

	Valuation	Comments	Metrics to Track	Comments
Technology	P/E EV/EBITDA P/E/G EV/Sales	Earnings for most, EBITDA for Internet/larger cap, sales growth for small cap stocks	IT Spending Product Mix GDP Components	IT Spending and mix of products to drive revenue and margins. Cost of components may vary with gold/silver/NAND and others
Consumer	P/E ROA & ROE P/BV Debt/Assets	Earnings for the majority, goal is to use leverage and grow stores rapidly	Weather Sales/Sq Foot Monthly Sales Same Store Sales	More people shopping (warm weather) and efficiency of stores to drive profitability. Positively, monthly numbers generally occur
Auto/Trans	EV/EBITDAR EV/EBITDAR or (P) DCF Debt/EBITDA	Valued on cash flow, EBITDA used as a proxy, expect higher cyclicality	WW Auto Sales SAAR GDP Gas & Component Costs	GDP and mix of auto world wide auto sales impact long-term sales growth, tied to global demand environment
Financials	P/BV Tangible Book Value ROE & ROA Loan Ratios	Book value and tangible BV are key as you're growing assets. Focus on ROE (banks) as well.	Interest Rates Charge Offs Dividend Growth Portfolio Composition	Interest rates drive bonds, charge offs impact cards and dividends are for REITs. Financial firms want to have a solid ROE
Medical	Sum of Parts DCF Sales Growth Addressable Markets	Focus on assigning valuation per product, post approval the size of the market is key	Product Approval Government Laws Government Subsidies Market Sizing	Called "lottery stocks", a drug approval for a specific disease can move stocks triple digits, after that look for large markets
Oil & Gas	EV/EBITDA DCF P/E NAV	Focus on cash flow and DCF. Also look to net asset value and earnings power for further valuation	MBOE Reserves Emission/Legislation Natural Disasters	Focus on production Ex: Million Barrels of Oil Equivalent (MBOE) and tracking changes to legislations for drilling/natural disasters may occur

Additional Notes from Email Questions

Software: generally same valuation set up as Technology, however deserves a higher multiple due to higher gross/op margins

Clean Tech/Solar: similar to Technology, however more capex heavy so FCF is used as EBITDA becomes less meaningful

Industrials: this is broad however if it is large scale more tied to macro and low end industrials focuses on outgrowing the market. Example: simplistically if you are a mid cap company you must outpace your industrial peer group eg 15% growth instead of 8% type numbers that would be healthy for a large cap peer in the space

Pharmaceuticals: covered within medical and will be reliant on new drugs being approved and addressable market for cure