

INSIDE:

Data on 24 stocks favorably referenced in Barron's 11/25 and 12/2 issues (Pages 3-7)

BIBLICAL *Perspectives on Investing*

Every prudent man acts out of knowledge. Proverbs 13:16

Proverbs 4:26

December 7, the year of our Lord 2019

Watchman on the Wall

The Lord giveth and the Lord taketh away, blessed be the name of the Lord.
Job 1:21

For the week, the Lord tooketh and gaveth, with the DJIA down less than 1% and the S&P 500 up less than 1%. For 2019 the DJIA is up 21% and the S&P 500 is up 26%.

	DJIA close	DJIA change	S&P 500 close	S&P 500 change
12/2	27,783	-268	3113	-27
12/3	27,502	-281	3093	-20
12/4	27,649	+147	3112	+19
12/5	27,677	+28	3117	+5
12/6	28,015	+338	3145	+28

Biblical Perspectives on Investing reviewed 451 stocks from June 1 to October 26. Of these 451 stocks, 15 met screens for all four quality categories (Biblically Responsible Investing, S&P quality, return on invested capital, and current ratio). Here are the returns of those 15 through November 26 (stocks outperforming S&P 500 over same timeframe are highlighted):

June 1 issue:

S&P 500 +14.5%, **Applied Materials +50.6%**, Cerner +3.0%, **HCA Healthcare +15.6%**, Honeywell +9.1%, **JB Hunt +36.9%**

July 12 issue:

S&P 500 +4.6%, **BorgWarner +6.3%**

July 27 issue:

S&P 500 +4.2%, Hexcel -3.8%, **Nvidia +24.6%**

August 10 issue:

S&P 500 +8.0%, **BorgWarner +25.7%**, **Illumina +9.1%**

September 14 issue:

S&P 500 +4.8%, **Lululemon +17.2%**, VFC Corp. -1.3%

October 26 issue:

S&P 500 +4.3%, Carter's +3.2%, **Illinois Tool Works +9.3%**, **Nucor +7.0%**

Starting with this issue, all companies meeting all four quality screens will be referred to as Four Star Quality stocks. The stock tables on pages 4 and 5 have also been updated to make it easier for readers to identify these stocks.

	10/11	10/18	10/25	11/1	11/8	11/15	11/22	11/29	12/6	Trend
S&P 500	2970	2986	3022	3066	3093	3120	3110	3140	3145	—
DJIA	26,816	26,770	26,958	27,347	27,681	28,004	27,875	28,051	28,015	—
Rate Cut Probability	65%	91%	93% rate cut 10/30	12%	3%	0.7%	0%	0%	0%	bullish
Yield Curve (10Y-2Y)	0.13	0.18	0.17	0.17	0.26	0.23	0.16	0.17	0.23	bullish
Investor Sentiment	-0.10	-0.09	-0.07	-0.03	0.12	0.09	0.14	0.21	0.22	neutral
S&P P/E (trailing)	22.81	23.50	23.68	23.48	24.02	24.23	24.16	24.58	24.36	—
S&P P/E (forward)	17.75	18.15	18.25	18.55	18.65	18.91	18.93	19.12	19.18	bearish

As we head towards Christmas, will investors experience a plunge similar to last year's debacle or will we get a heart-warming, wallet-fattening Santa Claus rally?

In the short term, the mar-

Month	Increase in Inflation Y/Y
Dec. 2018	+1.9%
January 2019	+1.6%
February	+1.5%
March	+1.9%
April	+2.0%
May	+1.8%
June	+1.6%
July	+1.8%
August	+1.7%
September	+1.7%
October	+1.8%
trend	bullish

ket's direction can be guaranteed by no man. Even so, there are five indicators that, though not infallible predictors of market direction, are almost always present when a bull market ends and a bear market begins. These indicators are **high inflation, increasing interest rates, an inverted yield curve, exuberant investor sentiment, and overvaluation**. In true Watchman on the Wall fashion, we carefully watch, wisely ponder, prudently prepare and act:

This bull market continues to benefit from **three strong tailwinds**: subdued inflation, low interest rates, and a positive yield curve.

Investor sentiment is neither overly optimistic (.41 and higher) nor pessimistic (-.17 and lower). **This trend remains neutral**, neither pushing this bull market higher nor pulling it lower.

A major headwind continues

to be the realistic appraisal that this market is overvalued as expressed by historically elevated P/E levels.

See tables for trends in prices, interest rates, the yield curve, investor sentiment, P/E valuations, and inflation.

Taken together, the indicators monitored by Biblical Perspectives are bullish overall (three bullish, one bearish, one neutral).

With the market slightly off record highs, I see an 80% probability that, Lord willing, this bull market continues for the foreseeable future.

The best approach now is the best approach always: prudent and cautious consideration of facts. Action based on knowledge. The Good Lord is working out His good pleasure in these markets. We're just along for the ride.

Next Issue: December 21

Separating Wheat from Chaff

Value proposition: this section of Biblical Perspectives is designed to give you the ability to quickly and easily review stocks favorably referenced in a leading investment weekly. It provides you with information needed to effortlessly determine which companies may merit further consideration (the wheat) and which companies don't (the chaff). Hours of research for as little as \$8/month with your subscription to Biblical Perspectives on Investing. That is a true value.

Please see notes on last page of newsletter for explanations of "B.R.I. Score", "S&P Quality Rank", "ROIC", "Current Ratio", "PEG Ratio", and "Average Price Target".

A "B.R.I. Score" of 1 and above receives a star. A "S&P Quality" of B+ and above receives a star. A "ROIC" of 11% and above receives a star. A "Current Ratio" of 1 and above receives a star. **These are measures of a company's quality.** For ease of use, company data for the four quality categories is in a blue font.

The "PEG Ratio" is a measure of a company's valuation. Typically, a lower PEG ratio indicates better value.

"5-Year Return" is the percentage price appreciation for the past five years for stocks traded five or more years. If a stock has been listed for fewer than five years, returns reflect the percentage gain since the stock has been publicly traded.

"Quality Stars" indicates how many quality screens each stock meets or exceeds. Stocks which have had four Quality Stars have cumulatively outperformed the S&P 500 by 5.8%.

NA=not available, NMF=not meaningful, NR=not rated

The following stocks on pages 4 and 5 were favorably referenced in recent issues of Barron's magazine. Barron's describes itself as a weekly "leading source of financial news, providing in-depth analysis and commentary on stocks and investments".

Please note: Biblical Perspectives on Investing is not making buy or sell recommendations regarding any companies listed. Data provided is for informational purposes only. The following information should simply serve as a starting point for further research and due diligence on your part. Actual buy and sell decisions for your own portfolio are entirely up to you. Never invest in a security unless you can afford to lose your entire investment.

Company (Ticker) Industry	B.R.I. Score	S&P Quality Rank	ROIC	Current Ratio	PEG Ratio	5-Year Return	Recent Price (12/5/19)	Dividend Yield	Quality Stars
Altria tobacco MO	-42	A-*	4%	0.5x	8.77	-1%	\$50.17	6.71%	1
Bausch Health pharmaceuticals BHC	44*	C	-2%	1.1x*	—	-80%	\$28.95	none	2
BP integrated oil & gas BP	-14	NR	2%	1.1x*	—	-8%	\$36.65	6.64%	1
Burlington diversified retail BURL	25*	NR	15%*	0.8	2.66	410%	\$222.71	none	2
Canada Goose apparel GOOS	NA	NR	18%*	2.8x*	1.59	126%	\$38.97	none	2
Canopy Growth pharmaceuticals CGC	NA	NR	-41%	8.3x*	—	883%	\$18.60	none	1
Chevron integrated oil & gas CVX	-14	B	5%	1.1x*	1.69	4%	\$116.33	4.07%	1
Conoco Phillips oil/gas exploration/production COP	30*	B-	13%*	2.5x*	—	-11%	\$59.84	2.77%	3
Dell Technologies information technology DELL	0	B	7%	0.7x	0.93	96%	\$47.34	none	0
Envestnet application software ENV	51*	NR	-1%	0.4x	—	38%	\$70.47	none	1
IBM information technology IBM	-14	A-*	9.8%	1.0x*	8.65	-19%	\$131.91	4.91%	2
Lululemon apparel & accessories LULU	35*	B+*	30%*	2.4x*	2.78	407%	\$230.79	none	4
Nvidia semiconductors NVDA	47*	B+*	16%*	8.4x*	4.75	890%	\$208.74	0.31%	4
Marvell Technology semiconductors MRVL	47*	B-	-4%	3.0x*	—	55%	\$23.45	1.00%	2
Pfizer pharmaceuticals PFE	-28	B+*	11%*	0.9x	3.26	18%	\$38.03	3.78%	2
Salesforce application software CRM	-28	B-	4.9%	0.9x	8.42	168%	\$158.22	none	0
Schwab investment banking & brokerage SCHW	-28	A-*	13%*	—	9.95	62%	\$48.74	1.39%	2
Suncor Energy integrated oil & gas SU	70*	B-	6%	0.9x	—	-1%	\$30.96	4.03%	1
Tanger Factory Outlet real estate investment trust SKT	60*	B+*	5%	—	—	-58%	\$15.38	9.04%	2
Target general merchandise store TGT	-28	B+*	12%*	0.8x	1.94	69%	\$124.68	2.12%	2
Total integrated oil & gas TOT	47*	NR	5%	1.2x*	—	-5%	\$52.29	4.24%	2

Company (Ticker) Industry	B.R.I. Score	S&P Quality Rank	ROIC	Current Ratio	PEG Ratio	5-Year Return	Recent Price (12/5/19)	Dividend Yield	Quality Stars
UnitedHealth Group UNH managed health care	36*	A+*	—	—	1.51	181%	\$282.00	1.55%	2
Walmart WMT hypermarkets	-28	B+*	10.7%	0.8x	4.42	41%	\$118.66	1.79%	1
Walt Disney DIS movies & entertainment	-14	A+*	9.7%	0.9x	36.79	57%	\$147.44	1.19%	1

Commentary:

Sifting through this issue's tickers provides us with two 4 Star Quality stocks and one 3 Star Quality stock. The quality categories are in blue.

Eleven of the 24 tickers have positive BRI scores: **Bausch Health, Burlington, Conoco Phillips, Envestnet, Lululemon, Nvidia, Marvell Technology, Suncor Energy, Tanger Factory Outlet, Total, and UnitedHealth Group.**

There are two 4 Star Quality stocks (meet or exceed quality screens for BRI Score, S&P Quality, ROIC, and current ratio): **Lululemon** and **Nvidia**.

Lululemon athletica is a designer, distributor, and retailer of athletic apparel. The company operates through two segments: Company-operated stores and Direct to consumer. It offers a range of apparel and accessories for women, men, and female youth. The Company's apparel assortment includes items such as pants, shorts, tops, and jackets designed for healthy lifestyle and athletic activities. The Company also offers fitness-related accessories, including an array of items, such as bags, socks, underwear, yoga mats water bottles.

Nvidia focuses on personal computer graphics, graphics processing unit and also on artificial intelligence (AI). The company's processor has created platforms that address four markets: Gaming, Professional Visualization, Datacenter, and Automotive. Its offerings include NVIDIA DGX AI supercomputer, the NVIDIA DRIVE AI car computing platform and the GeForce NOW cloud gaming service.

There is one 3 Star Quality stock: **Conoco Phillips**.

There are two 0 Star Quality stocks: **Dell Technologies** and **Salesforce**.

Five businesses have PEG ratios below two, indicating that they may represent attractive valuation levels: **Canada Goose, Chevron, Dell Technologies, Target, and UnitedHealth Group.**

There will be more tickers to consider in your next issue of Biblical Perspectives on Investing. Until then, good investing and may God bless you and yours.

"All there is to investing is picking good stocks at good times and staying with them as long as they remain good companies." - Warren Buffett

What is the B.R.I. (Biblically Responsible Investing) score?

A number above zero indicates that the company meets Biblically Responsible Investing criteria.

According to Inspire Insight, the methodology assigns a negative numeric score to any company that has any degree of participation in activities that do not align with Biblical values, which are: abortion; gambling; alcohol; tobacco; pornography; the lgbt lifestyle; and rights violations such as association with or doing business in terrorist sponsoring countries, countries having oppressive systems of government, and countries where there are known human rights violations related to the persecution or severe discrimination against Christians, and poor labor practices.

The methodology then assigns a positive score based on whether the company has publicly available policies and procedures regarding involvement in activities that align with Biblical values in the following categories: Products and services (curing or treating disease; enhancing educational opportunities; and providing food, water, shelter, clothing and sanitation for the poor and marginalized); Workplace (encouraging more time with family; providing above average compensation when compared to industry peers; providing above average employee benefit packages when compared to industry peers; and providing a safe and healthy workplace environment); Community (benefit the communities in which they do business through philanthropy and volunteerism); and Environment (protect and preserve the environment).

What is the S&P Quality Rank?

Quality of a company's growth and stability of earnings and dividends. A+ highest; A high; A- above average; B+ average; B below average; B- lower; C lowest; D in reorganization

What is return on invested capital (ROIC)?

Return on invested capital is a measure of how well a company is stewarding its money to generate shareholder returns. The higher the ROIC, the better. As a general rule, a ROIC of 10% or higher indicates good financial stewardship.

What is the current ratio?

The current ratio measures a company's ability to pay debts due within one year. A current ratio of less than one indicates that a company does not have the financial resources to pay all of its short-term debts if they came due all at once. A current ratio above one indicates that a company has the resources to remain solvent in the short-term. An investor should want to see a current ratio above one.

What is the PEG ratio?

The PEG ratio is used to determine a stock's value. It also factors in a company's expected earnings growth. Many investors believe that the PEG ratio is more helpful than the P/E ratio in determining a stock's value. The lower the PEG ratio, the better; a lower PEG ratio represents better value because it means that you are paying less for earnings growth. The PEG ratio is found by dividing a company's P/E by its growth rate. For example, a company with a P/E of 20 and a growth rate of 10% would have a PEG ratio of 2 (20 divided by 10).

What is the dividend yield?

The dividend yield is the dividend per share divided by the price per share. For example, a \$1000 investment in a stock with a 5% dividend yield means that the shareholder will receive \$50 in annual dividends.

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