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GEARS Total Market

Monday, January 2, 2017: The GEARS Total Market Index has declined by 3% relative to the index of long treasury bonds since the January, 2014 high. Current price to sales is at the upper-end of the range in the record of the Index.

We have collected third quarter sales data for 1115 of the 1207 comparable record companies in the GEARS Total Market Index representing 97% of the capital value. The Index capital weighted average sales growth rate is -0.1%. The proportion of Index market capital accounted for by rising sales growth companies is up to 68.7%, compared to 63.2% 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.

Third quarter gross margin data has been collected for 1115 of the 1207 comparable record companies in the GEARS Total Market Index, representing 97% of the capital value. The proportion of total market capital accounted for by rising gross margin companies is down to 50.0% compared to 56.2% last quarter.

The Index is recording a rising gross margin. Inventories are down, improving the chance of a further increase in the gross margin. SG&A expenses are low in the record of the Index and rising. That implies that the Index has limited scope for further cost containment and rising costs are slowing the EBITDA growth rate relative to sales. The gross margin is rising at a faster rate than SG&A expenses, producing a rising

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EBITDA margin. 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 23 companies in this Index this week. Group fundamentals generally deteriorated with those reports.

New buy ideas this week in this Index are D R Horton Inc and Greif Inc. 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 Autodesk Inc, J & J Snack Foods Corp and Navistar Internationl. 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 280 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=ddowntbuy&step=11>

We have produced 184 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=ddowntsel&step=11>

Research reports describing the details and rationale behind all GEARS

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decision ideas are available at <http://www.the-gears.com> .

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RISK

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

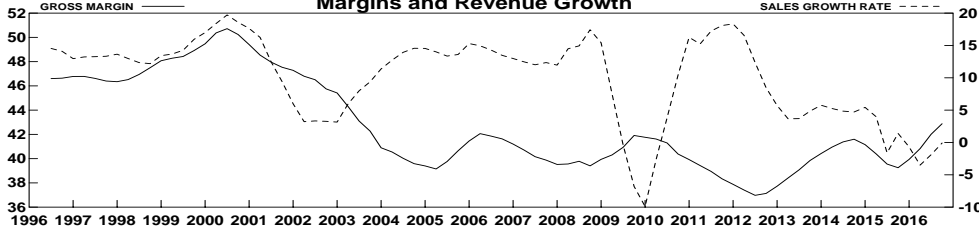


**Relative Investment Return
Gears Total Market Index**

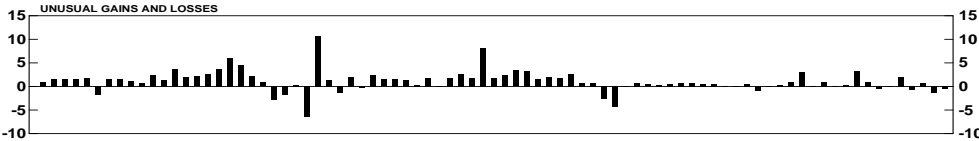
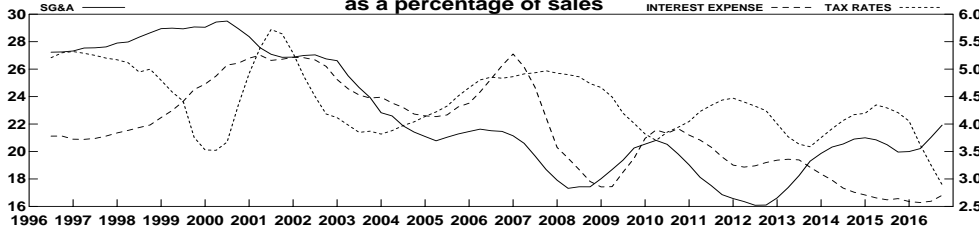


COMPONENTS OF PROFITABILITY

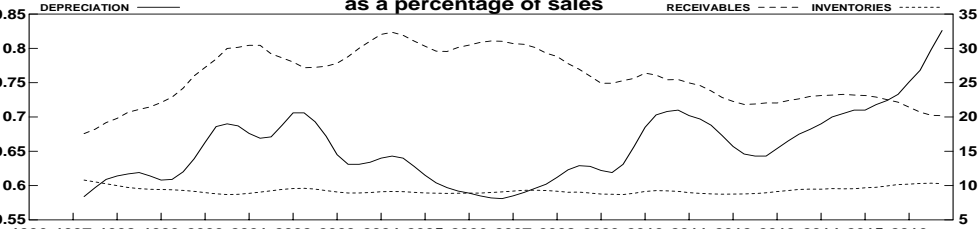
**Gears Total Market Index
Margins and Revenue Growth**



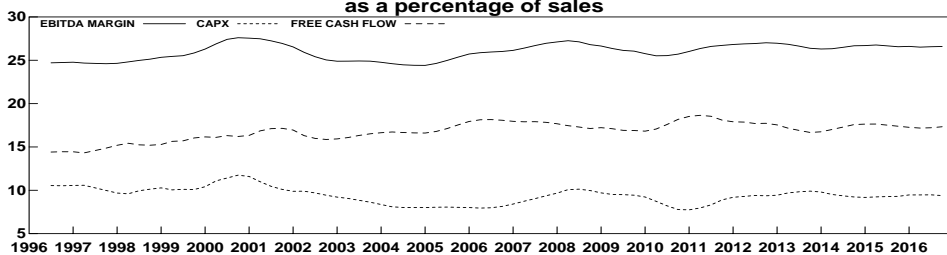
**Interest; S, G and A; Income Taxes
as a percentage of sales**



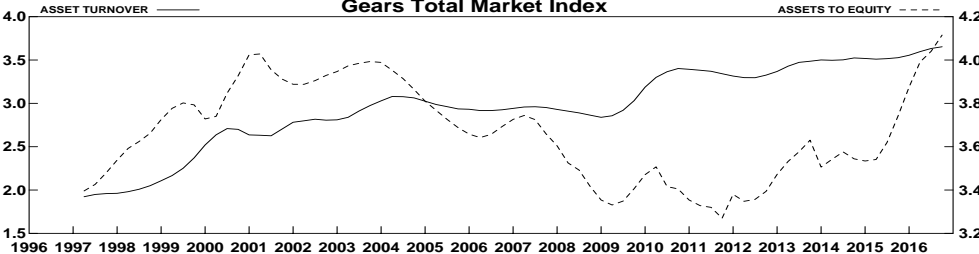
**Depreciation, Inventories and Receivables
as a percentage of sales**



**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

Investment Performance Record				
	Company	Industry	Sector	S&P Avg
Success Frequency	0.00	0.00	0.49	0.49
Return vs Buy/Hold	0.00	0.00	1.06	1.06

Price Dynamics				
	Company	Industry	Sector	S&P Avg
Dec23 closing Price	0.000	0.000	2263.790	2263.790
Change Last Month	0.00	0.00	6.46	6.46
Change Last Qtr	0.00	0.00	3.84	3.84

Price to Earnings History				
	Company	Industry	Sector	S&P Avg
Trailing P/E Ratio	NA	NA	13.47	13.47
I/B/E/S/ FY2 P/E	NA	NA	NA	NA
5 Year Average P/E	NA	NA	13.35	13.35
P/E Relative	NA	NA	0.94	0.94
5 Year Avg P/E Rel	NA	NA	1.00	1.00

Price to EBITDA History				
	Company	Industry	Sector	S&P Avg
Trailing P/Ebitda	NA	NA	9.30	9.30
5 Year Avg P/Ebitd	NA	NA	8.79	8.79
P/Ebitda Relative	NA	NA	0.55	0.55
5 y Avg P/Ebitda Re	NA	NA	0.63	0.63

Price to Sales History				
	Company	Industry	Sector	S&P Avg
Trailing P/Sales	NA	NA	15.04	15.04
1 Year Avg P/Sales	NA	NA	13.64	13.64
5 Year Avg P/Sales	NA	NA	19.83	19.83
Price/Book Value	NA	NA	1.45	1.45
5 Year Avg P/Bv	NA	NA	1.86	1.86

Sales Growth				
	Company	Industry	Sector	S&P Avg
Current Year/Year	NA	NA	0.24	0.24
1 Year Average	NA	NA	-0.81	-0.81
5 Year Average	NA	NA	4.25	4.25
Proportion Rising	NA	NA	0.70	0.70
Price Correlation	NA	NA	0.59	0.59

Gross Margin				
	Company	Industry	Sector	S&P Avg
Current Trailing	NA	NA	39.92	39.92
5 Year Average	NA	NA	39.80	39.80
10 Year Average	NA	NA	39.80	39.80
15 Year Average	NA	NA	39.79	39.79
Proportion Rising	NA	NA	0.48	0.48
Price Correlation	NA	NA	0.78	0.78

EBITDA Margin				
	Company	Industry	Sector	S&P Avg
Current Trailing	NA	NA	21.06	21.06
5 Year Average	NA	NA	21.11	21.11
10 Year Average	NA	NA	20.69	20.69
15 Year Average	NA	NA	20.35	20.35
Proportion Rising	NA	NA	0.41	0.41
Price Correlation	NA	NA	0.87	0.87

Growth Rates				
	Company	Industry	Sector	S&P Avg
Assets 1 Year	NA	NA	5.63	5.63
5 Year Average	NA	NA	6.54	6.54
10 Year Average	NA	NA	7.95	7.95
Equity 1 Year	NA	NA	4.32	4.32
5 Year Average	NA	NA	4.95	4.95
10 Year Average	NA	NA	6.92	6.92
Shares 1 Year	NA	NA	-0.02	-0.02
5 Year Average	NA	NA	0.06	0.06
10 Year Average	NA	NA	0.05	0.05

Earnings Per Share	NA	NA	17625.54	17625.54
5 Year Average	NA	NA	2.21	2.21
10 Year Average	NA	NA	7.83	7.83
Ebitd 1 Year	NA	NA	-2.38	-2.38
5 Year Average	NA	NA	13.74	13.74
10 Year Average	NA	NA	8.80	8.80
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	45300.28	45300.28

Return on Equity Dynamics				
	Company	Industry	Sector	S&P Avg
Trailing R.O.E.	NA	NA	12.91	12.91
5 Year Avg R.O.E.	NA	NA	14.92	14.92
ROE Change Last Qt	NA	NA	-1.79	-1.79
ROE Cng Last 6 Mos	NA	NA	-1.51	-1.51
ROE Change Last Yr	NA	NA	-1.10	-1.10
Consen Cng Next Yr	NA	NA	NA	NA