

# GEARS

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**1) Introduction to GEARS technology:**

**Line item data extraction**

**Taxonomy map assembly of factor time series**

**2) Products for Institutional Quantitative Model Builders and Managers:**

**Consistently defined comparable time series factors**

**Flexible taxonomy map supports creation and testing of new factors.**

**Analyst forecasting spreadsheet**

**3) ETF Managers and Information providers:**

**Analysis of weighted average index**

**populations as if they were one company.**

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**Services for Model Managers: In Construction**

**In Game**

**In Action**

**In Production**



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Robert Gay, Director of Research

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## GEARS Total Market

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Monday, August 23, 2010: The GEARS Total Market Index has advanced by 29% relative to the index of long treasury bonds since the January, 2009 low. Current price to sales is at the lower-end of the range in the record of the Index.

We have collected second quarter sales data for 1165 of the 1397 comparable record companies in the GEARS Total Market Index representing 89% of the capital value. The Index capital weighted average sales growth rate is 2.8%. The proportion of Index market capital accounted for by rising sales growth companies is up to 86.7%, compared to 81.7% last quarter.

Currently, sales growth is low in the record of the GEARS Total Market Index but higher than last quarter, and passing the rising sales growth test.

Second quarter gross margin data has been collected for 1165 of the 1397 comparable record companies in the GEARS Total Market Index, representing 89% of the capital value. The proportion of total market capital accounted for by rising gross margin companies is down to 66.3% compared to 67.2% last quarter.

The Index is recording a falling gross margin. Inventories are up, diminishing the chance of a further increase in the gross margin. SG&A expenses are low in the record of the Index, but falling. SG&A expenses are falling at a more rapid rate than the gross margin, producing a rising EBITDA margin. This is a poor quality growth trend to the extent that lower costs can insulate the bottom line from top line weakness for only a short time. The shares have been highly correlated with the direction of the margins. Interest costs are low in the record of the Index and rising. Higher interest costs not only slow the free cash flow growth rate of the Index, but are often associated with lower valuation.

We collected new accounting numbers from 45 companies in this Index this week. Group fundamentals generally deteriorated with those reports.

New buy ideas this week in this Index are AnnTaylor Stores Corp, Costco Wholesale Corp, Cree Inc, Estee Lauder Companies Inc, Ethan Allen Interiors

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## **Equity Analytics & Research Service LLC.**

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Inc, Image Entertainment, Jabil Circuit Inc, Maxim Integrated Products, Merck & Co, Mercury Computer Systems In, National Presto Industries, Pier 1 Imports Inc, Saga Communications Inc, Superior Industries Intl, Wausau Mosinee Paper Mills, Weatherford International I, Weingarten Realty Invs and Winnebago Industries. For the current list and a report on the fundamental developments behind the recommendation, please point your browser to <http://www.the-gears.com/reports/cosearch.aspx?symbol=ddownbuy&step=11>

New sell ideas in this Index this week are Edgar Online Inc, La Z Boy Inc, Monsanto Co New and Neogen Corp. For the current list and a report on the fundamental developments behind the recommendation, please point your browser to <http://www.the-gears.com/reports/cosearch.aspx?symbol=ddownsel&step=11>

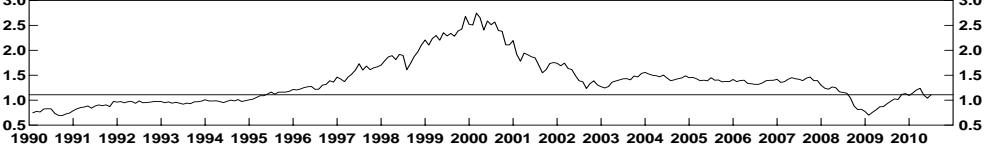
We have produced 396 new buy ideas so far this quarter in this Index. For the current list and a report on the fundamental developments behind the recommendation, please point your browser to <http://www.the-gears.com/reports/cosearch.aspx?symbol=ddowtbuy&step=11>

We have produced 111 new sell ideas in this Index so far this quarter. For the current list and a report on the fundamental developments behind the recommendation, please point your browser to <http://www.the-gears.com/reports/cosearch.aspx?symbol=ddowtsel&step=11>

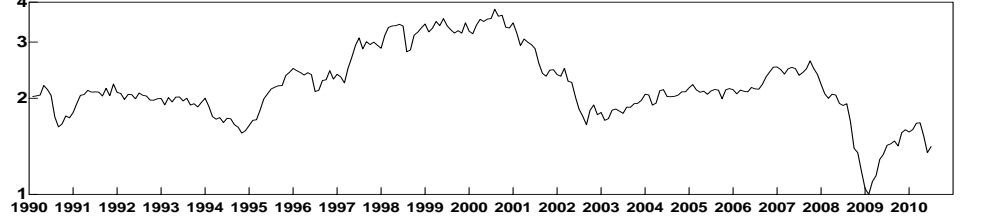
Research reports describing the details and rationale behind all GEARs decision ideas are available at <http://www.the-gears.com> .

**RISK**

**Relative Price to Sales  
Gears Total Market Index**

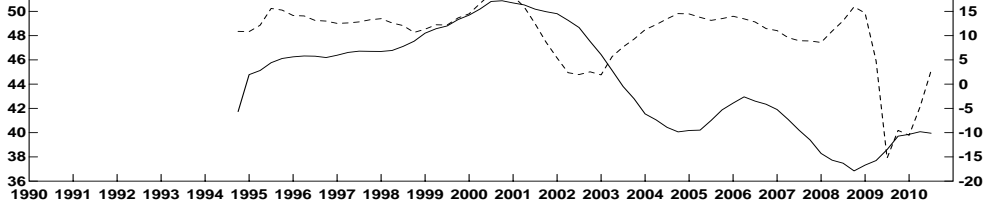


**Relative Investment Return  
Gears Total Market Index**

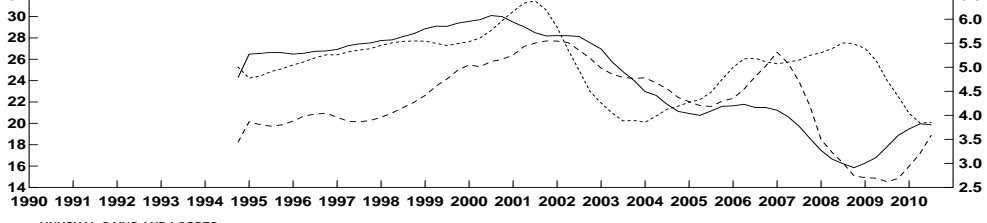


**COMPONENTS OF PROFITABILITY  
Gears Total Market Index**

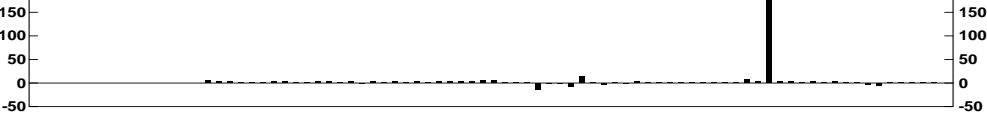
**Margins and Revenue Growth**



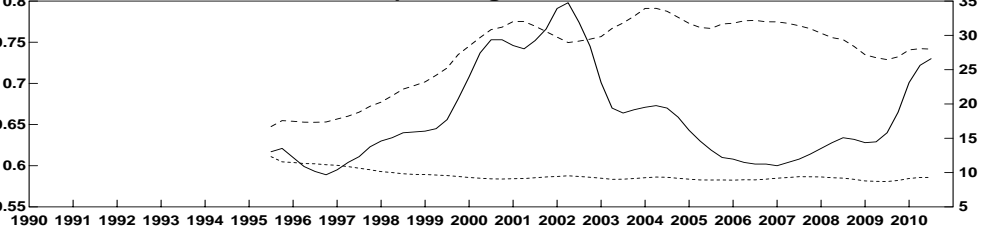
**Interest; S, G and A; Income Taxes  
as a percentage of sales**



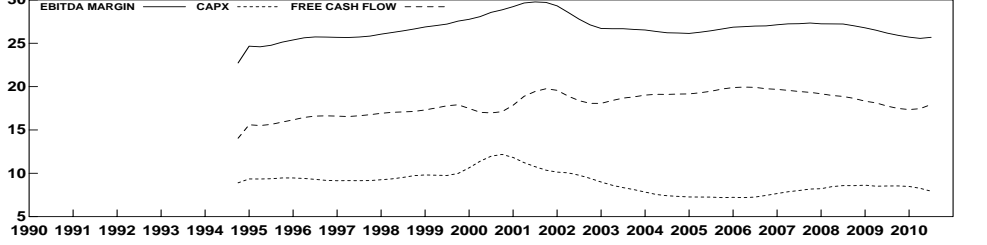
**UNUSUAL GAINS AND LOSSES**



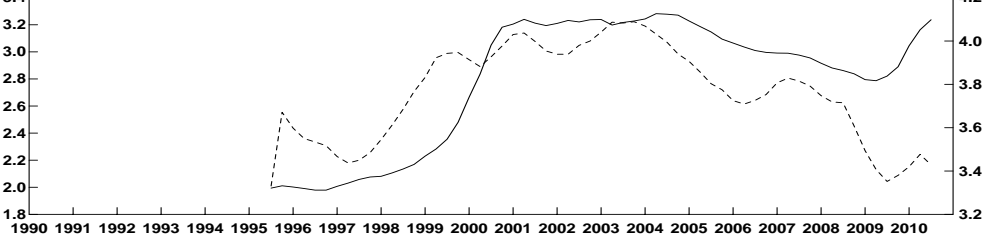
**Depreciation, Inventories and Receivables  
as a percentage of sales**



**EBITDA Margin, Free Cash Flow Margin and Capital Expenditures  
as a percentage of sales**



**Asset Turnover and Assets to Equity  
Gears Total Market Index**



Company	Industry	Sector	Gears Total Market
<b>Investment Performance Record</b>			
Success Frequency	0.00	0.00	0.48
Return vs Buy/Hold	0.00	0.00	4.07

Price Dynamics				
	Company	Industry	Sector	S&P Avg
Aug20 closing Price	0.000	0.000	1071.690	1071.690
Change Last Month	0.00	0.00	3.98	3.98
Change Last Qtr	0.00	0.00	-10.86	-10.86

Price to Earnings History				
	Company	Industry	Sector	S&P Avg
Trailing P/E Ratio	NA	NA	9.86	9.86
I/B/E/S/ FY2 P/E	NA	NA	NA	NA
5 Year Average P/E	NA	NA	12.22	12.22
P/E Relative	NA	NA	0.98	0.98
5 Year Avg P/E Rel	NA	NA	0.99	0.99

Price to EBITDA History				
	Company	Industry	Sector	S&P Avg
Trailing P/Ebitda	NA	NA	7.82	7.82
5 Year Avg P/Ebitd	NA	NA	9.12	9.12
P/Ebitda Relative	NA	NA	1.22	1.22
5 y Avg P/Ebitda Re	NA	NA	1.06	1.06

Price to Sales History				
	Company	Industry	Sector	S&P Avg
Trailing P/Sales	NA	NA	1.11	1.11
1 Year Avg P/Sales	NA	NA	1.10	1.10
5 Year Avg P/Sales	NA	NA	1.21	1.21
Price/Book Value	NA	NA	1.55	1.55
5 Year Avg P/Bv	NA	NA	1.96	1.96

Sales Growth				
	Company	Industry	Sector	S&P Avg
Current Year/Year	NA	NA	6.10	6.10
1 Year Average	NA	NA	-2.56	-2.56
5 Year Average	NA	NA	8.57	8.57
Proportion Rising	NA	NA	0.86	0.86
Price Correlation	NA	NA	0.59	0.59

Gross Margin				
	Company	Industry	Sector	S&P Avg
Current Trailing	NA	NA	41.29	41.29
5 Year Average	NA	NA	41.63	41.63
10 Year Average	NA	NA	41.45	41.45
15 Year Average	NA	NA	41.31	41.31
Proportion Rising	NA	NA	0.58	0.58
Price Correlation	NA	NA	0.78	0.78

EBITDA Margin				
	Company	Industry	Sector	S&P Avg
Current Trailing	NA	NA	22.32	22.32
5 Year Average	NA	NA	21.87	21.87
10 Year Average	NA	NA	21.44	21.44
15 Year Average	NA	NA	21.12	21.12
Proportion Rising	NA	NA	0.51	0.51
Price Correlation	NA	NA	0.87	0.87

Growth Rates				
	Company	Industry	Sector	S&P Avg
Assets 1 Year	NA	NA	8.03	8.03
5 Year Average	NA	NA	11.23	11.23
10 Year Average	NA	NA	10.10	10.10
Equity 1 Year	NA	NA	11.99	11.99
5 Year Average	NA	NA	10.08	10.08
10 Year Average	NA	NA	10.89	10.89
Shares 1 Year	NA	NA	-0.11	-0.11
5 Year Average	NA	NA	-0.24	-0.24
10 Year Average	NA	NA	-0.02	-0.02

Earnings Per Share	NA	NA	13592.80	13592.80
5 Year Average	NA	NA	11.08	11.08
10 Year Average	NA	NA	13.68	13.68
Ebitd 1 Year	NA	NA	18.52	18.52
5 Year Average	NA	NA	15.71	15.71
10 Year Average	NA	NA	9.54	9.54

Dividends 1 Year	NA	NA	NA	NA
5 Year Average	NA	NA	NA	NA
10 Year Average	NA	NA	NA	NA
Current Internal	NA	NA	NA	NA
I/B/E/S/ L.t. Fore	NA	NA	NA	NA
Current Yield	NA	NA	NA	NA
Avg Market Capital	NA	NA	22103.74	22103.74

Return on Equity Dynamics				
	Company	Industry	Sector	S&P Avg
Trailing R.O.E.	NA	NA	16.31	16.31
5 Year Avg R.O.E.	NA	NA	19.27	19.27
ROE Change Last Qt	NA	NA	0.39	0.39
ROE Cng Last 6 Mos	NA	NA	0.37	0.37
ROE Change Last Yr	NA	NA	-0.69	-0.69
Consen Cng Next Yr	NA	NA	NA	NA



# Equity Analytics & Research Service LLC.

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Robert Gay, Director of Research

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**Timberland Co(TBL) \$16.840**

**BUY**

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Current Positive factors are:

- Lower inventory turnover(inverted)
- Increased cash from operations ROI
- Higher income taxes to sales
- Rising EBITDA margin
- Rising free cash flow margin
- Rising gross margin
- Lower receivables turnover(inverted)
- Higher sales growth

Negative factors are:

- Decreased cash from operating atv ROI

Monday, August 16, 2010: The shares of Timberland Co have advanced by 40% relative to the S&P index since the February, 2008 low.

The shares have been highly correlated with trends in Growth Factors. The dominant factor in the Growth group is inventory turnover(inverted) which has been 94% correlated with the share price with a three quarter lead.

Currently, sales growth is higher than the long-term growth forecast and higher than last quarter.

The company is recording a rising gross margin. SG&A expenses are high in the record of the company and falling. That implies that the company has further capability to accelerate EBITD relative to sales with lower costs. Higher gross margins and lower SG&A expenses are producing a leveraged acceleration in EBITD relative to sales.

Capital expenditures are low in the record of the company, but falling. Higher EBITD margins and lower Capital expenditures are producing a leveraged acceleration in free cash flow relative to sales.

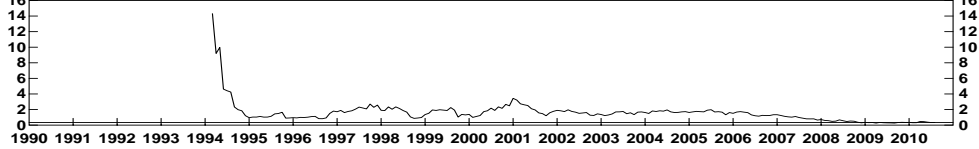
The shares are trading at upper-end of the volatility range in a 29 month rising relative share price trend. Despite the recently extended share price, the broad improvement in fundamentals induces a repetition of our October, 2009 buy decision.

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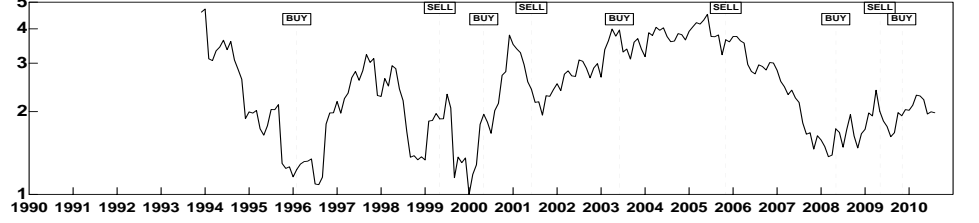
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**RISK**

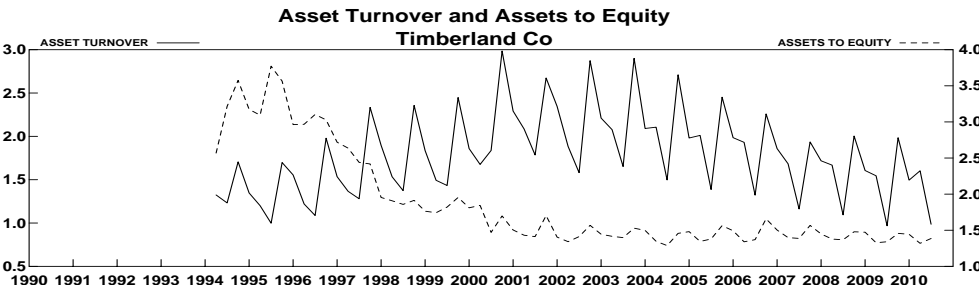
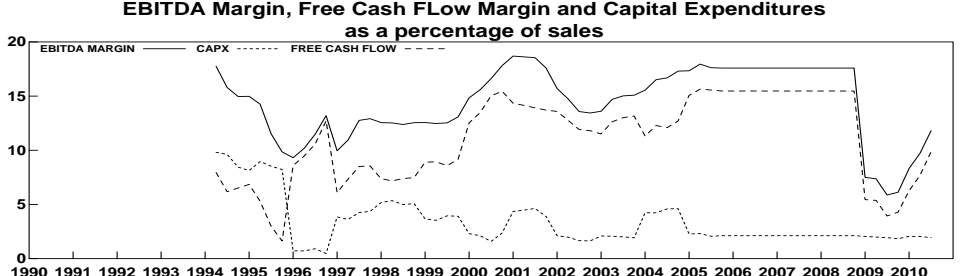
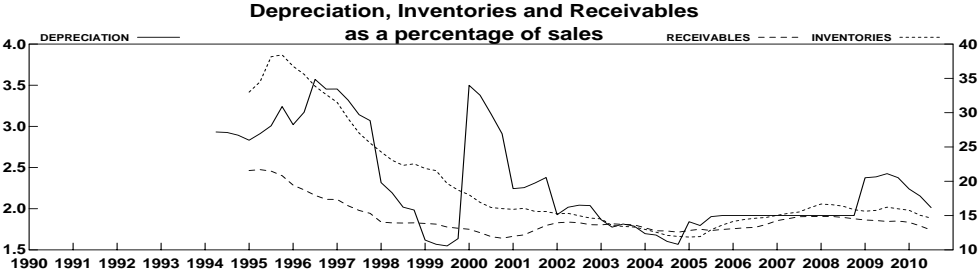
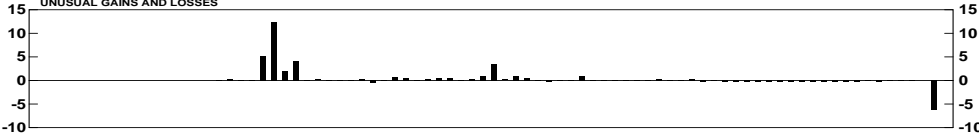
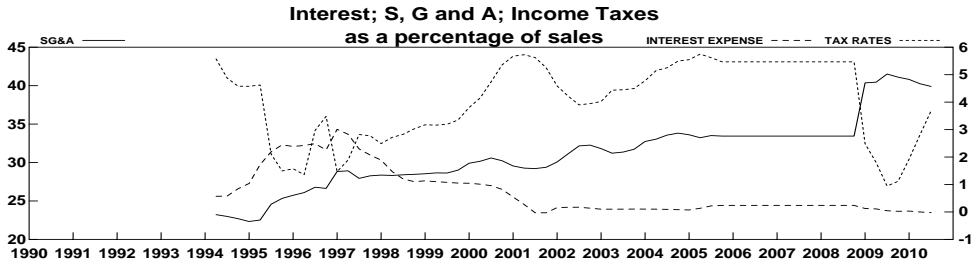
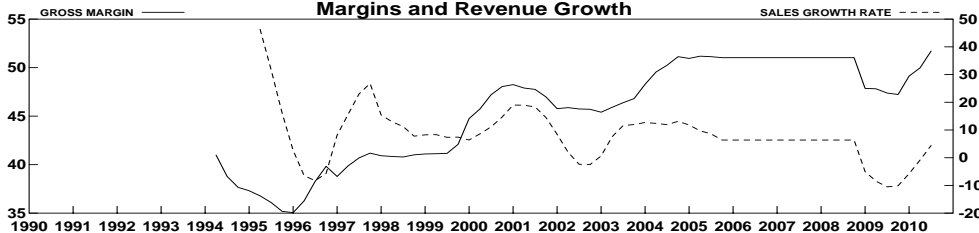
**Relative Price to Sales  
Timberland Co vs the S&P Index**



**Relative Investment Return  
Timberland Co vs the S&P Index**



**COMPONENTS OF PROFITABILITY  
Timberland Co**



**Company** Timberland Co(TBL)  
**Industry** Apparel & Footwear  
**Sector** Consumer Cyclical

**Current Quantitative Rank**----- Buy

**Investment Performance Record**

	Company	Industry	Sector	S&P Avg
Success Frequency	0.50	0.51	0.49	0.48
Return vs Buy/Hold	-0.49	-3.42	1.55	4.07

**Price Dynamics**

	Company	Industry	Sector	S&P Avg
Aug20 closing Price	17.000	56.459	45.241	1071.690
Change Last Month	5.26	6.24	3.70	3.98
Change Last Qtr	-22.13	-12.76	-13.99	-10.86

**Price to Earnings History**

	Company	Industry	Sector	S&P Avg
Trailing P/E Ratio	8.23	12.17	11.40	9.86
I/B/E/S/ FY2 P/E	NA	NA	NA	NA
5 Year Average P/E	10.00	12.88	13.16	12.22
P/E Relative	0.82	1.21	1.13	0.98
5 Year Avg P/E Rel	0.81	1.05	1.07	0.99

**Price to EBITDA History**

	Company	Industry	Sector	S&P Avg
Trailing P/Ebitda	5.91	9.30	8.47	7.82
5 Year Avg P/Ebitd	8.47	9.39	10.05	9.12
P/Ebitda Relative	0.92	1.21	1.42	1.22
5 y Avg P/Ebitd Rel	0.80	1.03	1.22	1.06

**Price to Sales History**

	Company	Industry	Sector	S&P Avg
Trailing P/Sales	0.76	1.06	0.57	1.11
1 Year Avg P/Sales	0.69	1.03	0.57	1.10
5 Year Avg P/Sales	0.91	1.10	0.63	1.21
Price/Book Value	1.46	2.55	1.81	1.55
5 Year Avg P/Bv	2.11	3.69	2.43	1.96

**Sales Growth**

	Company	Industry	Sector	S&P Avg
Current Year/Year	4.40	1.59	7.15	6.10
1 Year Average	-3.08	-2.38	0.82	-2.56
5 Year Average	-2.95	9.03	8.74	8.57
Proportion Rising	1.00	0.99	0.87	0.86
Price Correlation	0.50	0.12	0.33	0.59

**Gross Margin**

	Company	Industry	Sector	S&P Avg
Current Trailing	51.71	55.28	32.75	41.29
5 Year Average	49.09	54.05	32.18	41.63
10 Year Average	48.52	52.45	31.87	41.45
15 Year Average	45.88	51.63	31.52	41.31
Proportion Rising	1.00	1.00	0.64	0.58
Price Correlation	0.73	0.33	-0.70	0.78

**EBITDA Margin**

	Company	Industry	Sector	S&P Avg
Current Trailing	11.81	21.26	12.86	22.32
5 Year Average	10.47	21.76	12.94	21.87
10 Year Average	13.38	21.01	12.68	21.44
15 Year Average	13.06	20.96	12.41	21.12
Proportion Rising	1.00	0.56	0.60	0.51
Price Correlation	0.65	0.39	-0.38	0.87

**Growth Rates**

	Company	Industry	Sector	S&P Avg
Assets 1 Year	-7.81	4.09	6.18	8.03
5 Year Average	-0.65	9.85	9.37	11.23
10 Year Average	6.10	9.40	10.25	10.10
Equity 1 Year	-1.21	4.65	10.50	11.99
5 Year Average	2.35	10.42	4.29	10.08
10 Year Average	8.89	12.10	8.55	10.89

Shares 1 Year	0.04	0.25	-0.63	-0.11
5 Year Average	0.05	-0.14	-0.77	-0.24
10 Year Average	0.05	0.47	-0.35	-0.02
Earnings Per Share		<b>17.27</b>	10001.57	13592.80
5 Year Average	-13.00	11.08	12.25	11.08
10 Year Average	2.92	12.61	12.66	13.68

Ebitda 1 Year	102.21	9.69	20.30	18.52
5 Year Average	-18.56	10.16	9.17	15.71
10 Year Average	0.90	8.91	9.80	9.54
Dividends 1 Year	NA	NA	NA	NA
5 Year Average	NA	NA	NA	NA
10 Year Average	NA	NA	NA	NA

Current Internal I/B/E/S/ L.t. Fore	NA	NA	NA	NA
Current Yield	NA	NA	NA	NA
Avg Market Capital	911.2	1513.8	44017.5	22103.7

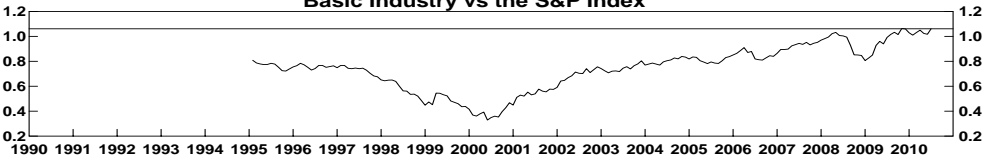
**Return on Equity Dynamics**

	Company	Industry	Sector	S&P Avg
Trailing R.O.E.	18.44	26.81	17.11	16.31
5 Year Avg R.O.E.	22.53	27.03	19.00	19.27
ROE Change Last Qt	1.80	-0.50	0.42	0.39
ROE Cng Last 6 Mos	3.19	0.55	0.55	0.37
ROE Change Last Yr	4.68	-1.58	-0.35	-0.69
Consen Cng Next Yr	NA	NA	NA	NA

12 SQTR 20102 MQTR 20102

**RISK**

**Relative Price to Sales  
Basic Industry vs the S&P Index**

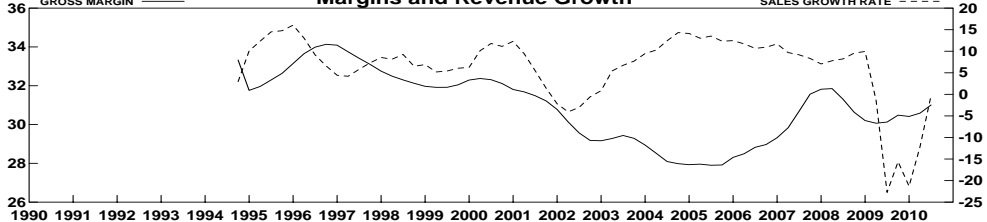


**Relative Investment Return  
Basic Industry vs the S&P Index**

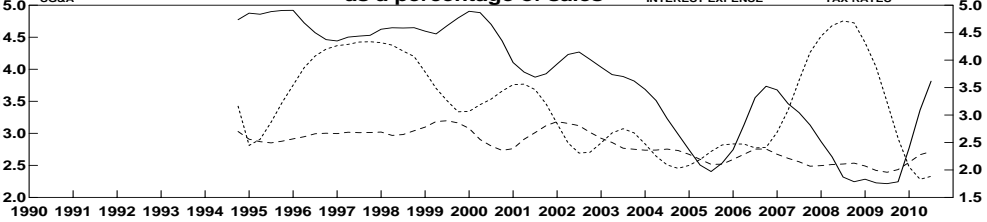


**COMPONENTS OF PROFITABILITY**

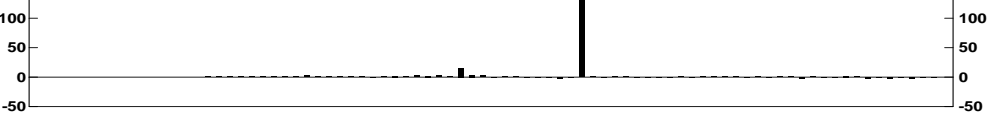
**Margins and Revenue Growth**



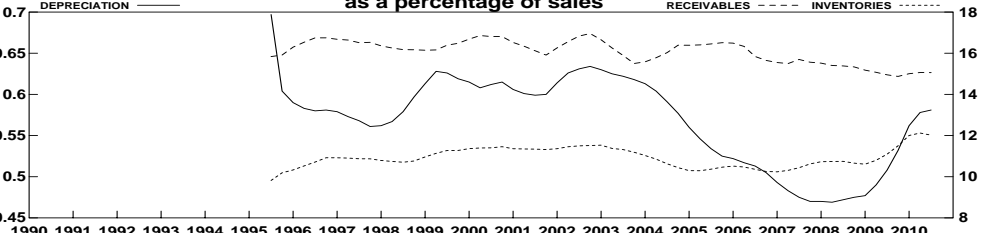
**Interest; S, G and A; Income Taxes  
as a percentage of sales**



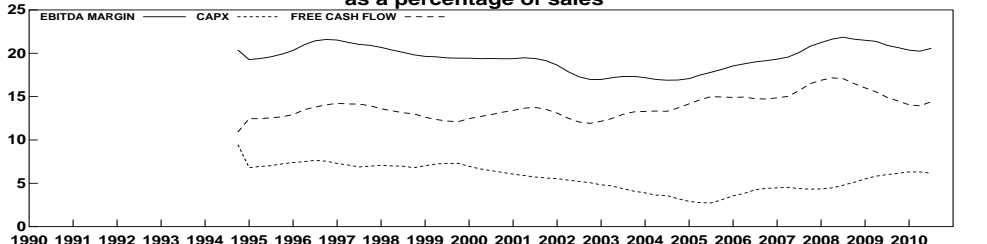
**Unusual Gains and Losses**



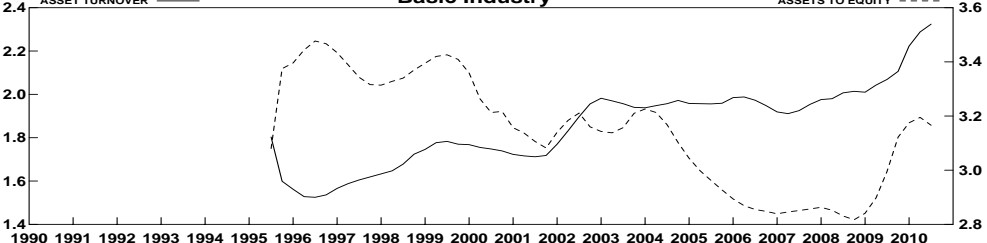
**Depreciation, Inventories and Receivables  
as a percentage of sales**



**EBITDA Margin, Free Cash Flow Margin and Capital Expenditures  
as a percentage of sales**



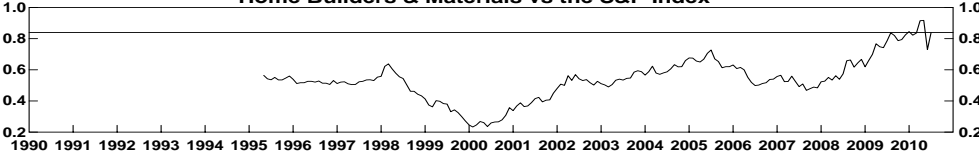
**Asset Turnover and Assets to Equity  
Basic Industry**



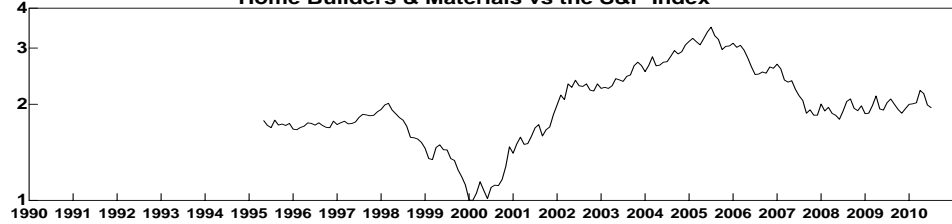
Company	Industry	Sector	Basic Industry
<b>Investment Performance Record</b>			
Success Frequency	0.00	0.00	0.48
Return vs Buy/Hold	0.00	0.00	0.06
<b>Price Dynamics</b>			
Aug20 closing Price	0.000	0.000	53.711
Change Last Month	0.00	0.00	11.01
Change Last Qtr	0.00	0.00	-6.55
<b>Price to Earnings History</b>			
Trailing P/E Ratio	NA	NA	10.51
I/B/E/S/ FY2 P/E	NA	NA	NA
5 Year Average P/E	NA	NA	12.19
P/E Relative	NA	NA	1.04
5 Year Avg P/E Rel	NA	NA	0.99
<b>Price to EBITDA History</b>			
Trailing P/Ebitda	NA	NA	8.81
5 Year Avg P/Ebitd	NA	NA	10.34
P/Ebitda Relative	NA	NA	1.30
5 y Avg P/Ebitda Re	NA	NA	1.13
<b>Price to Sales History</b>			
Trailing P/Sales	NA	NA	1.08
1 Year Avg P/Sales	NA	NA	1.04
5 Year Avg P/Sales	NA	NA	1.02
Price/Book Value	NA	NA	1.66
5 Year Avg P/Bv	NA	NA	2.03
<b>Sales Growth</b>			
Current Year/Year	NA	NA	2.11
1 Year Average	NA	NA	-8.24
5 Year Average	NA	NA	10.15
Proportion Rising	NA	NA	0.90
Price Correlation	NA	NA	0.46
<b>Gross Margin</b>			
Current Trailing	NA	NA	33.81
5 Year Average	NA	NA	32.37
10 Year Average	NA	NA	31.30
15 Year Average	NA	NA	31.37
Proportion Rising	NA	NA	0.66
Price Correlation	NA	NA	0.78
<b>EBITDA Margin</b>			
Current Trailing	NA	NA	20.56
5 Year Average	NA	NA	19.63
10 Year Average	NA	NA	18.77
15 Year Average	NA	NA	18.89
Proportion Rising	NA	NA	0.62
Price Correlation	NA	NA	0.66
<b>Growth Rates</b>			
Assets 1 Year	NA	NA	3.12
5 Year Average	NA	NA	9.19
10 Year Average	NA	NA	8.30
Equity 1 Year	NA	NA	5.84
5 Year Average	NA	NA	8.41
10 Year Average	NA	NA	11.48
Shares 1 Year	NA	NA	0.06
5 Year Average	NA	NA	-0.03
10 Year Average	NA	NA	0.06
Earnings Per Share	NA	NA	104.28
5 Year Average	NA	NA	13.37
10 Year Average	NA	NA	13.04
Ebitd 1 Year	NA	NA	21.45
5 Year Average	NA	NA	8.42
10 Year Average	NA	NA	5.58
Dividends 1 Year	NA	NA	NA
5 Year Average	NA	NA	NA
10 Year Average	NA	NA	NA
Current Internal	NA	NA	NA
I/B/E/S/ L.t. Fore	NA	NA	NA
Current Yield	NA	NA	NA
Avg Market Capital	NA	NA	20472.84
<b>Return on Equity Dynamics</b>			
Trailing R.O.E.	NA	NA	14.06
5 Year Avg R.O.E.	NA	NA	15.75
ROE Change Last Qt	NA	NA	0.62
ROE Cng Last 6 Mos	NA	NA	1.16
ROE Change Last Yr	NA	NA	0.15
Consen Cng Next Yr	NA	NA	NA

**RISK**

**Relative Price to Sales  
Home Builders & Materials vs the S&P Index**

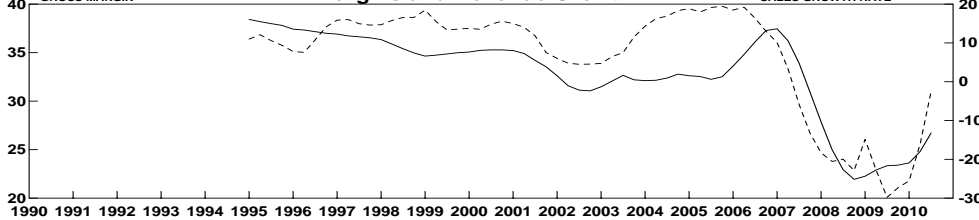


**Relative Investment Return  
Home Builders & Materials vs the S&P Index**

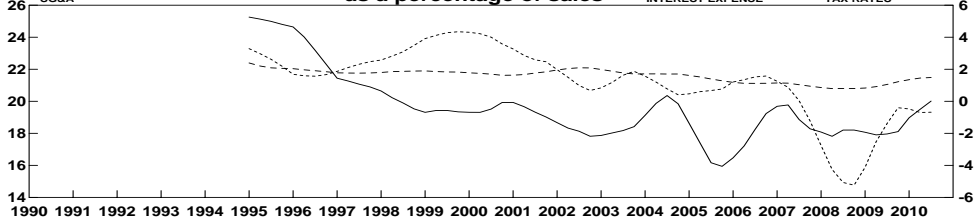


**COMPONENTS OF PROFITABILITY**

**Home Builders & Materials  
Margins and Revenue Growth**



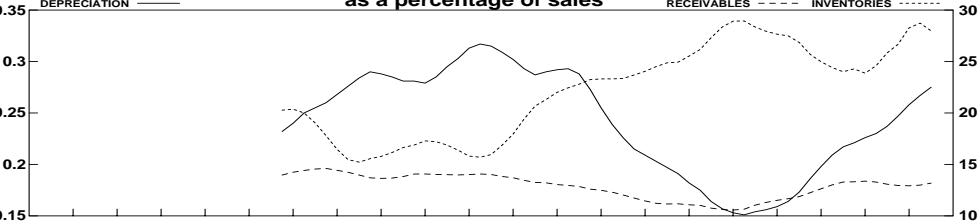
**Interest; S, G and A; Income Taxes  
as a percentage of sales**



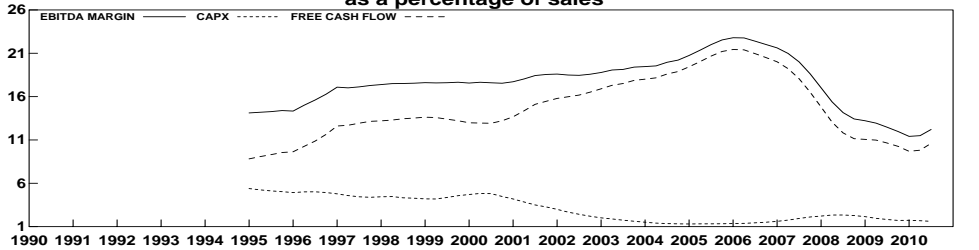
**UNUSUAL GAINS AND LOSSES**



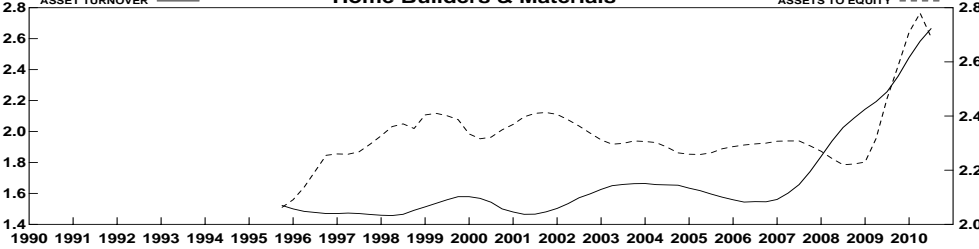
**Depreciation, Inventories and Receivables  
as a percentage of sales**



**EBITDA Margin, Free Cash Flow Margin and Capital Expenditures  
as a percentage of sales**



**Asset Turnover and Assets to Equity  
Home Builders & Materials**



**Company**

**Industry Home Builders & Materials  
Sector Consumer Cyclical**

Investment Performance Record				
	Company	Industry	Sector	S&P Avg
Success Frequency	0.00	0.49	0.49	0.48
Return vs Buy/Hold	0.00	3.03	1.55	4.07

Price Dynamics				
	Company	Industry	Sector	S&P Avg
Aug20 closing Price	0.000	59.401	45.241	1071.690
Change Last Month	0.00	-1.09	3.70	3.98
Change Last Qtr	0.00	-22.87	-13.99	-10.86

Price to Earnings History				
	Company	Industry	Sector	S&P Avg
Trailing P/E Ratio	NA	13.02	11.40	9.86
I/B/E/S/ FY2 P/E	NA	NA	NA	NA
5 Year Average P/E	NA	11.52	13.16	12.22
P/E Relative	NA	1.29	1.13	0.98
5 Year Avg P/E Rel	NA	0.94	1.07	0.99

Price to EBITDA History				
	Company	Industry	Sector	S&P Avg
Trailing P/Ebitda	NA	9.18	8.47	7.82
5 Year Avg P/Ebitd	NA	8.99	10.05	9.12
P/Ebitda Relative	NA	0.99	1.42	1.22
5 y Avg P/Ebitda Re	NA	0.84	1.22	1.06

Price to Sales History				
	Company	Industry	Sector	S&P Avg
Trailing P/Sales	NA	0.83	0.57	1.11
1 Year Avg P/Sales	NA	0.80	0.57	1.10
5 Year Avg P/Sales	NA	0.70	0.63	1.21
Price/Book Value	NA	1.73	1.81	1.55
5 Year Avg P/Bv	NA	2.90	2.43	1.96

Sales Growth				
	Company	Industry	Sector	S&P Avg
Current Year/Year	NA	1.82	7.15	6.10
1 Year Average	NA	-12.82	0.82	-2.56
5 Year Average	NA	1.39	8.74	8.57
Proportion Rising	NA	0.94	0.87	0.86
Price Correlation	NA	0.17	0.33	0.59

Gross Margin				
	Company	Industry	Sector	S&P Avg
Current Trailing	NA	34.48	32.75	41.29
5 Year Average	NA	34.04	32.18	41.63
10 Year Average	NA	34.93	31.87	41.45
15 Year Average	NA	34.76	31.52	41.31
Proportion Rising	NA	0.62	0.64	0.58
Price Correlation	NA	-0.79	-0.70	0.78

EBITDA Margin				
	Company	Industry	Sector	S&P Avg
Current Trailing	NA	11.04	12.86	22.32
5 Year Average	NA	12.99	12.94	21.87
10 Year Average	NA	13.75	12.68	21.44
15 Year Average	NA	13.67	12.41	21.12
Proportion Rising	NA	0.62	0.60	0.51
Price Correlation	NA	-0.43	-0.38	0.87

Growth Rates				
	Company	Industry	Sector	S&P Avg
Assets 1 Year	NA	19.83	6.18	8.03
5 Year Average	NA	7.29	9.37	11.23
10 Year Average	NA	11.88	10.25	10.10

Equity 1 Year	NA	25.22	10.50	11.99
5 Year Average	NA	6.45	4.29	10.08
10 Year Average	NA	13.49	8.55	10.89
Shares 1 Year	NA	0.19	-0.63	-0.11
5 Year Average	NA	0.17	-0.77	-0.24
10 Year Average	NA	0.15	-0.35	-0.02

Earnings Per Share	12.58	210001.57	13592.80	
5 Year Average	NA	3.18	12.25	11.08
10 Year Average	NA	8.85	12.66	13.68

Ebitd 1 Year	NA	21.61	20.30	18.52
5 Year Average	NA	8.80	9.17	15.71
10 Year Average	NA	9.97	9.80	9.54

Dividends 1 Year	NA	NA	NA	NA
5 Year Average	NA	NA	NA	NA
10 Year Average	NA	NA	NA	NA

Current Internal I/B/E/S/ L.t. Fore	NA	NA	NA	NA
Current Yield	NA	NA	NA	NA
Avg Market Capital	NA	875.67	44017.51	22103.74

Return on Equity Dynamics				
	Company	Industry	Sector	S&P Avg
Trailing R.O.E.	NA	12.46	17.11	16.31
5 Year Avg R.O.E.	NA	35.44	19.00	19.27
ROE Change Last Qt	NA	0.82	0.42	0.39
ROE Cng Last 6 Mos	NA	0.81	0.55	0.37
ROE Change Last Yr	NA	0.11	-0.35	-0.69
Consen Cng Next Yr	NA	NA	NA	NA





# Equity Analytics & Research Service LLC.

Website: <http://www.the-gears.com>

Telephone: (212) 462-4325

Robert Gay, Director of Research

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**D R Horton Inc(DHI) \$10.600**

**BUY**

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Current Positive factors are:

- Lower inventory turnover(inverted)
- Increased cash from operations ROI
- Rising gross margin
- Rising free cash flow margin
- Higher income taxes to sales
- Lower assets to equity(inverted)

Monday, August 9, 2010: The shares of D R Horton Inc have declined by 39% relative to the S&P index since the March, 2009 high.

The shares have been very highly correlated with trends in Growth Factors. The dominant factor in the Growth group is inventory turnover(inverted) which has been 89% correlated with the share price.

Currently, sales growth is higher than the long-term growth forecast and higher than last quarter.

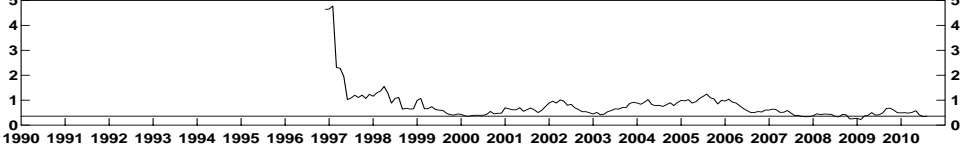
The company is recording a low and rising gross margin.

Assets to Equity is falling. The shares have been inversely correlated with assets to equity(inverted).

The shares are trading at upper-end of the volatility range in a 16-month falling relative share price trend. Despite the recently extended share price, the broad improvement in fundamentals induces a repetition of our March, 2010 buy decision.

**RISK**

**Relative Price to Sales  
D R Horton Inc vs the S&P Index**

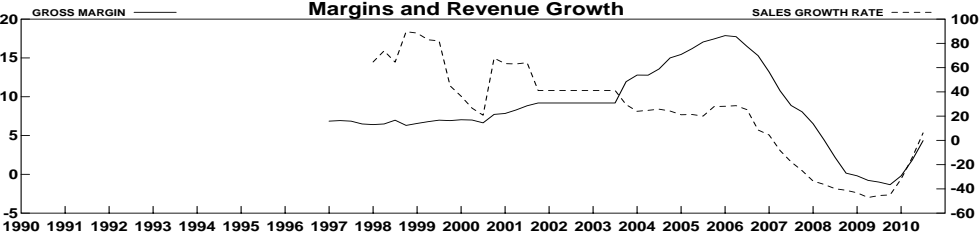


**Relative Investment Return  
D R Horton Inc vs the S&P Index**

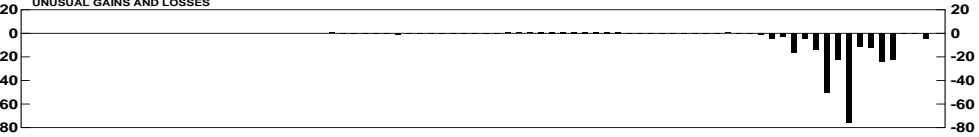
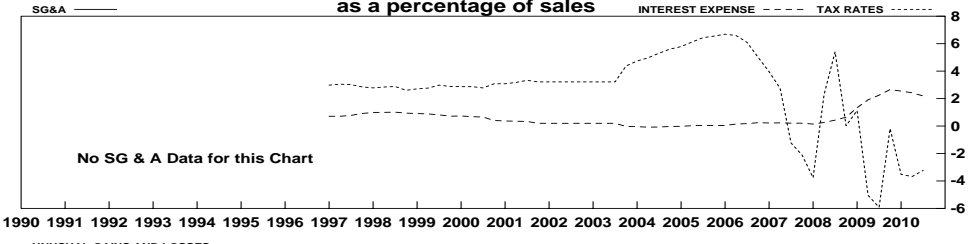


**COMPONENTS OF PROFITABILITY**

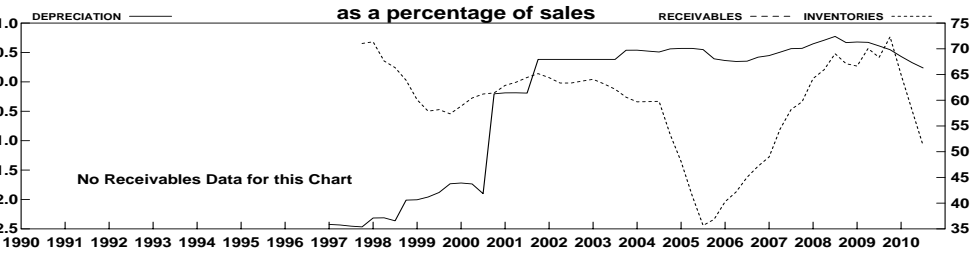
**D R Horton Inc**



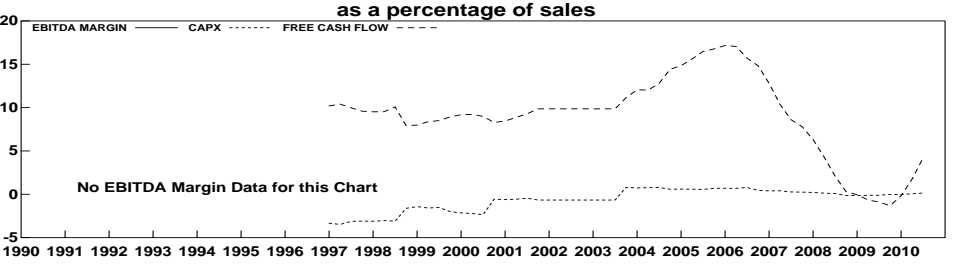
**Interest; S, G and A; Income Taxes**



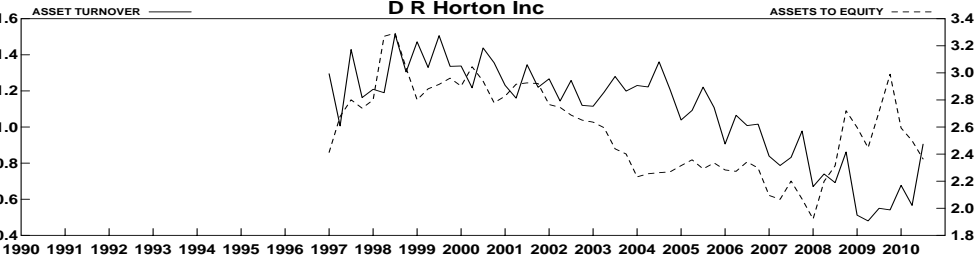
**Depreciation, Inventories and Receivables**



**EBITDA Margin, Free Cash FLOW Margin and Capital Expenditures**



**Asset Turnover and Assets to Equity**



**Company D R Horton Inc(DHI)  
Industry Home Builders & Materials  
Sector Consumer Cyclical**

Current Quantitative Rank----- Buy

Investment Performance Record				
	Company	Industry	Sector	S&P Avg
Success Frequency	0.60	0.49	0.49	0.48
Return vs Buy/Hold	5.32	3.03	1.55	4.07

Price Dynamics				
	Company	Industry	Sector	S&P Avg
Aug20 closing Price	10.270	59.401	45.241	1071.690
Change Last Month	4.48	-1.09	3.70	3.98
Change Last Qtr	-31.40	-22.87	-13.99	-10.86

Price to Earnings History				
	Company	Industry	Sector	S&P Avg
Trailing P/E Ratio	7.41	13.02	11.40	9.86
I/B/E/S/ FY2 P/E	NA	NA	NA	NA
5 Year Average P/E	8.80	11.52	13.16	12.22
P/E Relative	0.74	1.29	1.13	0.98
5 Year Avg P/E Rel	0.72	0.94	1.07	0.99

Price to EBITDA History				
	Company	Industry	Sector	S&P Avg
Trailing P/Ebitda	18.18	9.18	8.47	7.82
5 Year Avg P/Ebitd	11.12	8.99	10.05	9.12
P/Ebitda Relative	0.57	0.99	1.42	1.22
5 y Avg P/Ebitd Rel	0.48	0.84	1.22	1.06

Price to Sales History				
	Company	Industry	Sector	S&P Avg
Trailing P/Sales	0.80	0.83	0.57	1.11
1 Year Avg P/Sales	0.97	0.80	0.57	1.10
5 Year Avg P/Sales	0.67	0.70	0.63	1.21
Price/Book Value	1.35	1.73	1.81	1.55
5 Year Avg P/Bv	2.78	2.90	2.43	1.96

Sales Growth				
	Company	Industry	Sector	S&P Avg
Current Year/Year	6.17	1.82	7.15	6.10
1 Year Average	-21.28	-12.82	0.82	-2.56
5 Year Average	-14.99	1.39	8.74	8.57
Proportion Rising	1.00	0.94	0.87	0.86
Price Correlation	-0.54	0.17	0.33	0.59

Gross Margin				
	Company	Industry	Sector	S&P Avg
Current Trailing	4.34	34.48	32.75	41.29
5 Year Average	7.08	34.04	32.18	41.63
10 Year Average	9.19	34.93	31.87	41.45
15 Year Average	8.66	34.76	31.52	41.31
Proportion Rising	1.00	0.62	0.64	0.58
Price Correlation	0.77	-0.79	-0.70	0.78

EBITDA Margin				
	Company	Industry	Sector	S&P Avg
Current Trailing	NA	11.04	12.86	22.32
5 Year Average	NA	12.99	12.94	21.87
10 Year Average	NA	13.75	12.68	21.44
15 Year Average	NA	13.67	12.41	21.12
Proportion Rising	NA	0.62	0.60	0.51
Price Correlation	0.77	-0.43	-0.38	0.87

Growth Rates				
	Company	Industry	Sector	S&P Avg
Assets 1 Year	-6.33	19.83	6.18	8.03
5 Year Average	-11.82	7.29	9.37	11.23
10 Year Average	18.73	11.88	10.25	10.10
Equity 1 Year	18.47	25.22	10.50	11.99
5 Year Average	-12.83	6.45	4.29	10.08
10 Year Average	21.40	13.49	8.55	10.89

Shares 1 Year	0.05	0.19	-0.63	-0.11
5 Year Average	0.05	0.17	-0.77	-0.24
10 Year Average	0.05	0.15	-0.35	-0.02
Earnings Per Share	312.57	210001.57	13592.80	
5 Year Average	-28.11	3.18	12.25	11.08
10 Year Average	10.56	8.85	12.66	13.68

Ebitda 1 Year	NA	21.61	20.30	18.52
5 Year Average	NA	8.80	9.17	15.71
10 Year Average	NA	9.97	9.80	9.54
Dividends 1 Year	NA	NA	NA	NA
5 Year Average	NA	NA	NA	NA
10 Year Average	NA	NA	NA	NA

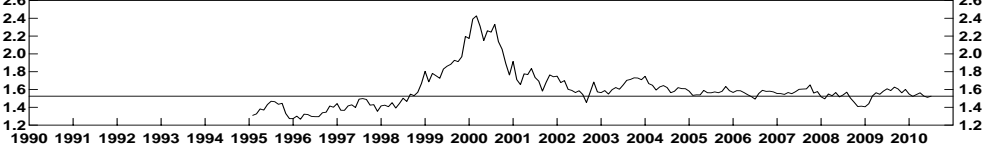
Current Internal I/B/E/S/ L.t. Fore	NA	NA	NA	NA
Current Yield	NA	NA	NA	NA
Avg Market Capital	3267.9	875.7	44017.5	22103.7

Return on Equity Dynamics				
	Company	Industry	Sector	S&P Avg
Trailing R.O.E.	19.58	12.46	17.11	16.31
5 Year Avg R.O.E.	45.14	35.44	19.00	19.27
ROE Change Last Qt	2.23	0.82	0.42	0.39
ROE Cng Last 6 Mos	4.79	0.81	0.55	0.37
ROE Change Last Yr	-11.94	0.11	-0.35	-0.69
Consen Cng Next Yr	NA	NA	NA	NA

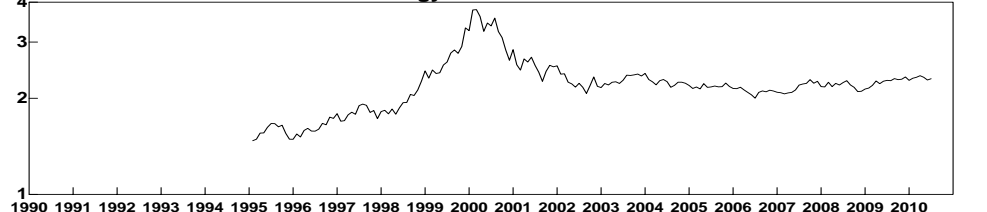
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**RISK**

**Relative Price to Sales Technology vs the S&P Index**

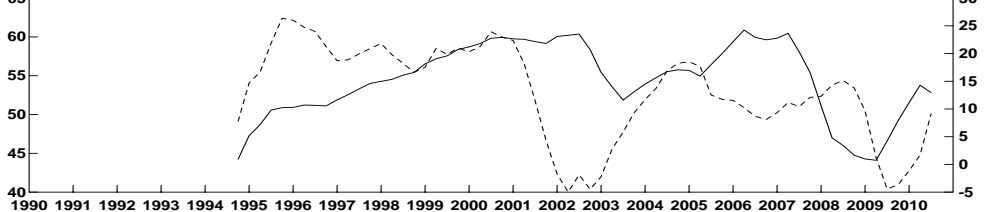


**Relative Investment Return Technology vs the S&P Index**

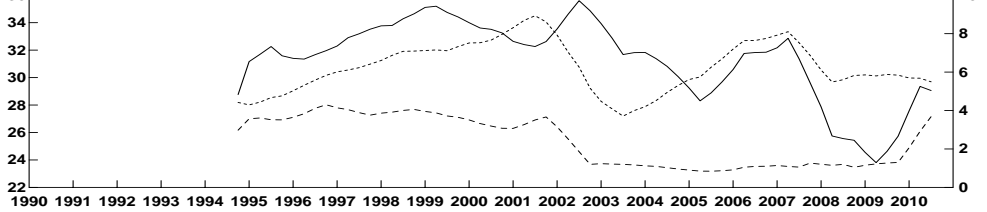


**COMPONENTS OF PROFITABILITY Technology**

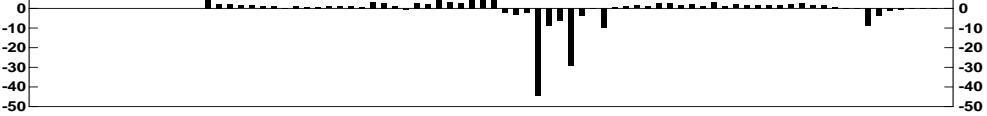
**Margins and Revenue Growth**



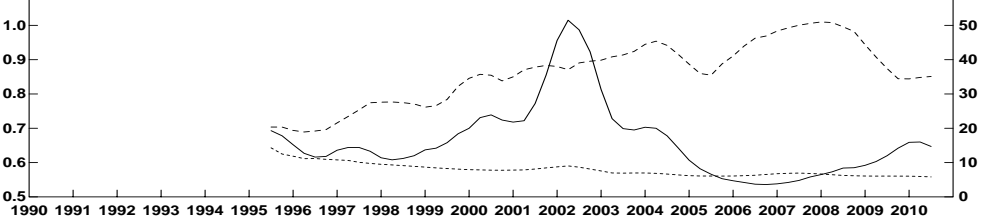
**Interest; S, G and A; Income Taxes as a percentage of sales**



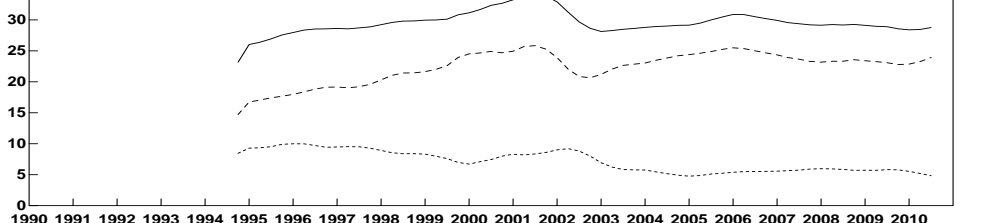
**UNUSUAL GAINS AND LOSSES**



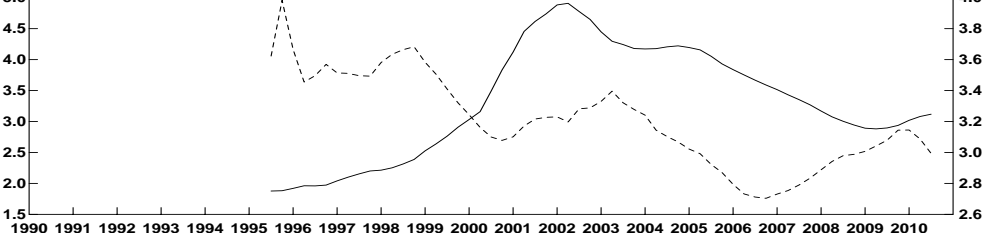
**Depreciation, Inventories and Receivables as a percentage of sales**



**EBITDA Margin, Free Cash Flow Margin and Capital Expenditures as a percentage of sales**



**Asset Turnover and Assets to Equity Technology**



Company	Industry	Sector	Technology	
<b>Investment Performance Record</b>				
Success Frequency	0.00	0.00	0.47	0.48
Return vs Buy/Hold	0.00	0.00	7.21	4.07

Price Dynamics				
	Company	Industry	Sector	S&P Avg
Aug20 closing Price	0.000	0.000	59.141	1071.690
Change Last Month	0.00	0.00	3.69	3.98
Change Last Qtr	0.00	0.00	-12.44	-10.86

Price to Earnings History				
	Company	Industry	Sector	S&P Avg
Trailing P/E Ratio	NA	NA	11.54	9.86
I/B/E/S/ FY2 P/E	NA	NA	NA	NA
5 Year Average P/E	NA	NA	13.94	12.22
P/E Relative	NA	NA	1.14	0.98
5 Year Avg P/E Rel	NA	NA	1.13	0.99

Price to EBITDA History				
	Company	Industry	Sector	S&P Avg
Trailing P/Ebitda	NA	NA	10.72	7.82
5 Year Avg P/Ebitd	NA	NA	13.51	9.12
P/Ebitda Relative	NA	NA	1.73	1.22
5 y Avg P/Ebitda Re	NA	NA	1.53	1.06

Price to Sales History				
	Company	Industry	Sector	S&P Avg
Trailing P/Sales	NA	NA	1.57	1.11
1 Year Avg P/Sales	NA	NA	1.58	1.10
5 Year Avg P/Sales	NA	NA	1.73	1.21
Price/Book Value	NA	NA	2.46	1.55
5 Year Avg P/Bv	NA	NA	2.70	1.96

Sales Growth				
	Company	Industry	Sector	S&P Avg
Current Year/Year	NA	NA	10.14	6.10
1 Year Average	NA	NA	0.19	-2.56
5 Year Average	NA	NA	11.63	8.57
Proportion Rising	NA	NA	0.93	0.86
Price Correlation	NA	NA	0.53	0.59

Gross Margin				
	Company	Industry	Sector	S&P Avg
Current Trailing	NA	NA	54.04	41.29
5 Year Average	NA	NA	52.11	41.63
10 Year Average	NA	NA	51.97	41.45
15 Year Average	NA	NA	51.68	41.31
Proportion Rising	NA	NA	0.54	0.58
Price Correlation	NA	NA	0.80	0.78

EBITDA Margin				
	Company	Industry	Sector	S&P Avg
Current Trailing	NA	NA	27.04	22.32
5 Year Average	NA	NA	24.35	21.87
10 Year Average	NA	NA	23.09	21.44
15 Year Average	NA	NA	22.74	21.12
Proportion Rising	NA	NA	0.62	0.51
Price Correlation	NA	NA	0.83	0.87

Growth Rates				
	Company	Industry	Sector	S&P Avg
Assets 1 Year	NA	NA	6.94	8.03
5 Year Average	NA	NA	18.60	11.23
10 Year Average	NA	NA	9.75	10.10
Equity 1 Year	NA	NA	14.37	11.99
5 Year Average	NA	NA	17.35	10.08
10 Year Average	NA	NA	9.60	10.89
Shares 1 Year	NA	NA	-0.05	-0.11
5 Year Average	NA	NA	-0.35	-0.24
10 Year Average	NA	NA	0.22	-0.02

Earnings Per Share	NA	NA	25.71	13592.80
5 Year Average	NA	NA	12.71	11.08
10 Year Average	NA	NA	16.93	13.68
Ebitd 1 Year	NA	NA	27.31	18.52
5 Year Average	NA	NA	13.83	15.71
10 Year Average	NA	NA	6.14	9.54
Dividends 1 Year	NA	NA	NA	NA
5 Year Average	NA	NA	NA	NA
10 Year Average	NA	NA	NA	NA

Current Internal	NA	NA	NA	NA
I/B/E/S/ L.t. Fore	NA	NA	NA	NA
Current Yield	NA	NA	NA	NA
Avg Market Capital	NA	NA	97773.16	22103.74

Return on Equity Dynamics				
	Company	Industry	Sector	S&P Avg
Trailing R.O.E.	NA	NA	22.56	16.31
5 Year Avg R.O.E.	NA	NA	28.23	19.27
ROE Change Last Qt	NA	NA	0.07	0.39
ROE Cng Last 6 Mos	NA	NA	-0.45	0.37
ROE Change Last Yr	NA	NA	-2.24	-0.69
Consen Cng Next Yr	NA	NA	NA	NA



# Equity Analytics & Research Service LLC.

Website: <http://www.the-gears.com>

Telephone: (212) 462-4325

Robert Gay, Director of Research

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**Supertex Inc(SUPX) \$22.790**

**BUY**

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Current Positive factors are:

- Rising gross margin
- Higher income taxes to sales
- Rising EBITDA margin
- Lower inventory turnover(inverted)
- Lower receivables turnover(inverted)
- Higher net shareholder wealth
- Rising free cash flow margin
- Higher sales growth

Monday, August 16, 2010: The shares of Supertex Inc have declined by 30% relative to the S&P index since the March, 2009 high.

The shares have been highly correlated with trends in Growth Factors. The dominant factor in the Growth group is gross margin which has been 80% correlated with the share price with a one quarter lead.

Currently, sales growth is high in the record of the company and higher than last quarter. The shares have been correlated with the direction of sales growth.

The company is recording a low and rising gross margin. SG&A expenses are high in the record of the company and falling. That implies that the company has further capability to accelerate EBITD relative to sales with lower costs. Higher gross margins and lower SG&A expenses are producing a leveraged acceleration in EBITD relative to sales.

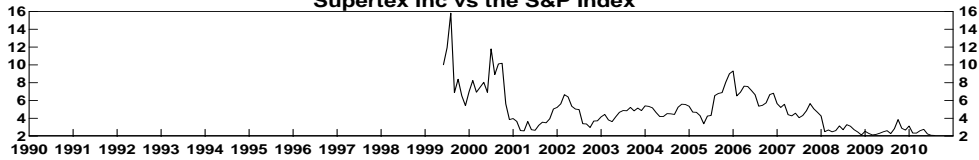
The shares are trading at upper-end of the volatility range in a 16-month falling relative share price trend. Despite the recently extended share price, the broad improvement in fundamentals forces a reversal of our January, 2009 sell decision.

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**RISK**

**Relative Price to Sales  
Supertex Inc vs the S&P Index**



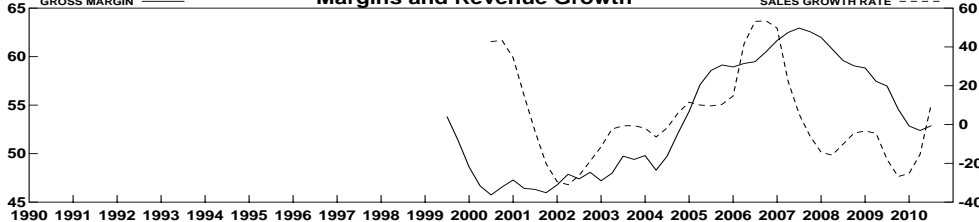
**Relative Investment Return  
Supertex Inc vs the S&P Index**



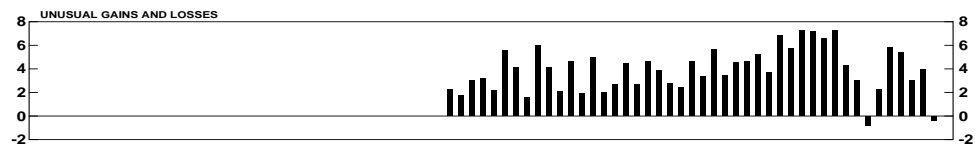
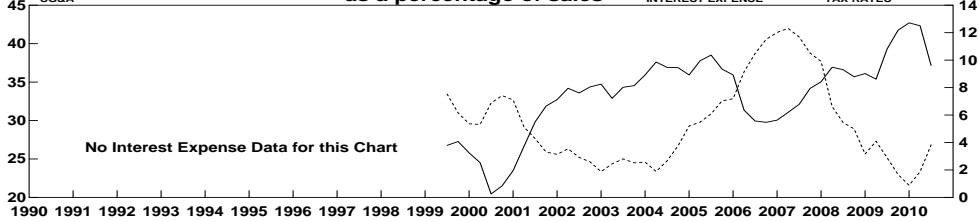
**COMPONENTS OF PROFITABILITY**

**Supertex Inc**

**Margins and Revenue Growth**



**Interest; S, G and A; Income Taxes  
as a percentage of sales**



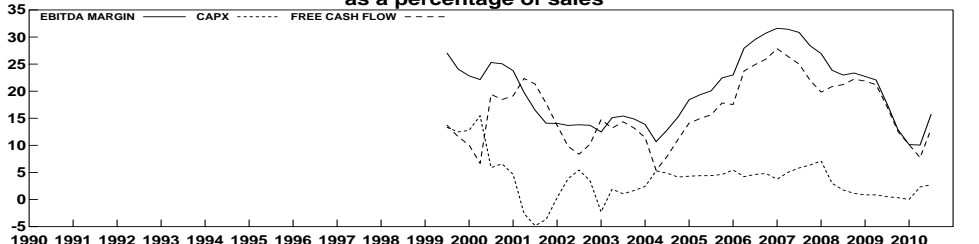
**Depreciation, Inventories and Receivables**

**as a percentage of sales**



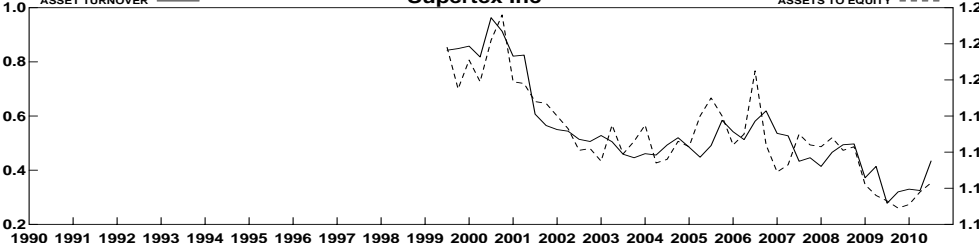
**EBITDA Margin, Free Cash FLOW Margin and Capital Expenditures**

**as a percentage of sales**



**Asset Turnover and Assets to Equity**

**Supertex Inc**



**Company Supertex Inc(SUPX)**

**Industry Semiconductors**

**Sector Technology**

**Current Quantitative Rank----- Buy**

**Investment Performance Record**

	Company	Industry	Sector	S&P Avg
Success Frequency	0.22	0.46	0.47	0.48
Return vs Buy/Hold	-6.78	9.67	7.21	4.07

**Price Dynamics**

	Company	Industry	Sector	S&P Avg
Aug20 closing Price	22.920	20.776	59.141	1071.690
Change Last Month	-7.06	-1.28	3.69	3.98
Change Last Qtr	-19.38	-16.54	-12.44	-10.86

**Price to Earnings History**

	Company	Industry	Sector	S&P Avg
Trailing P/E Ratio	21.29	11.59	11.54	9.86
I/B/E/S/ FY2 P/E	NA	NA	NA	NA
5 Year Average P/E	18.13	13.70	13.94	12.22
P/E Relative	2.11	1.15	1.14	0.98
5 Year Avg P/E Rel	1.47	1.11	1.13	0.99

**Price to EBITDA History**

	Company	Industry	Sector	S&P Avg
Trailing P/Ebitda	28.24	10.66	10.72	7.82
5 Year Avg P/Ebitd	24.50	15.39	13.51	9.12
P/Ebitda Relative	3.27	1.63	1.73	1.22
5 y Avg P/Ebitd Rel	2.89	1.39	1.53	1.06

**Price to Sales History**

	Company	Industry	Sector	S&P Avg
Trailing P/Sales	4.64	1.87	1.57	1.11
1 Year Avg P/Sales	5.04	1.98	1.58	1.10
5 Year Avg P/Sales	5.03	2.13	1.73	1.21
Price/Book Value	1.31	2.19	2.46	1.55
5 Year Avg P/Bv	2.20	2.32	2.70	1.96

**Sales Growth**

	Company	Industry	Sector	S&P Avg
Current Year/Year	10.17	22.71	10.14	6.10
1 Year Average	-14.30	-1.94	0.19	-2.56
5 Year Average	5.86	3.93	11.63	8.57
Proportion Rising	1.00	1.00	0.93	0.86
Price Correlation	0.64	-0.31	0.53	0.59

**Gross Margin**

	Company	Industry	Sector	S&P Avg
Current Trailing	52.86	60.88	54.04	41.29
5 Year Average	58.72	58.09	52.11	41.63
10 Year Average	54.03	57.94	51.97	41.45
15 Year Average	53.83	57.25	51.68	41.31
Proportion Rising	1.00	0.95	0.54	0.58
Price Correlation	0.64	0.74	0.80	0.78

**EBITDA Margin**

	Company	Industry	Sector	S&P Avg
Current Trailing	15.70	30.40	27.04	22.32
5 Year Average	23.22	25.98	24.35	21.87
10 Year Average	19.68	25.82	23.09	21.44
15 Year Average	19.81	26.78	22.74	21.12
Proportion Rising	1.00	0.98	0.62	0.51
Price Correlation	0.66	0.70	0.83	0.87

**Growth Rates**

	Company	Industry	Sector	S&P Avg
Assets 1 Year	6.06	10.50	6.94	8.03
5 Year Average	10.08	2.76	18.60	11.23
10 Year Average	7.83	2.44	9.75	10.10
Equity 1 Year	4.98	13.99	14.37	11.99
5 Year Average	10.95	-0.20	17.35	10.08
10 Year Average	8.87	2.00	9.60	10.89
Shares 1 Year	0.03	-0.10	-0.05	-0.11
5 Year Average	0.05	-0.10	-0.35	-0.24
10 Year Average	0.05	0.20	0.22	-0.02

Earnings Per Share	-27.25	59.58	25.71	13592.80
5 Year Average	10.59	3.78	12.71	11.08
10 Year Average	-1.22	45.70	16.93	13.68

Ebitda 1 Year	6.72	118.47	27.31	18.52
5 Year Average	2.38	-1.97	13.83	15.71
10 Year Average	-6.37	0.03	6.14	9.54

Dividends 1 Year	NA	NA	NA	NA
5 Year Average	NA	NA	NA	NA
10 Year Average	NA	NA	NA	NA

Current Internal I/B/E/S/ L.t. Fore	NA	NA	NA	NA
Current Yield	NA	NA	NA	NA
Avg Market Capital	296.0	2953.1	97773.2	22103.7

**Return on Equity Dynamics**

	Company	Industry	Sector	S&P Avg
Trailing R.O.E.	6.97	22.06	22.56	16.31
5 Year Avg R.O.E.	12.43	19.94	28.23	19.27
ROE Change Last Qt	1.11	1.42	0.07	0.39
ROE Cng Last 6 Mos	-0.81	6.41	-0.45	0.37
ROE Change Last Yr	-4.29	-3.06	-2.24	-0.69
Consen Cng Next Yr	NA	NA	NA	NA

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