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# Loser Investments to Sell Now



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*By Jim Pearce and the team of analysts at Investing Daily*

No matter how astute an investor you are, you will be tempted by losers—resisting them is at least as important as recognizing the winners ...

... it even happens to the so-called smart institutional money. A case in point: Several of the world's most prominent investors were caught up in Bernie Madoff's multi-billion dollar Ponzi scheme.

The only true defense against the inevitable losers is two-fold: Use a data-driven system that identifies the likely underperformers so that you don't invest in them in the first place, and keep an eagle eye out for signs of developing trouble in your existing holdings. The latter point means you should spend at least as much time looking to stay out of the way of train wrecks as you do trying to pick the winners.

**Understanding the IDEAL Rating System** The IDEAL Stock Rating System assigns a Total Score to every stock in the S&P 500 Index. The Total Score is the sum of three factors:

- **Dividend Yield Score**—the current dividend yield of the stock compared to what is currently available from U.S. Treasury Notes
- **Cash Flow Score**—the extent to which the company has been able to grow its Net Operating Cash Flow over the past year compared to the prior two years
- **Relative Value Score**—based on the forward 12-months estimated price-to-earnings ratio of the company compared to the same ratio for its sector peer group.

The first two categories are graded on a scale of 0 - 3, and the final category is graded on a scale of 0 - 4.

Therefore, the highest Total Score a stock can receive is a '10,' and the lowest score is a '0.'

We then compare the Total Score of each stock to the Total Score for the entire index to determine its IDEAL Value, which is what price the stock would have to be trading at now to be equal to the average value for the entire index.

The GICS (Global Industry Classification Standard) Sector identifies which of the eleven standardized S&P 500 sector categories each stock is assigned to.

Here's a rundown of some of the stocks that at the time of this writing (April 2018) rate either a '0' or a '1.'

While we can't predict which of this group will be the headline loser this year, we strongly recommend avoiding all of them.

Security	Ticker	Yield (%)	Dividend Yield Score	Cash Flow Score	Relative Value Score	Total Score	Price	IDEAL Value	GICS Sector
Akamai Tech	NSDQ: AKAM	0.00	0	0	0	0	71.53	10.08	Information
Autodesk	NSDQ: ADSK	0.00	0	0	0	0	126.98	17.09	Information
C.R. Bard	NYSE: BCR		0	0	0	0	331.24	89.93	Health Care
Charles Schwab	SCHW	0.72	0	0	0	0	55.66	7.84	Financials
Chesapeake Energy	NYSE: CHK		0	0	0	0	3.02		Energy
Concho Resources	NYSE: CXO		0	0	0	0	155.14	21.86	Energy
CSRA	NYSE: CSRA	0.00	0	0	0	0	0		Information
E*TRADE Financial	NSDQ: ETFC		0	0	0	0	60.63	8.54	Financials
Gartner Inc	NYSE: IT		0	0	0	0	119.1	16.79	Information
Global Payments	NYSE: GPN	0.04	0	0	0	0	112.16	15.09	Information
Hilton	NYSE: HLT	0.73	0	0	0	0	81.89	11.54	Consumer
Incyte Corp	NSDQ: INCY		0	0	0	0	62.73	8.84	Health Care
JB Hunt Transport	NSDQ: JBHT	0.82	0	0	0	0	117.25	15.78	Industrials
Loews Corp	NYSE: L	0.48	0	0	0	0	51.7	7.29	Financials
Mosaic	NYSE: MOS	0.37	0	0	0	0	27.17	3.66	Materials
National Oilwell	NYSE: NOV	0.52	0	0	0	0	38.63	5.2	Energy
PayPal	NSDQ: PYPL	0.00	0	0	0	0	76.13	10.73	Information
Scripps Networks	NYSE: SNI	0.00	0	0	0	0	0		Consumer
Synopsys Inc	NSDQ: SNPS		0	0	0	0	85.45	12.04	Information
Textron Inc	TXT	0.13	0	0	0	0	63.69	8.98	Industrials
The Priceline Group	NSDQ: PCLN	0.00	0	0	0	0	0		Consumer
TripAdvisor Inc	NSDQ: TRIP		0	0	0	0	37.37	5.27	Consumer
Vertex	NSDQ: VRTX		0	0	0	0	158.81	21.37	Health Care
Xcel Energy	NSDQ: XEL	0.00	0	0	0	0	0		Utilities

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Alphabet Class A	NSDQ:	0.00	0	1	0	1	1	280.81	Information
AMETEK Inc	AME	0.78	0	1	0	1	71.52	20.16	Industrials
ANSYS Inc	NSDQ: ANSS		0	1	0	1	162.65	45.85	Information
Baxter	NYSE: BAX	0.91	0	1	0	1	69.99	18.84	Health Care
Cadence Design	NSDQ: CDNS		0	1	0	1	39.89	11.24	Information
Cerner	NSDQ: CERN	0.00	0	1	0	1	58.99	15.88	Health Care
Chipotle	NYSE: CMG	0.00	0	1	0	1	422.82	119.13	Consumer
Constellation	NYSE: STZ	0.9	0	1	0	1	228.69	64.47	Consumer
Danaher Corp	NYSE: DHR	0.55	0	1	0	1	101.78	27.39	Health Care
Electronic Arts	NSDQ: EA	0.00	0	1	0	1	119.61	33.71	Information
Fiserv	NSDQ: FISV	0.00	0	1	0	1	71.32	19.2	Information
Fortive Corp	NSDQ: FTV	0.39	0	1	0	1	72.28	20.37	Industrials
Illumina	NSDQ: ILMN		0	1	0	1	242.45	68.34	Health Care
Intuit	NSDQ: INTU	0.84	0	1	0	1	185.22	52.21	Information
Intuitive Surgical	NSDQ: ISRG		0	1	0	1	445.67	125.62	Health Care
Martin Marietta	NYSE: MLM	0.9	0	1	0	1	195.9	55.22	Materials
Mettler-Toledo	NYSE: MTD		0	1	0	1	563.63	158.87	Health Care
PerkinElmer Inc	PKI	0.38	0	0	1	1	74.2	20.91	Health Care
Red Hat	NYSE: RHT	0.00	0	1	0	1	162.74	45.87	Information
Roper Industries	NYSE: ROP	0.62	0	1	0	1	266.08	75	Industrials
SBA	NSDQ: SBAC		0	1	0	1	165.04	46.52	Real Estate
Sherwin-Williams	NYSE: SHW	0.93	1	1	0	1	371.44	104.69	Materials
Torchmark Corp	TMK	0.74	0	1	0	1	86.81	24.47	Financials
Varian Medical	NYSE: VAR		0	1	0	1	116.48	31.35	Health Care

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VeriSign, Inc.	NSDQ: VRSN		0	1	0	1	120.67	34.01	Information
Verisk Analytics	NSDQ: VRSK		0	1	0	1	106.64	28.7	Industrials
Waters Corp.	NYSE: WAT		0	1	0	1	190.88	53.8	Health Care

**IMPORTANT NOTES:**

Guidance concerning the stocks highlighted in this report is believed to be accurate and represent our best advice at the time of writing. However, market conditions change constantly and guidance at the time of this writing may not reflect our latest advice. For our current take on any stock in this report, it is vitally important that you check the Portfolio tables on the website and confirm that the stock still earns a buy rating. Furthermore, confirm that the stock trades below our current buy limit. Do not buy any stocks above our recommended buy limits. If a stock's price exceeds our buy limit, wait for a pullback or invest in another Portfolio holding that trades below our buy limit. Any advice in the Portfolio tables, a recent issue of the publication, or our email alerts always trumps older advice in this special report. We reserve the right to substitute special reports as market trends dictate.

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