

Overall Morningstar Rtg™

Alphabet Inc Class C Capital Stock GOOG |

Last Price
\$ **763.06**

Day Change
-3.79 | **-0.49%**

Open Price
\$ 768.90

Day Range
758.96-775.96

52-Week Range
486.23-775.96

Yield
—

Market Cap
524.9 bil

As of Wed 12/02/2015 3:24 PM EST | USD
BATS BZX Real-Time Price

Volume
1.1 mil

Avg Vol.
2.1 mil

Forward P/E
22.6

Price/Book 4.5

Price/Sales 7.4

Price/Cash Flow 20.3

Stock Price GOOG

11/02/2015 - 12/01/2015 Zoom: 1D 5D **1M** 3M YTD 1Y 3Y 5Y 10Y Maximum

XNAS:GOOG: +56.23|+7.91%



Dividends GOOG

Declared Date	---	
Ex-Dividend Date	---	
Latest Indicated Dividend Amount	---	
Yield	---%	
Projected Yield	---%	
Recent Dividends		
Date	Type	Amount
04/27/2015	Stock Distribution	1.0:1.0
Purchase Options		
Direct Investment		No
Dividend Reinvestment Plan		No

Competitors GOOG

Name	Price	% Chg	TTM Sales \$ mil
Alphabet Inc Class C Capital Stock	\$763.06	-0.49	71,763
Alphabet Inc Class A	\$780.12	-0.47	71,763
Facebook Inc Class A	\$106.40	-0.64	15,938
Tencent Holdings Ltd	\$19.65	-2.14	14,597
Tencent Holdings Ltd ADR	\$19.64	-2.13	14,597
Baidu Inc ADR	\$211.53	-1.12	9,648

Company Profile GOOG

What Does This Company Do?

Alphabet Inc through its subsidiary Google Inc is engaged in improving the ways people connect with information & products including Search, Android, YouTube, Apps, Maps & Ads. It also produces internet-connected home devices & provides internet services.

[Visit Company Website](#)

Sector Technology	Industry Internet Content & Information	Stock Type Aggressive Growth
Employees 53,600	Fiscal Year Ends 2015-12-31	Stock Style Large Growth

Ownership GOOG

Name	% Shares Held	% Total Assets	Star Rating
Vanguard Total Stock Mkt Idx	0.76	0.93	
Fidelity® Contrafund®	0.63	2.74	★★★★
VA CollegeAmerica Grth Fund of Amer 529F	0.68	2.20	★★★★
Vanguard 500 Index Inv	0.51	1.14	★★★★
Vanguard Institutional Index I	0.46	1.14	★★★★

Key Stats GOOG

	Stock	Ind Avg	Relative to Industry
Price/Earnings TTM	35.4	53.2	_____
Price/Book	4.5	5.0	_____
Price/Sales TTM	7.4	8.2	_____
Rev Growth (3 Yr Avg)	20.3	29.2	_____
Net Income Growth (3 Yr Avg)	14.1	25.1	_____
Operating Margin % TTM	25.6	28.0	_____
Net Margin % TTM	22.1	21.0	_____
ROA TTM	11.8	9.3	_____
ROE TTM	14.8	13.0	_____

Wall St. Recommendations GOOG

Current	4.5	_____	
Total Analysts : 13			
	5.0 Buy	3.0 Hold	1.0 Sell

Debt/Equity	—	0.1			
			—	Avg	+

Financials GOOG

	2014-12	2013-12	Annual 2012-12	Quarterly 2015-09	Quarterly 2014-09
Income Statement					
Revenue	66,001	59,825	50,175	18,675	16,523
Operating Income	16,496	13,966	12,760	4,708	3,724
Net Income	14,444	12,920	10,737	3,979	2,813
Earnings Per Share	21.02	19.08	16.17	5.73	4.09
Diluted Average Shares	687	677	645	744	688
Balance Sheet					
Current Assets	80,685	72,886	60,454	88,103	80,115
Non Current Assets	50,448	38,034	33,344	56,178	45,666
Total Assets	131,133	110,920	93,798	144,281	125,781
Current Liabilities	16,805	15,908	14,337	18,457	17,920
Total Liabilities	26,633	23,611	22,083	28,040	26,966
Stockholders' Equity	104,500	87,309	71,715	116,241	98,815
Cash Flow					
Cash From Operations	22,376	18,659	16,619	6,007	5,994
Capital Expenditures	-10,959	-7,358	-3,273	-2,373	-2,417
Free Cash Flow	11,417	11,301	13,346	3,634	3,577

In millions except "EPS". Currency in USD.

Stock Data Definitions

Quote

52-Wk Range

The highest and lowest price a security reached during the last 52 weeks.

Average Volume

The average number of shares traded daily.

Consider Buying

Consider Buying is a proprietary Morningstar data point. It is the price below which Morningstar analysts think investors should consider purchasing a stock, and is equivalent to the price at which it would earn a 5-star rating. It is important to take your individual circumstances-including diversification, risk tolerance, and tax considerations-into account before making a final purchase decision.

Consider Selling

Consider Selling is a proprietary Morningstar data point. It is the price above which Morningstar analysts think investors should consider selling a stock, and is equivalent to the price at which it would earn a 1-star rating. It is important to take your individual circumstances into account before making a final decision to sell a stock.

Current Assets

Cash plus any assets that a company expects to convert to cash within a year, such as short-term investments, accounts receivable, and inventories. The current assets figure doesn't mean much in isolation, but in comparison with current liabilities (see Current Ratio), it's a good measure of a company's short-term liquidity.

Current Liabilities

Liabilities that a company expects to pay within a year, such as short-term debt, accounts payable, and interest payable. The current liabilities figure doesn't mean much in isolation, but in comparison with current assets (see Current Ratio) it's a good measure of a company's short-term liquidity.

Cash Flow from Operations

Cash flow before any investment or financing activities. If a company cannot generate adequate operating cash flow, it may need to rely on outside funding to meet its financial obligations. Cash flow from operations is the cash version of net income. Net income figures include non cash costs such as depreciation and excludes other cash expenditures, such as purchases of plants or equipment. Cash flow adjusts the income figures to a cash basis. Cash flow from operations is cash flow after adjusting for operating differences such as depreciation, but before adjusting for investments (such as purchases of plants or equipment) or financing. This information is taken directly from the cash-flow statement of the company's most-recent annual report. Example: A media company posts net income of only \$73 million. Its cash flow from operations, on the other hand, is \$1.4 billion. (The reason: Big depreciation and amortization charges weigh down net income, but since they really aren't cash outlays, these changes have no effect on cash flow.) The company is a much healthier company than its net income would lead you to believe. Many investors focus on cash flow from operations instead of net income because there's less room for management to manipulate, or accounting rules to distort, cash flow. If net income is much larger than cash flow from operations, it's a signal that the company's earnings quality-the usefulness of earnings-is questionable. If cash flow from operations exceeds net income, on the other hand, the company may be much healthier than its net income suggests. That's why many investors, when they try to value a stock, will use the price/cash-flow ratio the share price divided by cash flow from operations per share-instead of the P/E ratio.

Day Change - Percentage

The daily percentage change in price of the fund.

Day Change - Value

The daily value change in price of the fund.

Day Range

The highest and lowest price a security reached during the day.

Debt/Equity

The debt-to-equity ratio is calculated by dividing each security's long-term debt by its equity and is a measure of the company's financial leverage.

Direct Investment

This information notes whether investors can purchase shares directly from the company. "Yes" indicates the company allows investors to purchase shares directly, and "No" indicates that it does not. Buying stock directly from the company eliminates brokerage fees. All companies with Direct Investment plans (also known as No-Load Stocks) have Dividend Reinvestment Plans (DRIPs), but not vice versa.

Dividend Reinvestment Plan

Also known as DRIP. A plan that allows stock investors to have their dividends automatically reinvested in shares of a stock. Such plans can be handy for long-term investors who don't care about getting short-term income from dividends. Companies with DRIPs are generally well established and may be good choices for beginning investors who are just starting to buy stocks.

Economic Moat

Economic Moat is a proprietary Morningstar data point. The idea of an economic moat refers to how likely a company is to keep competitors at bay for an extended period. One of the keys to finding superior long-term investments is buying companies that will be able to stay one step ahead of their competitors, and it's this characteristic-think of it as the strength and sustainability of a firm's competitive advantage-that Morningstar is trying to capture with the economic moat rating. At Morningstar, one of the first things we do when we're thinking about the size of a firm's economic moat is look at the company's historical financial performance. Companies that have generated returns on capital higher than their cost of capital for many years running usually have a moat, especially if their returns on capital have been rising or are fairly stable. Of course, the past is a highly imperfect predictor of the future, so we look carefully at the source of a company's excess economic profits before assigning a moat rating. For example, a competitive advantage created by a hot new technology usually isn't very sustainable, because it won't be too long until someone comes along and invents a better widget. Here are some of the attributes that can give companies economic moats: Huge Market Share When a firm enjoys economies of scale in areas like manufacturing, sales, and marketing, it can be pretty tough for a competitor to catch up. Low-Cost Producer The ability to produce products or services at a lower cost than competitors is an advantage that's especially potent in commodity industries. Patents, Copyrights, or Governmental Approvals and Licenses Some companies generate enormous profits when their products or markets are artificially protected by the government. Unique Corporate Culture Although you should be careful of placing too much emphasis on this attribute, since it's such a "soft" method of determining competitive advantage, there's no question it can make a difference. High Customer-Switching Costs If you can make it tough for your customers to use a competitor, it's usually easy to keep ratcheting prices up just a bit year after year-which can lead to big profits. The Network Effect This is a relatively rare, but potentially quite potent, source of competitive advantage, and often applies to the first mover in an emerging technology. Since a network's value increases as more people use it, the company that creates the network can create a massive economic moat.

EPS Growth

This figure represents the annualized rate of net-income-per-share growth over the trailing one-year period for the stocks held by a fund. Earnings-per-share growth gives a good picture of the rate at which a company has grown its profitability per unit of equity. All things being equal, stocks with higher earnings-per-share growth rates are generally more desirable than those with slower earnings-per-share growth rates. One of the important differences between earnings-per-share growth rates and net-income growth rates is that the former reflects the dilution that occurs from new stock issuance, the exercise of employee stock options, warrants, convertible securities, and share repurchases. Morningstar aggregates earnings-per-share growth figures for mutual funds using a median methodology, whereby domestic stocks are ordered from highest to lowest based on their earnings-per-share growth rates. One adds up the asset weighting of each holding until the total is equal to or greater than half of the total weighting of all domestic stocks in the fund. The earnings-per-share growth rate for that stock is then used to represent the earnings-per-share growth rate of the total portfolio.

Ex-Dividend Date

The date on which an investor who purchases a share is not entitled to an upcoming, declared dividend. The investor selling the share receives this dividend.

Earnings Per Share

How much profit a company has made per share within a given period. EPS is a fairly arbitrary number by itself, because the company can control the number of shares outstanding through splits and buybacks. But comparing a company's most recent EPS to its EPS in previous years and quarters (adjusted for any splits) is one of the most common ways of telling how fast the company's profits are growing.

Forward P/E

A stock's current price divided by the mean EPS estimate for the next fiscal year. This ratio can give you an idea of the relative cheapness of a stock when compared to an industry average, the entire market or even the firm's historical level.

Fair Value Estimate

Fair Value Estimate is a proprietary Morningstar data point. It is the Morningstar analyst's estimate of what the stock is worth. The Fair Value Estimate should be used in conjunction with our Economic Moat rating and our Business Risk rating.

Fair Value Uncertainty

To generate Morningstar Fair Value Uncertainty, analysts score companies based on sales predictability, operating leverage, financial leverage, and exposure to contingent events. Based on these factors, we classify the uncertainty of our Fair Value Estimate as low, medium, high, very high, or extreme.

Financial Health Grade

One of the three quantitative grades that Morningstar assigns to each stock as a quick way to get a handle on its fundamentals. To get a good grade in this area, a company should have low financial leverage (assets/equity), high cash-flow coverage (total cash flow/long-term debt), and a high cash position (cash/assets) relative to its sector.

Free Cash Flow

Equal to operating cash flow minus capital spending. Free cash flow represents the cash a company has left over after investing in the growth of its business. Young, aggressive companies often have negative free cash flow, because they're investing heavily in their futures. As companies mature, though, they should start generating free cash flow.

Growth Grade

The Morningstar Growth Grade is based on the trend in revenue per share using data from the past five years. For the purpose of calculating revenue per share we use the past five years' revenue figures and corresponding year-end fully diluted shares outstanding; if year-end fully diluted shares outstanding is not available, we calculate this figure by dividing the company's reported net income applicable to common shareholders by the reported fully diluted earnings per share. A company must have a minimum of four consecutive years of positive and non-zero revenue, including the latest fiscal year, to qualify for a grade. In calculating the revenue per share growth rate, we calculate the slope of the regression line of historical revenue per share. We then divide the slope of the regression line by the arithmetic average of historical revenue per share figures. The result of the regression is a normalized historical increase or decrease in the rate of growth for sales per share. We then calculate a z-score by subtracting the universe mean revenue growth from the company's revenue growth, and dividing by the standard deviation of the universe's growth rates. Stocks are sorted based on the z-score of their revenue per share growth rate calculated above, from the most negative z-score to the most positive z-score. Stocks are then ranked based on their z-score from 1 to the total number of qualified stocks. We assign grades based on this ranking.

Industry

The company's primary area of business. This field provides an easy way to search for stocks within a certain area of business. When making comparisons among stocks, it can be helpful to compare companies within the same area of business. At Morningstar, we also provide percentile rankings within the company's industry for data such as net margin, revenue growth, earnings growth, and total return. The information is gathered from the description-of-business section of the company's 10-K form. The company is then coded using the North American Industrial Classification System. More information about the NAICS is available by calling 1-800-553-6847 to purchase a technical manual, visiting the Internet site at www.census.gov/naics, or calling an industry classification expert at 1-888-75NAICS.

Last Price

The most recent price available for the fund.

Morningstar Rating

Morningstar rates mutual funds from one to five stars based on how well they've performed (after adjusting for risk and accounting for all sales charges) in comparison to similar funds. Within each Morningstar Category, the top 10% of funds receive five stars, the next 22.5% four stars, the middle 35% three stars, the next 22.5% two stars, and the bottom 10% receive one star. Funds are rated for up to three time periods--three-, five-, and 10 years--and these ratings are combined to produce an overall rating. Funds with less than three years of history are not rated. Ratings are objective, based entirely on a mathematical evaluation of past performance. They're a useful tool for identifying funds worthy of further research, but shouldn't be considered buy or sell recommendations.

Market Capitalization

The total equity market value of the company, expressed in millions of dollars. It equals shares outstanding times the stock price.

Net Margin

This figure is a measure of profitability. It is equal to annual net income divided by revenues over the trailing 12 months. The resulting figure is then multiplied by 100. This figure gives a more accurate picture of a company's recent performance than the most-recent annual net margin figure, which may be more than a year old. The company's net income and revenues are found in the income statement of its annual report and recent 10-Qs. Example: A major retailer's net margin declined from 7.7% to 2.9% over a four year period. Over the trailing 12 months, the company's net margin continued to decline, to 2.5%

Noncurrent Assets

Assets that the company expects to keep for more than one year. They include plants and equipment, long-term investments, goodwill and other intangibles, and deferred costs. Noncurrent assets plus current assets equal total assets.

Open Price

This is the open price (beginning of a trading session) for a security.

Operating Margin %

Operating Margin is calculated as the ratio of Operating Income to Net Sales. Operating margin is a measurement of what proportion of a company's revenue is left over after paying for variable costs of production such as wages, raw materials, etc. A healthy operating margin is required for a company to be able to pay for its fixed costs, such as interest on debt.

Operating Income

The gross profit less operating expenses, as reported by the company for each of the past five fiscal years. Gross profit is equal to revenues minus costs of goods sold or costs of services provided. Operating Expenses are expenses incurred within the normal operations of a business. These include selling, general, and administrative expenses, and also depreciation and amortization of fixed assets. Operating Income excludes interest income and interest expense.

Projected Yield

This figure represents the projected one-year yield. Projected Yield gives a good picture of a company's growth projects. All things being equal, stocks with better yield prospects are more desirable than those with poorer yield.

Price/Book Ratio (P/B)

The price/book (P/B) ratio of a fund is the weighted average of the price/book ratios of all the stocks in a fund's portfolio. Book value is the total assets of a company, less total liabilities (sometimes referred to as carrying value). A company's book value is calculated by dividing the market price of its outstanding stock by the company's book value, and then adjusting for the number of shares outstanding (Stocks with negative book values are excluded from this calculation.). In computing a fund's average P/B, Morningstar weights each portfolio holding by the percentage of equity assets it represents, so that larger positions have proportionately greater influence on the final P/B. The price/book ratio can tell investors approximately how much they're paying for a company's assets, based on historical, rather than current, valuations. Historical valuations generally do not reflect a company's current market value. Value investors frequently look for companies that have low price/book ratios.

Price/Sales Ratio (P/S)

A stock's current price divided by the company's trailing 12-month sales per share. This represents the weighted average of the price/sales ratios of the stocks in a fund's portfolio. Price/sales represents the amount an investor is willing to pay for a dollar generated from a particular company's operations.

Price/Cash Flow Ratio (P/CF)

A stock's current price divided by the trailing 12-month cash flow per share. This represents the weighted average of the price/cash-flow ratios of the stocks in a fund's portfolio. Price/cash-flow represents the amount an investor is willing to pay for a dollar generated from a particular company's operations. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency. Because accounting conventions differ among nations, reported earnings (and P/E ratios) may not be comparable across national boundaries. Price/cash-flow attempts to provide an internationally-standard measure of a firm's stock price relative to its financial performance.

Profitability Grade

The profitability grade is based on return on shareholders' equity (ROE) using data from the past five years. Companies with less than four years of consecutive ROE figures, including the ROE figure for the latest fiscal year, are excluded from the calculations. For the remaining universe of stocks the profitability grade is based on the following three components: (1) The historical growth rate of ROE (2) The average level of historical ROE (3) The level of ROE in the latest fiscal year

Price/Earnings Ratio (P/E)

The Price/Earnings Ratio or P/E Ratio is a stock's current price divided by the company's trailing 12-month earnings per share. A fund's price/earnings ratio can act as a gauge of the fund's investment strategy in the current market climate, and whether it has a value or growth orientation. The (P/E) ratio of a fund is the weighted average of the price/earnings ratios of the stocks in a fund's portfolio. The P/E ratio of a company, which is a comparison of the cost of the company's stock and its trailing 12-month earnings per share, is calculated by dividing these two figures. At Morningstar, in computing the average, each portfolio holding is weighted by the percentage of equity assets it represents, so that larger positions have proportionately greater influence on the fund's final P/E. A high P/E usually indicates that the market will pay more to obtain the company's earnings because it believes in the firm's ability to increase its earnings. Companies in those industries enjoying a surge of popularity (e.g.: telecommunications, biotechnology) tend to have high P/E ratios, reflecting a growth orientation. (P/Es can also be artificially inflated if a company has very weak trailing earnings, and thus a very small number in this equation's denominator.) A low P/E indicates the market has less confidence that the company's earnings will increase; however, a fund manager or an individual with a 'value investing' approach may believe such stocks have an overlooked or undervalued potential for appreciation. More staid industries, such as utilities and mining, tend to have low P/E ratios, reflecting a value orientation.

Price/Book Ratio (P/B)

The price/book (P/B) ratio of a fund is the weighted average of the price/book ratios of all the stocks in a fund's portfolio. Book value is the total assets of a company, less total liabilities (sometimes referred to as carrying value). A company's book value is calculated by dividing the market price of its outstanding stock by the company's book value, and then adjusting for the number of shares outstanding (Stocks with negative book values are excluded from this calculation.). In computing a fund's average P/B, Morningstar weights each portfolio holding by the percentage of equity assets it represents, so that larger positions have proportionately greater influence on the final P/B. The price/book ratio can tell investors approximately how much they're paying for a company's assets, based on historical, rather than current, valuations. Historical valuations generally do not reflect a company's current market value. Value investors frequently look for companies that have low price/book ratios.

Price/Sales Ratio (P/S)

A stock's current price divided by the company's trailing 12-month sales per share. This represents the weighted average of the price/sales ratios of the stocks in a fund's portfolio. Price/sales represents the amount an investor is willing to pay for a dollar generated from a particular company's operations.

Revenue Growth

This figure represents the percentage growth in a company's revenue over either the trailing 12 months or the trailing three years. Revenue growth gives a good picture of the rate at which companies have been able to expand their businesses. All things being equal, stocks with higher revenue growth rates are generally more desirable than those with slower revenue growth rates. Morningstar aggregates revenue-growth figures for mutual funds using a median methodology, whereby domestic stocks are ordered from highest to lowest based on their revenue growth rates. The asset weighting of each holding is added together until the total is equal to or greater than half of the total weighting of all domestic stocks in the fund. The revenue growth rate for that holding is then used to represent the revenue growth rate of the total portfolio.

ROE

This is the percentage a company earns on its total equity in a given year (Year 1, 2, etc.). The calculation is return on assets times financial leverage. Return on equity shows how much profit a company generates on the money shareholders have invested in the firm. The mission of any company is to earn a high return on equity. The company's net income is found in the annual income statement. The company's net worth is taken from the company's annual balance sheet. For example, a major pharmaceutical company earned an incredible 37% on its shareholders' equity. For every \$1 shareholders had invested in the company, the company produced \$0.37 worth of profit.

Stewardship Grade

Morningstar's Stewardship Grade for funds goes beyond the usual analysis of strategy, risk, and return. The Stewardship Grade allows investors and advisors to assess funds based on factors that we believe influence the following: * The manner in which funds are run * The degree to which the management company's and fund board's interests are aligned with fund shareholders * The degree to which shareholders can expect their interests to be protected from potentially conflicting interests of the management company. We assign each fund a letter grade from A (best) to F (worst). Funds are graded on an absolute basis. There is no "curve." Morningstar analysts' evaluation of five factors determine the grade for each fund: * Regulatory Issues * Board Quality * Manager Incentives * Fees * Corporate Culture Morningstar's Stewardship Grade for funds is entirely different from the Morningstar Rating for funds, commonly known as the Star Rating. There is no relationship between the two.

Stock Type

A proprietary Morningstar data point, Stock Type offers an easy way to narrow down the stock universe to certain types of companies. Stock Types also help you quickly determine the diversification level of portfolios. For instance, you might discover that most of your holdings are categorized as Speculative Growth. If you want to lessen your portfolio's risk, you could invest in other types of stocks. Morningstar places stocks into eight type designations: Distressed, Hard Asset, Cyclical, Speculative Growth, Aggressive Growth, Classic Growth, Slow Growth and High Yield-Each designation defines a broad category of investment characteristics. Stocks are assigned to a type based on objective financial criteria and Morningstar's proprietary algorithm, so stocks of the same type have similar economic fundamentals. Every stock has individual idiosyncrasies, but in general, when evaluating investments, many of the same concerns and evaluation methods will apply across the stocks in one type. Calculated in-house using Morningstar's proprietary algorithm. You may notice that some stocks in our database do not have Stock Types. This is only because they do not meet the criteria needed to fit into any of the Stock Type categories. A listing of N/A (Not Applicable) under Stock Type is no reflection on the performance or underlying value of the stock itself. Distressed These companies are having serious operating problems. This could mean declining cash flow, negative earnings, high debt, or some combination of these. Such "tumaround" stocks tend to be highly risky but also harbor some intriguing investments. Hard Asset These companies main businesses revolve around the ownership or exploitation of hard assets like real estate, metals, timber, etc. Such companies typically sport a low correlation with the overall stock market and investors have traditionally looked to them for inflation hedges. Cyclical Cyclical companies core businesses can be expected to fluctuate in line with the overall economy. In a booming economy such companies will look excellent; in a recession, their growth stalls, and they might even lose money. Speculative Growth Don't expect consistency from speculative growth-companies. At best their profits are spotty. At worst they lose money. In fact, many companies never make it beyond speculative growth, going instead to bankruptcy court. That's why they're speculative. But current profitability isn't what makes speculative-growth companies interesting. It's future profits. Hopefully, a speculative-growth company will eventually blossom into a world-class company. Aggressive Growth Aggressive-growth companies show a bit more maturity than their speculative-growth counterparts: They post rapid growth in profits, not just in sales-a sign of more staying power. At this point, it's time to make some money. Classic Growth These firms are in their prime and have little left to prove. The best classic growers have blossomed into money machines, churning out steady growth, high returns on capital, positive free cash flows, and rising dividends. The catch is, their growth is nowhere near that of the aggressive-growth group. Slow Growth and High Yield The growth of these companies is a fading memory. Having run out of attractive investment opportunities, most of them pay out the bulk of their earnings in dividends-expect high payout ratios-rather than plow the profits back into their businesses. While there may be an aging process for companies, there's not one for stocks. Investors like Warren Buffet have focused on finding great stocks in and around the classic-growth category. Peter Lynch was more eclectic, investing in everything from speculative growth to slow growth. Most of us would want a smattering of companies from across the spectrum. By putting each company in context and paying special attention to how it measures up against others in its age bracket, you can do just that.

Stock Style

This is a proprietary Morningstar data point. The Morningstar Style Box is a nine-square grid that provides a graphical representation of the "investment style" of stocks and mutual funds. For stocks and stock funds, it classifies securities according to market capitalization (the vertical axis) and growth and value factors (the horizontal axis). Fixed income funds are classified according to credit quality (the vertical axis) and sensitivity to changes in interest rates (the horizontal axis). By providing an easy-to-understand visual representation of stock and fund characteristics, the Morningstar Style Box allows for informed comparisons and portfolio construction based on actual holdings, as opposed to assumptions based on a fund's name or how it is marketed. The Style Box also forms the basis for Morningstar's style-based fund categories and market indexes. How It Works The vertical axis of the Style Box defines three size categories, or capitalization bands-small, mid-size, and large. The horizontal axis defines three style categories. Two of these categories, "value" and "growth," are common to both stocks and funds. However, for stocks, the central column of the style box represents the core style (those stocks for which neither value or growth characteristics dominate); for funds, it represents the blend style (a mixture of growth and value stocks or mostly core stocks). Style Box assignments begin at the individual stock level. Morningstar determines the investment style of each individual stock in its database. Stocks are evaluated against other stocks in the same geographic area (United States, Latin America, Canada, Europe, Japan, Asia ex-Japan, Australia/New Zealand). The style attributes of individual stocks are then used to determine the style classification of stock mutual funds. The Horizontal Axis The scores for a stock's value and growth characteristics determine its horizontal placement: Value Score Components and Weights Forward looking measures 50.0% Price/Prospective Earnings. Historical based measures 50.0% Price/book 12.5% Price/sales 12.5% Price/cash flow 12.5% Dividend yield 12.5% Growth Score Components and Weights Forward looking measures 50.0% Long-term projected earnings growth Historical-based measures 50.0% Historical earnings growth 12.5% Sales growth 12.5% Cash flow growth 12.5% Book value growth 12.5% Growth and value characteristics for each individual stock are compared to those of other stocks within the same capitalization band and are scored from zero to 100 for both value and growth. To determine the overall style score, the value score is subtracted from the growth score. The resulting number can range from 100 (for low-yield, extremely growth-oriented stocks) to -100 (high-yield, low-growth stocks). A stock is classified as growth if the net score equals or exceeds the "growth threshold" (normally about 25 for large-cap stocks). It is deemed value if its score equals or falls below the "value threshold" (normally about -15 for large-cap stocks). And if the score lies between the two thresholds, the stock is classified as "core." The thresholds between value, core, and growth stocks vary to some degree over time, as the distribution of stock styles changes in the market. However, on average, the three stock styles each account for approximately one third of the total free float in each size category. The Vertical Axis Rather than a fixed number of "large cap" or "small cap" stocks, Morningstar uses a flexible system that isn't adversely affected by overall movements in the market. Large-cap stocks are defined as the group that accounts for the top 70% of the capitalization of each geographic area; mid-cap stocks represent the next 20%; and small-cap stocks represent the balance. Moving from Individual Stocks to Funds A stock fund is an aggregation of individual stocks and its style is determined by the style assignments of the stocks it owns. By plotting all of a fund's stocks on the stock style grid, the range of stock styles included in the fund immediately becomes apparent. An asset-weighted average of the underlying stocks' style and size scores determines a fund's placement in the Style Box. Style box assignments for stocks are updated each month. Assignments for funds are recalculated whenever Morningstar receives updated portfolio holdings for the fund. Using the Style Box In general, a growth-oriented fund will hold the stocks of companies that the portfolio manager believes will increase earnings faster than the rest of the market. A value-oriented fund contains mostly stocks the manager thinks are currently undervalued in price and will eventually see their worth recognized by the market. A blend fund might be a mix of growth stocks and value stocks, or it may contain stocks that exhibit both characteristics. Understanding how different types of stocks behave is crucial for building a diversified, style-controlled portfolio of stocks or mutual funds. The Morningstar Style Box helps investors construct portfolios based on the characteristics-the style factors-of all the stocks and funds that portfolio includes.

Shares Outstanding

The average number of shares a public company had on the market during a certain period of time, usually a quarter or a year. This figure is used to calculate earnings per share and other per-share numbers.

Total Assets

The positive side of a company (or other party's) balance sheet, which includes such items as cash, accounts receivable, inventory and other items that the company or party owns or is owed.

Volume

The number of shares traded daily.

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