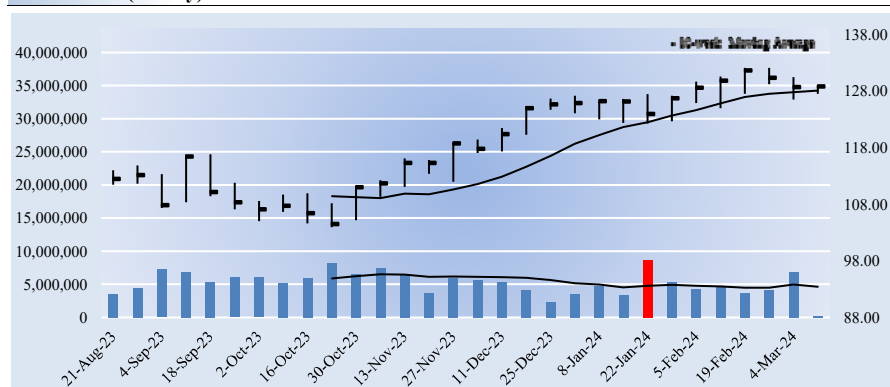


Canadian National CNI FAIRLY VALUED**Buying Index™ 7****Value Rating**

Economic Castle Attractive	Estimated Fair Value \$127.00	Fair Value Range \$95.00 - \$159.00	Investment Style LARGE-CAP CORE	Sector Industrials	Industry Industrial Leaders
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Canadian National is a free cash flow generating powerhouse, and the firm's operations are essential to the broader economy.

Stock Chart (weekly)

The week with the highest trading volume out of the last 30 weeks was a week of heavy selling, or distribution (red bar).

Company Vitals

Market Cap (USD)	\$84,481
Avg Weekly Vol (30 wks)	5,233
30-week Range (USD)	103.96 - 132.12
Valuentum Sector	Industrials
5-week Return	0.3%
13-week Return	6.5%
30-week Return	13.2%
Dividend Yield %	1.9%
Dividends per Share (in CAD)	2.50
Forward Dividend Payout Ratio	41.7%
Est. Normal Diluted EPS (in CAI)	7.14
P/E on Est. Normal Diluted EPS	13.7
Est. Normal EBITDA (in CAD)	8,085
Forward EV/EBITDA	11.0
EV/Est. Normal EBITDA	9.6
Forward Revenue Growth (5-yr)	5.1%
Forward EPS Growth (5-yr)	5.1%

NMF = Not Meaningful; Est. = Estimated; FY = Fiscal Year

Returns Summary

3-year Historical Average

Return on Equity	24.3%
Return on Assets	10.5%
ROIC, with goodwill	12.1%
ROIC, without goodwill	12.1%

ROIC = Return on Invested Capital; NMF = Not Meaningful

Leverage, Coverage, and Liquidity

In Millions of CAD

Total Debt	13,914
Net Debt	13,555
Total Debt/EBITDA	2.1
Net Debt/EBITDA	2.0
EBITDA/Interest	12.3
Current Ratio	0.6
Quick Ratio	0.4

NMF = Not Meaningful

Investment Highlights

• Canadian National is engaged in the rail and related transportation business. The firm's network of ~19,500 route miles of track spans Canada and mid-America, connecting three coasts: the Atlantic, the Pacific and the Gulf of Mexico. Its freight revenues are derived from seven commodity groups representing a diversified portfolio of goods.

• Canadian National is focused on optimizing its fuel efficiency, train length, labor productivity, and railroad operations at-large to support its operating margin performance going forward. The company's growth outlook is quite bright.

• Canadian National has a sizable net debt load on the books. The company's operating ratio--operating expenses divided by revenue--is expected to steadily shift lower over the coming years due to ongoing optimization and network modernization efforts which underpins Canadian National's bright free cash flow growth outlook over the long haul.

• Canadian National estimates that it handles ~C\$250 billion worth of goods annually and carries more than 300 million tons of cargo, serving exporters, importers, retailers, farmers and manufacturers. The company sees rising grain production in Western Canada representing a growth driver going forward.

• Canadian National attempted to acquire Kansas City Southern, but regulatory hurdles got in the way of its acquisition efforts. While the deal would have created sizable synergies, it would have significantly weakened Canadian National's balance sheet.

Structure of the Railroads Industry

The railroad industry operates at a significant competitive advantage relative to motor transportation in that it can charge lower rates for long-haul bulk shipments (coal, grain, rock). Still, participants face competition from other railroads that operate parallel routes, from motor carriers that provide similar services, and from barges in routes close to inland and Gulf Coast waterways. Operating a railroad is a capital-intensive proposition, and participants face cost pressures from both union labor and fuel. Pricing and volume trends in commodity categories can be quite volatile from year to year. We like the group.

Investment Considerations

DCF Valuation	FAIRLY VALUED
Relative Valuation	ATTRACTIVE
ValueCreation™	GOOD
ValueRisk™	MEDIUM
ValueTrend™	NEGATIVE
Cash Flow Generation	STRONG
Financial Leverage	MEDIUM
Growth	MODEST
Technical Evaluation	BULLISH
Relative Strength	WEAK
Money Flow Index (MFI)	NEUTRAL
Upside/Downside Volume (U/D)	DETERIORATING
Near-term Technical Support, 10-week MA	128.00

DCF = Discounted Cash Flow; MFI, U/D = Please see glossary. MA = Moving Average

Business Quality

ValueCreation™

ValueRisk™	Very Poor	Poor	Good	Excellent
Low				
Medium				
High				
Very High				

Firms that generate economic profits with little operating variability score near the top right of the matrix.

Relative Valuation

	Forward P/E	PEG	Price / FV
Danaher	27.6	2.8	97.1%
Honeywell	23.3	2.2	100.6%
Lockheed Martin	16.6	2.0	95.5%
Union Pacific	22.8	1.7	109.0%
Peer Median	23.0	2.1	98.9%
Canadian National	16.3	1.8	101.4%

Price / FV = Current Stock Price divided by Estimated Fair Value

Financial Summary

	Actual	Projected
Fiscal Year End:	Dec-22	Dec-23
Revenue	12,635	12,701
Revenue, YoY%	10.4%	0.5%
Non-GAAP Operating Income	5,420	5,341
Non-GAAP EBIT %	42.9%	42.0%
Non-GAAP Net Income	3,780	4,245
Non-GAAP NI Margin %	29.9%	33.4%
Non-GAAP Diluted EPS	5.49	6.44
Non-GAAP Dil EPS, YoY %	0.7%	17.3%
Non-GAAP FCF (CFO-capex)	2,893	2,851
Non-GAAP FCF Margin %	22.9%	22.5%

In Millions of CAD (except for per share items)

Canadian National CNI FAIRLY VALUED

VALUENTUM
Buying Index™

7

VALUENTUM
Value Rating



Economic Castle Attractive	Estimated Fair Value \$127.00	Fair Value Range \$95.00 - \$159.00
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Investment Style
LARGE-CAP CORE

Sector
Industrials

Industry
Industrial Leaders

Economic Profit Analysis

ValueCreation™

GOOD

The best measure of a firm's ability to create value for shareholders is expressed by comparing its return on invested capital (ROIC) with its weighted average cost of capital (WACC). The gap or difference between ROIC and WACC is called the firm's economic profit spread. Canadian National's 3-year historical return on invested capital (without goodwill) is 12.1%, which is above the estimate of its cost of capital of 9.2%. As such, we assign the firm a ValueCreation™ rating of GOOD. In the chart to the right, we show the probable path of ROIC in the years ahead based on the estimated volatility of key drivers behind the measure. The solid grey line reflects the most likely outcome, in our opinion, and represents the scenario that results in our fair value estimate. We assign the firm an attractive Economic Castle rating on the basis of future projections.

ROIC - WACC Spread, 3-year historical average 2.9%

ROIC - WACC Spread, 5-year projected average 4.8%

These spreads equal the firm's annual average ROIC (excluding goodwill) less its WACC.

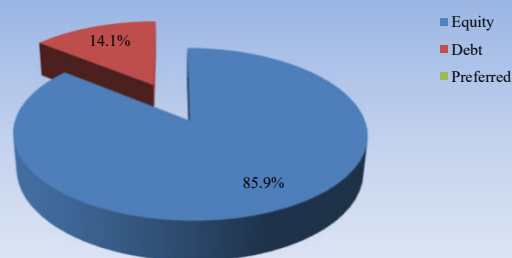
ValueTrend™

NEGATIVE

Canadian National receives a ValueTrend™ rating of NEGATIVE, which is based on the company's trailing three-year performance. The firm's ROIC (excluding goodwill) fell to 11.4% last year from its trailing 3-year average of 12.1%. We expect ROIC (excluding goodwill) to be in the ballpark of about 15% by the end of our discrete forecast period, with downside risk to about 14% over that time period.

Weighted Average Cost of Capital (WACC)

Capital Structure



Cost of Equity

Risk Free Rate Assumption	4.3%
Fundamental Beta (ERP multiplier)	0.9
Estimated Equity Risk Premium	6.5%

Cost of Equity Assumption 9.8%

After-tax Cost of Debt

Risk Free Rate Assumption	4.3%
Synthetic Credit Spread	2.67%
Cost of Debt Assumption	7.0%
Cash Tax Rate Assumption	22.0%

After-tax Cost of Debt Assumption 5.4%

Cost of Preferred Stock

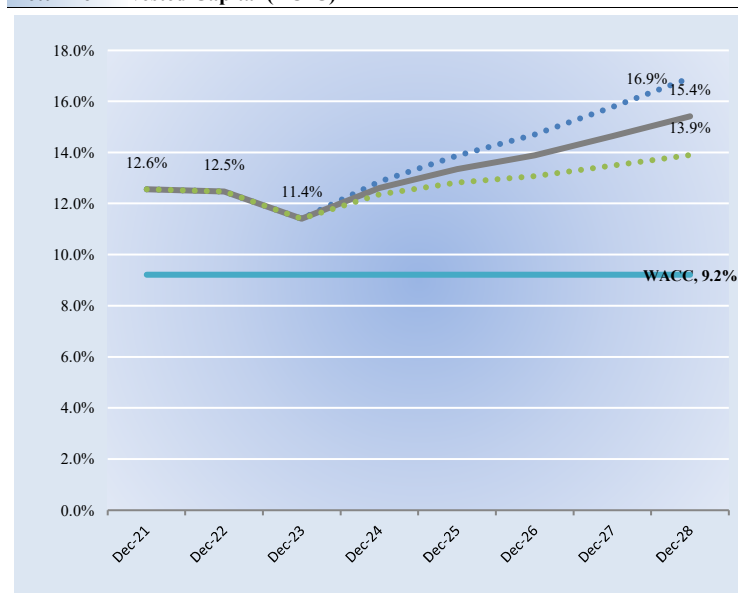
Preferred Dividends	0
Value of Preferred Stock	0
Cost of Preferred Assumption	NA

Weighted Average Cost of Capital (WACC)

9.2%

ERP = Equity Risk Premium

Return on Invested Capital (ROIC)



The graph above shows the firm's ROIC (excluding goodwill) compared with historical averages and its WACC.

Assessment of Company Dividend Strategy

Key Strengths

Canadian National's business model is incredibly resilient and the railroad operator's cash flow profile is stellar. We forecast that the firm will steadily grow its dividend going forward. Canadian National is not proceeding with its attempt to acquire competitor Kansas City Southern due to regulatory hurdles. While the deal would have likely created material synergies, it would have significantly weakened Canadian National's balance sheet. Canadian National received a breakup fee as well as the prepayment it paid to Kansas City Southern. Looking ahead, Canadian National expects to further improve its cost structure via network modernization efforts.

Potential Weaknesses

The biggest risk to Canadian National's payout is the firm's large net debt load. Though its cash flow profile is impressive, should the company stumble for any reason, making good on its dividend obligations could become a difficult task. Its capital expenditure requirements are quite large due to the firm's asset-heavy business model. Canadian National is likely to pursue bolt-on acquisitions in the future, and M&A activity needs to be monitored. After suspending its share repurchases in 2020 in the wake of the COVID-19 pandemic, Canadian National has since resumed its share buybacks, which compete for capital against its dividend.

Note: Valuentum may provide an adjusted ROIC measure to better reflect the economic substance of a company's operations, as in the case of companies with negative invested capital.

Canadian National CNI FAIRLY VALUED

Economic Castle Attractive	Estimated Fair Value \$127.00	Fair Value Range \$95.00 - \$159.00	Investment Style LARGE-CAP CORE	Sector Industrials	Industry Industrial Leaders
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**Buying Index™** 7

**Value Rating** 

Growth Analysis

Revenue Growth		MODEST		
		Last Fiscal Year Revenue	3-year Historical CAGR	5-year Projected CAGR
Canadian National	CAD	12,701	5.4%	5.1%
Danaher	USD	31,471	20.7%	-0.2%
Honeywell	USD	35,466	-1.1%	4.8%
Lockheed Martin	USD	65,984	3.3%	3.2%
Union Pacific	USD	24,875	4.6%	3.1%
Peer Median			4.0%	3.1%
Industry Median			7.6%	4.8%

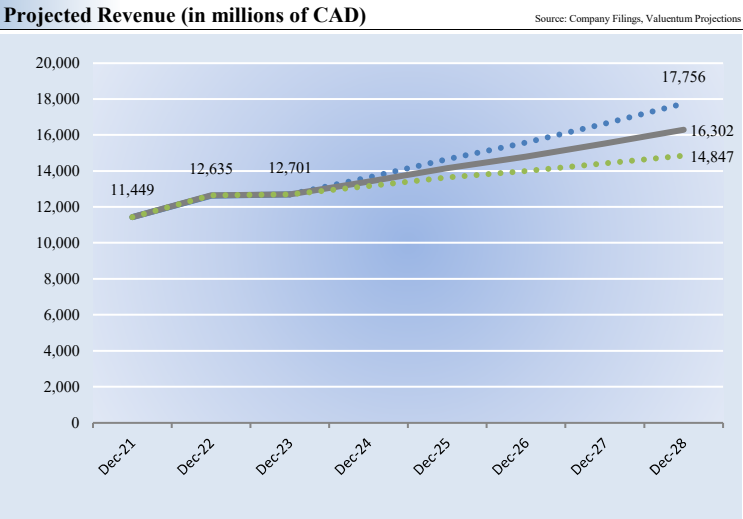
Canadian National's revenue expansion has been greater than the median of its peer group but has trailed that of its industry group during the past three years. We expect the firm's revenue expansion to outpace the median of its peer group and industry group during the next five years. Our growth assessment of each firm is based on the firm's 5-year forward revenue CAGR. Canadian National's future pace of revenue growth is MODEST, in our opinion.

EBITDA Growth				
		Last Fiscal Year EBITDA	3-year Historical CAGR	5-year Projected CAGR
Canadian National	CAD	6,712	3.7%	6.3%
Danaher	USD	10,964	34.9%	2.6%
Honeywell	USD	8,274	-1.2%	7.9%
Lockheed Martin	USD	8,620	-0.6%	7.3%
Union Pacific	USD	12,079	3.7%	5.7%
Peer Median			1.6%	6.5%
Industry Median			10.1%	7.5%

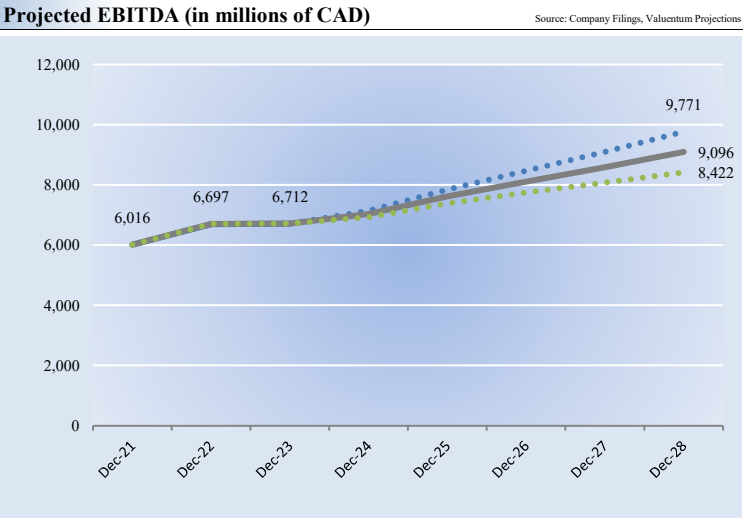
Canadian National's EBITDA expansion has been greater than that of its peer group but has trailed that of its industry group during the past three years. We expect the firm's pace of EBITDA growth to fall below that of both its peer group and industry group during the next five years. Honeywell sports the highest expected EBITDA growth rate among peers.

Net Income Growth				
		Last Fiscal Year Net Income	3-year Historical CAGR	5-year Projected CAGR
Canadian National	CAD	4,245	15.1%	4.5%
Danaher	USD	7,209	33.8%	3.5%
Honeywell	USD	4,966	-6.8%	10.7%
Lockheed Martin	USD	5,732	-2.7%	8.9%
Union Pacific	USD	6,998	5.7%	6.1%
Peer Median			1.5%	7.5%
Industry Median			11.2%	7.0%

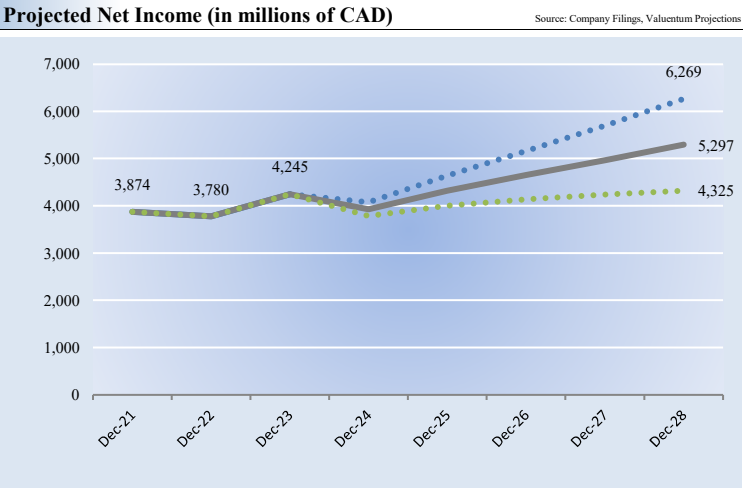
Canadian National's net income expansion has been greater than that of both its peer group and industry group during the past three years. We expect the firm's pace of net income growth to fall below that of both its peer group and industry group during the next five years. Honeywell sports the highest expected net income growth rate among peers.



In the chart above, we show our baseline forecast for revenue as well as potential upside and downside cases.



In the chart above, we show our baseline forecast for EBITDA as well as potential upside and downside cases.



In the chart above, we show our baseline forecast for net income as well as potential upside and downside cases.

Canadian National CNI FAIRLY VALUED

Economic Castle
Attractive

Estimated Fair Value
\$127.00

Fair Value Range
\$95.00 - \$159.00

Buying Index™ 7

Value Rating

Investment Style
LARGE-CAP CORE

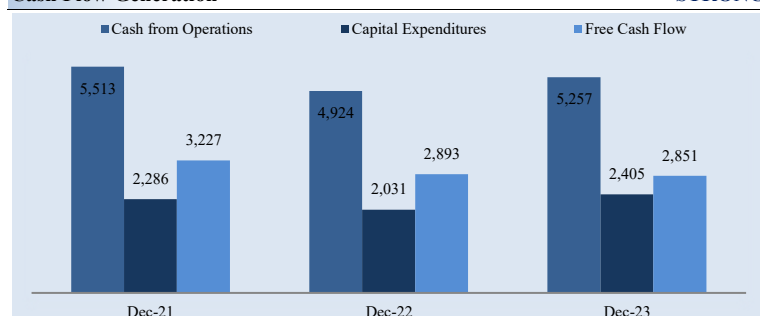
Sector
Industrials

Industry
Industrial Leaders

Cash Flow and Financial Leverage Analysis

Cash Flow Generation

STRONG



The bars above show the firms operating cash flow, capital expenditures, and free cash flow, respectively.

Firms that generate a free cash flow margin (free cash flow divided by total revenue) above 5% are usually considered cash cows. Canadian National's free cash flow margin has averaged about 24.5% during the past 3 years. As such, we think the firm's cash flow generation is relatively **STRONG**. The free cash flow measure shown above is derived by taking cash flow from operations less capital expenditures and differs from enterprise free cash flow (FCFF), which we use in deriving our fair value estimate for the company. For more information on the differences between these two measures, please visit our website at Valuentum.com. At Canadian National, cash flow from operations decreased about 5% from levels registered two years ago, while capital expenditures expanded about 5% over the same time period.

Cash Flow from Operations

		Last Fiscal Year CFO	3-year Historical CAGR	5-year Projected CAGR
Canadian National	CAD	5,257	2.8%	6.7%
Danaher	USD	8,519	29.2%	4.4%
Honeywell	USD	5,274	-8.6%	12.4%
Lockheed Martin	USD	7,802	2.2%	6.4%
Union Pacific	USD	9,362	2.8%	6.0%
Peer Median			2.5%	6.2%
Industry Median			4.7%	8.7%

Canadian National's cash flow from operations expansion has been greater than that of its peer group but has trailed that of its industry group during the past three years. We expect the firm's cash flow from operations to outpace its peer group but trail that of its industry group during the next five years. Honeywell sports the highest expected cash flow from operations growth rate among peers.

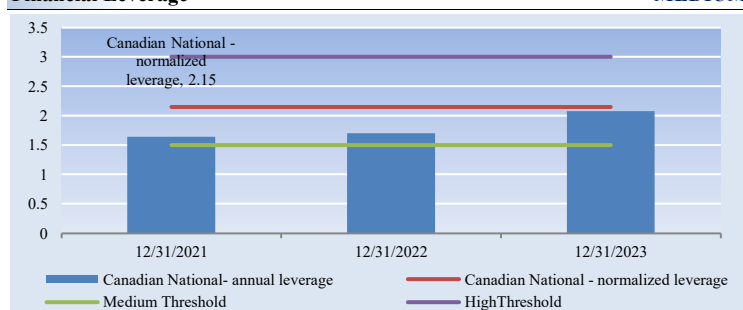
Free Cash Flow (CFO-capital expenditures)

		Last Fiscal Year FCF	3-year Historical CAGR	5-year Projected CAGR
Canadian National	CAD	2,851	3.2%	10.1%
Danaher	USD	7,367	30.5%	5.2%
Honeywell	USD	4,508	-9.4%	13.8%
Lockheed Martin	USD	6,132	1.7%	8.1%
Union Pacific	USD	5,742	3.7%	10.1%
Peer Median			2.7%	9.1%
Industry Median			3.2%	13.0%

Canadian National's free cash flow expansion has been greater than that of its peer group but has fallen in line with that of its industry group during the past three years. We expect the firm's free cash flow to outpace its peer group but trail that of its industry group during the next five years. Honeywell sports the highest expected free cash flow growth rate among peers.

Financial Leverage

MEDIUM

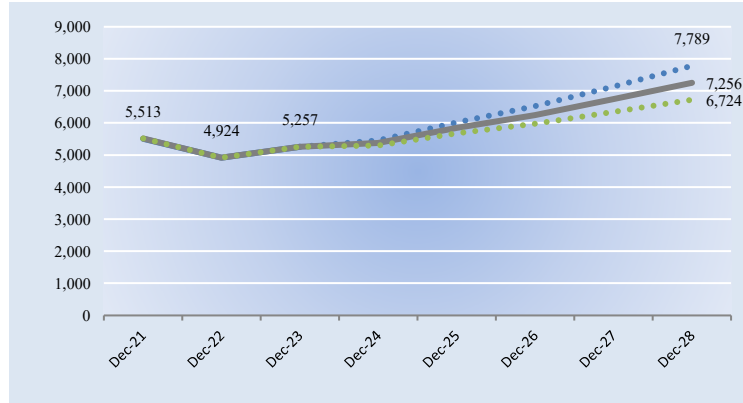


The bars above show the firm's annual debt-to-EBITDA. The red line shows the firm's normalized measure.

Firms that exhibit high leverage tend to be more risky than firms with relatively low debt loads, all else equal. We measure financial leverage by taking a firm's current total debt load and dividing it by the firm's trailing average 3-year annual EBITDA. Firms that are over 3 for this metric, we rate as having high leverage. Companies that have less than 1.5 turns of leverage (or a measure below 1.5), we rate as having low leverage. Canadian National's normalized debt-to-EBITDA measure of about 2.15 puts it in the **MEDIUM** camp.

Projected Operating Cash Flow (in millions of CAD)

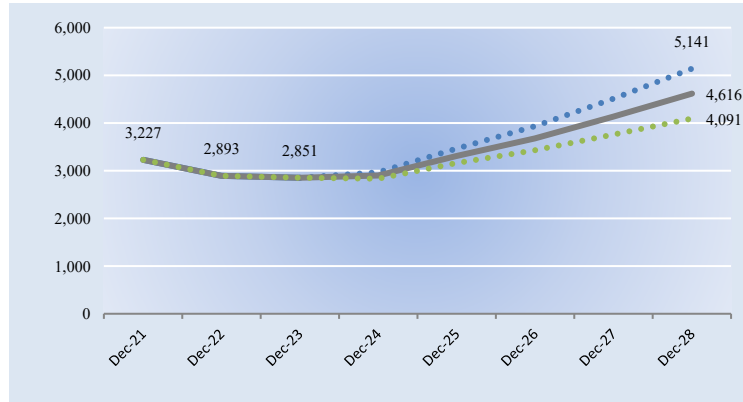
Source: Company Filings, Valuentum Projections



In the chart above, we show our baseline forecast for CFO as well as potential upside and downside cases.

Projected Free Cash Flow (in millions of CAD)

Source: Company Filings, Valuentum Projections



In the chart above, we show our baseline forecast for free cash flow as well as potential upside and downside cases.

Canadian National CNI FAIRLY VALUED

VALUENTUM

Buying Index™

7

VALUENTUM

Value Rating

Economic Castle Attractive	Estimated Fair Value \$127.00	Fair Value Range \$95.00 - \$159.00	Investment Style LARGE-CAP CORE	Sector Industrials	Industry Industrial Leaders
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Valuation Analysis

Valuation Assumptions		
In Millions of CAD (except for per share items)		
	<u>5-year Projections</u>	
Revenue CAGR %	5.1%	
Avg. EBIT Margin %	43.6%	
Avg. Cash Tax Rate %	22.0%	
Earnings Before Interest CAGR %	9.2%	
Earnings Per Share CAGR %	5.1%	
Free Cash Flow to the Firm CAGR %	14.0%	
Earnings before interest = Net operating profits less adjusted taxes		
	<u>Long-term Projections</u>	
Phase II --> III FCFF CAGR %	4.1% (II)	3% (III)
Cost of Equity %	9.8%	
After-tax Cost of Debt %	5.4%	
Discount Rate (WACC) %	9.2%	
Synthetic credit spread = 2.667%		
	<u>Results</u>	
Phase I Present Value	15,768	
Phase II Present Value	34,795	
Phase III Present Value	26,159	
Total Firm Value	76,722	
Net Balance Sheet Impact	-13,555	
Total Equity Value	63,167	
Diluted Shares Outstanding	655.8	
Fair Value per Share (converted from CAD)	\$127.00	
The Fair Value reflects an exchange rate of 1.32 USD/CAD.		

Valuation Breakdown

In the chart below, we show the build up to our estimate of total enterprise value for Canadian National and the break down to the firm's total equity value, which we estimate to be about 63.17CAD billion. The present value of the enterprise free cash flows generated during each phase of our model and the net balance sheet impact is displayed. For Canadian National, we factor in a USD/CAD currency exchange rate of 1.32 to generate total equity value in USD and then divide by total diluted shares outstanding to arrive at our \$127 per share fair value estimate.

Phase	Value (Millions of CAD)
Yr 1-5	15,768
Yr 6-20	34,795
Perpetuity	26,159
Net Balance Sheet Impact	13,555
Equity Value	63,167

In Millions of CAD

DCF Valuation Summary

We think Canadian National is worth \$127 per share with a fair value range of \$95.00 - \$159.00. The margin of safety around our fair value estimate is driven by the firm's MEDIUM ValueRisk™ rating, which is derived from an evaluation of the historical volatility of key valuation drivers and a future assessment of them. Our near-term operating forecasts, including revenue and earnings, do not differ much from consensus estimates or management guidance. Our model reflects a compound annual revenue growth rate of 5.1% during the next five years, a pace that is lower than the firm's 3-year historical compound annual growth rate of 5.4%. Our model reflects a 5-year projected average operating margin of 43.6%, which is above Canadian National's trailing 3-year average. Beyond year 5, we assume free cash flow will grow at an annual rate of 4.1% for the next 15 years and 3% in perpetuity. For Canadian National, we use a 9.2% weighted average cost of capital to discount future free cash flows.

Enterprise Free Cash Flow				
	Fiscal Year End:	12/31/2021	12/31/2022	12/31/2023
Earnings before Interest		4,081	4,094	3,805
+ Depreciation		1,264	1,277	1,371
- Capital Expenditures		2,286	2,031	2,405
- Change in Working Capital		-215	331	-137
- Acquisitions		718	0	294
Enterprise Free Cash Flow (FCFF)		2,555	3,009	2,614
In Millions of CAD				
Our future forecasts for key valuation drivers result in a future free enterprise cash flow stream. Above, we show how we calculate enterprise free cash flow and the historical performance of the metric for Canadian National. Over the next five years, we expect the firm's enterprise free cash flow to expand at about a 14% compound annual growth rate. During years 6 through 20, we expect the measure to grow at a 4.1% rate. Beyond year 20 (in perpetuity), we grow the firm's free cash flow at inflation (3%).				

Source: Company Filings, Valuentum Projections

Company Metrics versus Peer and Industry Medians

Company Name	Valuentum Buying Index™	Forward Price-to-Earnings	P/E on Est. Normal Diluted EPS	Price/Earnings-to-Growth (PEG), 5-year	Forward EV/EBITDA	EV/Est. Normal EBITDA	5-year Forward Earnings per Share CAGR	3-year Hist Avg ROIC, without goodwill	Dividend Yield %	Stock Price / Fair Value Estimate
Canadian National	7	16.3	13.7	1.8	11.0	9.6	5.1%	12.1%	1.9%	101.4%
Danaher	6	27.6	24.4	2.8	19.3	17.4	3.3%	29.6%	0.4%	97.1%
Honeywell	3	23.3	18.1	2.2	16.5	13.6	12.4%	55.2%	2.2%	100.6%
Lockheed Martin	7	16.6	15.1	2.0	13.1	12.3	10.6%	48.1%	2.8%	95.5%
Union Pacific	6	22.8	18.0	1.7	15.5	13.3	8.2%	13.5%	2.2%	109.0%
Peer Median	6.0	23.0	18.0	2.1	16.0	13.5	9.4%	38.9%	2.2%	98.9%
Industry Median	6.0	19.9	16.3	2.0	13.9	12.2	9.7%	21.6%	1.6%	99.6%

View back of report for a full list of industry constituents covered by Valuentum. VBI: Valuentum's ranking for the attractiveness of this investment at the date of the report.



Canadian National CNI FAIRLY VALUED

Economic Castle Attractive	Estimated Fair Value \$127.00	Fair Value Range \$95.00 - \$159.00	Investment Style LARGE-CAP CORE	Sector Industrials	Industry Industrial Leaders
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VALUENTUM

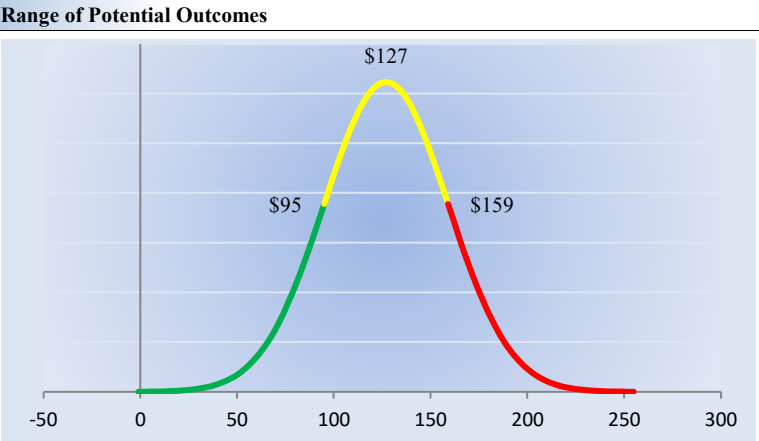
Buying Index™

7

VALUENTUM

Value Rating

Margin of Safety Analysis



Our discounted cash flow process values each firm on the basis of the present value of all future free cash flows. Although we estimate the firm's fair value at about \$127 per share, every company has a range of probable fair values that's created by the uncertainty of key valuation drivers (like future revenue or earnings, for example). After all, if the future were known with certainty, we wouldn't see much volatility in the markets as stocks would trade precisely at their known fair values. Our ValueRisk™ rating sets the margin of safety or the fair value range we assign to each stock. In the graph above, we show this probable range of fair values for Canadian National. We think the firm is attractive below \$95 per share (the green line), but quite expensive above \$159 per share (the red line). The prices that fall along the yellow line, which includes our fair value estimate, represent a reasonable valuation for the firm, in our opinion.

ValueRisk™

MEDIUM

Canadian National receives a ValueRisk™ rating of MEDIUM based of the historical volatility of key drivers of economic value creation. The fair value range sets the margin of safety around our fair value estimate of the firm's shares.

Revenue Volatility	7.1%
Gross Margin Volatility	7.7%
Earnings (EBI) Volatility	7.8%
Cash Flow (FCFF) Volatility	17.0%
Fair Value Range	25.0%

The Fair Value Range sets the premium or discount on our estimate of the firm's fair value.

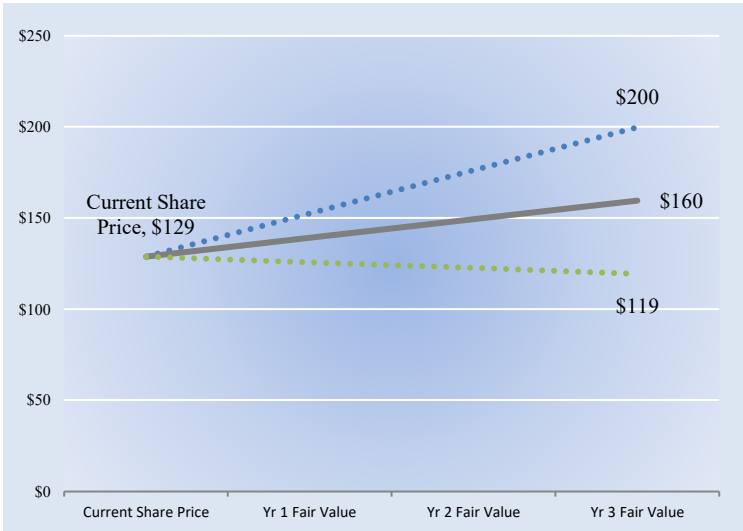
Upside and Downside Probabilities

Probability (fair value < \$0)	Less than 0.1%
Probability (fair value > 2x current share price)	0.00%

We strive to answer a few questions that investors often ask: 1) What are the chances of a total loss of investment in this company? and 2) What is the chance that the company is really worth twice what I paid for it? The probability (fair value < 0) strives to answer the first question. It indicates the chance that the firm may encounter insolvency based on the characteristics of its cash flow stream, capital structure, and risk profile. The probability (fair value > 2x current share price) strives to answer the second question. It is our best estimate of whether investors are participating in a half-off sale by buying the company's shares at current prices.

Future Path of Fair Value

We estimate Canadian National's fair value at this point in time to be about \$127 per share. As time passes, however, companies generate cash flow and pay out cash to shareholders in the form of dividends. The chart to the right compares the firm's current share price with the path of Canadian National's expected equity value per share over the next three years, assuming our long-term projections prove accurate. The range between the resulting downside fair value and upside fair value in Year 3 represents our best estimate of the value of the firm's shares three years hence. This range of potential outcomes is also subject to change over time, should our views on the firm's future cash flow potential change. The expected fair value of \$160 per share in Year 3 represents our existing fair value per share of \$127 increased at an annual rate of the firm's cost of equity less its dividend yield. The upside and downside ranges are derived in the same way, but from the upper and lower bounds of our fair value estimate range.



The graph above shows the expected future fair value of the firm's shares relative to its current stock price.

Canadian National CNI FAIRLY VALUED

Economic Castle Attractive	Estimated Fair Value \$127.00	Fair Value Range \$95.00 - \$159.00	Investment Style LARGE-CAP CORE	Sector Industrials	Industry Industrial Leaders
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VALUENTUM

Buying Index™

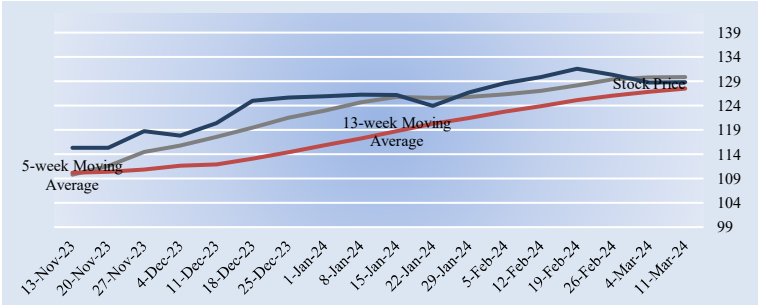
7

VALUENTUM

Value Rating

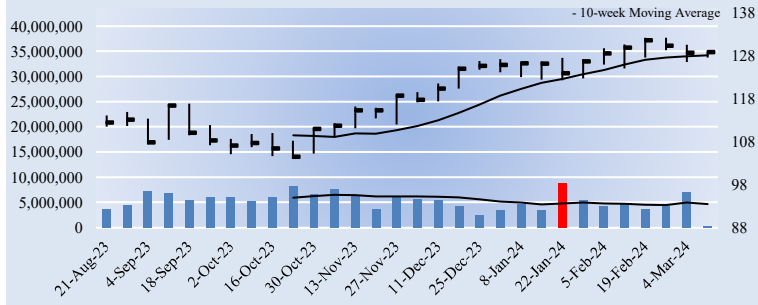
Technical Analysis

Technical EvaluationBULLISH



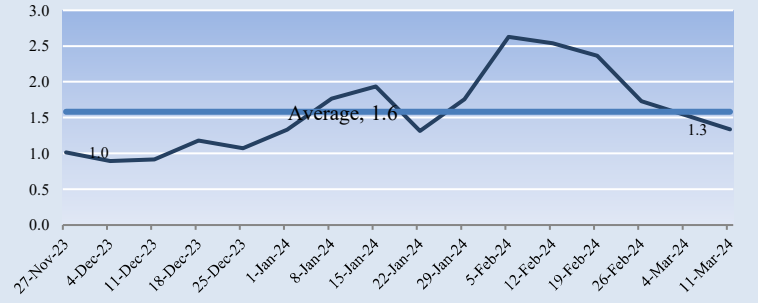
The firm's near-term moving average (5-week, grey line) and medium-term moving average (13-week, red line) are shown in the chart above. Typically, when a shorter-term moving average crosses a medium- or longer-term moving average from below, it represents a bullish signal. If the short-term moving average crosses from above, traders often view this as bearish. Canadian National's 5-week moving average resides above its 13-week measure, indicating a BULLISH trend. We'd grow wary of the firm's technicals should its 5-week moving average drop below its 13-week moving average, as the firm's 30-week uptrend could be threatened if this occurs.

30-week Price and Volume Chart (weekly)



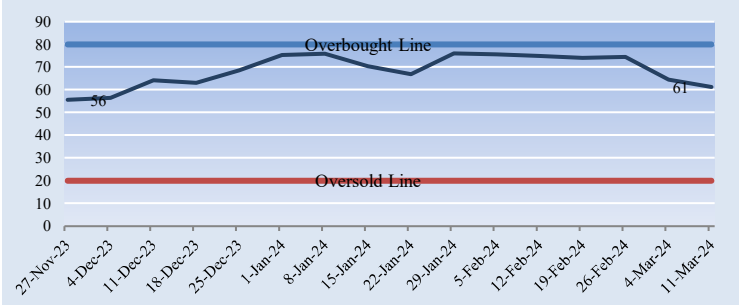
In the chart above, we pinpoint the heaviest accumulation or distribution week of the firm, determined by the week with the highest trading volume during the past 30 weeks. A heavy accumulation (buying) or distribution (selling) week often determines the future near-term direction of the firm's share price, as money managers continue to move in or out of the stock in the days and weeks ahead driving the stock up or down, respectively. For Canadian National, the week with the highest trading volume out of the last 30 weeks was a week of heavy selling, or distribution (red bar). Such market activity could indicate a reversal of an uptrend or further confirmation of a downtrend.

Upside/Downside VolumeDETERIORATING



The level and trend of the Upside/Downside (U/D) volume ratio reveals whether institutional participation has been bullish or bearish as of late. Although Canadian National's U/D volume ratio of 1.3 is greater than 1, it resides below its trailing average, indicating bullish but DETERIORATING institutional interest during the past several weeks.

Money Flow Index (MFI)NEUTRAL



The Money Flow Index (MFI) is an oscillator that uses price and volume to measure buying and selling pressure. Chartists often look for overbought (above 80) and oversold (below 20) levels to warn of unsustainable near-term price extremes. Canadian National's MFI of 61 is neutral, suggesting the firm's stock is neither overbought nor oversold at this time. However, a score over 50 tends to favor bulls. The MFI can also be used to gauge the strength or weakness of a firm's price trend. In Canadian National's case, its stock price and money flow neither reveals a bullish nor bearish divergence, further supporting our neutral view on its money flow action.

Relative Price StrengthWEAK

A firm's relative price strength can be assessed over any number of time horizons. We show the firm's performance over the past 5 weeks, 13 weeks, and 30 weeks below. In arriving at our relative strength rating for each company, we assess the past 13 weeks, which includes the market's reaction to the firm's most recently reported quarter, where applicable, and other more recent economic events. During the past 13 weeks, Canadian National's shares returned 6.5%, while the market benchmark returned 10.4%. We think Canadian National's 13-week relative price performance is WEAK.

5-week Company Performance	0.3%
5-week Market Benchmark Performance	5.1%
5-week Relative Performance vs. Market Benchmark	-4.9%
13-week Company Performance	6.5%
13-week Market Benchmark Performance	10.4%
13-week Relative Performance vs. Market Benchmark	-3.8%
30-week Company Performance	13.2%
30-week Market Benchmark Performance	12.2%
30-week Relative Performance vs. Market Benchmark	0.9%

Timeliness Matrix™Equity Valuation

Relative Strength	Overvalued	Fairly Valued	Undervalued
Strong			
Neutral			
Weak			

Firms that are undervalued and currently showing near-term pricing strength score near the top right of the matrix.

Companies that are undervalued and showing near-term relative price strength could represent timely buys, as the stock may be attractive to both value and momentum investors. A cross section of the firm's equity valuation and its relative share price strength is shown in the matrix above. We tend to prefer undervalued stocks that have strong pricing momentum, also called Valuentum stocks.

Canadian National CNI FAIRLY VALUED**Buying Index™****7****Value Rating****Economic Castle**
Attractive**Estimated Fair Value**
\$127.00**Fair Value Range**
\$95.00 - \$159.00**Investment Style**
LARGE-CAP CORE**Sector**
Industrials**Industry**
Industrial Leaders**Pro Forma Income Statement**

	----- Historical -----			----- Projected -----	
	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
In Millions of CAD (except for per share items)					
Total Revenue	11,449	12,635	12,701	13,399	14,150
Cost of Goods Sold	5,033	5,528	5,571	5,929	6,084
Selling, General and Administrative Expenses	0	0	0	0	0
Other Operating Expenses	1,664	1,688	1,790	1,888	1,981
Operating Income	4,752	5,420	5,341	5,582	6,084
Unusual items	0	0	0	0	0
Operating Income, including unusual items	4,752	5,420	5,341	5,582	6,084
Interest Expense	(482)	(405)	(545)	(545)	(545)
Other Non-operating Income	746	(20)	101	0	0
Pre-tax Income	5,015	4,995	4,897	5,037	5,539
Income Taxes	1,141	1,215	651	1,108	1,219
Income after tax	3,874	3,780	4,245	3,929	4,321
Minority Interest and Equity Income	0	0	0	0	0
Net Income, excluding extra items	3,874	3,780	4,245	3,929	4,321
Income Available to Common, excluding extra items	3,874	3,780	4,245	3,929	4,321
Diluted Earnings per Share, excluding extra items	5.45	5.49	6.44	5.99	6.62
Diluted Weighted Shares Outstanding	710.3	688.3	659.1	655.8	652.5

Source: Company Filings, Xignite, Valuentum Projections, Seeking Alpha

Note: Pro forma data in discounted cash-flow valuation may reflect significant adjustments from GAAP accounting data, including cash (not effective) tax rates and other analytical adjustments on a backward-looking and forward-looking basis. No individual data, by itself, found in this report should be used to make any investment decision.

Canadian National CNI FAIRLY VALUED**Buying Index™****7****Value Rating****Economic Castle**
Attractive**Estimated Fair Value**
\$127.00**Fair Value Range**
\$95.00 - \$159.00**Investment Style**
LARGE-CAP CORE**Sector**
Industrials**Industry**
Industrial Leaders**Pro Forma Balance Sheet**

	----- Historical -----			----- Projected -----	
	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Assets					
Total Cash (including marketable securities)	663	242	359	1,169	2,342
Inventory	466	511	528	561	575
Accounts Receivable	849	1,047	981	1,038	1,099
Other Current Assets	732	576	464	464	464
Total Current Assets	2,709	2,376	2,332	3,232	4,480
Gross Fixed Assets	42,944	42,736	44,949	47,426	49,966
(Accumulated Depreciation)	(11,177)	(11,352)	(12,123)	(13,570)	(15,098)
Net Property, Plant, and Equipment	31,767	31,384	32,826	33,856	34,868
Goodwill, Net	55	52	53	53	53
Intangibles, Net	1,259	1,219	1,267	1,267	1,267
Other Long-term Assets	2,594	2,386	3,272	3,272	3,272
Total Assets	38,384	37,418	39,749	41,680	43,939
Liabilities					
Accounts Payable	714	705	731	782	801
Other Current Liabilities	1,357	1,353	1,327	1,341	1,397
Current Portion of Long-term Debt	396	780	1,743	1,743	1,743
Total Current Liabilities	2,467	2,838	3,800	3,866	3,940
Long-term Debt	9,469	10,608	12,171	12,171	12,171
Other Long-term Liabilities	8,462	8,178	8,595	8,595	8,595
Total Liabilities	20,398	21,624	24,566	24,632	24,706
Preferred Stock	0	0	0	0	0
Shareholders' Equity					
Common Stock and Additional Paid in Capital	3,243	2,950	2,932	2,932	2,932
Retained Earnings	16,597	14,424	14,080	16,369	18,977
Other Equity	(1,854)	(1,580)	(1,829)	(2,253)	(2,676)
Total Shareholders' Equity	17,986	15,794	15,183	17,048	19,233
Total Liabilities and Shareholders' Equity	38,384	37,418	39,749	41,680	43,939

ce: Company Filings, Xignite, Valuentum Projections, Seeking Alpha

Note: Pro forma data in discounted cash-flow valuation may reflect significant adjustments from GAAP accounting data, including cash (not effective) tax rates and other analytical adjustments on a backward-looking and forward-looking basis. No individual data, by itself, found in this report should be used to make any investment decision.

Canadian National CNI FAIRLY VALUED**Buying Index™****7****Value Rating****Economic Castle**
Attractive**Estimated Fair Value**
\$127.00**Fair Value Range**
\$95.00 - \$159.00**Investment Style**
LARGE-CAP CORE**Sector**
Industrials**Industry**
Industrial Leaders**Pro Forma Cash Flow Statement**

	----- Historical -----			----- Projected -----	
	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
In Millions of CAD (except for per share items)					
Cash from Operations					
Net Income	3,874	3,780	4,245	3,929	4,321
Depreciation and Amortization	1,264	1,277	1,371	1,447	1,528
Deferred Income Taxes	0	0	0	0	0
Operating Gains Or Losses	375	(133)	(360)	0	0
Changes in Working Capital	0	0	0	(1)	(1)
Cash Flow from Operations	5,513	4,924	5,257	5,375	5,847
Cash from Investing					
Purchase of Property, Plant, Equipment	(2,286)	(2,031)	(2,405)	(2,477)	(2,539)
Other Investing Cash Flows	14	177	(212)	0	0
Cash Flow from Investing	(2,272)	(1,854)	(2,617)	(2,477)	(2,539)
Cash from Financing					
Issuance (Retirement) of Stock	(1,281)	(3,561)	(3,460)	(425)	(422)
Issuance (Retirement) of Debt	(310)	1,536	2,424	0	0
Dividends Paid	(1,376)	(1,480)	(1,563)	(1,640)	(1,713)
Other Financing Cash Flows	(83)	58	29	0	0
Cash Flow from Financing	(3,050)	(3,447)	(2,571)	(2,064)	(2,135)
Foreign Exchange	0	2	(1)	0	0
Net Change in Cash	191	(375)	68	833	1,173

ce: Company Filings, Xignite, Valuentum Projections, Seeking Alpha

Note: Pro forma data in discounted cash-flow valuation may reflect significant adjustments from GAAP accounting data, including cash (not effective) tax rates and other analytical adjustments on a backward-looking and forward-looking basis. No individual data, by itself, found in this report should be used to make any investment decision.

Canadian National CNI FAIRLY VALUED

VALUENTUM

Buying Index™

7

VALUENTUM

Value Rating

Economic Castle Attractive	Estimated Fair Value \$127.00	Fair Value Range \$95.00 - \$159.00	Investment Style LARGE-CAP CORE	Sector Industrials	Industry Industrial Leaders
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Industrial Leaders

Industrial Leaders

FAIRLY VALUED

We think the Industrial Leaders industry is fairly valued at this time. The industry's market cap is trading between 80% and 120% of our estimate of its fair value based on our DCF process. Although we use a firm-specific ValueRisk™ measure to determine whether a firm is undervalued or overvalued based on our DCF process, we consider an industry to be undervalued if it is trading below 80% of our estimate of its fair value and overvalued if it is trading at over 120% of our estimate of its fair value. We think these fair value ranges are appropriate given the diversification benefits of holding a basket of stocks. Although there may be individual opportunities within the Industrial Leaders industry, we don't find the industry as a whole attractive based solely on valuation.

Category	Price/Fair Value
Canadian National	101.4%
Peer Median	98.9%
Industrial Leaders	99.6%

The above bar chart reveals the price/fair value of the company, its peers, and the industry as a whole.

Shaded blue denotes that the firm has earned the highest rating for that respective category.

Company Name	Ticker	Market Cap (USD-mil)	Investment Style	DCF Valuation	Relative Valuation	ValueCreation™	ValueRisk™	ValueTrend™	Technicals	Relative Strength
3M	MMM	51,197	LARGE-CAP VALUE	FAIRLY VALUED	NEUTRAL	EXCELLENT	LOW	POSITIVE	BEARISH	WEAK
Amphenol Corp	APH	68,669	LARGE-CAP CORE	FAIRLY VALUED	UNATTRACTIVE	EXCELLENT	MEDIUM	POSITIVE	NEUTRAL	NEUTRAL
Boeing	BA	122,590	LARGE-CAP VALUE	FAIRLY VALUED	UNATTRACTIVE	POOR	MEDIUM	POSITIVE	BEARISH	WEAK
Canadian National	CNI	84,481	LARGE-CAP CORE	FAIRLY VALUED	ATTRACTIVE	GOOD	MEDIUM	NEGATIVE	BULLISH	WEAK
Caterpillar	CAT	165,292	LARGE-CAP VALUE	FAIRLY VALUED	NEUTRAL	EXCELLENT	LOW	POSITIVE	BULLISH	STRONG
Cavco	CVCO	2,852	MID-CAP VALUE	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	LOW	POSITIVE	BULLISH	STRONG
Corning	GLW	26,104	LARGE-CAP VALUE	FAIRLY VALUED	NEUTRAL	POOR	MEDIUM	NEGATIVE	BULLISH	WEAK
CSX Corp	CSX	73,768	LARGE-CAP CORE	FAIRLY VALUED	NEUTRAL	GOOD	LOW	POSITIVE	BULLISH	STRONG
Danaher	DHR	167,499	LARGE-CAP VALUE	FAIRLY VALUED	UNATTRACTIVE	EXCELLENT	MEDIUM	NEGATIVE	BULLISH	STRONG
Deere	DE	107,064	LARGE-CAP CORE	FAIRLY VALUED	NEUTRAL	POOR	LOW	POSITIVE	BEARISH	WEAK
Eaton	ETN	95,154	LARGE-CAP CORE	FAIRLY VALUED	UNATTRACTIVE	EXCELLENT	LOW	POSITIVE	BULLISH	STRONG
Emerson Electric	EMR	55,219	LARGE-CAP VALUE	FAIRLY VALUED	NEUTRAL	VERY POOR	LOW	NEGATIVE	BULLISH	WEAK
Fastenal	FAST	36,930	LARGE-CAP CORE	FAIRLY VALUED	UNATTRACTIVE	EXCELLENT	MEDIUM	NEGATIVE	BULLISH	STRONG
FedEx	FDX	64,049	LARGE-CAP VALUE	FAIRLY VALUED	ATTRACTIVE	GOOD	LOW	NEGATIVE	VERY BULLISH	WEAK
General Dynamics	GD	70,259	LARGE-CAP VALUE	FAIRLY VALUED	NEUTRAL	EXCELLENT	LOW	POSITIVE	BULLISH	STRONG
General Electric	GE	181,208	LARGE-CAP CORE	FAIRLY VALUED	NEUTRAL	EXCELLENT	MEDIUM	NEGATIVE	NEUTRAL	STRONG
Honeywell	HON	134,728	LARGE-CAP CORE	FAIRLY VALUED	UNATTRACTIVE	EXCELLENT	LOW	NEGATIVE	BEARISH	WEAK
Illinois Tool Works	ITW	80,266	LARGE-CAP CORE	FAIRLY VALUED	UNATTRACTIVE	EXCELLENT	LOW	NEGATIVE	BULLISH	STRONG
Lockheed Martin	LMT	121,041	LARGE-CAP VALUE	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	MEDIUM	NEGATIVE	BULLISH	WEAK
Northrop Grumman	NOC	71,739	LARGE-CAP CORE	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	MEDIUM	NEGATIVE	VERY BEARISH	STRONG
Parker-Hannifin	PH	60,483	LARGE-CAP VALUE	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	LOW	NEGATIVE	NEUTRAL	STRONG
Parsons Corp	PSN	7,197	MID-CAP BLEND	FAIRLY VALUED	NEUTRAL	EXCELLENT	MEDIUM	POSITIVE	BULLISH	NEUTRAL
Raytheon Tech	RTX	125,164	LARGE-CAP VALUE	FAIRLY VALUED	ATTRACTIVE	GOOD	LOW	NEGATIVE	BULLISH	WEAK
Republic Services	RSR	53,309	LARGE-CAP VALUE	FAIRLY VALUED	UNATTRACTIVE	EXCELLENT	LOW	POSITIVE	BULLISH	STRONG
Roper Technologies	ROP	57,838	LARGE-CAP GROWTH	FAIRLY VALUED	UNATTRACTIVE	POOR	MEDIUM	NEGATIVE	BULLISH	STRONG
TE Connectivity	TEL	44,894	LARGE-CAP CORE	FAIRLY VALUED	ATTRACTIVE	EXCELLENT	LOW	POSITIVE	BULLISH	STRONG
Union Pacific	UNP	148,300	LARGE-CAP CORE	FAIRLY VALUED	NEUTRAL	GOOD	LOW	POSITIVE	BULLISH	STRONG
United Parcel Service	UPS	141,860	LARGE-CAP VALUE	FAIRLY VALUED	NEUTRAL	EXCELLENT	LOW	NEGATIVE	BULLISH	NEUTRAL
Waste Management	WM	72,438	LARGE-CAP CORE	FAIRLY VALUED	UNATTRACTIVE	EXCELLENT	MEDIUM	POSITIVE	BULLISH	STRONG

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Valuentum's Full Page Stock Report

A DCF Valuation

Shows whether the firm is undervalued, fairly valued, or overvalued based on our DCF process and by how much.

B Valuentum Buying Index (VBI)

Provides insight into the timeliness of an investment opportunity. We rank firms from 1 to 10 based on rigorous financial, valuation, and technical analysis. A 10 represents one of our top picks.

C Valuentum Value Rating (VVR)

Indicates whether we think a firm is undervalued, fairly valued, or overvalued on the basis of our DCF process.

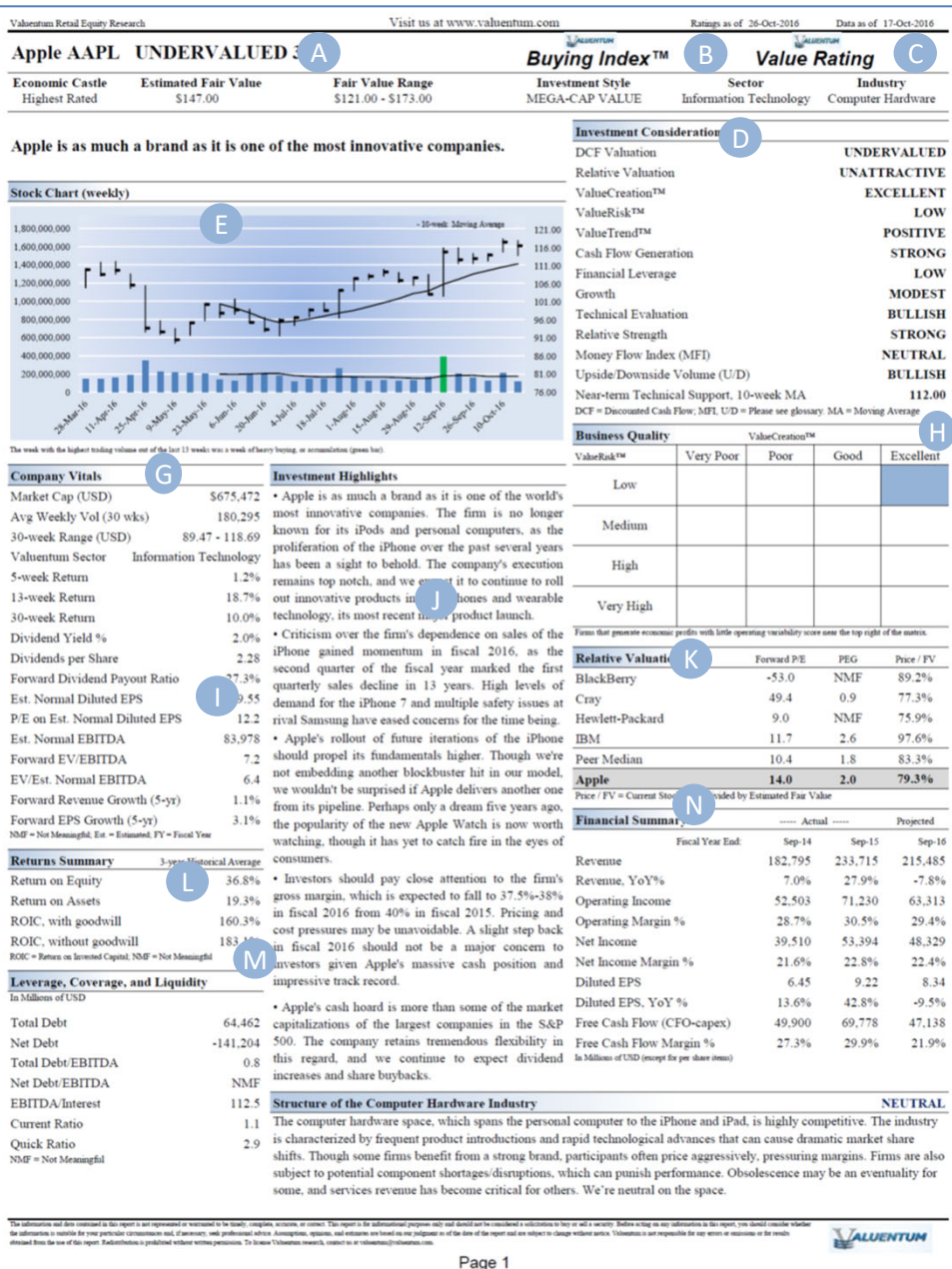


D Investment Considerations

Evaluates firms on 12 different measures, from the firm's growth and cash flow generation to the stock's money flow index and upside/downside volume. We reveal technical support and resistance levels.

E 30-week Price and Volume Action

Displays the last accumulation or distribution week of the stock and historical price and volume action.



Company Vitals

Shows sector, industry and other relevant company information.

Normalized EPS and EBITDA

Estimation of the firm's normalized earnings measures and the corresponding valuation multiples.

Returns Summary

3-year averages of the firm's key return measures, including return on invested capital, with and without goodwill.

M Leverage, Coverage, and Liquidity

A snapshot of the company's financial health.

Financial Summary

A summary of the proforma financial statements found in the extended report.

About Valuentum

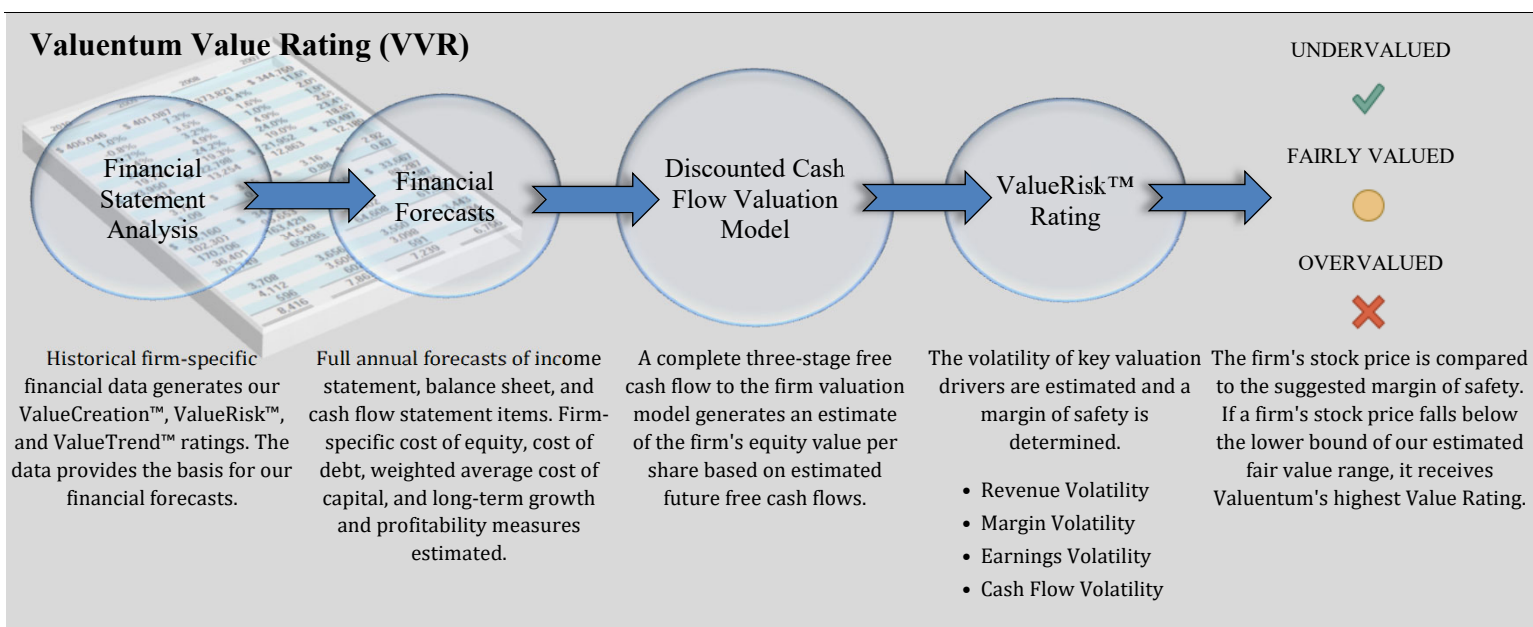
@Valuentum, we strive to stand out from the crowd. Most investment research publishers fall into a few camps, whether it be value, growth, income, momentum, chartist or some variant of the aforementioned. We think each in its own right holds merit, but we think the combination of these approaches can be even more powerful. After all, stock price movements aren't just driven by investors of the value or growth variety, but by all market participants. Therefore, we look at stocks from a variety of investment perspectives in order to better understand and identify ideas. We want to provide relevant information.

The core of our process is grounded in rigorous discounted cash flow analysis and incorporates the concept of a margin of safety. We offer a fair value estimate for each company and provide a relative valuation assessment in the context of a company's industry and closest peers. A cross section of our ValueCreation™ and ValueRisk™ ratings provides a financial assessment of a company's business quality, while our ValueTrend™ rating offers insight into the trajectory of a firm's economic profit creation. The Economic Castle rating measures the magnitude of future economic value generation, and the Dividend Cushion ratio assesses the financial capacity of a company to keep raising its dividend.

Our analysis doesn't stop there. We also offer a technical evaluation of the stock as well as other momentum indicators. We not only want to reveal to readers which firms may be undervalued, in our view, but we also want to provide readers with information to help them assess entry and exit points. Most research publishers focus on arriving at a target price or fair value estimate, but may fall short of providing a technical assessment to bolster buy and sell disciplines. We strive to go the distance and provide readers with answers--not half the story.

An explanation of our approach would not be complete if we didn't describe our ideal stock idea. We're looking for companies that are undervalued--both on a DCF basis and versus peers--have strong growth potential, have a solid track record of creating economic profits for shareholders with reasonable risk, are strong cash flow generators, have manageable financial leverage, and are currently showing bullish technical and momentum indicators. For dividend growth ideas, we look for companies that have both the capacity and willingness to keep raising the dividend.

Can such stock ideas exist? Subscribe to Valuentum to receive our best investment ideas and analysis on hundreds of stocks, dividends, ETFs and more.



Methodology for Picking Stocks - Valuentum Buying Index™ (VBI)

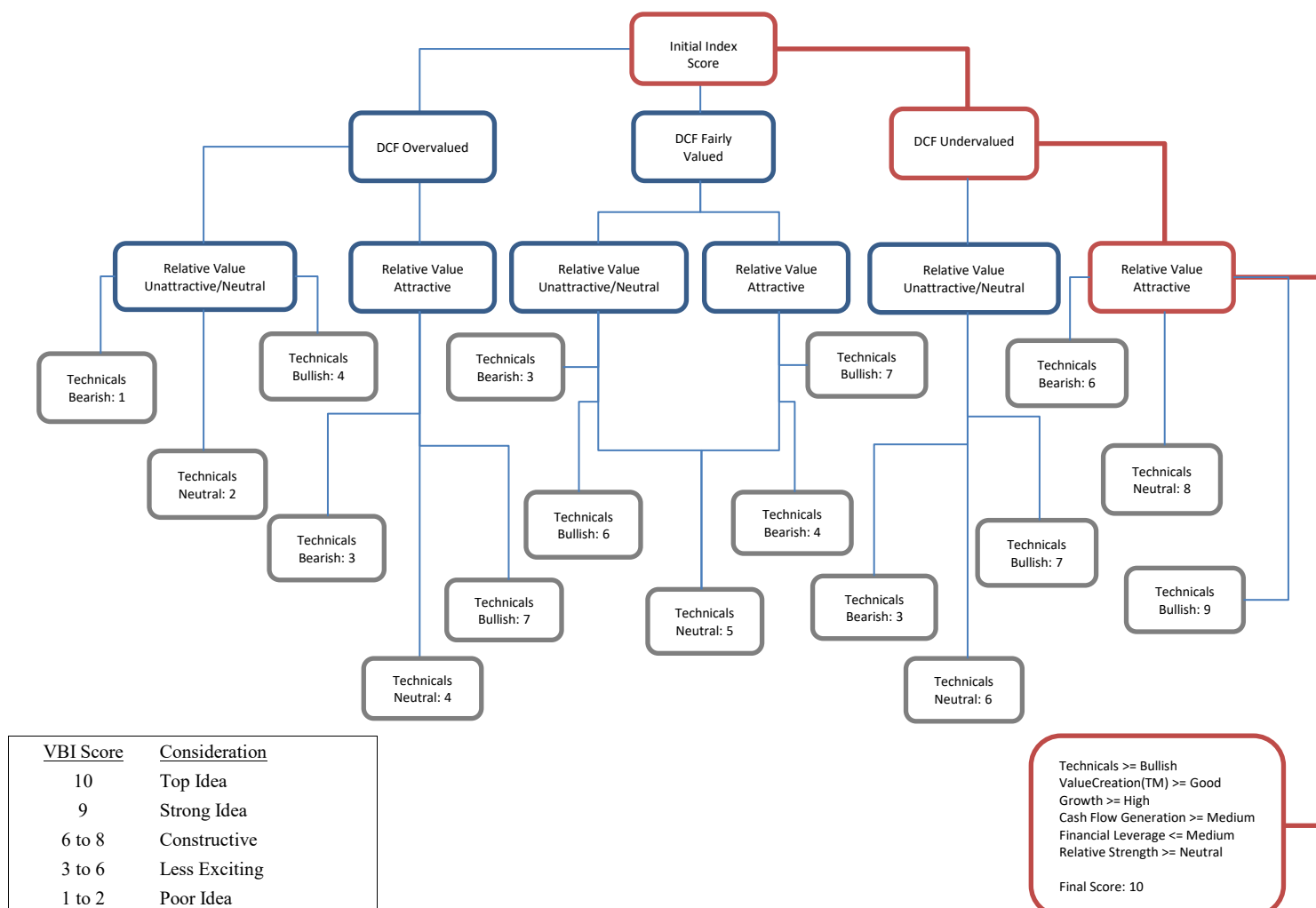
@ Valuentum, we like to look at companies from a number of different perspectives. The Valuentum Buying Index (VBI) combines rigorous financial and valuation analysis with an evaluation of a stock's technicals to derive a rating between 1 and 10 for each company. The VBI places considerable emphasis on a company's discounted cash-flow (DCF) valuation, its relative valuation versus peers (both forward PE and PEG ratios), and its technicals in order to help readers assess entry and exit points on the most interesting ideas.

Let's follow the red line on the flow chart below to see how a company can score a 10, the best mark on the index. First, the company would need to be 'undervalued' on a DCF basis and 'attractive' on a relative

value basis. The stock would also have to be exhibiting 'bullish' technicals. The firm would need a ValueCreation™ rating of 'good' or 'excellent', exhibit 'high' or 'aggressive' growth prospects, and generate at least a 'medium' or 'neutral' assessment for cash flow generation, financial leverage, and relative price strength.

This is a tall order for any company. Stocks that don't make the cut for a 10 are ranked accordingly, with the least attractive stocks, in our opinion, garnering a rating of 1. Most of our coverage universe registers ratings between 3 and 7, but at any given time there could be large number of companies garnering either very high or very low scores, especially at market lows or tops, respectively.

The Best Ideas Newsletter portfolio puts the VBI into practice.



Glossary

Estimated Fair Value. This measure is our opinion of the fair equity value per share of the company. If our forecasts prove accurate, which may not always be the case, we may expect a firm's stock price to converge to this value within the next 3 years.

Fair Value Range. The fair value range represents an upper bound and lower bound, between which we would consider the firm to be fairly valued. The range considers our estimate of the firm's fair value and the margin of safety suggested by the volatility of key valuation drivers, including revenue, gross margin, earnings before interest, and enterprise free cash flow (the determinants behind our ValueRisk™ rating).

DCF Valuation. We opine on the firm's valuation based on our DCF process. Firms that are trading with an appropriate discount to our fair value estimate receive an UNDERVALUED rating. Firms that are trading within our fair value range receive a FAIRLY VALUED rating, while firms that are trading above the upper bound of our fair value range receive an OVERVALUED rating.

Relative Value. We compare the firm's forward price-to earnings (PE) ratio and its price/earnings-to-growth (PEG) ratio to that of its peers. If both measures fall below the peer median, the firm receives an ATTRACTIVE rating. If both are above the peer median, the firm receives an UNATTRACTIVE rating. Any other combination results in a NEUTRAL rating.

ValueCreation™. This is a proprietary Valuentum measure. ValueCreation™ indicates the firm's historical track record in creating economic value for shareholders, taking the average difference between ROIC (without goodwill) and the firm's estimated WACC during the past three years. The firm's performance is measured along the scale of EXCELLENT, GOOD, POOR, and VERY POOR. Those firms with EXCELLENT ratings have a demonstrated track record of creating economic value, while those that register a VERY POOR mark have been destroying economic value.

ValueRisk™. This is a proprietary Valuentum measure. ValueRisk™ indicates the historical volatility of key valuation drivers, including revenue, gross margin, earnings before interest, and enterprise free cash flow. The standard deviation of each measure is calculated and scaled against last year's measure to arrive at a percentage deviation for each item. These percentage deviations are weighted equally to arrive at the corresponding fair value range for each stock, measured in percentage terms. The firm's performance is measured along the scale of LOW, MEDIUM, HIGH, and VERY HIGH. The ValueRisk™ rating for each firm also determines the fundamental beta of each firm along the following scale: LOW (0.85), MEDIUM (1), HIGH (1.15), VERY HIGH (1.3).

ValueTrend™. This is a proprietary Valuentum measure. ValueTrend™ indicates the trajectory of the firm's return on invested capital (ROIC). Firms that earned an ROIC last year that was greater than the 3-year average of the measure earn a POSITIVE rating. Firms that earned an ROIC last year that was less than the 3-year average of the measure earn a NEGATIVE rating.

Cash Flow Generation. Firms' cash flow generation capacity are measured along the scale of STRONG, MEDIUM, and WEAK. A firm with a 3-year historical free cash flow margin (free cash flow divided by sales) greater than 5% receives a STRONG rating, while firms earning less than 1% of sales as free cash flow receive a WEAK rating.

Financial Leverage. Based on the firm's normalized debt-to-EBITDA metric, we rank firms on the following scale: LOW, MEDIUM, and HIGH. Companies with a normalized debt-to-EBITDA ratio below 1.5 receive a LOW score, while those with a measure above 3 receive a HIGH score.

Upside/Downside Volume. Heavy volume on up days and lower volume on down days suggests that institutions are heavily participating in a stock's upward advance. We use the trailing 14-week average of upside and downside volume to calculate an informative ratio. We rank each firm's U/D volume ratio along the following scale: BULLISH, IMPROVING, DETERIORATING, and BEARISH.

Investment Style. Valuentum uses its own proprietary stock-classification system. Nano-cap: Less than \$50 million; Micro-cap: Between \$50 million and \$200 million; Small-cap: Between \$200 million and \$2 billion; Mid-cap: Between \$2 billion and \$10 billion; Large-cap: Between \$10 billion and \$200 billion; Mega-cap: Over \$200 billion. Blend: Firm's that we think are undervalued and exhibit high growth prospects (growth in excess of three times the rate of assumed inflation). Value: Firm's that we believe are undervalued, but do not exhibit high growth prospects. Growth: Firms that are not undervalued, in our opinion, but exhibit high growth prospects. Core: Firms that are neither undervalued nor exhibit high growth prospects.

Company Vitals. In this section, we list key financial information and the sector and industry that Valuentum assigns to the stock. The P/E-Growth (5-yr), or PEG ratio, divides the current share price by last year's earnings (EPS) and then divides that quotient by our estimate of the firm's 5-year EPS growth rate. The estimated normalized diluted EPS and estimated normalized EBITDA represent the five-year forward average of these measures used in our discounted cash flow model. The P/E on estimated normalized EPS divides the current share price by estimated normalized diluted EPS. The EV/estimated normalized EBITDA considers the current enterprise value of the company and divides it by estimated normalized EBITDA. EV is defined as the firm's market capitalization plus total debt, minority interest, preferred stock less cash and cash equivalents.

Business Quality Matrix. We compare the firm's ValueCreation™ and ValueRisk™ ratings. The box is an easy way for investors to quickly assess the business quality of a company. Firms that generate economic profits with little operating variability score near the top right of the matrix.

Timeliness Matrix. We compare the company's recent stock performance relative to the market benchmark with our assessment of its valuation. Firms that are experiencing near-term stock price outperformance and are undervalued by our estimate may represent timely buys.

Range of Potential Outcomes. The firm's margin of safety is shown in the graphic of a normal distribution. We consider a firm to be undervalued if its stock price falls along the green line and overvalued if the stock price falls along the red line. We consider the firm to be fairly valued if its stock price falls along the yellow line.

Return on Invested Capital. At Valuentum, we place considerable emphasis on return on invested capital (both with and without goodwill). The measure focuses on the return (earnings) the company is generating on its operating assets and is superior to return on equity and return on assets, which can be skewed by a firm's leverage or excess cash balance, respectively.

Technical Evaluation. We evaluate a firm's near-term and medium-term moving averages and money flow index (MFI) to assign each firm a rating along the following scale: VERY BULLISH, BULLISH, NEUTRAL, BEARISH, and VERY BEARISH.

Stock Price Relative Strength. We assess the performance of the company's stock during the past quarter, 13 weeks, relative to an ETF that mirrors the aggregate performance of constituents of the stock market. Firms are measured along the scale of STRONG, NEUTRAL, and WEAK. Companies that have outperformed the market index by more than 2.5% during this 13-week period receive a STRONG rating, while firms that trailed the market index by more than 2.5% during this 13-week period receive a WEAK rating.

Money Flow Index (MFI). The MFI is a technical indicator that measures buying and selling pressure based on both price and volume. Traders typically use this measure to identify potential reversals with overbought and oversold levels. We use a 14-week measure to rank firms along the following scale: EXTREMELY OVERBOUGHT (>90), OVERBOUGHT (80-90), NEUTRAL (20-80), OVERSOLD (10-20), EXTREMELY OVERSOLD (0-10).

Disclosures, Disclaimers & Additional Sources

To send us feedback or if you have any questions, please contact us at valuentum@valuentum.com. We're always looking for ways to better serve your investment needs and improve our research.

CNI Rating History	Price	Fair Value	VBI
11-Mar-24	\$128.82	\$127.00	7
15-Dec-23	\$120.39	\$117.00	7
25-Aug-23	\$111.91	\$114.00	3
23-Dec-22	\$120.44	\$121.00	7
5-Aug-22	\$127.06	\$118.00	6
8-Oct-21	\$116.94	\$113.00	7
25-Nov-20	\$110.39	\$94.00	7
17-Jul-20	\$95.21	\$79.00	7
12-Sep-19	\$92.21	\$82.00	3
18-Feb-19	\$86.00	\$76.00	6
17-Sep-18	\$88.68	\$72.00	6
18-May-18	\$83.19	\$68.00	6
22-Jan-18	\$79.90	\$67.00	3
15-Sep-17	\$81.64	\$69.00	7

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