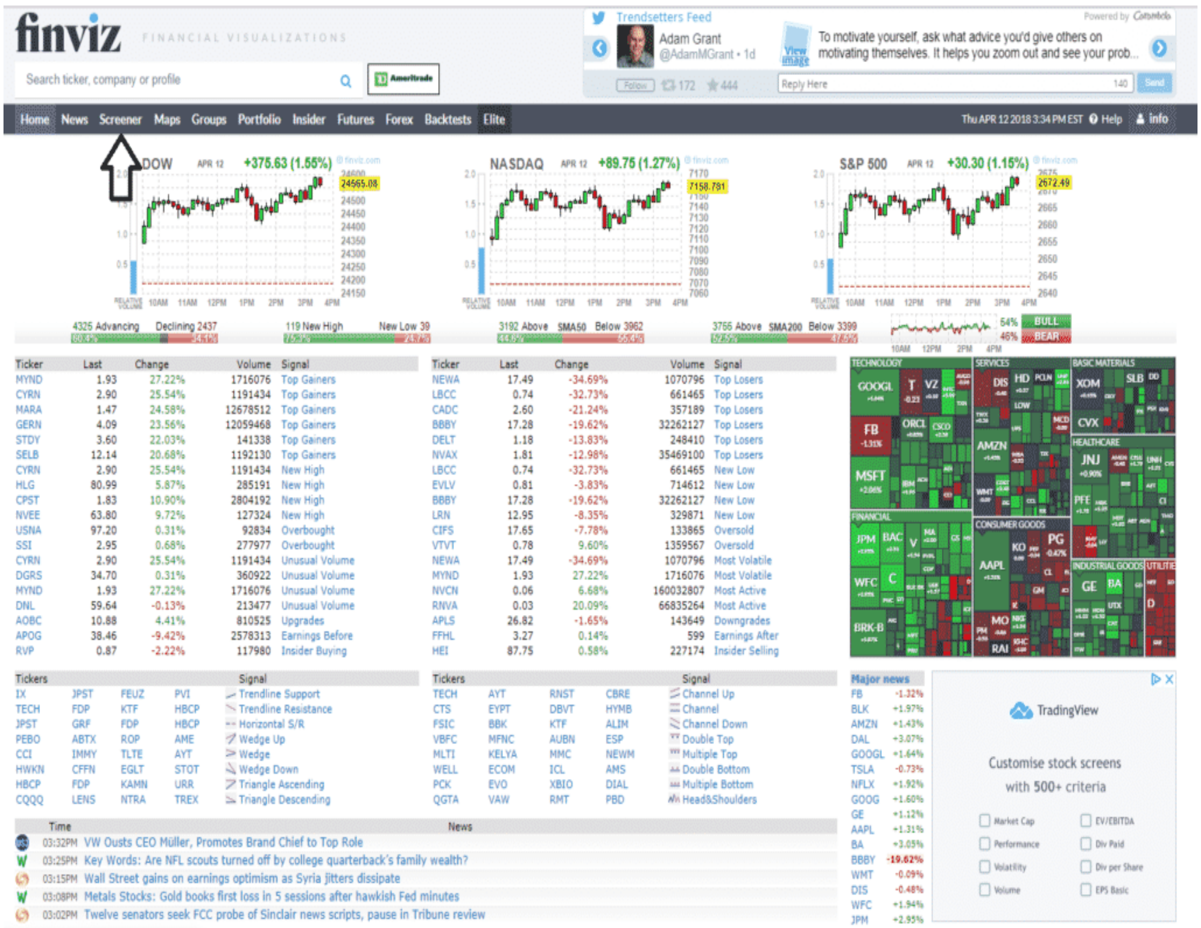
The Finviz Stock Screener

Step One: Go to the Homepage and Click on FINVIZ Screener

First step of using the FINVIZ screener is by going to the homepage and clicking the ‘screener’ tab at the top of the page. There are plenty of ways to screen for stocks, but there is only one way to screen via FINVIZ screener, so pay attention!



Let’s move onto step two on how to use FINVIZ stock screener. This is where you will start building your criteria in your screener.

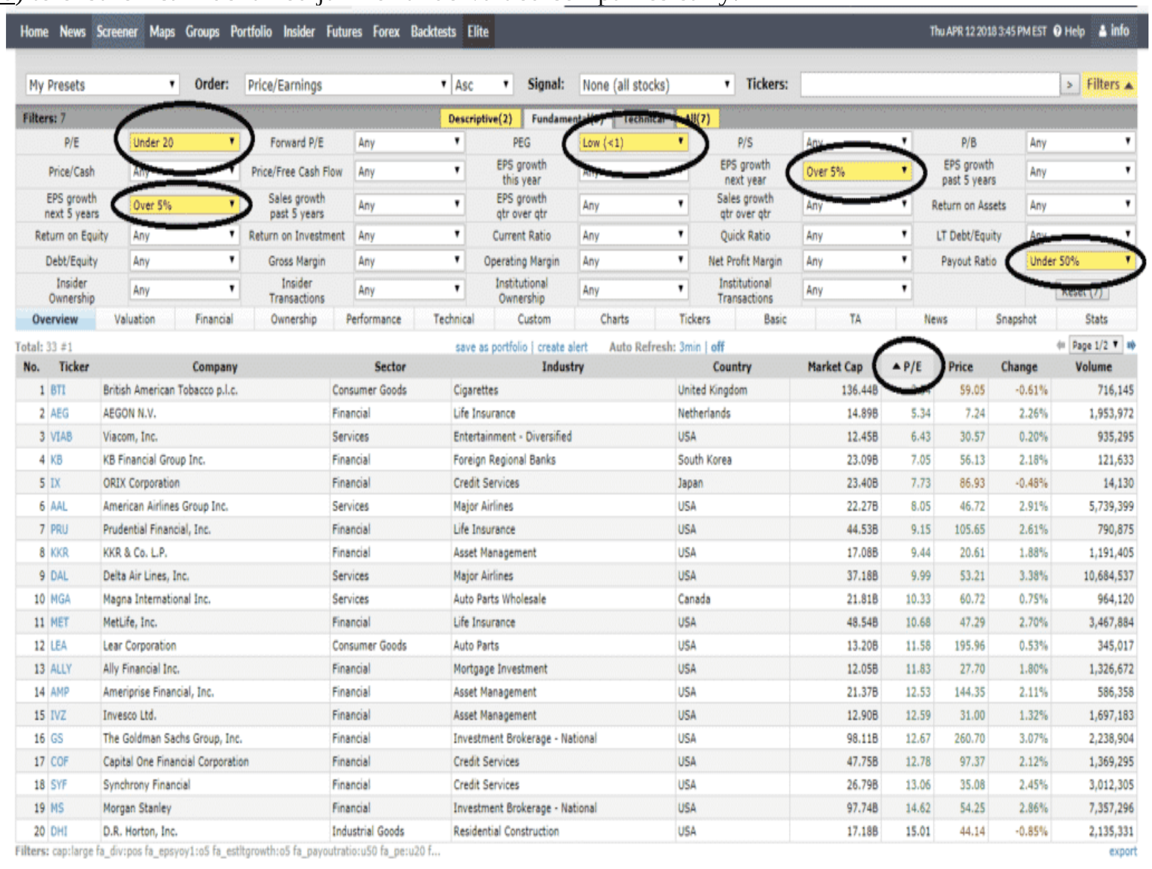
Step Two: On the screener page, select your FINVIZ stock screener criteria

Once you have navigated to the screener page you will need to get into the fun stuff for identifying undervalued stocks. There are plenty of criterion to choose from. Find out what is most important in your investment strategy.

My favorite FINVIZ stock screener criteria is as follows to find undervalued dividend growth stocks:

1. Dividend yield stocks greater than 0%.
2. Market Capitalization of over $10bln.
3. Input P/E ratio less than 20x.
4. EPS growth next year of greater than 5%.
5. Input EPS growth next 5 years of greater than 5%.
6. Select a Price to Earnings Growth ("PEG") of less than 1.
   - PEG formula is typically used with Growth at a Reasonable Price (GARP) investors. I love this p**ost from Tim Connolly, CFA on the CFA Institute blog about 'Is it Overvalued?'** Hard to determine if a stock is overvalued by only looking at their P/E ratio. You have to look at growth too!
7. Use a payout ratio of less than 50%.

Here is what it should look like on the stock screener page. I like to sort my output by P/E (Price to Earnings Ratio) to ensure I can identified junk or undervalued companies early.



Total: 33 #1

No.	Ticker	Company	Sector	Industry	Country	Market Cap	P/E	Price	Change	Volume
1	BTI	British American Tobacco p.l.c.	Consumer Goods	Cigarettes	United Kingdom	136.44B	[illegible]	59.05	-0.61%	716,145
2	AEG	AEGON N.V.	Financial	Life Insurance	Netherlands	14.89B	5.34	7.24	2.26%	1,953,972
3	VIAB	Viacom, Inc.	Services	Entertainment - Diversified	USA	12.45B	6.43	30.57	0.20%	935,295
4	KB	KB Financial Group Inc.	Financial	Foreign Regional Banks	South Korea	23.09B	7.05	56.13	2.18%	121,633
5	IX	ORIX Corporation	Financial	Credit Services	Japan	23.40B	7.73	86.93	-0.48%	14,130
6	AAL	American Airlines Group Inc.	Services	Major Airlines	USA	22.27B	8.05	46.72	2.91%	5,739,399
7	PRU	Prudential Financial, Inc.	Financial	Life Insurance	USA	44.53B	9.15	105.65	2.61%	790,875
8	KKR	KKR & Co. L.P.	Financial	Asset Management	USA	17.08B	9.44	20.61	1.88%	1,191,405
9	DAL	Delta Air Lines, Inc.	Services	Major Airlines	USA	37.18B	9.99	53.21	3.38%	10,684,537
10	MGA	Magna International Inc.	Services	Auto Parts Wholesale	Canada	21.81B	10.33	60.72	0.75%	964,120
11	MET	MetLife, Inc.	Financial	Life Insurance	USA	48.54B	10.68	47.29	2.70%	3,467,884
12	LEA	Lear Corporation	Consumer Goods	Auto Parts	USA	13.20B	11.58	195.96	0.53%	345,017
13	ALLY	Ally Financial Inc.	Financial	Mortgage Investment	USA	12.05B	11.83	27.70	1.80%	1,326,672
14	AMP	Ameriprise Financial, Inc.	Financial	Asset Management	USA	21.37B	12.53	144.35	2.11%	586,358
15	IVZ	Invesco Ltd.	Financial	Asset Management	USA	12.90B	12.59	31.00	1.32%	1,697,183
16	GS	The Goldman Sachs Group, Inc.	Financial	Investment Brokerage - National	USA	98.11B	12.67	260.70	3.07%	2,238,904
17	COF	Capital One Financial Corporation	Financial	Credit Services	USA	47.75B	12.78	97.37	2.12%	1,369,295
18	SYF	Synchrony Financial	Financial	Credit Services	USA	26.79B	13.06	35.08	2.45%	3,012,305
19	MS	Morgan Stanley	Financial	Investment Brokerage - National	USA	97.74B	14.62	54.25	2.86%	7,357,296
20	DHI	D.R. Horton, Inc.	Industrial Goods	Residential Construction	USA	17.18B	15.01	44.14	-0.85%	2,135,331

Filters: cap:large fa_div:pos fa_epsyoy1:o5 fa_estltgrowth:o5 fa_payoutratio:u50 fa_pe:u20 f...

1 2 next

Using the set of criteria identified above, I now have over 33 different stocks that fit my FINVIZ stock screener criteria. That is a lot better than a list of over 7,157 different stocks to choose from that are publicly traded! From here, you should be able to eliminate a handful of stocks that have a bit too much risk. However, given the size of these companies, most of them have some sort of competitive advantage.

Step Third: Digest the result from your stock screener

There is a bit of a science to understand the output of your criteria. You need to evaluate qualitative considerations. We don't have enough time to read 33 different annual reports and investor presentations. However, we can pick three or four stocks from our screener to look into further during night time reading!

I suggest you go to a stock's investor relations page to review the documents available related to the company. These documents would include the 10-K (annual report), investor presentations and 10-Q (quarterly reports). In these documents, they will include pertinent qualitative and quantitative information.

I always suggest you review businesses that fit the mold of the following qualitative criteria before investing:

1. Do you understand the business model?

2. Does the stock have a strong management team?

3. Do you understand the future of the business?

4. Does the business have an economic moat? Are there barriers to entry in the industry?

The above qualitative criteria will help you narrow your list a bit further. Not only that. These will be businesses that YOU are comfortable with. That's the most important part. I'd like to invest in a business that I'm happy owning and I know I contribute to their value (aka I'm a CUSTOMER).