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## **Champions portfolio**

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Monday, December 19, 2016: The following report is intended to inform you on the performance and growth attributes of your portfolio and update on developments among your portfolio companies in the past week. The value of the Champions portfolio has declined by 22% relative to the OTOS Total Market index since the February, 2014 high. Current relative valuation is at the lower-end of the range in the record of the portfolio.

Last week the value of the Champions portfolio fell by 0.3% compared to a 0.1% decline for the OTOS Total Market index. Gaining stocks in the Champions portfolio numbered 4 or 66.7% of the portfolio total compared to a 16.8% gaining stocks frequency within the OTOS Total Market Index.

There are no stocks in this portfolio with unusually depressed share prices. There are no current buy decisions in that group. Upcoming financial reports on those companies will inform your decision on these depressed stocks. Last week there were no depressed-share-price buy ideas in this portfolio.

There are 4 stocks in this portfolio with unusually extended share prices. There are no current sell decisions in that group. Upcoming financial reports from these companies will inform your decision on these good performers. Last week there were no extended-share-price sell ideas in this portfolio.

We have collected second quarter sales data for all of the companies in the Champions portfolio. The portfolio weighted average sales growth rate is 23.7%. The proportion of portfolio weight accounted for by rising sales growth companies is up to 47.9%, compared to 34.7% last quarter.

Currently, sales growth is low in the record of the Champions portfolio but higher than last quarter.

Second quarter gross margin data has been collected for all of the companies in the Champions portfolio. The proportion of total portfolio value accounted for by rising gross profit margin companies is up to 46.6% compared to 17.1% last quarter.

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The portfolio is recording a rising gross profit margin. Inventories are down, improving the chance of a further increase in the gross profit margin. Fixed expenses are high in the record of the portfolio and falling. That implies that the portfolio has further capability to accelerate bottom line profit relative to sales with lower costs. Higher gross profit margins and lower fixed expenses are producing a leveraged acceleration in bottom line profit relative to sales.

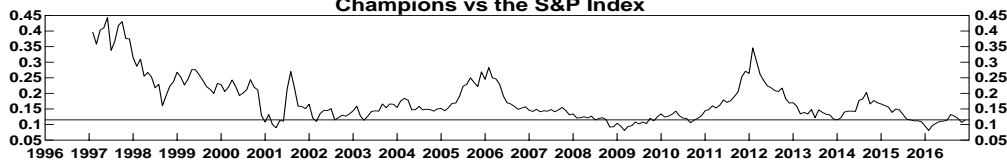
There were no new accounting numbers collected in this portfolio this week.

There are no new buy ideas in this portfolio this week.

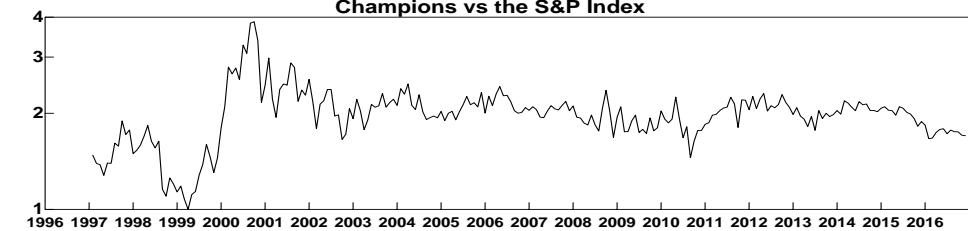
There are no new sell ideas in this portfolio this week.

There are no new sell ideas in this portfolio so far this quarter.

**RISK**  
Relative Price to Sales  
Champions vs the S&P Index

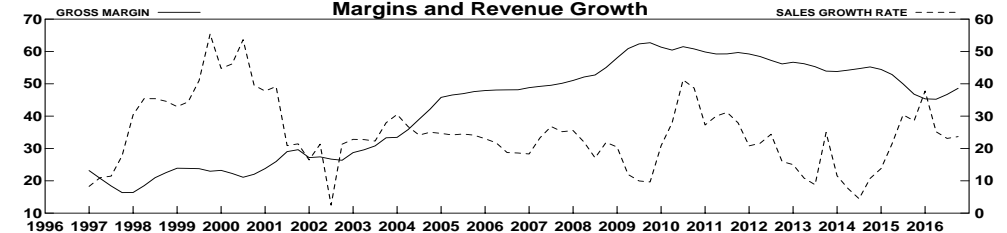


Relative Investment Return  
Champions vs the S&P Index

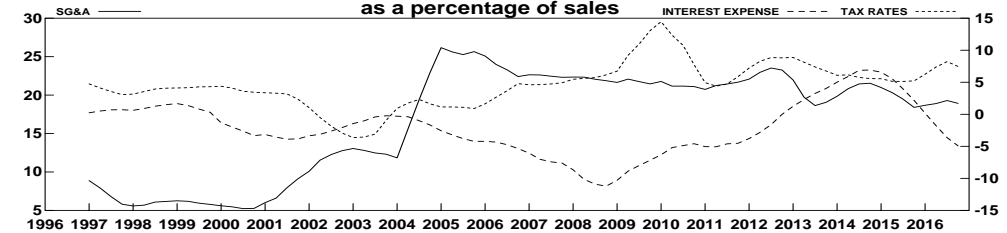


**COMPONENTS OF PROFITABILITY**  
Champions

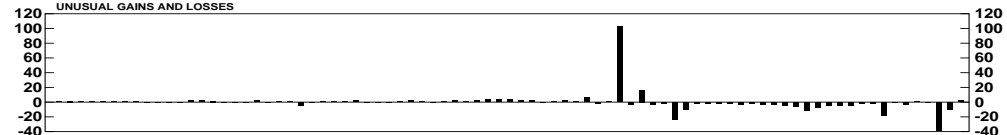
Margins and Revenue Growth



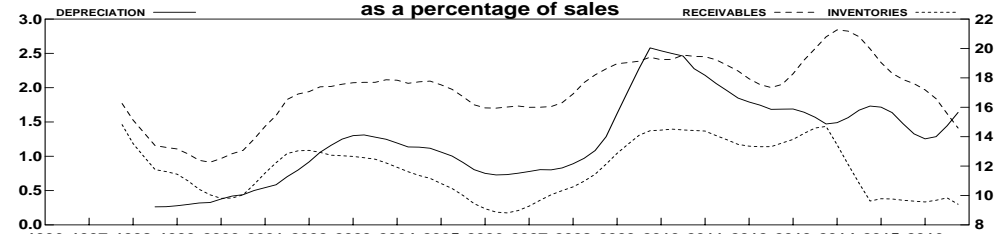
Interest; S, G and A; Income Taxes  
as a percentage of sales



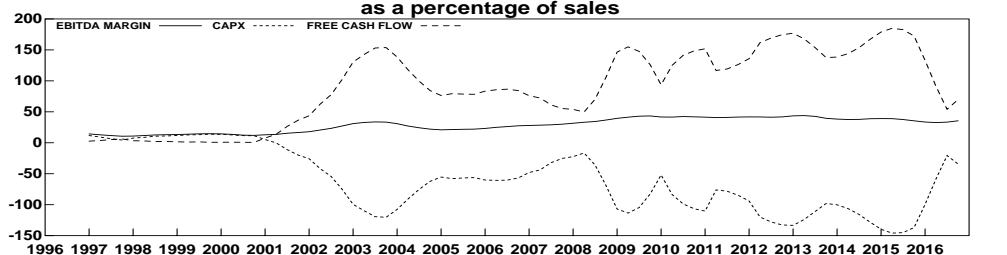
UNUSUAL GAINS AND LOSSES



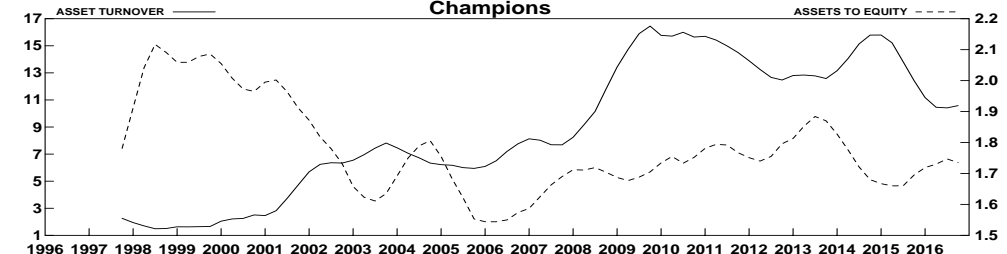
Depreciation, Inventories and Receivables  
as a percentage of sales



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



Asset Turnover and Assets to Equity  
Champions



Company  
Industry  
**Sector Champions**

Investment Performance Record

	Company	Industry	Sector	S&P Avg
Success Frequency	0.00	0.00	166.70	0.49
Return vs Buy/Hold	0.00	0.00	50.21	1.06

Price Dynamics

	Company	Industry	Sector	S&P Avg
Dec23 closing Price	0.000	0.000	58.456	2263.790
Change Last Month	0.00	0.00	58.68	6.46
Change Last Qtr	0.00	0.00	0.59	3.84

Price to Earnings History

	Company	Industry	Sector	S&P Avg
Trailing P/E Ratio	NA	NA	0.73	13.47
I/B/E/S/ FY2 P/E	NA	NA	37.39	NA
5 Year Average P/E	NA	NA	36.95	13.35
P/E Relative	NA	NA	36.92	0.94
5 Year Avg P/E Rel	NA	NA	35.72	1.00

Price to EBITDA History

	Company	Industry	Sector	S&P Avg
Trailing P/Ebitda	NA	NA	1.00	9.30
5 Year Avg P/Ebitd	NA	NA	0.88	8.79
P/Ebitda Relative	NA	NA	6.45	0.55
5 y Avg P/Ebitda Re	NA	NA	12.48	0.63

Price to Sales History

	Company	Industry	Sector	S&P Avg
Trailing P/Sales	NA	NA	20.93	15.04
1 Year Avg P/Sales	NA	NA	1.06	13.64
5 Year Avg P/Sales	NA	NA	14.94	19.83
Price/Book Value	NA	NA	19.31	1.45
5 Year Avg P/Bv	NA	NA	-0.11	1.86

Sales Growth

	Company	Industry	Sector	S&P Avg
Current Year/Year	NA	NA	0.04	0.24
1 Year Average	NA	NA	0.04	-0.81
5 Year Average	NA	NA	39.44	4.25
Proportion Rising	NA	NA	1.00	0.70
Price Correlation	NA	NA	5.50	0.59

Gross Margin

	Company	Industry	Sector	S&P Avg
Current Trailing	NA	NA	24.69	39.92
5 Year Average	NA	NA	4.39	39.80
10 Year Average	NA	NA	7.48	39.80
15 Year Average	NA	NA	NA	39.79
Proportion Rising	NA	NA	NA	0.48
Price Correlation	NA	NA	NA	0.78

EBITDA Margin

	Company	Industry	Sector	S&P Avg
Current Trailing	NA	NA	NA	21.06
5 Year Average	NA	NA	0.81	21.11
10 Year Average	NA	NA	NA	20.69
15 Year Average	NA	NA	1.00	20.35
Proportion Rising	NA	NA	NA	0.41
Price Correlation	NA	NA	6117.41	0.87

Growth Rates

	Company	Industry	Sector	S&P Avg
Assets 1 Year	NA	NA	9.80	5.63
5 Year Average	NA	NA	6.67	6.54
10 Year Average	NA	NA	1.82	7.95
Equity 1 Year	NA	NA	1.33	4.32
5 Year Average	NA	NA	1.71	4.95
10 Year Average	NA	NA	3.44	6.92

Shares 1 Year	NA	NA	NA	-0.02
5 Year Average	NA	NA	NA	0.06
10 Year Average	NA	NA	NA	0.05

Earnings Per Share	NA	NA	NA	17625.54
5 Year Average	NA	NA	NA	2.21
10 Year Average	NA	NA	NA	7.83

Ebitd 1 Year	NA	NA	NA	-2.38
5 Year Average	NA	NA	NA	13.74
10 Year Average	NA	NA	NA	8.80

Dividends 1 Year	NA	NA	NA	NA
5 Year Average	NA	NA	0.73	NA
10 Year Average	NA	NA	2.18	NA

Current Internal	NA	NA	0.88	NA
I/B/E/S/ L.t. Fore	NA	NA	0.37	NA
Current Yield	NA	NA	0.08	NA
Avg Market Capital	NA	NA	-1.67	45300.28

Return on Equity Dynamics

	Company	Industry	Sector	S&P Avg
Trailing R.O.E.	NA	NA	0.60	12.91
5 Year Avg R.O.E.	NA	NA	2.00	14.92
ROE Change Last Qt	NA	NA	-0.95	-1.79
ROE Cng Last 6 Mos	NA	NA	-0.16	-1.51
ROE Change Last Yr	NA	NA	1.94	-1.10
Consen Cng Next Yr	NA	NA	0.57	NA