

**Audiobook - Charts, Graphics and Tables**

# The Disciplined Investor

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Essential Strategies for Success  
Written and Narrated by : Andrew Horowitz, CFP

**HOROWITZ** & COMPANY

The Disciplined Investor: Essential Strategies for Success

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The Disciplined Investor: Essential Strategies for Success

Andrew Horowitz, CFP

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# Chapter 1

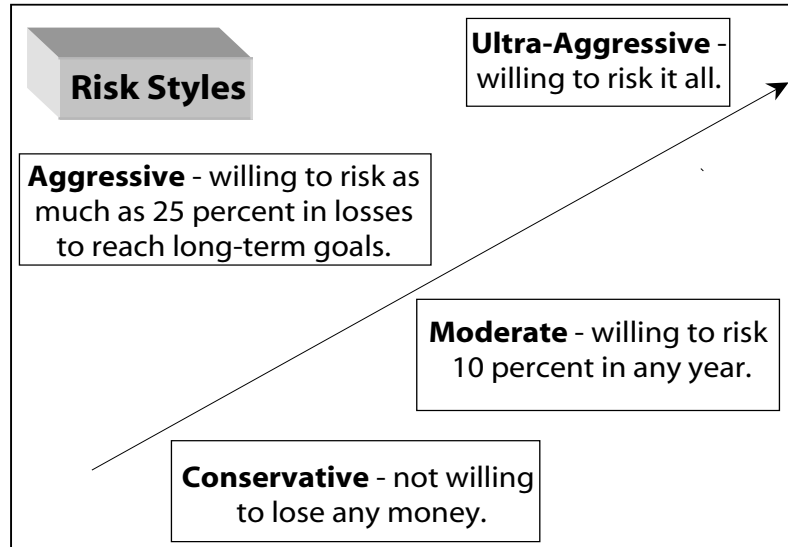
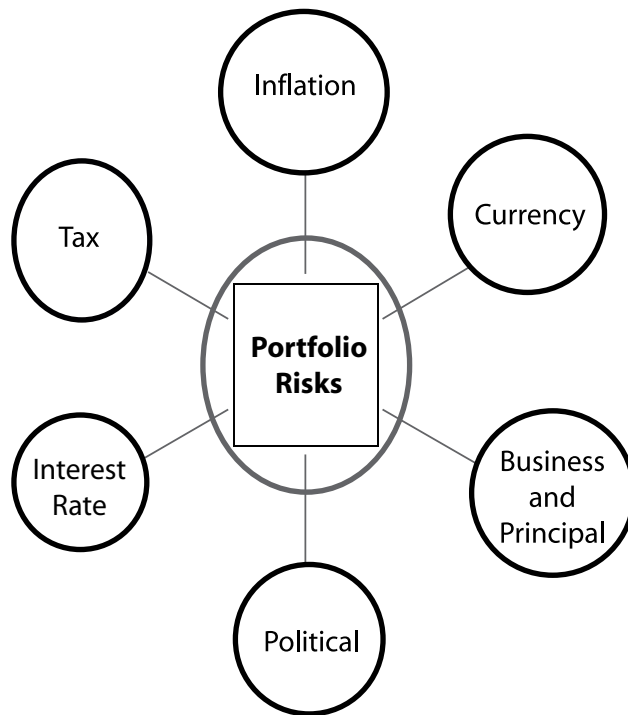


Figure 1

## Portfolio Tax Comparison

	Tax Efficient		Tax Inefficient	
Start of Year Portfolio Value	\$ 100,000.00		\$ 100,000.00	
Income from Funds	\$ 3,000.00	3.00%	\$ 6,000.00	6.00%
Income from Stocks	\$ 2,000.00	2.00%	\$ 3,250.00	3.25%
Capital Gains from Funds	\$ 1,250.00	1.25%	\$ 4,000.00	4.00%
Additional <i>Unrealized</i> Capital Gains *N/T	\$ 10,000.00	10.00%	\$ 3,000.00	3.00%
Gross Gain	\$ 16,250.00	16.25%	\$ 16,250.00	16.25%
Tax on Gains	\$ 1,650.00	<b>1.65%</b>	\$ 3,390.00	<b>3.39%</b>
After-Tax (net) Portfolio Gain	\$ 14,600.00	<b>14.60%</b>	\$ 12,860.00	<b>12.86%</b>
Inflation-Adjusted Return	\$ 14,162.00	14.16%	\$ 12,474.20	12.47%

\* Example shows fund and stock income taxed at 28%; fund gains taxed at 20% (average); N/T=Non-taxable; Inflation Assumption of 3% - Dividends may receive preferential treatment and tax rates will vary.



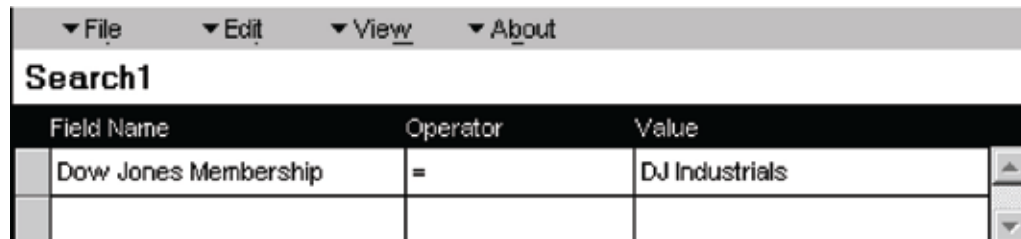
<b>Individual Stocks</b>	
Large-cap	20%
Mid-cap	10%
<b>Mutual Funds</b>	
Bonds/Fixed Income	30%
Small-cap	10%
International	20%
<b>Cash/Other</b>	10%

*This allocation is overly simplistic and is for illustrative purposes only.*

# Chapter 2

	2002	2003	2004	Ending December 2004		
				1 Year	3 Year	10 Year
Dogs of the Dow	- 8.90%	28.70%	4.40%	4.40%	8.10%	12.90%
Small Dogs of the Dow	- 10.70%	23.50%	12.40%	12.40%	8.40%	12.10%
Dow Jones Industrial Average	- 15.00%	28.30%	5.30%	5.30%	6.20%	14.40%
S&P 500	- 22.10%	28.70%	10.90%	10.90%	5.80%	14.00%

(Source: Compiled from www.dj.com)



Field Name	Operator	Value
Dow Jones Membership	=	DJ Industrials
Current Dividend Yield	High as Possible	

THE DISCIPLINED INVESTOR

Fieldname	Operator	Value
Market Capitalization	<=	1,000,000,000
Income Per Employee	>=	Industry Average Income Per Employee
Inventory Turnover	>=	Industry Average Inventory Turnover
Debt/Equity Ratio	<=	0.5
5-Year Revenue Growth	>=	20
EPS Growth Next 5 Years	High As Possible	
P/E Ratio Current	<=	EPS Growth Next 5 Years
PEG Ratio Below 1	True Now	

Field Name	Operator	Value
S&P Index Membership	=	S&P Industrials
Current Dividend Yield	High as Possible	1,000,000
Market Capitalization	>=	
Current Ratio	>=	Industry Average Current Ratio
Debt/Equity Ratio	<=	Industry Average Debt/Equity Ratio
Industry Name	Display Only	

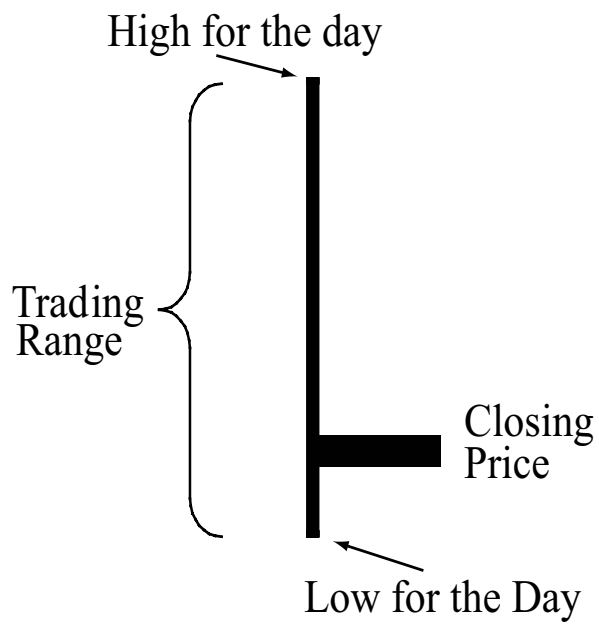
Field Name	Operator	Value
Earnings Estimate Increased	Since	<In the Last Month>
EPS Growth Next Year	High as Possible	
Previous Day's Closing Price	>=	50-Day Moving Average
% Price Change Last 6 Months	Display Only	

Fieldname	Operator	Value
Market Capitalization	>=	100,000,000
On Balance Volume	>=	80
On Balance Volume	<=	300
Average Daily Volume Last 2 Weeks	>=	Average Daily Volume Last Month
Average Daily Volume Last Month	>=	Average Daily Volume Last Quarter
Average Daily Volume Last Quarter	>=	Average Daily Volume Last Year
Average Daily Volume Last Month	>=	10,000
6-Month Relative Strength	>=	90
12-Month Relative Strength	>=	90
3-Month Relative Strength	>=	6-Month Relative Strength
% Price Change 1 Week	>=	5

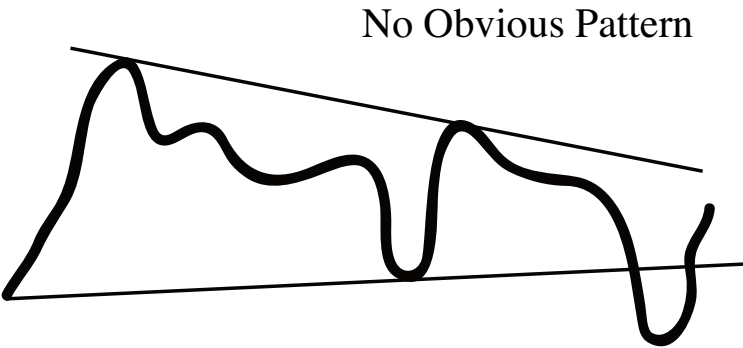
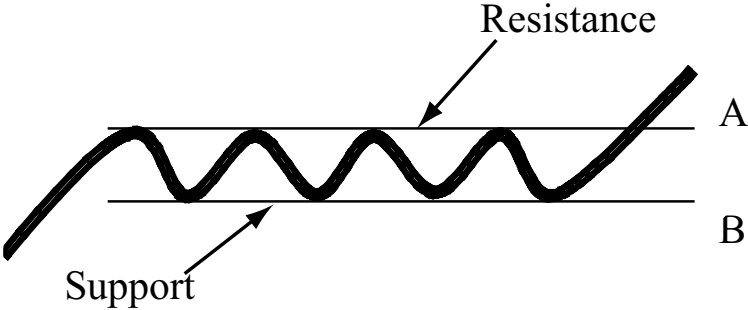
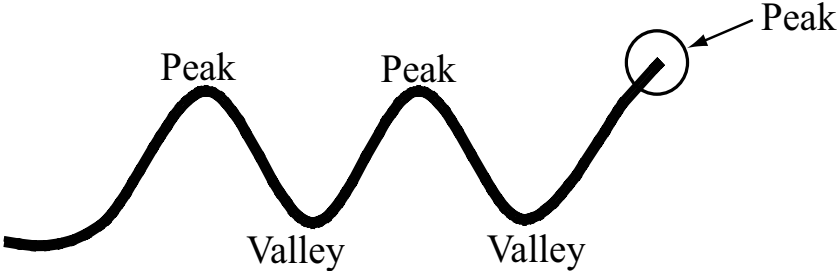
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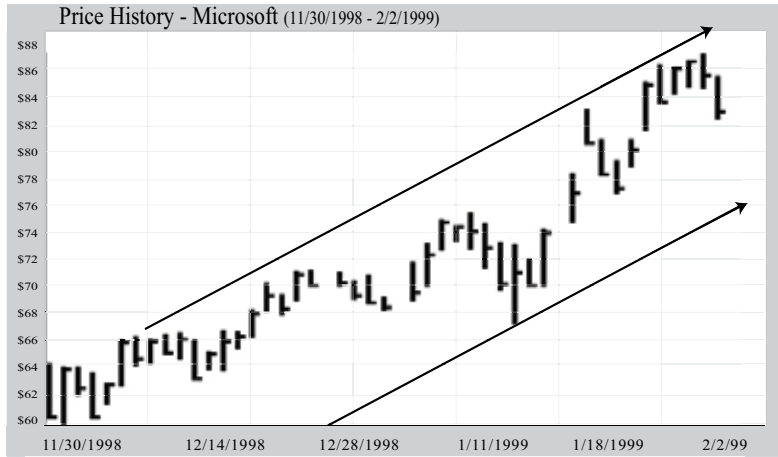


(Data Source: Yahoo! Finance)





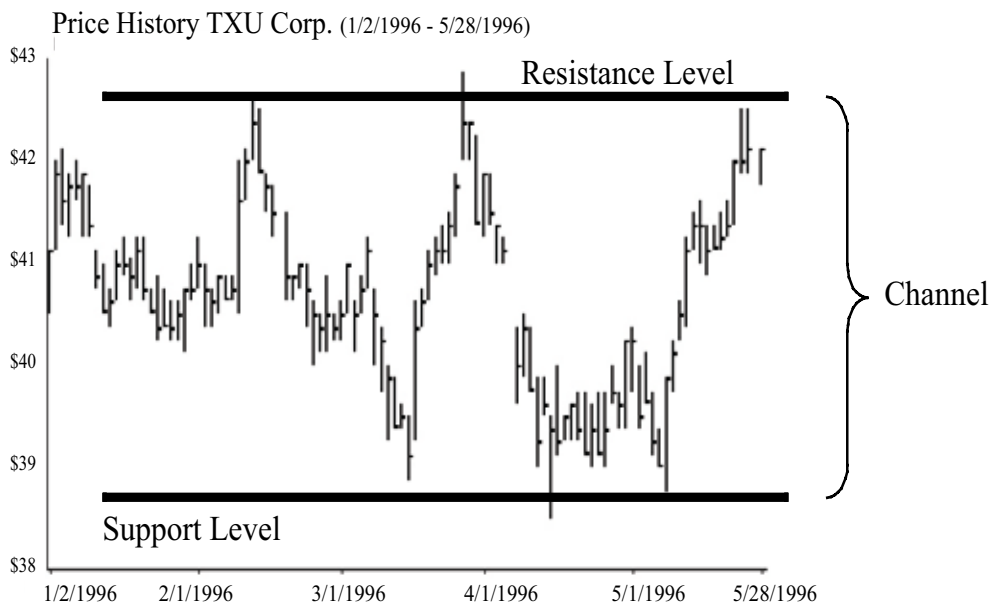




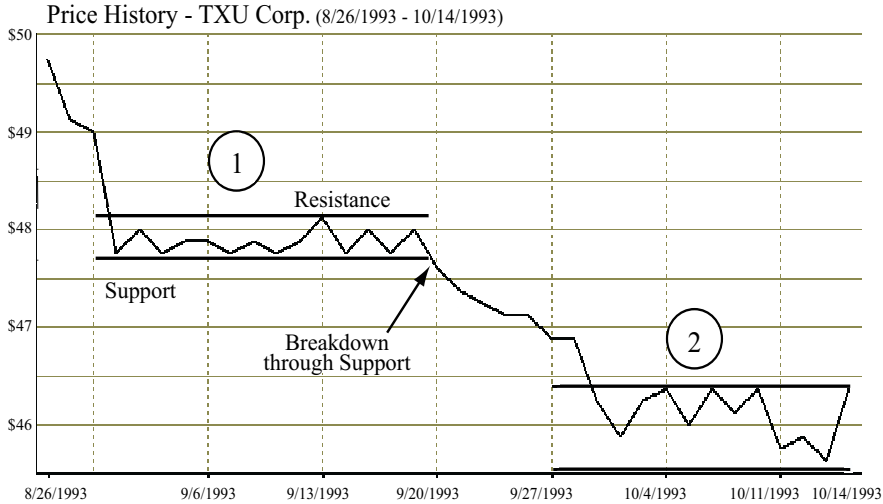
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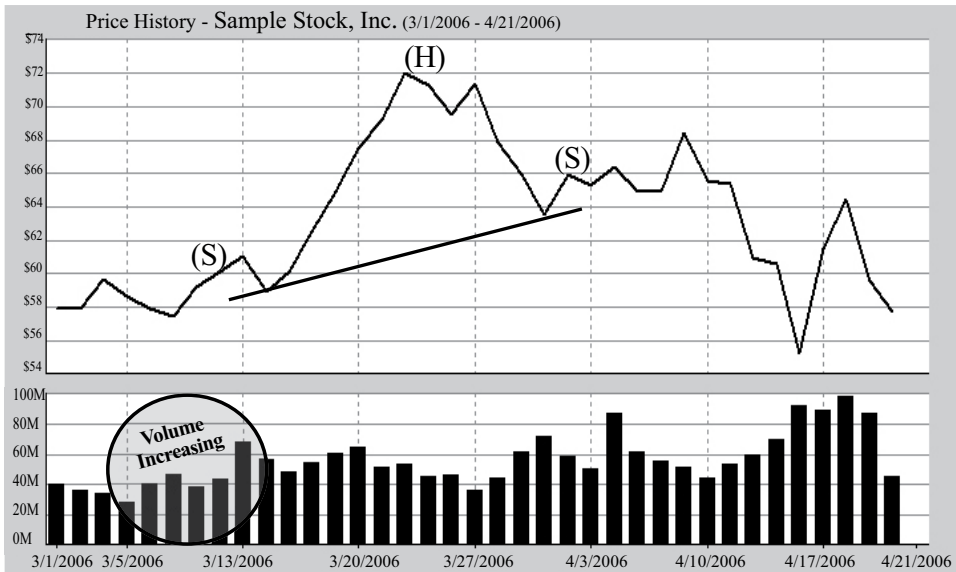
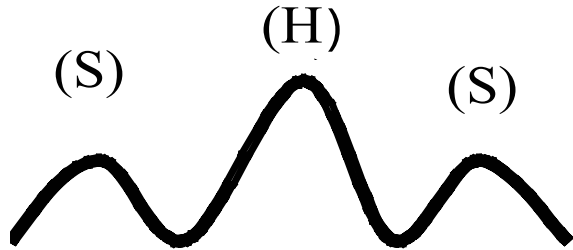
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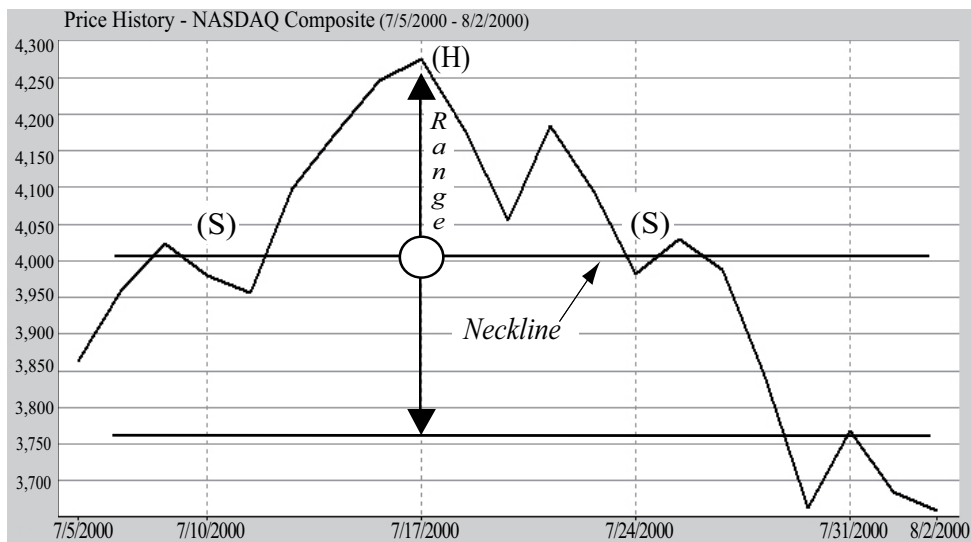
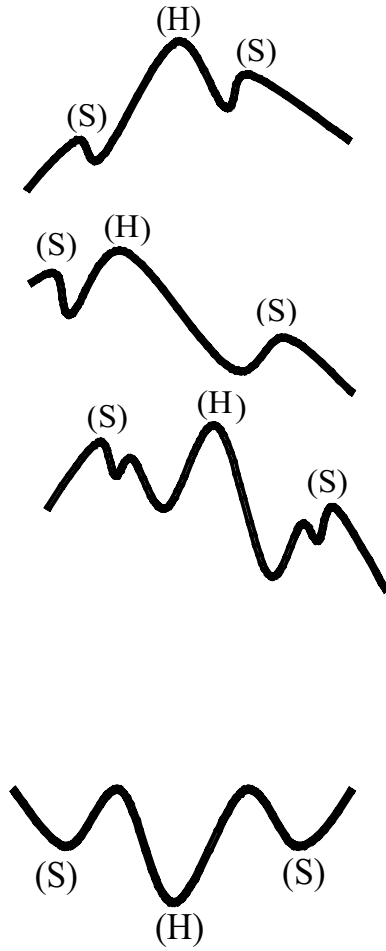
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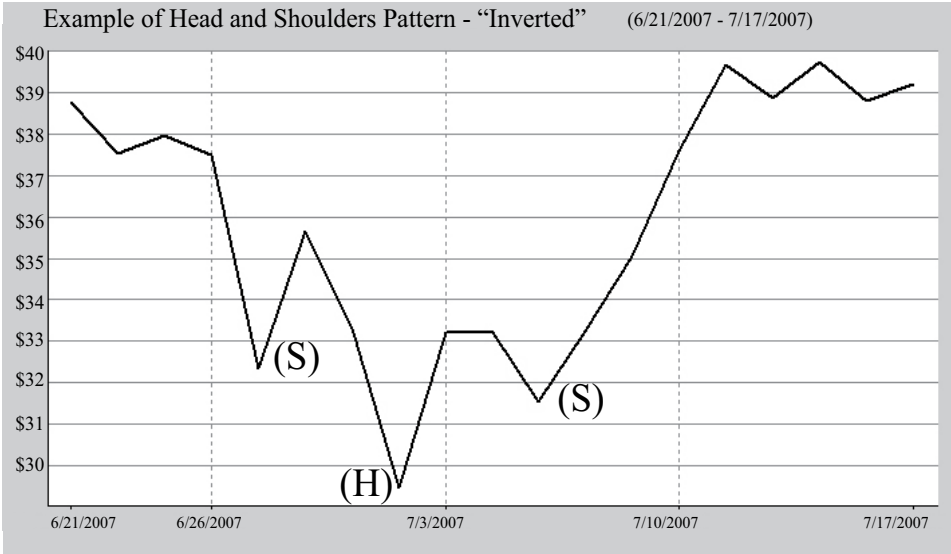
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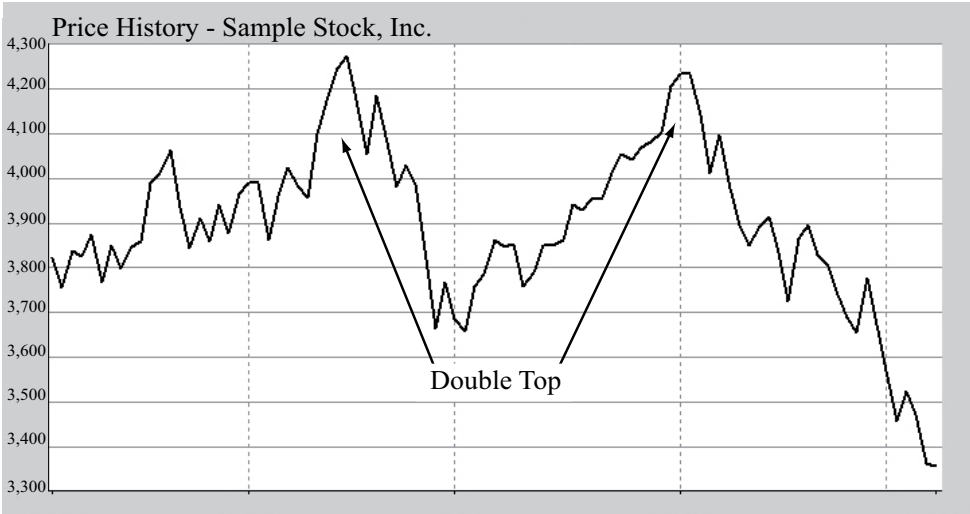
(Source: Horowitz & Company)



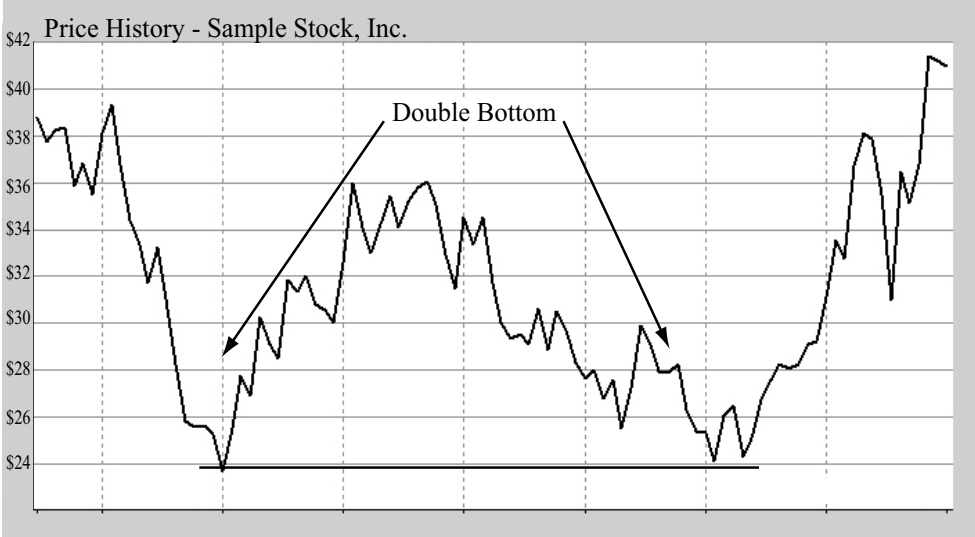
(Source: MSN Money/Horowitz & Company)



(Source: Horowitz & Company)



(Source: Horowitz & Company)



(Source: Horowitz & Company)

## Chapter 4

THE DISCIPLINED INVESTOR

Company Name	Price per Share	EPS	P/E Ratio
Abercrombie & Fitch	\$ 67.25	\$ 4.23	15.90
Apple	\$ 88.35	\$ 2.27	38.92
Boeing	\$ 89.80	\$ 2.12	42.36
Dell	\$ 26.35	\$ 1.23	21.42
Microsoft	\$ 28.90	\$ 1.26	22.94
Proctor & Gamble	\$ 63.90	\$ 2.66	24.02
Wal-Mart	\$ 46.42	\$ 2.62	17.72

PEG Ratio	Signal
.50 or less	Strong Buy
.50 to .75	Buy
.75 to 1.00	Hold
1.00 to 1.25	Possible Sell
1.25 to 1.75	Consider Shorting
Over 1.75	Short/Sell

Annual Income Statement (in millions)	Year 5	Year 4	Year 3	Year 2	Year 1
Net Sales	\$87,548	\$81,667	\$78,508	\$75,947	\$71,940
Cost of Sales	49,034	45,803	42,898	40,396	35,971
Gross Profit	38,514	35,864	35,610	35,551	35,969
Selling, General & Administrative Expense	20,002	21,708	21,511	21,943	22,776
EBITDA	18,512	14,156	14,099	13,608	13,193
Depreciation & Amortization	6,585	4,992	5,001	5,012	5,602
EBIT	11,927	9,164	9,098	8,596	7,591
Other Income, Net	557	589	657	707	947
Income before Income Expense	12,484	9,753	9,755	9,303	8,538
Interest Expense	727	713	728	716	725
Income before Taxes	11,757	9,040	9,027	8,587	7,813
Income Taxes	4,045	2,712	2,934	3,158	3,635
Special Income/Charges	0	0	0	0	0
Net Income from Continuing Operations	7,712	6,328	6,093	5,429	4,178
Net Income from Discontinued Operations	0	0	0	0	0
Net Income from Total Operations	7,712	6,328	6,093	5,429	4,178

THE DISCIPLINED INVESTOR

Annual Balance Sheet	Year 5	Year 4	Year 3	Year 2	Year 1
Assets					
Current Assets					
Cash and Equivalents	\$ 560.0	\$ 796.0	\$ 44.4	\$ 15.8	\$ 24.9
Receivables	1,492.0	1,887.0	981.1	327.8	321.0
Inventories	622.0	676.0	447.9	322.8	328.1
Other Current Assets	1,226.0	1,228.0	521.4	110.6	174.4
Total Current Assets	\$ 3,900.0	\$ 4,587.0	\$ 1,994.8	\$ 776.5	\$848.4
Non-Currents Assets					
Property, Plant & Equipment, Gross	31,799.0	40,627.0	25,286.7	23,726.1	23,307.9
Accumulated Depreciation & Depletion	8,159.0	17,760.0	6,715.7	6,127.6	5,562.2
Property, Plant & Equipment, Net	23,640.0	22,867.0	18,571.0	17,598.5	17,745.7
Intangibles	7,516.0	0.0	0.0	0.0	0.0
Other Non-Current Assets	5,685.0	12,060.0	4,308.2	3,000.7	2,941.7
Total Non-Current Assets	36,841.0	34,927.0	22,879.2	20,599.2	20,687.4
Total Assets	40,741.0	39,514.0	24,874.1	21,375.7	21,535.9
Liabilities & Shareholders Equity					
Current Liabilities					
Accounts Payables	1,442.0	1,747.0	879.6	336.4	300.7
Short-Term Debt	4,576.0	4,022.0	1,386.4	679.1	658.3
Other Current Liabilities	2,379.0	2,507.0	1,256.0	643.8	753.6
Total Current Liabilities	8,397.0	8,276.0	3,522.0	1,659.3	1,712.6
Non-Current Liabilities					
Long Term Debt	16,325.0	15,133.0	8,759.4	8,668.1	9,174.6
Deferred Income Taxes	3,938.0	3,718.0	2,989.3	2,801.6	2,669.8
Other Non-Current	2,197.0	2,737.0	1,560.5	1,129.6	1,112.8

*Sample data for illustrative purposes only.*



**Sample Balance Sheet for Texas Utilities**

Annual Balance Sheet	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Equivalents	\$560.0	\$796.0	\$44.4	\$15.8	\$24.9
Receivables	1,492.0	1,887.0	981.1	327.8	321.0
Inventories	622.0	676.0	447.9	322.3	328.1
Other Current Assets	1,226.0	1,228.0	521.4	110.6	174.4
<b>Total Current Assets</b>	<b>\$3,900.0</b>	<b>\$4,587.0</b>	<b>\$1,994.8</b>	<b>\$776.5</b>	<b>\$848.4</b>
<b>Non-Current Assets</b>					
Property, Plant & Equipment, Gross	31,799.0	40,627.0	25,286.7	23,726.1	23,307.9
Accumulated Depreciation & Depletion	8,159.0	17,760.0	6,715.7	6,127.6	5,562.2
Property, Plant & Equipment, Net	23,640.0	22,867.0	18,571.0	17,598.5	17,745.7
Intangibles	7,516.0	0.0	0.0	0.0	0.0
Other Non-Current Assets	5,685.0	12,060.0	4,308.2	3,000.7	2,941.7
<b>Total Non-Current Assets</b>	<b>36,841.0</b>	<b>34,927.0</b>	<b>22,879.2</b>	<b>20,599.2</b>	<b>20,687.4</b>
<b>Total Assets</b>	<b>40,741.0</b>	<b>39,514.0</b>	<b>24,874.1</b>	<b>21,375.7</b>	<b>21,535.9</b>
<b>Liabilities &amp; Shareholders' Equity</b>					
<b>Current Liabilities</b>					
Accounts Payable	1,442.0	1,747.0	879.6	336.4	300.7
Short-Term Debt	4,576.0	4,022.0	1,386.4	679.1	658.3
Other Current Liabilities	2,379.0	2,507.0	1,256.0	643.8	753.6
<b>Total Current Liabilities</b>	<b>8,397.0</b>	<b>8,276.0</b>	<b>3,522.0</b>	<b>1,659.3</b>	<b>1,712.6</b>
<b>Non-Current Liabilities</b>					
Long-Term Debt	16,325.0	15,133.0	8,759.4	8,668.1	9,174.6
Deferred Income Taxes	3,938.0	3,718.0	2,989.3	2,801.6	2,669.8
Other Non-Current	2,197.0	2,737.0	1,560.5	1,129.6	1,112.8

	Price/ Book	Book Value per Share	Debt/Equity Ratio	Interest Coverage
Year 5	1.18	\$30.15	1.96	2.0
Year 4	1.60	\$29.21	1.84	2.0
Year 3	1.49	\$27.90	1.28	2.4
Year 2	1.52	\$26.86	1.44	2.4
Year 1	1.62	\$25.38	1.60	0.7

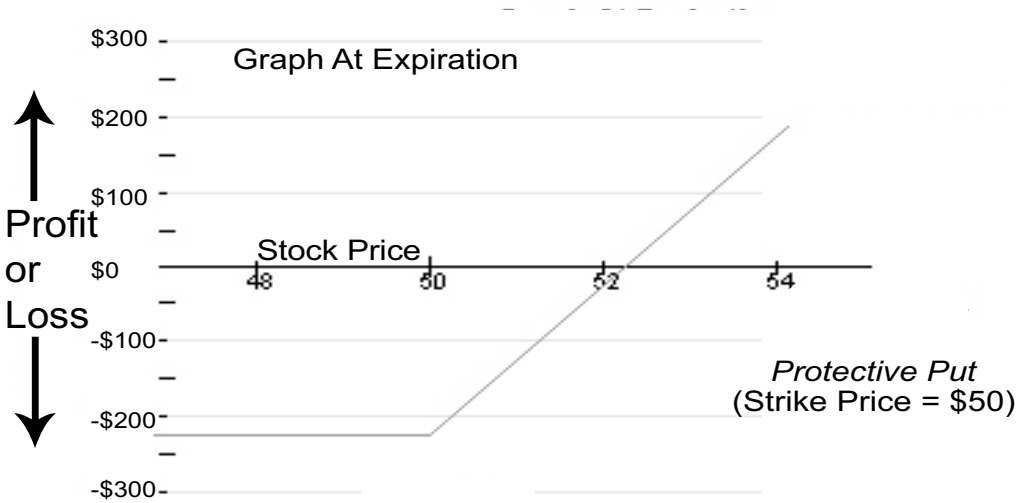
Stock ABC	
EPS	\$4.00 Current
	\$4.50 Forward (1 Year)
	\$6.00 Forward (2 Year)
	\$7.50 Forward (3 Year)
5-Year Earnings Growth Estimate = 15%	
Current P/E Ratio = 10	
PEG Ratio (5yr) = 0.66	
<b><i>12-Month Price Target</i></b> <b>(Current P/E X Expected Earnings = Target)</b>	
$10 \times \$4.50 = \$45.00$	

24-Month Price Target (Conservative)
<b>Forward P/E X Expected Earnings = Price Target</b>
<i>1) Forward P/E = \$40 (current price) / \$4.50 (forward EPS)</i>
<i>2) Expected Earnings = EPS (+2 Years)</i>
$8.8 \times \$6.00 = \$53.00$
24-Month Price Target (Aggressive)
<b>Current P/E X Expected Earnings = Price Target</b>
$10 \times \$6.00 = \$60.00$



	Buy ZYX Only		Buy ZYX and 6-month 50 put option	
Stock Cost	\$	50.00	\$	50.00
Put Cost	\$	-	\$	2.25
Total Cost	\$	50.00	\$	52.25
Risk	\$	50.00	\$	2.25

	Buy ZYX	Buy ZYX	Buy ZYX
	No Options	and buy 6-month 50 put	and buy 6-month 45 put
Stock Cost	\$ 50.00	\$ 50.00	\$ 50.00
Put Cost	\$ -	\$ 2.25	\$ 1.00
Total Cost	\$ 50.00	\$ 52.25	\$ 51.00
Risk	\$ 50.00	\$ 2.25	\$ 6.00



# Chapter 6

THE DISCIPLINED INVESTOR

Percent Of Fund	Holding	Jeff and Sarah's Percentage
10%	Microsoft	10%
15%	Pfizer	15%
20%	General Electric	20%
25%	FNMA	25%
15%	Oracle	15%
15%	General Motors	15%

	Sept 06	Aug 06	% chg	Dec 05
Equity/Stock Funds	\$5,455.5	\$5,361.5	1.8	\$4,939.8
Hybrid Funds	613.0	602.8	1.7	567.3
Taxable Bond Funds	1,086.4	1,077.2	0.9	1,018.5
Municipal Bond Funds	357.0	353.7	0.9	338.8
Taxable Money Market Funds	1,861.2	1,837.7	1.3	1,706.5
Tax-Free Money Market Funds	349.1	351.8	-0.8	334.0
Total	\$9,722.2	\$9,584.7	1.4	\$8,904.8

	Annual Expense Factor	5-Year Annualized Return	10-Year Annualized Return
Index Fund "A"	1.00%	15.00%	12.25%
Index Fund "B"	1.10%	14.42%	11.05%

	% Net Assets
America Online	7.29%
Gateway, Inc.	6.44%
UnitedHealth Group	4.80%
WorldCom	4.64%
Waste Mgmt.	4.39%
Nextel Comms Cl A	3.62%
Eastman Kodak	3.43%
WPP Group	3.40%
Citigroup	3.28%
Aetna	3.23%

Franklin Small Cap Growth Fund - Top Holdings as of September, 2000

Name	% Net Assets	Market Cap
JDS Uniphase	5.53%	\$ 80 bill
PMC Sierra	4.17%	\$ 33 bill
BEA Sys	2.44%	\$ 26 bill
I2 Tech	2.27%	\$ 35 bill
Veritas Software	1.90%	\$ 54 bill
Micromuse	1.68%	\$ 6 bill
BroadVision	1.52%	\$ 8 bill
Voicestream Wireless	1.47%	\$ 21 bill

(Source: Morningstar)



Price/Earnings Ratio	Style	Price/Book Ratio
Over 19	Growth	Over 4.5
Under 19	Value	Under 4.5

Size Indicator	Median Market Cap
Large-cap	\$5 billion+
Mid-cap	\$1 – \$5 billion
Small-cap	\$500 million – \$1 billion
Micro-cap	Under \$500 million



# The Disciplined Investor

Book, Blog, Podcast

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