OUT OF THE WALL STREET SPOTLIGHT: THE 1999 SHADOW STOCKS

By Kenneth J. Michal

A total of 276 stocks passed the Shadow Stock screens in 1999; however, the initial screens are only a starting point. Throughout the year, the *AAII Journal* presents articles to illustrate how investors can analyze the prospects of specific stocks by applying a variety of secondary screens.

A regular feature of the *AAII Journal* is the Shadow Stock series.

What are Shadow Stocks? They are stocks of smaller firms that are out of the spotlight and in the shadows of Wall Street: They have not yet attracted significant media attention; they do not have high levels of institutional ownership and consequently are not widely followed by financial analysts.

Shadow Stocks may be of special interest to individual investors. The stocks of smaller firms often diverge for long periods of time from the trend of the large-stock segment of the market. This relationship offers individual investors added diversification for their investment portfolios, which significantly lowers their overall risk.

In addition, the historical evidence indicates that, over the long term, small-firm stocks provide greater returns than those of large-firm stocks. This appears to hold true even after adjusting for the higher risk that is associated with investing in smaller stocks.

Lastly, the time and effort it takes investors to analyze individual stocks may be better rewarded in the small-stock arena.

Shadow Stocks are identified by applying the following screening criteria to common stocks listed on the American, New York, and Nasdaq Exchanges:

- The company's common stock outstanding has a market value between $50 million and $250 million; this number, referred to as market capitalization, is determined by multiplying the number of shares outstanding by the market price per share. The greater-than-$50 million screen eliminates the smallest firms that may be start-ups with little data available and an illiquid market for their shares. The less-than-$250 million screen eliminates large firms that are covered regularly by many financial analysts. Due to market appreciation, these two market-cap levels were adjusted upward for this year's screen—the floor was raised from $20 million and the ceiling from $100 million. The definition of small-cap stocks has changed—as large-cap stocks grew bigger over the last decade, so too have the small caps. This change mirrors the strength of the U.S. stock market over the same time frame.
- The company has a relatively low level of institutional ownership—no more than 15%. This also eliminates small firms that are covered by a relatively large number of analysts.
- The company has had positive earnings per share for each of the last two most recent years and has five years of data available. By requiring five years of data and positive earnings, these companies have established a history.
- The company is not a financial firm, such as a bank, savings and loan, investment trust, or insurance company. These firms are screened out because their financial statements are not comparable to most others on our list. Conglomerates, real estate investment trusts (REITs), and limited partnerships are also screened out.

AAII's *Stock Investor* program, which covers over 9,000 firms, is used to

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The Shadow Stock series was started by AAII in January 1985; the list is updated each year. AAII's Web site contains links to further information on each Shadow Stock.

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THE 1999 SHADOW STOCKS

Phone	Company (Exchange: Ticker)	Industry Group Number†	Price-Earnings Ratio (X)	12-Month Earnings per Share ($)	5-Yr EPS Growth Rate (X)
(218) 327-3434*	A.S.V., Inc. (M: ASVI)	0206	35.8	0.50	60.5
(918) 583-2266	AAON, Incorporated (M: AAON)	0218	11.8	0.79	13.5
(212) 563-1036	Actrade International Ltd (M: ACRT)	0909	24.8	0.57	59.7
(713) 881-3600	Adams Resources & Energy (A: AE)	0609	7.7	0.75	6.3
(703) 934-8130	Advanced Comm. Systems (M: ACSC)	0915	39.1	0.32	18.9
(612) 933-9006*	Ag-Chem Equipment Co. (M: AGCH)	0206	23.4	0.48	16.7
(303) 792-7400	Air Methods Corporation (M: AIRM)	1109	12.8	0.21	35.8
(847) 236-3800	Akorn, Inc. (M: AKRN)	0803	25.7	0.19	–3.3
(425) 882-2555	Alcide Corporation (M: ALCD)	0103	11.6	1.30	32.8
(801) 273-6600	ALPNET, Inc. (M: AILP)	0909	7.5	0.22	30.6
(702) 433-8525	Alta Gold Co. (M: ALTA)	0118	38.3	0.04	17.0
(781) 237-6655	American Biltrite Inc. (A: ABL)	0112	9.5	2.15	16.4
(412) 776-4857	American Eagle Outfitters (M: AEOS)	0945	32.3	2.06	32.0
(716) 664-9600*	American Locker Group (M: ALGI)	0209	14.4	1.75	23.9
(978) 262-8700	American Science & Engin. (A: ASE)	0812	12.4	0.93	19.5
(516) 547-5700	American Technical Ceram. (A: AMK)	1024	8.4	0.79	34.0
(614) 895-1313	AmeriLink Corporation (M: ALNK)	0215	11.2	0.72	43.3
(650) 367-4111*	Ampex Corporation (A: AXC)	1003	3.5	0.30	15.7
(212) 705-4700	AMREP Corporation (N: AXR)	0215	5.6	1.14	156.5
(860) 599-3910	Analysis & Technology,Inc (M: AATI)	0909	15.5	1.29	14.3
(719) 593-0093	Analytical Surveys, Inc. (M: ANLT)	0909	27.0	1.14	56.9
(918) 588-2164*	Apco Argentina Inc. (M: APAGF)	0609	20.2	0.98	3.0
(417) 725-9888	Applied Cellular Tech. (M: ACTC)	1003	21.0	0.17	15.0
(408) 749-1888	Applied Signal Technology (M: APSG)	1003	8.7	1.24	8.3
(212) 506-5046	Aramex International Ltd. (M: ARMXF)	1103	15.5	0.74	16.6
(301) 315-0027*	Arguss Holdings, Inc. (M: ARGX)	1024	89.3	0.21	22.6
(212) 206-8800	Ark Restaurants Corp. (M: ARKR)	0942	8.4	1.20	14.7
(302) 453-6900	Artesian Resources Corp. (M: ARTNA)	1209	17.3	1.50	11.2
(212) 319-8400	ASI Solutions, Inc. (M: ASIS)	0909	15.0	0.51	45.9
(401) 828-4000	Astro-Med, Inc. (M: ALOT)	1015	68.0	0.08	–20.4
(716) 447-9013	Astronics Corporation (M: ATRO)	1024	12.0	0.80	42.7
(516) 231-2832*	ATEC Group, Inc. (M: ATEC)	1006	19.7	0.40	na
(510) 490-3008*	ATG, Inc. (M: ATGC)	0975	25.4	0.29	na
(800) 497-7659*	Atlantis Plastics, Inc. (A: AGH)	0112	11.6	0.69	–40.0
(612) 493-1900	Ault Incorporated (M: AULT)	1024	15.2	0.42	37.5
(616) 698-0707	Autocam Corporation (M: ACAM)	0415	15.6	1.06	22.6
(770) 394-7070	Automobile Protection (M: APCO)	0909	20.3	0.58	57.2
(212) 593-7900	Axsys Technologies, Inc. (M: AXYS)	1024	10.4	1.34	100.7
(817) 297-4361	Aztec Manufacturing Co. (N: AZZ)	0206	7.8	1.18	44.8
(914) 355-5300	Balchem Corporation (A: BCP)	0103	10.0	0.54	70.7
(703) 478-5790*	Banner Aerospace, Inc. (N: BAR)	0203	2.7	3.44	86.2
(612) 331-8500	Barbers, Hairstyling (M: BBHF)	0924	23.0	0.43	75.2
(305) 593-0770	Benihana, Inc. (M: BNHN)	0942	12.9	0.89	60.5
(413) 442-1511	Berkshire Gas Company (M: BGAS)	1206	18.3	1.21	0.5
(914) 336-7700*	Besicorp Group (A: BGI)	0218	1.0	29.40	–53.7
(415) 989-6580	BF Enterprises, Inc. (M: BFEN)	0215	10.0	0.78	47.1
(212) 483-2323	Biacore International AB (M: BCORY)	1030	10.7	0.98	18.0
(805) 963-8727	Big Dog Holdings, Inc. (M: BDOG)	0945	17.0	0.28	43.1
(732) 679-4000*	Blonder Tongue Labs, Inc. (A: BDR)	1003	8.3	0.80	54.0
(714) 526-5533	Bridgford Foods Corp. (M: BRID)	0515	17.1	0.74	4.3
(740) 373-4121*	Broughton Foods Company (M: MILK)	0515	42.3	0.42	25.5
(978) 667-4111	BTU International Inc. (M: BTUI)	1033	12.0	0.25	33.6
(212) 575-3200	Cache, Inc. (M: CACH)	0945	14.8	0.33	5.4
(404) 355-2820	Cagle's, Inc. (A: CGL.A)	0515	7.9	2.48	–13.3
(601) 948-6813	Cal-Maine Foods, Inc. (M: CALM)	0512	11.7	0.38	9.5
(914) 694-8600	Candie's, Inc. (M: CAND)	0418	8.9	0.42	15.3
(707) 254-4200	Chalone Wine Group, Ltd. (M: CHLN)	0503	23.2	0.45	36.6
(304) 528-2791*	Champion Industries, Inc. (M: CHMP)	0930	21.8	0.47	10.8
(781) 848-2810	Chase Corporation (A: CCF)	0103	9.1	1.45	23.7
(612) 939-9000	Check Technology Corp. (M: CTCQ)	0218	97.4	0.03	–27.5
(302) 734-6798	Chesapeake Utilities (N: CPK)	1206	16.2	1.13	4.5
(414) 291-9000*	Christiana Companies Inc. (N: CST)	1109	19.4	0.99	15.5
(408) 982-9999	CMC Industries, Inc. (M: CMCI)	1003	16.3	0.36	47.6
(203) 830-3400	Cognitronics Corporation (A: CGN)	1003	8.2	1.11	15.3
(734) 439-4200*	Colonel's International (M: COLO)	0415	51.3	0.10	na
(303) 530-2660	Colorado MEDtech, Inc. (M: CMED)	0812	27.6	0.48	30.0
(610) 582-8711*	Conestoga Enterprises (M: CENI)	0915	15.6	2.26	2.4
(860) 669-8636	Connecticut Water Service (M: CTWS)	1209	17.8	1.52	3.7
(614) 870-5000	CORE Materials Corp. (A: CME)	0112	9.2	0.38	96.1
(972) 393-3800	Craftmade International (M: CRFT)	0406	29.2	0.57	17.5
(770) 419-3355	CryoLife, Inc. (N: CRY)	0806	21.2	0.56	37.4
(205) 430-4000	Cybex Computer Products (M: CBXC)	1015	61.2	0.48	17.4
(314) 727-3485	D&K Healthcare Resources (M: DKWD)	0803	23.7	1.15	44.3
(213) 624-7715	Daily Journal Corporation (M: DJCO)	0927	17.9	2.05	35.1
(609) 799-0071	Dataram Corporation (A: DTM)	1021	11.0	0.86	10.6
(518) 747-6255	Decora Industries, Inc. (M: DECO)	0112	17.5	0.44	23.9
(914) 686-3600	Del Global Technologies (M: DGTC)	1024	14.6	0.79	17.8
(516) 844-2020	Del Laboratories (A: DLI)	0521	13.0	1.90	35.4
(606) 744-6171	Delta Natural Gas Company (M: DGAS)	1206	17.1	1.09	–8.3
(212) 838-3777	Deswell Industries, Inc. (M: DSWLF)	0112	3.2	3.25	31.1
(716) 223-4060*	Detection Systems, Inc. (M: DETC)	0972	30.0	0.30	–6.0
(818) 841-3003	Dick Clark Productions (M: DCPI)	0921	16.1	0.93	20.5
(805) 446-4800	Diodes Incorporated (A: DIO)	1033	6.8	0.73	62.8
(407) 829-9000	Dixon Ticonderoga Company (A: DXT)	0518	9.8	1.13	67.3
(310) 834-2625	Dominguez Services Corp. (M: DOMZ)	1209	26.9	1.04	5.6
(972) 864-8610*	Dorchester Hugoton, Ltd. (M: DHULZ)	0609	10.2	0.99	45.4
(716) 684-8060	Ecology and Environment (A: EEI)	0975	102.8	0.09	–36.1
(212) 716-2000	EDO Corporation (N: EDO)	0203	7.5	1.12	3.8
(918) 622-4522	Educational Development (M: EDUC)	0927	8.3	0.28	22.4
(408) 945-1323	Elantec Semiconductor (M: ELNT)	1033	4.7	0.79	36.0
(941) 758-0389*	Elcotel, Inc. (M: ECTL)	1003	30.6	0.18	55.2
(603) 625-4000	EnergyNorth, Inc. (N: EI)	1206	17.0	1.68	–1.2

** New to the Shadow Stock listing.*
†See the Guide to Industry Group Numbers at the end of this article.
Data Source: AAII's Stock Investor/Market Guide, Inc. Statistics are as of December 31, 1998.

Exchange Key: N = New York Stock Exchange
A = American Stock Exchange
M = Nasdaq

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(334) 450-4774*	EnergySouth, Inc. (M: ENSI)	1206	13.2	1.67	4.8
(314) 993-5880	Engineered Support System (M: EASI)	0218	14.0	1.06	83.5
(305) 442-2060	Equitrac Corporation (M: ETRC)	1006	17.9	1.06	5.4
(812) 467-1200	Escalade, Inc. (M: ESCA)	0430	7.9	2.35	36.0
(305) 825-2458*	European Micro Holdings (M: EMCC)	1006	9.4	1.14	32.9
(352) 377-1140	Exactech, Inc. (M: EXAC)	0812	31.7	0.41	16.4
(305) 858-8200	FDP Corporation (M: FDPC)	1036	17.5	0.63	29.0
(319) 547-6000	Featherlite, Inc. (M: FTHR)	0412	9.9	0.58	37.0
na *	Formula Systems (1985) (M: FORTY)	1036	8.5	2.95	na
(301) 380-9000	Forum Retirement Partners (A: FRL)	0806	63.2	0.09	17.6
(919) 975-2000	Fountain Powerboat Indus. (M: FPWR)	0430	14.8	0.32	80.8
(713) 672-9433	Friedman Industries (A: FRD)	0209	7.0	0.69	42.7
(702) 364-1000*	Gallery of History, Inc. (M: HIST)	0963	937.5	0.02	32.0
(407) 290-6000	Gencor Industries, Inc. (A: GX)	0206	4.7	1.96	136.5
(630) 954-0400	General Employment Ent. (A: JOB)	0909	9.6	0.70	103.6
(908) 862-6200	General Magnaplate Corp. (M: GMCC)	0127	16.7	0.27	6.4
(713) 780-1881*	GeoScience Corporation (M: GSCI)	1030	7.8	1.41	–20.4
(513) 771-8287*	Globe Business Resources (M: GLBE)	0939	13.4	0.93	–5.8
(205) 326-6101	Golden Enterprises, Inc. (M: GLDC)	0515	20.7	0.26	–5.6
(612) 224-2385	Great Northern Iron Ore (N: GNI)	0124	8.7	6.38	0.2
(213) 765-3100*	Guess ?, Inc. (N: GES)	0403	10.7	0.45	–12.2
(970) 669-3050*	Hach Company (M: HACH)	1030	22.2	0.54	6.5
(864) 225-6232	Hampshire Group, Limited (M: HAMP)	0403	16.2	0.82	19.5
(909) 739-6200*	Hansen Natural Corp. (M: HANS)	0506	16.3	0.33	na
(405) 329-4045	Harolds Stores Inc. (A: HLD)	0945	23.0	0.32	–46.1
(612) 331-6910	Hawkins Chemical, Inc. (M: HWKN)	0103	14.1	0.71	13.3
(408) 972-1990	Hello Direct, Inc. (M: HELO)	1003	21.0	0.48	17.5
(800) 326-5789*	Hickory Tech Corporation (M: HTCO)	0915	13.1	0.99	17.0
(408) 731-2000*	Identix Incorporated (A: IDX)	1015	281.3	0.03	16.5
(206) 575-1594	IMPCO Technologies, Inc. (M: IMCO)	0415	18.5	0.71	19.9
(713) 747-1025	Industrial Holdings, Inc. (M: IHII)	0127	14.3	0.61	20.9
(412) 788-4353	Industrial Scientific (M: ISCX)	1030	11.5	2.03	15.7
(301) 731-4233	Integral Systems, Inc. (M: ISYS)	1018	62.7	0.31	17.1
(513) 792-7000	Interlott Technologies (A: ILI)	0912	13.0	0.50	16.8
(518) 782-1122	Intermagnetics General (A: IMG)	0812	23.6	0.26	–6.0
(314) 727-0500	Intrav, Inc. (M: TRAV)	0924	16.0	1.19	14.2
(503) 244-4673	ITEX Corporation (O: ITEX)	0909	1.6	0.47	na
(732) 308-3000	IVC Industries Inc. (M: IVCO)	0803	15.0	0.05	–6.9
(212) 983-2640	Jean Philippe Fragrances (M: JEAN)	0521	10.9	0.56	–0.4
(619) 535-1706	JMAR Technologies, Inc. (M: JMAR)	1030	17.7	0.12	15.4
(610) 667-7700	Judge Group, Inc. (M: JUDG)	1012	27.4	0.08	35.8
(303) 295-3995	Key Production, Inc. (N: KP)	0609	8.1	0.65	95.2
(509) 529-2161	Key Technology, Inc. (M: KTEC)	0218	20.8	0.33	–27.2
(972) 458-0028	Keystone Consolidated (N: KES)	0121	9.4	0.86	16.1
(303) 574-1000	Koala Corporation (M: KARE)	0421	15.5	1.12	27.3
(314) 997-0800	LaBarge, Inc. (A: LB)	1024	8.4	0.32	19.0
(913) 888-1770*	LabOne Inc. (M: LABS)	0806	39.4	0.33	–30.1
(210) 344-3071	Lancer Corporation (A: LAN)	0218	12.9	0.85	30.8
(800) 492-1101*	LandCare USA, Inc. (N: GRW)	0924	29.4	0.33	na
(847) 967-1010	Lifeway Foods, Inc. (M: LWAY)	0515	21.1	0.19	44.7
(314) 946-6525*	LMI Aerospace, Inc. (M: LMIA)	0203	6.3	1.00	na
(206) 487-4333	Mackie Designs Inc. (M: MKIE)	1003	14.9	0.42	27.0
(203) 245-8380	Magellan Petroleum Corp. (M: MPET)	0609	44.8	0.03	5.9
(847) 590-7000	Market Facts, Inc. (M: MFAC)	0909	26.5	0.98	72.6
(715) 926-4216	Marten Transport, Ltd. (M: MRTN)	1115	8.4	1.57	12.2
(614) 431-5800	Max & Erma's Restaurants (M: MAXE)	0942	11.1	0.64	13.6
(516) 231-4600	Medical Action Industries (M: MDCI)	0812	12.5	0.21	4.3
(513) 271-3700	Meridian Diagnostics Inc. (M: KITS)	0803	14.7	0.46	24.6
(801) 253-1600	Merit Medical Systems (M: MMSI)	0812	24.5	0.27	–10.4
(303) 987-8000	Mesa Laboratories, Inc. (M: MLAB)	1030	8.8	0.50	18.0
(413) 568-9571	Mestek, Inc. (N: MCC)	0218	11.4	1.76	21.0
(215) 723-6751	Met-Pro Corporation (N: MPR)	0218	12.4	1.01	29.3
(937) 291-8282	Miami Computer Supply (M: MCSC)	1027	43.2	0.57	34.1
(847) 758-3880	Middleby Corporation (M: MIDD)	0218	16.5	0.22	35.5
(732) 634-1500	Middlesex Water Company (M: MSEX)	1209	16.7	1.45	2.1
(801) 233-6000	Mining Services Int'l (M: MSIX)	0103	9.2	0.60	11.2
(630) 627-6900	Minuteman Int'l Inc. (M: MMAN)	0218	14.2	0.86	12.2
(516) 694-9555	Misonix, Inc. (M: MSON)	1030	8.4	0.70	31.4
(801) 224-0589	Mity-Lite, Inc. (M: MITY)	0421	13.0	1.10	33.9
(602) 894-6311	Mobile Mini, Inc. (M: MINI)	0109	21.9	0.49	36.4
(702) 825-3355	Monarch Casino & Resort (M: MCRI)	0912	13.1	0.40	23.3
(408) 746-1600	Nanometrics Incorporated (M: NANO)	1030	17.4	0.45	68.3
(516) 842-9400	Napco Security Systems (M: NSSC)	0972	8.0	0.50	–2.0
(954) 581-0922*	National Beverage Corp. (A: FIZ)	0506	13.0	0.72	31.8
(914) 722-9000	National Home Health Care (M: NHHC)	0806	23.8	0.20	7.5
(770) 822-3600*	National Vision Assoc. (M: NVAL)	0963	16.3	0.33	31.0
(818) 591-0776	Nat'l Technical Systems (M: NTSC)	0909	13.7	0.36	48.3
(602) 952-8836	New Mexico & Arizona Land (A: NZ)	0939	18.2	0.79	35.2
(352) 732-5157	Nobility Homes, Inc. (M: NOBH)	0221	14.7	0.87	68.5
(757) 928-9000	Noland Company (M: NOLD)	0218	13.3	1.94	6.2
(724) 443-9600*	North Pittsburgh Systems (M: NPSI)	0915	8.6	1.55	na
(612) 784-1250	Northern Tech. Int'l (A: NTI)	0103	10.0	0.64	17.2
(612) 531-7340	Northstar Computer Forms (M: NSCF)	0518	6.8	1.23	29.0
(203) 265-7701	Novametrix Medical System (M: NMTX)	0812	20.4	0.35	63.5
(516) 396-5000	Nu Horizons Electronics (M: NUHC)	1024	8.7	0.59	25.0
(414) 327-1700	Oilgear Company (M: OLGR)	0218	9.8	1.12	18.3
(305) 485-7000*	Omega Research, Inc. (M: OMGA)	1036	27.3	0.11	55.2
(318) 896-6664*	OMNI Energy Services Corp (M: OMNI)	0612	10.6	0.40	63.7
(215) 674-5100	ORBIT/FR, Inc. (M: ORFR)	1030	7.4	0.34	98.1
(619) 571-5555*	Overland Data, Inc. (M: OVRL)	1021	18.3	0.39	38.0
(516) 694-1800	P & F Industries (M: PFINA)	0406	8.3	1.19	91.1
(501) 361-9111	P.A.M. Transportation (M: PTSI)	1115	9.8	0.92	27.3

** New to the Shadow Stock listing.*
†See the Guide to Industry Group Numbers at the end of this article.
Data Source: AAII's Stock Investor/Market Guide, Inc. Statistics are as of December 31, 1998.

Exchange Key: N = New York Stock Exchange
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(915) 684-3727	Parallel Petroleum Corp. (M: PLLL)	0609	47.9	0.03	24.6
(978) 685-4341	Parlex Corporation (M: PRLX)	1024	16.9	0.59	52.4
(304) 842-6256	Petroleum Development (M: PETD)	0609	6.3	0.49	33.2
(972) 701-9955*	Pizza Inn, Inc. (M: PZZI)	0942	13.4	0.33	17.5
(813) 577-4999	Plasma-Therm, Inc. (M: PTIS)	1033	9.4	0.42	110.2
(415) 974-1399	PLM International, Inc. (A: PLM)	0939	11.2	0.59	17.2
(972) 956-5686*	Point of Sale Limited (M: POSIF)	1036	25.4	0.28	na
(603) 595-7000*	Presstek, Inc. (M: PRST)	0218	31.0	0.22	28.8
(303) 297-2100	Prima Energy Corporation (M: PENG)	0609	8.2	1.55	35.2
(203) 358-5700	PrimeEnergy Corporation (M: PNRG)	0609	39.3	0.14	4.1
(714) 852-1000*	Procom Technology, Inc. (M: PRCM)	1021	20.4	0.48	47.0
(215) 493-8900	Prophet 21, Inc. (M: PXXI)	1012	10.2	1.05	15.3
(508) 755-4000	Providence & Worcester RR (A: PWX)	1112	9.8	1.28	30.5
(401) 272-9191	Providence Energy Corp. (N: PVY)	1206	19.3	1.09	–4.7
(617) 868-7455*	Psychemedics Corp. (A: PMD)	0803	39.4	0.13	41.5
(216) 881-5300	Pubco Corporation (M: PUBO)	0206	4.0	2.26	24.8
(908) 234-9220	Pure World, Inc. (M: PURW)	0803	11.7	0.69	5.3
(732) 542-0060	PVC Container Corporation (M: PVCC)	0109	52.7	0.16	8.4
(215) 345-0919*	Quigley Corporation (M: QGLY)	0803	6.0	0.92	na
(305) 623-8700	Quipp, Inc. (M: QUIP)	0218	9.0	2.10	34.1
(910) 350-3100	Reeds Jewelers, Inc. (A: RJI)	0963	9.9	0.39	5.1
(212) 687-4741	REFAC Tech. Dev. Corp. (A: REF)	0721	5.8	1.23	28.8
(314) 537-9715	Reliv' International, Inc (M: RELV)	0515	11.5	0.18	–7.5
(954) 489-9699*	Roadhouse Grill, Inc. (M: GRLL)	0942	20.8	0.26	20.9
(540) 983-3800	Roanoke Gas Company (M: RGCO)	1206	12.3	1.60	7.2
(540) 389-8671	Rowe Furniture Corp. (N: ROW)	0421	13.1	0.84	33.7
(847) 803-4600	Salton/Maxim Housewares (M: SALT)	0406	10.6	2.42	34.4
(515) 239-6000*	Sauer Inc. (N: SHS)	0218	7.3	1.04	na
(702) 221-1111	Saxton Incorporated (M: SXTN)	0215	8.6	0.76	37.1
(864) 288-2432	ScanSource, Inc. (M: SCSC)	1015	20.9	1.03	38.5
(503) 227-7908	Schmitt Industries, Inc. (M: SMIT)	1030	37.5	0.10	35.1
(510) 608-3400	Scientific Technologies (M: STIZ)	1030	8.8	0.54	35.1
(310) 458-1574	Scope Industries (A: SCP)	0515	4.8	13.87	29.3
(419) 893-9401	Seaway Food Town, Inc. (M: SEWY)	0957	15.6	1.06	45.7
(215) 646-6600	Selas Corp. of America (A: SLS)	0218	10.7	0.77	23.0
(406) 752-2107*	Semitool, Inc. (M: SMTL)	1033	8.5	0.72	47.6
(510) 970-9775*	Shoe Pavilion, Inc. (M: SHOE)	0945	17.4	0.43	na
(612) 943-1951	Shuffle Master, Inc. (M: SHFL)	0912	22.0	0.33	38.0
(847) 956-8000	SigmaTron International (M: SGMA)	1024	16.7	0.18	–19.1
(408) 988-8000*	Siliconix Incorporated (M: SILI)	1033	51.9	0.40	48.4
(408) 279-7810	SJW Corporation (A: SJW)	1209	12.0	4.88	5.9
(602) 254-9777	Skymall, Inc. (M: SKYM)	0948	77.3	0.27	16.5
(609) 727-1500	SL Industries, Inc. (N: SL)	1024	13.1	0.97	34.0
(541) 995-8214	SMC Corporation (M: SMCC)	0412	28.9	0.16	16.0
(617) 421-5400	Sonesta Int'l Hotels Corp (M: SNSTA)	0918	48.1	0.27	–26.7
(626) 915-1551	Southwest Water Company (M: SWWC)	1209	21.4	0.73	1.0
(814) 835-4000	Spectrum Control, Inc. (M: SPEC)	1024	11.5	0.39	19.8
(954) 971-0600	Stephan Co. (A: TSC)	0521	8.1	1.26	9.9
(718) 446-1800	Steven Madden, Ltd. (M: SHOO)	0418	17.3	0.49	67.9
(310) 792-7024	Summa Industries (M: SUMX)	0112	7.3	1.24	10.6
(520) 570-2000*	Sunquest Inform. Systems (M: SUNQ)	1018	45.6	0.31	–3.9
(541) 967-6575	Synthetech, Inc. (M: NZYM)	0103	28.5	0.18	0.0
(213) 780-8250	Tarrant Apparel Group (M: TAGS)	0403	26.9	1.48	20.7
(614) 848-3995	Team America Corporation (M: TMAM)	0909	38.3	0.15	4.4
(617) 523-2030	Tech/Ops Sevcon, Inc. (A: TO)	1024	13.9	1.01	4.9
(212) 269-2266*	Texas Pacific Land Trust (N: TPL)	0215	31.3	1.72	31.8
(617) 622-1000*	Thermedics Detection (A: TDX)	1030	14.8	0.52	20.4
(781) 622-1000*	Thermo Power Corp. (A: THP)	0218	43.1	0.18	27.7
(617) 622-1000	Thermo Sentron, Inc. (A: TSR)	0218	15.3	0.64	36.4
(617) 622-1000	Thermo Voltek Corp. (A: TVL)	1024	95.5	0.07	–15.6
(781) 622-1000*	ThermoSpectra Corporation (A: THS)	1030	45.0	0.25	85.6
(503) 626-6775	Timberline Software (M: TMBS)	1036	19.4	0.71	65.1
(213) 962-5304	Todd-AO Corporation (M: TODDA)	0921	24.2	0.33	19.4
(212) 370-4500*	Tower Semiconductor Ltd. (M: TSEMF)	1033	12.7	0.75	na
(516) 391-9898*	Toymax International, Inc (M: TMAX)	0430	4.7	1.08	22.7
(916) 933-4525	Track 'n Trail (M: TKTL)	0945	6.5	0.31	25.3
(248) 852-1990	Trans-Industries, Inc. (M: TRNI)	0903	7.2	1.19	85.6
(716) 352-7777	Transmation, Inc. (M: TRNS)	1030	17.8	0.19	9.1
(425) 990-2300*	Trendwest Resorts, Inc. (M: TWRI)	0918	9.8	1.27	43.1
(612) 483-0900	TSI Incorporated (M: TSII)	1030	14.1	0.62	21.8
(516) 231-0333	TSR, Inc. (M: TSRI)	1036	15.0	0.69	96.1
(415) 616-8111	U.S. Home & Garden, Inc. (M: USHG)	0103	19.2	0.26	57.7
(972) 991-8400	U.S. Lime & Minerals Inc. (M: USLM)	0212	12.7	0.57	–20.4
(713) 297-7000	U.S. Physical Therapy (M: USPH)	0806	17.0	0.53	28.9
(303) 412-2500	Ultimate Electronics Inc. (M: ULTE)	0966	600.0	0.01	–43.9
(516) 932-2000	Uniflex, Inc. (A: UFX)	0109	14.5	0.43	16.2
(603) 772-0775	UNITIL Corporation (A: UTL)	1203	14.7	1.73	3.6
(617) 323-9200	Uno Restaurant Corp. (N: UNO)	0942	17.1	0.46	6.6
(713) 462-8700	Vallen Corporation (M: VALN)	0812	14.1	1.42	9.6
(415) 492-1500	Valley Forge Corporation (A: VF)	1024	13.3	1.39	20.6
(401) 334-1188	Valley Resources, Inc. (A: VR)	1206	17.1	0.73	–3.9
(305) 477-1161*	Vitech America, Inc. (M: VTCH)	1006	11.7	1.33	na
(248) 644-0500*	VSI Holdings, Inc. (A: VIS)	0909	21.0	0.25	7.9
(203) 975-1100	Warrantech Corporation (M: WTEC)	0909	29.8	0.13	38.0
(914) 986-8080*	Warwick Valley Telephone (M: WWVY)	0915	17.8	2.19	na
(918) 241-1000	Webco Industries, Inc. (A: WEB)	0127	7.5	0.88	20.7
(718) 417-3770	Western Beef, Inc. (M: BEEF)	0957	11.1	0.62	–5.7
(201) 420-2796	Wilshire Oil Co. of Texas (N: WOC)	0609	15.5	0.29	11.3
(212) 753-5511*	X-Ceed, Inc. (M: XCED)	1018	40.5	0.21	27.2
(918) 664-8200	Xeta Corporation (M: XETA)	1003	12.5	1.39	47.6
(314) 291-5110*	Zoltek Companies, Inc. (M: ZOLT)	1024	12.3	0.75	94.7
(408) 919-4111*	Zoran Corporation (M: ZRAN)	1033	102.9	0.17	23.9

** New to the Shadow Stock listing.*
†See the Guide to Industry Group Numbers at the end of this article.
Data Source: AAII's Stock Investor/Market Guide, Inc. Statistics are as of December 31, 1998.

Exchange Key: N = New York Stock Exchange
A = American Stock Exchange
M = Nasdaq

GUIDE TO INDUSTRY GROUP NUMBERS

Industry Group Number	Industry	Percentage of 1999 Shadow Stocks*
01	**BASIC MATERIALS**	**8.3%**
0103	Chemical Manufacturing	2.9%
0106	Chemicals—Plastic & Rubber	0.0%
0109	Containters & Packaging	1.1%
0112	Fabricated Plastic & Rubber	2.2%
0115	Forestry & Wood Products	0.0%
0118	Gold & Silver	0.4%
0121	Iron & Steel	0.4%
0124	Metal Mining	0.4%
0127	Misc. Fabricated Products	1.1%
0130	Non-Metallic Mining	0.0%
0133	Paper & Paper Products	0.0%
02	**CAPITAL GOODS**	**12.7%**
0203	Aerospace and Defense	1.1%
0206	Construction & Agri. Mach.	1.8%
0209	Construction—Suppl. & Fixt.	0.7%
0212	Construction—Raw Materials	0.4%
0215	Construction Services	1.8%
0218	Misc. Capital Goods	6.5%
0221	Mobile Homes & RVs	0.4%
03	**CONGLOMERATES**	**0.0%**
0303	Conglomerates	0.0%
04	**CONSUMER CYCLICAL**	**6.9%**
0403	Apparel/Accessories	1.1%
0406	Appliances & Tools	1.1%
0409	Audio & Video Equipment	0.0%
0412	Auto & Truck Manufacturers	0.7%
0415	Auto & Truck Parts	1.1%
0418	Footwear	0.7%
0421	Furniture & Fixtures	1.1%
0424	Jewelry & Silverware	0.0%
0427	Photography	0.0%
0430	Recreational Products	1.1%
0433	Textiles—Non-Apparel	0.0%
0436	Tires	0.0%
05	**CONSUMER/NON-CYCLICAL**	**5.8%**
0503	Beverages (Alcoholic)	0.4%
0506	Beverages (Non-Alcoholic)	0.7%
0509	Crops	0.0%
0512	Fish/Livestock	0.4%
0515	Food Processing	2.5%
0518	Office Supplies	0.7%
0521	Personal & Household Prods.	1.1%
0524	Tobacco	0.0%
06	**ENERGY**	**4.0%**
0603	Coal	0.0%
0606	Oil & Gas—Integrated	0.0%
0609	Oil & Gas Operations	3.6%
0612	Oil Well Services & Equip	0.4%
07	**FINANCIAL**	**0.4%**
0703	Consumer Financial Services	0.0%
0706	Insurance (Accident & Health)	0.0%
0709	Insurance (Life)	0.0%
0712	Insurance (Miscellaneous)	0.0%
0715	Insurance (Prop. & Casualty)	0.0%
0718	Investment Services	0.0%
0721	Misc. Financial Services	0.4%
0724	Money Center Banks	0.0%
0727	Regional Banks	0.0%
0730	S&Ls/Savings Banks	0.0%
08	**HEALTHCARE**	**7.2%**
0803	Biotechnology & Drugs	2.5%
0806	Healthcare Facilities	1.8%
0809	Major Drugs	0.0%
0812	Medical Equip. & Supplies	2.9%
09	**SERVICES**	**21.0%**
0903	Advertising	0.4%
0906	Broadcasting & Cable TV	0.0%
0909	Business Services	4.7%
0912	Casinos & Gaming	1.1%
0915	Communications Services	1.8%
0918	Hotels & Motels	0.7%
0921	Motion Pictures	0.7%
0924	Personal Services	1.1%
0927	Printing & Publishing	0.7%
0930	Printing Services	0.4%
0933	Real Estate Operations	0.0%
0936	Recreational Activities	0.0%
0939	Rental & Leasing	1.1%
0942	Restaurants	2.2%
0945	Retail (Apparel)	2.2%
0948	Retail (Catalog & Mail Order)	0.4%
0951	Retail (Depart. & Discount)	0.0%
0954	Retail (Drugs)	0.0%
0957	Retail (Grocery)	0.7%
0960	Retail (Home Improvement)	0.0%
0963	Retail (Specialty Non-Apparel)	1.1%
0966	Retail (Technology)	0.4%
0969	Schools	0.0%
0972	Security Systems & Services	0.7%
0975	Waste Management Services	0.7%
10	**TECHNOLOGY**	**26.1%**
1003	Communications Equipment	3.6%
1006	Computer Hardware	1.4%
1012	Computer Networks	0.7%
1015	Computer Peripherals	1.4%
1018	Computer Services	1.1%
1021	Computer Storage Devices	1.1%
1024	Electronic Instrmts & Controls	5.8%
1027	Office Equipment	0.4%
1030	Scientific & Tech Instruments	5.4%
1033	Semiconductors	2.9%
1036	Software & Programming	2.2%
11	**TRANSPORTATION**	**2.2%**
1103	Air Courier	0.4%
1106	Airline	0.0%
1109	Misc. Transportation	0.7%
1112	Railroads	0.4%
1115	Trucking	0.7%
1118	Water Transportation	0.0%
12	**UTILITIES**	**5.4%**
1203	Electric Utilities	0.4%
1206	Natural Gas Utilities	2.9%
1209	Water Utilities	2.2%

**Percentages will not add up to 100% due to rounding.*
Adapted from Market Guide's industry classifications.

screen and create the Shadow Stock list.

Every year we re-examine the list, adding new stocks and dropping some old ones. Stocks are dropped each year if they fail to meet the positive earnings screen, or if they merge, are acquired, go bankrupt, or are delisted from an exchange. If a stock exceeds or falls below the market value screen by 50%—above $375 million or below $25 million—for two years in a row, it is dropped from the list. To eliminate small firms that have received significant institutional attention, we also drop any stock that has had over 30% institutional ownership for two years

Sources of Information for Small Stocks

Corporate Reports
The annual report contains the income statement, cash flow statement, and balance sheet for recent years and a summary of earnings and dividends. The 10-K incorporates the annual corporate report sent to shareholders, detailed financial statements and exhibits organized by lines of business. Annual reports are available by writing or calling the firm, or through one of the following sources:

Public Register's Annual Report Service
Request reports by phone at 800/4-ANNUAL, by fax at 860/974-2229, or through the Internet at www.prars.com.

SEC—EDGAR
All publicly traded firms must file quarterly and annual reports electronically with the Securities & Exchange Commission. The SEC makes this electronic database available free at its Web site (www.sec.gov).

Stock Exchanges
Stock exchanges have listings that publicize and promote corporations. Nasdaq (301/590-6142) publishes an annual Nasdaq Fact Book and Company Directory and maintains a Web site at www.nasdaq.com with quotes and links to company sites. The American Stock Exchange publishes an annual Amex Fact Book (212/306-1386) and maintains a Web site at www.amex.com. The New York Stock Exchange's Web site is at www.nyse.com.

AAII.com
AAII's Stock Investor
Quotes, news, a financial snapshot and link to SEC filings of company reports can be accessed free by AAII members at www.aaii.com in the Tools area. Also, AAII's Stock Investor software provides in-depth fundamentals on over 9,000 firms (800/428-2244). Monthly and quarterly subscriptions are available on CD-ROM for Windows systems. Stock screening articles and results can be obtained at AAII's Web site in the Stock Screens area.

Hoovers Inc.
Hoover's publishes annual handbooks on American businesses, including emerging companies, which contain profiles of each company. Their Web site at www.hoovers.com offers free company profiles and links to company sites, along with more in-depth company reports for a fee.

Market Guide
Market Guide publishes financial information for over 9,000 companies through software and on-line on their Web site at www.marketguide.com.

Standard & Poor's Corp.
Standard & Poor's publishes various reports on companies available in libraries or by calling (800) 221-5277: the S&P Stock Guide (monthly), S&P Stock Reports (bimonthly); and S&P Register of Corporations, Directors, and Executives (annually). Their Web site at www.stockinfo.standardpoor.com offers subscription services and ordering of company reports for a fee.

Value Line Publishing
The Value Line Investment Survey and Value Line Investment Survey—Expanded Edition offer comprehensive one-page reports of companies that are updated continuously (800/634-3583). The Investment Survey for Windows is an electronic subscription version on CD-ROM. Their Web site is at valueline.com.

in a row.

This year, 276 stocks passed all of our screens for the Shadow Stock list, with 65 firms that are new to the list (new listings are indicated by an asterisk).

In addition to the company name, phone number, and a four-digit industry group number, we include each firm's price-earnings (P/E) ratio, earnings per share (EPS) figure, and five-year EPS growth rate. The price-earnings ratio is based on the trailing 12-month earnings per share and is computed by dividing the last price by earnings per share. The price-earnings ratio is a measure of the market's expectations regarding the firm's earnings growth and risk. Earnings per share is simply the total earnings per outstanding share of common stock for the latest 12-month period. The earnings per share growth rate helps to indicate the strength of the company's earnings growth.

We have also prepared an Excel spreadsheet that contains detailed financials for all 276 stocks. This file can be retrieved from the AAII Web site (www.aaii.com) at the Download Library and under Files from AAII.

The initial screen for Shadow Stocks is meant only to be a starting point—it is not a recommended list of companies. Throughout the year, the *AAII Journal* and the AAII Web site present articles to illustrate how individual investors can analyze the prospects of specific stocks by applying a variety of secondary screens and also to demonstrate how these techniques might be useful. Applying screens to actual stocks enables individual investors to become familiar with the interpretation of financial data and the process of individual stock selection in a fundamental analysis framework.

Before making any investment decisions, you should gather all pertinent information and understand the investment thoroughly. Also, keep in mind that no one investment technique will be best in all market environments and that the techniques that worked in the past may not prove to be as useful in the future.

Diversifying your investments, minimizing taxes and transactions costs, maintaining a portfolio of investments at a level of risk that you are comfortable with, and taking a longer-term perspective are investment approaches that will prove the most valuable over time. ✦