



BreakoutStock Report



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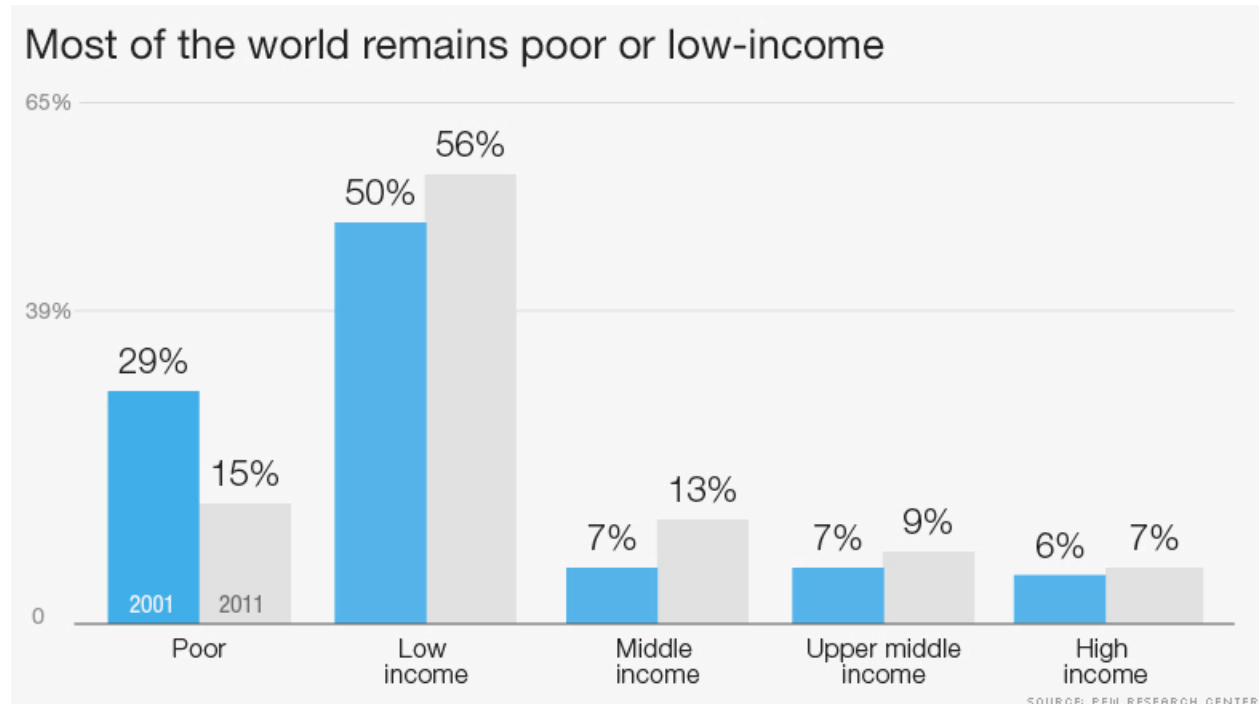
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February 2, 2016

Welcome to the world's largest value stock. *Grandma's newest income investment.*

The Setup

Tim Cook "Apple's active installed base reached 1.3 billion devices in January and is at an all-time high for all of our major products." On the surface this sounds fantastic. Except for one thing. Total population of Earth is 7.4 Billion. How large is the market to



sell \$1000 phones?

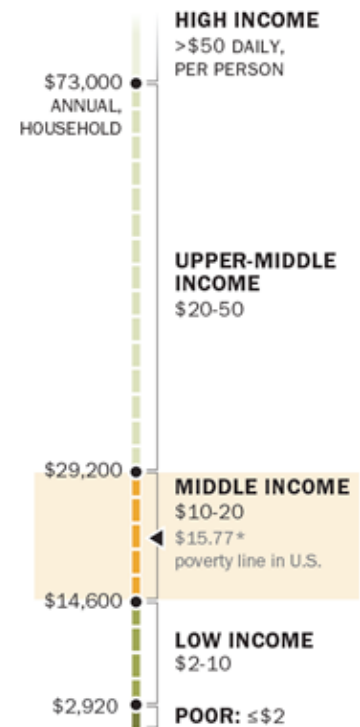
7% ~ 518,000,000 High Income +9%~660,000,000 Middle Income. Add them together = 1.178 Billion, so pretty close to the 1.3 Billion devices installed. That is Apple's market.

Next question, how quickly is the middle income class growing in the world?

Three decades after the introduction of economic reforms in 1978, the share of China's population that is middle income stood at 18% in 2011—up by 15 percentage points from 3% in 2001. In absolute terms, 203 million people in China crossed the middle-income threshold of \$10 per day from 2001 to 2011.

Who Is Middle Income, Globally Speaking? Budget for a Four-Person Household

Definitions of income tiers based on family income or consumption for a four-person household in 2011 purchasing power parities and 2011 prices



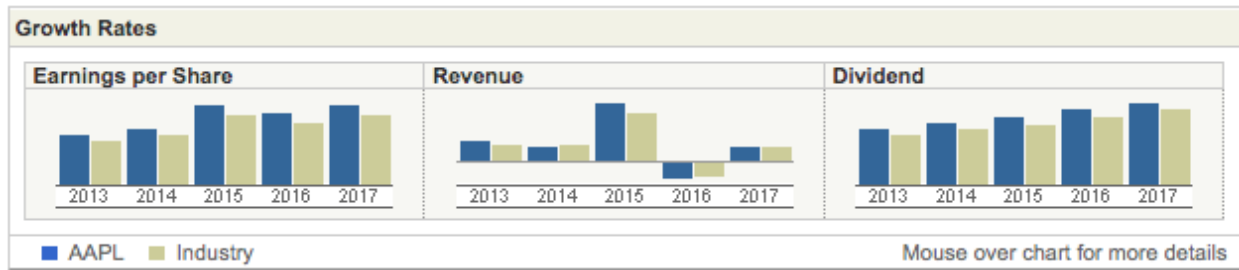
*In 2011, a family of four earning less than \$23,021 annually was considered poor by the U.S. Census Bureau.

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The Conflict

From conference call “Our current net cash position is \$163 billion. And given the increased financial and operational flexibility from the access to our foreign cash, we are targeting to become approximately net cash neutral over time. “ WTF? This means they have no better use for the cash. R&D increase? No. Accretive Growth company purchase? No. In other words, they have peaked. Your market is saturated, which affirms the global population figure. The heavy lifting is done.

The Snapshot



Revenue growth rate in 2017= +6.3% compare to +27% in 2015.
With a dividend in the \$2.40-\$3 range over the next several years, this is a \$110-130 range stock for the time being.

