CIF Sector Update Report (Spring 2014)

Sector ___Consumer Staples (XLP)__ **Analyst:___Amy Christensen________**

Presentation Date:___4/25/2014______________

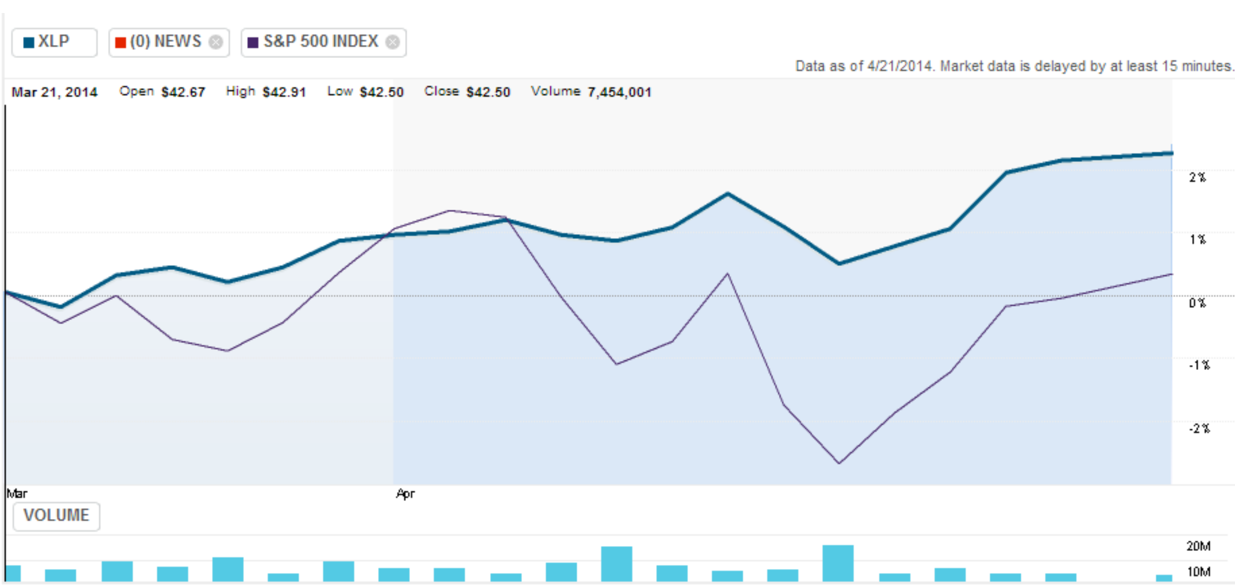
Review Period: **Start Date: __4/1/2014____** **End Date:__4/21/2014___**

Section (A) Sector Performance Review

(A-1) Sector Performance Relative to SP500

Consumer Staples

	Ticker	Current Price	Beg. Price	Stop-loss Price	Target Price	% Capital Gain	# Shares	Current Value	vs. Sector	vs. S&P 500
S&P 500	$INX	187.04	187.01			0.02%				
Sector ETF	XLP	$43.65	$43.06			1.37%	3210	$140,116.50		1.35%
Current Holdings										
	KO	$40.75	$38.66	$34.66	$43.14	5.41%	800	$32,600.00	4.04%	5.39%
	WFM	48.63	50.71	44.62	58.32	-4.10%	280	$13,616.40	-5.47%	-4.12%
	CVS	73.67	74.86	63.87	83.47	-1.59%	380	$27,994.60	-2.96%	-1.61%



During the review period the Consumer Staples sector (XLP) outperformed the S&P 500 index by about 1%. Overall, neither of these indexes moved more than 2.5% up or down in the past month. The consumer staples sector is known for slow, steady growth as is shown over the review period. The sector is much less effected by the macro environment because it is based around products that consumers will purchase regardless of their financial position. The four largest companies in the XLP make up almost 40% of the sector and all four realized gains in this period. The slight decrease seen in the S&P 500 was brought down by a range of other sectors that saw declines in this period, such as the technology and financial sectors which saw the biggest declines in the past month.

(A-2) Big Sector Movers

1 Month Gainers:

Kellogg Co (K)

Coca-Cola Co (KO)

Kellogg was the largest gainer of the sector in the past month, increasing by 7.08%. Rumors have been spreading about a company takeover, creating a surge of bullish options expiring in May to be purchased. This caused the stock to jump over 6% in one day (Bost). The next biggest gainer in the past month was Coca Cola Co. (KO) which increased by 5.27%. Their recent earnings release beat estimates because of very strong sales growth in China as well as increasing sales in Brazil, India and Russia.

1 Month Losers:

Keurig Green Mountain Inc (GMCR)

Safeway (SWY)

The biggest loser in this past month was Keurig Green Mountain Coffee which has decreased by 14%. The stock price rose drastically after Coke Cola Company purchased a 10% stake. This increase was likely an over-reaction and now the share price is readjusting. It was also recently announced that Nespresso will launch a large cup coffee machine which will create strong competition for Green Mountain's Keurig (Sharma). The second most declined stock was Safeway which decreased by 10.94%. Safeway was recently acquired by Cerberus Capita Management for $9.4 billion (Wilking). The share price began decreasing before the acquisition and continued to decline after the announcement.

3 Month Gainers:

GMCR up 23.12%

TSN up 22.02%

The largest gainer in the past three months is GMCR despite being the largest 1 month loser. After Coke's announcement in February, GMCR appreciated more than 53% before it began to decline. Overall, in the past three months the prices is still up 23.12%. The second highest 3 month gainer is Tyson (TSN) which has gone up 22.02%. During their investor conference in mid-March they presented a very positive outlook and had a solid first quarter. This has raised investor confidence for their stock (Zacks).

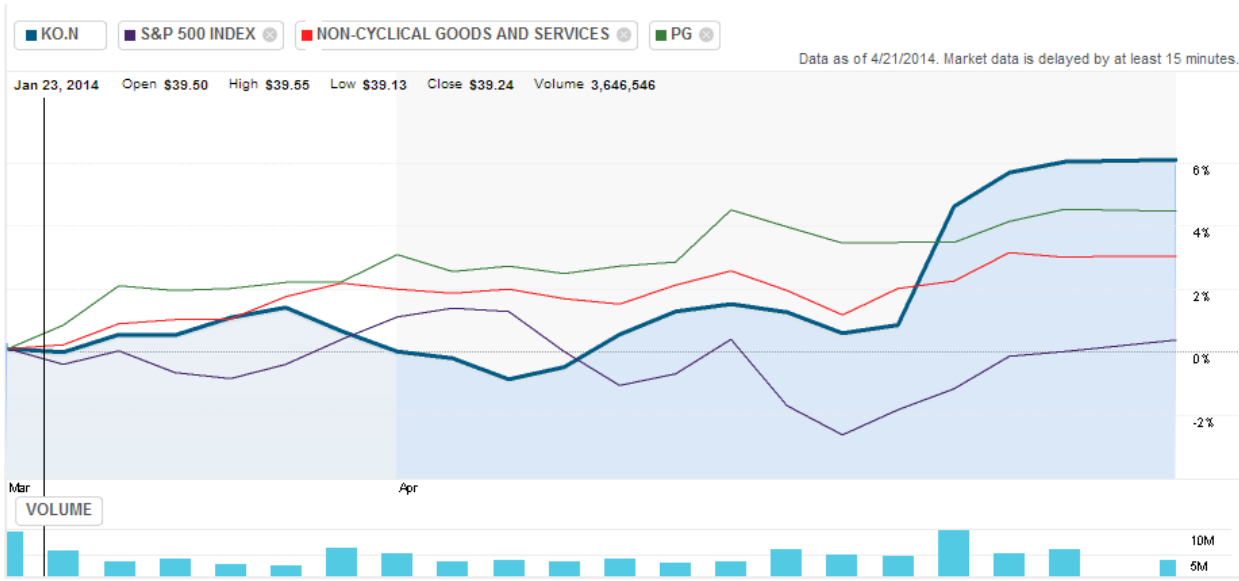
3 Month Losers:

AVP down 12.91%

CAG down 8.56%

The biggest loser in the past three months has been Avon which is down 12.91%. The company has been in a large scandal recently involving bribes in China and other countries. They have had to pay over $300 million in internal investigation and compliance reviews with the Securities and Exchange Commission (Voreascos and Schoenberg). The next biggest loser was CAG, down 8.56%. CAG has missed its recent earnings estimates and had to reduce its annual expectations for their company (Rocco).

(A-3) Two Largest Stocks in the Sector



Proctor & Gamble, the sectors largest company, has increased almost 5% in the review period. Last month the company sold their Pet Care brands (Iams, Eukanuba, and Natura) to Mars Inc for $2.9 billion in cash. This did not have an immediate effect on their stock price up or down however the growth forecast decreased from a range of 5 to 7 percent down to a range of 3 to 5 percent for this quarter (Ritter). As stated previously KO was successful in beating sales and earnings estimates in their most recent release, a gain which they contribute to their growing sales volume in China as well as in India, Brazil, and Russia.

(A-4) Short-term (up to Three Months) Outlook of the Sector

This sector was created to represent the companies that produce products consumers will purchase regardless of their financial situation. They are products necessary for everyday life which makes the companies have very little volatility. The sector as a whole, along with many of the stocks with in it, is known for slow and steady growth. There seems to be no reason to believe it would behave any differently in the short-term outlook.

Section (B) Sector Holding Updates

Company #1: <u>Coca Cola Company (KO)</u>

Date Recommended: <u>03/07/2014</u>

Date Re-evaluated: <u>04/25/2014</u>

(B-1) Company Updates and Stock Performance

<u>Company Update</u>

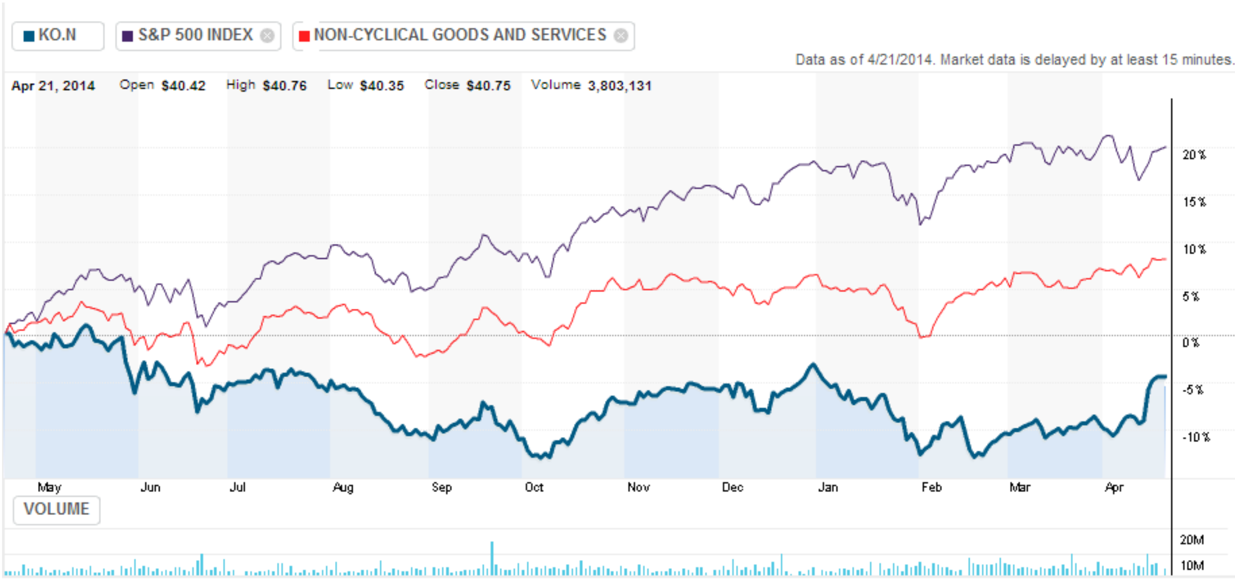
During this review period The Coca Cola Company released its quarterly earnings for the quarter that ended in March 2014. They beat both sales and earnings estimates. This success is attributed to their strong sales volume in China. They have been producing lower-priced, smaller sized sodas and juices which have attracted more price and health conscious consumers. They also increased marketing in China during Chinese New Year, which is the main holiday shopping period in their country (Cavale). Strong sales were also seen in Brazil, India and Russia which all contributed to their overall 2% volume increase globally.

Based on their success in Brazil KO has increased plans for a World-Cup linked campaign, as they will be represented as a key sponsor of the games. Their plans to cut annual costs by $1 billion through improving productivity will be redirected to advertising and marketing.

<u>Relative Performance</u>

Over this period KO's price has increased $2.09 creating a capital gain of 5.41%. In comparison to the benchmarks KO has increase 4.04% more than XPL and 5.39% more than the S&P 500 index. The unexpected positive surprise in their earnings release lead to an increase in investors' confidence, which was recently low because of the declining soda sells in the U.S. This has created a positive increase to the share price allowing KO to outperform the benchmarks in this review period.

1-Year Price Chart



Over the past year KO has underperformed both the sector and the S&P 500. KO saw a steady decline from May until October 2013. During this time they missed both their first and second quarter earnings and sales estimations.

(B-2) Valuations, Estimates and Recommendations

Original Analysis

Ratio Analysis	Company	Industry	Sector
P/E (TTM)	20.07	27.64	33.96
P/S (TTM)	3.59	2.00	5.11
P/B (MRQ)	5.07	2.27	24.17
P/CF (TTM)	15.87	10.15	28.05
Dividend Yield	3.19	1.63	2.27
Total Debt/Equity (MRQ)	111.77	50.93	29.43
Net Profit Margin (TTM)	18.41	2.38	13.64
ROA (TTM)	9.79	2.27	26.63
ROE (TTM)	26.03	4.93	62.78

Re-evaluation Analysis

Ratio Analysis	Company	Industry	Sector
P/E (TTM)	21.67	28.35	34.34
P/S (TTM)	3.87	1.07	5.06
P/B (MRQ)	5.48	2.35	32.12
P/CF (TTM)	17.15	10.76	21.80
Dividend Yield	3.00	1.68	15.42
Total Debt/Equity (MRQ)	117.72	54.42	30.92
Net Profit Margin (TTM)	18.28	3.72	13.76
ROA (TTM)	9.44	2.45	31.27
ROE (TTM)	25.95	5.29	69.31

Comment on the changes

There have not been any significant changes in the ratio analysis since we first presented this stock. Their price to cash flow has increased slightly as would be expected with a rising stock price. The debt to equity has also increased by 6.01. This could show they are moving more towards debt as a form of financing their growth. The rest of the ratios saw slight changes but most were less than a one percent difference.

Historical Surprises

Original Analysis

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Dec-13	11,310.10	11,040.00	-270.06	-2.39
Quarter Ending Sep-13	12,052.90	12,030.00	22.92	0.19
Quarter Ending Jun-13	12,958.50	12,749.00	-209.51	-1.62
Quarter Ending Mar-13	10,942.60	11,035.00	92.39	0.84
Quarter Ending Dec-12	11,533.50	11,465.00	-68.51	-0.59
Earnings (per share)				
Quarter Ending Dec-13	0.46	0.46	0	0.67
Quarter Ending Sep-13	0.53	0.53	0	0.51
Quarter Ending Jun-13	0.63	0.63	0	0.06
Quarter Ending Mar-13	0.45	0.46	0.01	3.05
Quarter Ending Dec-12	0.44	0.45	0.01	3.26
Consensus Estimates Analysis				

Re-evaluation Analysis

Historical Surprises

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Mar-14	10,548.40	10,576.00	27.62	0.26
Quarter Ending Dec-13	11,310.10	11,040.00	270.06	-2.39
Quarter Ending Sep-13	12,052.90	12,030.00	22.92	0.19
Quarter Ending Jun-13	12,958.50	12,749.00	209.51	-1.62
Quarter Ending Mar-13	10,942.60	11,035.00	92.39	0.84
Earnings (per share)				
Quarter Ending Mar-14	0.44	0.44	0.00	0.50
Quarter Ending Dec-13	0.46	0.46	0.00	0.67
Quarter Ending Sep-13	0.53	0.53	0.00	0.51
Quarter Ending Jun-13	0.63	0.63	0.00	0.06
Quarter Ending Mar-13	0.45	0.46	0.01	3.05

Comment on the changes

During the review period KO released their quarterly earnings for their quarter that ended March 2014. They beat estimates by 0.26% despite declining soda sells within the U.S. They also beat earnings estimates by 0.5%. These positive surprises cause the stock value to increase after the successful quarter was announced.

Consensus Estimates

Original Analysis

	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Quarter Ending Mar-14	13	10,689.00	11,534.00	10,006.40	11,242.30
Quarter Ending Jun-14	13	12,817.00	13,560.00	12,525.40	14,047.80
Year Ending Dec-14	21	47,015.10	49,554.20	45,646.90	51,540.80
Year Ending Dec-15	21	49,083.90	52,204.70	47,666.70	54,398.30
Earnings (per share)					
Quarter Ending Mar-14	16	0.45	0.5	0.42	0.48
Quarter Ending Jun-14	16	0.64	0.69	0.62	0.7
Year Ending Dec-14	24	2.11	2.36	2	2.33
Year Ending Dec-15	22	2.25	2.49	2.07	2.53
LT Growth Rate (%)	3	6.43	9	4.7	8.95

Re-Evaluation Analysis

	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Quarter Ending Jun-14	15	12,838.80	13,146.00	12,665.70	14,020.40
Quarter Ending Sep-14	15	12,325.20	12,583.10	12,050.40	13,201.00
Year Ending Dec-14	22	47,014.60	47,545.90	46,241.00	51,341.20
Year Ending Dec-15	22	48,982.20	49,797.40	48,372.80	54,186.70
Earnings (per share)					
Quarter Ending Jun-14	18	0.63	0.65	0.62	0.71
Quarter Ending Sep-14	18	0.54	0.56	0.52	0.61
Year Ending Dec-14	25	2.09	2.23	2.04	2.33
Year Ending Dec-15	24	2.24	2.30	2.07	2.53
LT Growth Rate (%)	3	6.70	9.00	5.50	8.55

Comment on the changes

There have been changes made to the consensus estimate analysis since the stock was presented to the class. The mean estimation for the next quarter's sales which will end in June 2014 has increased from what was previously estimated however, the mean for the year has gone down slightly. While this valuation has decreased slightly there is less of a gap between the high and low estimations. The mean for the year ending in December 2015 has also decreased slightly but again the spread from high to low estimates has decreased. In terms of earnings, analysts have decreased their expectations for the coming quarter and for the next two year end reports but they have slightly increased their long term growth rate. The mean long term growth went from 6.43% to 6.7%. While the high estimation remained unchanged the low is now up 0.8% from what was previously reported.

Estimate Revision Analysis

Original Analysis

Last Week		Last 4 Weeks		
Number Of Revisions:	**Up**	**Down**	**Up**	**Down**
Revenue				
Quarter Ending Mar-14	0	1	0	9
Quarter Ending Jun-14	0	1	0	9
Year Ending Dec-14	0	3	0	17
Year Ending Dec-15	0	1	0	14
Earnings				
Quarter Ending Mar-14	0	1	0	11
Quarter Ending Jun-14	0	1	0	11
Year Ending Dec-14	0	3	0	19
Year Ending Dec-15	0	1	0	16

Re-Evaluation Analysis

	Last Week		Last 4 Weeks	
Number Of Revisions:	**Up**	**Down**	**Up**	**Down**
Revenue				
Quarter Ending Jun-14	9	5	8	4
Quarter Ending Sep-14	10	4	8	4
Year Ending Dec-14	13	5	12	5
Year Ending Dec-15	13	5	11	6
Earnings				
Quarter Ending Jun-14	1	6	1	4
Quarter Ending Sep-14	6	2	6	2
Year Ending Dec-14	2	7	3	5
Year Ending Dec-15	4	6	4	5

Comment on the changes

When the stock was originally presented there was very little change in estimate revisions but through this review period there has been a lot more activity. There has been a significant number of analysts moving their estimations both up and down in the past week. In revenue estimations there have been about twice as many upward revision as downward in the last week and in the last four weeks. For earnings estimations the majority of revisions have adjusted downward for the coming quarter that will end in June but higher expectations for the quarter ending in September. A majority of revision for the coming year end as well as the 2015 year end have also been downward.

Analysts' Recommendations

Original Analysis

ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	8	9	9	8
(2) OUTPERFORM	6	6	5	5
(3) HOLD	8	7	7	7
(4) UNDERPERFORM	1	1	1	1
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.09	2.00	2.00	2.05

Re-Evaluation Analysis

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	8	8	8	9
(2) OUTPERFORM	6	6	6	5
(3) HOLD	9	9	8	7
(4) UNDERPERFORM	1	1	1	1
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.12	2.12	2.09	2.00

Comment on the changes

It appears there have not been any changes in the analyst recommendations from the previous report. There is now one more analyst that recommended a hold on the stock. This increased hold position raised the mean rating by only 0.03, bringing it to 2.12 which is still a bullish recommendation.

(B-3) Technical Indicators

50- & 200-day moving average

Since the original report we have seen a golden cross in the company's 10 to 50 day moving average. This cross occurred in mid-March which is right in line with when they released their first quarter earnings report. Their 50 to 200 day moving average is also showing more positive signs from the original report. Although the 50 day is still below the 200 day average it has an upward slope which was not the case at the time that this stock was originally researched.

Stock #2: WFM

Date Recommended: <u>04/02/2014</u>

Date Re-evaluated: <u>04/25/2014</u>

(B-1) Company Updates and Stock Performance

<u>Company Update</u>

During the review period Whole Foods Market (WFM) decreased their sales and profit forecasts for 2014 for the second time this quarter after missing their first quarter revenue expectations. This resulted in a 5.8% decrease in their share price. They also decreased their sales growth for the year from between 5.5% and 7% down to 5.5% and 6.2%. The company stated their decreased expectations are due to having to cut prices in order to stay competitive (Wahba and Baertlein). Staying competitive has become an increasing concern after Wal-Mart partnered with Wild Oats to sell Wild Oats brand organic foods at a non-organic price, about 25% below average branded organic food prices (Baertlein). WFM acquired Wild Oats in 2007 for $565 million but sold the name and some of its assets to Ron Burkle shortly after.

<u>Relative Performance</u>

Over this period WFM's price has decreased $2.08 creating a capital loss of 4.10%. In comparison to the benchmarks WFM is 5.47% below the sector ETF and 4.12% below the S&P 500 index. The decline in the company's annual expectations have caused the stock price to decrease leading to an underperformance of the benchmarks during this period.

<u>1-Year Price Chart</u>

The beginning of this one year price chart was very strong for WFM. They had strong growth and were expanding successfully, opening a record number of stores in their FY2013. The first large drop in November came after missing revenue estimations even though earnings were beat in the same report. They continued to decline as the industry became more popular among consumers and competition steadily increased. They saw a second large drop in February after, once again, they missed the analyst expectations for their quarterly report that came out February 12th. Recently, as stated above they have had to adjust their sales, profit and growth expectations because of price cuts needed to stay competitive.

(B-2) Valuations, Estimates and Recommendations

Original Analysis

Ratio Analysis	Company	Industry	Sector
P/E (TTM)	34.07	21.78	33.36
P/S (TTM)	1.43	0.73	4.89
P/B (MRQ)	4.80	2.70	25.52
P/CF (TTM)	20.89	10.72	20.90
Dividend Yield	0.94	1.83	2.53
Total Debt/Equity (MRQ)	0.81	82.42	25.54
Net Profit Margin (TTM)	4.23	3.57	13.73
ROA (TTM)	10.43	4.66	30.49
ROE (TTM)	15.00	11.74	71.12

Re-evaluation Analysis

Ratio Analysis	Company	Industry	Sector
P/E (TTM)	32.06	21.21	34.34
P/S (TTM)	1.35	.71	5.06
P/B (MRQ)	4.52	2.75	32.12
P/CF (TTM)	19.65	10.11	21.80
Dividend Yield	1.00	1.91	2.47
Total Debt/Equity (MRQ)	0.81	82.02	30.92
Net Profit Margin (TTM)	4.23	3.56	13.76
ROA (TTM)	10.43	4.72	31.27
ROE (TTM)	12.00	11.97	84.74

Comment on the changes

Since the company was originally evaluated their P/E, P/S, P/B, P/CF, and ROE have all decreased. This is an expected ratio response as the price of the stock has decrease since share were purchased. Their debt to equity has remained unchanged showing they have not adjusted their financing model. They have increased their dividend to 1.00 from the previous 0.94, this dividend was paid on April 9th at $0.12 per share.

Historical Surprises

Original Analysis

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Dec-13	4,291.63	4,239.00	52.63	1.23
Quarter Ending Sep-13	3,036.63	2,976.00	60.63	-2
Quarter Ending Jun-13	3,090.03	3,058.00	32.03	-1.04
Quarter Ending Mar-13	3,028.00	3,027.00	1	-0.03
Quarter Ending Dec-12	3,864.63	3,856.00	8.63	-0.22
Earnings (per share)				
Quarter Ending Dec-13	0.44	0.42	0.02	-4.83
Quarter Ending Sep-13	0.31	0.32	0.01	2.79
Quarter Ending Jun-13	0.37	0.38	0.01	3.4
Quarter Ending Mar-13	0.36	0.38	0.02	4.37
Quarter Ending Dec-12	0.38	0.39	0.01	1.56

Re-evaluation Analysis

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Dec-13	4,291.63	4,239.00	52.63	1.23
Quarter Ending Sep-13	3,036.63	2,976.00	60.63	2.00
Quarter Ending Jun-13	3,090.03	3,058.00	32.03	1.04
Quarter Ending Mar-13	3,028.00	3,027.00	1.00	0.03
Quarter Ending Dec-12	3,864.63	3,856.00	8.63	0.22
Earnings (per share)				

Quarter Ending Dec-13	0.44	0.42	0.02	4.83
Quarter Ending Sep-13	0.31	0.32	0.01	2.79
Quarter Ending Jun-13	0.37	0.38	0.01	3.40
Quarter Ending Mar-13	0.36	0.38	0.02	4.37
Quarter Ending Dec-12	0.38	0.39	0.01	1.56

Comment on the changes

There has been no update posted on the historical surprises chart since the original evaluation.

<u>Consensus Estimates</u>

Original Analysis

	# of Estimates	Mean	High	% difference from mean	Low	% difference from mean	1 Year ago
SALES (in millions)							
Quarter Ending Mar-14	25	3,337.35	3,434.00	2.90%	3,250.61	2.60%	3,473.31
Quarter Ending Jun-14	24	3,428.17	3,478.93	1.48%	3,329.00	2.89%	3,555.91
Year Ending Sep-14	28	14,369.00	14,463.40	0.66%	14,164.00	1.43%	14,920.20
Year Ending Sep-15	26	16,297.90	16,712.50	2.54%	15,987.30	1.91%	17,047.80
Earnings (per share)							
Quarter Ending Mar-14	30	0.41	0.43	4.88%	0.35	14.63%	0.43
Quarter Ending Jun-14	30	0.42	0.45	7.14%	0.39	7.14%	0.43
Year Ending Sep-14	33	1.62	1.67	3.09%	1.59	1.85%	1.7
Year Ending Sep-15	31	1.91	2	4.71%	1.84	3.66%	2.02
LT Growth Rate (%)	8	16.3	22	34.97%	12	26.38%	17.73

Re-Evaluation Analysis

	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Quarter Ending Jun-14	24	3,426.52	3,459.00	3,329.00	3,555.91
Quarter Ending Sep-14	24	3,363.84	3,440.40	3,315.00	3,517.09
Year Ending Sep-14	28	14,370.10	14,463.40	14,164.00	14,935.60
Year Ending Sep-15	26	16,293.00	16,690.10	15,987.30	17,047.80
Earnings (per share)					
Quarter Ending Jun-14	30	0.42	0.44	0.39	0.43
Quarter Ending Sep-14	30	0.36	0.39	0.35	0.37
Year Ending Sep-14	33	1.62	1.67	1.59	1.70
Year Ending Sep-15	31	1.91	2.00	1.84	2.02
LT Growth Rate (%)	8	16.30	22.00	12.00	17.73

Comment on the changes

The changes in mean sales estimations are very slight since the company was originally evaluated. Analysts have decreased estimated of both upcoming quarters but the year ending in September 2014 is up from the previous estimation. Year-end September 2015 has remained unchanged. There have also been no changes in the mean estimations for earnings in the coming quarters, the next two year ends, or the long term growth rate. Even though WFM has increasing competition analysts still are estimating a long term growth of 16.30%.

Estimate Revision Analysis

Original Analysis (MM/DD/YYYY)

	Last Week		Last 4 Weeks	
Number Of Revisions:	**Up**	**Down**	**Up**	**Down**
Revenue				
Quarter Ending Mar-14	0	0	0	0
Quarter Ending Jun-14	0	0	0	0
Year Ending Sep-14	0	0	0	1
Year Ending Sep-15	0	0	0	1
Earnings				
Quarter Ending Mar-14	0	0	0	1
Quarter Ending Jun-14	0	0	0	1
Year Ending Sep-14	0	0	0	1
Year Ending Sep-15	0	0	0	1

Re-Evaluation Analysis

Last Week		Last 4 Weeks		
Number Of Revisions:	**Up**	**Down**	**Up**	**Down**
Revenue				
Quarter Ending Jun-14	0	2	2	3
Quarter Ending Sep-14	1	0	2	1
Year Ending Sep-14	1	1	3	2
Year Ending Sep-15	0	2	1	4
Earnings				
Quarter Ending Jun-14	0	1	0	3
Quarter Ending Sep-14	0	1	0	3
Year Ending Sep-14	0	2	1	3
Year Ending Sep-15	0	1	0	1

Comment on the changes

In the past four weeks there have been a few analyst revisions but not a ton of activity. It seems in the last four weeks analysts have been revising revenue estimates both up and down but a majority have of revisions for earnings have been downward. Although a few revisions have been made it seems many analysts are still holding to their original predictions and waiting to see how WFM responds to the need to lower their prices.

<u>Analysts' Recommendations</u>

Original Analysis

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	11	11	9	9
(2) OUTPERFORM	6	6	5	5
(3) HOLD	13	13	15	15
(4) UNDERPERFORM	0	0	0	0
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.07	2.07	2.21	2.21

Re-Evaluation Analysis

ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	10	11	10	9
(2) OUTPERFORM	6	6	6	5
(3) HOLD	14	13	13	15
(4) UNDERPERFORM	0	0	0	0
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.13	2.07	2.10	2.21

Comment on the changes

The only change that has occurred is that one analyst moved their rating from a buy to a hold. This created a slight increase in the overall mean rating from 20.7 to 2.13.

(B-3) Technical Indicators

50- & 200-day moving average

The stock was purchase right before the 10 to 50 day moving average hit a death cross at the beginning of April. Since then the gap has only increased as the 10 day moving average continued to decline. There has been little change in the 50 to 200 day moving average as the decline in stock price has been fairly recent. The RSI has recently been around 30 which is generally an indicator that the stock is being oversold and may mean it is undervalued.

Stock #3: CVS

Repeat the above for Stock #2, and the rest of the individual stocks CIF holds from the sector.

Date Recommended: 4/12/2014

Date Re-evaluated: 4/25/2014

(B-1) Company Updates and Stock Performance

Company Update

During the review period CVS released their annual Insight report which reviews drug trends and highlights key issues. They reported that the highest growing tend from 2013 was specialty medications which grew by 15.6%. They have made adjustments to switch focus and now specialty drugs represent 22.5% of their clients. CVS claims they are in a good position to manage the pressure of rising prescription drug trends through improved management of specialty medications and by controlling price inflation (Reuters).

During this period CVS has also been dealing with legal issues. They have agreed to pay $20 million to the SEC to settle its charges of misleading investors about significant financial setbacks by using improper accounting to boost results. A shareholders lawsuit is still pending in the federal court of Rhode Island but they have lost investors faith from their misleading reports (Stemple).

Relative Performance

Over this period CVS's price has decreased by $1.19 causing a capital loss of 2.96%. In comparison to the benchmarks CVS is 2.96% below the sector and 1.61% below the S&P 500. Their loss of investor faith has created a declining stock price causing them to underperform their benchmarks during this period.

1-Year Price Chart

The beginning of the year CVS started out fairly level with the sector until December when their stock price began to increase at a strong rate, surpassing the sector and the S&P 500. They positive surprises throughout this year have created increases in their stock price from strong company growth.

(B-2) Valuations, Estimates and Recommendations

Original Analysis

Ratio Analysis	**Company**	**Industry**	**Sector**
P/E (TTM)	19.66	17.26	33.71
P/S (TTM)	0.69	0.39	4.92
P/B (MRQ)	2.30	1.91	31.36
P/CF (TTM)	13.56	9.89	21.17
Dividend Yield	1.49	1.30	2.50
Total Debt/Equity (MRQ)	35.33	17.99	31.03
Net Profit Margin (TTM)	3.63	2.19	13.70
ROA (TTM)	6.68	4.79	31.23
ROE (TTM)	12.17	11.37	84.49

Re-evaluation Analysis

Ratio Analysis	Company	Industry	Sector
P/E (TTM)	19.63	16.72	34.34
P/S (TTM)	0.69	0.37	5.06
P/B (MRQ)	2.29	1.80	32.12
P/CF (TTM)	13.55	8.44	21.80
Dividend Yield	1.49	1.37	2.47
Total Debt/Equity (MRQ)	35.33	18.39	30.92
Net Profit Margin (TTM)	3.63	2.14	13.76
ROA (TTM)	6.68	4.71	31.27
ROE (TTM)	12.17	11.13	84.74

Comment on the changes

There has been almost no change since the original analysis of this stock. The P/E represents the biggest change of only .03 from the previous report.

Historical Surprises

Original Analysis

HISTORICAL SURPRISES

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Dec-13	32,666.80	32,830.00	163.21	0.50
Quarter Ending Sep-13	31,529.30	31,968.00	438.70	1.39
Quarter Ending Jun-13	31,139.20	31,248.00	108.80	0.35
Quarter Ending Mar-13	30,357.60	30,763.00	405.41	1.34
Quarter Ending Dec-12	31,128.50	31,394.00	265.54	0.85
Earnings (per share)				
Quarter Ending Dec-13	1.11	1.12	0.01	0.78
Quarter Ending Sep-13	1.02	1.05	0.03	2.92
Quarter Ending Jun-13	0.96	0.97	0.01	1.08
Quarter Ending Mar-13	0.79	0.83	0.04	4.52
Quarter Ending Dec-12	1.10	0.97	0.13	12.01

Re-evaluation Analysis

HISTORICAL SURPRISES

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Dec-13	32,666.80	32,830.00	163.21	0.50
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Quarter Ending Jun-13	31,139.20	31,248.00	108.80	0.35
Quarter Ending Mar-13	30,357.60	30,763.00	405.41	1.34
Quarter Ending Dec-12	31,128.50	31,394.00	265.54	0.85
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Quarter Ending Dec-13	1.11	1.12	0.01	0.78
Quarter Ending Sep-13	1.02	1.05	0.03	2.92
Quarter Ending Jun-13	0.96	0.97	0.01	1.08
Quarter Ending Mar-13	0.79	0.83	0.04	4.52
Quarter Ending Dec-12	1.10	0.97	0.13	12.01

Comment on the changes

There has been no change in the Historical Surprises table.

Consensus Estimates

Original Analysis

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Quarter Ending Jun-14	19	33,020.90	33,545.30	32,441.50	32,465.30
Quarter Ending Sep-14	19	33,373.70	33,734.00	32,856.00	32,407.00
Year Ending Dec-14	24	132,930.00	134,054.00	131,849.00	130,114.00
Year Ending Dec-15	22	135,716.00	145,986.00	67,434.80	132,946.00
Earnings (per share)					
Quarter Ending Jun-14	22	1.09	1.12	1.05	1.04
Quarter Ending Sep-14	22	1.13	1.22	1.04	1.10
Year Ending Dec-14	26	4.47	4.53	4.42	4.41
Year Ending Dec-15	26	5.02	5.20	4.79	4.93
LT Growth Rate (%)	6	13.61	15.00	11.35	13.52

Re-Evaluation Analysis

CONSENSUS ESTIMATES ANALYSIS

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Quarter Ending Jun-14	19	33,020.90	33,545.30	32,441.50	32,465.30
Quarter Ending Sep-14	19	33,373.70	33,734.00	32,856.00	32,407.00
Year Ending Dec-14	24	132,888.00	134,054.00	131,849.00	130,163.00
Year Ending Dec-15	23	135,825.00	145,986.00	67,434.80	132,946.00
Earnings (per share)					

Quarter Ending Jun-14	22	1.09	1.12	1.05	1.04
Quarter Ending Sep-14	22	1.13	1.22	1.04	1.10
Year Ending Dec-14	26	4.47	4.53	4.42	4.42
Year Ending Dec-15	27	5.02	5.20	4.79	4.93
LT Growth Rate (%)	6	13.61	15.00	11.35	13.52

Comment on the changes

Since the original analysis there has not been a change in the mean estimates for the coming two quarters. The mean estimations for this year have been reduced by $42 million but the mean estimate for the following year have increased. There have been no changes in the estimations for earnings or in the long term growth rate.

Estimate Revision Analysis

Original Analysis (MM/DD/YYYY)

ESTIMATES REVISIONS SUMMARY

	Last Week		Last 4 Weeks	
Number Of Revisions:	**Up**	**Down**	**Up**	**Down**
Revenue				
Quarter Ending Jun-14	0	0	0	0
Quarter Ending Sep-14	0	0	0	0
Year Ending Dec-14	0	0	0	0
Year Ending Dec-15	0	0	0	0
Earnings				
Quarter Ending Jun-14	0	0	0	0
Quarter Ending Sep-14	1	0	1	0
Year Ending Dec-14	0	0	0	0
Year Ending Dec-15	1	0	1	0

Re-Evaluation Analysis

ESTIMATES REVISIONS SUMMARY

	Last Week		Last 4 Weeks	
Number Of Revisions:	**Up**	**Down**	**Up**	**Down**
Revenue				
Quarter Ending Jun-14	0	1	0	0
Quarter Ending Sep-14	0	0	0	0
Year Ending Dec-14	1	1	0	1
Year Ending Dec-15	1	0	0	0
Earnings				
Quarter Ending Jun-14	0	0	0	0
Quarter Ending Sep-14	0	0	1	0
Year Ending Dec-14	0	1	0	1
Year Ending Dec-15	0	0	1	0

Comment on the changes

In the past week there has been both one increase and one decrease in the estimation for the year's sales and one increase in next year's sales. This is consistent with the changes noted in the consensus estimates. Overall there have been very few revisions in the past four weeks.

Analysts' Recommendations

Original Analysis

ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	11	11	11	11
(2) OUTPERFORM	10	10	10	11
(3) HOLD	6	6	7	5
(4) UNDERPERFORM	0	0	0	0
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	1.81	1.81	1.86	1.78

Re-Evaluation Analysis

ANALYST RECOMMENDATIONS AND REVISIONS

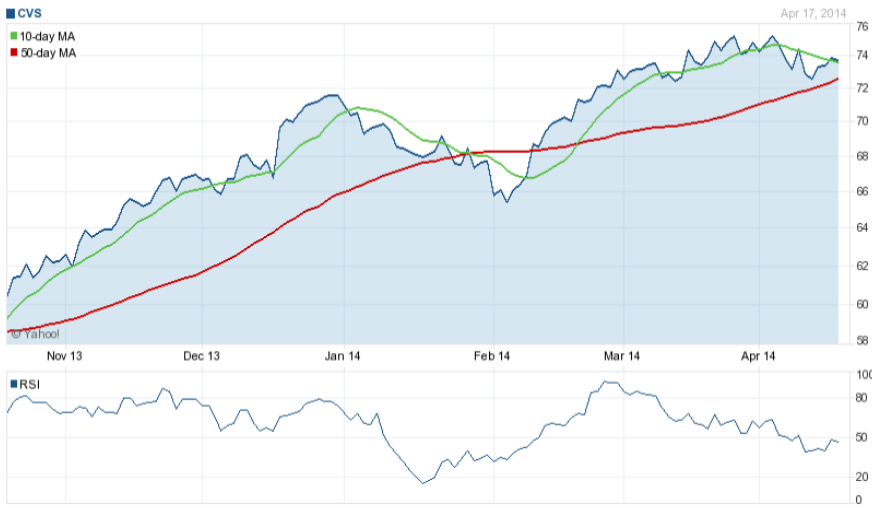
1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	11	11	11	11
(2) OUTPERFORM	10	10	10	11
(3) HOLD	6	6	6	5
(4) UNDERPERFORM	0	0	0	0
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	1.81	1.81	1.81	1.78

Comment on the changes

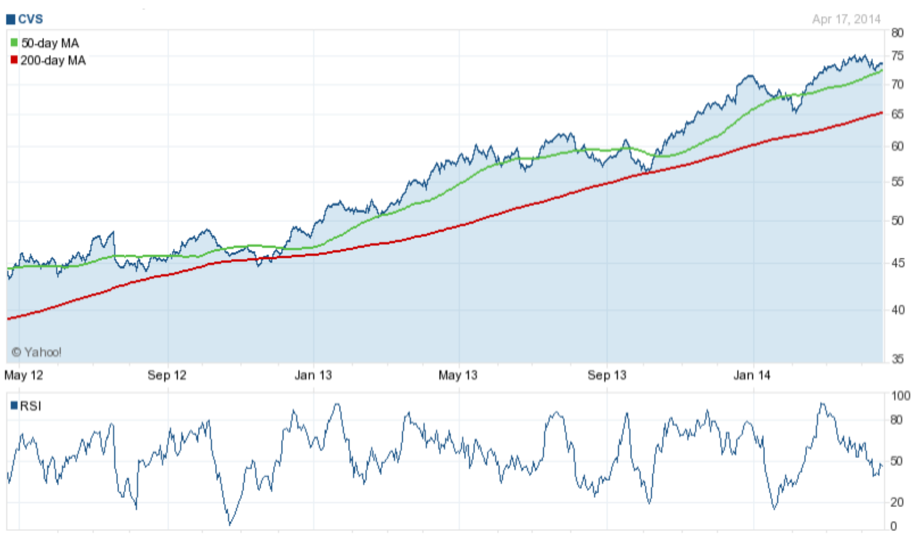
There has been no change since the original report in the analyst recommendations.

(B-3) Technical Indicators

10- & 50-day moving average



50- & 200-day moving average



The gap between the 10 and 50 day moving average has decrease slightly since the original report was given. As the 10 day average decreases it appears there is potential for a coming death cross. There is no noticeable change to the 50 to 200 day chart since the original report was given only two weeks ago.

Section (C) Sector Holding Recommendations

Based on your sector update research, recommend and provide justifications what CIF should do for each individual stock it holds in the sector:

Continue to hold and keep "target price" & "stop-loss price" as is

Provide your recommendations in the following table

Company Name	Ticker Symbol	Date Recommended	Date Re-evaluated	Recommendation		
				Sell	Adjust "Target Price"	Adjust "Stop-loss Price"
Coca Cola Co	KO			No	No	No
Whole Foods Market	WFM			No	No	No
CVS Caremark Corporation	CVS			No	No	No

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