

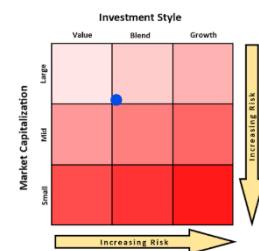
Anja Samsom: Individual Stock Analysis

To start out my analysis, I read an article on Investopedia about the basics of value investing and the best metrics for value investors (Elmerraji, 2019). I chose to follow these guidelines to choose my stocks. The four metrics that Investopedia suggested to look into were P/E ratio, P/B ratio, D/E ratio, FCF, and PG ratio. I decided to look for a lower price to earnings (P/E) ratio, this means that the current stock price is low relative to the earnings and a good value. A price to book (P/B) ratio under 0.5 was also recommended because it shows that the market value is half of the stated book value. This incorporates hoping that the market perception turns out to be wrong but is generally a good sign for value investing. A low debt to equity (D/E) ratio means that the company used a lower amount of debt for financing compared to equity. Too much debt could cause a risk to a company if they don't have the earnings and cash flows to meet debt obligations. Free cash flow (FCF) is advised to be higher because it shows how efficient a company is at generating cash and shows if they have sufficient cash. Low share price and larger FCF shows a good chance that earnings and the values of shares will go up. Finally, they suggested a price to earnings to growth (P/E/G) ratio, which modifies the P/E ratio to show more about growth, to be under 1 because it shows that a company is probably undervalued compared to projected growth.

I then used the Yahoo Finance free screener and created my own filter with the following criteria: United States, Mid and large cap, P/E under 25, P/B under 0.5, D/E under 1, and PEG under 1. This produced 34 results and I chose these five stocks: Rolls-Royce Holdings plc (**RYCEY**) which is in the Industrials sector, Match Group, Inc. (**MTCH**) which is in the Communication Services sector, Cedar Fair, L.P. (**FUN**), in the Consumer Cyclical sector, Travel + Leisure Co. (**TNL**), also in the Consumer Cyclical cycle, and American Airlines Group Inc. (**AAL**), in the Industrials sector.

I evaluated each stock by looking at forward dividend & yield, aiming for high numbers, P/E ration in search of smaller ones, and then did research into each of the stocks with the Wall Street Journal and Yahoo Finance. Some stocks that I avoided after research were PRKS and GTX. I avoided PRKS because they own SeaWorld which has recently been caught up in a lot of scandals about animal welfare and the ethics of wildlife tourism (Lewis, 2020). I wouldn't be on PRKS having a super strong future due to this. I avoided GTX because there is news of the price rising a lot, I want to buy something on the lower end before it jumps up. A couple articles I found also advised to not buy right now (What Is Garrett Motion Inc.'S (NASDAQ:GTX) Share Price Doing?, 2024).

I finally decided on which stocks I would be using by balancing across a couple of sectors. Since I already went with safer and more value-oriented stocks, I decided to go for some slightly more reward-based sectors like leisure-based consumer and industrials (Sector Performance, 2024). I wanted to get the most reward I could based on the low level of risk. I would place my investment style at the blue dot on this chart.



In addition to how each of the stocks I chose fit my filters, I chose each one for a reason. I liked how RYCEY has a fairly large market capitalization and serves a variety of markets: Civil Aerospace, Defence, Power Systems, and New Markets. MTCH owns Tinder, Hinge, Match, OkCupid, and many other well known dating apps. I enjoyed the diversification across different apps because it almost feels like owning a mutual fund of dating apps. FUN was an interesting one to look into because I had to decide what I thought about the future of amusement parks and the economy. FUN owns Cedar Point, Kings Island, Castaway Bay, and a variety of other theme parks and hotels. After doing a lot of research, I didn't see anything jumping out at me about why amusement parks wouldn't do well. People of a lot of economic levels go to theme parks, some are really cheap while some are super expensive. I think investing in amusement parks is going to be a solid investment for the future without an unrealistic amount risk. Similarly, TNL is a vacation company, but I really liked their high forward dividend yield at 4.25%. Finally, AAL was attractive to me because of the global reach and the slightly higher beta at 1.58 because it injects a little more risk into my value selection, as described in the Horizons Asset Management investment plan.



Anja Samsom: Individual Stock Analysis

References

- Elmerraji, J. (2019). *5 must-have metrics for value investors*. Investopedia. <https://www.investopedia.com/articles/fundamental-analysis/09/five-must-have-metrics-value-investors.asp>
- Lewis, S. (2020, February 11). *SeaWorld to pay \$65 million settlement to investors over impact of "Blackfish" doc*. Wwww.cbsnews.com. <https://www.cbsnews.com/news/seaworld-lawsuit-settlement-65-million-lying-investors-blackfish-documentary/>
- Sector Performance*. (2024, March 21). Bloomberg.com. <https://www.bloomberg.com/markets/sectors>
- What Is Garrett Motion Inc.'s (NASDAQ:GTX) Share Price Doing?* (2024, March 10). Yahoo Finance. <https://finance.yahoo.com/news/garrett-motion-inc-nasdaq-gtx-122349087.html>