Using RIAPro To Screen For Value
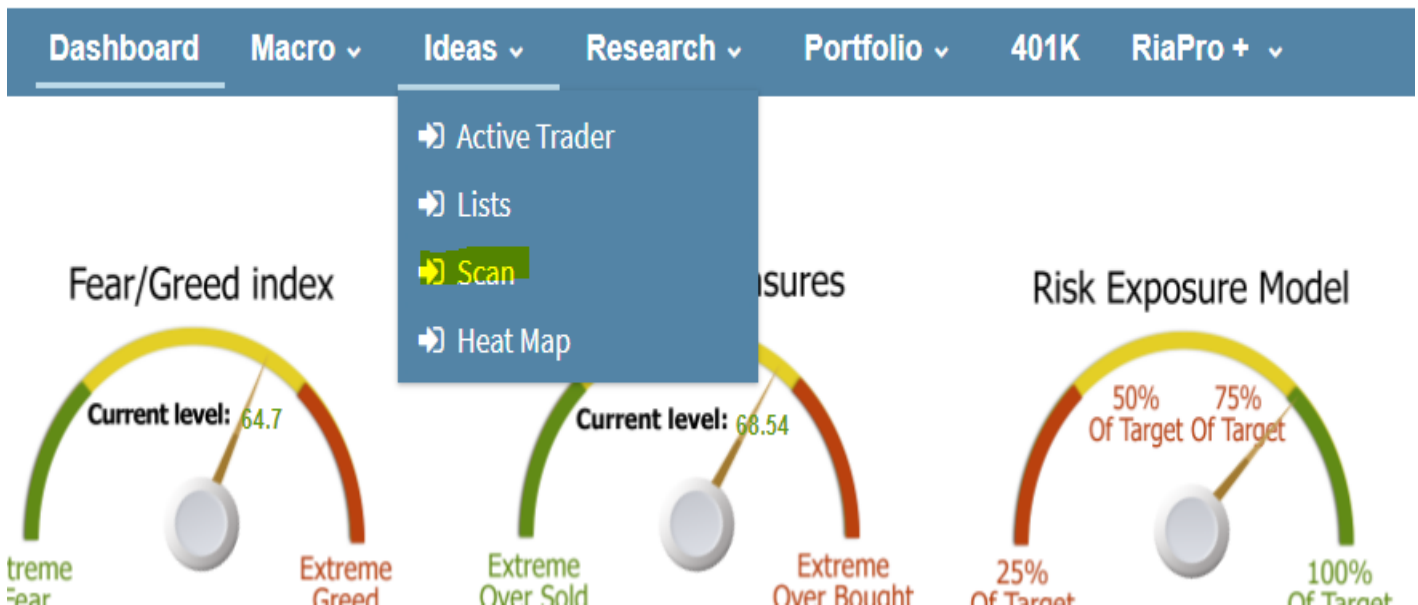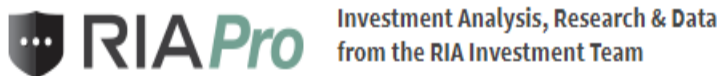
For the last couple of months, we have been discussing the idea of adding more "*value*" based stocks to portfolios. The reason is that *"value"* provides a hedge against "*risk*" due to its inherent "*margin of safety"* as discussed this week. Today, we will use RIAPro to screen for value-based stocks. If you are new to the RIAPro system, it is set up in a process to follow:

1. **Dashboard -&#2013266080;***start your research by reviewing our latest market commentary, trades, articles, and tweets. Then check the news headlines, alerts, dividends, and earnings for the stocks in your watch list and portfolios.*
2. **Macro -&#2013266080;***The next step is to get a "macro" view of the markets. Get an overview of major asset and sector performance. Also, look at sentiment, notable movers, currencies, and market internals.&#2013266080;*
3. **Ideas -&#2013266080;***Once you have an idea about the direction of the markets, start generating some investable ideas. The "active trader" page condenses the market into areas with the best and worst momentum, relative strength, and MACD. You can also have ideas generated for you on the "Lists" page or "Scan" for your ideas.*
4. **Research -&#2013266080;***Once you find an investment idea, its time to drill down and look at the technical performance, compare it to its peers, check out the analyst rankings, or search for stocks based on dividends, earnings, splits, or high yield.&#2013266080;*
5. **Portfolio -&#2013266080;***Of course, once you generate your idea, you can then add it to your portfolio, watchlist, or add an alert to be notified when it hits your target entry price.*

Okay, with this brief understanding of the "*flow*" of the site, let's review how to "*scan*" for "*value*" on RIAPro.

Screen For Value

The first step is to head over to the IDEAS tab and click on the SCAN tab.

Once you get into the "scan" page, you will find a variety of options. *(Note: we have recently added a new data feed. Future updates will include the ability to scan for specific fundamental factors of your choosing.)*

While the "scan page" has several "*technical options"* to scan for, we have provided three specific "*scores"* to help identify the top fundamental candidates. These are the:

- *Piotroski "F" Score*
- *Mohanram "G" Score*
- *RIAPro Rank*

Understanding The "Score" Systems

To use the "scores" efficiently, you need to understand what they encompass. The following are brief explanations, but I have provided links to the underlying research papers.

Piotroski "F" Score

"The **Piotroski F-score** is a number between 0 and 9 and assesses the strength of the company's financial position. The score quantifies the stocks with the best‑value *(9- being the best).* **Here is the link to the research paper** for further explanation. The score is calculated based on 9-fundamental criteria divided into 3-groups.

Profitability

1. *Return on Assets‑*
2. *Operating Cash Flow‑*
3. *Change in Return of Assets (ROA)‑*
4. *Accruals*

Leverage, Liquidity, and Source of Funds

1. *Change in Leverage (long-term) ratio‑;*
2. *Change in Current ratio‑;*
3. *A change in the number of shares outstanding.*

Operating Efficiency

1. *Change in Gross Margin*
2. *Change in Asset Turnover ratio‑;*

As you can see, these items are all very fundamental, so we can quickly *"scan"* for *"fundamental strength"* by scanning for stocks ranked between 8 and 9. Begin by selecting S&P Stocks in the "Category" field. Then, choose the option in the Piotroski box for stocks >=6. Lastly, click the Piotroski column to sort from highest to lowest, as shown below.

| Dashboard | Macro ⌄ | Ideas ⌄ | Research ⌄ | Portfolio ⌄ | 401K | RiaPro + ⌄ | Symbol 🔍 | Help ⌄ |

Category:	S&P Stocks ⌄	RiaPro Rank:	- Select - ⌄	Performance:	- Select - ⌄
RSI:	- Select - ⌄	Momentum:	- Select - ⌄	SMA CrossOver:	- Select - ⌄
Piotroski Score:	>=6 ⌄	Mohanram Score:	- Select - ⌄	Technical Trend:	- Select - ⌄
Volatility:	- Select - ⌄	52-Week High/Low:	- Select - ⌄	SMA200:	- Select - ⌄
SMA50:	- Select - ⌄	SMA20:	- Select - ⌄		

| Scan | ↺ Reset | Create Watchlist | Watchlist Name |

Found 263 tickers from above filters

Symbol ⇕	Last	Today's Change ⇕	MTD % ⇕	YTD % ⇕	52 Week Range (Low - High)	RSI ⇕	20 SMA ⇕	50 SMA ⇕	100 SMA ⇕	200 SMA ⇕	Trend Analysis ⇕	Mohanram Score❓ ⇕	Piotroski Score❓ ▼	RIAPro Rank❓ ⇕	Yield ⇕	MACD ⇕
⊕ AMAT	55.00	-0.12 (-0.22)%	-11.13%	-8.96%	36.64 - 69.90	31.86	62.04	62.75	59.02	57.55	🚩 3 out of 10	4	9	2	1.60 %	macd=-1.98 signal=1.00
⊕ AMD	76.34	-2.64 (-3.34)%	-17.18%	66.46%	27.43 - 94.28	43.48	83.58	73.74	63.73	55.36	👍 10 out of 10	5	9	3	%	macd=1.27 signal=2.00
⊕ CSCO	39.88	0.31 (0.78)%	-5.12%	-14.77%	-	28.33	42.52	44.96	44.46	43.87	🚩 1 out of 10	6	9	3	3.64 %	macd=-1.52 signal=1.00
⊕ CTL	10.65	0.1 (0.95)%	0.00%	-19.38%	8.16 - 15.30	49.07	10.90	10.37	10.21	11.31	🚩 4 out of 10		9	3	9.48 %	macd=0.06 signal=2.00
⊕ LEN	77.48	1.98 (2.62)%	-0.83%	38.88%	25.42 - 80.00	57.75	76.48	72.32	64.45	60.08	👍 10 out of 10	4	9	3	0.66 %	macd=0.89 signal=2.00
⊕ MCO	284.94	1.16 (0.41)%	-3.76%	20.02%	164.19 - 305.96	48.71	287.58	286.25	274.16	256.30	👍 7 out of 10	5	9	2	0.79 %	macd=0.82 signal=2.00
⊕ MLM	209.92	2.59 (1.25)%	0.99%	-24.54%	135.08 - 281.82	48.73	210.32	214.36	203.72	221.49	🚩 3 out of 10	4	9	3	1.10 %	macd=-1.75 signal=1.00

You now have a list of fundamentally strong stocks to begin to research. However, this is where the other scores can help refine the process.

Mohanram "G" Score

Partha Mohanram's G-Score analysis, which was inspired by the Piotroski F-Score, uses a similar fundamental algorithm to identify low "*book value to price"* companies.&#2013266080;The G-Score has eight factors grouped into three main growth stock signals. Those factors are as follows:

Growth Signals

1. *Return on assets (ROA) is greater than the industry median.*
2. *Cashflow ROA exceeds the industry median.*
3. *Cashflow from operations exceeds net income.*

Stability Signals

1. *Earnings variability is less than the* **contemporaneous industry median** *(CIM)*
2. *Sales growth variability is less than the CIM*

Accounting Conservatism

1. *R&D deflated by beginning assets is greater than the CIM*
2. *Capital expenditure deflated by beginning assets is greater than the CIM*
3. *Advertising expenditures deflated by beginning assets is greater than the CIM*

[Here is a link to the research paper](#) for further explanation. The difference between the *"G"* score and the *"F"* score is that the score focuses on the fundamental factors related to "*Growth"* companies. Begin by selecting S&P Stocks in the "Category" field. Then, choose the option in the Mohanram box for stocks >=6. Lastly, click the Mohanram column to sort from highest to lowest, as shown below.

Symbol	Last	Today's Change	MTD %	YTD %	52 Week Range (Low - High)	RSI	20 SMA	50 SMA	100 SMA	200 SMA	Trend Analysis	Mohanram Score	Piotroski Score	RIAPro Rank	Yield	MACD
BAC	25.50	0.36 (1.43)%	-0.12%	-26.11%	17.95 - 35.72	50.39	25.59	24.90	24.33	26.84	4 out of 10	8	6	3	2.86 %	macd=0.12 signal=2.00
PPG	127.10	1.36 (1.08)%	5.56%	-4.38%	-	69.70	108.78	98.85	98.88	111.85	10 out of 10	8	6	2	1.72 %	macd=4.47 signal=4.00
FLIR	34.22	0.67 (2)%	-5.89%	-33.45%	23.85 - 59.44	33.64	36.45	39.01	41.01	43.78	1 out of 10	8	5	3	2.03 %	macd=-1.08 signal=1.00
STT	64.91	0.68	-5.35%	-17.94%	42.10 - 85.89	42.59	68.17	66.10	63.75	66.73	4 out of 10	7	8	3	3.24 %	macd=-0.31

You will see a very different grouping of stocks arise with this scoring system. Interestingly, while the Mohanram scores are high, the Piotroski scores are substantially lower. Such is where the RIAPro Rank comes into play.

RIAPro Rank

The RIAPro rank is a scoring system based on the earnings growth trends of companies. Ultimately, if earnings are not growing, eventually the price will be reflective of the issue. The scoring system has 5-levels:
1. *Strong Buy*
2. *Buy*
3. *Hold*
4. *Sell*
5. *Strong Sell*

Begin by selecting S&P Stocks in the "Category" field. Then, choose the option in the RIAPro box for "*Buy and Strong Buy.*" Lastly, click the RIAPro Rank column to sort from highest to lowest, as shown below.

| Dashboard | Macro ˅ | Ideas ˅ | Research ˅ | Portfolio ˅ | 401K | RiaPro + ˅ | | Symbol 🔍 | Help ˅ |

Category:	S&P Stocks ˅	RiaPro Rank:	Buy and Strong Buy ˅	Performance:	- Select - ˅	
RSI:	- Select - ˅	Momentum:	- Select - ˅	SMA CrossOver:	- Select - ˅	
Piotroski Score:	- Select - ˅	Mohanram Score:	- Select - ˅	Technical Trend:	- Select - ˅	
Volatility:	- Select - ˅	52-Week High/Low:	- Select - ˅	SMA200:	- Select - ˅	
SMA50:	- Select - ˅	SMA20:	- Select - ˅			

| Scan | ↻ Reset | Create Watchlist | Watchlist Name |

Found 83 tickers from above filters

Symbol ⬍	Last ⬍	Today's Change ⬍	MTD % ⬍	YTD % ⬍	52 Week Range (Low - High)	RSI ⬍	20 SMA ⬍	50 SMA ⬍	100 SMA ⬍	200 SMA ⬍	Trend Analysis ⬍	Mohanram Score❓ ⬍	Piotroski Score❓ ⬍	RIAPro Rank❓ ▲	Yield ⬍	MACD ⬍
⊕ AAP	154.59	1.03 (0.67)%	-1.15%	-2.87%	71.33 - 171.43	51.31	156.50	150.35	141.83	136.82	9 out of 10	4	6	1	0.65 %	macd=0.64 signal=2.00
⊕ CDW	111.32	1.24 (1.13)%	-2.05%	-21.30%	-	50.55	114.19	114.68	111.41	118.35	6 out of 10	5	6	1	1.38 %	macd=-0.51 signal=3.00
⊕ CRM	243.10	-4.7 (-1.9)%	-13.56%	49.47%	115.29 - 284.50	58.91	223.75	204.85	187.77	177.03	10 out of 10	1	7	1	%	macd=18.04 signal=4.00
⊕ DE	215.96	0.85 (0.4)%	-0.79%	25.99%	106.14 - 219.71	72.01	206.22	187.27	166.74	161.77	10 out of 10	1	6	1	1.41 %	macd=8.42 signal=2.00
⊕ DHI	71.39	1.66 (2.38)%	-2.69%	36.58%	25.51 - 77.45	53.71	72.48	67.19	59.35	54.71	10 out of 10		5	1	1.00 %	macd=0.60 signal=2.00
⊕ DVA	88.05	0.46 (0.53)%	0.81%	17.35%	54.09 - 92.16	56.31	86.90	85.36	82.33	79.48	7 out of 10	5	7	1	%	macd=0.75 signal=2.00
⊕ FBHS	82.61	0.66 (0.81)%	-1.75%	26.43%	33.90 - 86.80	73.05	72.11	64.47	56.42	60.42	10 out of 10	5	6	1	1.17 %	macd=6.30 signal=4.00

Putting In All Together

Now that you have a better understanding of the different ranking systems, you can start to combine and refine your lists to find candidates for your portfolio. For example, since we are looking for *"fundamental value,"* let's screen for stocks in the S&P 500 index with high Piotroski *"F"* scores. Let's also add a *"Strong Buy and Buy"* RIAPro ranking into the scan to make sure the company's earnings trends are positive.

Dashboard	Macro ˅	Ideas ˅	Research ˅	Portfolio ˅	401K	RiaPro + ˅		Symbol 🔍	Help ˅

Category:	S&P Stocks ˅	RiaPro Rank:	Buy and Strong Buy ˅	Performance:	- Select - ˅
RSI:	- Select - ˅	Momentum:	- Select - ˅	SMA CrossOver:	- Select - ˅
Piotroski Score:	>=6 ˅	Mohanram Score:	- Select - ˅	Technical Trend:	- Select - ˅
Volatility:	- Select - ˅	52-Week High/Low:	- Select - ˅	SMA200:	- Select - ˅
SMA50:	- Select - ˅	SMA20:	- Select - ˅		

Scan	↺ Reset	Create Watchlist	Watchlist Name

Found 53 tickers from above filters

Symbol ⇅	Last ⇅	Today's Change ⇅	MTD % ⇅	YTD % ⇅	52 Week Range (Low - High)	RSI ⇅	20 SMA ⇅	50 SMA ⇅	100 SMA ⇅	200 SMA ⇅	Trend Analysis ⇅	Mohanram Score❓ ⇅	Piotroski Score❓ ▼	RIAPro Rank❓	Yield ⇅	MACD ⇅
⊕ PHM	45.30	0.8 (1.8)%	-1.63%	16.75%	17.12 - 48.00	54.64	45.60	42.35	37.13	36.92	👍 10 out of 10	6	9	1	1.08%	macd=0.39 signal=2.00
⊕ AMAT	55.00	-0.12 (-0.22)%	-11.13%	-8.96%	36.64 - 69.90	31.86	62.04	62.75	59.02	57.55	👎 3 out of 10	4	9	2	1.60%	macd=-1.98 signal=1.00
⊕ MCO	284.94	1.16 (0.41)%	-3.76%	20.02%	164.19 - 305.96	48.71	287.58	286.25	274.16	256.30	👍 7 out of 10	5	9	2	0.79%	macd=0.82 signal=2.00
⊕ ALL	93.82	1.2 (1.3)%	0.93%	-16.57%	64.13 - 125.92	50.11	93.83	93.35	96.04	101.77	👎 2 out of 10	6	8	2	2.33%	macd=-0.43 signal=1.00
⊕ SPGI	348.79	4.31 (1.25)%	-5.32%	27.74%	186.06 - 379.87	46.32	358.12	353.18	332.44	302.17	👍 8 out of 10	1	8	2	0.78%	macd=-0.72 signal=1.00
⊕ TMO	431.13	11.4 (2.72)%	0.50%	32.71%	250.21 - 441.96	73.47	372.95	352.07	329.55	319.20	👍 10 out of 10	5	8	2	0.21%	macd=21.86 signal=4.00
⊕ CRM	243.10	-4.7 (-1.9)%	-13.56%	49.47%	115.29 - 284.50	58.91	223.75	204.85	187.77	177.03	👍 10 out of 10	1	7	1	%	macd=18.04 signal=4.00

There are 53 candidates on the scan at the time I ran this. I have only shown the top-7, for this example.

Digging In

However, now that we have a potential list of candidates, we can *"dig in"* into each of the companies a bit more by clicking the "+" symbol, which is next to the ticker. For example, let's take a look at one of our current **RIAPro Equity Portfolio holdings** - *CRM (SalesForce).*

CRM	243.10	-4.7 (-1.9)%	-13.56%	49.47%	115.29 - 284.50	58.91	223.75	204.85	187.77	177.03	10 out of 10	1	7	1	%	macd=18.04 signal=4.00

When you click on the "+" sign, a pop-out window will provide you all of the data from the "*Research"* tab without having to leave the scan page.

Symbol Analytics   ✕

Chart   Analyst   Synopsis   Fundamental   News   Dividend   Earnings

1m 30m 1h D ˅   ⇟ ◧ ⌢ ˅ ⊕ ƒx

SALESFORCE.COM INC · 1D · Cboe BZX ▬ D   O250.72 H251.30 L239.45 C243.10 -4.70 (-1.90%)

MA 9 close 259.21

Vol 5.455M

243.10

Apr   May   Jun   Jul   Aug   Sep   22

Symbol Analytics

Chart   Analyst   Synopsis   **Fundamental**   News   Dividend   Earnings

Fundamental Data Comparison

	Name ⇕	CRM	ADSK	ANSS	CTXS	INTU
EFFECTIVENESS	Return On Assets	0.15 %	6.35 %	6.76 %	10.05 %	15.80 %

You can also use the "scan" page streamline your choices further by adding in "technical overlays" such as moving averages, performance, volatility, momentum, etc.

Conclusion

In the coming months, we will be adding a variety of other screening options to help you deepen your research further. We will also provide more models from which you can choose and follow. Screening for value in the current market environment is challenging. As noted in our recent articles, there is currently a deep underperformance of "*value stocks.*" If you are focused more on short-term growth, you may want to concentrate your scans on more "*technical factors.*" However, if you do choose to go down the *"value"* path, you are going to have to be very patient and follow some basic rules.

1. *Understand that your performance relative to the market will lag in the short-term.&#2013266080;*
2. *Despite a stock being a "fundamental value," such does not mean you can abandon "risk" management and capital preservation strategies. (Maintain stop levels)*
3. *Realize that some value stocks may well turn out to be "value traps." Such is always a danger when digging into companies that appear to fundamentally cheap but aren't.&#2013266080;*
4. *Lastly, start small into your positions and add to them as your fundamental and value thesis begins to show positive results. Then scale "up" into the position over time.*

I hope you find this guide useful. If you have comments or suggestions for additional features or guides, **please email us.**