

The Value Line Investment Survey

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Part 2 File in page order in the *Selection & Opinion* binder.

SELECTION & OPINION

January 22, 2021

Dear Subscribers,

As part of our ongoing efforts to keep The Value Line Investment Survey the most valuable investment resource for our subscribers, all updated Ranks are now being released on the Value Line Web Site by 8:00 A.M. Eastern Time on Mondays. You can access all the Ranks each week at www.valueline.com by entering your user name and password. We look forward to continuing to provide you with accurate and timely investment research. Thank you.

The Value Line View

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The *Selection & Opinion* Index appears in the November 13, 2020 issue on page 784.

In Three Parts: Part 1 is the Summary & Index. This is Part 2, Selection & Opinion. Part 3 is Ratings & Reports. Volume LXXVI, Number 24.

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ECONOMIC AND STOCK MARKET COMMENTARY

Things are changing in Washington.

First, Joseph R. Biden, Jr. has become President of the United States, after a bitter election and a tense aftermath. Then, there is the shift in Congress, where the Democrats hold a slim edge in the House of Representatives, and following victories in the Georgia runoffs, narrow control of the Senate.

Let's look at what this all means for the financial markets.

In the short run, control of Congress by the Democratic Party may lead to more generous fiscal stimulus proposals, including larger payments to families struggling because of COVID-19 and its consequent impact on employment and income. Longer term, it might lead to tighter regulations and selectively higher corporate and individual tax rates. The strength in the stock market so far in 2021 suggests that investors are now focusing on the potential for stronger economic growth evolving from greater fiscal support.

Meanwhile, after a likely slowing in economic growth in the just-ended quarter,

we could see a further chipping away at the expansion in the current period. True, the recent pickup in manufacturing activity and gains in the nonmanufacturing sector are encouraging. But the employment picture

is sobering, with jobless filings rising and job totals declining in December for the first time since April. The downturn was especially severe in the troubled restaurant industry. For now, a double-dip recession appears unlikely, but not out of the question.

All the while, worries about COVID-19

persist, with daily death counts surpassing 4,000 recently and the distribution of vaccines still frustratingly slow. That dour combination remains a possible headwind for a frothy stock market.

At this time, optimism about the economy later this year and concerns about high price-earnings ratios may be dueling

views going forward. Such crosscurrents are indicative of the potential for further volatility in the stock market in 2021.

Conclusion: Clearly, the easy money in this long bull market has been made. That said, should the mass distribution of vaccines now proceed more rapidly and the economy respond to new stimulus measures, investors may still see further gains. On that possibility, we would retain a good weighting in companies with positive earnings prospects. Please refer to the inside back cover of *Selection & Opinion* for our statistically-based Asset Allocation Model's current reading. ■

CLOSING STOCK MARKET AVERAGES AS OF PRESS TIME

	1/5/2021	1/12/2021	%Change 1 week	%Change 12 months
Dow Jones Industrial Average	30391.60	31068.69	+2.2%	+7.8%
Standard & Poor's 500	3726.86	3801.19	+2.0%	+16.4%
N.Y. Stock Exchange Composite	14536.53	15010.29	+3.3%	+7.5%
NASDAQ Composite	12818.96	13072.43	+2.0%	+42.4%
NASDAQ 100	12802.38	12892.09	+0.7%	+43.8%
Amex Major Market Index	2462.98	2551.41	+3.6%	-1.1%
Value Line (Geometric)	571.37	601.93	+5.3%	+9.6%
Value Line (Arithmetic)	7954.10	8396.93	+5.6%	+26.6%
London (FT-SE 100)	6612.25	6754.11	+2.1%	-11.3%
Tokyo (Nikkei)	27158.63	28164.34	+3.7%	+18.1%
Russell 2000	1979.11	2127.96	+7.5%	+28.4%

Model Portfolios: Recent Developments

PORTFOLIO I

We are making one change to Portfolio I this week. Balchem is being replaced in favor of a stock with greater 18-month appreciation potential. Specifically, we are adding the shares of *General Dynamics Corporation*, the global aerospace and defense company. The U.S. Government accounts for about two-thirds of total revenues. The company continues to experience challenges in the aerospace sector, though performance elsewhere has been somewhat better. Overall, *General Dynamics* has established a track record of bottom-line growth over a long time frame, and we expect this pattern to continue.

Elsewhere in Portfolio I, *Lockheed Martin* has signed a \$1.28 billion F-35 Sustainment Contract with the Pentagon. This agreement will allow the company to continue providing support and sustainment for the global fleet of F-35's through June of the current year.

Meanwhile, *PerkinElmer* has agreed to acquire Oxford Immunotec Global plc for \$591 million. Oxford Immunotec's main product is the T-spot test for latent tuberculosis. This addition will allow *PerkinElmer* to expand its infectious disease testing footprint. Finally, *Arthur J. Gallagher* has agreed to acquire insurance broker The Bollington Wilson Group, which has an established presence in the United Kingdom serving small and medium-sized enterprises and in personal lines.

PORTFOLIO II

Fourth-quarter earnings season was about to kick off as we went to press with this report. This is typically highly anticipated by Wall Street, which views this stretch as a chance to get better insight into the prospects for the new year. This earnings season, though, may have to share the spotlight with developments in Washington, where President-elect Joseph R. Biden was set to outline his policy objectives. Many believe that he will prioritize infrastructure and clean energy over the course of his Administration, though an immediate focus on vaccinations will be paramount.

The new Congress figures to be more inclined to back spending on ambitious programs, a prospect that has propelled environmental, infrastructure, and electric vehicle-related issues higher in recent weeks. However, another, perhaps more important, development may already have emerged. These fiscal measures would join a decade's worth of accommodative monetary policy that finally seems to be creating areas of higher prices. Government inflation statistics have not signaled great alarm, but soft commodities and industrial metals prices are rising. Low mortgage rates have sustained housing prices, too. We are making no changes to Portfolio II this week, though we are on the lookout for good-yielding stocks that might be better positioned to withstand a potential uptick in inflation.

PORTFOLIO III

Portfolio III and the broader equity benchmarks, much to the delight of Wall Street's bulls, can't seem to shake their winning ways. The new year has seen some profit-taking, aggravated by the recent political unrest in Washington and an ongoing spike in COVID-19 cases. This has been most evident in a handful of tech names, including *Facebook* and other social media outfits that may experience heightened regulatory scrutiny in the months ahead. The selling has been surprisingly modest, however, particularly on the heels of 2020's impressive, bounce-back performance. And a number of stocks, such as *PVH Corp.*, continue to make fresh highs, suggesting that the long-running bull market still has life left in it.

PVH, our diversified apparel maker and the force behind the popular *Calvin Klein* and *Tommy Hilfiger* brands, has been on quite a ride over the past year. Indeed, the stock swooned when the coronavirus first appeared in the U.S., falling all the way below \$30, only to grind its way back over the \$100 level, thanks to better-than-expected results for the October quarter and hopes that progress on the vaccine front will drive improved inventory sell-through.

These large-cap shares still look like a good long-term play, too, especially with product enhancements and stepped-up e-commerce initiatives likely to bear further fruit, and with more fiscal stimulus measures apt to give the economy an added jolt over the course of this year. Consequently, we intend to maintain our position in *PVH*, which we see heading to the \$130-\$190 share-price range by 2023-2025. We are leaving Portfolio III unaltered this week.

PORTFOLIO IV

The U.S. stock market has made some progress in the opening days of 2021. Traders are likely hoping that a new Presidential Administration will support further stimulus measures and that the economy will improve as vaccines are distributed. Also, Wall Street will be watching corporate profits, as fourth-quarter earnings season unfolds. At Portfolio IV, we will be reviewing the results of our companies and any guidance provided.

Meanwhile, investors have become quite interested in the basic materials sector lately. In this area, we hold the shares of *LyondellBasell Industries*, one of the world's largest plastics, chemicals, and refining companies. Its products have numerous applications across different industries, including construction, packaging, electronics, and energy. Results came under pressure early in 2020, as the coronavirus brought the global economy to a halt. However, business seems to be firming up, and the outlook for 2021 is encouraging. The stock is near a 52-week high and offers a better-than-4% dividend yield. On a related note, we hold shares of *Caterpillar*, a major manufacturer of earthmoving equipment. Results should get a lift, as a global economic recovery (particularly in China) spurs spending on capital projects. A strong housing sector in North America will likely be a plus, as well. *Caterpillar* shares are favorably ranked for Timeliness, and have moved to record high territory.

We are not making any changes in Portfolio IV this week. ■

PORTFOLIO I: STOCKS WITH ABOVE-AVERAGE YEAR-AHEAD PRICE POTENTIAL**Primarily suitable for more aggressive investors**

Ratings & Reports Page	Ticker	Company	Recent Price	Timeliness	Safety	P/E	Yield%	18-Month % Apprec. Potential	Financial Strength	Industry Name
1555	AFL	Aflac Inc.	44.51	2	2	8.3	3.0	45	A	Insurance (Life)
753	ALL	Allstate Corp.	109.15	2	1	8.7	2.0	20	A++	Insurance (Prop/Cas.)
830	AMGN	Amgen	237.57	2	1	14.6	3.0	15	A++	Biotechnology
1612	BIIB	Biogen	267.52	2	3	12.9	Nil	10	A	Drug
2616	CACI	CACI Int'l	239.85	3	3	17.0	Nil	20	B+	IT Services
1799	CBOE	Cboe Global Markets	99.80	2	2	22.7	1.7	20	A	Brokers & Exchanges
179	EW	Edwards Lifesciences	89.37	1	2	42.4	Nil	20	A+	Med Supp Invasive
2558	AJG	Gallagher (Arthur J.)	118.46	2	1	27.4	1.5	20	A	Financial Svcs. (Div.)
710	GD	Gen'l Dynamics	151.78	2	1	13.3	2.9	20	A++	Aerospace/Defense
386	G	Genpact Limited	41.15	3	2	19.6	0.9	25	B++	Industrial Services
1194	KMB	Kimberly-Clark	131.45	3	1	16.9	3.3	15	A+	Household Products
716	LMT	Lockheed Martin	337.68	3	1	13.3	3.1	40	A++	Aerospace/Defense
2629	MANT	ManTech Int'l 'A'	94.06	3	3	33.0	1.4	5	B+	IT Services
1623	MRK	Merck & Co.	85.00	2	1	13.5	3.1	25	A++	Drug
719	NOC	Northrop Grumman	294.74	3	1	12.5	2.0	30	A++	Aerospace/Defense
1979	PEP	PepsiCo, Inc.	142.09	2	1	24.6	2.9	5	A++	Beverage
129	PKI	PerkinElmer Inc.	159.25	1	2	17.3	0.2	15	B++	Precision Instrument
768	PGR	Progressive Corp.	95.09	1	1	15.1	0.4	10	A	Insurance (Prop/Cas.)
410	RSG	Republic Services	95.75	3	2	26.0	1.8	15	B++	Environmental
2610	VMW	VMware, Inc.	141.50	2	3	21.3	Nil	25	A+	Computer Software

To qualify for purchase in the above portfolio, a stock must have a Timeliness Rank of 1 or 2, and a Financial Strength Rating of at least B+. The stock also has to offer above-median 18-month appreciation potential. If a stock's Timeliness Rank falls below 3 or its 18-month appreciation potential drops to zero or becomes negative, it will be automatically removed. Stocks in the above portfolio are selected and monitored by Michael F. Napoli, Senior Analyst.

PORTFOLIO II: STOCKS FOR INCOME AND POTENTIAL PRICE APPRECIATION**Primarily suitable for more conservative investors**

Ratings & Reports Page	Ticker	Company	Recent Price	Timeliness	Safety	P/E	Yield%	Beta	Financial Strength	Industry Name
2138	CVS	CVS Health	76.07	1	2	11.4	2.6	0.90	A+	Retail Store
2509	CM.TO	Can. Imperial Bank	112.88	3	2	13.6	5.2	0.95	B++	Bank
946	CSCO	Cisco Systems	45.36	1	1	14.2	3.2	0.95	A++	Telecom. Equipment
1969	KO	Coca-Cola	50.20	3	1	24.9	3.3	0.90	A++	Beverage
1191	CL	Colgate-Palmolive	82.14	1	1	25.8	2.1	0.70	A+	Household Products
1600	DOW	Dow Inc.	58.86	NR	2	25.9	5.1	NMF	A	Chemical (Basic)
1403	IBM	Int'l Business Mach.	128.58	3	1	14.7	5.1	1.05	A	Computers/Peripherals
572	IFF	Int'l Flavors & Frag.	122.45	NR	1	20.9	2.5	0.90	A+	Chemical (Specialty)
2517	JPM	JPMorgan Chase	138.05	2	1	15.2	2.6	1.10	A+	Bank
222	JNJ	Johnson & Johnson	159.37	2	1	17.9	2.5	0.85	A++	Med Supp Non-Invasive
716	LMT	Lockheed Martin	337.68	3	1	13.3	3.1	0.95	A++	Aerospace/Defense
1928	MDLZ	Mondelez Int'l	57.09	3	1	21.3	2.3	0.90	A	Food Processing
1630	PFE	Pfizer, Inc.	37.77	NR	1	17.8	4.1	0.80	A++	Drug
2218	PNW	Pinnacle West Capital	76.69	2	1	16.1	4.5	0.90	A+	Electric Utility (West)
145	PEG	Public Serv. Enterprise	56.98	2	1	15.7	3.5	0.90	A++	Electric Utility (East)
1777	RCIB.TO	Rogers Commns.	60.95	3	2	16.4	3.4	0.80	B++	Diversified Co.
1938	SJM	Smucker (J.M.)	114.10	2	1	17.6	3.2	0.70	A+	Food Processing
1380	TXN	Texas Instruments	171.31	3	1	30.4	2.4	0.85	A++	Semiconductor
316	UPS	United Parcel Serv.	161.86	2	1	19.7	2.6	0.80	A+	Air Transport
934	VZ	Verizon Communic.	57.46	3	1	11.6	4.4	0.65	A++	Telecom. Services

To qualify for purchase in the above portfolio, a stock must have a yield that is in the top half of the *Value Line* universe and a Safety Rank of 3 or better. Stocks are selected and monitored by Charles Moran, Senior Analyst.

PORTFOLIO III: STOCKS WITH LONG-TERM PRICE GROWTH POTENTIAL

Primarily suitable for investors with a 3- to 5-year horizon

Ratings & Reports Page	Ticker	Company	Recent Price	Timeliness	Safety	P/E	Yield%	Beta	3- to 5-Yr. Apprec. Potential	Industry Name
2584	ADBE	Adobe Inc.	474.24	2	2	54.7	Nil	0.75	15-50%	Computer Software
753	ALL	Allstate Corp.	109.15	2	1	8.7	2.0	1.00	35-70	Insurance (Prop/Cas.)
1990	MO	Altria Group	41.35	1	3	9.3	8.3	0.90	70-165	Tobacco
1399	AAPL	Apple Inc.	128.98	2	1	34.1	0.7	0.90	0-20	Computers/Peripherals
2120	AN	AutoNation, Inc.	76.19	3	3	9.7	Nil	1.15	10-65	Retail Automotive
2507	BK	Bank of NY Mellon	45.56	4	2	11.7	2.7	1.10	65-120	Bank
434	CSGP	CoStar Group	904.37	3	2	86.8	Nil	0.95	-10-20	Information Services
2332	DIS	Disney (Walt)	179.09	2	3	NMF	Nil	0.95	-25-15	Entertainment
2008	EA	Electronic Arts	141.22	3	2	46.3	0.5	0.60	0-30	Entertainment Tech
2646	FB	Facebook Inc.	256.84	2	2	26.1	Nil	0.90	55-105	Internet
308	FDX	FedEx Corp.	245.31	1	2	15.6	1.1	1.10	25-70	Air Transport
1917	HRL	Hormel Foods	44.43	3	1	26.1	2.2	0.55	15-45	Food Processing
1360	INTC	Intel Corp.	51.54	2	1	11.4	2.6	0.85	75-105	Semiconductor
186	ISRG	Intuitive Surgical	813.65	2	2	73.9	Nil	1.20	-5-25	Med Supp Invasive
2112	PVH	PVH Corp.	104.58	3	3	27.9	Nil	1.80	25-80	Apparel
410	RSG	Republic Services	95.75	3	2	26.0	1.8	0.90	0-30	Environmental
313	LUV	Southwest Airlines	47.44	3	3	NMF	Nil	1.05	5-50	Air Transport
368	SBUX	Starbucks Corp.	104.60	3	1	41.7	1.8	0.95	15-40	Restaurant
815	UNH	UnitedHealth Group	360.75	3	1	24.3	1.4	1.05	0-25	Medical Services
2578	V	Visa Inc.	212.89	3	1	39.6	0.6	1.00	5-30	Financial Svcs. (Div.)

To qualify for purchase in the above portfolio, a stock must have above-average 3- to 5-year price-appreciation potential. As the price of a stock in this Portfolio rises, the computed appreciation potential may fall; it may still be held. This portfolio is most appropriate for investors focused on long-term capital gains. Stocks in the above portfolio are selected and monitored by Justin Hellman, Editorial Analyst.

PORTFOLIO IV: STOCKS WITH ABOVE-AVERAGE DIVIDEND YIELDS

Primarily suitable for investors interested in current income

Ratings & Reports Page	Ticker	Company	Recent Price	Timeliness	Safety	P/E	Yield%	Beta	Financial Strength	Industry Name
917	T	AT&T Inc.	28.87	3	1	9.2	7.3	0.85	A++	Telecom. Services
903	LNT	Alliant Energy	48.55	3	2	20.7	3.1	0.85	A	Electric Util. (Central)
2439	BX	Blackstone Group	62.69	3	3	22.6	3.4	1.20	B++	Public/Private Equity
1991	BTI	Brit. Am. Tobacco ADR	37.86	3	3	7.8	7.2	0.95	B++	Tobacco
152	CAT	Caterpillar Inc.	193.86	2	2	29.3	2.1	1.15	A+	Heavy Truck & Equip
1969	KO	Coca-Cola	50.20	3	1	24.9	3.3	0.90	A++	Beverage
137	ED	Consol. Edison	68.73	3	1	16.0	4.6	0.75	A+	Electric Utility (East)
974	ETN	Eaton Corp. plc	126.96	1	3	26.4	2.3	1.30	B++	Auto Parts
1360	INTC	Intel Corp.	51.54	2	1	11.4	2.6	0.85	A++	Semiconductor
1194	KMB	Kimberly-Clark	131.45	3	1	16.9	3.3	0.70	A+	Household Products
576	LYB	LyondellBasell Inds.	96.98	4	3	24.9	4.3	1.35	A	Chemical (Specialty)
363	MCD	McDonald's Corp.	214.23	3	1	26.0	2.4	0.95	A++	Restaurant
1623	MRK	Merck & Co.	85.00	2	1	13.5	3.1	0.85	A++	Drug
2630	PAYX	Paychex, Inc.	91.00	3	2	32.5	2.8	1.15	A	IT Services
1630	PFE	Pfizer, Inc.	37.77	NR	1	17.8	4.1	0.80	A++	Drug
1562	PRU	Prudential Fin'l	80.78	4	3	7.1	5.4	1.55	B++	Insurance (Life)
146	SO	Southern Co.	61.21	3	2	19.2	4.3	0.90	A	Electric Utility (East)
316	UPS	United Parcel Serv.	161.86	2	1	19.7	2.6	0.80	A+	Air Transport
934	VZ	Verizon Commun.	57.46	3	1	11.6	4.4	0.65	A++	Telecom. Services
415	WM	Waste Management	117.04	3	1	27.3	1.9	0.80	A	Environmental

To qualify for purchase in the above portfolio, a stock must have a yield that is at least 1% above the median for the *Value Line* universe, and a Financial Strength Rating of at least B+. Stocks are selected and monitored by Adam Rosner, Editorial Analyst.

Coverage Initiation: Ares Management

ARES MANAGEMENT NYSE-ARES				RECENT PRICE	46.74	P/E RATIO	35.1	(Trailing: 86.6 Median: NMF)	RELATIVE P/E RATIO	1.62	DIV/D YLD	3.9%	VALUE LINE	2226
TIMELINESS 3	New 1/22/21			High:	20.5	21.8	19.5	23.3	26.0	36.0	49.9			
SAFETY 3	New 1/22/21			Low:	15.3	12.3	10.7	17.2	16.2	16.9	20.2			
TECHNICAL 1	New 1/22/21													
BETA 1.35	(1.00 = Market)													
18-Month Target Price Range														
Low-High														
Midpoint (% to Mid)														
\$33-\$97														
2023-25 PROJECTIONS														
Price														
Gain														
Ann'l Total														
High														
Low														
Institutional Decisions														
to Buy														
to Sell														
Hld's(000)														
10/2020														
20/2020														
30/2020														
Percent shares														
traded														
24														
16														
8														
Ares Management Corp.														
completed its initial public offering on May 2, 2014. At that time, 11.4 million shares were sold to the public at an average price of \$19.00 per share. The underwriting syndicate included JPMorgan and BofA Merrill Lynch.														
CAPITAL STRUCTURE as of 9/30/20														
Total Debt \$10.4 bill.														
Due in 5 Yrs \$500.0 mill.														
LT Debt \$10.4 bill.														
LT Interest \$320.0 mill.														
(90% of cap'l)														
Leases, Uncapitalized														
Annual rentals \$28.8 mill.														
No Defined Benefit Pension Plan														
Pfd Stock 12.4 mill. shares														
7.00% div'd yield														
Common Stock 143,831,710 Class A Shares														
excl. Class B & C Shares														
as of 11/2/20														
MARKET CAP: \$6.7 billion (Large Cap)														
CURRENT POSITION														
2018														
2019														
9/30/20														
Cash & Securities														
Receivables														
Other														
Current Assets														
Accts Payable														
Debt Due														
Other														
Current Liab.														
ANNUAL RATES														
of change (per sh)														
10 Yrs.														
Past														
Est'd '17-'19														
Revenues														
"Cash Flow"														
Earnings														
Dividends														
Book Value														
Cal-endar														
QUARTERLY REVENUES (\$ mill.)														
Mar.31														
Jun.30														
Sep.30														
Dec.31														
Full Year														
2017														
2018														
2019														
2020														
2021														
EARNINGS PER SHARE														
Cal-endar														
Mar.31														
Jun.30														
Sep.30														
Dec.31														
Full Year														
2017														
2018														
2019														
2020														
2021														
QUARTERLY DIVIDENDS PAID														
Cal-endar														
Mar.31														
Jun.30														
Sep.30														
Dec.31														
Full Year														
2017														
2018														
2019														
2020														
2021														

(A) Fully diluted GAAP earnings. Next earnings report due mid-Feb.
 (B) Dividends historically paid late March, June, September, and December.

(C) In millions.

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Company's Financial Strength B++
 Stock's Price Stability 45
 Price Growth Persistence 70
 Earnings Predictability 25

Growth Stocks with Low Risk

This list is designed for investors seeking stocks with a combination of good long-term appreciation potential and low risk.

We began by screening for companies whose share earnings have compounded at a minimum 6% annual rate over the past five years and which are expected to maintain at least a 6% annual growth rate over the next 3 to 5 years.

Next, we pared the list to stocks with price appreciation potential of at least 40% over the next three to five years, measured from the mid-point of each issue's target price range. By way of comparison, the current median appreciation potential for the entire *Value Line* universe is 25%, sug-

gesting the long-term performance of the stocks in this list should be quite respectable on a risk-adjusted basis. On point, to control for risk, we required that all stocks selected have a Safety rank of at least 2 (Above Average). Going one step further, we set better-than-average hurdles for the two measures that determine the Safety rank. We required that each selection have a Financial Strength rating of at least B++ and a score of 80 or more on the Price Stability Index, whose range runs from 5 to 100. These factors should help select those companies with low risk profiles.

Given these relatively stringent criteria, it isn't surprising that there were not too many issues in our universe that made the

final cut. In fact, selecting growth stocks in the context of worthwhile appreciation potential and low risk remains a difficult task, given the uncertainty surrounding the long-term economic effects arising from COVID-19. To wit, many stocks, including some with better historical and prospective earnings growth, were eliminated due to their less-than-stellar marks for Financial Strength. That said, as mentioned, the equities included below are likely to provide investors with favorable, risk-adjusted returns over the next 3 to 5 years. ■

GROWTH STOCKS WITH LOW RISK

Ratings & Reports Page	Ticker	Company	Safety	3-5 Year Apprec. Pot'l, %	Annual E.P.S. Growth		Price Stability Index	Financial Strength Rating	Industry
					Last 5 Years, %	Next 3-5 Years, %			
753	ALL	Allstate Corp.	1	55	10.5	9.0	95	A++	Insurance (Prop/Cas.)
2637	GOOG	Alphabet Inc.	1	45	19.5	14.5	95	A++	Internet
830	AMGN	Amgen	1	40	13.0	7.0	95	A++	Biotechnology
543	ATO	Atmos Energy	1	65	9.5	7.0	95	A+	Natural Gas Utility
173	BDX	Becton, Dickinson	1	40	13.0	9.0	95	A++	Med Supp Invasive
1799	CBOE	Cboe Global Markets	2	65	12.5	12.5	85	A	Brokers & Exchanges
380	CHRW	C.H. Robinson	2	55	6.0	8.0	95	A	Industrial Services
946	CSCO	Cisco Systems	1	45	7.0	7.0	95	A++	Telecom. Equipment
1007	CMCSA	Comcast Corp.	1	40	15.0	8.0	100	A+	Cable TV
1360	INTC	Intel Corp.	1	90	15.5	7.0	80	A++	Semiconductor
1194	KMB	Kimberly-Clark	1	50	7.5	6.5	100	A+	Household Products
764	MKL	Markel Corp.	2	55	14.0	8.5	85	A	Insurance (Prop/Cas.)
396	MMS	MAXIMUS Inc.	2	55	16.0	10.0	85	A+	Industrial Services
2030	NICE	NICE Ltd. ADR	2	45	16.0	18.0	95	A	Cyber Security
719	NOC	Northrop Grumman	1	65	14.5	10.5	90	A++	Aerospace/Defense
129	PKI	PerkinElmer Inc.	2	45	10.0	17.5	90	B++	Precision Instrument

Low-Risk Stocks for Worthwhile Total Return

This week, we screened the *Value Line* database for stocks that should provide a worthwhile total return on a risk-adjusted basis. First, we limited the field to equities with Safety ranks of 2 (Above Average), or better. By definition, these are stocks that, in our opinion, have less than normal total risk.

Then, we required price appreciation potential to 2023-2025 of at least 35%, compared with the current median of 25%, which should provide an opportunity for worthwhile, risk-adjusted capital gains over the longer term. Next, we specified that the remaining equities must have a current dividend yield of at least 3.0%, 110 basis points higher than the 1.9% median yield for the *Value Line* universe.

We further limited the selection to stocks with projected three- to five-year average annual dividend growth of at least 4.0% (well above the average pace of inflation that *Value Line* forecasts for the same period). To tie the growth and income criteria together, we required an average annual total return over the next three to five years of at least 10%. We note that our requirement for average annual total return is quite favorable, given what is currently available on low-risk assets. For reference, we also present the projected average annual earnings growth over the three- to five-year pull for companies that survived this examination.

Of course, the high investment quality implied by the above criteria suggests

limited opportunities for a combination of good dividend yield and worthwhile three- to five-year price gains. Indeed, the resulting roster is a rather small group of stocks that appears suitable for patient investors who seek total returns, but are also averse to excess risk.

Given the current uneven prospects for economic growth, we advise investors to use this screen, and all others presented in *Selection & Opinion*, as a starting point for investigating stocks that meet specific investment criteria. We suggest that a point for further investigation would begin by consulting the latest *Ratings & Reports* page for those stocks of interest. ■

LOW-RISK STOCKS FOR WORTHWHILE TOTAL RETURN

Ratings & Reports Page	Ticker	Company	Safety	3- to 5-Yr. EPS Growth, %	3- to 5-Yr. Avg. Apprec. Potential, %	Current Yield, %	3- to 5-Yr. Dividend Growth, %	Total Return, %
917	T	AT&T Inc.	1	5.5	110	7.3	5.0	25
2506	BMO.TO	Bank of Montreal	2	6.0	40	4.3	6.0	12
758	CNA	CNA Fin'l	2	10.0	130	3.8	4.0	25
1982	CAJ	Canon Inc. ADR	1	6.5	110	3.9	5.0	24
946	CSCO	Cisco Systems	1	7.0	45	3.2	9.0	12
952	JNPR	Juniper Networks	2	5.5	45	3.4	9.0	13
716	LMT	Lockheed Martin	1	8.5	40	3.1	8.0	11
1723	MSM	MSC Industrial Direct	2	5.0	70	3.6	11.0	17
1777	RCIB.TO	Rogers Communications	2	5.0	35	3.4	7.0	11
2220	SRE	Sempra Energy	2	11.0	45	3.8	8.0	13
551	SR	Spire Inc.	2	5.5	70	4.3	5.0	18
932	T.TO	TELUS Corporation	2	9.0	50	4.7	7.0	14
1783	MMM	3M Company	1	5.0	40	3.6	6.0	11
2529	TD.TO	Toronto-Dominion	1	7.5	40	4.4	8.0	12

Equity Funds Average Performance

TOTAL RETURN*

Percent Change through December, 2020

	Year-to-Date	Three Month	Six Month	One Year	Five Year (Annualized)
Performance Objective					
Aggressive Growth	25.8	13.1	23.7	25.8	13.2
Growth	19.9	15.0	24.4	19.9	13.3
Growth/Income	8.2	13.9	20.8	8.2	10.4
Income	5.2	12.5	17.9	5.2	8.7
Balanced	11.3	9.2	14.5	11.3	8.5
International					
European Equity	11.0	15.9	23.9	11.0	6.8
Foreign Equity	14.7	17.1	26.2	14.7	9.3
Global Equity	16.7	15.5	24.2	16.7	11.1
Pacific Equity	28.7	16.4	29.5	28.7	13.0
Sector					
Energy/Natural Res	-15.5	26.7	19.9	-15.5	-1.8
Financial Services	-3.0	31.1	32.6	-3.0	7.4
Health	21.3	11.1	16.2	21.3	10.9
Precious Metals	29.0	-2.9	5.4	29.0	19.8
Real Estate	-4.0	10.5	13.9	-4.0	5.1
Technology	49.4	19.2	32.2	49.4	24.2
Utilities	2.3	10.0	14.4	2.3	9.6
Other					
Convertible	41.8	17.5	30.7	41.8	15.5
Flexible	7.6	7.7	12.3	7.6	6.4
Specialty	17.2	17.2	31.5	17.2	9.2
Small Company	19.0	27.6	34.7	19.0	12.3
S&P 500 (adjusted for dividends)	18.4	12.1	22.2	18.4	15.2

Source: The Value Line Fund Advisor

* Dividends plus capital appreciation. Dividends are reinvested as of the ex-dividend date.

The returns are arithmetic averages based on the performances of all funds within each category.

Fixed-Income Funds Average Performance

TOTAL RETURN*

Percent Change through December, 2020

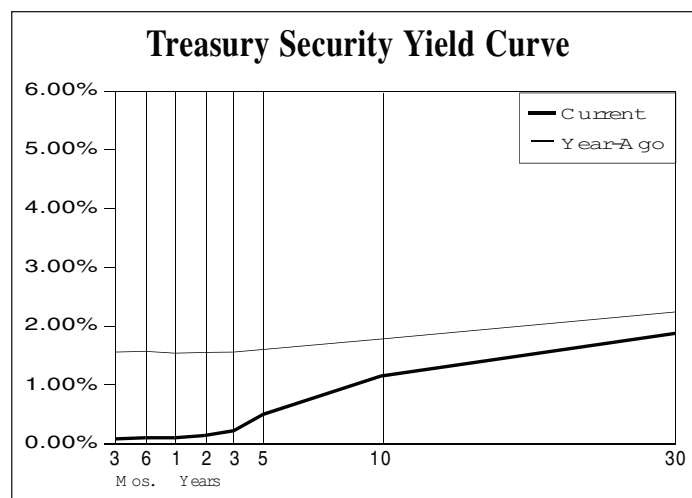
	Year-to-Date	Three Month	Six Month	One Year	Five Year (Annualized)
U.S. Government and Agency Bond					
U.S. Gov't	7.3	1.1	2.6	7.3	3.6
GNMA	4.7	1.1	1.9	4.7	2.9
Corporate Bond					
High Quality	7.0	2.3	4.0	7.0	4.3
High Yield	4.8	5.4	9.8	4.8	6.1
International	6.4	6.0	8.7	6.4	5.5
Municipal Bond					
California Tax Exempt	3.9	2.0	3.3	3.9	3.1
New York State Tax Exempt	3.7	2.7	3.5	3.7	3.1
National Tax Exempt	3.9	2.3	3.7	3.9	3.1

Source: The Value Line Fund Advisor

* The cumulative rate of investment growth, including the reinvestment of dividend income and capital gains distributions as of the ex-dividend date. The investment objective averages are arithmetic averages calculated on the basis of the total reinvested rates of return produced by all funds within each investment objective category.

Selected Yields

TAXABLE	Recent (1/11/21)	3 Months Ago (10/12/20)	Year Ago (1/15/20)	TAXABLE	Recent (1/11/21)	3 Months Ago (10/12/20)	Year Ago (1/15/20)
Market Rates				Corporate Bonds			
Discount Rate	0.25	0.25	2.25	Financial (10-year) A	1.87	1.83	2.59
Federal Funds	0.00-0.25	0.00-0.25	1.50-1.75	Industrial (25/30-year) A	2.77	2.74	3.29
Prime Rate	3.25	3.25	4.75	Utility (25/30-year) A	2.96	2.91	3.34
30-day CP (A1/P1)	0.10	0.07	1.60	Utility (25/30-year) Baa/BBB	3.24	3.19	3.68
3-month LIBOR	0.22	0.23	1.84	S&P 500 High Yield Corp. Bond Index	3.55	4.13	3.85
U.S. Treasury Securities				Foreign Bonds (10-Year)			
3-month	0.08	0.10	1.56	Canada	0.84	0.63	1.53
6-month	0.10	0.12	1.57	Germany	-0.52	-0.54	-0.20
1-year	0.10	0.15	1.54	Japan	0.03	0.03	0.01
5-year	0.50	0.34	1.60	United Kingdom	0.31	0.28	0.65
10-year	1.15	0.79	1.78	Mortgage-Backed Securities			
10-year (inflation-protected)	-0.91	-0.94	0.12	GNMA 5.5%	2.37	2.69	3.57
30-year	1.88	1.58	2.24	FHLMC 5.5% (Gold)	1.77	2.33	3.67
30-year Zero	N/A	N/A	2.26	FNMA 5.5%	1.95	2.70	3.62
Common Stocks				Preferred Stock			
VL Stocks (Median)	1.90	2.20	2.10	Utility A	6.34	6.24	5.98
DJ Industrials (12-mo. est.)	2.00	2.10	2.30	Financial BBB	5.51	5.41	5.31
VL Utilities	3.80	3.60	3.10	Financial Adjustable A	N/A	N/A	5.48



TAX-EXEMPT	Recent (1/11/21)	3 Months Ago (10/12/20)	Year Ago (1/15/20)
Bond Buyer Indexes			
20-Bond Index (GOs)	2.17	2.35	2.63
25-Bond Index (Revs)	2.56	2.77	2.99
General Obligation Bonds (GOs)			
1-year AAA	0.12	0.12	0.89
1-year A	0.48	0.48	1.01
5-year AAA	0.23	0.30	0.95
5-year A	0.61	0.73	1.14
10-year AAA	0.75	0.92	1.31
10-year A	1.13	1.37	1.59
25/30-year AAA	1.43	1.66	1.88
25/30-year A	1.83	2.15	2.27
Revenue Bonds (Revs) (15 Years)			
Education AA	1.25	1.64	1.77
Electric AA	1.15	1.54	1.80
Water/Sewer AA	1.14	1.46	1.73
Hospital AA	1.33	1.73	1.94
Toll Road AA	1.41	1.86	1.73

Source: Bloomberg Finance L.P.

Federal Reserve Data

BANK RESERVES (One-Month Period; in Billions, Not Seasonally Adjusted)

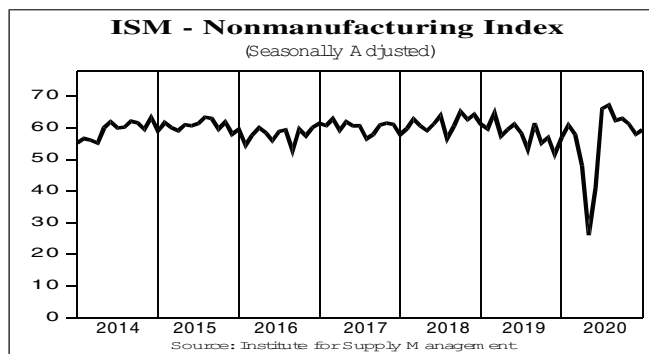
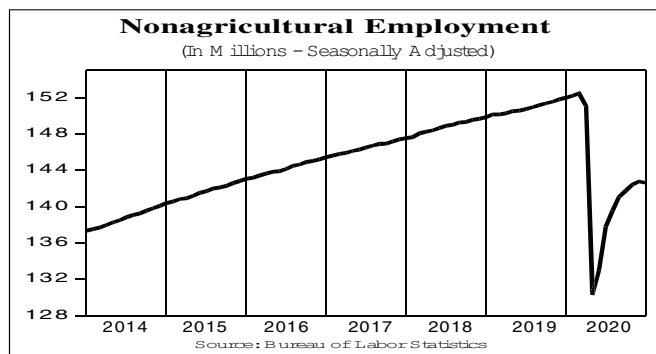
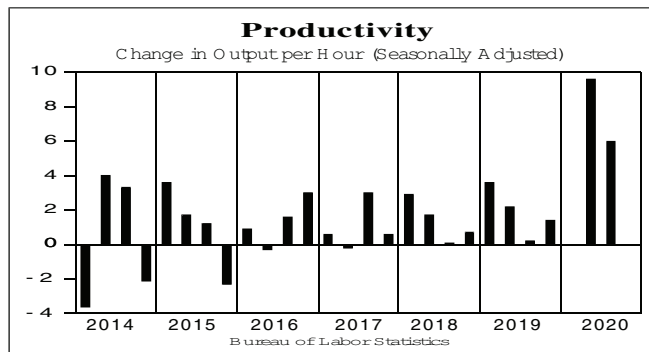
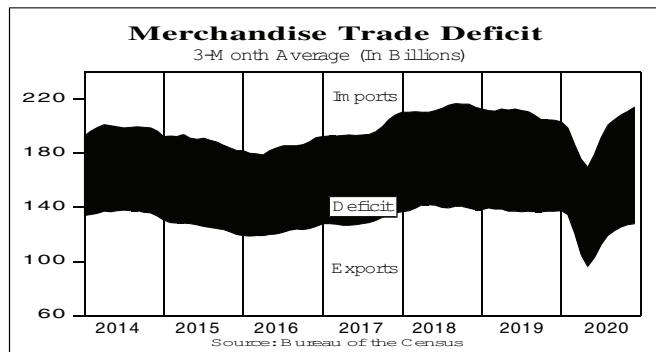
	Recent Levels			Average Level Over the Last...		
	11/20	10/20	Change	3 Mos.	6 Mos.	12 Mos.
Total Reserves	3034.7	2876.6	158.1	2921.4	2887.7	2561.4
Borrowed Reserves	66.6	74.1	-7.5	73.0	82.1	64.1
Non-Borrowed Reserves	2968.1	2802.5	165.6	2848.4	2805.5	2497.3

MONEY SUPPLY (One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Annual Growth Rates Over the Last...		
	12/28/20	12/21/20	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	6629.3	6634.1	-4.8	110.1%	61.3%	66.5%
M2 (M1+savings+small time deposits)	19071.8	19196.9	-125.1	9.5%	9.4%	24.4%

Source: United States Federal Reserve Bank

Tracking the Economy



Major Insider Transactions[†]

PURCHASES

Latest Full-Page Report	Company	Insider, Title	Date	Shares Traded	Shares Held	Price Range	Recent Price
2441	Compass Diversified	C. S. Day, Officer	1/4/2021	6,096	464,650	\$19.61	21.04
2441	Compass Diversified	G. M. Burns, Officer	1/4/2021	5,079	12,552	\$19.61	21.04
2441	Compass Diversified	H. S. Edwards, Officer	1/4/2021	5,079	62,465	\$19.61	21.04
2441	Compass Diversified	J. Bottiglieri, Officer	1/4/2021	5,079	74,143	\$19.62	21.04
2441	Compass Diversified	L. L. Enterline, Officer	1/4/2021	5,079	8,976	\$19.62	21.04
2441	Compass Diversified	S. G. McCoy, Officer	1/4/2021	5,079	21,182	\$19.62	21.04
1629	Perrigo Co. plc	R. S. Sorota, EVP	1/6/2021	7,513	7,513	\$43.48	44.60

SALES

Latest Full-Page Report	Company	Insider, Title	Date	Shares Traded	Shares Held	Price Range	Recent Price
1801	Interactive Brokers	T. Peterffy, Chair.	12/30/20-1/7/21	90,300	9,337,911	\$60.40-\$69.95	68.85
2597	MongoDB, Inc.	D. A. Merriman, Dir.	1/4/2021	14,000	1,460,468	\$345.02-\$352.00	361.46
1367	Monolithic Power Sys.	M. Hsing, CEO	1/5/2021	44,784	849,655	\$361.87-\$370.51	392.46
2113	Ralph Lauren	P. Louvet, Pres.	1/6/2021	84,214	239,044	\$105.00-\$110.09	110.59
811	Select Med. Hldgs.	R. A. Ortenzio, Dir.	1/5/21-1/8/21	384,000	5,336,880	\$28.05-\$31.02	30.07
825	Teladoc Health	J. N. Gorevic, Dir.	1/5/2021	30,000	557,188	\$200.15	220.86
2374	Wynn Resorts	M. Maddox, CEO	12/30/2020	50,000	400,515	\$112.94-\$113.42	108.03

* Beneficial owner of more than 10% of common stock

† Includes only large transactions in U.S.-traded stocks; excludes shares held in the form of limited partnerships, excludes options & family trusts

Market Monitor

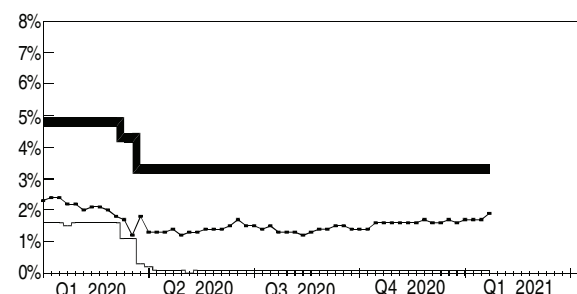
Valuations and Yields	1/12	1/5	13-week range	50-week range	Last market top (12-31-2020)	Last market bottom (3-23-2020)
Median price-earnings ratio of VL stocks	21.7	21.1	19.1 - 21.7	11.0 - 22.0	21.3	11.0
P/E (using 12-mo. est'd EPS) of DJ Industrials	22.9	22.4	21.2 - 25.2	13.2 - 25.8	22.4	14.1
Median dividend yield of VL stocks	1.9%	2.0%	1.9 - 2.3%	1.9 - 3.7%	2.0%	3.7%
Div'd yld. (12-mo. est.) of DJ Industrials	2.0%	2.0%	2.0 - 2.2%	2.0 - 3.4%	2.0%	3.0%
Prime Rate	3.3%	3.3%	3.3 - 3.3%	3.3 - 4.8%	3.3%	3.3%
Fed Funds	0.1%	0.1%	0.1 - 0.1%	0.0 - 1.6%	0.1%	0.2%
91-day T-bill rate	0.1%	0.1%	0.1 - 0.1%	0.0 - 1.6%	0.1%	0.0%
AAA Corporate bond yield	2.5%	2.2%	2.2 - 2.5%	2.0 - 3.6%	2.3%	3.6%
30-year Treasury bond yield	1.9%	1.7%	1.6 - 1.9%	1.2 - 2.1%	1.7%	1.3%
Bond yield minus average earnings yield	-2.1%	-2.5%	-2.8 - -2.1%	-5.5 - -2.1%	-2.4%	-5.5%
Short interest/avg. daily volume (5 weeks)						
Short interest/avg. daily volume (5 weeks)	11.2	11.4	10.8 - 14.2	8.3 - 15.7	11.4	9.0
CBOE put volume/call volume	.72	.81	.69 - .99	.67 - 1.41	.77	1.05

VALUE LINE ASSET ALLOCATION MODEL *(Based only on economic and financial factors)*

	Current (last adjusted at market open 10/12/20)	Previous (before 10/12/20)
Common Stocks	55%-65%	60%-70%
Cash and Treasury Issues	45%-35%	40%-30%

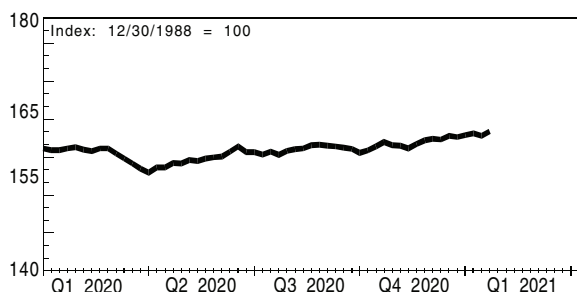
INDUSTRY PRICE PERFORMANCE LAST SIX WEEKS ENDING 1/11/2021

7 Best Performing Industries	
Oilfield Svcs/Equip	+28.8%
Steel	+24.6%
Natural Gas (Div.)	+24.1%
Cyber Security	+23.2%
Power	+21.8%
Shoe	+21.3%
Electronics	+20.8%
7 Worst Performing Industries	
Natural Gas Utility	-5.0%
Electric Util. (Central)	-4.1%
Homebuilding	-3.5%
Air Transport	-2.1%
Electric Utility (West)	-1.9%
Telecom. Utility	-1.1%
Electric Utility (East)	0.0%



INTEREST RATES

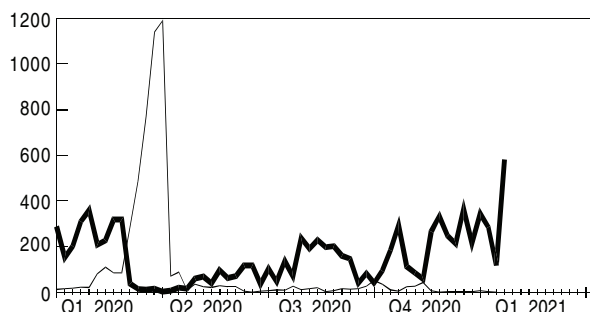
	Recent	Previous Week
Prime Rate	3.3%	3.3%
30-Yr. Treasury	1.9%	1.7%
Fed Funds	0.1%	0.1%



VALUE LINE UNIVERSE

	Recent	Previous Week
Advances	1414	522
Declines	273	1160
Issues Covered	1690	1690
Market Value (\$ Trillion)	46.156	44.716

The corresponding change in the Value Line Arithmetic Average* is +11.0%



VALUE LINE UNIVERSE

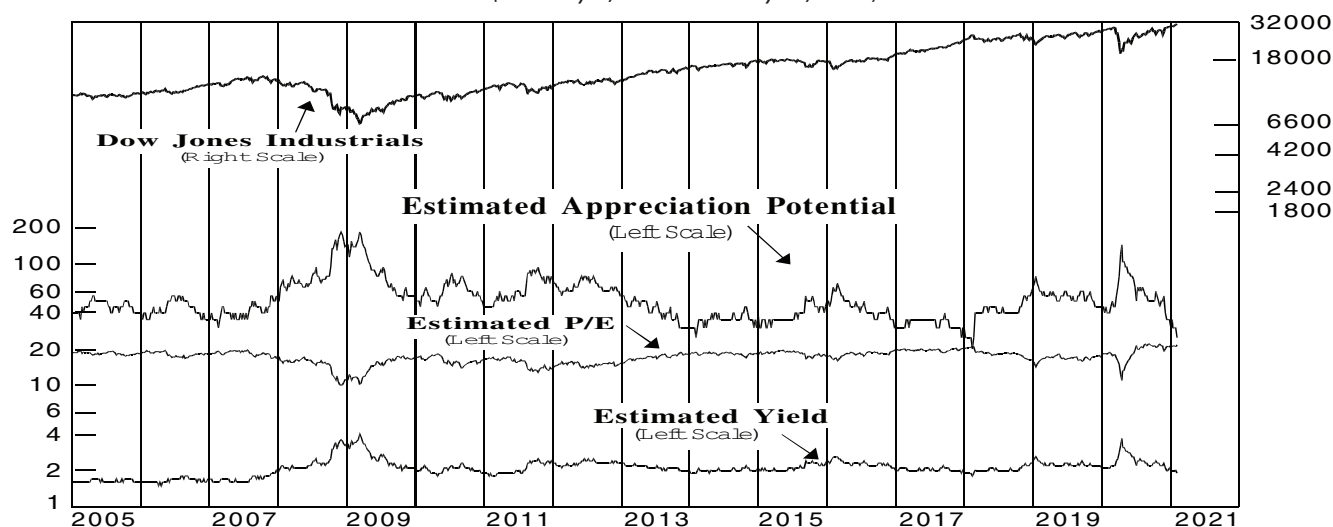
	Recent	Previous Week
New Highs	581	117
New Lows	1	1

CHANGES IN FINANCIAL STRENGTH RATINGS

Company	Prior Rating	New Rating	Ratings & Reports Page
Advance Auto Parts	A+	A	2118
Capri Holdings	C++	B	2103
G-III Apparel	C++	B	2106
Zumiez Inc.	B++	A	2209

Stock Market Averages

VALUE LINE ESTIMATED P/E, YIELD, APPRECIATION POTENTIAL VERSUS DOW JONES INDUSTRIALS (January 3, 2005–January 11, 2021)



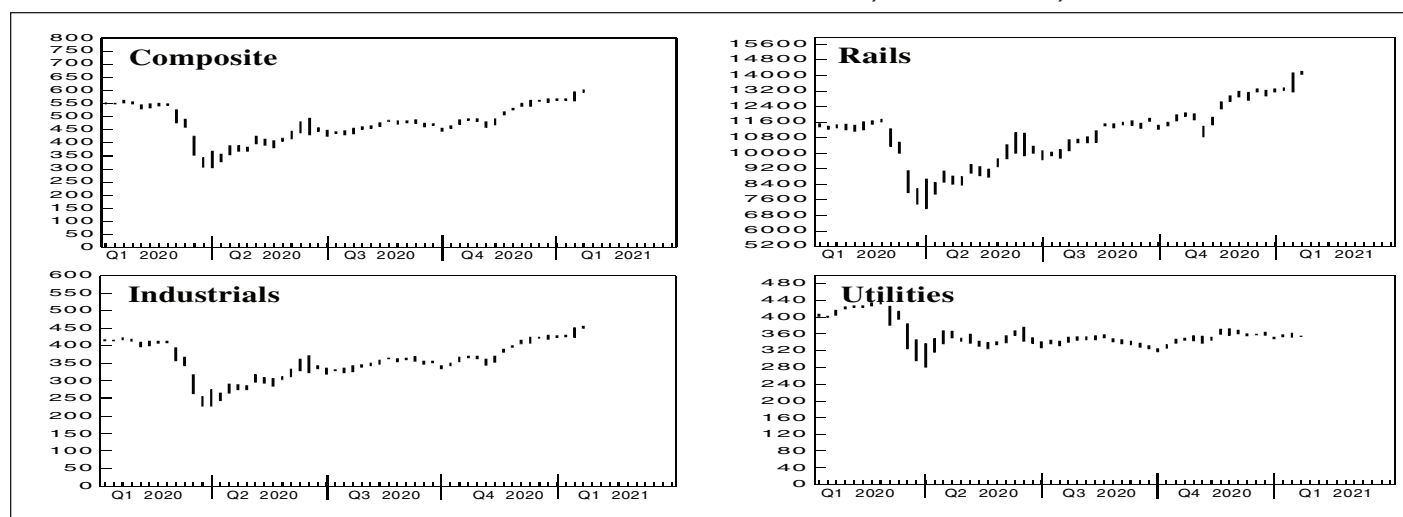
THE VALUE LINE GEOMETRIC AVERAGES

	Composite 1663 stocks	Industrials 1591 stocks	Rails 10 stocks	Utilities 62 stocks
1/6/2021	588.78	444.81	13819.71	361.30
1/7/2021	595.28	450.20	14008.36	355.24
1/8/2021	593.55	448.78	14139.29	355.65
1/11/2021	593.94	449.18	14058.89	353.80
1/12/2021	601.93	455.46	14210.96	354.18
% Change last 4 weeks	+6.4%	+6.7%	+7.9%	-2.7%

THE DOW JONES AVERAGES

	Composite 65 stocks	Industrials 30 stocks	Transportation 20 stocks	Utilities 15 stocks
1/6/2021	10182.87	30829.40	12706.32	857.58
1/7/2021	10223.99	31041.13	12811.39	844.03
1/8/2021	10260.92	31097.97	12875.66	851.28
1/11/2021	10228.73	31008.69	12869.55	843.31
1/12/2021	10272.40	31068.69	13051.78	839.33
% Change last 4 weeks	+2.4%	+2.9%	+4.5%	-3.7%

WEEKLY VALUE LINE GEOMETRIC AVERAGES* (January 2, 2020–January 12, 2021)



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