wednesday evenings — allowing subscribers to access the current newsletter days before receiving it in the mail. Additionally, you can read all stories written about a particular company when you search Dow Theory Forecasts articles by stock-ticker symbol. Or, browse back issues of the newsletter in our extensive online archives to see what we’ve said in the past.

For detailed information about the exclusive Subscriber-Only Area of our website — including log-on instructions — see page 4.

If you don’t have internet access, you won’t be left out. Many of these services are available via mail or by telephone.

Twice-Weekly Hotlines (800) 931-2295

Check for rank changes and market updates on our twice-weekly hotlines, updated Wednesdays after the market’s close and Fridays around noon Central time by calling (800) 931-2295 or on our website at www.DowTheory.com. You’ll find the passcode for the telephone hotline on page 6 of the weekly newsletter.

Additional Coverage From Dow Theory Forecasts

■ Business Outlook — Two times a year you receive a full-page analysis of the latest economic developments, complete with our opinion on where the economy is heading — and why.

■ Midyear and Year-End Outlook for Stocks and Business — We prepare you for the next six months, giving you favored recommendations and providing analysis on economic and business conditions . . . always with a trained eye on the most important factor — how these conditions will impact stock prices.

■ Monitored List — The Forecasts’ Monitored List supplement, included with the second issue of each month, provides investment ratings and other key data on roughly 180 stocks.

■ Income Selections — Dividends are critical to many of our readers. Thus, we provide monthly features that focus on income and dividend stocks. Topics include companies with excellent dividend-growth records, how to receive a dividend check every month, and stocks combining income with capital-gains potential.

■ Quarterly Utility Rankings — Our 2-page quarterly supplement ranks about 80 utilities and highlights the most attractive. This is a favorite among our many readers who focus on income.

■ Quarterly Indexes — These indexes will help you keep track of topics and stocks featured in Dow Theory Forecasts in the preceding months. If a particular stock interests you, check the alphabetical stock list in the index for a listing of every newsletter that mentioned the stock.
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- **Twice-Weekly Hotlines** — Get your editor’s take on the market conditions between issues. Commentaries are posted to the website every Wednesday and Friday and are archived for future reference.
- **Quadrix® Screening Tool** — Run any of your holdings through Quadrix to see how they score. Or, use prescreened Quadrix reports to find top stocks in various categories.
- **Industry Group Studies** — Our Group Studies report helps identify groups with solid fundamentals or attractive valuations. Get detailed information on each sector of the market.
- **Individual Stock Reports** — You can access these reports with 10 years of income-statement and balance-sheet data, key metrics from the cash-flow statement, and the change in sales, profits, dividends, share count, and a share-price chart as well as Quadrix data for any stock we monitor.
- **Securities Review Service** — Access our most recent analysis of any security on our Monitored List.
- **Upgrades and Downgrades** — Check for the latest rank changes and learn which holdings rank highest.
- **Recommended Mutual Funds** — This recently revamped section of the website features our fund-ranking system. Review individual reports and rankings on our favorite mutual funds, complete with detailed financial information, to help you find good, solid funds. Also included are rankings on more than 5,000 mutual funds, lists of standout funds in 25 categories, and links to recent mutual-fund articles.
- **Utilities Ratings and Top 15 Utilities Portfolio** — Check out our Top 15 Utilities portfolio recommendations or look up your favorites to see how we rate them relative to their peers — including Quadrix scores.

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- Tuesdays: Weekly news update
- Wednesdays: Hotline and new issue available
- Thursdays: Weekly stock screen
- Fridays: Hotline with market commentary, Friday feature, and Q&A.

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