The First Cut

Consensus: Stocks That Pass the Most Screens

The First Cut is designed as a starting point for investors. Each issue we list the top stocks that pass relatively simple screens of interest to individual stock pickers. AAII's Stock Investor Pro *screening software is used to generate the First Cut listing.*

This month's First Cut presents stocks that passed the greatest number of strategies tracked by AAII. This process was accomplished with a new report that is an enhancement scheduled for an upcoming version of *Stock Investor Pro*. The report examines the results of every screen selected and identifies which screen any stock passed. As of December 9, 2011, 935 stocks passed at least one of the 63 screens tracked by AAII. However, only 23 stocks passed four or more screens, and they are the stocks that made the First Cut this month. The MAGNET Complex and T. Rowe Price approaches did not have any companies that passed at the time of screening.

The stocks are first ranked by the number of screens passed and then by their price-earnings ratio. The price-earnings ratio (price divided by trailing earnings per share) is a basic valuation gauge. The earnings growth rate measures bottom-line performance. Market capitalization (number of shares outstanding times the price) measures firm size. Stock price performance is highlighted with relative price strength ranks over the last 13 weeks and 52 weeks.

Is a stock that passes more than one complete screening approach more attractive than another that just passes a single approach? Possibly, if the screening approaches are sound and varied. While you cannot automatically consider a group of consensus stocks to be a diversified portfolio, they may present a good First Cut for constructing your personal portfolio. Optimally, the group of screening approaches a stock passes is diverse enough to capture unique, yet desirable qualities. Further information on each of the screening strategies can be found at the Stock Screens area of AAII.com.

—John Bajkowski, President, AAII

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Company (Ticker)	No. of Screens Passed	Screens Passed	P/E Ratio (X)	EPS Growth Rate (3-Yr) (%)	Market Cap ($ Mil)	Relative Strength % Rank 13-Wk (%)	Relative Strength % Rank 52-Wk (%)	Share Price (12/9) ($)	Industry
Andersons, Inc. (ANDE)	6	Driehaus, EstRevUp, Oberweis, P/E Rel, PEG(Est, Hist)	8.3	(2.5)	782	87	86	44.03	Crops
Genesco Inc. (GCO)	6	EstRevUp, Kirkpatrick(Bargain), O'Shaugh(Gr, SC), Oberweis, PEG(Est)	19.8	99.1	1,403	90	93	60.64	Retail (Apparel)
Bio-Reference Laboratories (BRLI)	5	Buffett(EPS, SG), IBD Stable70, Inve$tWare, Templeton	10.9	32.1	359	23	31	14.01	Healthcare Facilities
World Acceptance Corp. (WRLD)	5	Buffett(EPS, SG), IBD Stable70, PEG(Hist), ROE	11.5	24.9	994	74	90	69.42	Consumer Financial Services
Ebix, Inc. (EBIX)	5	Buffett(EPS, SG), Inve$tWare, Lakonishok, Templeton	12.0	55.7	748	88	53	20.64	Software/Program'g
HealthSpring, Inc (HS)	5	Kirkpatrick(Bargain), Lakonishok, O'Shaugh(Gr), Oberweis, PEG(Est)	13.6	30.9	3,692	94	96	54.47	Insurance (Accident & Health)
LKQ Corporation (LKQX)	5	CAN SLIM(V3), IBD Stable70, Inve$tWare, PEG(Hist), Templeton	22.7	29.5	4,337	85	89	29.96	Auto & Truck Parts
Buffalo Wild Wings (BWLD)	5	Buffett(Hagstrom), CAN SLIM, IBD Stable70, Inve$tWare, PEG(Hist)	24.5	24.1	1,139	63	90	62.42	Restaurants
Petroleo Brasileiro SA (PBR)	4	ADR, DRPs, Lynch, O'Shaugh(Val)	6.9	9.2	169,972	60	42	27.38	Oil & Gas: Integrated
Alliance Resource, LP (ARLP)	4	Neff, PEG(Est), PEG(Hist), Zweig	9.0	20.9	2,650	58	80	72.23	Coal
Microsoft Corp. (MSFT)	4	Dreman, PEG(Est, Hist), Weiss	9.3	12.9	213,669	49	54	25.70	Software/Program'g
CNH Global N.V. (CNH)	4	ADR, Kirkpatrick(Bargain, Growth, Value)	10.2	(7.1)	9,287	92	48	40.55	Construct & Ag Mach
Intel Corporation (INTC)	4	Dow(Dogs, Low Priced 5), Dreman, PEG(Est)	10.8	19.4	125,823	89	81	25.01	Semiconductors
Cummins Inc. (CMI)	4	Dreman, PEG(Est, Hist), ROE	11.1	12.6	17,721	69	51	95.11	Misc. Capital Goods
Sohu.com Inc. (SOHU)	4	Buffett(EPS, SG), Murphy Tech, Rule #1	12.0	59.0	1,908	21	31	52.40	Computer Services
NewMarket Corporation (NEU)	4	CAN SLIM, O'Shaugh(Gr), PEG(Hist), ROE	12.5	37.7	2,589	88	93	199.71	Chemical Mfg
Smith & Nephew plc (SNN)	4	Buffett(EPS, SG), Div Yield, Lynch	13.2	26.7	8,260	46	51	46.07	Medical Equip & Sup
Credit Acceptance Corp. (CACC)	4	Buffett(EPS, SG), Lakonishok, PEG(Hist)	13.2	48.8	2,196	93	92	91.18	Consumer Fin'l Servs
Centene Corporation (CNC)	4	Lakonishok, O'Shaugh(Gr, SC), Templeton	18.3	25.1	1,843	88	93	37.56	Healthcare Facilities
MWI Veterinary Supply, Inc. (MWIV)	4	IBD Stable70, Inve$tWare, ROE, Wanger	19.9	28.0	845	43	79	67.73	Biotechnology & Drugs
Dollar Tree, Inc. (DLTR)	4	Buffett(Hagstrom), IBD Stable70, PEG(Hist), ROE	22.0	30.7	9,820	82	92	82.55	Retail (Department & Discount)
Epoch Holding Corp (EPHC)	4	Foolish 8, PEG(Hist), ROE, Wanger	24.5	31.4	531	97	91	23.78	Investment Services
Cognizant Tech Sol (CTSH)	4	IBD Stable70, Inve$tWare, ROE, Templeton	25.4	27.3	20,345	79	57	69.38	Software/Program'g

Source: AAII's Stock Investor Pro*, Thomson Reuters, and I/B/E/S. Data as of 12/9/2011.*