

Five For Friday- Growthy Value with Little Debt

This week, we perform a variation of our screen from early November, [Small Cap Value with Little Debt](#). This version is born from some investors being uncomfortable in the small-cap space, where household names are few and far between. Additionally, it can be difficult for institutions to invest in small caps due to the need for trading liquidity. Using last month's small-cap screen as an example, we can't put any stocks in our models simply because we have too much size for the liquidity environment.

Thus, this week's variation appeals to a broader array of investors by screening for large-cap stocks with little debt and reasonable valuations. We loosened the screen criteria to reflect that large-cap "value" stocks tend to trade at higher valuations than their small-cap counterparts. The P/E ratio of the S&P 500 index is currently near 25, while the forward P/E ratio is hovering near 20. That said, we adjusted our P/E criteria to look for stocks cheaper than the index. Finally, large-cap stocks tend to utilize more debt in their capital structure, so we raised the Debt-to-Equity threshold to 0.3 from 0.2.

Scan Criteria

- Market Cap > \$10 billion
- Debt to Equity ratio <.30
- P/E <25
- Forward P/E <20
- EPS Growth Next 5yr Forecast >10%

Ticker	Sector	Market Cap		Debt-to-Equity		Forward P/E	EPS Growth	
		\$	(\$B)	Ratio	P/E		Next 5y Est	PEG
BRKB	Financials	\$	761.4	0.24	10.0	19.9	23.3%	0.43
ACGL	Financials	\$	29.3	0.18	10.0	10.1	20.6%	0.49
SWKS	Technology	\$	16.3	0.25	16.6	11.8	15.0%	1.10
XOM	Energy	\$	396.4	0.21	9.8	10.2	41.6%	0.24
EG	Financials	\$	16.6	0.27	7.1	6.2	37.3%	0.19

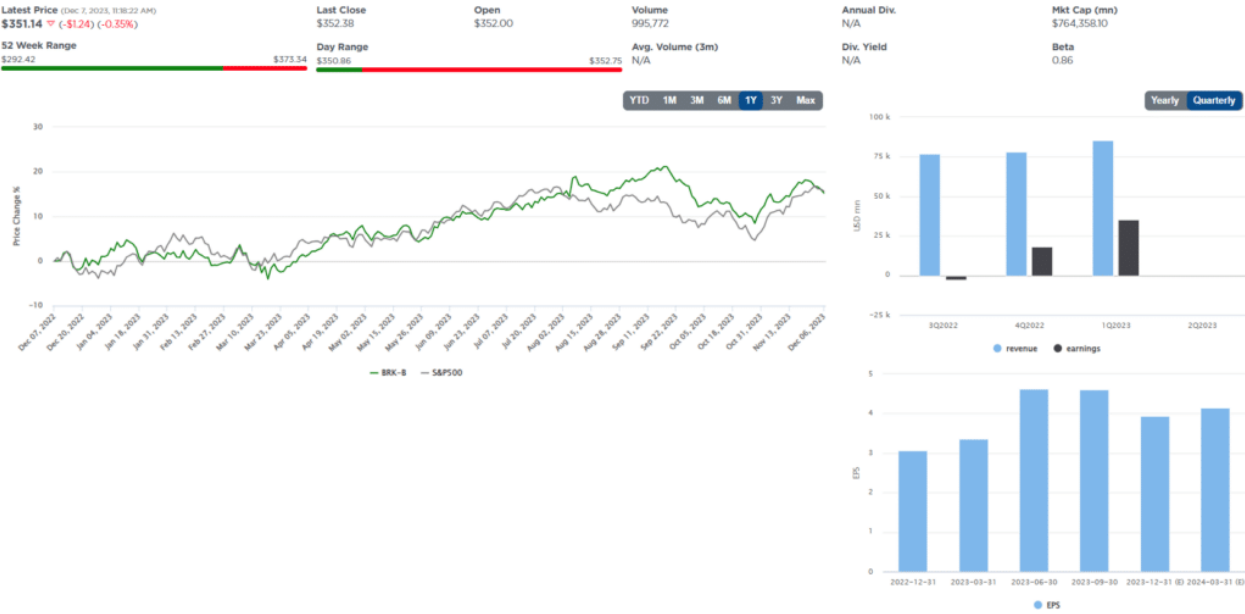
These stocks wouldn't be considered "deep value." One could even argue that they generally trade at the higher end of value thresholds. However, in most instances, there's a sweet spot between stocks with the cheapest valuations and those that perform alongside or better than the market. Screening for the cheapest stocks outright could funnel investors into value traps as often as legitimate value opportunities. It may also introduce a bias towards out-of-favor sectors, as the technology sector (which has driven market gains this year) is biased towards higher valuations. So, while these stocks aren't the cheapest in the index, they may be less likely to lag the market than some deep-value options.

Company Summaries

Berkshire Hathaway Inc. (BRK-B)

Berkshire Hathaway Inc. (BRK-B) - Insurance - Diversified

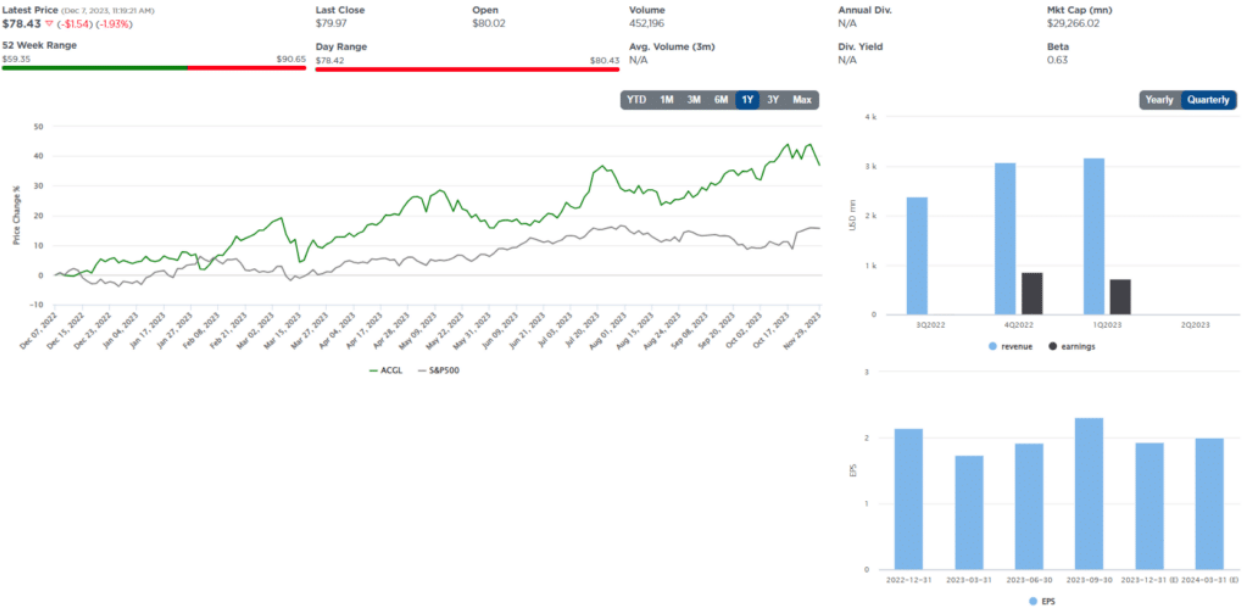
Description [Read Less](#)
Berkshire Hathaway Inc., through its subsidiaries, engages in the insurance, freight rail transportation, and utility businesses worldwide. It provides property, casualty, life, accident, and health insurance and reinsurance; and operates railroad systems in North America. The company also generates, transmits, stores, and distributes electricity from natural gas, coal, wind, solar, hydroelectric, nuclear, and geothermal sources; operates natural gas distribution and storage facilities, interstate pipelines, liquefied natural gas facilities, and compressor and meter stations; and holds interest in coal mining assets. In addition, the company manufactures boxed chocolates and other confectionery products; specialty chemicals, metal cutting tools, and components for aerospace and power generation applications; flooring products; insulation, roofing, and engineered products; building and engineered components; paints and coatings; and bricks and masonry products, as well as offers manufactured and site-built home construction, and related lending and financial services. Further, it provides recreational vehicles, apparel and footwear products, jewelry, and custom picture framing products, as well as alkaline batteries; castings, forgings, fasteners/fastener systems, aerostuctures, and precision components; and cobalt, nickel, and titanium alloys. Additionally, the company distributes televisions and information; franchises and services quick service restaurants; distributes electronic components; and offers logistics services, grocery and foodservice distribution services, and professional aviation training and shared aircraft ownership programs. It also retails automobiles; furniture, bedding, and accessories; household appliances, electronics, and computers; jewelry, watches, crystal, china, stemware, flatware, gifts, and collectibles; kitchenware; and motorcycle clothing and equipment. The company was incorporated in 1998 and is headquartered in Omaha, Nebraska.



Arch Capital Group Ltd. (ACGL)

Arch Capital Group Ltd. (ACGL) - Insurance - Diversified

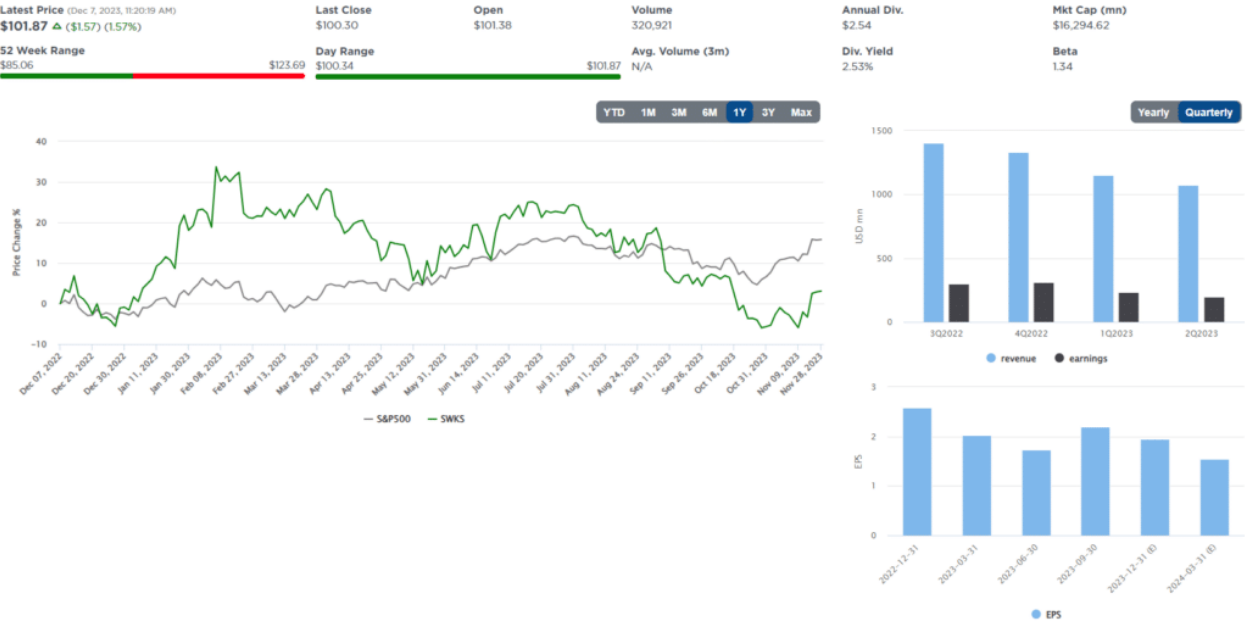
Description [Read Less](#)
Arch Capital Group Ltd., together with its subsidiaries, provides insurance, reinsurance, and mortgage insurance products worldwide. The company's Insurance segment offers primary and excess casualty coverages; loss sensitive primary casualty insurance programs; collateral protection, debt cancellation, and service contract reimbursement products; directors' and officers' liability, errors and omissions liability, employment practices and fiduciary liability, crime, professional indemnity, and other financial related coverages; medical professional and general liability insurance coverages; and workers' compensation and umbrella liability, as well as commercial automobile and inland marine products. It also provides property, energy, marine, and aviation insurance; travel insurance; accident, disability, and medical plan insurance coverages; captive insurance programs; employer's liability; contract and commercial surety coverages; and collateral protection, debt cancellation, and service contract reimbursement products. This segment markets its products through a group of licensed independent retail and wholesale brokers. Its Reinsurance segment provides casualty reinsurance for third party liability exposures; marine and aviation; motor reinsurance, whole account multi-line treaties, cyber, trade credit, surety, accident and health, workers' compensation catastrophe, agriculture, trade credit, and political risk products; reinsurance protection for catastrophic losses, and personal lines and commercial property exposures; life reinsurance; casualty clash; and risk management solutions. This segment markets its reinsurance products through brokers. The company's Mortgage segment offers direct mortgage insurance and mortgage reinsurance. Arch Capital Group Ltd. founded in 1995 and is based in Pembroke, Bermuda.



Skyworks Solutions, Inc. (SWKS)

Skyworks Solutions, Inc. (SWKS) - Semiconductors

Description [\(Read Less\)](#)
Skyworks Solutions, Inc., together with its subsidiaries, designs, develops, manufactures, and markets proprietary semiconductor products in the United States, China, South Korea, Taiwan, Europe, the Middle East, Africa, and the rest of Asia-Pacific. Its product portfolio includes amplifiers, antenna tuners, attenuators, automotive tuners and digital radios, DC/DC converters, demodulators, detectors, diodes, wireless analog system on chip products, directional couplers, diversity receive modules, filters, front-end modules, hybrids, light emitting diode drivers, low noise amplifiers, mixers, modulators, optocouplers/optoisolators, phase locked loops, phase shifters, power dividers/combiners, power over ethernet, power isolators, receivers, switches, synthesizers, timing devices, voltage controlled oscillators/synthesizers, and voltage regulators. The company products are the used in aerospace, automotive, broadband, cellular infrastructure, connected home, defense, entertainment and gaming, industrial, medical, military, smartphone, tablet, and wearable markets. It sells its products through direct sales force, electronic component distributors, and independent sales representatives. Skyworks Solutions, Inc. was founded in 1962 and is based in Irvine, California.



Everest Group, Ltd. (EG) - Insurance - Reinsurance

Description [\(Read Less\)](#)

Everest Group, Ltd., through its subsidiaries, provides reinsurance and insurance products in the United States, Bermuda, and internationally. The company operates through Reinsurance Operations and Insurance Operations segments. The Reinsurance Operations segment writes property and casualty reinsurance; and specialty lines of business through reinsurance brokers, as well as directly with ceding companies in the United States, Bermuda, Ireland, Canada, Singapore, Switzerland, and the United Kingdom. The Insurance Operations segment writes property and casualty insurance directly, as well as through brokers, surplus lines brokers, and general agents in the United States, Bermuda, Canada, Europe, South America, France, Germany, Spain, Canada, Chile, the United Kingdom, Ireland, and the Netherlands. The company also provides treaty and facultative reinsurance products; admitted and non-admitted insurance products; and property and casualty reinsurance and insurance coverages, including marine, aviation, surety, errors and omissions liability, directors' and officers' liability, medical malpractice, mortgage reinsurance, other specialty lines, accident and health, and workers' compensation products. In addition, it offers commercial property and casualty insurance products through wholesale and retail brokers, surplus lines brokers, and program administrators. The company was formerly known as Everest Re Group, Ltd. and changed its name to Everest Group, Ltd. in July 2023. The company was founded in 1973 and is headquartered in Hamilton, Bermuda.

Latest Price (Dec 7, 2023, 11:21:50 AM)

\$382.01 ▼ (-\$8.36) (-2.14%)

Last Close

\$390.37

Open

\$390.51

Volume

114,358

Annual Div.

\$6.70

Mkt Cap (mn)

\$16,575.57

52 Week Range

\$318.03

Day Range

\$417.92

\$380.84

Avg. Volume (3m)

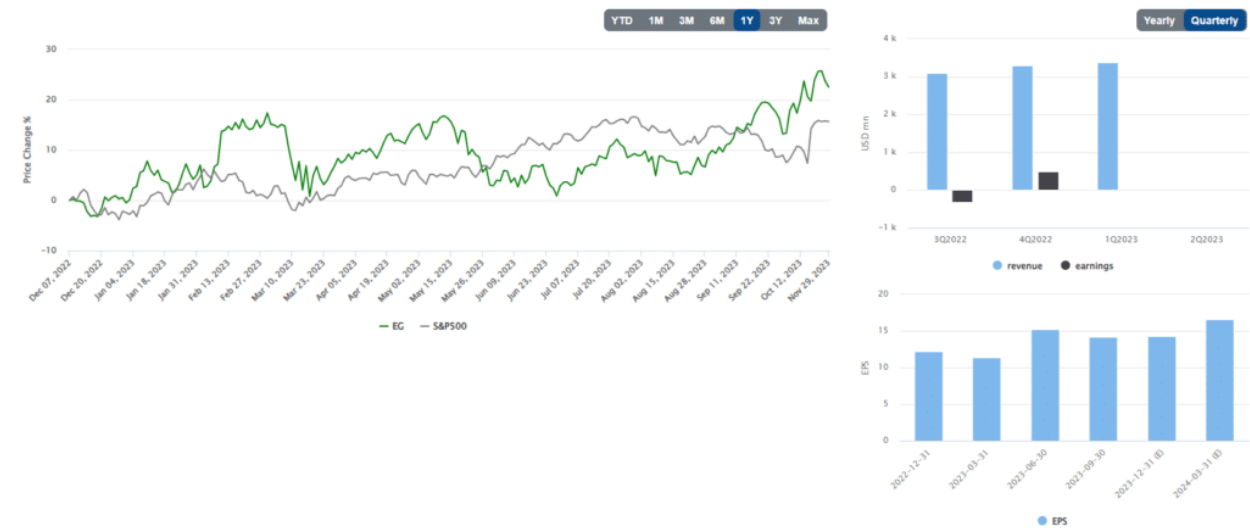
N/A

Div. Yield

1.72%

Beta

0.57



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.