THE EXCLUSIVE

Confidential*

July 2023

THE VALUENTUM TEAM

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INCOME IDEAS

Highlight Date	Company (symbol)	Highlight Price	Annual Divs per Share at Highlight	Current Fwrd Dividends per Share	Current Fwrd Exp Dividend Yield	Time Horizon
Income Ideas						
Jul, 16	Universal Corp (UVV)	57.74	2.12	3.20	6.5%	Closed - 2/12/2017
Aug, 16	B&G Foods (BGS)	51.54	1.68	0.76	5.5%	Closed - 7/17/2017
Sep, 16	Maxim Integrated (MXIM)	41.12	1.32	Merged with Analog Devices		Closed - 2/12/2017
Oct, 16	Douglas Dynamics (PLOW)	31.94	0.94	1.18	4.1%	Closed - 2/12/2017
Nov, 16	Ennis Inc. (EBF)	14.60	0.70	1.00	5.0%	Closed -- 11/12/2016
Dec, 16	Watsco, Inc. (WSO)	150.57	4.20	9.80	2.7%	Closed - 2/12/2017
Jan, 17	Star Group (SGU)	11.21	0.41	0.65	5.0%	0-5 yrs
Feb, 17	Moelis & Co (MC)	35.00	1.28	2.40	5.4%	Closed - 6/22/2017
Mar, 17	Park National (PRK)	108.59	3.76	4.20	4.2%	0-20 yrs
Apr, 17	American Software (AMSWA)	10.44	0.44	0.44	4.3%	Closed - 6/22,23/2017
May, 17	NW Natural (NWN)	59.20	1.88	1.94	4.6%	Closed - 10/25/2018
Jun, 17	Japan Tobacco (JAPAY)	19.03	0.60	0.70	6.4%	Closed 11/8/2019
Jul, 17	Vectren Corp (VVC)	58.21	1.68	Merged with CenterPoint Energy		Closed 8/30/2017
Aug, 17	National Retail Properties (NNN)	40.50	1.90	2.20	5.2%	Closed - 10/25/2018
Sep, 17	STORE Capital (STOR)	25.72	1.16	Acquired by GIC and Oak Street		Closed - 10/25/2018
Oct, 17	Fortis (FTS)	36.14	1.27	1.68	4.0%	Closed - 4/18/2019
Nov, 17	Black Hills (BKH)	61.23	1.78	2.50	4.3%	Closed - 10/25/2018
Dec, 17	Four Corners Propety Trust (FCPT)	26.03	0.97	1.36	5.4%	Closed - 10/25/2018
Jan, 18	TC Energy (TRP)	49.47	1.98	2.71	6.9%	Closed 11/6/2019
Feb, 18	Siemens (SIEGY)	71.13	2.18	2.29	2.9%	0-20 yrs
Mar, 18	Philips 66 Partners (PSXP)	49.63	2.71	Acquired by PSX		Closed - 10/25/2018
Apr, 18	PS Business Parks (PSB)	113.68	3.40	Acquired by Blackstone		Closed - 10/25/2018
May, 18	Hubbell (HUBB)	103.97	3.08	4.48	1.4%	Closed - 2/11/2019
Jun, 18	Park Hotels & Resorts (PK)	32.43	1.72	-	NMF	Closed - 5/3/2019
Jul, 18	Healthcare Trust of America (HTA)	27.36	1.22	Merged with Healthcare Realty		Closed - 2/11/2019
Aug, 18	QTS Realty Trust (QTS)	44.01	1.64	Acquired by Blackstone Funds		Closed - 4/18/2019
Sep, 18	Atmos Energy (ATO)	93.62	1.94	2.96	2.5%	Closed - 10/25/2018
Oct, 18	Veolia Environment (VEOEY)	19.70	0.99	0.61	3.9%	Closed 4/18/2019

INCOME IDEAS

Highlight Date	Company (symbol)	Highlight Price	Annual Divs per Share at Highlight	Current Fwrd Dividends per Share	Current Fwrd Exp Dividend Yield	Time Horizon
Income Ideas						
Nov, 18	Roche Holding (RHHBY)	29.82	1.08	1.28	3.4%	Closed - 2/11/2019
Dec, 18	OGE Energy (OGE)	40.46	1.46	1.66	4.7%	Closed - 2/11/2019
Jan, 19	BAE Systems (BAESY)	24.32	0.92	1.32	2.9%	Closed - 2/11/2019
Feb, 19	EastGroup Properties (EGP)	107.58	2.88	5.00	2.9%	Closed 11/6/2019
Mar, 19	Canadian Natural Resources (CNQ)	26.76	1.01	2.53	4.5%	Closed - 9/24/2019
Apr, 19	Evergy (EVRG)	57.32	1.90	2.45	4.2%	Closed 11/6/2019
May, 19	National Health (NHI)	76.43	4.20	3.60	6.9%	Closed 11/6/2019
Jun-19	Corporate Office Properties Trust (OFC)	28.94	1.10	1.14	4.7%	0-20 yrs
Jul-19	Nuveen Real Estate Income Fund (JRS)	10.63	0.76	0.68	9.1%	0-20 yrs
Aug-19	South32 Limited (SOUHY)	10.01	0.28	0.49	4.0%	0-20 yrs
Sep-19	Bank of America Preferred Stock (ISIN: US0605052291)	26.87	1.50	No longer available, per BofA website (1/8/23)		Closed
Oct-19	Life Storage (LSI)	70.27	2.67	4.80	3.6%	Closed 2/24/2020
Nov-19	VICI Properties (VICI)	24.28	1.19	1.56	5.0%	Closed 2/24/2020
Dec-19	Comerica (CMA)	71.37	2.68	2.84	6.4%	0-20 yrs
Jan-20	Vanguard International High Dividend Yield ETF (VYMI)	63.78	2.68	2.87	4.6%	0-20 yrs
Feb-20	Omnicom Group (OMC)	75.74	2.60	2.80	3.0%	0-20 yrs
Mar-20	JPM-PRC, Preferred Shares Series EE	27.50	1.52	1.52	6.0%	0-20 yrs
Apr-20	iShares Investment Grade Corporate Bond ETF (LQD)	121.10	3.72	4.02	3.8%	0-20 yrs
May-20	United Microelectronics (UMC)	2.57	0.09	-	-	Closed 8/8/2020
Jun-20	Eaton Vance (EV)	41.66	1.50	Acquired by Morgan Stanley		Closed 10/10/2020
Jul-20	Crown Castle (CCI)	171.50	4.80	6.26	5.4%	0-20 yrs
Aug-20	Highwoods Properties (HIW)	39.85	1.92	2.00	8.0%	0-20 yrs
Sep-20	Gladstone Land (LAND)	15.30	0.54	0.55	3.4%	0-20 yrs
Oct-20	Westrock (WRK)	37.80	0.80	1.10	3.8%	0-20 yrs
Nov-20	National Storage Afilliates Trust (NSA)	34.48	1.40	2.24	6.4%	0-20 yrs
Dec-20	Toronto-Dominion Bank (TD)	55.47	2.38	2.79	4.6%	0-20 yrs

INCOME IDEAS

Highlight Date	Company (symbol)	Highlight Price	Annual Divs per Share at Highlight	Current Fwrd Dividends per Share	Current Fwrd Exp Dividend Yield	Time Horizon
Income Ideas						
Jan-21	Prudential Financial (PRU)	80.70	4.40	5.00	5.6%	0-20 yrs
Feb-21	Webster Financial (WBS)	49.68	1.60	1.60	4.1%	0-20 yrs
Mar-21	VanEck Vendors High Yield Muni ETF (HYD)	61.62	2.18	2.03	4.0%	0-20 yrs
Apr-21	S&P 500 High Dividend ETF (SPYD)	38.97	1.87	1.78	4.8%	0-20 yrs
May-21	Amcor plc (AMCR)	12.45	0.47	0.49	4.9%	0-20 yrs
Jun-21	Global Self Storage (SELF)	6.11	0.26	0.29	5.8%	0-20 yrs
Jul-21	Marathon Petroleum (MPC)	58.68	2.32	3.00	2.5%	0-20 yrs
Aug-21	S&P 500 High Dividend Low Vol ETF (SPHD)	43.83	1.64	1.74	4.2%	0-20 yrs
Sep-21	Nasdaq 100 Coveraged Call ETF (QYLD)	23.05	Variable	Variable	Variable	0-20 yrs
Oct-21	Chieniere Energy Partners (CQP)	41.33	2.66	3.10	6.7%	0-20 yrs
Nov-21	Amplify High Income ETF (YYY)	17.09	1.52	1.44	12.4%	0-20 yrs
Dec-21	Energizer (ENR)	39.38	1.20	1.20	3.6%	0-20 yrs
Jan-22	Prior Banking Income Ideas (PRK, CMA, TD, PRU, WBS)	-	-	-	-	-
Feb-22	Global X Preferred ETF (PFFD)	23.97	1.31	1.26	6.6%	0-20 yrs
Mar-22	Barrick Gold (GOLD)	24.20	0.40	0.40	2.5%	0-20 yrs
Apr-22	Gladstone Commercial (GOOD)	22.43	1.50	1.20	9.4%	0-20 yrs
May-22	North European Oil Royalty Trust (NRT)	18.65	0.92	4.20	NMF	0-20 yrs
Jun-22	Vanguard Financials Index Fund ETF (VFH)	79.93	1.88	1.96	2.4%	0-20 yrs
Jul-22	Valero Energy (VLO)	107.03	3.92	4.08	3.6%	0-20 yrs
Aug-22	iShares Global Utilities ETF (JXI)	63.58	1.83	1.99	3.4%	0-20 yrs
Sep-22	Hibbett (HIBB)	60.50	1.00	1.00	2.8%	0-20 yrs
Oct-22	Northern Oil & Gas (NOG)	32.79	1.20	1.48	4.3%	0-20 yrs
Nov-22	MPLX LP (MPLX)	34.08	3.10	3.10	9.0%	0-20 yrs
Dec-22	InfraCap MLP ETF (AMZA)	30.91	2.64	2.88	8.6%	0-20 yrs
Jan-23	Stanley Black & Decker (SWK)	81.07	3.20	3.20	3.6%	0-20 yrs
Feb-23	Holly Energy Partners L.P. (HEP)	18.49	1.40	1.80	7.5%	0-20 yrs
Mar-23	International Paper (IP)	36.82	1.85	1.85	5.8%	0-20 yrs
Apr-23	Global X SuperDividend U.S. ETF (DIV)	17.31	1.25	1.24	7.5%	0-20 yrs
May-23	Schwab U.S. Dividend Equity ETF (SCHD)	70.62	2.64	2.60	3.6%	0-20 yrs
Jun-23	JPMorgan Equity Premium Income ETF (JEPI)	54.44	5.77	5.77	10.6%	0-20 yrs

The information provided in the tables is offered for the convenience of the reader, for illustrative purposes only, and no actual trading is taking place. Actual results may differ from the simulated information being presented. Valuentum is a publisher of financial information, not a money manager, broker, or financial advisor.

CAPITAL APPRECIATION IDEAS

Highlight Date	Company (symbol)	Highlight Price	Current or "Close" Price	Div's Received	'Hypothetical' 'Closed'Gain %	Time Horizon
Capital Appreciation Ideas						
Jul, 16	Bloomin Brands (BLMN)	17.87	19.28	0.07	8.3%	Closed -- 11/12/2016
Aug, 16	Healthcare Srvs Group (HCSG)	38.91	41.02	0.369	6.4%	Closed - 2/12/2017
Sep, 16	Grupo Aeroportuario (ASR)	157.87	181.61	-	15.0%	Closed - 4/5/2017
Oct, 16	Swedish Match (SWMA.ST)	314.80SEK	417.40SEK	17.7	38.2%	Closed - 6/1/2018
Nov, 16	Symrise AG (SYIEY)	16.25	16.34	-	0.6%	Closed - 4/5/2017
Dec, 16	Tootsie Roll (TR)	37.80	38.96	0.90	5.4%	Closed 4/18/2019
Jan, 17	Texas Capital Bancshares (TCBI)	78.05	85.10	-	9.0%	Closed - 2/12/2017
Feb, 17	Arconic (ARNC)	25.90	29.62	-	14.4%	Closed - 2/12/2017
Mar, 17	Tesaro (TSRO)	180.84	122.62	-	-32.2%	Closed - 7/17/2017
Apr, 17	Yum China (YUMC)	31.15	37.67	-	20.9%	Closed - 5/23/2017
May, 17	Galapagos (GLPG)	87.67	76.13	-	-13.2%	Closed - 7/17/2017
Jun, 17	Huntington Ingalls (HII)	193.79	206.39	-	6.5%	Closed 8/18/2017
Jul, 17	Orbital ATK (OA)	102.33	104.65	-	2.3%	Closed 8/18/2017
Aug, 17	Wingstop (WING)	32.28	66.17	3.61	116.2%	Closed - 10/25/2018
Sep, 17	Qualys (QLYS)	51.10	75.44	-	47.6%	Closed - 10/25/2018
Oct, 17	Guidewire Software (GWRE)	78.24	87.50	-	11.8%	Closed - 10/25/2018
Nov, 17	Ferrari N.V. (RACE)	117.43	123.26	0.71	5.6%	Closed - 2/11/2019
Dec, 17	Square (SQ)	38.22	72.61	-	90.0%	Closed - 10/25/2018
Jan, 18	Planet Fitness (PLNT)	33.70	46.41	-	37.7%	Closed - 10/25/2018
Feb, 18	Insulet Corp (PODD)	75.84	82.69	-	9.0%	Closed - 10/25/2018
Mar, 18	Preferred Bank (PFBC)	64.01	63.21	3.42	4.1%	Closed 3/6/2021
Apr, 18	Esperion Therapeutics (ESPR)	66.43	40.94	-	-38.4%	Closed - 4/18/2019
May, 18	Heidrick & Struggles (HSII)	37.65	40.77	0.41	9.4%	Closed - 3/9/2019
Jun, 18	Green Dot Corp (GDOT)	72.86	24.54	-	-66.3%	Closed 11/8/2019
Jul, 18	Wix.com (WIX)	105.30	111.93	-	6.3%	Closed - 2/11/2019
Aug, 18	Tactile Systems Technology (TCMD)	50.84	63.52	-	24.9%	Closed - 10/25/2018
Sep, 18	Invitae (NVTA)	13.95	20.84	-	49.4%	Closed - 3/9/2019
Oct, 18	Cigna (CI)	215.72	149.00	0.04	-30.9%	Closed 4/18/2019
Nov, 18	Yeti Holdings (YETI)	16.50	17.99	-	9.0%	Closed - 2/11/2019

Many capital appreciation ideas are based on a long-term thesis. However, rapid price-to-fair value convergence may mean we close the ideas relatively quickly, or sooner than expected. Our decision to close an idea may or may not be relevant to you given varying goals and risk tolerances.

CAPITAL APPRECIATION IDEAS

Highlight Date	Company (symbol)	Highlight Price	Current or "Close" Price	Div's Received	'Hypothetical' 'Closed'Gain %	Time Horizon
Capital Appreciation Ideas						
Dec, 18	Spotify (SPOT)	135.31	139.65	-	3.2%	Closed - 4/18/2019
Jan, 19	Suncor Energy (SU)	29.32	32.05	-	9.3%	Closed - 2/11/2019
Feb, 19	Delek Holdings (DK)	32.12	37.31	0.27	17.0%	Closed - 4/18/2019
Mar, 19	Physicians Realty Trust (DOC)	17.82	17.80	0.69	3.8%	Closed 11/6/2019
Apr, 19	Everbridge (EVBG)	72.75	98.43	-	35.3%	Closed 7/24/2019
May, 19	Teladoc Health (TDOC)	60.93	68.09	-	11.8%	Closed 7/24/2019
Jun-19	Alteryx (AYX)	95.15	119.29	-	25.4%	Closed 7/24/2019
Jul-19	CrowdStrike (CRWD)	67.21	86.42	-	28.6%	Closed 7/24/2019
Aug-19	Inovalon Holdings (INOV)	17.12	17.59	-	2.7%	Closed 12/5/2019
Sep-19	Avalara (AVLR)	81.10	85.14	-	5.0%	Closed - 2/3/2020
Oct-19	Cloudflare Inc (NET)	17.27	18.72	-	8.4%	Closed 12/5/2019
Nov-19	Shopify (SHOP)	297.64	369.08	-	24.0%	Closed - 12/5/2019
Dec-19	Datadog (DDOG)	35.91	46.21		28.7%	Closed - 2/3/2020
Jan-20	Chewy (CHWY)	29.34	30.72		4.7%	Closed 2/24/2020 -
Feb-20	HDFC Bank Limited (HDB)	58.76	59.52		1.3%	Closed 10/26/2020
Mar-20	ProShares UltraPro Short Dow30 (SDOW)	57.17	72.98	Highlight price reflects more punitive March 9 open.	27.7%	Closed - 3/12/2020
Apr-20	Royal Gold (RGLD)	93.50	126.04		34.8%	Closed 4/27/2020
May-20	Sprouts Farmers Market (SFM)	25.18	20.32		-19.3%	Closed 11/7/2020
Jun-20	Cloudera (CLDR)	9.86	12.06		22.3%	Closed 6/9/2020
Jul-20	Zscaler (ZS)	125.49	134.34		7.1%	Closed 9/5/2020
Aug-20	Shutterstock (SSTK)	57.79	62.12	0.17	7.8%	Closed 10/26/2020
Sep-20	Okta Inc. (OKTA)	203.44	226.93		11.5%	Closed 10/5/2020
Oct-20	Farfetch (FTCH)	26.62	28.52		7.1%	Closed 10/26/2020
Nov-20	Veeva Systems (VEEV)	299.95	326.97		9.0%	Closed 7/22/2021
Dec-20	Upwork Inc. (UPWK)	31.97	44.25		38.4%	Closed 3/6/2021

CAPITAL APPRECIATION IDEAS

Highlight Date	Company (symbol)	Highlight Price	Current or "Close" Price	Div's Received	'Hypothetical' 'Closed'Gain %	Time Horizon
Capital Appreciation Ideas						
Jan-21	Snowflake Inc. (SNOW)	300.10	310.00		3.3%	Closed 9/4/2021
Feb-21	Fox Factory (FOXF)	135.91	152.30		12.1%	Closed 5/25/2021
Mar-21	Trex Company (TREX)	88.24	96.67		9.6%	Closed 5/25/2021
Apr-21	MGM Resorts (MGM)	41.77	42.54		1.8%	Closed 9/4/2021
May-21	Airbnb (ABNB)	151.21	158.00		4.5%	Closed 9/4/2021
Jun-21	Alkermes (ALKS)	23.08	29.86		29.4%	Closed 9/4/2021
Jul-21	iShares Cybersecurity & Tech ETF (IHAK)	44.18	46.78		5.9%	Closed 9/4/2021
Aug-21	CareDx Inc. (CDNA)	81.54	10.09			0-10 yrs (extended time horizon)
Sep-21	Celsius Holdings (CELH)	87.42	97.34		11.3%	Closed 10/28/2021
Oct-21	Huntsman Corp (HUN)	31.95	35.77	0.188	12.5%	Closed 1/8/2022
Nov-21	Schneider National (SNDR)	25.26	26.98	0.07	7.1%	Closed 3/5/2022
Dec-21	Microchip Technology (MCHP)	87.13	86.62	1.899		0-2 yrs
Jan-22	Sea Limited (SE)	187.10	54.98			0-2 yrs
Feb-22	Devon Energy (DVN)	52.87	59.57		12.7%	Closed 3/5/2022
Mar-22	Portillo's (PTLO)	23.11	28.44		23.1%	Closed 8/8/2022
Apr-22	Valmont Industries (VMI)	237.81	273.52		15.0%	Closed 8/8/2022
May-22	Tuttle Capital Short Innovation ETF (SARK)	63.85	64.91		1.7%	Closed 11/8/2022
Jun-22	FMC Corp. (FMC)	112.70	127.15	0.44	13.2%	Closed 11/8/2022
Jul-22	Textron (TXT)	61.06	68.99		13.0%	Closed 11/8/2022
Aug-22	Ferrari N.V. (RACE)	213.56	265.79	1.47	25.1%	Closed 2/15/2023
Sep-22	Masimo (MASI)	154.01	166.21		7.9%	Closed 2/15/2023
Oct-22	Ardmore Shipping Corp (ASC)	9.53	14.17		48.7%	Closed 11/8/2022
Nov-22	ATI Inc. (ATI)	29.59	39.52		33.6%	Closed 2/15/2023
Dec-22	Casella Waste Systems (CWST)	83.55	87.15			0-2 yrs
Jan-23	Woodward, Inc. (WWD)	102.19	117.47	0.22		0-2 yrs
Feb-23	Astronics Corp. (ATRO)	14.28	18.79			0-2 yrs
Mar-23	Global X Uranium ETF (URA)	20.16	20.86			0-2 yrs
Apr-23	Intuit Inc. (INTU)	446.76	448.19			0-2 yrs
May-23	Potbelly Corp. (PBPB)	8.30	8.80			0-2 yrs
Jun-23	MongoDB, Inc. (MDB)	374.51	388.62			0-2 yrs

Success rate: The percentage of ideas highlighted in the Exclusive that have moved in the direction of our thesis (i.e. up for capital appreciation ideas and down for short idea considerations) through the current price or closed price, with consideration of cash and stock dividends. Success rates do not consider trading costs or tax implications.

SHORT IDEA CONSIDERATIONS

Highlight Date	Company (symbol)	Highlight Price	Current or "Close" Price	Div's Received	'Hypothetical' 'Closed'Gain %	Time Horizon
Short Idea Considerations						
Jul, 16	Lands' End (LE)	16.76	16.10	-	3.9%	Closed -- 12/2/2016
Aug, 16	Vivint Solar (VSLR)	2.94	2.85	-	3.1%	Closed -- 12/2/2016
Sep, 16	Lloyds Banking (LYG)	3.31	2.78	-	16.0%	Closed -- 11/4/2016
Oct, 16	GoPro (GPRO)	16.68	11.16	-	33.1%	Closed -- 11/4/2016
Nov, 16	Seritage Growth Properties (SRG)	44.31	42.13	0.25	4.4%	Closed -- 1/6/2017
Dec, 16	Royal Bank of Scotland (RBS)	4.91	4.19	0.68	0.8%	Closed 3/5/2020
Jan, 17	Sequential Brands Group (SQBG)	4.62	4.18	-	9.5%	Closed - 2/12/2017
Feb, 17	Sportman's Warehouse (SPWH)	6.85	6.11	-	10.8%	Closed - 2/12/2017
Mar, 17	Fitbit (FIT)	6.07	5.71	-	5.9%	Closed - 4/5/2017
Apr, 17	Santander Consumer (SC)	12.51	11.65	-	6.9%	Closed - 5/23/2017
May, 17	Snap, Inc (SNAP)	23.19	17.19	-	25.9%	Closed - 5/10/2017
Jun, 17	Mallinckrodt (MNK)	42.65	36.41	-	14.6%	Closed - 8/18/2017
Jul, 17	Deutsche Lufthansa AG (DLAKY)	23.38	21.42	0.94	4.4%	Closed - 10/25/2018
Aug, 17	Del Frisco's (DFRG)	14.35	11.93	-	16.9%	Closed - 10/16/17
Sep, 17	Fiesta Restaurant Group (FRGI)	15.90	14.36	-	9.7%	Closed - 2/11/2019
Oct, 17	Ingles Markets (IMKTA)	26.50	24.20	-	8.7%	Closed - 10/16/17
Nov, 17	Fogo de Chao (FOGO)	10.85	15.62	-	-44.0%	Closed - 3/3/2018
Dec, 17	TrueCar (TRUE)	12.07	10.97	-	9.1%	Closed - 12/28/17
Jan, 18	Shake Shack (SHAK)	44.17	43.54	-	1.4%	Closed 3/11/2020
Feb, 18	iShares Core US Aggregate Bond ETF (AGG)	107.20	104.63	1.93	0.6%	Closed - 10/25/2018
Mar, 18	iShares iBoxx $ High Yield Corporate Bond ETF (HYG)	85.75	86.68	4.936	-6.8%	Closed - 4/18/2019
Apr, 18	Houghton Mifflin Harcourt (HMHC)	7.25	6.70	-	7.6%	Closed - 6/1/18
May, 18	Noodles & Company (NDLS)	7.25	7.04	-	2.9%	Closed - 2/11/2019
Jun, 18	iShares International High Yield Bond ETF (HYXU)	52.40	50.94	-	2.8%	Closed - 10/25/2018
Jul, 18	Installed Building Products (IBP)	56.15	40.10	-	28.6%	Closed - 9/28/2018

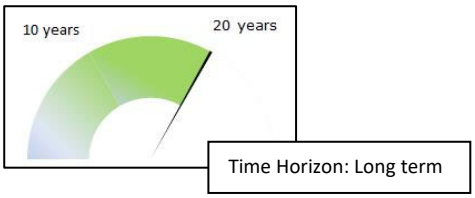
The tables above are provided for the sole purpose of transparency, to allow readers to measure Exclusive ideas in a way they feel is most appropriate. Ideas within the Exclusive are not constructed as a portfolio, nor should they be viewed as a portfolio, and performance information is hypothetical and "trading" is simulated. "Hypothetical annualized returns," now labeled "Capital Efficiency," cannot be achieved and are provided for the sole purpose of rightsizing each idea to a common measurement period (one year), to compare ideas 'closed' within one year to ones 'open' longer than one year, taking into account capital efficiency. A reader, for example, may view a 20% hypothetical return over a period of five weeks as much better than a 20% hypothetical return over a period of five years. Whereas both represent 20% hypothetical returns, hypothetical annualized performance is much different under each case. Readers may have different views and time horizons. To retain independence, neither Valuentum nor Brian Nelson own any shares, nor do they plan to own any shares, of any companies highlighted in the Exclusive. Importantly, shorting stocks involves a number of abnormal risks, including theoretically the infinite loss of capital, and is not for everyone. Valuentum is a financial publisher not a financial advisor. Please contact your personal financial advisor to determine if any idea in the Exclusive may be appropriate for you.

SHORT IDEA CONSIDERATIONS

Highlight Date	Company (symbol)	Highlight Price	Current or "Close" Price	Div's Received	'Hypothetical' 'Closed'Gain %	Time Horizon
Short Idea Considerations						
Aug, 18	Veritiv Corp (VRTV)	38.80	36.35	-	6.3%	Closed - 9/28/2018
Sep, 18	Box (BOX)	24.55	24.30	-	1.0%	Closed - 9/28/2018
Oct, 18	Modine Manufacturing (MOD)	14.73	12.00	-	18.5%	Closed - 10/25/2018
Nov, 18	Beazer Homes USA (BZH)	9.01	7.92	-	12.1%	Closed - 3/12/2020
Dec, 18	Vera Bradley (VRA)	10.22	9.95	-	2.6%	Closed - 8/23/2019
Jan, 19	RH (RH)	117.84	106.99	-	9.2%	Closed - 4/4/2019
Feb, 19	QuinStreet (QNST)	14.77	12.79	-	13.4%	Closed - 3/9/2019
Mar, 19	Dycom Industries (DY)	47.20	41.74	-	11.6%	Closed - 8/23/2019
Apr, 19	Diplomat Pharmacy (DPLO)	5.69	5.29		7.0%	Closed - 5/16/2019
May, 19	Match Group (MTCH)	61.91	60.90		1.6%	Closed 11/6/2019
Jun-19	Tailored Brands (TLRD)	5.56	4.94	0.18	7.9%	Closed - 7/24/2019
Jul-19	Realogy Holdings (RLGY)	6.55	5.60		14.5%	Closed - 7/24/2019
Aug-19	Party City Holdco (PRTY)	6.04	4.50		25.5%	Closed - 8/8/2019
Sep-19	LendingTree (TREE)	309.02	285.36	-	7.7%	Closed - 12/13/2019
Oct-19	Peloton (PTON)	23.01	21.97		4.5%	Closed - 3/11/2020
Nov-19	Ollie's Bargain Outlet (OLLI)	60.07	59.68		0.6%	Closed - 12/5/2019
Dec-19	Jumia Tech (JMIA)	5.85	5.32		9.1%	Closed 2/24/2020
Jan-20	Grubhub (GRUB)	47.17	41.13		12.8%	Closed - 3/11/2020
Feb-20	Yum China (YUMC)	42.71	42.09	0.12	1.2%	Closed - 3/11/2020
Mar-20	Manchester United (MANU)	17.08	15.66		8.3%	Closed - 3/11/2020
Apr-20	LendingClub (LC)	7.11	6.92		2.7%	Closed 4/27/2020
May-20	U.S. Global Jets ETF (JETS)	13.64	21.68			0-10 yrs (extended time horizon)
Jun-20	HealthEquity (HQY)	65.81	62.41		5.2%	Closed -- 6/17/2020
Jul-20	Bloomin' Brands (BLMN)	10.09	26.09			0-10 yrs (extended time horizon)
Aug-20	American Axle (AXL)	7.15	6.86		4.1%	Closed 9/16/2020
Sep-20	SPDR S&P Oil & Gas ETF (XOP)	49.45	43.33	0.378	12.4%	Closed 10/5/2020
Oct-20	AMC Entertainment (AMC)	4.05	2.96		26.9%	Closed 10/14/2020
Nov-20	Noodles & Company (NDLS)	6.64	6.28		5.4%	Closed 3/5/2022
Dec-20	Palantir Technologies (PLTR)	23.85	22.15		7.1%	Closed 3/15/2021

SHORT IDEA CONSIDERATIONS

Highlight Date	Company (symbol)	Highlight Price	Current or "Close" Price	Div's Received	'Hypothetical' 'Closed'Gain %	Time Horizon
Short Idea Considerations						
Jan-21	DoorDash (DASH)	156.09	151.48		3.0%	Closed 3/6/2021
Feb-21	Macerich (MAC)	12.97	12.11	0.15	5.5%	Closed 3/15/2021
Mar-21	Enphase Energy (ENPH)	143.55	138.31		3.7%	Closed 5/25/2021
Apr-21	Tanger Factory (SKT)	16.62	17.02	0.539	-5.6%	Closed 10/28/2021 (punitive high)
May-21	SmileDirectClub (SDC)	8.38	7.81		6.8%	Closed 5/25/2021
Jun-21	StoneCo (STNE)	64.13	58.34		9.0%	Closed 7/22/2021
Jul-21	DiDi Global (DIDI)	12.03	10.42		13.4%	Closed 7/22/2021
Aug-21	Harley-Davidson Inc. (HOG)	39.82	36.98		7.1%	Closed 10/28/2021
Sep-21	Robinhood Markets (HOOD)	43.35	34.44		20.6%	Closed 10/28/2021
Oct-21	Twilio (TWLO)	320.60	292.26		8.8%	Closed 10/28/2021
Nov-21	Rent the Runway (RENT)	16.64	13.24		20.4%	Closed 11/30/2021
Dec-21	U.S. Foods Holding Corp (USFD)	32.70	27.99		14.4%	Closed 6/22/2022
Jan-22	Silvergate Capital (SI)	128.49	56.32		56.2%	Closed 6/22/2022
Feb-22	SPDR S&P Biotech ETF (XBI)	90.79	83.90		7.6%	Closed 3/5/2022
Mar-22	Reiterate: U.S. Global Jets ETF (JETS)	19.03	16.66		12.5%	Closed 6/22/2022
Apr-22	Dillard's, Inc. (DDS)	276.23	262.56		4.9%	Closed 6/22/2022
May-22	Ingersoll Rand Inc. (IR)	43.80	41.63		5.0%	Closed 6/22/2022
Jun-22	Coinbase Global (COIN)	58.71	53.53		8.8%	Closed 6/22/2022
Jul-22	Bed Bath & Beyond (BBBY)	5.09	4.00		21.4%	Closed 11/8/2022
Aug-22	Lemonade Inc. (LMND)	25.11	19.15		23.7%	Closed 11/8/2022
Sep-22	Okta Inc (OKTA)	62.67	47.70		23.9%	Closed 11/8/2022
Oct-22	Fossil Group Inc (FOSL)	3.61	2.65			0-2 yrs
Nov-22	Cheesecake Factory (CAKE)	33.82	34.32			0-2 yrs
Dec-22	Torrid Holdings (CURV)	3.45 (more punitive Dec 9 open)	3.26		5.5%	Closed 2/15/2023
Jan-23	Cricut, Inc. (CRCT)	9.49	12.81	0.35		0-2 yrs
Feb-23	C3.ai, Inc. (AI)	26.19	24.52		6.4%	Closed 2/15/2023
Mar-23	Funko, Inc. (FNKO)	8.72	10.71			0-2 yrs
Apr-23	Levi Strauss & Co. (LEVI)	15.14	13.13			0-2 yrs
May-23	Chegg, Inc. (CHGG)	10.10	8.99			0-2 yrs
Jun-23	Victoria's Secret & Co. (VSCO)	18.08	19.41			0-2 yrs



JPMorgan **Nasdaq** Equity Premium Income ETF (JEPQ)

*The JPMorgan **Nasdaq** Equity Premium Income ETF is "designed to provide current income while maintaining prospects for capital appreciation." -- JPMorgan*

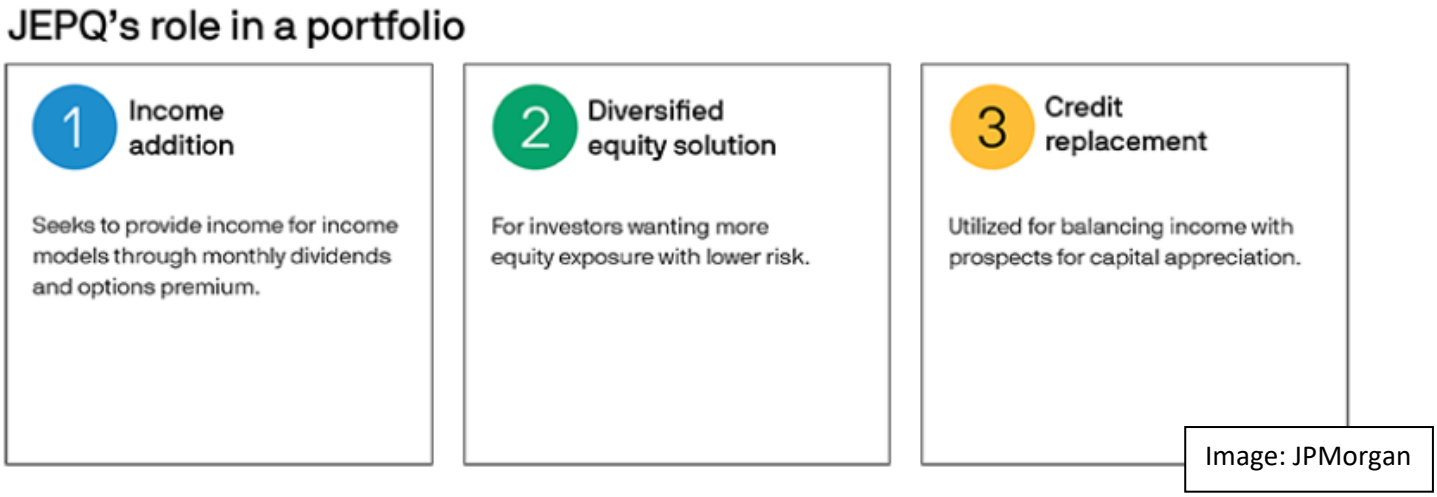
Corporate Profile: The JPMorgan **Nasdaq** Equity Premium Income ETF (JEPQ) uses JPMorgan's proprietary data to build an underlying equity portfolio, which is overlayed by an options strategy whereupon one month, out-of-the-money call options are sold to generate income. The monthly dividend-paying ETF has a reasonable expense ratio (0.35%) and a very attractive 30-day SEC yield in the double-digits. Derivative income strategies such as the JEPQ come with unique tail risks, however.

Thesis

In last month's edition of the Exclusive publication, we highlighted the JPMorgan Equity Premium Income ETF (JEPI). **This month, we're highlighting the JPMorgan *Nasdaq* Equity Premium Income ETF (JEPQ)**, which has a greater focus on NASDAQ-oriented equities than the S&P 500-focused JEPI. Both ETFs, however, have been excellent income generators with lofty dividend yields.

Similar to its peer JEPI, the JEPQ is a monthly income vehicle that sells out-of-the-money call options to generate income, all the while it "seeks to deliver a significant portfolio of the returns associated with the Nasdaq 100 Index with less volatility." This is a tall order, and the ETF hasn't quite lived up to expectations since its inception last year, but we're okay with that in light of its massive 12-month rolling dividend yield estimated at 12.1% as measured at the end of May.

Image: JPMorgan



Top Holdings of the JPMorgan Nasdaq Equity Premium Income ETF (JEPQ)

-- as of July 7 --

Ticker	Security Description	Security Type	Method	Market Value (USD)	% of Net Assets
MSFT	MICROSOFT CORP COMMON	DOMESTIC COMMON STOCK	Physical	$ 433,417,677.78	10.97%
AAPL	APPLE INC	DOMESTIC COMMON STOCK	Physical	$ 381,399,032.01	9.66%
GOOG	ALPHABET INC COMMON	DOMESTIC COMMON STOCK	Physical	$ 246,513,507.33	6.24%
NVDA	NVIDIA CORP COMMON STOCK	DOMESTIC COMMON STOCK	Physical	$ 226,919,591.89	5.75%
AMZN	AMAZON.COM INC COMMON	DOMESTIC COMMON STOCK	Physical	$ 226,471,837.64	5.73%
META	META PLATFORMS INC	DOMESTIC COMMON STOCK	Physical	$ 144,829,667.91	3.67%
	NDX_4	Equity Linked Notes	Synthetic	$ 139,999,917.10	3.54%
TSLA	TESLA INC COMMON STOCK	DOMESTIC COMMON STOCK	Physical	$ 139,911,817.98	3.54%
	NDX_3	Equity Linked Notes	Synthetic	$ 134,499,685.32	3.41%
	NDX_2	Equity Linked Notes	Synthetic	$ 131,058,436.18	3.32%
	NDX_10	Equity Linked Notes	Synthetic	$ 124,044,821.25	3.14%
	NDX_01	Equity Linked Notes	Synthetic	$ 122,023,711.26	3.09%
	JPMORGAN US GOVT MMKT FUN	MONEY MARKET	Physical	$ 71,806,654.92	1.82%
AMD	ADVANCED MICRO DEVICES	DOMESTIC COMMON STOCK	Physical	$ 53,689,771.08	1.36%
NFLX	NETFLIX INC COMMON STOCK	DOMESTIC COMMON STOCK	Physical	$ 50,358,645.36	1.28%
AVGO	BROADCOM INC COMMON	DOMESTIC COMMON STOCK	Physical	$ 48,123,152.00	1.22%
CSCO	CISCO SYSTEMS INC COMMON	DOMESTIC COMMON STOCK	Physical	$ 45,221,514.68	1.15%
CMCSA	COMCAST CORP COMMON	DOMESTIC COMMON STOCK	Physical	$ 44,455,617.18	1.13%
ADBE	ADOBE INC COMMON STOCK	DOMESTIC COMMON STOCK	Physical	$ 41,447,250.93	1.05%
INTU	INTUIT INC COMMON STOCK	DOMESTIC COMMON STOCK	Physical	$ 40,109,002.50	1.02%

Source: *JPMorgan*

The JPMorgan Nasdaq Equity Premium Income ETF has some very attractive total return and income characteristics, but anytime a derivative strategy is pursued for income, there are always key risks. For starters, selling out-of-the-money call options opens the ETF to tail risks. For example, if the markets soar, the ETF could face material losses on the options contracts that it sold that may not be completely offset by the corresponding strength of its underlying equity exposure. **Writing options can be a lucrative strategy with income potential, but tail risk in the form of an abrupt upward shock to the markets is something to be aware of.**

Ex-Date	Record Date	Pay Date	Dividend Paid
07/03/2023	07/05/2023	07/07/2023	0.3668
06/01/2023	06/02/2023	06/06/2023	0.35656
05/01/2023	05/02/2023	05/04/2023	0.48406
04/03/2023	04/04/2023	04/06/2023	0.45394
03/01/2023	03/02/2023	03/06/2023	0.43296
02/01/2023	02/02/2023	02/06/2023	0.44065
12/29/2022	12/30/2022	01/04/2023	0.57554
12/01/2022	12/02/2022	12/06/2022	0.5463
11/01/2022	11/02/2022	11/04/2022	0.68125
10/03/2022	10/04/2022	10/06/2022	0.37954
09/01/2022	09/02/2022	09/07/2022	0.54634
08/01/2022	08/02/2022	08/04/2022	0.40711

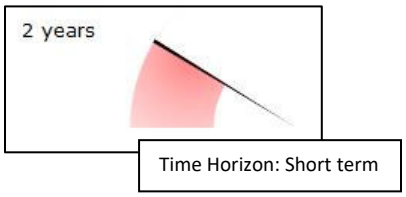
Image: JPMorgan

The risks may be reasonable, however, so long as the JEPQ doesn't become too large of one's income portfolio. One might reason that in the event that the markets soar, the strong positive correlation among equities may suggest that other parts of one's income portfolio may be doing well, too. We like the ETF's heavy exposure to high-beta, big cap tech names, too, including Microsoft (MSFT), Apple (AAPL) and Alphabet (GOOG) as the top three holdings of the ETF. The ETF has similar risks as the JEPI, and it does hold in its top holdings a number of synthetic equity-linked notes, a degree of complexity that comes with its rather complex derivative income strategic focus.

As shown in the image above, the ETF has delivered income nicely out of the gates, but investors should note that its monthly dividend has been variable. As with the JEPI, we think one of the best investment climates for the JEPQ is a market with meaningful market volatility so the ETF can generate a nice stream of monthly income on its options strategy. However, a market that moves too high too fast may result in losses on its options strategy, pressuring the ETF's overall returns. **From what we understand, as with the JEPI, we think for the JEPQ to maximize income and returns for investors, a market that steadily marches higher where volatility is pricey may be the best.** As revealed in the historical monthly dividend income table above, the JEPQ has shown that it can handle a variety of market conditions, however.

Image: *The JEPQ has held up nicely since inception in May of last year.*

All things considered, JPMorgan has put together a couple ETFs in the JEPI (the June income idea) and JEPQ (this month's income idea) that have attracted a considerable amount of new investor capital. There are a few uses of the JEPQ, as outlined by JPMorgan, including as an "income addition," "diversified equity solution," and "credit replacement," and we generally agree. The JEPI and JEPQ have unique tail risks in the event of an upside surprise to the markets, but as income ideas, they fit the bill, in our view. We're liking the innovation across the area of derivative-income ETFs these days, and **the JPMorgan Nasdaq Equity Premium Income ETF (JEPQ) is the July Income Idea for the Exclusive publication.**



Rollins, Inc. (ROL)

"We started the year strong with very healthy growth on both the top and bottom line. We continue to focus on driving strong growth through both organic and inorganic investments like the Fox acquisition we made in April while delivering strong incremental margins. Cash flow generation was strong, and our balance sheet positions us well to continue to invest in profitable growth while maintaining our balanced approach to capital allocation." – First-Quarter 2023 Earnings Press Release, CFO of Rollins Kenneth Krause (April 26, 2023)

Corporate Profile: Rollins offers pest control services and protection against termites, rodents, and bugs to millions of customers around the world under the brands of Orkin, HomeTeam Pest Defense, Clark Pest Control, Northwest Exterminating, McCall Service, Trutech, Critter Control, Western Pest Services, Waltham Services, OPC Services, and more. The Rollins brothers acquired Orkin Exterminating Company in 1964.

Thesis

Rollins, Inc. (ROL) is probably best known for its Orkin brand, but we think it is one of the moatiest, competitively advantaged companies out there, dominating the pest control business. Its recurring revenue model is fantastic, and its ability to convert net income into free cash flow is phenomenal. The company has the type of business that thrives regardless of the economic environment as pest control remains vital to helping consumers protect not only their health but also their property. Rollins' business is asset light, too, requiring very little capital investment, and it recently raised its dividend a whopping 30% in April. **Rollins is the Capital Appreciation idea for the July edition of the Exclusive.**

The company's first-quarter 2023 results showcase why we like the company so much. Organic revenue leapt more than 9% in the quarter, while operating income increased more than 20%. It experienced both operating-income and EBITDA margin expansion, and operating cash flow came in north of $100 million in the quarter, up 15% on a year-over-year basis. On that operating cash flow tally, Rollins only plowed $7.6 million in capex back into the business, resulting in free cash flow of $93.1 million, which was up more than 17% from last year's quarter. As the economic environment remains uncertain heading into the back half of 2023, **we think Rollins will continue to rock and roll given its recession-resistant business model.**

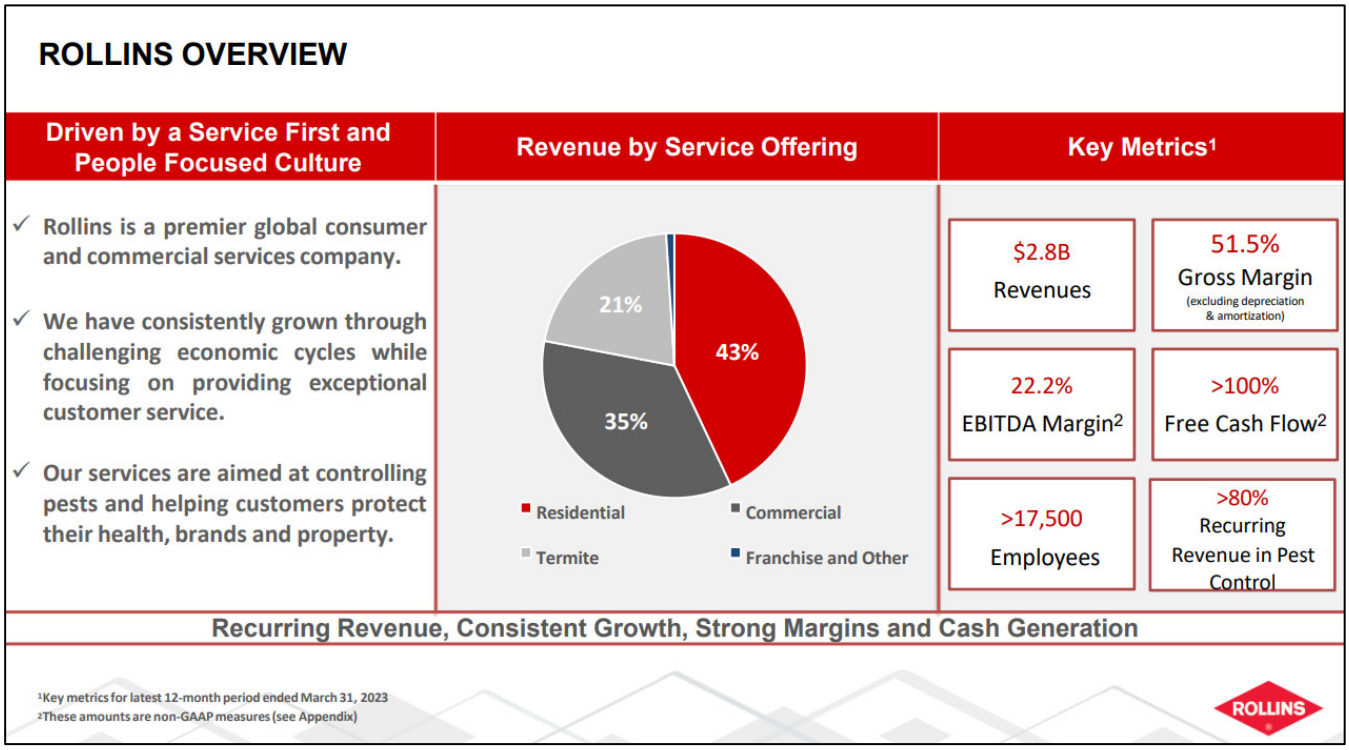


Image Source: *Rollins*

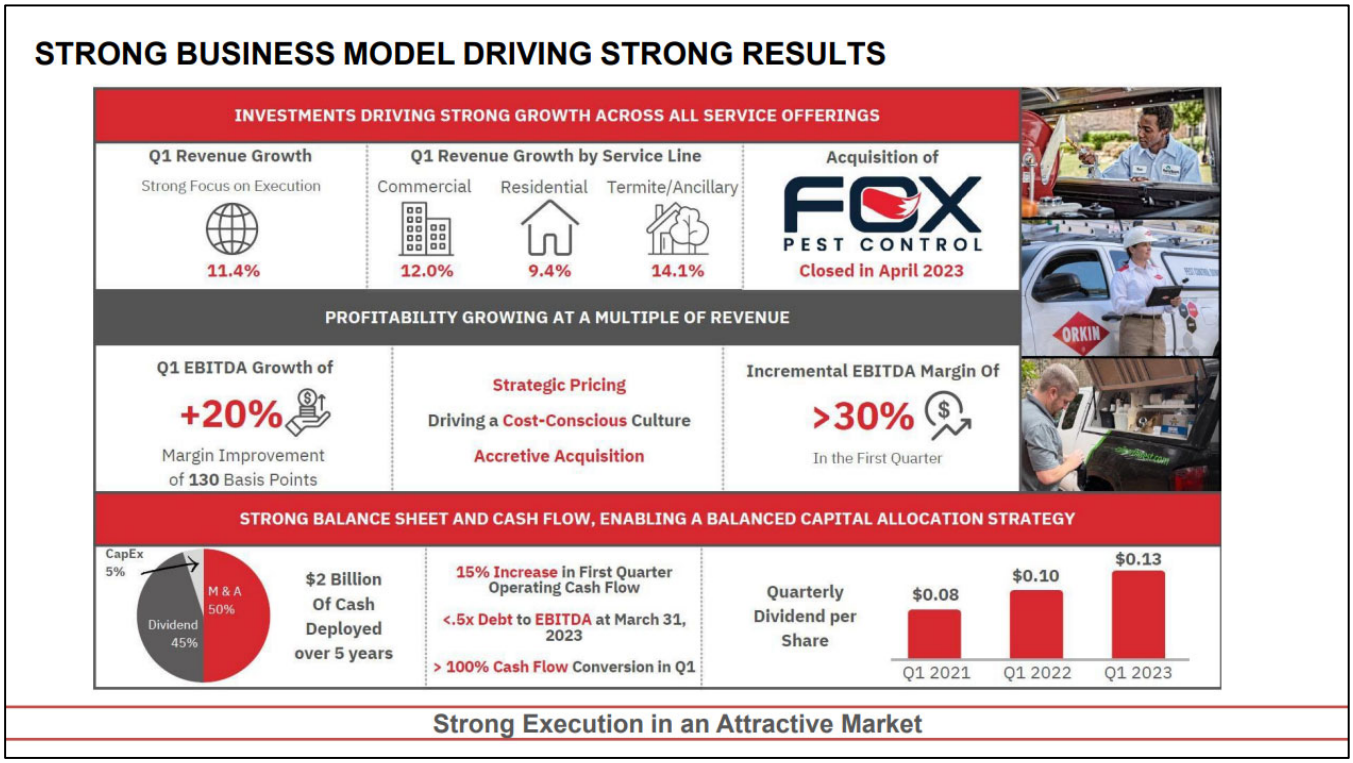


Image Source: *Rollins*

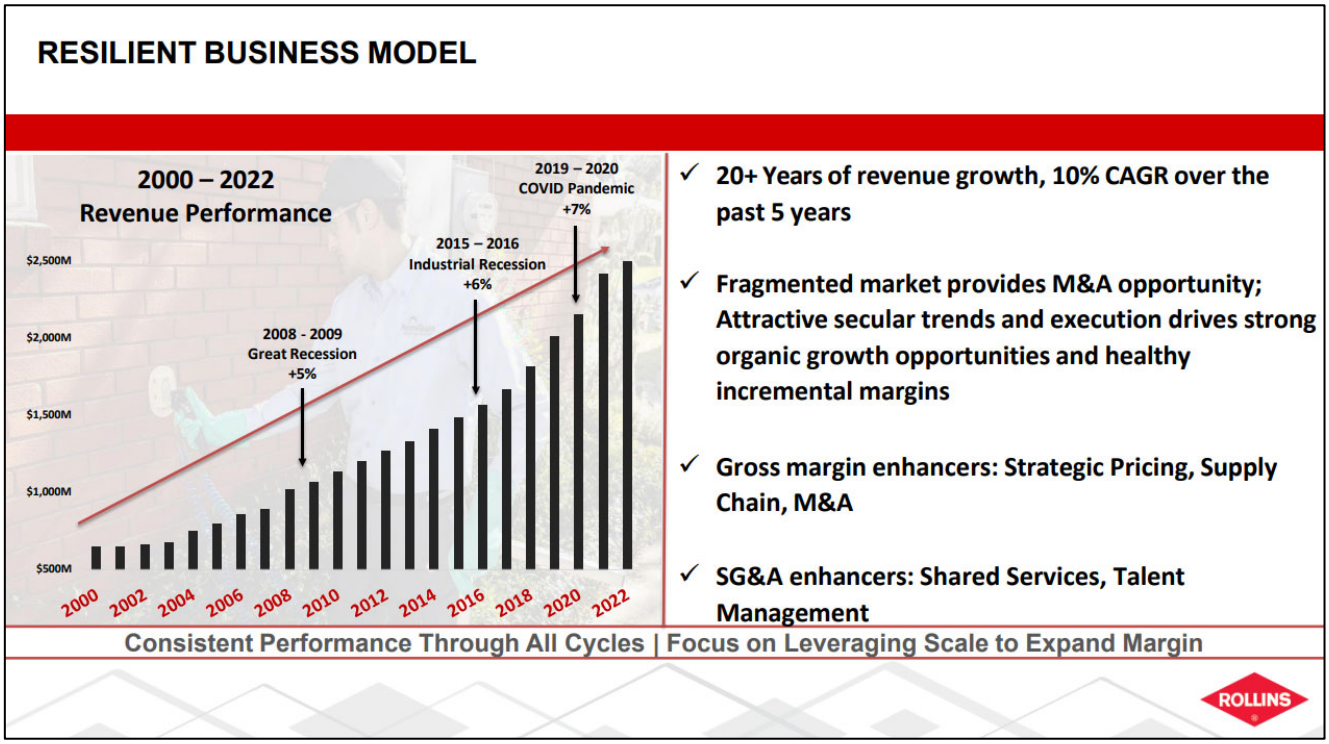


Image Source: *Rollins*

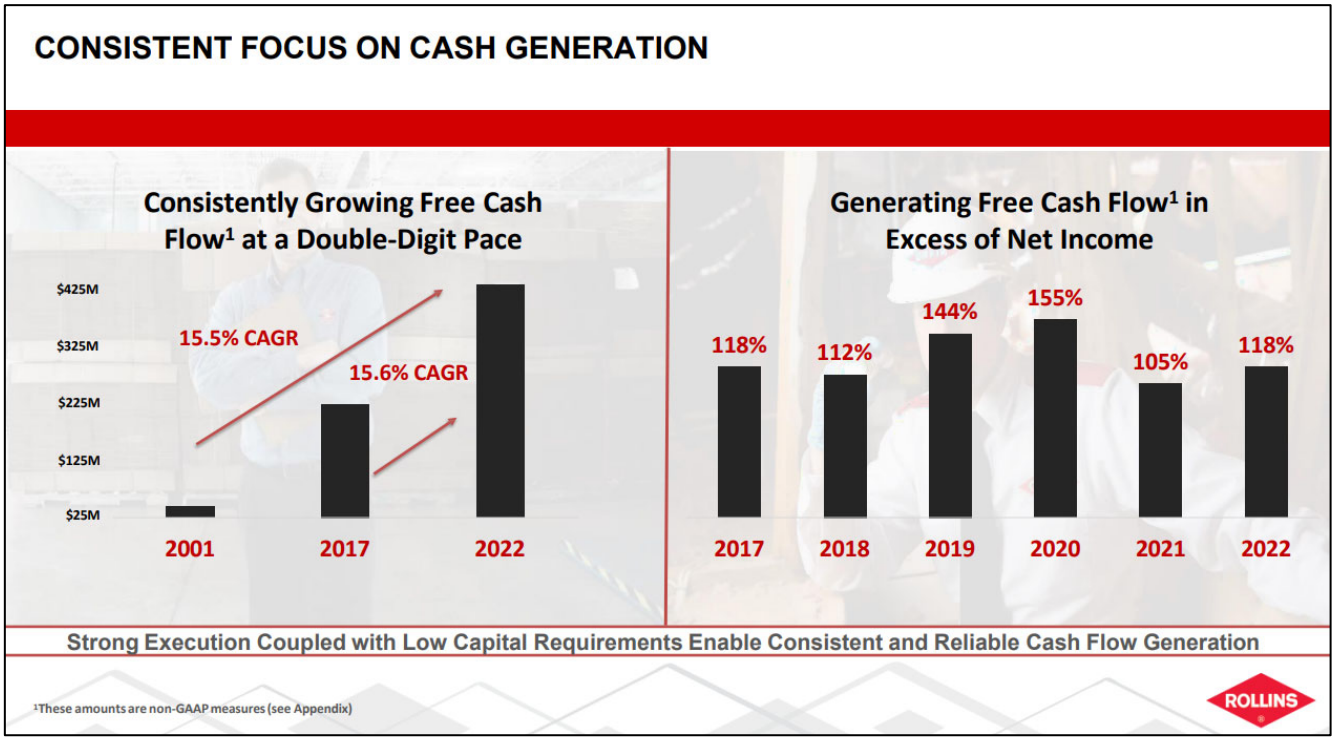


Image Source: *Rollins*

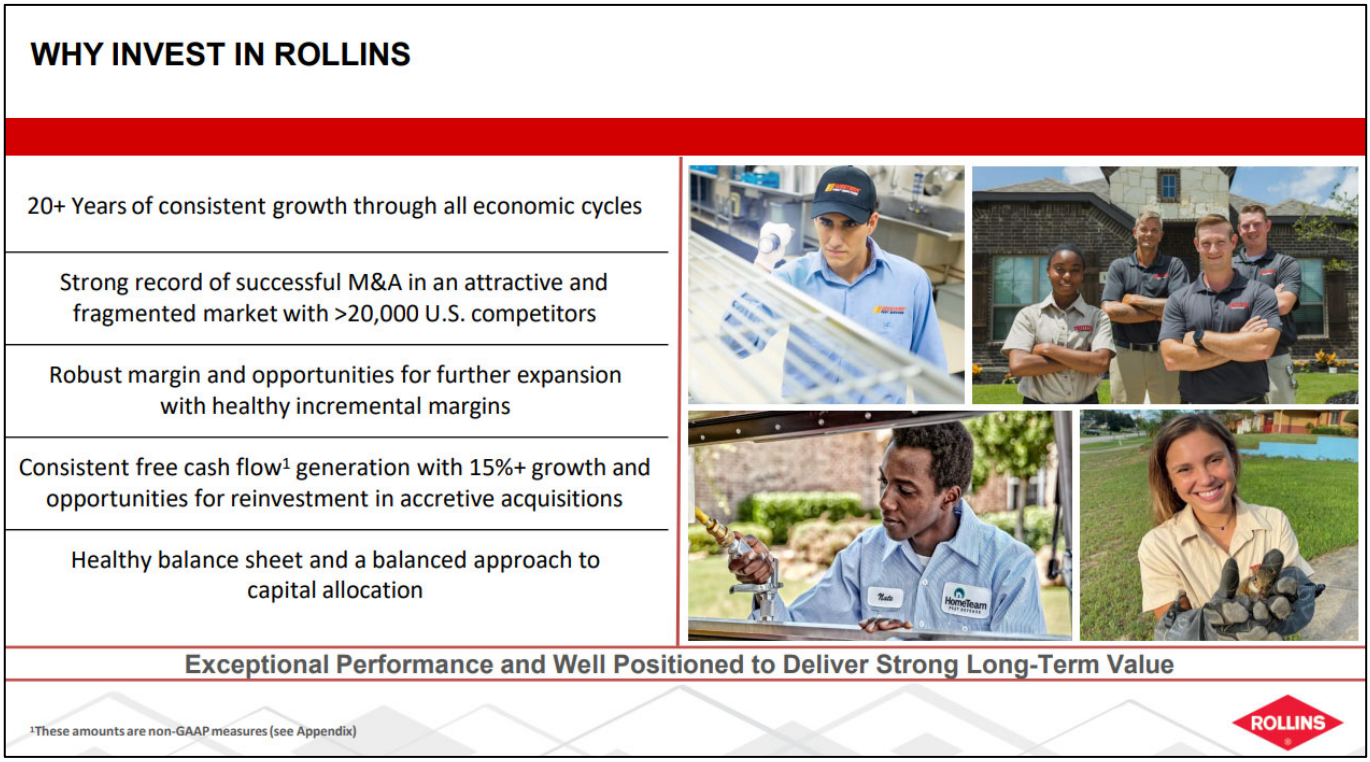


Image Source: *Rollins*

Rollins' track record, strong brand names, and increased scale are key as it allows it to win new business across residential and commercial customers, while creating cross-selling opportunities as it builds route density, which helps minimize variable costs and build efficiencies relative to smaller customers. The company's Rollins Learning Center offers employees top training and development, which facilitates a strong customer experience, which is vital in driving recurring business, a key part of the company's long-term intrinsic value.

Its financials may tell the story best, however. The company has a net-cash-rich balance sheet, which helps it facilitate bolt-on acquisitions and build continued efficiencies/scale, while operating cash flow translates into considerable free cash flow, given the asset-light nature of its services business. We're absolutely blown away by the quality of Rollins' earnings where free cash flow is significantly higher than its net income. During the first quarter of 2023, for example, net income came in at $88.2 million, while free cash flow was $93.1 million.

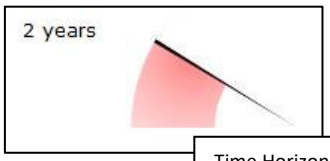
The big risks to Rollins may be if its storied Orkin brand faces negative publicity for some reason or another, but this is something that is not unlike any other company. Its balance sheet is solid, and its free cash flow growth should allow for further dividend increases. Investors do have to accept a lofty valuation for the firm, as ~$400-$500 million in annualized free cash flow must stretch quite a bit into its current $20+ billion market capitalization, but Rollins' stock shows no signs of slowing down. The company makes the cut for **the Capital Appreciation Idea for the July Exclusive.**

	2022	2021	2020
OPERATING ACTIVITIES			
Net income	**$ 368,599**	$ 356,565	$ 266,756
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**91,326**	86,558	79,331
Stock-based compensation expense	**21,215**	14,865	20,850
Provision for expected credit losses	**19,441**	15,285	17,536
Gain on sale of assets, net	**(8,167)**	(35,679)	1,598
Provision for deferred income taxes	**1,595**	3,421	849
Changes in operating assets and liabilities:			
Trade accounts receivable and other accounts receivable	**(34,003)**	(22,439)	(12,045)
Financing receivables	**(23,891)**	(14,473)	(11,787)
Materials and supplies	**(540)**	2,644	(10,706)
Other current assets	**5,836**	(11,159)	6,847
Accounts payable and accrued expenses	**304**	1,421	50,061
Unearned revenue	**10,400**	11,934	7,276
Other long-term assets and liabilities	**13,815**	(7,138)	19,219
Net cash provided by operating activities	**465,930**	401,805	435,785
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	**(119,188)**	(146,098)	(147,613)
Capital expenditures	**(30,628)**	(27,194)	(23,229)
Proceeds from sale of assets	**14,597**	74,438	7,700
Other investing activities, net	**1,078**	(111)	747
Net cash (used in) investing activities	**(134,141)**	(98,965)	(162,395)

Image: *Rollins' operating cash flow generation has been phenomenal the past few years and its capital spending has been limited, resulting in substantial free cash flow.*

Image: *Rollins' shares are breaking out, and we like what we see.*

Short Consideration



Time Horizon: Short term

Advance Auto Parts, Inc. (AAP)

"While we anticipated the first quarter would be challenging, our results were below our expectations. Net sales grew 1.3% in the quarter. Our operating margin rate of 2.6% in the quarter was well below expectations due to higher than planned investments to narrow competitive price gaps in the professional sales channel as well as unfavorable product mix. ***We expect the competitive dynamics we faced in the first quarter to continue, resulting in a shortfall to our 2023 expectations.*** *We have reduced our full-year guidance and our board of directors made the difficult decision to reduce our quarterly dividend." – First-Quarter 2023 Quarterly Press Release, CEO Tom Greco (May 31, 2023)*

Corporate Profile: Advance Auto Parts sells aftermarket automotive parts to professionals and do-it-yourself customers. The company operates more than 4,775 Advance Auto Parts stores and nearly 320 Worldpac branches mostly within the United States. It also serves 1,315 independently owned Carquest brands.

Thesis

Image: Advance Auto Parts

Reconciliation of Free Cash Flow:

	Sixteen Weeks Ended	
(in thousands)	April 22, 2023	April 23, 2022
Cash flows used in operating activities	$ (378,865)	$ (54,940)
Purchases of property and equipment	(89,996)	(114,854)
Free cash flow	$ (468,861)	$ (169,794)

Something's not right at Advance Auto Parts (AAP) these days, and it has the executive team so worried that the firm slashed its dividend with little warning. Same-store-sales are hurting, margins are suffering, and cash flow is faltering. Shares of Advance Auto Parts have already been punished greatly, but we think there is more pain to come. **Advance Auto Parts is the Short Idea Consideration for the July edition of the Exclusive publication.**

Advance Auto Parts lowered its quarterly dividend to $0.25 per share from $1.50 per share previously, and the reasons are readily apparent. Free cash flow for the sixteen weeks ended April 22, 2023, was a use of $468.9 million versus a use of $169.8 million in the same period a year ago, while the firm's adjusted debt load (includes operating lease liabilities) expanded to $4.63 billion from $4.07 billion at the end of last year. Things aren't expected to get better for Advance Auto Parts anytime soon either, with management lowering forward guidance and reiterating that the ultra-competitive environment remains a problem on the call.

Advance Auto Parts, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(in thousands) (Unaudited)

	Sixteen Weeks Ended	
	April 22, 2023	**April 23, 2022**
Cash flows from operating activities:		
Net income	$ 42,651	$ 139,791
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	92,554	85,581
Share-based compensation	16,524	16,978
Loss and impairment of long-lived assets	90	1,237
Loss on early redemption of senior unsecured notes	—	7,408
Provision for deferred income taxes	6,899	9,681
Other, net	391	1,020
Net change in:		
Receivables, net	(83,370)	(174,895)
Inventories, net	(100,178)	(119,550)
Accounts payable	(440,995)	20,225
Accrued expenses	85,035	(98,978)
Other assets and liabilities, net	1,534	56,562
Net cash used in operating activities	(378,865)	(54,940)
Cash flows from investing activities:		
Purchases of property and equipment	(89,996)	(114,854)
Proceeds from sales of property and equipment	325	828
Net cash used in investing activities	(89,671)	(114,026)
Cash flows from financing activities:		
Borrowings under credit facilities	2,886,000	275,000
Payments on credit facilities	(2,955,000)	(275,000)
Borrowings on senior unsecured notes	599,571	348,618
Payments on senior unsecured notes	—	(201,081)
Dividends paid	(89,487)	(154,796)
Repurchases of common stock	(12,605)	(264,469)
Other, net	(2,819)	(2,007)
Net cash provided by (used in) financing activities	425,660	(273,735)
Effect of exchange rate changes on cash	93	(19,994)
Net decrease in cash and cash equivalents	(42,783)	(462,695)
Cash and cash equivalents, beginning of period	269,282	601,428
Cash and cash equivalents, end of period	$ 226,499	$ 138,733
Non-cash transactions:		
Accrued purchases of property and equipment	$ 6,909	$ 15,272

Image: *Advance Auto Parts' operating cash flow trend is ominous, and the company's recent dividend cut speaks to continued weakness.*

Advance Auto Parts may be losing its edge against rivals. Though lower tax refunds led to some weakness in the firm's first-quarter 2023 earnings, the bigger issue has been pricing, as it noted that its "relative price position within Pro (climbed) to unacceptable levels as a result of changing competitive dynamics" on its first-quarter 2023 conference call. Net inventories stand at ~$5 billion as of April 22, and while this represents only a modest step higher from the end of last year, it is concerning, especially as working capital remains a drag on cash flow. **The company is getting cash-squeezed via payables, too, and its payables balance still stands at a massive $3.68 billion (down from $4.12 billion at the end of last year).**

Image: *Advance Auto Parts' shares have been absolutely destroyed, and the company may not be out of the woods yet.*

Turnarounds often take some time, and the first signs of trouble usually aren't the last. Earlier this month, Advance Auto Parts also noted that it needed more time to file its 10-Q as turnover in its accounting department resulted in a material weakness over the company's internal control over financial reporting. The company eventually filed its 10-Q on June 5, but there's a lot happening at Advance Auto Parts that isn't lining up quite right as cash flow generation falters. There could be more downside ahead of shares. **Advance Auto Parts makes the cut for the Short Idea Consideration of the July edition of the Exclusive.**

Inaugural Letter to Members

July 1, 2016

Dear Valued Member,

Welcome! You are one of a very limited number of members that will ever bear witness to the pages that follow.

The launch week of the Nelson Exclusive coincided with news that Britain has voted to leave the European Union. The decision, while sending the European banks tumbling violently, does little to muddy the context setting the background of the inaugural edition of this publication.

Broader stock market valuations are at frothy levels, and interest rates continue to hover near all-time lows. The investment-decision landscape is more complicated today than ever before for all types of investors, from those seeking long-term capital appreciation to those that are targeting certain income goals. Cyclicals today are trading at peak multiples on peak earnings, and even consumer staples equities have reached valuation levels that may be more appropriate for aggressive growth equities, not mature operators. *Said differently, the market has laid down the gauntlet.*

The next few years in the markets may be among the most difficult witnessed since the Great Recession. Even a broader market pullback 20% from current all-time highs wouldn't be abnormal given that the collective market valuation of S&P 500 companies has effectively tripled from the March 2009 panic bottom. The launch of the Nelson Exclusive in such conditions can be considered perilous as broader market performance inevitably will act as ballast to the returns of ideas surfaced. In this spirit, I want to remind you that not all ideas in this publication will be successful, and some that are eventually may encounter tough sledding over extended periods of time. As a swimmer cannot achieve his best time swimming against the current, a stock selector cannot achieve his best performance in a down market. Regardless, the value placed on a steady hand during challenging times is priceless.

Let's first cover what the Exclusive is and then we'll talk about what it is not. As you know, the Valuentum investment coverage universe is vast, and what we're seeking to deliver in this publication is ideas that fall outside its reach. We're breaking down the traditional barriers of equity coverage to identify underfollowed gems across the investing spectrum, delivering in each monthly edition one idea for income investors, one idea for readers seeking long-term capital appreciation, and a bonus idea for those looking for a "short" consideration (1). Underfollowed doesn't mean obscure, however, and the ideas that we're targeting will be investable ones, avoiding thinly-traded instruments and penny stock "traps." We'll clearly define our expected time horizon for each consideration, and where applicable, we'll update our theses in subsequent editions. We'll keep score, tracking performance over time.

Let's talk about what the Exclusive isn't. The Exclusive does not constitute individual investment advice, and the ideas within it are not personal recommendations. Each of you reading should always work with your

personal financial advisor who knows your individual goals and risk tolerances. I do not. Only you and your personal financial advisor know what's best for your life circumstances. The personal financial advising markets and what we do at Valuentum via financial publishing are two different verticals in the same industry, but they are different nonetheless. I just want to be very clear about this because I can never tell you to buy or sell anything at any time, even if this may be what you want. It's not that I don't have conviction in my work – it's the rules of the business.

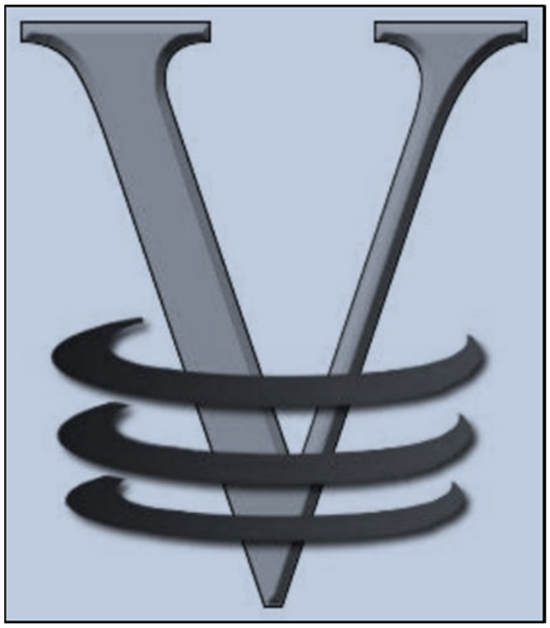
Within the twelve editions of the Nelson Exclusive each year, we'll be highlighting in total 36 ideas for consideration with varying investment parameters. That's a lot. Depending on the time horizon set forth with each idea, fantastic performance might mean a success rate of 60%, great performance might be 55%, average performance might be 50%, while anything below that mark may constituent a poor showing. Obviously, I'm aiming for a 100% success rate, but I also have to be realistic. The great Joe DiMaggio may have hit safely for 56 consecutive games in the last baseball season before the United States was thrust into World War II, but he "only" hit .357 that year. That season of '41, the great Ted Williams would be the last player to hit .400, meaning that one of the best hitters in baseball…ever…was still called out ~60% of the time.

The greatest investors face a similar paradigm. Stock selection is a process where there will be homeruns and strikeouts. You know me. The Exclusive is not a "get-rich-quick" product, and you should keep a close eye on your wallet if you encounter anyone promising anything of the sort. In the inaugural edition of the Nelson Exclusive, I'm going to take 36 swings – they are going to be hard and through the zone, and I'm not going to pull my shoulder out or take my eye off the ball. Market conditions are expected to be stormy in coming years as "reversion-to-the-mean" dynamics rain down, and a crafty lefthander with great "stuff" may be on the mound, but we're stepping up to the plate and digging in.

Batter up!

Sincerely,

Brian Nelson, CFA
President, Investment Research & Analysis
Valuentum Securities, Inc.
brian@valuentum.com



P.S. On a very personal note, I wanted to thank you for your continued support. Without you, neither the Nelson Exclusive publication nor Valuentum would exist. This fact is not lost on me. I thank you deeply.

The Valuentum Exclusive: Volume 8, Issue 7

The Valuentum Exclusive is published monthly. Contact us at info@valuentum.com for more information.

Disclosure: *Brian Nelson owns shares in SPY, SCHG, QQQ, DIA, VOT, BITO, RSP, and IWM. Valuentum owns SPY, SCHG, QQQ, VOO, and DIA. Brian Nelson's household owns shares in HON, DIS, HAS, NKE, DIA, and RSP. Some of the other securities written about in this article may be included in Valuentum's simulated newsletter portfolios. Contact Valuentum for more information about its editorial policies.*

(1) From the SEC's website: A short sale is the sale of a stock that an investor does not own or a sale which is consummated by the delivery of a stock borrowed by, or for the account of, the investor. Short sales are normally settled by the delivery of a security borrowed by or on behalf of the investor. The investor later closes out the position by returning the borrowed security to the stock lender, typically by purchasing securities on the open market.

Investors who sell stock short typically believe the price of the stock will fall and hope to buy the stock at the lower price and make a profit. Short selling is also used by market makers and others to provide liquidity in response to unanticipated demand, or to hedge the risk of an economic long position in the same security or in a related security. If the price of the stock rises, short sellers who buy it at the higher price will incur a loss.

Brokerage firms typically lend stock to customers who engage in short sales, using the firm's own inventory, the margin account of another of the firm's customers, or another lender. As with buying stock on margin, short sellers are subject to the margin rules and other fees and charges may apply (including interest on the stock loan). If the borrowed stock pays a dividend, the short seller is responsible for paying the dividend to the person or firm making the loan (Source: SEC https://www.sec.gov/answers/shortsale.htm)

Short selling is not for all types of investors, and readers should consult their personal financial advisor that understands their individual goals and risk tolerances before considering any investment or any strategy. Potential losses for an investor engaging in a short selling strategy are theoretically infinite.

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