

## So Many Stocks—So Little Time

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This live, interactive presentation will cover my system for winnowing thousands of stocks into a handful for further analysis. I hope you will find some nuggets for your own journey. I invite you to write to me if you have any questions. Enjoy!

### Lynn's Initial Cuts:

1. Finviz for an initial search, based on the criteria below
2. Navellier's Portfolio Grader to limit my field to stocks with positive big institutional movement
3. BigCharts to compare individual stocks to their industry and the S&P 500
4. SmartMoney to compare individual stocks to their peers

This system always produces a handful of potential winners for further analysis.

#### 1. FINVIZ.com FINANCIAL VISUALIZATIONS

My first stop is usually Finviz.com. It has a simple, straight-forward screener that counts down immediately so you can see the impact of each criterion. I have non-negotiable criteria for every initial screen. I am flexible on the rest.

#### **My Finviz Screen Non-Negotiables:**

- ✂ No OTC/Penny stocks - No problem - Finviz doesn't cover them
- ✂ No thinly traded stocks - Average volume above 100,000 shares/day
- ✂ Only stocks in good standing with analysts - Analyst recommendation 'buy or better'
- ✂ Must be optionable - Because I want all my stocks working for me
- ✂ Price must be under \$50/share for initial searches - Because I like buying 100 shares at a time
- ✂ The underlying company must be profitable - As defined by a Current P/E of 'Profitable' (>0)

#### **My Finviz Screen Negotiables:**

- ✂ Debt-to-Equity under 50% (<.50) - Alleviates most banks, but keeps most industrials
- ✂ EPS growth past 5 years over 10% - To ensure it's been around and profitable for awhile
- ✂ EPS growth next 5 years over 10% - To ensure at least double digit prospects for the future
- ✂ PEG ratio under 1.0 (low <1) - Leaves companies with P/E at or below its own growth rate
- ✂ Use 'export' feature at bottom right corner to export results to a spreadsheet for further analysis

## 2. NAVELLIER RATINGS POWERED BY

To learn more: *The Little Book That Makes You Rich*  
by Louis Navellier

<http://navelliergrowth.investorplace.com/portfolio-grader> (No registration required with this link)

This is my 2nd stop. I use this site to find stocks with institutional movement in or out of a stock

An overall score of 'A' = heavy institutional movement into a stock; may be volatile and overpriced

An overall score of 'B' = above average institutional movement into a stock; these may be less volatile

An overall score of 'C' = steady movement or no change

An overall score of 'D' = above average institutional selling

An overall score of 'F' = heavy institutional selling; (get out of the way!)

✂ Copy and paste tickers from the Finviz export into the Search box on the home page; click search

✂ Click on 'View' button to drill down to stock grade details (read his book to get the most out of this)

I get rid of stocks with Overall or Quantitative grades of 'D' or 'F' as there are too many good stocks to choose from with positive movement. No need to buy stocks the *Big Boys* are shunning.



## 3.

[www.bigcharts.com](http://www.bigcharts.com)

My 3rd stop will review each remaining stock against its industry and the S&P 500.

✂ On the home page, enter a ticker and click Basic Chart

✂ Click the 'Industry' button between the quote box and the chart (not the one in green)

✂ Click on 'Industry Chart' in the purple ribbon below the industry index name

✂ Change the chart attributes to 1-yr, add the S&P to compare, and re-enter the ticker; click 'Draw'

I look for industries beating the market - and stocks beating their industry. You can add competitor tickers here if you wish to compare them all on one chart.

## 4.

[www.smartmoney.com](http://www.smartmoney.com)

This is my final stop before I choose the final handful of stocks for further analysis. I use it to compare each company against its peers (use Smart Money peers or add your own in blank box on the right).

✂ On the home page, enter a ticker

✂ Scroll below the quote box and click on the 'Compare' button (in the tan ribbon)

✂ Scroll to Competitive Analysis box and 'Rank by' *Projected Long Term EPS Growth %*

Does this stock have the best growth prospects among its peers? Wrong stock in the right industry?

✂ Change the 'Rank by' to *PEG*; is it more or less expensive than its peers, based on its future growth?

Finviz can help you quickly find specific types of stocks. Here are some ideas. I always start with my non-negotiables, but then I either add or modify my negotiables depending on what I'm looking for.

### **Small Cap Growth Ideas - in addition to my non-negotiables**

- ✂ Limit market cap to under \$2 billion (Small <\$2bln) - Filters out larger stocks
- ✂ U.S. stocks only - It's hard enough getting crucial financial information on small caps
- ✂ Limit Debt-to-Equity to 20% (<.20) – A debt-laden business model can crush a small company
- ✂ Add sales growth past 5 years above 20% - Ensures the company has a great line of products
- ✂ Increase EPS growth past and next 5 years to 20% - I want high growth for the risk I will take
- ✂ Add net profit margin above 10% - To ensure the company is profitable
- ✂ Limit Current P/E at 35 - To eliminate most nosebleed P/Es without pinning it to future growth

### **Dividend Ideas - in addition to my non-negotiables**

- ✂ Debt-to-Equity below 50% (<.50) - Interest payments are less likely to interfere with dividend
- ✂ Increase average volume to over 1 million shares/day - To ensure liquidity and stabilize price
- ✂ Dividend yield above 4% - This is above market average yet leaves room for growing companies
- ✂ Div. payout ratio under 70% - Leaves room to increase dividend and cover short term cash issues

### **Sector/Industry Ideas - In addition to my non-negotiables**

- ✂ I start by clicking on Groups to review the top 4 industries in each time frame. What's growing?
- ✂ Then, Debt-to-Equity under 50% (<.50) - Alleviates most banks, but keeps most industrials
- ✂ Choose a sector on the Descriptive tab - The results will provide several industries
- ✂ The rest of my criteria are based on the industry I choose

### **Ideas to Winnow the List with Technicals – in addition to my non-negotiables**

Options investors frequently look for stocks that are above their 20, 50 and 200 day simple moving averages. They also look for certain chart patterns, as well as keep abreast of earnings release dates. These can all be found on the Finviz technical screen and company report pages.

- ✂ Experiment with SMAs - I use 'price above SMA20', 'price above SMA50' & 'price above SMA200'
  - ✂ Beta under 1.0 alleviates volatile stocks if you are selling covered calls or want to hold a stock
  - ✂ Beta over 1.0 provides more volatility for those who want higher option premiums, plus the stock
  - ✂ RSI (14) - Quickly find options for buy/write calls (overbought-70) or puts (oversold-30)
  - ✂ Pattern - I look for identifiable patterns, such as 'Up Channel' for up trending stocks
  - ✂ Earnings (release date) - Every individual stock report will show next earnings release date
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## Resources: Pre-Set Screens



<http://money.msn.com>

The Stock Scouter tool on MSN Money combines fundamental and technical attributes with expected volatility, then grades approximately 4,400 stocks on a bell curve from 1 to 10, with 10 being the best. This is a quick way to find stocks with good quality and technical metrics.

✂ From the home page, click on Investing | Stock Scouter (top menu in white menu bar)

✂ On the bell curve, click on stocks rated 9 and 10

✂ Scroll down to choose the options you would like to see on the report

I copy and paste the results into a spreadsheet so I can then copy and paste the tickers into Navellier's Portfolio Grader. (You can't copy directly due to the HTML coding)



<http://navelliergrowth.investorplace.com/portfolio-grader> (No registration required with this link)

First, click on 'Navellier Formula' to learn about this website. Navellier will not allow you to "shop" by grade, but he does provide the top 3 stocks in every industry. To find them, do the following:

✂ Under 'Louis' Weekly Ratings' click on 'Best by Sector'

✂ Click on each sector to open the industry menus; these are the 3 top-rated stocks (updated weekly)

✂ Click on 'View' button to drill down to stock grade details (read his book to get the most out of this)



[www.stockscreen123.com](http://www.stockscreen123.com)

This is an awesome premium site with a large number of free pre-set screens.

✂ From the top menu, click on 'Ranking' to find over 2 dozen screens

Each screen explains its methodology and criteria, and provides the top 15-20 stocks that meet the screen criteria. Many of the screens are back-tested and the results are provided.



[www.tradepilot.com](http://www.tradepilot.com)

Technicians are forever on the lookout for signals - new highs, new lows, unusual volume, breaking tops and bottoms, etc. These can be found on many sites. Trade Pilot sorts stocks by the number of current bullish and bearish signals, and reports them on two screens with drop down menus to

separate criteria. They also allow us to pull up any stock to check for new signals. This site is chock-full of stock ideas for investors with a technical analysis preference.

- ✂ On the home page, scroll down to set the chart options and indicators that suit you
- ✂ Here I prefer 20/40 dEMA over the 50/200 dSMA; they better suit monthly options
- ✂ I also include a 20 day Money Flow and a 20/40 day Volume Oscillator on a 6-month chart
- ✂ Enter a ticker and use the crosshair cursor to confirm the signals are moving together
- ✂ Click on 'info' across from the company name to look for any current bullish or bearish signals
- ✂ Click on either 'Bullish Stock/ETF Scan' or 'Bearish Stock/ETF Scan' for stock ideas



### **www.stockcharts.com**

This is another great place for stock ideas, from a technical perspective:

- ✂ From the home page, scroll down the right hand side to the 'Links' box
- ✂ Click on 'Predefined Scan Results'
- ✂ You will see the number of stocks that meet each signal; click on the number of stocks to drill down
- ✂ Copy and paste the results into a spreadsheet for further study

StockCharts.com has an extensive education section for those wanting to learn to use T/A signals

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## **Resource: Alternative to the SSG**



### **www.ycharts.com**

The first step in my further analysis is to review the Stock Selection Guide (SSG) on each stock. I prefer to review % Pre-Tax Profit in section 2A and the momentum as shown on the PERT A graph. If you do not use the SSG, or you don't have a current version of Toolkit, or you wish to compare these metrics for multiple companies without having to complete several SSGs, try YCharts.com. This is an excellent alternative. It just takes a little time and practice to find the value in this site.

- ✂ Enter a ticker and click on 'Interactive Charts'
- ✂ Under 'Add a Financial Metric', erase the ticker and enter another one to compare
- ✂ Then, on the right side; under 'Switch Price to', select a metric you wish to compare
- ✂ Change the time frame to 5 years (you can play with 'View As % Change' to add dimension)

Lots of great information here.

Good Hunting!