

# Building Screeners with Stock Rover Metrics

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# PRESENTATION NOTES

1. **At** <http://www.stockrover.com/webinar-outline.html>
2. **Select Screening with Stock Rover PDF download**
3. **The Screeners that follow are all in the Stock Rover community library and are available for import**

# THE GAME PLAN

1. **Show some of the different types of screeners you can create**
2. **Show metrics that can be used to sub-select across all screener types**
3. **For each screener type, show the pertinent Stock Rover metrics**
4. **Show reasonable starting values to use for each metric**
5. **Finis - answer questions**

# SCREENER TYPES

- It's not possible to cover all the different types of screeners
- There are many different ways to screen and an almost endless number of different screener types
- The following is a choice selection of some of the more popular types of screeners in use

# POPULAR SCREENERS

- Value
- Growth
- GARP (Growth at a reasonable price)
- Dividend Growth
- Yield
- Capital Efficiency
- Operational Outperformers
- Price Outperformers
- Momentum
- Out of Favor

# METRICS FOR ALL SCREENER TYPES

- Before we jump to the screener types...
- Let's first cover some metrics that can be used across all screeners to zero in on a subset of the overall stock population

# GENERAL FILTER METRICS

- Market Cap
- Enterprise Value (basically Market Cap + Debt – Cash)
- Employees
- Sector
- Industry
- Institutional Ownership % (e.g. <60% or >95%)

## SPECIAL CASE METRICS

- Price (can be useful to avoid or select stocks < \$5)
- Beta – change relative to the S&P 500 (1, 3 or 5 year)
- Volatility – formula based on daily % price change (1 or 3 year)
- Average Volume (3m)
- Foreign Sales (%)
- Long Term Debt / Total Capital



## TO THE SCREENERS

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## VALUE SCREENERS

- Price / Book ( $> .2$  and  $< 1.1$ )
- Price / Tangible Book ( $> .2$  and  $< 1.1$ )
- Price / Sales ( $< 1.5$ )
- Price / Earnings ( $> 3$  and  $< 10$ )
- Price / Cash Flow ( $> 4$  and  $< 8$ )
- Price / Free Cash Flow ( $> 4$  and  $< 10$ )

*Note: having a floor on P/B, P/TB, P/E, P/CF and P/FCF weeds out sick companies*

## GROWTH SCREENERS

- Sales 5-Year Avg (%) ( $> 12\%$ )
- Operating Income 5-Year Avg (%) ( $> 20\%$ )
- EPS Income 5-Year Avg (%) ( $> 25\%$ )
- EPS Next-Year Chg (Est %) ( $> 25\%$ )

## GARP SCREENERS

- Sales 5-Year Avg (%) (> 8%)
- Operating Income 5-Year Avg (%) (> 15%)
- EPS Income 5-Year Avg (%) (> 15%)
- EPS Next-Year Chg (Est %) (> 15%)
- PEG Trailing (< 1.2)
- PEG Forward (< 1.2)
- Earnings Yield (> 5%)

## DIVIDEND GROWTH SCREENERS

- Dividend Yield ( $> 1.5\%$  and  $< 5\%$ )
- Payout Ratio ( $> 10\%$  and  $< 40\%$ )
- Dividend 1-Year Chg (%) ( $> 8\%$ )
- Dividend 3-Year Avg (%) ( $> 8\%$ )
- Dividend 5-Year Avg (%) ( $> 8\%$ )
- EPS 5-Year Avg (%) ( $> 8\%$ )
- Sales 5-Year Avg (%) ( $> 4\%$ )

## YIELD SCREENERS

- Dividend Yield ( $> 3.75\%$ )
- Payout Ratio ( $< 50\%$ )
- Dividend 5-Year Avg (%) ( $> 3\%$ )

# CAPITAL EFFICIENCY SCREENERS

- Return on Assets ( $> 15\%$ )
- Return on Equity ( $> 35\%$ )
- ROIC - Return on Invested Capital ( $> 20\%$ )
- Return on Assets vs Industry ( $> 20\%$ )
- Return on Equity vs Industry ( $> 20\%$ )
- Gross Profit / Total Assets ( $> .6$ )

*Note: Gross Profit / Total Assets is a component of the popular Novy-Marx quality screener*

# OPERATIONAL OUTPERFORMER SCREENERS

- Gross Margin vs Industry ( $> 15\%$ )
- Operating Margin vs Industry ( $> 25\%$ )
- Net Margin vs Industry ( $> 30\%$ )
- Return on Assets vs Industry ( $> 20\%$ )
- Return on Equity vs Industry ( $> 20\%$ )
- Growth Industry Decile ( $< 3$ )
- Profitability Industry Decile ( $< 3$ )



# PRICE OUTPERFORMER SCREENERS

- 52-wk Range (> 90%)
- 5-Year Price Range (> 95%)
- 1-Month Return vs Industry (> 5%)
- 1-Month Return vs Sector (> 5%)
- 1-Month Return vs S&P 500 (> 8%)
- 1-Year Return vs Industry (> 30%)
- 1-Year Return vs Sector (> 30%)
- 1-Year Return vs S&P 500 (> 30%)
- 5-Year Return vs Industry (> 100%)
- 5-Year Return vs Sector (> 100%)
- 5-Year Return vs S&P 500 (> 100%)

## MOMENTUM SCREENERS

- 52-wk Range (> 90%)
- 5-Year Price Range (> 95%)
- Price vs 20-day Avg (%) (> 102%)
- Price vs 50-day Avg (%) (> 105%)
- Price vs 200-day Avg (%) (> 110%)
- Bollinger Percent 20 (> 60%)
- Bollinger Percent 50 (> 60%)

## OUT OF FAVOR SCREENERS

- 5-Year Price / Book Range (< 40%)
- 5-Year Price / Sales Range (< 50%)
- 52-wk Range (< 20%)
- 5-Year Price Range (< 40%) – It's been a 5 year bull market
- Relative Strength Index (< 30)
- Money Flow Index (< 30)
- Short as % of Float (> 10%)

*Note with high Short as a % of Float – there is the possibility of a future short squeeze driving the stock higher (on the other hand, the shorts may be right)*

**FINIS**