



MILKING CASH COWS

BEWARE: Approximately half of the 3,500-plus publicly traded stocks do not generate excess cash.

For decades, the Capital Management Corporation (CMC) has focused on one prudent strategy for its clients: Wisely investing their savings in highly selective companies generating excess cash.

We call them **CASH COWS**.

Investing in Cash Cows can potentially reward investors in both Bull and Bear markets.

Counter to cash-strapped companies, Cash Cows can:

1. Pay hefty dividends to investors.
2. Repurchase their own shares, boosting earnings per share.
3. Fund capital projects and acquire strategic assets to grow.
4. Pay down debt to avoid higher interest expenses.
5. Strengthen balance sheets to withstand economic downturns.



More than 80% of CMC's approved stock holdings pay dividends and approximately 60% repurchase a material amount of their own shares.

CASH COW INVESTMENT PROCESS

CMC invests client wealth in concentrated portfolios of Cash Cow companies (approx. 30).

Central to CMC's research process is our multifactor, data-driven screens. These identify companies possessing superior cash flow growth and earning high cash returns relative to their cost of capital.

Only about 10% of companies survive the initial Cash Cow screen. Next, we dig deep into their unique financial metrics and quality of management as exceptional stewards of capital. We determine each Cash Cow's sustainable growth potential by evaluating their market share, purchasing and pricing power, low-cost production, innovation and enduring competitive advantages.

We establish five-year price targets and expected total returns. The select Cash Cows that trade at discounts to our intrinsic value estimates and provide a "margin of safety" make our approved holdings list. We monitor each Cash Cow's fundamentals in real time to take advantage of buying and selling opportunities. If the market dictates, we hold cash until there are other Cash Cow bargains to milk for potential gains.

