Investing at the Intersect of Value and Momentum

Charles Rotblut, CFA
Vice President & AAII Journal Editor
American Association of Individual Investors
“As in driving, the secret to success is not making big mistakes.”

The optimal strategy is not one that maximizes return, but rather one that helps you stick to your long-term investing plan and achieve your goals.
My Book

better GOOD than LUCKY

How Savvy Investors Create Fortune with the Risk-Reward Ratio

BY CHARLES ROTHBLUT

My Risk-Reward Criteria

Price to Book < 3
Price to Earnings < 20
Cash From Operations = 3+ Years
Sales Growth = 3+ Years
Net Income Growth = 3+ Years
EPS Growth = 3+ Years

Earnings Estimates Revised Up
Good Business Model
Current Ratio > 1.0
Debt to Equity < 0.50
Return on Equity > Peers
Adds Portfolio Diversification
Revised Risk-Reward Criteria

Price to Book < 3
Price to Earnings < 20
Dividend Growth = 1+ Years
Earnings Estimates Revised Up
26-Week RSI Rank > 60%
Market Cap < $1 Bil Preferred
Operating Margin Rank > 60%
Return on Equity Rank > 60%
Intangibles < 50% of Equity

Current Ratio > 1.0
Debt to Equity < 0.50
Times Interest Earned > 2
Sales Growth = 3+ Years
EPS Growth = 3+ Years
Free Cash Flow = 3+ Years
EPS Up Year-Over-Year
EPS Up Quarter-Over-Quarter
I Ignored My Own Observation:

There are many stocks whose potential rewards outweigh their risks. They may not be perfect, but they are capable of building wealth.
A New Strategy
Academic theory and the financial services industry offer guidelines
Efficient Market Theory: “The Price Is Right”

More Analysts, Fewer Stocks

Sources: CFA Charterholders in the Americas Region, CFA Institute; annual average of exchange-listed stocks, Stock Investor Pro.
Computers Have Had
A Big Impact
Much of economic and financial theory assumes humans act in rational ways.
Behavioral Economists Disagree


www.AAll.com
We’re Not Always Rational

Source: Kickstarter, July 12, 2014; $55,492 pledged in total.

I'm making potato salad.

Basically I'm just making potato salad. I haven't decided what kind yet.
We Don’t Adjust Quickly to New Information


<table>
<thead>
<tr>
<th>Date</th>
<th>Analyst</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 19, 2001</td>
<td>Raymond Niles</td>
<td>- We reiterate our Buy rating on Enron after untangling part of a complicated story involving their balance sheet, cash flow and business practices.</td>
</tr>
<tr>
<td></td>
<td>Benjamin Morton</td>
<td>- Although we think we have bounded the most important issues facing Enron, we cannot rule out that our viewpoint will change given the complexity of their off-balance sheet financing vehicles and the uncertainty and magnitude of potential write-offs.</td>
</tr>
<tr>
<td></td>
<td>Brian Chin</td>
<td>- The chief issue facing Enron, in our view, is the weakening of their credit standing following $2.21 billion in write-offs, announced last week. Moody's has placed Enron's debt on notice for possible downgrade.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Offsetting these concerns: cash flows appear solid over the balance of the year and 2002; and their core Merchant Energy operating performance is solid.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- We see these as Enron-specific issues, not affecting other Energy Merchants such as Dynegy (DYN#-1H $44).</td>
</tr>
</tbody>
</table>
We Prefer What’s’s Familiar

HELLO
I AM...

NOT BUYING STOCKS
I’VE NEVER HEARD OF
We Allow Greed to Interfere with Facts

Source: Morningstar.com and Twitter (@CharlesRAAII), September 1, 2017

Never pay $800 for something worth $432!
We Do Not Consider Expected Outcomes

Source: Illinois Lottery, January 12, 2016; Overall odds of winning are 1:24.9 (4%).
We Are Risk-Averse

The Money Manager’s Dilemma

Investment Success (Long-term) vs. Career Risk (Short-term)
What’s the solution?
Checklists Are Shown to Work

Have Written Rules

Portfolio Addition and Deletion Rules

An easy way to follow the VMQ approach is through the VMQ Stocks Model Portfolio. This is a real-money 20-stock portfolio. The rules used for adding and removing a stock from the VMQ Stocks model portfolio are listed below. These rules and guidelines are subject to revision as the portfolio progresses, market conditions evolve and new research becomes available.

For a stock to be added to the VMQ Stocks model portfolio, it must meet all of the following requirements:

- A Value Score of 40 or lower (may be loosened to 45);
- A 26-week relative price strength rank (Momentum Score) of 60% or higher;
- A Quality Score of 3 or higher (may be loosened to 2);
- Profitable during the last reported quarter and over the most recently reported 12-month period, and projected to remain profitable for the current fiscal year;
- Current with SEC filings, including the quarterly 10-Q and annual 10-K;
- Listed on the major U.S. stock exchanges (Nasdaq, New York and American);
- Share price of $4 or higher;
- Minimum three-month daily average trading volume of $1 million and three-month average monthly volume of 200,000 shares; and
- Minimum market capitalization of at least $30 million.

Source: www.VMQStocks.com
Don’t Invest Like an Index Fund

Vanguard S&P 500 ETF (VOO)
Also available as Admiral™ Shares and Investor Shares mutual funds.

Product summary
- Invests in stocks in the S&P 500 Index, representing 500 of the largest U.S. companies.
- Goal is to closely track the index’s return, which is considered a gauge of overall U.S. stock returns.
- Offers high potential for investment growth; share value rises and falls more sharply than that of funds holding bonds.
- More appropriate for long-term goals where your money’s growth is essential.

ETF facts

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Domestic Stock - General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Large Blend</td>
</tr>
<tr>
<td>Ticker symbol</td>
<td>VOO.IV</td>
</tr>
<tr>
<td>Expense ratio</td>
<td>0.04%</td>
</tr>
<tr>
<td>as of 04/27/2017</td>
<td>This is 96% lower than the average expense ratio of funds with similar holdings.*</td>
</tr>
<tr>
<td>ETF advisor</td>
<td>Vanguard Equity Index Group</td>
</tr>
</tbody>
</table>

Source: Vanguard
When it comes to investing in stocks, start by asking a simple question:

What traits do you want in a stock?
Two Cornerstones
Value Beats Growth

High Valuations
=
High Expectations
=
More Room for Disappointment
Valuation Considerations

• Academic research uses relative (e.g., cheapest 40%); always finds stocks

• Combine valuation measures (e.g., price-to-book with price-to-sales and price-to-cash flow)

• Some stocks are cheap for a reason
Investors Prefer Winners

Source: Kenneth French Data Library, lowest and highest 30% 12-month price momentum for equal-weight portfolios, data from 1927 to 2017.
Momentum Considerations

- Stocks with relative strength rankings of 60% or higher tend to outperform
- Look at longer periods of 13-weeks or longer; can be mean-reverting over 4-week periods
- Momentum strategies have more turnover, and therefore are more costly
- Can “crash” following the bottom of bear markets
Value and Momentum Lead at Different Times*

*Relative performance of value versus momentum.
Source: Kenneth French Data Library, 12-month equal-weight large and small companies, data from 1927 to 2017.
Combined, They Work Very Well

The combination of a low valuation and good relative price momentum indicates that other investors view the stock as a bargain too.
Merely looking for low value and strong momentum identifies many stocks.

We can narrow the list by requiring other attractive traits.
Start With the Financial Statements
Accruals

- Accruals allow transactions to be recognized based on when they occur as opposed to when cash changes hands.
- Earnings attributable to cash received are more persistent than earnings attributable to accruals.
- Stocks with lower levels of accruals outperform those with higher levels of accruals.
Asset Turnover

• Measures how quickly a company turns its assets into sales
• Higher levels of turnover indicate more sales are being generated per dollar of operating assets
• Penalizes companies that load up on assets, but lack the growth to show for it
• Differs by industry; the change in ratio allows for intra-industry comparisons
Friendly to Shareholders?
Buyback Yield

- The percentage decrease (positive) or increase (negative) in outstanding shares
- Shares of companies that repurchase stock to outperform
- Share issuance dilutes ownership; often done by companies needing to raise cash
Dividends

- Stocks with growing dividends outperform stocks with unchanged or no dividends
- Cut or suspended dividends cost investors
What Are the Analysts Saying?
Their Buy/Hold/Sell Ratings Don’t Work Well...


<table>
<thead>
<tr>
<th>ENE: REITERATE BUY; BUT CONCERNS REMAIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 19, 2001</td>
</tr>
<tr>
<td><strong>SUMMARY</strong></td>
</tr>
<tr>
<td>➤ We reiterate our Buy rating on Enron after untangling part of a complicated story involving their balance sheet, cash flow and business practices.</td>
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...But Their Consensus Earnings Estimate Revisions Do

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Est.</strong></td>
<td>$2.015</td>
<td>$2.859</td>
<td>$9.819</td>
<td>$11.394</td>
<td>$12.923</td>
</tr>
<tr>
<td><strong>High Est.</strong></td>
<td>$2.380</td>
<td>$3.410</td>
<td>$10.000</td>
<td>$12.450</td>
<td>$15.500</td>
</tr>
<tr>
<td><strong>Low Est.</strong></td>
<td>$1.640</td>
<td>$2.480</td>
<td>$9.700</td>
<td>$10.730</td>
<td>$11.740</td>
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<tr>
<td><strong>Std. Dev.</strong></td>
<td>0.161</td>
<td>0.202</td>
<td>0.089</td>
<td>0.525</td>
<td>1.304</td>
</tr>
<tr>
<td><strong># of Estimates</strong></td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>13</td>
<td>7</td>
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<tr>
<td><strong>Expected Report Date</strong></td>
<td>05/03/2018</td>
<td>08/03/2018</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>Current Est.</th>
<th>Month Ago Est.</th>
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<tbody>
<tr>
<td><strong># Revisions Up</strong></td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td><strong># Revisions Down</strong></td>
<td>2</td>
<td>1</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>3 Month Ago Est.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong># Revisions Up</strong></td>
<td></td>
</tr>
<tr>
<td><strong># Revisions Down</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Stock Investor Pro
Earnings Estimate Revisions

- Upward earnings estimate revisions lead to better stock returns
- Downward earnings estimate revisions lead to worst stock returns
- Seasonal in nature, with most revisions occurring soon after quarterly earnings
- Can be very restrictive as a screening criteria
Again, the goal is not to find perfect stocks, just ones that have more reward than risk.
Anything else you require or want to avoid?
Additional Restrictions

• Profitable over 12 months and last year and forecast to stay profitable
• Price at or above $4
• Exchange-listed
• Not China- or Russia-based
• Not an ADR or an ADS
• Not in financial sector or a REIT
Putting All Together

• Average of price-to-book, price-to-sales and price-to-cash-flow ranks must be below 45% or lower
• 26-week relative strength of 60% or higher
• Passes at least two, preferably at least three of the quality criteria
• Meets other restricting criteria
Sell Rules

- Valuation composite rank becomes too high
- Momentum becomes too weak
- The quality scores deteriorate
- Goal is to hold stocks for at least a year to realize long-term gains
## Backtested Results

<table>
<thead>
<tr>
<th></th>
<th>New Strategy*</th>
<th>Vanguard S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annualized Return</strong></td>
<td>10.5%</td>
<td>5.3%</td>
</tr>
<tr>
<td><strong>Standard Deviation</strong></td>
<td>25.8%</td>
<td>17.4%</td>
</tr>
<tr>
<td><strong>Worst Return</strong></td>
<td>-35.5%</td>
<td>-37.0%</td>
</tr>
<tr>
<td><strong>Average Number of Stocks</strong></td>
<td>45</td>
<td>–</td>
</tr>
</tbody>
</table>

*Stock Investor Pro* backtest for 1999-2016 using quality score of 3-5, valuation composite and momentum, 12-month holding periods excluding transaction costs; Vanguard fund data from Morningstar.
Purposely Not Seeking Revenue or Profit Growth

Thursday, September 22, 2016

A new stock screen I created omits one characteristic that may surprise some (or perhaps many) of you: growth. Nothing in the screen requires a passing company to be growing revenues or profits. It is an admitted deviation from how I've previously looked for stocks.

I'm not alone in omitting growth. The four AAII Stock Screens with the best long-term performance all do not seek growth: Estimate Revisions Up 5%, Piotroski High-F Score, Estimate Revisions Top 30 Up, and O'Shaughnessy Tiny Titans. Add in Price-to-Free-Cash Flow, and five of the seven screens with the best performance since the start of 1998 (when we started tracking the returns for our screens) do not specifically require growth. Even our Model Shadow Stock Portfolio—a real-world portfolio—has a long-term annualized return of 15.5% since its inception in 1993. This compares to the Vanguard Small Cap Index fund's (NAESX) return of 9.9% over the same period.

There's no argument about whether growth is a positive trait. Rising revenues can drive profits, cash flow and retained earnings higher. It can also increase the denominator in the price-earnings, price-to-cash-flow and price-to-book ratios (and will obviously increase the denominator in the price-to-sales ratio). When the denominator in a valuation ratio grows, either the stock's price has to rise or its valuation will become cheaper. Growth in cash flow also allows a company to raise its dividend and buy back more shares, all positive things. The problems with growth are what one pays for it and the ability to forecast it.
Putting the Approach to Work in Your Own Portfolio
Introducing VMQ Stocks

Welcome to VMQ Stocks

Commentary:
Size and Value Versus Value and Momentum
APRIL 20, 2018

Is it better to use a small size/value strategy or a value/momentum strategy? This is a question I’ve been asked since VMQ Stocks was launched.

There isn’t direct long-term data to make conclusions on. Most research looks at value, momentum or some combination of value plus momentum. I have yet to see a study comparing a deep value/small-company portfolio to a diversified low
value/high momentum portfolio.

There have been studies looking at value relative to momentum. The studies suggest that both factors work well alone and combined. Value tends to be uncorrelated with momentum. Momentum does lead to higher turnover rates than value, while value can require patience on the part of the investor.

In terms of size, a 2013 study (“The Role of Shorting, Firm Size, and ‘Time on Market’ Anomalies,” Ronen Israel and Tobias J. Moskowitz, Journal of Financial Economics, May 2013) found the value premium to be much stronger among small-company

(www.VMQStocks.com)
**A New Portfolio**

**VMQ Portfolio**

<table>
<thead>
<tr>
<th>Company Name (Ticket)</th>
<th>Portfolio Alert Date</th>
<th>Price</th>
<th>Current Price</th>
<th>Total Return Since Purchase</th>
<th>Value Grade</th>
<th>Value Score</th>
<th>Momentum Grade</th>
<th>Momentum Score</th>
<th>Quality Score</th>
<th>Sector</th>
<th>Industry</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-800-Flowers.com Inc. (FLWS)</td>
<td>2/16/2018</td>
<td>$11.00</td>
<td>$12.80</td>
<td>12.4% (6.8%)</td>
<td>B</td>
<td>31</td>
<td>A</td>
<td>87</td>
<td>3</td>
<td>Services</td>
<td>Retail (Specialty Non-Appliance)</td>
<td>qualifying</td>
</tr>
<tr>
<td>Advance Auto Parts, Inc. (AAP)</td>
<td>2/23/2016</td>
<td>$116.32</td>
<td>$104.06</td>
<td>(5.1%)</td>
<td>B</td>
<td>37</td>
<td>A</td>
<td>77</td>
<td>2</td>
<td>Services</td>
<td>Retail (Specialty Non-Appliance)</td>
<td>qualifying</td>
</tr>
<tr>
<td>Alcoa Corp. (AA)</td>
<td>1/1/2016</td>
<td>$53.07</td>
<td>$52.21</td>
<td>(4.2%)</td>
<td>B</td>
<td>36</td>
<td>A</td>
<td>83</td>
<td>4</td>
<td>Basic Materials</td>
<td>Metal Mining</td>
<td>qualifying</td>
</tr>
<tr>
<td>AmerisourceBerngen Corp. (ABC)</td>
<td>2/9/2016</td>
<td>$89.19</td>
<td>$90.38</td>
<td>(5.8%)</td>
<td>B</td>
<td>40</td>
<td>A</td>
<td>71</td>
<td>2</td>
<td>Health Care</td>
<td>Biotechnology &amp; Drugs</td>
<td>qualifying</td>
</tr>
<tr>
<td>Boise Cascade Co. (BCC)</td>
<td>1/5/2016</td>
<td>$40.00</td>
<td>$41.90</td>
<td>4.4%</td>
<td>B</td>
<td>35</td>
<td>A</td>
<td>79</td>
<td>3</td>
<td>Capital Goods</td>
<td>Construction - Suppliers and Fixtures</td>
<td>qualifying</td>
</tr>
<tr>
<td>Covenant Transportation Group, Inc. (CVTI)</td>
<td>2/23/2018</td>
<td>$26.32</td>
<td>$29.90</td>
<td>14.2%</td>
<td>C</td>
<td>45</td>
<td>A</td>
<td>72</td>
<td>3</td>
<td>Transportation</td>
<td>Trucking</td>
<td>qualifying</td>
</tr>
<tr>
<td>Hibbert Sports, Inc. (HBB)</td>
<td>1/12/2016</td>
<td>$24.40</td>
<td>$26.10</td>
<td>4.4%</td>
<td>B</td>
<td>26</td>
<td>A</td>
<td>90</td>
<td>3</td>
<td>Services</td>
<td>Retail (Specialty Non-Appliance)</td>
<td>qualifying</td>
</tr>
<tr>
<td>Marathon Petroleum Corp. (MPC)</td>
<td>1/12/2016</td>
<td>$71.42</td>
<td>$78.20</td>
<td>11.7%</td>
<td>B</td>
<td>37</td>
<td>A</td>
<td>86</td>
<td>4</td>
<td>Energy</td>
<td>Oil &amp; Gas Operations</td>
<td>qualifying</td>
</tr>
</tbody>
</table>

*Data as of April 20, 2018.*
Performance

VMQ Stocks Portfolio: Growth of $100,000

<table>
<thead>
<tr>
<th>Total Return</th>
<th>Week (Ending 4/20)</th>
<th>Month (April)</th>
<th>YTD 2018</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>VMQ Stocks Model Portfolio*</td>
<td>1.3%</td>
<td>3.0%</td>
<td>(2.8%)</td>
<td>(2.8%)</td>
</tr>
<tr>
<td>iShares Dow Jones U.S. ETF (IYY)</td>
<td>0.6%</td>
<td>1.2%</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

*Performance as of April 20, 2018.
What If We Gave You the Keys?
# Stocks Passing Our Screen

## VMQ First Cut

These companies qualify for initial consideration under the VMQ Stocks approach.

<table>
<thead>
<tr>
<th>Company Name (Ticker)</th>
<th>Current Price</th>
<th>Value Grade</th>
<th>Value Score</th>
<th>Momentum Grade</th>
<th>Momentum Score</th>
<th>Quality Score</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-800-Flowers.Com Inc (FLWS)</td>
<td>$12.00</td>
<td>B</td>
<td>31</td>
<td>A</td>
<td>87</td>
<td>3</td>
<td>held in the VMQ model portfolio</td>
</tr>
<tr>
<td>Abercrombie &amp; Fitch Co. (ANF)</td>
<td>$26.63</td>
<td>B</td>
<td>27</td>
<td>A</td>
<td>97</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Advance Auto Parts, Inc. (AAP)</td>
<td>$104.00</td>
<td>B</td>
<td>37</td>
<td>A</td>
<td>77</td>
<td>2</td>
<td>held in the VMQ model portfolio</td>
</tr>
<tr>
<td>AmerisourceBergen Corp. (ASBC)</td>
<td>$90.30</td>
<td>B</td>
<td>40</td>
<td>A</td>
<td>71</td>
<td>2</td>
<td>held in the VMQ model portfolio</td>
</tr>
<tr>
<td>ArcBest Corp (ARCB)</td>
<td>$33.65</td>
<td>B</td>
<td>40</td>
<td>A</td>
<td>71</td>
<td>2</td>
<td>held in the VMQ model portfolio</td>
</tr>
<tr>
<td>Archer Daniels Midland Co (ADM)</td>
<td>$45.45</td>
<td>B</td>
<td>39</td>
<td>A</td>
<td>62</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>BBX Capital Corp (BBX)</td>
<td>$9.99</td>
<td>B</td>
<td>36</td>
<td>A</td>
<td>88</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Boise Cascade Co (BCC)</td>
<td>$41.00</td>
<td>B</td>
<td>35</td>
<td>A</td>
<td>79</td>
<td>3</td>
<td>held in the VMQ model portfolio</td>
</tr>
<tr>
<td>Central Garden &amp; Pet Co (CENT)</td>
<td>$39.58</td>
<td>B</td>
<td>36</td>
<td>A</td>
<td>62</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Century Aluminum Co (CENX)</td>
<td>$17.00</td>
<td>C</td>
<td>43</td>
<td>A</td>
<td>73</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Century Communities Inc (CCS)</td>
<td>$29.35</td>
<td>A</td>
<td>20</td>
<td>A</td>
<td>70</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Chico's FAS, Inc. (CHS)</td>
<td>$9.47</td>
<td>C</td>
<td>41</td>
<td>A</td>
<td>84</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

*Data as of April 20, 2018.*
A Stock Analysis Tool

VMQ Analyzer

1-800-Flowers.Com Inc (FLWS)
NASDAQ

1-800-Flowers.Com Inc (FLWS) currently qualifies according to the VMQ strategy.
1-800-Flowers.Com Inc (FLWS) is currently in the VMQ model portfolio.

VALUE SCORE: 31

VALUE GRADE
B
VALUE

MOMENTUM SCORE: 87

MOMENTUM GRADE
A
STRONG

QUALITY SCORE: 3

QUALITY GRADE
3
VERY GOOD

1-800-Flowers.Com Inc (FLWS) currently qualifies according to the VMQ strategy. This stock falls within the value range of the value spectrum, while it has a strong momentum score of 87. It has a quality score of 3, which is considered very good. Click here to find out more about how 1-800-Flowers.Com Inc got its VMQ Score.

*Data as of April 20, 2018.*
Company Snapshot

VMQ Analyzer

1-800-Flowers.Com Inc (FLWS)
NASDAQ

Current Price: $12.80
PRICE AS OF: 4/20/2018 11:02 AM EST

VMQ Score
Snapshot

1-800-Flowers.Com Inc (FLWS) currently qualifies according to the VMQ strategy.

1-800-Flowers.Com Inc (FLWS) is currently in the VMQ model portfolio.

Services: Retail (Specialty Non-Apparel)
SECTOR: INDUSTRY
MARKET CAP
DIVIDEND YIELD
52-WEEK RANGE
$852 (MII)
0.0%
$7.80–$13.33

COMPANY SUMMARY
1-800-FLOWERS.COM, Inc. is a provider of gourmet food and floral gifts for all occasions. The Company offers gifts for every occasion, including fresh flowers and a selection of plants, gift baskets, gourmet foods, confections, candies, balloons and stuffed animals. The Company operates through three business segments: Consumer Floral, Gourmet Food and Gift Baskets, and BloomNet Wire Service. The Consumer Floral segment includes the operations of the Company’s flagship brand, 1-800-Flowers.com, FruitBouquets.com and Flowerama. The Gourmet Food and Gift Baskets segment includes the operations of Harry & David (which includes Wolferman’s, Moose Munch and Stockyards.com), Cheryl’s (which includes Mrs. Beasley’s), The Popcorn Factory, DesignPac and 1-800-Baskets. The BloomNet Wire Service segment includes the operations of BloomNet and Napco.

*Data as of April 20, 2018.
Track Your Own Picks*

*Currently being developed.
Alternatives
Use a Stock Screener

(www.aaii.com/stock-investor-pro)
ETFs With Similar Strategies

- Alpha Architect Value Momentum Trend (VMOT)
- Hartford Multifactor U.S. Equity (ROUS)
- iShares Edge MSCI Multifactor USA (LRGF)
- MomentumShares U.S. Quantitative Momentum (QMOM)
- Vanguard U.S. Multifactor ETF (VFMF)
- ValueShares U.S. Quantitative Value ETF (QVAL)
- WisdomTree U.S. Multifactor (USMF)
One Last Thing
2 Rules for Investing Success

• Rule #1: Develop a consistent, well-defined approach to investing
• Rule #2: Stick to Rule #1

Finding Stocks With More Reward Than Risk

Charles Rotblut, CFA
Vice President & AAII Journal Editor
American Association of Individual Investors