

# OUT OF WALL STREET'S SPOTLIGHTS:

## AAIL'S 2003 SHADOW STOCK LISTING

By Wayne A. Thorp

This year's list consists of 159 companies, including 44 newcomers. Detailed financial data for all 159 Shadow Stocks is available in spreadsheet form from the AAIL Web site ([www.aail.com](http://www.aail.com)) at the Download Library area under Files from AAIL.

This year, we continue a tradition that began in 1985 by presenting the annual listing of AAIL Shadow Stocks. Shadow Stocks are smaller companies that, to this point, have received little or no attention from the media, institutional investors, or financial analysts.

By operating out of the spotlight of Wall Street, Shadow Stocks may offer unique investment opportunities for individual investors. Research has shown that, over extended periods of time, the stocks of smaller companies often diverge from the trend of larger companies. Therefore, the addition of smaller companies to an investment portfolio can provide diversification and lower overall portfolio risk.

Historically, over the long term, small-company stocks have provided greater returns than larger-firm stocks. For example, over the five-year period ending December 31, 2002, the S&P SmallCap 600 index had an annualized return of 2.4%, versus a -0.6% annual return for the S&P 500 index of large-cap companies. Even taking into account the higher risk usually associated with investing in smaller companies, the returns of small-firm stocks tend to outpace the returns of large stocks.

Shadow Stocks are not widely followed by analysts or advisory services. As a result, the individual investor has a comparative advantage in security analysis when evaluating these kinds of stocks. The time and effort it takes an investor to analyze individual stocks may be better rewarded within the realm of small firms, where analyst coverage is thin or nonexistent.

To be in the Shadow Stock listing, a stock must be listed on the New York Stock Exchange, the American Stock Exchange, Nasdaq National Market, or Nasdaq Small-Cap Market. To this universe of companies, the following screens are applied:

- The market capitalization of the company is between \$20 million and \$250 million. Market capitalization is determined by multiplying the number of shares outstanding by the market price per share. The greater-than-\$20-million screen eliminates the smallest firms that may be start-ups with little available financial data and an illiquid market for their shares. The less-than-\$250-million screen eliminates larger firms that tend to receive regular coverage from financial analysts.
- The price per share of the company's stock is at least \$5. This criterion serves as a proxy for liquidity—the higher the share price, typically, the more liquid the market for the stock.
- The company has relatively low institutional ownership—no more than 15%. Since there tends to be a direct relationship between the institutional ownership and analyst coverage, this requirement helps eliminate firms that are covered by a relatively large number of analysts.
- The company has had positive earnings per share over the trailing four quarters (12 months) as well as for the last two fiscal years; this eliminates turnaround situations that may require specialized investor knowl-

*(continued on page 20)*

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

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## SHADOW STOCKS 2003

Phone	Company (Exchange: Ticker)	Industry Group Number*	Price-Earnings Ratio (X)	12-Month Earnings per Share (\$)	5-Year Annual Growth Rate (%)
(218) 327-3434	A.S.V., Inc. (M: ASV)	0206	61.3	0.15	-11.6
(651) 227-7515 *	Aero Systems Engineering (M: AERS)	0215	12.8	0.39	16.0
(727) 461-3000	Aerosonic Corporation (A: AIM)	0203	65.3	0.30	2.4
(212) 815-8257 *	Alcatel Optronics (M: ALAO)	1033	1.6	2.35	29.1
(425) 882-2555	Alcide Corporation (M: ALCD)	0103	27.0	0.57	-9.8
(631) 273-4000	Allou Healthcare, Inc. (A: ALU)	0521	2.8	1.25	6.0
(225) 292-2031 *	Amedisys, Inc. (M: AMED)	0806	5.1	1.22	146.5
(716) 664-9600	American Locker Group (M: ALGI)	0209	8.8	1.62	32.9
(212) 705-4700	AMREP Corporation (N: AXR)	0215	11.4	0.73	-10.8
(516) 391-5262	ARCADIS NV (M: ARCAF)	0215	6.9	1.24	10.4
(716) 447-9013	Astronics Corporation (M: ATRO)	0215	10.6	0.77	17.6
(800) 497-7659	Atlantis Plastics, Inc. (A: AGH)	0112	13.9	0.37	-38.3
(809) 295-6875 *	B&H Ocean Carriers Ltd. (A: BHO)	1118	3.2	2.64	21.6
	* Baran Group Ltd. (M: BRAN)	0215	6.7	0.92	na
(808) 531-8400	Barnwell Industries, Inc. (A: BRN)	0609	na	0.02	-48.0
(847) 949-5200	Bio-Logic Systems Corp. (M: BLSC)	0812	13.9	0.32	16.2
(201) 791-2600 *	Bio-Reference Labs, Inc. (M: BRLI)	0806	18.1	0.42	19.1
(203) 735-1888	BIW Ltd. (A: BIW)	1209	11.0	1.71	46.8
(703) 941-6300	Bowl America Inc. (A: BWLA)	0936	16.4	0.72	13.1
(702) 792-7200	Boyd Gaming Corporation (N: BYD)	0912	18.7	0.68	18.2
(714) 526-5533*	Bridgford Foods Corp. (M: BRID)	0515	29.4	0.36	3.4
(414) 291-9000	C2, Inc. (M: CTOO)	0218	26.4	0.57	na
(212) 575-3200*	Cache, Inc. (M: CACH)	0945	18.0	0.81	10.4
(949) 223-1111*	Calavo Growers, Inc. (M: CVGW)	0515	12.9	0.56	na
(952) 445-7223	Canterbury Park Holding (A: ECP)	0936	21.4	0.67	91.9
(408) 542-1000	Catalyst Semiconductor (M: CATS)	1033	13.7	0.20	15.8
(941) 330-1558	Central European Dist. (M: CEDC)	0503	22.7	1.00	70.7
(707) 254-4200	Chalone Wine Group, Ltd. (M: CHLN)	0503	41.3	0.20	30.3
(714) 848-3747	Chicago Pizza & Brewery (M: CHGO)	0942	38.2	0.18	21.4
(630) 357-8500	Chicago Rivet & Machine (A: CVR)	0127	10.2	2.34	2.2
(801) 975-7200	ClearOne Communications (M: CLRO)	1003	9.0	0.50	77.1
(410) 712-0275	CompuDyne Corporation (M: CDCY)	0972	14.6	0.48	39.9
(860) 669-8636 *	Connecticut Water Service (M: CTWS)	1209	23.6	1.11	2.5
(345) 945-4277	Consolidated Water Co. (M: CWCO)	1209	22.4	0.69	15.2
(303) 297-2200 *	CREDO Petroleum Corp. (M: CRED)	0609	26.1	0.40	51.6
(605) 697-4000	Daktronics, Inc. (M: DAKT)	0903	32.7	0.46	24.6
(212) 983-1702	Delta Galil Industries (M: DELT)	0403	14.5	0.69	14.1
(859) 744-6171*	Delta Natural Gas Co. (M: DGAS)	1206	16.1	1.37	14.1
(212) 838-3777	Deswell Industries, Inc. (M: DSWL)	0112	9.3	1.63	4.6
(214) 891-6500	DocuCorp International (M: DOCC)	1036	18.2	0.45	17.1
(650) 969-7277	Drexler Technology Corp. (M: DRXR)	1021	28.5	0.45	32.0
(713) 673-6432	Dynacq International, Inc. (M: DYII)	0806	14.9	1.05	72.2
(716) 684-8060	Ecology and Environment (A: EEI)	0975	20.5	0.39	63.5
(301) 428-9405	ECtel Ltd. (M: ECTX)	0915	10.8	0.86	45.6
(918) 622-4522	Educational Development (M: EDUC)	0927	17.4	0.46	5.2
(919) 941-5185	Embrex, Inc. (M: EMBX)	0803	12.9	0.95	82.1
(973) 884-5800*	Emerson Radio Corp. (A: MSN)	0409	8.7	0.71	24.7

\* New to the Shadow Stock listing.

\* See the Guide to Industry Group Numbers on page 21.

Data Source: AAI's Stock Investor/Market Guide, Inc. Statistics are as of January 3, 2003.

Phone	Company (Exchange: Ticker)	Industry Group Number*	Price-Earnings Ratio (X)	12-Month Earnings per Share (\$)	5-Year Annual Growth Rate (%)
(406) 791-7500	Energy West Incorporated (M: EWST)	1206	25.9	0.32	0.0
(251) 450-4774	EnergySouth, Inc. (M: ENSI)	1206	14.0	2.07	4.2
(215) 355-9100	Environmental Tectonics (A: ETC)	1030	17.3	0.35	na
(913) 621-9500	EPIQ Systems, Inc. (M: EPIQ)	1036	33.9	0.48	49.2
(516) 333-8230	E-Z-EM, Inc. (A: EZM)	0812	na	0.00	16.9
(317) 237-3678	FinishMaster, Inc. (M: FMST)	0103	7.8	1.52	49.1
(410) 224-8770	FTI Consulting, Inc. (N: FCN)	0909	37.9	1.32	24.3
(303) 222-3600	Galam, Inc. (M: GAIA)	0521	28.8	0.37	52.5
(651) 224-2385 *	Great Northern Iron Ore (N: GNI)	0124	13.1	4.99	-0.7
(864) 225-6232	Hampshire Group, Limited (M: HAMP)	0403	5.7	3.72	-5.1
(909) 739-6200	Hansen Natural Corp. (M: HANS)	0506	13.9	0.33	49.6
(770) 419-0691	HealthTronics Surgical (M: HTRN)	0812	12.1	0.69	na
(954) 987-4000*	HEICO Corporation (N: HEI)	0203	18.3	0.62	2.7
(800) 326-5789	Hickory Tech Corporation (M: HTCO)	0915	17.2	0.58	-2.1
(631) 789-8228	Hi-Tech Pharmacal Co. (M: HITK)	0803	30.4	1.03	34.4
(276) 632-0459*	Hooker Furniture Corp. (M: HOFT)	0421	8.3	2.13	na
(714) 933-3000	Hycor Biomedical, Inc. (M: HYBD)	0803	28.6	0.07	na
(267) 685-5000	ICT Group, Inc. (M: ICTG)	0909	12.8	1.00	24.7
(212) 983-1702	ICTS International N.V. (M: ICTS)	0972	0.7	8.27	25.4
(650) 567-8000	ILOG S.A. (M: ILOG)	1036	170.0	0.06	16.7
(602) 957-2777*	ILX Resorts Incorporated (A: ILX)	0918	8.1	0.99	10.3
(978) 640-0460	Instrumentarium Corp. (M: INMR)	0812	25.7	1.60	16.9
(251) 633-9000	Integrity Media, Inc. (M: ITGR)	0430	15.5	0.35	22.4
(212) 983-2640	Inter Parfums, Inc. (M: IPAR)	0521	17.0	0.47	12.1
(513) 701-7000*	Interlott Technologies (A: ILI)	0912	20.5	0.28	7.4
(214) 503-5500	Internacional de Ceramica (N: ICM)	0209	20.3	0.33	-5.7
(978) 776-2000	Kadant Inc. (A: KAI)	0218	38.0	0.49	-13.1
(704) 873-7202	Kewaunee Scientific Corp. (M: KEQU)	1030	19.9	0.47	-4.3
(616) 459-3311	Knap & Vogt Manu. (M: KNAP)	0209	15.9	0.68	-7.3
(414) 964-5000	Koss Corporation (M: KOSS)	0409	14.4	1.38	20.3
(631) 981-9700	Lakeland Industries, Inc. (M: LAKE)	0812	8.9	0.79	12.0
(210) 310-7000*	Lancer Corporation (A: LAN)	0218	22.7	0.25	-25.6
(215) 333-9000*	Lannett Company, Inc. (A: LCI)	0803	27.8	0.67	na
(403) 250-1222	Liquidation World Inc. (M: LIQWF)	0963	12.0	0.29	9.9
	Magal Security Systems (M: MAGS)	0972	18.0	0.31	12.8
(727) 531-1700	MarineMax, Inc. (N: HZO)	0963	11.5	1.11	-1.5
(212) 815-2296*	Masisa S.A. (N: MYS)	0209	16.9	0.44	14.9
(808) 877-3351	Maui Land & Pineapple Co. (A: MLP)	0515	107.1	0.14	65.7
(614) 431-5800	Max & Erma's Restaurants (M: MAXE)	0942	12.9	1.30	14.0
(763) 559-2613*	MedAmicus, Inc. (M: MEDM)	0812	14.2	0.60	49.8
(410) 581-8042*	Medifast, Inc. (A: MED)	0957	21.5	0.36	2.7
(732) 634-1500 *	Middlesex Water Company (M: MSEX)	1209	23.3	0.95	1.9
(630) 627-6900*	Minuteman Int'l Inc. (M: MMAN)	0218	10.2	0.86	1.9
(304) 387-5712	MTR Gaming Group, Inc. (M: MNTG)	0912	16.0	0.53	60.5
(513) 381-1480	Multi-Color Corp. (M: LABL)	0930	14.3	1.32	24.6
(800) 661-8831	Nam Tai Electronics, Inc. (M: NTAI)	1027	12.3	2.33	-5.5
(631) 842-9400*	Napco Security Systems (M: NSSC)	0972	21.5	0.50	1.0

Exchange Key: N = New York Stock Exchange

A = American Stock Exchange

M = Nasdaq

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Phone	Company (Exchange: Ticker)	Industry Group Number*	Price-Earnings Ratio (X)	12-Month Earnings per Share (\$)	5-Year Annual Growth Rate (%)
(954)	581-0922 National Beverage Corp. (A: FIZ)	0506	16.8	0.94	9.4
(516)	626-0007 National Med. Health Card (M: NMHC)	0806	14.6	0.66	6.2
(631)	968-2000 * Netsmart Technologies Inc. (M: NTST)	1018	37.3	0.17	15.1
(713)	621-2245* Nevada Gold & Casinos (A: UWN)	0912	17.3	0.35	25.0
(484)	947-2000 Nobel Learning Commun. (M: NLCL)	0969	18.1	0.23	36.6
(352)	732-5157* Nobility Homes, Inc. (M: NOBH)	0215	12.0	0.75	3.8
(757)	928-9000* Noland Company (M: NOLD)	0218	12.6	2.45	4.2
(809)	295-2244* Nordic American Tanker (A: NAT)	1118	23.2	0.60	120.4
(330)	425-2330 North Coast Energy, Inc. (M: NCEB)	0609	8.5	0.57	40.1
(724)	443-9600 North Pittsburgh Systems (M: NPSI)	0915	17.8	0.81	-2.4
(514)	368-6455* Novamerican Steel Inc. (M: TONS)	0121	4.3	1.69	-5.6
(215)	245-7500 Orleans Homebuilders (A: OHB)	0215	6.4	1.70	49.8
(858)	571-5555 Overland Storage, Inc. (M: OVRL)	1021	61.6	0.28	-0.9
(281)	494-8282 * OYO Geospace Corporation (M: OYOG)	1030	102.6	0.21	-34.5
(405)	948-1560 Panhandle Royalty Co. (M: PANRA)	0609	153.3	0.12	15.9
(408)	514-2900* ParthusCeva, Inc. (M: PCVA)	1033	15.6	0.33	na
(973)	983-0888 Party City Corporation (M: PCTY)	0963	13.6	1.34	15.2
(770)	441-1580 Pediatric Services of Am. (M: PSAI)	0806	3.8	2.07	12.3
(205)	592-0011 Pemco Aviation Group, Inc (M: PAGI)	0203	8.0	3.18	37.4
(603)	882-5191 Pennichuck Corporation (M: PNNW)	1209	27.4	1.05	13.1
(212)	815-2921* Perdigao S.A. (N: PDA)	0515	5.0	1.55	na
(603)	578-6500* Pfeiffer Vacuum Tech. (N: PV)	0218	13.3	1.56	25.7
(469)	384-5000 Pizza Inn, Inc. (M: PZZI)	0942	26.6	0.09	-20.7
(203)	358-5700 * PrimeEnergy Corporation (M: PNRG)	0609	23.7	0.38	48.9
(617)	868-7455 Psychemedics Corp. (A: PMD)	0803	54.7	0.17	-38.9
(805)	583-7744 Qualstar Corporation (M: QBAK)	1021	31.8	0.17	11.1
(540)	777-4427 RGC Resources Inc. (M: RGCO)	1206	14.4	1.28	-3.6
(305)	365-8665 Rica Foods, Inc. (A: RCF)	0515	3.5	0.28	6.6
(952)	944-8144 Rimage Corporation (M: RIMG)	1015	13.6	0.73	22.3
(970)	259-0554 Rocky Mountain Chocolate (M: RMCF)	0515	9.8	0.86	34.0
(719)	576-3200 SAES Getters S.p.A. (M: SAESV)	0103	17.7	0.31	10.4
(515)	239-6000 Sauer-Danfoss Inc. (N: SHS)	0218	32.3	0.24	-33.7
(847)	827-9494 Schawk, Inc. (N: SGK)	0930	17.6	0.59	17.9

\* New to the Shadow Stock listing.

\* See the Guide to Industry Group Numbers on page 21.

Data Source: AAIL's Stock Investor/Market Guide, Inc. Statistics are as of January 3, 2003.

Phone	Company (Exchange: Ticker)	Industry Group Number*	Price-Earnings Ratio (X)	12-Month Earnings per Share (\$)	5-Year Annual Growth Rate (%)
(203)	625-0770 Security Capital Corp. (A: SCC)	0521	13.6	0.72	na
(315)	926-8100 * Seneca Foods Corporation (M: SENE)	0515	25.7	1.04	-33.1
(703)	550-7000 Sensytech, Inc. (M: STST)	0203	21.3	0.54	55.2
(305)	895-0304 SFBC International Inc. (M: SFCC)	0803	16.7	0.98	na
(540)	984-4141 Shenandoah Telecommunic. (M: SHEN)	0915	12.9	3.74	26.7
(954)	596-1000 Singing Machine Co. (A: SMD)	0430	7.5	1.23	26.4
(818)	790-2717 Sport Chalet, Inc. (M: SPCH)	0963	13.0	0.55	15.2
(952)	937-3000 Strataysys, Inc. (M: SSYS)	1015	27.3	0.45	-7.5
(651)	603-3700* Synovis Life Technologies (M: SYNO)	0812	29.2	0.27	28.2
(502)	329-2000 Sypris Solutions, Inc. (M: SYPR)	1024	13.4	0.87	58.9
(716)	694-0800 Taylor Devices, Inc. (M: TAYD)	0218	21.8	0.11	-9.7
(281)	331-6154 Team, Inc. (A: TMI)	0909	14.5	0.56	27.7
(732)	748-1700 TeamStaff, Inc. (M: TSTF)	0909	12.5	0.21	27.2
(781)	229-7896 Tech/Ops Sevcon, Inc. (A: TO)	1024	250.5	0.02	-49.5
(214)	618-7200 Thousand Trails, Inc. (A: TRV)	0936	9.2	1.11	-20.9
(561)	655-8977 Todhunter International (A: THT)	0503	10.4	0.99	0.8
(800)	603-8076 Trinity Biotech plc (M: TRIB)	0803	26.4	0.05	15.6
(631)	231-0333 TSR, Inc. (M: TSRI)	1036	9.2	0.57	14.5
(214)	488-6300* U.S. Home Systems, Inc. (M: USHS)	0209	39.2	0.15	na
(516)	466-6464 United Capital Corp. (A: AFP)	1003	8.5	4.30	30.7
(435)	649-8011 * United Park City Mines Co. (N: UPKC)	0215	20.3	0.90	18.3
(631)	273-0900 United-Guardian, Inc. (A: UG)	0803	15.5	0.28	28.8
(801)	954-7100 USANA Health Sciences (M: USNA)	0521	21.2	0.62	-10.5
(304)	234-4460 Valley National Gases Inc. (A: VLG)	0103	16.1	0.35	29.7
(770)	938-2080 Video Display Corporation (M: VIDE)	1024	26.3	0.28	-9.4
(973)	467-2200 Village Super Market, Inc. (M: VLGEA)	0957	6.2	4.04	42.1
(817)	831-5030* Virbac Corporation (M: VBAC)	0803	51.9	0.11	18.7
(703)	960-4600* VSE Corporation (M: VSEC)	0909	27.9	0.34	-13.2
(845)	986-8080 Warwick Valley Telephone (M: WWWV)	0915	15.4	4.44	20.4
(919)	325-3000 Waste Industries USA, Inc. (M: WWIN)	0975	8.9	0.77	3.1
(989)	793-4532* Wolohan Lumber Co. (M: WLHN)	0960	14.5	1.50	12.6
(717)	845-3601 York Water Company (M: YORW)	1209	23.6	0.63	4.2

Exchange Key: N = New York Stock Exchange

A = American Stock Exchange

M = Nasdaq

## Definitions of Terms

**Price-Earnings Ratio (X):** Market price per share divided by the firm's earnings per share for the trailing four quarters (12 months). A measure of how the market currently values the firm's earnings and risk prospects.

**12-Month Earnings per Share (\$):** The net income of the firm over the last fiscal year divided by the number of common stock shares outstanding. Evaluates the earnings stability and

trend in earnings when comparing each year.

**5-Year Annual Growth Rate (%):** Compound annual increase of basic, non-diluted earnings per share over the last five fiscal years. A measure of how successful the company has been in generating the bottom line, net profit; serves as an indication of the strength in the company's earnings growth.

(continued from page 17)

edge. In addition, there must be at least three years of financial data available, ensuring that companies have an established financial history.

- The company is not a financial firm—a financial or investment services company, insurance company, bank, or savings and loan. These firms are left out because their financial statements are not comparable to those of the other companies on the Shadow Stock list. In addition, conglomerates, real estate investment trusts (REITs), and limited partnerships are excluded.

AAII's *Stock Investor* fundamental screening and database program covering over 8,500 companies is used to screen and create the Shadow Stocks list.

When AAIL revisits the Shadow Stocks each year, the prior year's listing is re-examined—new stocks are added to the list while some of the veterans are cut loose. Existing Shadow Stocks—those that made the list the prior year—are dropped if they have had negative earnings over the trailing four quarters (12 months) or for the last fiscal year; if they merge; if they are acquired by another firm; or if they are delisted from an exchange. If a stock falls below the market value (market capitalization) screen by 50%—below \$10 million—for two years in a row, it is dropped from the list. Likewise, if a stock exceeds the market-cap screen by 100%—above \$500 million—for two consecutive years, it is eliminated.

Finally, companies that have been on the Shadow Stock list for more than five years are also eliminated. Over time, one would expect a strong company to become larger and attract attention. After five years, if a company has not graduated to a higher level of market capitalization, it is dropped from the list. This also helps to inject an

element of freshness into the Shadow Stock list.

The 2003 list of Shadow Stocks consists of 159 companies, 44 of which are new to the group from last year. The companies are listed in the table beginning on page 18; an asterisk before the name indicates newcomers for 2003. Both of these totals mark new historical lows for the Shadow Stocks since their introduction in 1985. The high-water mark for the complete list of Shadow Stocks was reached in 1986, when 500 companies made the list. The lowest number prior to this year was 231 in 1990. For the list of newcomers, 1986 was again the highpoint, when 146 companies made the list. This year's list of 44 marks the smallest number of newcomers since the Shadow Stocks series began.

In this table, you will find the company name, telephone number (when available), and a four-digit industry group number assigned by Market Guide, the primary data provider for *Stock Investor* (see the table on page 21 for industry groups).

Each company's price-earnings ratio, 12-month earnings per share, and five-year annualized earnings growth rate are also included in the table. The price-earnings ratio is based on the trailing four-quarter (12-month) earnings per share and is a measure of the market's expectations regarding the company's growth prospects and risk. Earnings per share is simply the total earnings per share of common stock for the latest four fiscal quarters (12 months). The growth rate in earnings per share serves as an indication of the strength in the company's earnings growth.

Beyond the list of Shadow Stocks found in this article, AAIL also has prepared an Excel spreadsheet that contains detailed financial data for all 159 companies. This file is available for downloading from the AAIL Web site ([www.aail.com](http://www.aail.com)) at

the Download Library area under Files from AAIL.

The Shadow Stock list is only intended as a starting point for your investment analysis; it is not a recommended list of companies. Throughout the year, the *AAII Journal* and the AAIL Web site present articles illustrating how individual investors can analyze the prospects of specific stocks by applying a variety of secondary screening criteria. These articles also serve to demonstrate how such techniques might be useful. At the Stock Screens area of the AAIL Web site, you will find a Shadow Stocks Value Screen and a Shadow Stocks Growth Screen. The results of these screens are updated and posted on a monthly basis, as are performance charts going back to 1998.

By applying screening criteria to a universe of stocks, investors arrive at a more manageable group of companies to research and analyze. Screening also enables individual investors to gain a better understanding of financial data and the process of individual stock selection in the framework of fundamental analysis.

Before making any investment decisions, it is important to perform your own due diligence—gather all pertinent information and thoroughly understand the investment. Page 22 provides sources for corporate reports and other detailed information on small-company stocks. Also, keep in mind that no one investment technique works in all types of market environments, and the techniques that worked in the past may not be as useful going forward.

Building a well-diversified investment portfolio, minimizing taxes and transaction costs, maintaining a portfolio of investments at a level of risk that you are comfortable with, and taking a longer-term perspective are all investment approaches that will prove the most valuable over time. ♦

## GUIDE TO INDUSTRY GROUP NUMBERS

Industry Group	Percentage of 2003 Shadow Stocks*	Industry Group	Percentage of 2003 Shadow Stocks*	Industry Group	Percentage of 2003 Shadow Stocks*
Number Industry		Number Industry		Number Industry	
<b>01 BASIC MATERIALS 5.7%</b>		0512 Fish/Livestock 0.0%		0936 Recreational Activities 1.9%	
0103 Chemical Manufacturing 2.5%		0515 Food Processing 4.4%		0939 Rental & Leasing 0.0%	
0106 Chems—Plastics & Rubbers 0.0%		0518 Office Supplies 0.0%		0942 Restaurants 1.9%	
0109 Containers & Packaging 0.0%		0521 Personal & House'd Prods. 3.1%		0945 Retail (Apparel) 0.6%	
0112 Fabricated Plastic & Rubber 1.3%		0524 Tobacco 0.0%		0948 Retail (Cat'g & Mail Order) 0.0%	
0115 Forestry & Wood Prods. 0.0%		<b>06 ENERGY 3.1%</b>		0951 Retail (Dept. & Discount) 0.0%	
0118 Gold & Silver 0.0%		0603 Coal 0.0%		0954 Retail (Drugs) 0.0%	
0121 Iron & Steel 0.6%		0606 Oil & Gas—Integrated 0.0%		0957 Retail (Grocery) 1.3%	
0124 Metal Mining 0.6%		0609 Oil & Gas Operations 3.1%		0960 Retail (Home Improve.) 0.6%	
0127 Misc. Fabricated Products 0.6%		0612 Oil Well Services & Equip 0.0%		0963 Retail (Spec'ty Non-Apparel) 2.5%	
0130 Non-Metallic Mining 0.0%		<b>07 FINANCIAL 0.0%</b>		0966 Retail (Technology) 0.0%	
0133 Paper & Paper Products 0.0%		0703 Consumer Financial Servs. 0.0%		0969 Schools 0.6%	
<b>02 CAPITAL GOODS 16.4%</b>		0706 Insurance (Accid. & Health) 0.0%		0972 Security Systems & Servs. 2.5%	
0203 Aerospace and Defense 2.5%		0709 Insurance (Life) 0.0%		0975 Waste Management Servs. 1.3%	
0206 Construction & Agri. Mach. 0.6%		0712 Insurance (Miscellaneous) 0.0%		<b>10 TECHNOLOGY 13.8%</b>	
0209 Construct'n—Supp. and Fix. 3.1%		0715 Insurance (Prop. & Casualty) 0.0%		1003 Communications Equip. 1.3%	
0212 Construct'n—Raw Materials 0.0%		0718 Investment Services 0.0%		1006 Computer Hardware 0.0%	
0215 Construction Services 5.0%		0721 Misc. Financial Services 0.0%		1012 Computer Networks 0.0%	
0218 Misc. Capital Goods 5.0%		0724 Money Center Banks 0.0%		1015 Computer Peripherals 1.3%	
0221 Mobile Homes & RVs 0.0%		0727 Regional Banks 0.0%		1018 Computer Services 0.6%	
<b>03 CONGLOMERATES 0.0%</b>		0730 S&Ls/Savings Banks 0.0%		1021 Computer Storage Devices 1.9%	
0303 Conglomerates 0.0%		<b>08 HEALTHCARE 13.2%</b>		1024 Electronic Instru'ts & Cont'ls 1.9%	
<b>04 CONSUMER CYCLICAL 4.4%</b>		0803 Biotechnology & Drugs 5.7%		1027 Office Equipment 0.6%	
0403 Apparel/Accessories 1.3%		0806 Healthcare Facilities 3.1%		1030 Scientific & Tech. Instru'ts 1.9%	
0406 Appliances & Tools 0.0%		0809 Major Drugs 0.0%		1033 Semiconductors 1.9%	
0409 Audio & Video Equipment 1.3%		0812 Medical Equip. & Supplies 4.4%		1036 Software & Programming 2.5%	
0412 Auto & Truck Manufacturers 0.0%		<b>09 SERVICES 25.2%</b>		<b>11 TRANSPORTATION 1.3%</b>	
0415 Auto & Truck Parts 0.0%		0903 Advertising 0.6%		1103 Air Courier 0.0%	
0418 Footwear 0.0%		0906 Broadcasting & Cable TV 0.0%		1106 Airline 0.0%	
0421 Furniture & Fixtures 0.6%		0909 Business Services 3.1%		1109 Misc. Transportation 0.0%	
0424 Jewelry & Silverware 0.0%		0912 Casinos & Gaming 2.5%		1112 Railroads 0.0%	
0427 Photography 0.0%		0915 Communications Services 3.1%		1115 Trucking 0.0%	
0430 Recreational Products 1.3%		0918 Hotels & Motels 0.6%		1118 Water Transportation 1.3%	
0433 Textiles—Non-Apparel 0.0%		0921 Motion Pictures 0.0%		<b>12 UTILITIES 6.3%</b>	
0436 Tires 0.0%		0924 Personal Services 0.0%		1203 Electric Utilities 0.0%	
<b>05 CONSUMER/NON-CYCLICAL 10.7%</b>		0927 Printing & Publishing 0.6%		1206 Natural Gas Utilities 2.5%	
0503 Beverages (Alcoholic) 1.9%		0930 Printing Services 1.3%		1209 Water Utilities 3.8%	
0506 Beverages (Non-Alcoholic) 1.3%		0933 Real Estate Operations 0.0%			
0509 Crops 0.0%					

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

## Sources of Information for Small and Micro-Cap 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. Most publicly traded companies maintain investor information segments on their Web sites that include annual and quarterly reports, press releases, and possibly transcripts from analyst conference calls. 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](http://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 for free at its Web site ([www.sec.gov](http://www.sec.gov)).

#### EDGAR Online

Free and fee-based Web service with enhanced search and retrieval compared to the SEC site. Company filings can be searched by a number of variables including ticker. Full reports are available as well as organized segments. ([www.edgaronline.com](http://www.edgaronline.com))

### Stock Exchanges

Stock exchanges maintain Web sites that publicize and promote corporations. The exchange sites typically feature company news, financial statement data, earnings estimates, SEC filings, as well as company links.

American Stock Exchange:

[www.amex.com](http://www.amex.com)

Nasdaq: [www.nasdaq.com](http://www.nasdaq.com)

New York Stock Exchange:

[www.nyse.com](http://www.nyse.com)

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### Publications

#### Standard & Poor's Corp.

[www.standardandpoors.com](http://www.standardandpoors.com)

Publishes various reports on companies available in libraries or by calling 800/221-5277: the S&P Stock Guide (monthly) and S&P Stock Reports (bimonthly).

#### Value Line Publishing

[www.valueline.com](http://www.valueline.com)

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.

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### Software

#### AAll's Stock Investor

AAll's *Stock Investor* screening software provides in-depth fundamentals on over 8,500 firms (800/428-2244). Monthly and quarterly subscriptions are available on CD-ROM for Windows systems.

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### Web Sites

#### AAll.com

[www.aall.com](http://www.aall.com)

Quotes, news, financial snapshots, charts, S&P Reports, and SEC filings of company reports can be accessed free by AAll members through the links provided under the Tools area on AAll.com. Stock screening articles and results can be obtained at AAll's Web site in the Stock Screens area.

#### Business Week Online

[www.businessweek.com/investor](http://www.businessweek.com/investor)

Combines elements of the Business Week publication, Standard & Poor's data and analysis, and financial data and tools from Telescan and Zacks.

#### CNBC on MSN Money

[moneycentral.msn.com](http://moneycentral.msn.com)

Free site combining the news of CNBC-TV with the powerful financial tools of MoneyCentral. Features charting, news, and top-notch screening and analysis consisting of an advanced stock filtering tool, detailed company reports, free real-time quotes, and a valuation module.

#### Morningstar.com

[www.morningstar.com](http://www.morningstar.com)

Full-featured site whose content includes market monitoring and stock screening and research.

#### Multex Investor

[www.multexinvestor.com](http://www.multexinvestor.com)

Offers a full range of free stock data including company snapshots, real-time quotes, fundamental data, earnings estimates, charts, and analyst recommendations. Registered users can access a free Java-based screening tool.

#### Quicken.com

[www.quicken.com](http://www.quicken.com)

Free site that offers all the basic tools including quotes, news, charts, basic stock screening, stock fundamentals, estimates, and SEC filings. Includes a simple worksheet for estimating the intrinsic value of a stock.

#### Wall Street City

[www.wallstreetcity.com](http://www.wallstreetcity.com)

Free and fee-based site that offers a wide selection of data and analytical tools including real-time and historical quotes, charting, news, Zacks earnings reports, analysts' ratings, detailed stock data and screening.