

# EQUITY INCOME STRATEGY

## Equity Income Universe

- 1,500 member universe
- Market capitalization: \$1.5 billion
- Value Line Financial Strength Rating of B+ + or better
- Currently pays a dividend

## Fundamental Analysis

- Stock-specific research
- Competitive analysis
- Financial strength
- Company management
- Risk Assessment

## Dividend Analysis

- Dividend history including frequency of increases and absence of decreases
- Examination of free cash flow to assess sustainability of dividend and likelihood of future increases

## Stock Selection and Portfolio Construction

- Normally 45-60 holdings
- Typical security position 1-3%

## Valuation Analysis

- Examination of current valuation metrics versus historical levels
- Emphasis on stock's current yield versus its 10-year maximum yield