

BUSINESS WEEK'S TOP TEN THREE YEAR EARNINGS PORTFOLIO: 2004-9

Abstract

A stock portfolio was chosen by using Business Week's top ten over three years earnings growth. The ten stocks selected, with average annual earnings growth of 103% to 303% from 2001-3, were Electronic Arts, Lockheed Martin, Wachovia, Progressive, McKesson, Sherwin-Williams, Chiron, Qualcomm, eBay, and Cummins.

Their price increases for 2004-9 were compared with the Dow Jones Industrial Average (DJIA), Standard & Poor's Stock Index (S&P 500), and the National Association of Securities Dealers Automated Quotation System Composite Index (NASDAQ).

From 2004-9, the top ten over three years earnings portfolio yielded 3% on average annually. The other returns were: DJIA: -5, S&P 500: -5, and NASDAQ: -4%.

Since the top ten over three years earnings growth portfolio's returns were positive, the model could be used for selecting investments.