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The Value Line View

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ECONOMIC AND STOCK MARKET COMMENTARY

Continuing job growth remains a staple of this long expansion, and this, along with some other supportive data, give us some confidence that the recent sharp correction on Wall Street may have been overdone. As to the jobs situation, the monthly employment rolls now have been up, without exception, for more than five years. Further, the gains remain fairly consistent, with the latest quarter featuring an average monthly increase of 231,000 positions. Such progress is likely to be sufficient to cut the jobless rate (now at nearly an eight-year low of 4.9%) a little more in the coming year. Finally, the strides made last month, though headlined by a below-trend gain of 151,000 positions, included a solid gain in hourly earnings, a nice pickup in jobs created in the manufacturing sector, and a rise in the stubbornly low labor-force participation rate.

The decent employment outlook gives us some optimism going forward, as we now would appear to have the basis for future strength in consumer spending (after a subpar late-2015 outcome), progressively better housing numbers, and further increases in vehicle sales. Getting business capital spending on the road to recovery (especially in the energy area) will take longer to achieve.

Still, we are somewhat cautious overall. On point, our trade deficit widened in December; manufacturing contracted in January (even as

the nation added jobs in that sector); and non-manufacturing gains decelerated again last month, with growth now at its slowest pace in nearly two years.

Meanwhile, the focus remains on oil. Here, prices have continued their overall decline, with a few rallies along the way; global economic growth has come under stress (notably in China); and oil production has stayed quite high. Problems in the oil patch, meantime, have curbed investment in a number of U.S. industries and held back our economy, in general. In fact, GDP, which edged up just slightly in last year's fourth quarter, may only strengthen modestly to start the year. The slow winter months—while likely a short-term restraint—might keep the Federal Reserve from raising interest rates until much later this year.

The stock market has remained under severe pressure this year. In fact, the selling has often picked up on any fresh declines in oil prices, on additional turmoil in the global equity or currency markets, or on signs that the world's financial institutions could be in some trouble. That said . . .

Conclusion: We now think much of this sell-off is behind us and that stocks are attractive at these lower levels. 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

	2/3/2016	2/10/2016	%Change 1 week	%Change 12 months
Dow Jones Industrial Average	16336.66	15914.74	-2.6%	-10.9%
Standard & Poor's 500	1912.53	1851.86	-3.2%	-10.5%
N.Y. Stock Exchange Composite	9495.21	9176.72	-3.4%	-15.9%
NASDAQ Composite	4504.24	4283.59	-4.9%	-10.5%
NASDAQ 100	4171.97	3966.28	-4.9%	-7.4%
Amex Major Market Index	2083.46	2004.48	-3.8%	-18.0%
Value Line (Geometric)	405.90	389.40	-4.1%	-22.8%
Value Line (Arithmetic)	4009.20	3857.30	-3.8%	-18.4%
London (FT-SE 100)	5837.14	5672.30	-2.8%	-16.9%
Tokyo (Nikkei)	17191.25	15713.39	-8.6%	-11.0%
Russell 2000	1010.30	963.48	-4.6%	-19.9%

Model Portfolios: Recent Developments

PORTFOLIO I

Weakness in the broader equity market continues to weigh on Portfolio I. This is not surprising, as stocks with strong price and earnings momentum are prone to being especially vulnerable to any economic headwinds or a selloff in the broader market. One of our holdings that has struggled of late is *salesforce.com*. This high-flying software stock has suffered as investors have sought safer alternatives. AMN Healthcare has also displayed price weakness in recent weeks. Other stocks in the portfolio have held up better, including *Check Point Software* and *C.R. Bard*.

Accordingly, we are replacing AMN Healthcare and *salesforce.com* with *CVS Health Corp.* and *Estee Lauder*. *CVS Health* is a leading healthcare services provider. The recent acquisition of pharmacy services manager Omnicare strengthens the company's presence in this area, and ought to give it access to faster-growing markets, too. *Estee Lauder*, meanwhile, produces and markets skin care, makeup, fragrance, and hair care products around the globe. Both of these companies have reported solid growth in revenues and earnings in recent years. What's more, *CVS* and *Estee Lauder* earn good marks for Safety and Financial Strength, and score well on most other stability measures. Such attributes are especially desirable during periods of above normal market volatility.

PORTFOLIO II

Portfolio II's two hand tool manufacturers recently posted solid December-quarter results, but both failed to impress investors. *Snap-on*'s share earnings came in 13% above the year-earlier period and handily topped Wall Street's consensus estimate. Share net at *Stanley Black & Decker* increased 30% year over year, though this merely matched expectations. Sales at both companies were below the Street's mid-point call, largely due to negative currency exchange headwinds. *Stanley*'s 2016 guidance may have disappointed

investors, as well. Overall, we think the respective selloffs had more to do with the general negativity surrounding the equity markets since the start of the year, especially for many issues, such as *SNA* and *SWK*, that had previously enjoyed strong investor support. The former was up 34% in price during 2015, while the latter gained 22% in a market that ended up essentially flat for the year.

Elsewhere, forest-products company Weyerhaeuser reported an 11% decline in fourth-quarter share earnings under very tough commodities conditions. The stock's Timeliness rank dropped to 4 (Below Average), necessitating its removal from the portfolio. We will replace WY with appliance maker *Whirlpool*. *WHR* shares have fallen out of favor on Wall Street over the past year, but we see much to like here. Fourth-quarter earnings easily topped estimates, and the stock offers good 3- to 5-year appreciation potential, has an above-average dividend yield, and gets an A+ for Financial Strength.

PORTFOLIO III

Weakness has persisted across Portfolio III amid a broader selloff in equities. Investors, eyeing slumping oil prices, cautious words from Fed Chair Janet Yellen, and mostly ho-hum earnings reports, continue to flee stocks for safer havens, such as government bonds and gold. This is hampering our more-volatile issues, including those in the biotechnology sector, *AbbVie* and *Biogen*. Notably, despite favorable long-term trends affecting the space, the iShares Nasdaq Biotechnology (IBB) Index has plunged nearly 30% so far this year. We attribute this not only to investors' waning appetite for risk, but to profit-taking after several years of outperformance.

Still, we encourage investors, especially those with a 3- to 5-year horizon, to remain level-headed amidst the chaos. The companies in our group are of a good quality, and valuations are quite compelling on an historical basis.

Shares of *Apple*, for example, are trading at only about 10 times the consensus earnings view for this year. And we still expect our biotech holdings to do well over time, as these cash-rich companies maintain excellent growth prospects out to late decade.

Some of our issues, meanwhile, are already showing signs of bottoming. Among these are shares of fertilizer producer *Mosaic*, which posted better-than-anticipated fourth-quarter earnings, thanks to cost cuts. That stock certainly seems like a bargain at current levels. Portfolio III is unaltered this week.

PORTFOLIO IV

The U.S. stock market has lost considerable ground, so far, in 2016. Traders have been increasingly concerned that economic weakness overseas may soon visit the United States. This has already hurt companies operating in the industrial, energy, and metals industries. Furthermore, earnings season, which is nearly over, has not been overly impressive. While many companies managed to meet their profit targets for the December quarter, the outlook for the year ahead often has become more cautious.

Among the numerous companies posting 2015 year-end numbers, we recently heard from HCP, Inc., a leading healthcare REIT. The company delivered weaker-than-expected results for the fourth quarter, while tempering its 2016 outlook. Wall Street did not take the news well, as the stock dropped considerably.

Given the skittish market environment, we are closing out our position in HCP, Inc. To fill the open slot, we are adding *General Motors*, which is still the largest automaker in the United States. *GM* has delivered respectable results of late, helped along by a pickup in business overseas. Too, large markets, such as China, hold considerable promise. The stock currently trades at a reasonable price-to-earnings multiple, and also provides an attractive dividend yield.

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

Ratings & Reports Page	Ticker	Company								Financial Strength	Industry Name
			Recent Price	Time-liness	Safety	P/E	Yield%	Beta			
2577	ADBE	Adobe Systems	73.85	1	3	42.9	Nil	1.10	A	Computer Software	
583	AMT	Amer. Tower 'A'	85.57	1	2	36.9	2.4	0.90	B++	Wireless Networking	
175	BCR	Bard (C.R.)	181.44	2	1	18.6	0.6	0.80	A+	Med Supp Invasive	
967	CVS	CVS Health	90.51	2	1	15.9	1.9	0.85	A+	Pharmacy Services	
207	CAH	Cardinal Health	76.65	2	1	16.8	2.3	0.85	A++	Med Supp Non-Invasive	
823	CERN	Cerner Corp.	53.71	2	2	23.6	Nil	1.00	A+	Healthcare Information	
1811	CHKP	Check Point Software	76.69	2	2	18.9	Nil	0.90	A+	E-Commerce	
1189	CHD	Church & Dwight	88.49	2	1	25.5	1.6	0.70	A+	Household Products	
2606	CTSH	Cognizant Technology	52.33	2	2	15.8	Nil	1.05	A++	IT Services	
448	FDS	FactSet Research	137.59	2	2	22.0	1.3	1.00	A+	Information Services	
2214	FL	Foot Locker	63.64	2	3	13.9	1.6	0.95	B++	Retail (Softlines)	
1012	EL	Lauder (Estee)	90.44	2	2	26.4	1.3	1.00	A	Toiletries/Cosmetics	
1140	LOW	Lowe's Cos.	64.15	1	2	16.9	1.8	1.00	A+	Retail Building Supply	
2565	MA	MasterCard Inc.	81.97	2	2	22.5	0.9	1.05	A++	Financial Svcs. (Div.)	
1158	MHK	Mohawk Inds.	153.70	2	3	13.5	Nil	1.20	B+	Furn/Home Furnishings	
2222	TJX	TJX Companies	69.65	2	1	19.3	1.2	0.80	A++	Retail (Softlines)	
135	TMO	Thermo Fisher Sci.	124.45	2	2	23.9	0.5	1.05	A	Precision Instrument	
1144	TSCO	Tractor Supply	81.45	2	2	24.8	1.1	1.00	A++	Retail Building Supply	
2197	ULTA	Ulta Salon	151.98	1	3	28.2	Nil	0.95	A	Retail (Hardlines)	
2573	V	Visa Inc.	68.33	2	1	22.8	0.9	0.95	A++	Financial Svcs. (Div.)	

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+. If a stock's Timeliness rank falls to 3, or lower, 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								Financial Strength	Industry Name
			Recent Price	Time-liness	Safety	P/E	Yield%	Beta			
2602	ADP	Automatic Data Proc.	80.67	2	1	23.9	2.9	0.95	A++	IT Services	
1903	BGS	B&G Foods	35.44	2	3	18.7	4.0	0.80	B+	Food Processing	
706	BA	Boeing	118.88	3	1	14.5	3.7	1.05	A++	Aerospace/Defense	
2509	CM.TO	Can. Imperial Bank	86.17	3	1	9.1	5.5	0.70	A+	Bank	
1190	CLX	Clorox Co.	128.68	1	2	26.1	2.4	0.65	B++	Household Products	
2554	AJG	Gallagher (Arthur J.)	37.82	3	1	14.5	4.0	0.90	A	Financial Svcs. (Div.)	
1914	GIS	Gen'l Mills	55.94	2	1	19.4	3.2	0.70	A+	Food Processing	
220	JNJ	Johnson & Johnson	101.97	2	1	17.7	3.1	0.75	A++	Med Supp Non-Invasive	
1155	LEG	Leggett & Platt	40.96	2	2	18.2	3.1	1.10	A	Furn/Home Furnishings	
2587	MSFT	Microsoft Corp.	49.28	2	1	17.5	2.9	1.00	A++	Computer Software	
1977	PEP	PepsiCo, Inc.	98.28	3	1	20.4	2.9	0.70	A++	Beverage	
2522	RY.TO	Royal Bank of Canada	67.64	3	1	9.9	4.9	0.70	A	Bank	
1728	SNA	Snap-on Inc.	135.78	1	2	15.5	1.8	1.10	A+	Machinery	
1729	SWK	Stanley Black & Decker	90.63	2	2	14.0	2.4	1.05	A	Machinery	
1956	SYT	Sysco Corp.	42.61	2	1	21.2	2.9	0.70	A+	Retail/Wholesale Food	
2151	TGT	Target Corp.	69.86	3	1	14.0	3.3	0.75	A	Retail Store	
773	TRV	Travelers Cos.	105.92	3	1	10.4	2.3	0.85	A++	Insurance (Prop/Cas.)	
316	UPS	United Parcel Serv.	97.53	2	1	16.8	3.2	0.85	A	Air Transport	
1546	WPC	W.P. Carey Inc.	55.90	3	3	38.3	6.9	0.90	B+	R.E.I.T.	
1779	WHR	Whirlpool Corp.	137.04	3	3	9.4	2.6	1.30	A+	Diversified Co.	

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, a Timeliness Rank of at least 3 (unranked stocks may be selected occasionally), and a Safety Rank of 3 or better. If a stock's Timeliness Rank falls below 3, that stock will be automatically removed. (Occasionally a stock will be unranked (NR), usually because of a short trading history or a major corporate reorganization.) Stocks are selected and monitored by Craig Sirois, Editorial 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	Time-liness	Safety	P/E	Yield%	Beta	3- to 5-yr	Industry Name
									Appreciation Potential	
1607	ABBV	AbbVie Inc.	53.48	2	2	11.0	4.3	1.10	85 - 145%	Drug
757	ALL	Allstate Corp.	63.01	3	1	11.4	1.9	0.90	50 - 85	Insurance (Prop/Cas.)
1398	AAPL	Apple Inc.	94.99	3	2	10.4	2.3	0.95	60 - 115	Computers/Peripherals
2507	BK	Bank of New York Mellon	33.60	3	3	11.1	2.0	1.20	95 - 170	Bank
1613	BIIB	Biogen	249.99	3	3	14.4	Nil	1.05	75 - 160	Drug
967	CVS	CVS Health	90.51	2	1	15.9	1.9	0.85	50 - 80	Pharmacy Services
802	DVA	DaVita HealthCare	62.25	2	2	15.9	Nil	0.90	55 - 110	Medical Services
2332	DIS	Disney (Walt)	92.32	2	1	15.8	1.5	1.05	20 - 45	Entertainment
362	DNKN	Dunkin' Brands Group	40.84	2	3	19.2	2.9	0.65	45 - 120	Restaurant
2106	GES	Guess Inc.	18.01	4	3	16.4	5.0	1.20	40 - 95	Apparel
2310	HOG	Harley-Davidson	38.71	4	3	9.9	3.6	1.15	95 - 195	Recreation
1918	HRL	Hormel Foods	41.43	1	1	27.6	1.4	0.75	-5 - 20	Food Processing
187	ISRG	Intuitive Surgical	508.82	2	3	27.5	Nil	0.90	25 - 85	Med Supp Invasive
1603	MOS	Mosaic Company	23.86	5	3	7.0	4.9	1.30	150 - 275	Chemical (Basic)
2112	PVH	PVH Corp.	71.09	4	3	10.4	0.2	1.15	70 - 155	Apparel
419	RSG	Republic Services	43.84	3	2	20.4	2.8	0.80	-10 - 25	Environmental
376	SBUX	Starbucks Corp.	54.42	1	1	28.6	1.5	0.95	40 - 65	Restaurant
2195	TIF	Tiffany & Co.	62.17	4	3	15.0	2.7	1.15	75 - 155	Retail (Hardlines)
817	UNH	UnitedHealth Group	111.16	3	1	15.6	1.8	0.90	15 - 45	Medical Services
2573	V	Visa Inc.	68.33	2	1	22.8	0.9	0.95	30 - 60	Financial Svcs. (Div.)

To qualify for purchase in the above portfolio, a stock must have worthwhile appreciation potential. Among the factors considered for selection are a stock's Timeliness and Safety Rank and its 3- to 5-year appreciation potential. (Occasionally a stock will be unranked (NR), usually because of a short trading history or a major corporate reorganization.) 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	Time-liness	Safety	P/E	Yield%	Beta	Financial	Industry Name
									Strength	
921	T	AT&T Inc.	36.65	3	1	13.3	5.2	0.75	A++	Telecom. Services
903	LNT	Alliant Energy	68.35	2	2	17.8	3.4	0.80	A	Electric Util. (Central)
1029	BT	BT Group ADR	33.52	2	3	13.4	3.1	1.05	B++	Telecom. Utility
1990	BTI	Brit. Amer Tobac. ADR	108.93	3	2	15.9	4.2	0.90	B++	Tobacco
159	CAT	Caterpillar Inc.	63.93	4	2	17.6	4.8	1.25	A+	Heavy Truck & Equip
1966	KO	Coca-Cola	43.30	3	1	22.4	3.2	0.70	A++	Beverage
142	ED	Consol. Edison	73.61	3	1	18.7	3.7	0.55	A+	Electric Utility (East)
1600	DOW	Dow Chemical	46.60	NR	3	12.9	3.9	1.40	A	Chemical (Basic)
1914	GIS	Gen'l Mills	55.94	2	1	19.4	3.2	0.70	A+	Food Processing
106	GM	General Motors	27.87	3	3	5.1	5.2	1.20	B++	Automotive
1364	INTC	Intel Corp.	28.81	3	1	11.9	3.6	1.05	A++	Semiconductor
1404	IBM	Int'l Business Mach.	124.07	4	1	9.9	4.2	0.85	A++	Computers/Peripherals
1195	KMB	Kimberly-Clark	130.79	1	1	29.7	2.7	0.65	A++	Household Products
1622	MRK	Merck & Co.	49.16	3	1	13.3	3.7	0.80	A++	Drug
1370	MCHP	Microchip Technology	41.26	3	2	14.5	3.5	1.10	A	Semiconductor
2615	PAYX	Paychex, Inc.	46.66	2	1	21.7	3.8	0.90	A	IT Services
1631	PFE	Pfizer, Inc.	29.10	NR	1	19.3	4.1	0.85	A++	Drug
1992	RAI	Reynolds American	47.69	1	2	23.0	3.0	0.65	A	Tobacco
153	SO	Southern Co.	49.20	3	2	17.4	4.6	0.60	A	Electric Utility (East)
424	WM	Waste Management	53.28	3	1	19.7	2.9	0.85	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, a Timeliness Rank of at least 3, and a Financial Strength Rating of at least B+. If a stock's Timeliness Rank falls below 4, that stock will be automatically removed. Stocks are selected and monitored by Adam Rosner, Editorial Analyst.

Growth Stocks with Low Risk

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

We began by screening for companies whose share earnings have compounded at a minimum 8% annual rate over the past five years and which are expected to also maintain at least an 8% annual growth rate over the next 3 to 5 years.

Next, we pared the list to stocks with price appreciation potential of at least 50% 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 70%. Nonetheless, the long-term performance of the stocks in this list should be 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 also 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 85 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. Finally, to guard against near-term underperformance, we required a Timeliness rank of at least 3 (Average).

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 is a difficult task, given the uneven prospects for global economic growth. Thus, the stocks list-

ed below comprise an elite group. Meanwhile, many stocks, including some with better historical and prospective earnings growth, were eliminated due to their less-than-stellar marks for Financial Strength or their volatile share price movements. That said, as mentioned, the equities included below are likely to provide investors with respectable returns over the next 3 to 5 years, reflecting each issue's prospects for worthwhile price appreciation during that time frame.

This is a short list that is weighted to those companies operating in the financial services and healthcare industries. Those wanting to hold low-risk stocks with good prospects may consider most of the choices listed below. As always, we strongly urge investors to consult the individual analyses in Part 3, *Ratings & Reports*, before committing to any of the issues that appear in this screen.

Ratings & Reports Page	Ticker	Company	Time-liness	Safety	3-5 Year Apprec. Potential	Annual E.P.S. Growth		Price Stability Index	Financial Strength Rating	Industry
						Last 5 Years	Next 5 Years			
583	AMT	Amer. Tower 'A'	1	2	65%	27.5%	14.5%	95	B++	Wireless Networking
204	ABC	AmerisourceBergen	2	1	50	17.0	13.5	95	A	Med Supp Non-Invasive
2537	AON	Aon plc	2	1	55	12.0	13.5	90	A+	Financial Svcs. (Div.)
967	CVS	CVS Health	2	1	65	11.5	13.0	95	A+	Pharmacy Services
2124	CPRT	Copart, Inc.	2	2	75	12.0	12.0	85	A	Retail Automotive
1748	DHR	Danaher Corp.	1	2	75	12.0	13.0	90	A	Diversified Co.
802	DVA	DaVita HealthCare	2	2	80	14.5	11.5	90	B++	Medical Services
450	IT	Gartner Inc.	1	2	80	18.0	14.5	85	A	Information Services
323	JBHT	Hunt (J.B.)	3	2	60	15.5	12.0	85	B++	Trucking
1795	ICE	Intercontinental Exch.	1	2	55	16.5	13.5	85	A	Brokers & Exchanges
809	LH	Laboratory Corp.	2	1	70	8.5	9.0	90	A	Medical Services
222	MCK	McKesson Corp.	3	1	105	16.0	12.0	85	A++	Med Supp Non-Invasive
2568	TROW	Price (T. Rowe) Group	3	2	50	15.0	9.5	85	A+	Financial Svcs. (Div.)
420	SRCL	Stericycle Inc.	3	2	75	16.5	10.0	90	B++	Environmental

Low-Risk Stocks for Worthwhile Total Return

This week, we have 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 2019-2021 of at least 50%, which is lower than the current median (70%) but should provide for a respectable risk-adjusted return. Next, we specified that the remaining equities must have a current dividend yield of at least 3.1%, 50 basis points higher than the 2.6% 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 5.0% (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 13%, which is favorable given the returns 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.

Finally, we eliminated all holdings with subpar prospects for market performance over the next six to 12 months. That is, equities ranked below 3 (Average) for Timeliness were discarded. This step was taken to screen out stocks that are most at risk of underperformance in the near term, in spite of their otherwise attractive investment attributes.

Of course, the respectable relative price momentum and high investment quality implied by the above criteria would suggest limited opportunities for a good dividend yield and worthwhile three- to five-year price gains. Indeed, the resulting roster is a rather small and elite group of stocks that appears suitable for patient investors who seek worthwhile total returns, but are also averse to excess risk.

We would 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.

Ratings & Reports Page	Ticker	Company Name	Safety	3-5 Year E.P.S. Growth	3-5 Year Avg. Apprec. Potential	Current Yield	3-5 Year Div'd Growth	Total Return	Timeliness
1743	BIP	Brookfield Infrastruc.	2	84.0%	75%	6.0%	9%	19%	3
946	CSCO	Cisco Systems	2	6.5	55	4.6	9	15	3
603	ENB.TO	Enbridge Inc.	2	10.0	45	4.7	8	13	3
1364	INTC	Intel Corp.	1	10.0	75	3.6	5	17	3
2518	NA.TO	Nat'l Bank of Canada	2	6.0	75	6.0	8	19	3
2615	PAYX	Paychex, Inc.	1	9.5	55	3.8	9	15	2
2568	TROW	Price (T. Rowe) Group	2	9.5	50	3.3	11	13	3
2522	RY.TO	Royal Bank of Canada	1	6.0	50	4.9	8	14	3
1185	SON	Sonoco Products	2	8.0	55	3.5	7	14	3
1383	TSM	Taiwan Semic. ADR	2	16.0	90	3.2	8	19	3
2151	TGT	Target Corp.	1	9.0	65	3.3	10	16	3
316	UPS	United Parcel Serv.	1	10.5	60	3.2	10	15	2
2396	WPPGY	WPP PLC ADR	2	9.5	70	3.5	13	17	2
2528	WFC	Wells Fargo	2	5.5	55	3.4	12	15	3

Stocks for Dividend Growth with Low Risk

In this screen, we turned our attention to low-risk stocks that have good records for dividend growth. In addition, our selection criteria focused on those issues that our analysts project to continue providing investors with dividends that are likely to increase at above-average rates.

We began our search with stocks whose dividends have advanced at a compound annual rate of at least 7% over the last five years. Similarly, we next narrowed the list to equities with projected annual dividend growth rates of at least 7% over the next three to five years. We also set a minimum estimated yield for the year ahead of 3.1%, which is 50 basis points (100 basis

points is equivalent to one percentage point) higher than the current median for all dividend-paying stocks under our review. For comparative purposes, we also show payout ratios (all dividends as a percentage of net profit) for the most recent fiscal year.

We then restricted our search to stocks with Safety ranks of at least 2 (Above Average), and Financial Strength Ratings of B++ or better (B+ is Average). Companies whose shares earn high marks for these metrics generally will fare better in volatile markets than the typical stock under our review. Lastly, to reduce the risk of underperformance, we limited the selection to issues ranked 3 (Average), or better, for

relative price performance over the next six to 12 months.

The set of stocks that made the final cut are not only judged to be safer than most, but also possess proven and prospective dividend growth rates that have and are likely to advance at a rate exceeding the average rate of inflation under the time periods chosen under this review. We note that although utility stocks find representation in this group, its overall composition is broader, in keeping with most recent screens. As usual, we advise investors to carefully review both full-page and supplementary analyses in our *Ratings & Reports* before making commitments to any of the equities on the list of stocks below.

Ratings & Reports Page	Ticker	Company	Dividend Yield	Timeliness	Safety	Payout Ratio	AVG. ANN'L GROWTH		Financial Strength Rating	Industry
							Last 5 Years	Next 3-5 Years		
706	BA	Boeing	3.7%	3	1	39%	7%	15%	A++	Aerospace/Defense
1966	KO	Coca-Cola	3.2	3	1	59	9	7	A++	Beverage
143	D	Dominion Resources	4.1	2	2	79	7	8	B++	Electric Utility (East)
603	ENB.TO	Enbridge Inc.	4.7	3	2	63	14	8	B++	Oil/Gas Distribution
716	LMT	Lockheed Martin	3.1	2	1	49	21	10	A++	Aerospace/Defense
2518	NA.TO	Nat'l Bank of Canada	6.0	3	2	46	9	8	B++	Bank
148	NEE	NextEra Energy	3.1	2	2	51	9	11	A	Electric Utility (East)
2568	TROW	Price (T. Rowe) Group	3.3	3	2	38	10	11	A+	Financial Svcs. (Div.)
2522	RY.TO	Royal Bank of Canada	4.9	3	1	46	7	8	A	Bank
550	SJI	South Jersey Inds.	4.1	3	2	61	10	7	A	Natural Gas Utility
2151	TGT	Target Corp.	3.3	3	1	44	22	10	A	Retail Store
934	T.TO	TELUS Corporation	4.6	3	2	64	9	10	B++	Telecom. Services
2526	TD.TO	Toronto-Dominion	4.4	3	2	43	9	8	B++	Bank
316	UPS	United Parcel Serv.	3.2	2	1	54	8	10	A	Air Transport
918	WEC	WEC Energy Group	3.5	2	1	60	20	9	A+	Electric Util. (Central)

Equity Funds Average Performance

TOTAL RETURN* Percent Change through January, 2016

Performance Objective	Year-to-Date	Three Month	Six Month	One Year	Five Year (Annualized)
Performance Objective					
Aggressive Growth	-6.2	-7.7	-10.3	-4.6	5.6
Growth	-6.4	-8.9	-11.4	-5.6	7.2
Growth/Income	-5.0	-7.5	-9.5	-5.2	7.5
Income	-3.6	-6.2	-7.8	-4.9	6.5
Balanced	-3.1	-5.2	-6.9	-4.6	4.9
International					
European Equity	-6.1	-9.1	-13.2	-6.5	2.1
Foreign Equity	-5.8	-8.7	-13.2	-10.3	-0.5
Global Equity	-5.6	-8.2	-11.5	-6.7	4.3
Pacific Equity	-7.2	-9.4	-14.1	-12.4	-1.2
Sector					
Energy/Natural Res	-7.3	-19.1	-24.4	-29.9	-10.6
Financial Services	-9.5	-10.4	-14.2	-3.6	5.7
Health	-13.4	-11.6	-22.2	-9.7	16.7
Precious Metals	1.5	-6.1	-0.1	-29.3	-19.7
Real Estate	-4.3	-5.2	-4.3	-8.3	7.1
Technology	-7.8	-8.8	-9.1	-1.7	7.6
Utilities	1.0	-1.8	-4.2	-6.4	7.9
Other					
Convertible	-6.2	-8.7	-12.4	-9.6	2.9
Flexible	-2.6	-4.8	-6.6	-5.4	3.0
Specialty	-4.0	-8.4	-10.9	-10.8	1.5
Small Company	-8.0	-10.7	-15.6	-9.4	5.9
S&P 500	-5.0	-6.2	-6.8	-0.7	10.9

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 REINVESTMENT* Percent Change through January, 2016

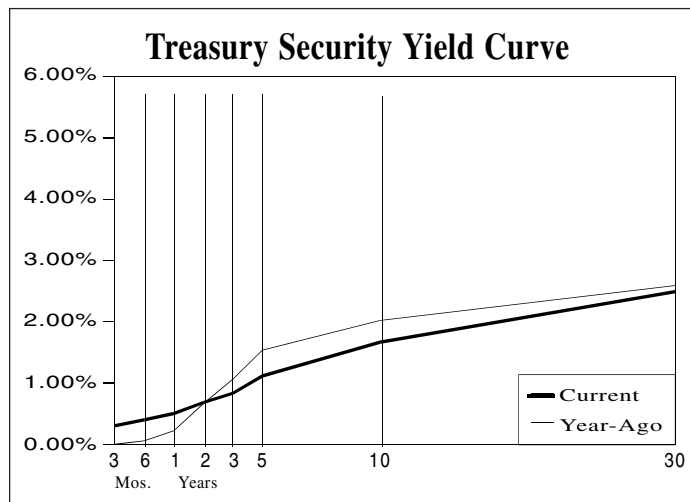
	Year-to-Date	Three Month	Six Month	One Year	Five Year (Annualized)
U.S. Government and Agency Bond					
U.S. Gov't	0.9	—	-0.3	-1.8	1.6
GNMA	0.6	0.1	0.2	—	2.3
Corporate Bond					
High Quality	0.2	-0.9	-1.0	-2.1	2.3
High Yield	-1.4	-5.3	-7.0	-5.6	2.5
International	-0.5	-2.5	-3.7	-5.8	0.7
Municipal Bond					
California Tax Exempt	1.0	2.1	3.5	2.0	5.7
New York State Tax Exempt	1.0	2.0	3.2	1.7	4.6
National Tax Exempt	0.7	1.4	2.5	1.1	4.3

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

	Recent (2/10/16)	3 Months Ago (11/11/15)	Year Ago (2/11/15)		Recent (2/10/16)	3 Months Ago (11/11/15)	Year Ago (2/11/15)
TAXABLE							
Market Rates				Mortgage-Backed Securities			
Discount Rate	1.00	0.75	0.75	GNMA 5.5%	1.97	1.85	1.49
Federal Funds	0.25-0.50	0.00-0.25	0.00-0.25	FHLMC 5.5% (Gold)	2.04	2.18	1.49
Prime Rate	3.50	3.25	3.25	FNMA 5.5%	1.65	1.87	1.24
30-day CP (A1/P1)	0.38	0.14	0.13	FNMA ARM	1.81	1.81	1.85
3-month LIBOR	0.62	0.36	0.26	Corporate Bonds			
U.S. Treasury Securities				Financial (10-year) A	3.45	3.78	3.23
3-month	0.31	0.13	0.01	Industrial (25/30-year) A	4.01	4.44	3.85
6-month	0.41	0.33	0.07	Utility (25/30-year) A	4.00	4.48	3.70
1-year	0.51	0.50	0.23	Utility (25/30-year) Baa/BBB	4.66	4.95	4.05
5-year	1.12	1.72	1.54	Foreign Bonds (10-Year)			
10-year	1.67	2.33	2.02	Canada	1.00	1.71	1.45
10-year (inflation-protected)	0.51	0.82	0.35	Germany	0.24	0.61	0.36
30-year	2.49	3.12	2.59	Japan	0.02	0.32	0.40
30-year Zero	2.63	3.25	2.67	United Kingdom	1.41	2.05	1.67
Common Stocks				Preferred Stocks			
VL Stocks (Median)	2.60	2.20	2.00	Utility A	5.98	5.87	5.93
DJ Industrials (12-mo. est.)	2.90	2.60	2.30	Financial BBB	5.99	6.02	6.57
VL Utilities	3.60	3.88	N/A	Financial Adjustable A	5.51	5.51	5.51



TAX-EXEMPT							
Bond Buyer Indexes							
20-Bond Index (GOs)	3.30	3.69	3.49				
25-Bond Index (Revs)	3.78	4.05	4.16				
General Obligation Bonds (GOs)							
1-year AAA	0.37	0.37	0.16				
1-year A	0.50	0.72	0.52				
5-year AAA	0.90	1.37	1.08				
5-year A	1.33	1.96	1.64				
10-year AAA	1.59	2.22	2.05				
10-year A	2.19	3.11	2.68				
25/30-year AAA	2.55	3.11	2.86				
25/30-year A	3.28	4.12	3.75				
Revenue Bonds (Revs) (15 Years)							
Education AA	2.58	3.07	2.79				
Electric AA	2.33	2.75	2.81				
Housing AA	2.90	3.43	3.30				
Hospital AA	2.59	2.64	2.66				
Toll Road AA	2.51	3.05	2.65				

Source: Bloomberg Finance L.P.

Federal Reserve Data

BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	2/3/16	1/20/16	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	2278319	2347268	-68949	2375617	2459684	2485865
Borrowed Reserves	57	54	3	99	164	123
Net Free/Borrowed Reserves	2278262	2347214	-68952	2375518	2459521	2485743

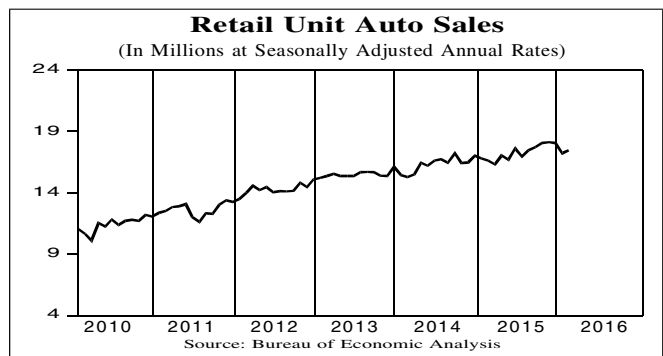
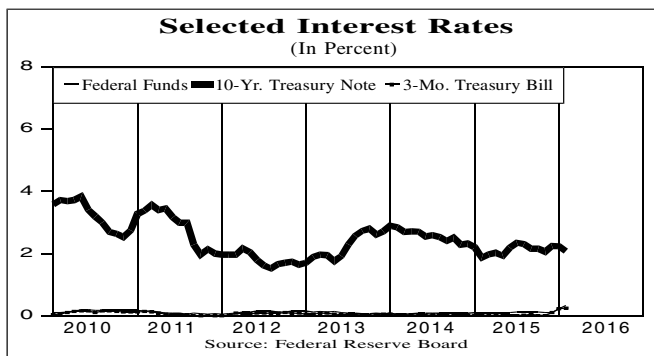
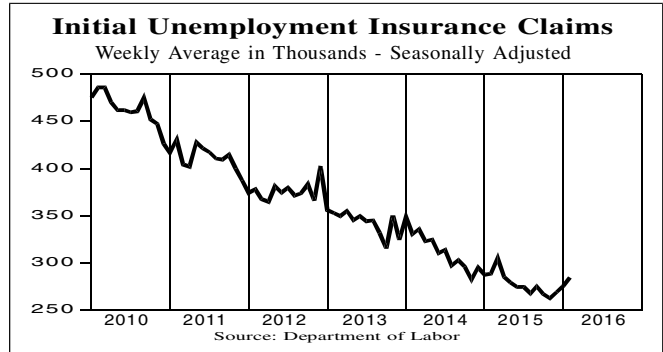
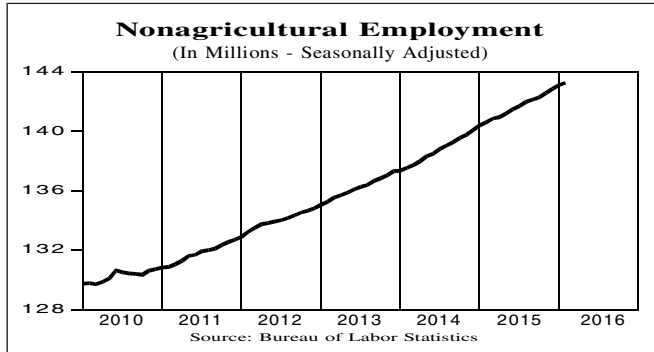
MONEY SUPPLY

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

	Recent Levels			Ann'l Growth Rates Over the Last...		
	1/18/16	1/11/16	Change	3 mo.	6 mo.	12 mo.
M1 (Currency+demand deposits)	3101.2	3105.5	-4.3	8.6%	4.7%	6.1%
M2 (M1+savings+small time deposits)	12409.3	12400.8	8.5	9.0%	6.5%	6.2%

Source: United States Federal Reserve Bank

Tracking the Economy



Major Insider Transactions†

PURCHASES

Latest Full-Page Report	Timeliness Rank	Company	Insider, Title	Date	Shares Traded	Shares Held	Price Range	Recent Price
2441	2	Air Products & Chem.	S. Ghasemi, Chair.	2/1/16	50,000	314,865	\$126.00-\$127.53	132.46
2542	5	CIT Group	S. T. Mnuchin, Dir.	2/4/16	114,623	114,623	\$27.77	26.74
2542	5	CIT Group	J. A. Thain, Chair.	2/4/16	50,000	486,848	\$27.31	26.74
2416	4	CARBO Ceramics	W. C. Morris*	2/1/16-2/4/16	76,000	2,784,859	\$14.71-\$17.50	15.26
2512	4	Cullen/Frost Bankers	C. Alvarez, Dir.	1/29/16	40,000	370,000	\$47.24	47.58
770	3	Progressive (Ohio)	J. F. Auer, Pres.	2/1/16	50,000	106,003	\$30.28	30.88
728	4	Triumph Group	D. J. Crowley, Pres.	2/2/16-2/4/16	250,000	250,000	\$23.65-\$27.77	25.09

SALES

Latest Full-Page Report	Timeliness Rank	Company	Insider, Title	Date	Shares Traded	Shares Held	Price Range	Recent Price
525	4	Concho Resources	T. A. Leach, Chair.	1/29/16	24,791	726,751	\$95.04	85.58
2008	1	Electronic Arts	A. Wilson, Dir.	2/1/16	58,000	198,118	\$64.09-\$64.97	58.25
2182	2	Liberty Interactive	J. C. Malone*	2/1/16	100,000	219,837	\$25.66	22.68
2336	-	Liberty Media Corp.	J. C. Malone*	2/1/16	104,000	17,012,220	\$35.36	32.15
2587	2	Microsoft Corp.	W. H. Gates III, Dir.	2/1/16-2/3/16	5,000,000	209,992,934	\$51.93-\$54.76	49.28
1798	1	Nasdaq, Inc.	H. Jochumsen, Pres.	2/1/16	35,000	9,392	\$61.44	61.49
1820	1	salesforce.com	M. Benioff, Chair.	2/1/16-2/3/16	37,500	36,475,000	\$64.05-\$68.54	57.33

* 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	2/10	2/3	13-week range	50-week range	Last market top (5-21-2015)	Last market bottom (3-9-2009)
Median price-earnings ratio of VL stocks	16.1	16.9	16.1 - 18.1	16.1 - 19.6	19.3	10.3
P/E (using 12-mo. est'd EPS) of DJ Industrials	14.2	14.8	14.2 - 16.2	14.2 - 17.6	16.2	17.3
Median dividend yield of VL stocks	2.6%	2.6%	2.2 - 2.6%	2.0 - 2.6%	2.0%	4.0%
Div'd yld. (12-mo. est.) of DJ Industrials	2.9%	2.9%	2.5 - 2.9%	2.3 - 2.9%	2.4%	4.0%
Prime Rate	3.3%	3.5%	3.3 - 3.5%	3.3 - 3.5%	3.3%	3.3%
Fed Funds	0.4%	0.4%	0.1 - 0.4%	0.1 - 0.4%	0.1%	0.2%
91-day T-bill rate	0.3%	0.3%	0.1 - 0.3%	0.0 - 0.3%	0.0%	0.3%
AAA Corporate bond yield	3.9%	4.0%	3.9 - 4.1%	3.5 - 4.3%	4.1%	5.5%
30-year Treasury bond yield	2.5%	2.7%	2.5 - 3.0%	2.5 - 3.2%	3.1%	3.7%
Bond yield minus average earnings yield	-2.3%	-1.9%	-2.3 - -1.6%	-2.3 - -0.9%	-1.1%	-4.3%
Market Sentiment						
Short interest/avg. daily volume (5 weeks)	13.1	13.4	13.1 - 18.1	13.1 - 21.2	20.0	8.6
CBOE put volume/call volume	1.01	.93	.93 - 1.22	.67 - 1.33	.89	.93

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

	Current (last adjusted at market open 8/31/15)	Previous (before 8/31/15)
Common Stocks	60%-70%	55%-65%
Cash and Treasury Issues	40%-30%	45%-35%

INDUSTRY PRICE PERFORMANCE
LAST SIX WEEKS ENDING 2/9/2016

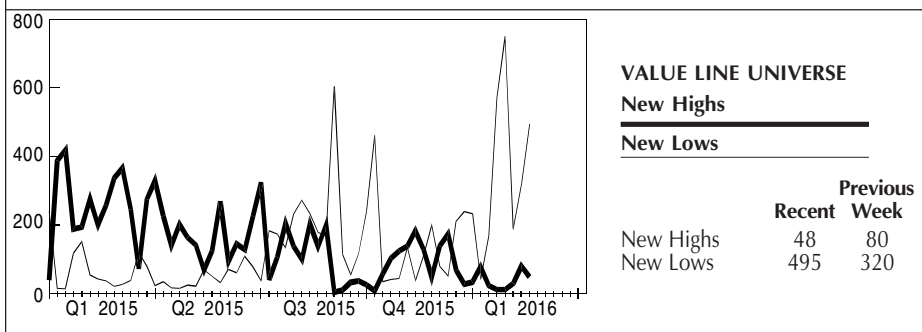
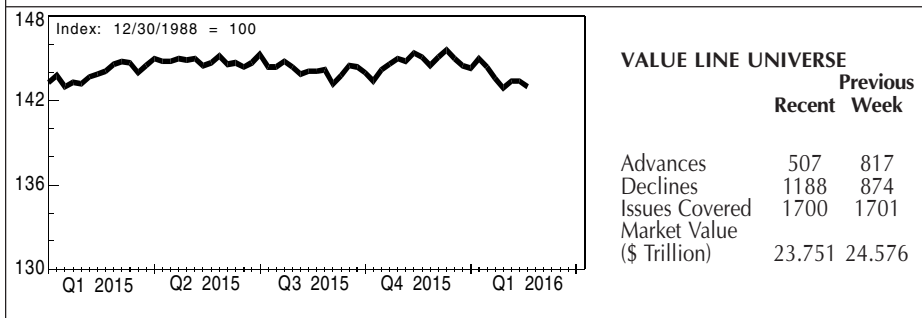
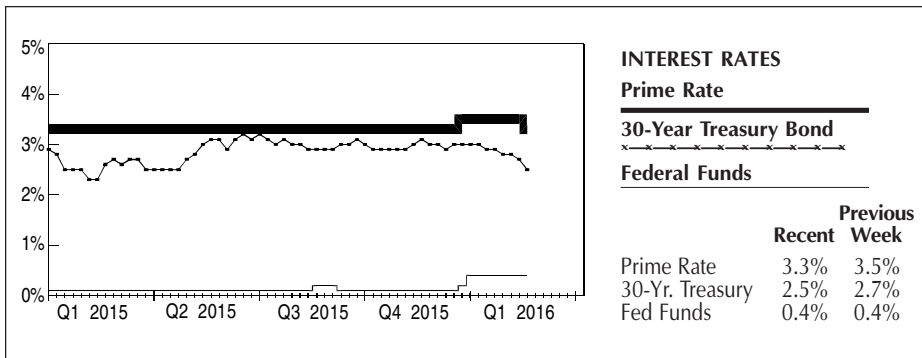
7 Best Performing Industries

Precious Metals	+14.1%
Natural Gas Utility	+6.8%
Electric Utility (East)	+6.8%
Trucking	+6.5%
Electric Utility (West)	+5.4%
Electric Util. (Central)	+4.4%
Water Utility	+3.7%

7 Worst Performing Industries

Biotechnology	-29.7%
Maritime	-28.7%
Pipeline MLPs	-27.1%
Internet	-26.7%
Petroleum (Producing)	-25.8%
Homebuilding	-24.5%
Oilfield Svcs/Equip.	-24.4%

The corresponding change in the Value Line Arithmetic Average* is -13.0%



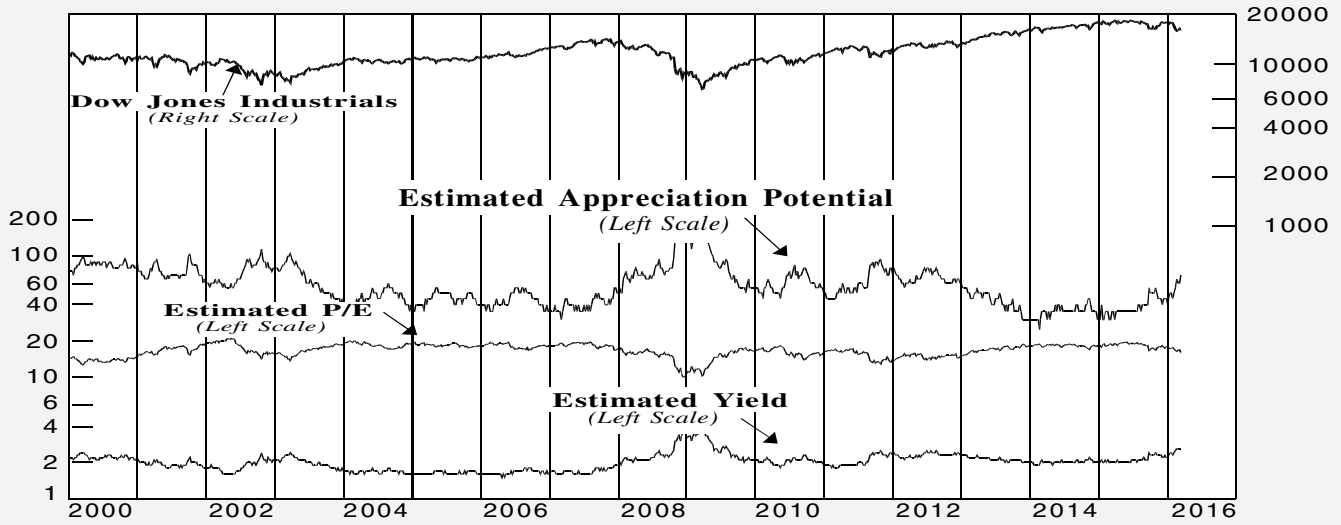
CHANGES IN FINANCIAL STRENGTH RATINGS

Company	Prior Rating	New Rating	Ratings & Reports Page
Anadarko Petroleum	B+	B	2398 *
Bristow Group	B++	B	306 *
Cenovus Energy	B+	B	503 *
FEI Company	B	B++	121
OSI Systems	B++	A	130
Terex Corp.	C++	B+	170

** Supplementary report in this week's Ratings & Reports.*

Stock Market Averages

VALUE LINE ESTIMATED P/E, YIELD, APPRECIATION POTENTIAL VERSUS DOW JONES INDUSTRIALS (JANUARY 3, 2000 - FEBRUARY 9, 2016)



THE VALUE LINE GEOMETRIC AVERAGES

	Composite 1673 stocks	Industrials 1586 stocks	Rails 11 stocks	Utilities 76 stocks
2/4/2016	409.80	315.85	5761.96	321.41
2/5/2016	400.33	308.27	5682.47	319.95
2/8/2016	392.24	301.74	5675.78	319.81
2/9/2016	389.43	299.48	5724.39	319.50
2/10/2016	389.40	299.48	5692.86	319.10
%Change last 4 weeks	-2.8%	-3.3%	+10.1%	+7.1%

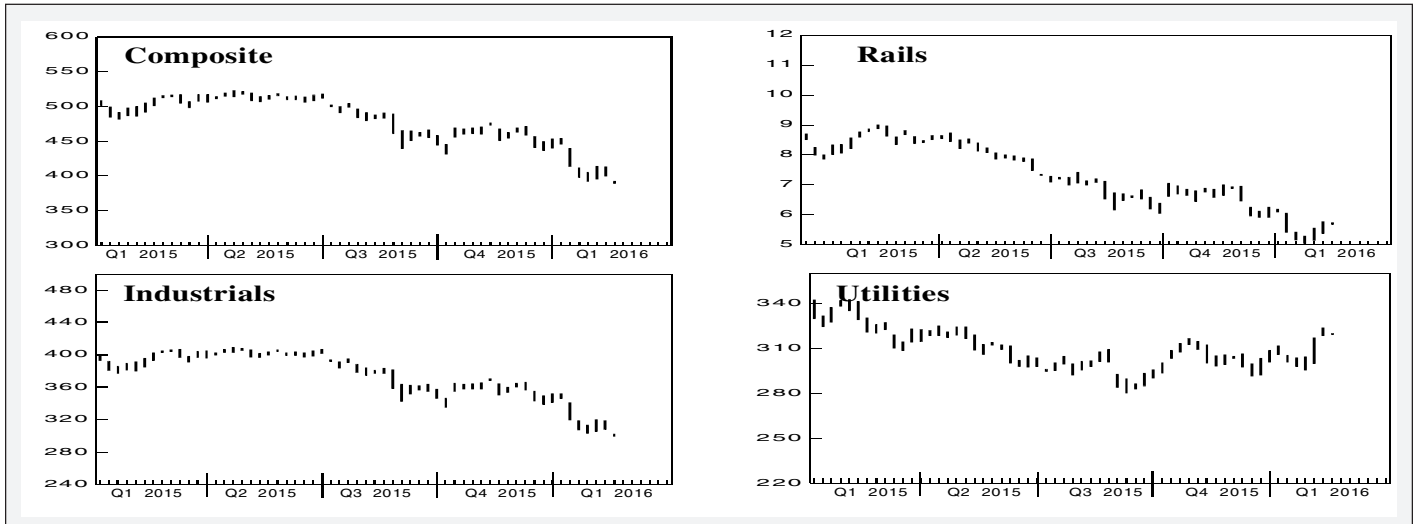
**Arithmetic*
Composite
1673 stocks**

4049.80
3959.67
3882.31
3856.29
3857.30
-1.8%

THE DOW JONES AVERAGES

Composite 65 stocks	Industrials 30 stocks	Transportation 20 stocks	Utilities 15 stocks
5757.55	16416.58	7051.25	622.07
5697.23	16204.97	6942.82	624.62
5655.94	16027.05	6924.31	622.95
5675.57	16014.38	6996.30	626.77
5652.32	15914.74	6983.94	626.02
+1.6%	-1.5%	+3.9%	+8.1%

WEEKLY VALUE LINE GEOMETRIC AVERAGES* (JANUARY 2, 2015 - FEBRUARY 10, 2016)



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