

10-Fundamentally Strong Value Stocks Hitting Our Radar



Trying to find value in an over-valued market is difficult to say the least. This becomes even more problematic when we discuss the issue within the reality of a late-stage economic cycle and the potential for an economic recession. So, in looking for opportunity at a time where there is a rising unfavorable economic and earnings backdrop, we turned to our database to screen for stocks with a very strict set of fundamental guidelines. In order for a company to become a watch list candidate it must have:

- **Five-year average returns on equity (ROE) greater than 15%;**
- **Five-year average returns on invested capital (ROIC) greater than 15%;**

- Debt-to-equity (D/E) less than or equal to 80% of the industry average;
- Five-year average pretax profit margin (PM) 20% higher than the industry average;
- Current price-to-book value multiples(P/B) below historical and industry multiples;
- Current price-to-cash flow (P/CF) ratios below the industry average

Out of the universe of more than 6,500 issues, only 10 passed the test. This should immediately ring some alarm bells on the market as a whole with respect to valuations and the risk being undertaken by investors in general. However, here are the 10 top stocks we are adding to our watch list currently.

Company	Ticker	ROE 5 Yr Avg	Invested Capital TTM 5 Yr	Debt / Equity <= 80% Industry Avg.	Pretax Mgn 5 Yr Avg	Book Value Below Industry	Price/ Cash Flow
SOAPS-COSMETICS							
Colgate Palmoli	CL	1675.06%	19.05	-34.49	21.21%	1.000	18.48
HOME FURNISHING-APPLIANCE							
Sleep Number Cp	SNBR	38.48%	30.13	0.00	6.89%	1.000	10.79
FOOD/DRUG-RETAIL/WHOLESALE							
Denny'S Corp	DENN	1569.67%	22.85	-2.63	9.32%	1.000	14.72
Papa Johns Intl	PZZA	1101.67%	19.26	-2.22	7.70%	1.000	13.63
DRUGS							
Anika Therapeut	ANIK	16.51%	15.63	0.00	49.96%	1.000	17.96
China Biologic	CBPO	21.35%	20.79	0.00	45.00%	1.000	15.64
Taro Pharma Ind	TARO	28.11%	32.03	0.00	60.37%	1.000	14.52
MEDICAL PRODUCTS							
Remident Inc	REMI	15.64%	16.20	0.00	13.18%	1.000	84.43
BUILDING PRODUCTS							
Lennox Intl Inc	LII	50.02%	25.12	-7.32	9.98%	1.000	20.83
AEROSPACE-DEFENSE							
Boeing Co	BA	571.65%	20.15	-7.65	7.95%	1.000	23.12

***Disclosure: We currently own BA in both our Equity and Equity/ETF portfolio models.**

****While REMI made the screening list, it is excluded from consideration due to being under \$5/share.**

Below I am providing a brief snapshot of each for your own review. **CL**

COLGATE PALMOLI (CL)				Recommendations					
				<u>Zacks Rank: 4</u>		<u>Average Broker Rating: 2.75</u>			
Global Sector:	Consumer Staples								
Price:	\$63.55			Strong Sell		Strong Buy			
Ind. Dividend Yield:	1.7%								
Market Cap (\$mil):	55,144.79								
Price & Volume Data				Annual Earnings					
				EPS Growth				Annual EPS	
52 Week High:	77.50	% Price Change 1-Week:	-0.44		EPS	Y/Y	PE	2017	
52 Week Low:	61.65	% Price Change 4-Week:	-6.45	12/31/2017	2.87	2.14%	21.25	2018	
50 Day Average:	66.38	% Price Change 12-Week:	-3.64	12/31/2018 Est	3.00	4.45%	21.20		
200 Day Average:	68.69	% Price Change MTD:	-5.08	12/31/2019 Est	3.16	5.48%	20.10	2019	

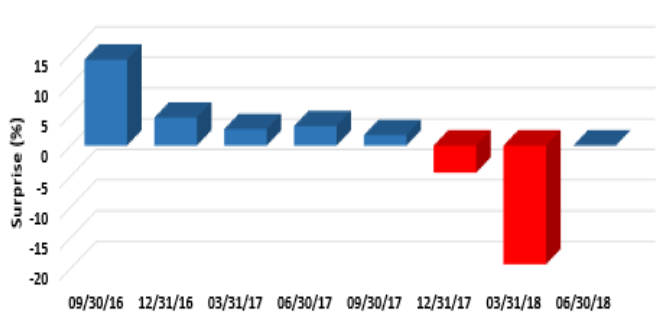
SNBR

SLEEP NUMBER CP (SNBR)				Recommendations			
Global Sector: Consumer Discretionary				Zacks Rank: 1		Average Broker Rating: 2.86	
Price: \$33.56							
Ind. Dividend Yield: 0.0%				Strong Sell		Strong Buy	
Market Cap (\$mil): 1,171.01							
Price & Volume Data				Annual Earnings			
				EPS Growth Y/Y			Annual EPS
52 Week High:	40.19	% Price Change 1-Week:	1.88	EPS	Y/Y	PE	2017
52 Week Low:	27.14	% Price Change 4-Week:	-9.00	12/31/2017	1.49	35.45%	22.52
50 Day Average:	34.22	% Price Change 12-Week:	8.33	12/31/2018 Est	1.81	21.38%	18.56
200 Day Average:	33.54	% Price Change MTD:	-8.75	12/31/2019 Est	2.27	25.59%	14.77
Beta (60 Month):	1.16	% Price Change YTD:	-15.03	12/31/2020 Est	2.73	20.19%	12.29
Shares Outstanding (\$mil)	34.89	20 Day Average Volume (000's)	512.43	3-5 Year Growth Rate Est.	18.42		2020
Other Key Measurements				Estimate Surprise			
	Current	5-Year Median		Surprise (%)			
Price/Book Value	-55.37	5.66		#LinkError			
PE F12M Est	15.41	16.59		09/30/16			
Price/EBITDA	8.59	8.88		12/31/16			
	Current	5-Year Median		03/31/17			
Pre-Tax Margin TTM	5.82	6.57		06/30/17			
Net Prof Margin TTM	4.10	5.00		09/30/17			
Current Ratio	0.39	0.80		12/31/17			
ROE TTM	115.80	30.13		03/31/18			
ROC TTM	115.80	30.13					
LT Debt/ Equity	0.00	0.00					
LT Debt/ Total Cap	0.00	0.00					
Equity/Assets	-2223.46	241.13					
				Peer Comparison			
				PE TTM	PE F12	P/FCF	EPS GRE
SLEEP NUMBER CP (SNBR)				22.52	15.41	20.96	18.42
S&P 500 MARKET WEIGHTED COMPOSITE				19.44	16.78	22.55	9.78
S&P 500 CONSUMER DISCRETIONARY COMPOS				25.76	21.16	9.41	26.82
				Price/BV	ROE TTM		
				-55.37	115.80		
				3.95	17.15		
				9.41	45.62		

DENN

DENNY'S CORP (DENN)				Recommendations					
				<u>Zacks Rank: 2</u>			<u>Average Broker Rating: 2.33</u>		
Global Sector:	Consumer Discretionary								
Price:	\$14.66			Strong Sell			Strong Buy		
Ind. Dividend Yield:	0.0%						Strong Sell		
Market Cap (\$mil):	929.24						Strong Buy		
Price & Volume Data				Annual Earnings				Annual EPS	
52 Week High:	17.51	% Price Change 1-Week:	3.60		EPS	Y/Y	PE	2017	
52 Week Low:	12.23	% Price Change 4-Week:	5.24	12/31/2017	0.58	5.45%	22.55	2018	
50 Day Average:	14.57	% Price Change 12-Week:	-5.66	12/31/2018 Est	0.68	17.24%	21.56	2019	
200 Day Average:	14.89	% Price Change MTD:	-0.41	12/31/2019 Est	0.75	9.56%	19.68	2020	
Beta (60 Month):	0.45	% Price Change YTD:	5.38	12/31/2020 Est					
Shares Outstanding (\$mil)	63.39	20 Day Average Volume (000's)	352.74	3-5 Year Growth Rate Est.					
Other Key Measurements				Estimate Surprise					

PZZA

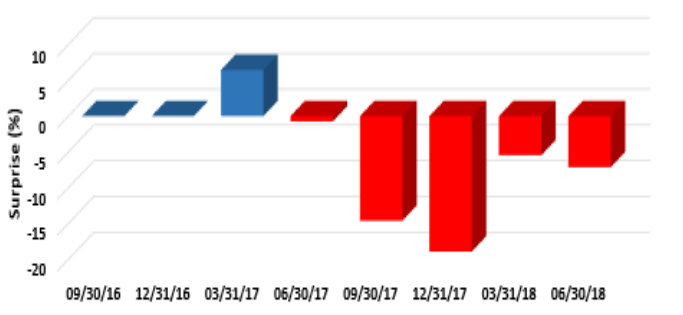
PAPA JOHNS INTL (PZZA)				Recommendations			
Global Sector: Consumer Discretionary Price: \$53.82 Ind. Dividend Yield: 0.9% Market Cap (\$mil): 1,701.77				<u>Zacks Rank: 5</u> 		<u>Average Broker Rating: 1.67</u> 	
				Strong Sell	Strong Buy	Strong Sell	Strong Buy
Price & Volume Data				Annual Earnings			Annual EPS
52 Week High:	70.64	% Price Change 1-Week:	-0.35		EPS	Growth Y/Y	PE
52 Week Low:	38.94	% Price Change 4-Week:	15.49	12/31/2017	2.62	2.75%	24.03
50 Day Average:	47.12	% Price Change 12-Week:	20.46	12/31/2018 Est	1.51	-42.37%	35.64
200 Day Average:	54.60	% Price Change MTD:	4.95	12/31/2019 Est	1.68	11.48%	31.97
Beta (60 Month):	0.44	% Price Change YTD:	-8.71	12/31/2020 Est	2.87	70.50%	18.75
Shares Outstanding (\$mil)	31.62	20 Day Average Volume (000's)	1,606.16	3-5 Year Growth Rate Est.	12.50		
Other Key Measurements				Estimate Surprise			
	<u>Current</u>	<u>5-Year Median</u>					
Price/Book Value	-6.80	15.80					
PE F12M Est	32.65	25.31					
Price/EBITDA	10.55	14.37					
	<u>Current</u>	<u>5-Year Median</u>					
Pre-Tax Margin TTM	6.06	7.35		<u>Peer Comparison</u>			
Net Prof Margin TTM	4.45	4.98					
Current Ratio	1.08	1.28					
ROE TTM	-47.37	79.39					
ROC TTM	23.76	26.46					
LT Debt/ Equity	-222.21	204.83					
LT Debt/ Total Cap		89.48					
Equity/Assets	-222.92	460.28					
				PAPA JOHNS INTL (PZZA)	PE TTM	PE F12	P/FCF
				S&P 500 MARKET WEIGHTED COMPOSITE	24.03	32.65	19.77
				S&P 500 CONSUMER DISCRETIONARY COMPOS	19.44	16.78	22.55
					EPS GRE	Price/BV	ROE TTM
					12.50	-6.80	-47.37
					9.78	3.95	17.15
					26.82	9.41	45.62

- Warning:�** The company is facing numerous class action lawsuits which could have an adverse effect on the company.

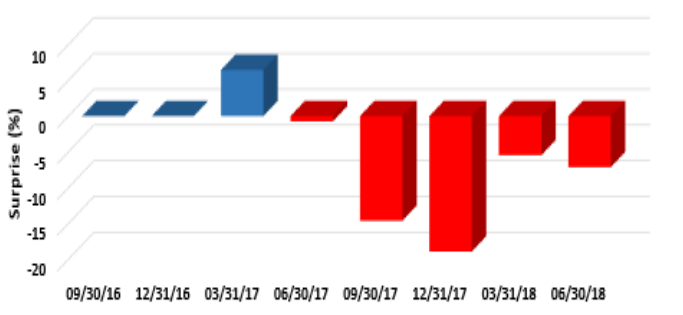
ANIK

ANIKA THERAPEUT (ANIK)				Recommendations			
Global Sector: Health Care Price: \$41.40 Ind. Dividend Yield: 0.0% Market Cap (\$mil): 603.76				<u>Zacks Rank: 2</u> 		<u>Average Broker Rating: 2</u> 	
				Strong Sell	Strong Buy	Strong Sell	Strong Buy
Price & Volume Data				Annual Earnings			Annual EPS
52 Week High:	68.43	% Price Change 1-Week:	1.64		EPS	Growth Y/Y	PE
52 Week Low:	28.77	% Price Change 4-Week:	2.20	12/31/2017	1.96	-8.84%	25.40
50 Day Average:	41.61	% Price Change 12-Week:	21.84	12/31/2018 Est	1.55	-20.92%	26.71
200 Day Average:	46.80	% Price Change MTD:	-1.85	12/31/2019 Est	1.49	-4.19%	27.88

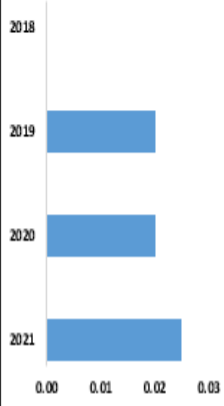
CBPO

CHINA BIOLOGIC (CBPO)				Recommendations			
Global Sector: Health Care Price: \$72.76 Ind. Dividend Yield: 0.0% Market Cap (\$mil): 2,410.75				Zacks Rank: 3  Strong Sell Strong Buy		Average Broker Rating: 1.67  Strong Sell Strong Buy	
Price & Volume Data				Annual Earnings			Annual EPS
52 Week High:	106.72	% Price Change 1-Week:	-1.76		EPS	Y/Y	PE
52 Week Low:	72.76	% Price Change 4-Week:	-10.98	12/31/2017	4.95	32.35%	16.57
50 Day Average:	84.69	% Price Change 12-Week:	-29.37	12/31/2018 Est	3.71	-25.05%	19.61
200 Day Average:	85.34	% Price Change MTD:	-9.05	12/31/2019 Est	4.82	29.92%	15.10
Beta (60 Month):	1.18	% Price Change YTD:	-12.09	12/31/2020 Est	5.28	9.54%	13.78
Shares Outstanding (\$mil)	33.13	20 Day Average Volume (000's)	227.46	3-5 Year Growth Rate Est.	13.00		
Other Key Measurements				Estimate Surprise			
	Current	5-Year Median					
Price/Book Value	1.95	5.12					
PE F12M Est	15.83	21.21					
Price/EBITDA	11.85	19.41					
	Current	5-Year Median					
Pre-Tax Margin TTM	35.14	45.31		Peer Comparison			
Net Prof Margin TTM	32.91	30.00					
Current Ratio	6.25	5.36					
ROE TTM	14.00	21.40					
ROC TTM	14.66	20.79					
LT Debt/ Equity	0.00	0.00					
LT Debt/ Total Cap	0.00	0.00					
Equity/Assets	113.57	117.84					
				PE TTM	PE F12	P/FCF	EPS GRE
				Price/BV	ROE TTM		
				CHINA BIOLOGIC (CBPO)	16.57	15.83	34.21
				S&P 500 MARKET WEIGHTED COMPOSITE	19.44	16.78	22.55
				S&P 500 HEALTH CARE COMPOSITE	18.57	16.50	6.75

TARO

TARO PHARMA IND (TARO)				Recommendations			
Global Sector: Health Care Price: \$97.37 Ind. Dividend Yield: 0.0% Market Cap (\$mil): 3,839.01				Zacks Rank: 3  Strong Sell Strong Buy		Average Broker Rating: 1  Strong Sell Strong Buy	
Price & Volume Data				Annual Earnings			Annual EPS
52 Week High:	126.38	% Price Change 1-Week:	-1.09		EPS	Y/Y	PE
52 Week Low:	94.74	% Price Change 4-Week:	-1.68	3/31/2018	6.18	-44.12%	14.87
50 Day Average:	102.00	% Price Change 12-Week:	-14.72	3/31/2019 Est	7.65	23.79%	12.73
200 Day Average:	106.57	% Price Change MTD:	-0.95	3/31/2020 Est	11.16	45.88%	8.72
Beta (60 Month):	0.43	% Price Change YTD:	-11.50	3/31/2021 Est			
Shares Outstanding (\$mil)	39.43	20 Day Average Volume (000's)	48.24	3-5 Year Growth Rate Est.			
Other Key Measurements				Estimate Surprise			
							
				Peer Comparison			
				PE TTM	PE F12	P/FCF	EPS GRE
				Price/BV	ROE TTM		
				CHINA BIOLOGIC (CBPO)	16.57	15.83	34.21
				S&P 500 MARKET WEIGHTED COMPOSITE	19.44	16.78	22.55
				S&P 500 HEALTH CARE COMPOSITE	18.57	16.50	6.75

REMI

REMENTENT INC (REMI)				Recommendations			
Global Sector: Health Care				Zacks Rank: 3		Broker Rating Not Available	
Price: \$0.19							
Ind. Dividend Yield: 0.0%				Strong Sell		Strong Buy	
Market Cap (\$mil): 3.80				Strong Sell		Strong Buy	
Price & Volume Data				Annual Earnings			Annual EPS
52 Week High:	0.34	% Price Change 1-Week:	-5.00		EPS	Growth Y/Y	PE
52 Week Low:	0.18	% Price Change 4-Week:	-9.52	3/31/2018	0.00		
50 Day Average:	0.22	% Price Change 12-Week:	0.00	3/31/2019 Est	0.02	9.50	
200 Day Average:	0.24	% Price Change MTD:	-5.00	3/31/2020 Est	0.02	0.00%	9.50
Beta (60 Month):	0.24	% Price Change YTD:	-46.81	3/31/2021 Est	0.03	25.00%	7.60
Shares Outstanding (\$mil)	20.00	20 Day Average Volume (000's)	0.28	3-5 Year Growth Rate Est.			
Other Key Measurements				Estimate Surprise			
	Current	5-Year Median					
Price/Book Value	1.20	1.76					
PE F12M Est	9.50						
Price/EBITDA	-10.19	4.04					
	Current	5-Year Median		Peer Comparison			
Pre-Tax Margin TTM	-10.67	14.12		PE TTM	PE F12	P/FCF	EPS GRE
Net Prof Margin TTM	-11.78	11.47		REMENTENT INC (REMI)	-19.00	-984.00	#LinkError
Current Ratio	0.71	0.84		\$S&P 500 MARKET WEIGHTED COMPOSITE	19.44	16.78	22.55
ROE TTM	-8.39			\$S&P 500 HEALTH CARE COMPOSITE	18.57	16.50	6.75
ROC TTM	-8.39	16.20					
LT Debt/ Equity	0.00	0.00					
LT Debt/ Total Cap	0.00	0.00					
Equity/Assets	166.33	239.39					

- Warning:** This is a sub-\$5 stock and is extremely high risk. It is not suitable for investors or our portfolios.

LII

LENNOX INTL IN LII			NYSE			Industry: BLDG PROD-AIR COND/HEAT			
Rec Price	P/E	Mkt Cap (\$mil)	Div Rate	Yield	Sales (12Mo)	Sls Gr	EPS Gr	Div Gr	Zacks Rank
\$200.74	22.3	\$8,080.9	\$2.56	1.3%	\$3,954	5%	23%	21%	Hold
Ave Broker Rec			Price/Volume Data			EPS, P/E and Growth Rates			Yr/Yr
Buy			52-Wk	High	\$228.62	FY	EPS	P/E	EPS Gr
				Low	\$179.39	12/17 Act	7.92	22.28	14%
			PriceChg-YTD		-3.6%	12/18 Est	9.22	21.78	16%
			-YTD(Rel)		-8.3%	12/19 Est	11.61	17.29	26%
			Avg Dly Vol (Mil)		322	Last 5 yr			23%
			Exp Return/Risk			Next 3-5Yr (Est)			19%
			Impl Ret=Yld+Gr		0.20	Other Key Measures			5-Year
			Beta		1.14		Current		Avg
			Shareholder Data			P/E (12 Mo)	22.3		23.8
			Shares Out		40.26	Rel P/E	111%		
			Institutions		68.34%	Net Margin	8%		6.7%
			Insiders		3.90%	ROE	-750.6%		50.0%
						LT Debt/Cap			79%

BA

BOEING CO (BA)				Recommendations			
Global Sector: Industrials				Zacks Rank: 3		Average Broker Rating: 1.47	
Price: \$365.50							
Ind. Dividend Yield: 6.8%				Strong Sell		Strong Buy	
Market Cap (\$mil): 209,982.78				Strong Buy		Strong Sell	
Price & Volume Data				Annual Earnings			
				EPS Growth			
				EPS Y/Y PE			
52 Week High:	392.30	% Price Change 1-Week:	-0.54				
52 Week Low:	256.46	% Price Change 4-Week:	0.08	12/31/2017	12.04	55.96%	25.22
50 Day Average:	358.48	% Price Change 12-Week:	2.69	12/31/2018 Est	14.58	21.09%	25.07
200 Day Average:	334.55	% Price Change MTD:	-1.72	12/31/2019 Est	17.43	19.57%	20.97
Beta (60 Month):	1.40	% Price Change YTD:	17.95	12/31/2020 Est	20.54	17.83%	17.79
Shares Outstanding (\$mil)	574.51	20 Day Average Volume (000's)	3,909.18	3-5 Year Growth Rate Est.	13.75		
Other Key Measurements				Annual EPS			
				2017			
				2018			
				2019			
				2020			
				0.00 10.00 20.00 30.00			

Importantly, just because these companies cleared a screen, such is only the first step in determining if it should be added to an investment portfolio. Each company must be evaluated not only on its fundamental merits but its price trends as well. They should also be evaluated relative to other holdings in your portfolio, your own personal risk tolerance, and your investment objectives. **Disclaimer:** As always, you must do your homework **BEFORE** making any investment. The information contained herein should not be construed as investment advice or a solicitation to buy or sell any security. Past performance is no guarantee of future results. Use of this information is at your own risk and peril.