Five For Friday- Magnificent Seven Look-Alikes

This year, the market has heavily focused on the Magnificent Seven (M7)- including Apple, Microsoft, Nvidia, Tesla, Amazon, Google, and Meta. The seven stocks account for over 25% of the market cap of the S&P 500. Their aggregated year-to-date performance is about 4x of the market.

This week?s scan looks for similar traits of the M7 stocks, excluding size, within the remaining S&P 500 stocks. For instance, the weighted average P/E of the M7 is 43, and the price to sales is 10, so similar high valuations are a requirement.

The table below shares the various statistics we screened for.

	Share of S&P 500	P/E	P/S	P/B	YTD Return (%)	Analyst Rating (1-5 Strongest to Weakest)
Apple	7.42%	31.33	7.79	48.07	48.11	2.00
Microsoft	7.18%	35.76	12.58	12.46	54.49	1.30
Amazon	3.45%	75.63	2.70	8.18	72.57	1.18
Nvidia	3.03%	61.16	25.51	34.35	218.05	1.25
Google (GOOG/GOOGL)	3.85%	25.68	5.65	6.16	51.22	1.45
Meta	1.91%	28.46	6.52	5.79	167.55	1.48
Tesla	1.74%	77.32	7.96	14.28	95.01	2.51
Weighted Avg.		42.800	9.895	22.33	81.939	1.57

Screening Criteria

- P/E more than M7 >43
- P/S more than M7 >10
- P/B more than M7 >22
- YTD Performance more than M7 > 82%
- Average analyst rating more than M7 < 1.57 (scaled 1-5 ? strongest to weakest)

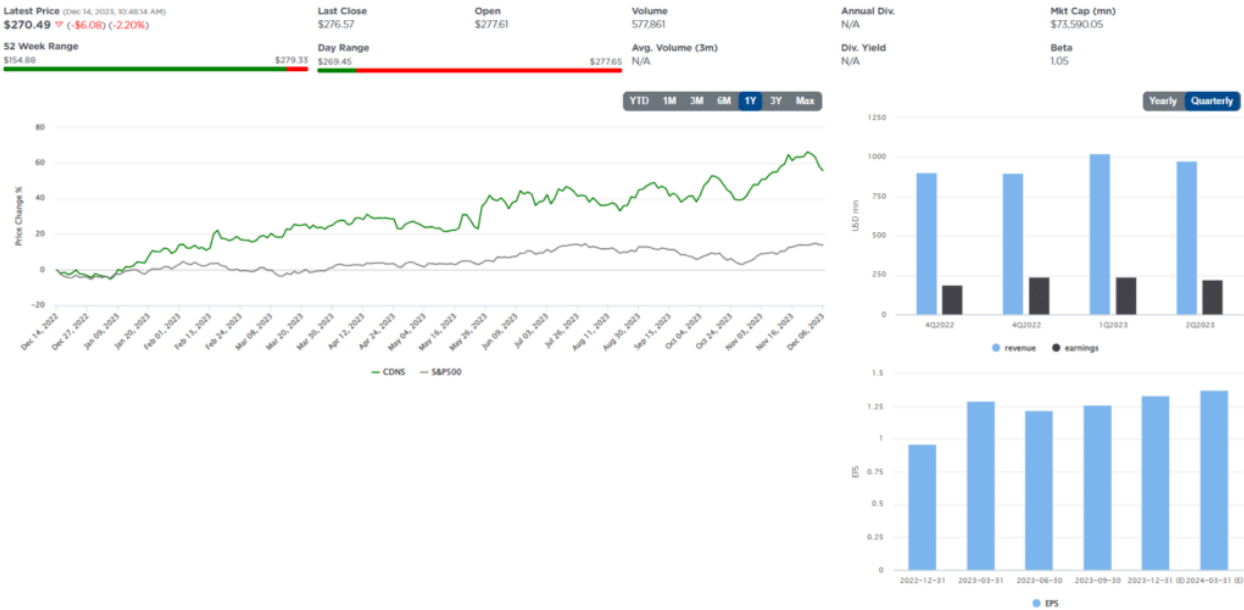|	P/E	P/S	P/B	YTD Return (%)	Analyst Rating (1-5 Strongest to Weakest)
CDNS	76.88	18.69	23.53	67.66	1.38
LLY	106.56	17.03	48.63	57.25	1.73
PANW	168.00	12.97	42.85	112.52	1.42

The scan proved how unique the M7 traits are. It only yielded three securities. And, to get to three, we had to relax some of the qualifications. LLY had a slightly worse analyst rating than the weighted average of the M7. Additionally, we accepted lower-than-average year-to-date performance for CDNS and LLY.

Company Summaries (all descriptions courtesy Zacks)

Cadence Design Systems (CDNS)

Cadence Design Systems, Inc. (CDNS) - Software - Application

Description (Read Less)

Cadence Design Systems, Inc. provides software, hardware, services, and reusable integrated circuit (IC) design blocks worldwide. The company offers functional verification services, including emulation and prototyping hardware. Its functional verification offering consists of JasperGold, a formal verification platform; Xcelium, a parallel logic simulation platform; Palladium, an enterprise emulation platform; and Protium, a prototyping platform for chip verification. The company also provides digital IC design and sign off products, including Genus logic synthesis and Joules RTL power solutions, as well as Modus software solution to reduce systems-on-chip design-for-test time; physical implementation tools, such as place and route, optimization, and multiple patterning preparation; and Innovus implementation system, a physical implementation system. In addition, it offers custom IC design and simulation products to create schematic and physical representations of circuits down to the transistor level for analog, mixed-signal, custom digital, memory, and radio frequency designs; and system design and analysis products to develop printed circuit boards and IC packages, as well as to analyze electromagnetic, electro-thermal, and other multi-physics effects. Further, the company provides intellectual property (IP) products comprising pre-verified and customizable functional blocks to integrate into customer's ICs; and verification IP with memory models to emulate and model the expected behavior and interaction of standard industry system interface protocols. Additionally, it offers services related to methodology, education, and hosted design solutions, as well as technical support and maintenance services. The company serves 5G communications, aerospace and defense, automotive, industrial and healthcare, mobile, consumer, and hyperscale computing markets. Cadence Design Systems, Inc. was incorporated in 1987 and is headquartered in San Jose, California.

Latest Price (Dec 14, 2023, 10:48:34 AM)	Last Close	Open	Volume	Annual Div.	Mkt Cap (mn)
$270.49 ▽ (-$6.08) (-2.20%)	$276.57	$277.61	577,861	N/A	$73,590.05
52 Week Range	Day Range		Avg. Volume (3m)	Div. Yield	Beta
$154.88 — $279.33	$269.45 — $277.65		N/A	N/A	1.05

Eli Lilly & Co (LLY)

Eli Lilly and Company (LLY) - Drug Manufacturers - General

Description (Read Less)

Eli Lilly and Company discovers, develops, and markets human pharmaceuticals worldwide. It offers Basaglar, Humalog, Humalog Mix 75/25, Humalog U-100, Humalog U-200, Humalog Mix 50/50, insulin lispro, insulin lispro protamine, insulin lispro mix 75/25, Humulin, Humulin 70/30, Humulin N, Humulin R, and Humulin U-500 for diabetes; and Jardiance, Trajenta, and Trulicity for type 2 diabetes. The company provides Alimta for non-small cell lung cancer (NSCLC) and malignant pleural mesothelioma; Cyramza for metastatic gastric cancer, gastro-esophageal junction adenocarcinoma, metastatic NSCLC, metastatic colorectal cancer, and hepatocellular carcinoma; Erbitux for colorectal cancers, and various head and neck cancers; Retevmo for metastatic NSCLC, medullary thyroid cancer, and thyroid cancer; Tyvyt for relapsed or refractory classic Hodgkin's lymph and non-squamous NSCLC; and Verzenio for HR+, HER2- metastatic breast cancer, node positive, and early breast cancer. It offers Olumiant for rheumatoid arthritis; and Taltz for plaque psoriasis, psoriatic arthritis, ankylosing spondylitis, and non-radiographic axial spondylarthritis. The company offers Cymbalta for depressive disorder, diabetic peripheral neuropathic pain, generalized anxiety disorder, fibromyalgia, and chronic musculoskeletal pain; Emgality for migraine prevention and episodic cluster headache; and Zyprexa for schizophrenia, bipolar I disorder, and bipolar maintenance. Its Bamlanivimab and etesevimab, and Bebtelovimab for COVID-19; Cialis for erectile dysfunction and benign prostatic hyperplasia; and Forteo for osteoporosis. The company has collaborations with Incyte Corporation; Boehringer Ingelheim Pharmaceuticals, Inc.; AbCellera Biologics Inc.; Junshi Biosciences; Regor Therapeutics Group; Lycia Therapeutics, Inc.; Kumquat Biosciences Inc.; Entos Pharmaceuticals Inc.; Foghorn Therapeutics Inc.; and PRISM BioLab Co.,Ltd. Eli Lilly and Company was founded in 1876 and is headquartered in Indianapolis, Indiana.

Latest Price (Dec 14, 2023, 10:48:49 AM)	Last Close	Open	Volume	Annual Div.	Mkt Cap (mn)
$575.47 ▽ (-$22.03) (-3.69%)	$597.50	$594.50	1,981,321	$4.37	$546,297.68
52 Week Range	Day Range		Avg. Volume (3m)	Div. Yield	Beta
$309.20 — $629.97	$574.06 — $594.40		N/A	0.73%	0.33

Palo Alto Networks (PANW)

Latest Price (Dec 14, 2023, 10:54:25 AM)	Last Close	Open	Volume	Annual Div.	Mkt Cap (mn)
$303.01 ▽ (-$10.85) (-3.46%)	$313.86	$315.00	2,924,899	N/A	$95,539.05

52 Week Range		Day Range		Avg. Volume (3m)	Div. Yield	Beta
$132.22	$318.00	$301.70	$318.00	N/A	N/A	1.17

Five for Friday

Five for Friday uses stock screens to produce five stocks that we expect will outperform if a particular investment theme plays out in the future. Investment themes may be relevant to the current or expected market, industry and/or economic trends. Investment themes may not always represent our current forecast.

Disclosure

This report is not a recommendation to buy or sell the named securities. We intend to elicit ideas about stocks meeting specific criteria and investment themes. Please read our disclosures carefully and do your own research before investing.