Demo 1 - Introducing F.A.S.T. Graphs™

Transcript for video located at:

https://www.youtube.com/watch?v=cX0sh8wy2hg

It is our pleasure to introduce you to F.A.S.T. Graphs™, a stock research tool with a focus on fundamentals. F.A.S.T. is an acronym for Fundamentals Analyzer Software Tool, which is offered to provide investors an efficient and powerful investing "tool to think with."

With F.A.S.T. Graphs™ the user can create a picture of essential fundamentals at a glance, in an instant, on any of more than 16,000 available symbols for U.S. and Canadian stocks. What F.A.S.T. Graphs™ can accomplish in split seconds would take the same investor hours of tedious research and effort. Thanks to F.A.S.T. Graphs™, the subscriber can watch the fundamentals, primarily earnings per share, of any stock they own or are interested in, come to life, because F.A.S.T. Graphs™ focuses on fundamentals first.

Here we show McDonalds with the Normalized Basic Tax Adjusted (Operating) Earnings only plotted, and here we add the stock price second (the black line on a graph). With the two lines correlated the user can make smarter and better informed investing decisions regarding when to buy, sell or hold a given company. The F.A.S.T. Graphs™ research tool was created to help investors exploit the undeniable functional relationship and strong correlation between the earnings of a business and its stock price over time.

As the father of modern security analysis Ben Graham so aptly put it: "in the short run the stock market is a voting machine, but in the long run it's a weighing machine."

In other words short run price volatility (the black price line) is caused by voting dollars; however, in the long run, the weight of operating results or earnings (the orange line) substantiates the value of the company. The F.A.S.T. Graphs™ research tool provides graphic evidence in pictorial form that illustrates Ben Graham's famous investing lesson. The F.A.S.T. Graphs™ charting tool correlates stock prices (the black line) with earnings (the orange line) thereby providing a clear depiction of True Worth™ valuation or intrinsic value as some like to refer to it as.

With this next example we are presenting a complete fast graphs on McDonald’s utilizing the default mnemonic “Normalized Basic Tax Adjusted (Operating) Earnings” there are two primary components of the basic F.A.S.T. Graphs™ research tool -first is a set of historical graphics followed by forecasting calculators.

At the push of a button the historical F.A.S.T. Graphs™ draws an earnings and price correlated graph for a period of time as short as two years or all the way out to a maximum of 20 years.
Here we are drawing a 15-calendar-year graph on United Technologies (Note: that there are 2 years of future estimates included). In addition to graphing price and earnings the F.A.S.T. Graphs™ also automatically provides a depiction of dividends, if any, in 2 forms- the light blue shaded area above the orange line depicting dividends after they’ve been paid out of earnings (the green shaded area) and by the light pink line depicting dividends prior to being paid out to shareholders.

Moreover, the pink line provides 2 additional functions. First, it graphically depicts the company’s dividend payout ratio which is all of the earnings that are below the pink line. Second, it allows you to instantly determine whether dividends have risen or fallen in any given year. When stacked on top of earnings, the light blue shaded area can provide the illusion that a dividend has been cut if the company has a record of cyclical earnings. The graph on Caterpillar vividly illustrates these points.

The final line on a F.A.S.T. Graphs™ is the dark blue historical normal PE ratio measurement. F.A.S.T. Graphs™ automatically calculates the P/E ratio that the market has most commonly applied to a given stock over any timeframe that is graphed. This adds a second metaphor of valuation to the F.A.S.T. Graphs™. It’s important to state here that F.A.S.T. Graphs™ were not designed to dictate fair value. Instead, they were designed to reveal it. In other words, it is up to the user to decide whether or not the blue normal P/E ratio line on the graph, or the orange earnings justified valuation line on the graph, is the right one to base valuation decisions on. The essence of FAST Graphs™ is that they are “A tool to think with.”

For premium subscribers only, other historical F.A.S.T. Graphs™ include a historical interest rate graph and a plotting of year-end PE ratios for each year graphed. Another important fundamental measurement automatically provided by F.A.S.T. Graphs™ is the annual sales and monthly price to sales graphic.

The final piece of vital historical information provided by F.A.S.T. Graphs™ is the associated performance results for whatever time frame was measured.

This includes a dividend cash flow table, if the company pays dividends, and a calculated closing annualized rate of return (ROR), which is compared to the S&P 500 as a return benchmark.

Important benefits of these return calculations are the evidence of the close correlation between earnings growth and shareholder returns over time as well as the importance of valuation and how it affects returns.

**Forecast Future Earnings (estimates)**

Moreover, only when utilizing the default mnemonic (Normalized Basic Tax Adjusted (Operating) Earnings) the historical F.A.S.T. Graphs™ provides a specific estimate for the company’s current fiscal year and for the next fiscal year. Consequently, subscribers are provided historical earnings data and a near-term consensus future estimate on one graph. Importantly, the earnings growth rate calculation is made only on actual historical earnings data. In other words, forecast future earnings are not included in this calculation.

Additionally, subscribers are provided additional earnings estimate data on the Estimated Earnings And Return Calculator graph that will provide estimates for up to 5 specific future years (in some cases only 3 years of specific estimates are provided).
The estimated earnings and return calculator also has an override function that allows the user to input their own five-year forecasts if they disagree with consensus.

Finally a ten-year earnings yield estimator is automatically drawn for each company chosen. This final graph provides a mathematical comparison of the company's current and expected earnings yield compared to an equal investment in a 10 year treasury bond. This provides an important calculation of valuation.

In addition to the historical and forecasting components of the basic F.A.S.T Graphs™ research tool is a powerful portfolio building function for both premium and basic subscribers. Premium subscribers can produce unlimited portfolios, while basic subscribers are limited to 3 portfolios. These additional features enable the users to more effectively manage their portfolios by having a greater transparency regarding what they own and why they own it than any other tool available.

But best of all, F.A.S.T. Graphs™ are easy to learn and easy to use. By merely typing in a stock symbol into the ticker box and hitting the go button, the F.A.S.T. Graphs™ automatically and instantaneously provides all these fundamentals and price driven research items instantly and at a glance.

With F.A.S.T. Graphs™ the user can see an instant that wherever earnings go stock price is sure to follow in the long run. Whether earnings go up down sideways or move cyclically the price of a specific company's stock will follow its earnings in the long run.

This is the first in a series of demos that illustrate the enormous power and benefits of the F.A.S.T. Graphs™ research tool. The next four demos will cover the basics of how to use the various F.A.S.T. Graphs™ components. To include:

- Demo 2. The Historical and Performance Graphs;
- Demo 3. The Forecasting Tool;
- Demo 4. The Screening Function; and
- Demo 5. How to Build and Manage a Portfolio using F.A.S.T. Graphs™