



1

B **2**

LOW Price: Which to Select?

April 26, 2022

Presented By Shirley Pfister
Rocky Mountain Chapter Model Investment Club

2

B

3

Model Club Disclaimer

- The information presented and discussed in this model club meeting is for demonstration and educational purposes only. The securities of companies referenced or featured in the meeting materials, presentation and discussion are for illustrative purposes only and are not to be considered endorsed or recommended for purchase or sale by BetterInvesting™ / National Association of Investors™. The views, opinions expressed and decisions made by club partners regarding the purchase and sale of stocks or other assets are those of the partner(s), and do not necessarily reflect the views and opinions of BetterInvesting. No recommendation to purchase or sell any stock, mutual fund, or other security referenced is being made on behalf of BetterInvesting.
- Securities discussed may be held by the club partners and presenters in their own personal portfolios or in those of their clients. BetterInvesting presenters and volunteers are held to a strict code of conduct that precludes benefiting financially from educational presentations or public activities via any BetterInvesting programs, events and/or educational sessions in which they participate. Any violation is strictly prohibited and should be reported to the CEO of BetterInvesting or the Director of Chapter Relations.
- This meeting may contain images of websites and products or services not endorsed by BetterInvesting. The presenter is not endorsing or promoting the use of these websites, products or services.
- National Association of Investors™, BetterInvesting™ and the BetterInvesting™ Icon are trademarks/registered trademarks. All rights reserved. © 2021 BetterInvesting™.
- **We may be recording this session for our future use.**

3

B

4

OBJECTIVES:

- Review the Online choices available for the low price
- Additional methods to calculate the low price

4

B
5

Determining the Low Price

- Provides an estimate of how low the stock price might go in the next 5 years
- Four methods = each one appropriate for a different type company or situation

5

B
6

Potential Low Price Selection Online Tool

▶ Determine Low Price - Next 5 Years

Select Low Stock Price Forecast

Your Low Stock Price Forecast:

Low P/E X Low EPS Forecast: Update Low EPS Forecast using: Auto Update to TTM EPS (click to toggle)

Average Low P/E Forecast: X Low EPS Forecast: = Forecast Low Stock Price:

5 Year Average Low P/E: **18.8** TTM EPS: **1.49** Closing Price (03/17/21): **48.41**

5 Year Average P/E: **23.5**

Current P/E: **32.5**

Recent Market Low Price:

2019 Low Stock Price: **24.8** 52 Week Low Stock Price: **26.7**

2020 Low Stock Price: **26.7**

Average Low Price of Last Five Years:

Price Dividend Will Support: $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.12}{3.7\%} = \text{29.9}$

6

7

Potential Low Price Selection Online Tool

Determine Low Price - Next 5 Years

Select Low Stock Price Forecast

Your Low Stock Price Forecast:

Low P/E X Low EPS Forecast: Update Low EPS Forecast using: **Auto Update to TTM EPS** (click to toggle)

Average Low P/E Forecast: X Low EPS Forecast: = Forecast Low Stock Price:

5 Year Average Low P/E: **18.8** TTM EPS: **1.49** Closing Price (03/17/21): **48.41**

5 Year Average P/E: **23.5**

Current P/E: **32.5**

Recent Market Low Price: **24.8**

2019 Low Stock Price: **24.8** 52 Week Low Stock Price: **26.7**

2020 Low Stock Price: **26.7**

Average Low Price of Last Five Years: **22.5**

Price Dividend Will Support: $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.12}{3.7\%} = \mathbf{29.9}$

7

8

Potential Low Price Selection Online Tool

Determine Low Price - Next 5 Years

Select Low Stock Price Forecast

Your Low Stock Price Forecast:

Low P/E X Low EPS Forecast: Update Low EPS Forecast using: **Auto Update to TTM EPS** (click to toggle)

Average Low P/E Forecast: X Low EPS Forecast: = Forecast Low Stock Price:

5 Year Average Low P/E: **18.8** TTM EPS: **1.49** Closing Price (03/17/21): **48.41**

5 Year Average P/E: **23.5**

Current P/E: **32.5**

Recent Market Low Price: **24.8**

2019 Low Stock Price: **24.8** 52 Week Low Stock Price: **26.7**

2020 Low Stock Price: **26.7**

Average Low Price of Last Five Years: **22.5**

Price Dividend Will Support: $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.12}{3.7\%} = \mathbf{29.9}$

8

B
9

Potential Low Price Selection Online Tool

▶ Determine Low Price - Next 5 Years

Select Low Stock Price Forecast

Your Low Stock Price Forecast:

Low P/E X Low EPS Forecast: Update Low EPS Forecast using: Auto Update to TTM EPS (click to toggle)

Average Low P/E Forecast: X Low EPS Forecast: = Forecast Low Stock Price:

5 Year Average Low P/E: **18.8** TTM EPS: **1.49** Closing Price (03/17/21): **48.41**

5 Year Average P/E: **23.5**

Current P/E: **32.5**

Recent Market Low Price: 24.8

2019 Low Stock Price: **24.8** 52 Week Low Stock Price: **26.7**

2020 Low Stock Price: **26.7**

Average Low Price of Last Five Years: 22.5

Price Dividend Will Support Indicated Dividend = $\frac{1.12}{3.7\%}$ = 29.9

High Yield

9

B
10

Potential Low Price Selection Online Tool

- Another calculation which may be evaluated when selecting the low price is to estimate the average low price by determining 80% of the current price. This can then be compared to the others you have.

- GOOD RULE TO REMEMBER = FORECAST LOW PRICE BE AT LEAST 20% below the CURRENT price

10

B	11
<h2>Price Variant Quotient (PVQ)</h2>	
<p>Gayle Olson's methodology for the selection of an alternative Low Stock Price in the Stock Study Process</p>	

11

B	12
<h2>Price Variant Quotient (PVQ)</h2>	
<p>The selection of the potential low price is one of the most critical judgment items. Using trading history for a stock, the Price Variant Quotient (PVQ) can determine a potential low price to be used in the stock study process.</p>	

12

B
13

Price Variant Quotient (PVQ)

Gail Olson’s PVQ methodology simply stated for the Selected Low Price is the **ratio** of the **average 5 yr. Low price** to the **average 5 yr. High stock price** times the 52 week high price.

PVQ =

(average 5-year low price / average 5-year high price) X 52-week high price

13

B
14

Price Variant Quotient

3 PRICE, PRICE/EARNINGS RATIO and DIVIDEND ANALYSIS

		CURRENT PRICE (P/E) 48.41 (32.5)		52-WEEK HIGH (P/E) 51.89 (34.8)		52-WEEK LOW (P/E) 26.72 (17.9)			
Fiscal Year		High Price	Low Price	EPS	High P/E	Low P/E	Dividend	% Payout	% High Yield
1	2016	25.0	17.6	0.87	28.9	20.3	0.600	69.4	3.4
2	2017	27.7	19.9	1.01	27.6	19.8	0.640	63.7	3.2
3	2018	30.6	23.7	1.31	23.4	18.1	0.770	58.8	3.2
4	2019	37.9	24.8	1.38	27.5	18.0	0.870	63.0	3.5
5	2020	50.5	26.7	1.49	33.9	17.9	1.000	67.1	3.7
6	AVERAGE	34.34	22.5		28.3	18.8		64.4	
		AVERAGE P/E RATIO	23.6	PROJECTED P/E RATIO	30.3	TTM EPS		1.49	
		CURRENT P/E RATIO	32.5	PEG RATIO	4.2	FTM EPS		1.60	
		RELATIVE VALUE	138.0%	PROJ. RELATIVE VALUE	128.8% 131.8%	AVG TTM + FTM EPS		1.54	

PVQ = (22.50 / 34.34) * 51.89 = 34.00

4 EVALUATING REWARD and RISK over the next 5 years

A FUTURE HIGH PRICE ANALYSIS – NEXT 5 YEARS
 Selected High P/E 28.3 26.9 X Estimated High Earnings/Share 2.10 = Forecast High Price \$ 56.5

B FUTURE LOW PRICE ANALYSIS – NEXT 5 YEARS
 (a) Sel. Low P/E 18.8 19.1 X Estimated Low Earnings/Share 1.49 1.46 = \$ 27.9
 (b) Average 5-Year Low Price = 22.5
 (c) Recent Severe Low Price = 24.8
 (d) Price Dividend Will Support = Present Divd. + High Yield = 1.12 + 0.037 = 29.9
 Selected Estimated Low Price = \$ 34.1

14

Rocky Mountain Chapter
Model Investment Club

4/26/2022


B
15

Price Variant Quotient

Online Calculation

- Divide the average 5 yr. Low Price by the average 5 yr. High Price. Multiple that number by the 52 week High Price!


Toolkit



15

B
16

Really Lazy? Still want to use?



Look for the longest price bars
 Use your mouse to hover over the bar
 See the 52-week price range
 Divide the low price by the high price,
 And multiply times the 52-week high price

16

B
17

Potential Low Price Selection Online Tool

4 EVALUATING REWARD and RISK over the next 5 years

A FUTURE HIGH PRICE ANALYSIS – NEXT 5 YEARS
 Selected High P/E ~~28.3~~ 26.9 X Estimated High Earnings/Share 2.10 = Forecast High Price \$ 56.5

B FUTURE LOW PRICE ANALYSIS – NEXT 5 YEARS

(a) Sel. Low P/E ~~18.8~~ 19.1 X Estimated Low Earnings/Share ~~1.49~~ 1.46 = \$ 27.9

(b) Average 5-Year Low Price = 22.5

(c) Recent Severe Low Price = 24.8

(d) Price Dividend Will Support = Present Div. ÷ High Yield = 1.12 ÷ 0.037 = 29.9

Selected Estimated Low Price = \$ 34.1

4B(a) – Most often use selection for growth companies without significant dividend

4B(b) – Used for cyclical companies, e.g., auto manufacturers

4B(c) – Used for turnaround or otherwise volatile and unpredictable companies; usually not well suited to the stock study methodology

4B(d)– Large companies with significant dividend (>5%)

Other choices for Low Stock Price

Price Variant Quotient

80% of current price

Other -

17

B
18

Potential Low Price Selection Online Tool

CAUTION: Before you choose a value other than 4A
THINK!!!

4 EVALUATING REWARD and RISK over the next 5 years

A FUTURE HIGH PRICE ANALYSIS – NEXT 5 YEARS
 Selected High P/E ~~28.3~~ 26.9 X Estimated High Earnings/Share 2.10 = Forecast High Price \$ 56.5

B FUTURE LOW PRICE ANALYSIS – NEXT 5 YEARS

(a) Sel. Low P/E ~~18.8~~ 19.1 X Estimated Low Earnings/Share ~~1.49~~ 1.46 = \$ 27.9

(b) Average 5-Year Low Price = 22.5

(c) Recent Severe Low Price = 24.8

(d) Price Dividend Will Support = Present Div. ÷ High Yield = 1.12 ÷ 0.037 = 29.9

Selected Estimated Low Price = \$ 34.1

18

B **19**

References and Studies

- Information for this presentation came from documents by Gayle Olson, Bob Adams, Marty Eckerle, Ken Janke, & Ralph Futch

Thank You to All!!!

19

B **20**

Question and Comments



Shirley Pfister
Rocky Mountain Chapter Model Investment Club

20