

Five For Friday- Piggybacking On Zack's Value Screen

With the stock market officially in bear market territory, having fallen over 20% from recent highs, it's worth assessing which sectors and factors are outperforming and which are not. The table below shows that more conservative sectors like value and high dividend stocks are the best performing factors. The riskier sectors like growth and technology stocks are among the worst.

# trading days	Relative Performance to SPY							YTD
	10	20	20	20	60	60	60	
Dates:	05/10/22 - 05/24/22	04/12/22 - 05/10/22	03/15/22 - 04/12/22	02/15/22 - 03/15/22	11/23/21 - 02/15/22	08/31/21 - 11/23/21	06/08/21 - 08/31/21	
Small Caps	1.66%	-2.32%	-2.14%	-0.52%	-6.21%	-1.29%	-9.93%	-4.00%
Mid Cap 400	1.06%	0.86%	-2.40%	0.55%	-1.48%	0.60%	-6.85%	1.04%
S&P 500	0.07%	0.00%	-0.04%	0.01%	0.03%	-0.08%	0.10%	0.04%
Small Cap Value	1.80%	1.46%	-2.27%	1.73%	0.22%	1.53%	-10.47%	6.16%
Mid Cap Value	2.03%	2.37%	-2.95%	1.78%	1.23%	1.26%	-9.21%	7.03%
S&P 500 Value	2.33%	2.10%	0.34%	2.02%	5.02%	-2.11%	-6.53%	10.28%
Low Beta [Low Vol.]	1.73%	2.60%	3.16%	5.77%	2.85%	-2.61%	-1.71%	10.64%
High Dividend Yield	2.55%	4.19%	-0.54%	2.85%	5.49%	-0.75%	-6.84%	13.64%
Buyback Achievers	-1.18%	1.68%	-1.88%	0.74%	0.73%	-2.07%	-3.68%	1.07%
Small Cap Growth	1.60%	-6.08%	0.81%	-4.01%	-7.93%	-5.37%	-3.57%	-11.08%
Mid Cap Growth	0.03%	-0.85%	-1.83%	-0.79%	-4.14%	-0.32%	-4.03%	-4.74%
S&P 500 Growth	-2.53%	-2.18%	-0.30%	-1.95%	-4.42%	1.69%	6.46%	-9.18%
Mega Cap Growth	-2.99%	-3.33%	0.45%	-3.75%	-5.36%	0.59%	6.28%	-11.77%
Momentum	-0.68%	-3.23%	0.72%	-2.55%	-6.91%	-0.56%	-0.79%	-7.20%
High Beta	-1.47%	-1.69%	-1.09%	-4.03%	0.38%	3.61%	-11.39%	-4.38%
Semiconductors	-0.75%	3.78%	-7.61%	-5.82%	-2.42%	9.05%	1.66%	-11.21%
"Disruptive Tech"	-3.25%	-22.41%	7.18%	-23.28%	-24.24%	-16.85%	0.93%	-41.48%
Equal Weight S&P 500	1.15%	0.97%	-0.54%	1.23%	2.15%	-0.96%	-4.23%	4.50%
Emerging Markets	3.28%	-0.76%	3.48%	-11.37%	2.68%	-7.40%	-12.40%	0.45%
Developed Markets	5.87%	0.48%	-0.99%	-3.24%	0.94%	-5.28%	-8.25%	4.59%
EAFE	5.99%	0.77%	-0.50%	-4.19%	0.68%	-4.74%	-8.48%	4.53%
Precious Metals	3.08%	-1.00%	-1.33%	8.79%	8.94%	-8.59%	-15.42%	17.47%

Quite often, value stocks, due to their more conservative nature and established product lines, outperform the market in bear markets and recessions. This time does not appear to be different. Investors are shifting from high tech explosive growth to lower growth value-oriented companies. As such, we think it is helpful to provide another screen for deep value stocks.

We start this screen with a value screen built by Zacks Advisor Tools. We then take Zack's results, weigh the screening criteria, and arrive at the top five value stocks from the Zacks screener.

As you will see below, the scan results in five deep value stocks.

Screen Criteria

- Price to Sales <1
- Price to Book <2
- Price to Cash Flow <20
- PEG Ratio <1
- Forward Price to Earnings <20
- Zacks Rank =1

- Zacks Value score=1

Scan Results

COMPANY	TICKER	SECTOR	PRICE/ SALES	PRICE/ BOOK	PRICE/ CASH FLOW	PEG Ratio	FWD P/E
Totalenergies	TTE	Oils-Energy	0.63	1.19	4.40	0.71	4.71
Gray Televisn	GTN	Consumer Discretionary	0.72	1.07	5.15	0.38	3.85
Patrick Inds	PATK	Construction	0.29	1.65	4.10	0.70	4.35
Academy Spt&Odr	ASO	Consumer Discretionary	0.39	1.86	3.30	0.30	4.39
Avnet	AVT	Computer and Technology	0.20	1.06	9.70	0.18	6.78

Company Summaries (Corporate Summaries Courtesy of Zacks)

TotalEnergies (TTE)

TotalEnergies SE is a broad energy company which produces and markets energies including oil and biofuels, natural gas and green gases, renewables and electricity. TotalEnergies SE, formerly known as TOTAL FINA SA, is based in PARIS.

TTE stock price significantly lags most other energy companies this year in part due to the Ukrainian conflict. As a result its valuations have not risen like other energy stocks. Its PEG ratio and Forward P/E are about half of their five-year average. Conflict resolution could result in substantial upside.



Gray Television (GTN)

Gray Television is a communications company headquartered in Atlanta, Georgia. Currently, it operates 15 CBS-affiliated television stations, seven NBC-affiliated television stations, seven ABC-affiliated television stations and four daily newspapers.

GTN is an 'old school' media company with relatively stable earnings and a low beta. Like TTE its fundamental valuations are nearly half of its five-year average. Analysts expect 4% earnings growth for the next three to five years.



Patrick Industries (PATK)

Patrick Industries, Inc. is a major manufacturer of component products and distributor of building products and materials for the Recreational Vehicle, Manufactured Housing and Marine industries. The Company also supplies many of its products to certain Industrial markets that include customers in the kitchen cabinet, office and household furniture, fixtures and commercial furnishings and other industrial markets. Patrick's major manufactured products include decorative vinyl and paper laminated panels, solid surface, granite and quartz countertops, fabricated aluminum products, wrapped vinyl, paper and hardwood profile moldings, slide-out trim and fascia, cabinet doors and components, fiberglass bath fixtures, fiberglass and plastic helm systems and component products, wiring and wiring harnesses, and composite parts and polymer-based flooring and other products. Patrick Industries also distributes pre-finished wall and ceiling panels, drywall finishing products, and other miscellaneous products.

PATK stock has fallen nearly 50% from early 2021 highs despite rising earnings. It has the lowest price to sales and price to forward ratios on this list. Higher mortgage rates may curtail construction which may negatively impact earnings, but given how low its valuations are, the downside risk is not as high as many other construction-related companies.



Academy Sports and Outdoors (ASO)

Academy Sports and Outdoors Inc. provides sporting goods and outdoor recreation retailers principally in the United States. The company's product assortment focuses on outdoor, apparel, footwear and sports & recreation. Academy Sports and Outdoors Inc. is based in KATY, Texas.

ASO has the highest price to book value of the group but the lowest price to cash flow. In another value screen, we wrote up their competitor Dicks Sporting Goods (DKS). Since they are in the same industry, the PEG (P/E / G (expected growth rates)) ratio can help us compare valuations. DKS is expected to grow EPS by 5% for the next 3-5 years, while expectations are nearly triple that for ASO. Given their valuations are similar, ASO seems to offer more growth and may be the better of the two value stocks.



Avnet (AVT)

Avnet Inc. is one of the world's largest distributors of electronic components and computer products. It serves original equipment manufacturers, electronic manufacturing services providers, original design manufacturers, and value-added resellers. Avnet maintains an extensive inventory, including electronic products and system manufacturers. Avnet distributes products for companies like IBM and Hewlett-Packard Company. Avnet has two major operating segments: Electronic Components (EC) & Premier Farnell (PF). The EC unit distributes semiconductors and Interconnect, passive and electromechanical devices, and provides supply chain management, inventory replenishment system and non-complex engineering design services and integrated solutions like technical design, integration and assembly of embedded products, systems and solutions for industrial applications. Avnet's PF unit provides a comprehensive suite of kits, tools, electronic components and industrial automation components to both engineers and entrepreneurs.

AVT is the only technology company in this report. For the last ten years, excluding a year around the pandemic, AVT stock has ranged between 36 and 45. The stock boasts the lowest Price to Sale, Price to Book, and PEG ratio in this screen, but its earnings are expected to decline.

