00:00:09.630 --> 00:00:11.470

(The Billion Dollar Secret)

00:00:11.470 --> 00:00:15.160

(Kevin Matras)

Every morning at Zacks.com the newest Zacks

00:00:15.160 --> 00:00:16.430

ranked number one strong buy

00:00:16.430 --> 00:00:18.689

stocks are available.

00:00:18.689 --> 00:00:21.779

Simply buying the stocks with the Zacks ranked

number one

00:00:21.779 --> 00:00:25.110

and then selling them when they're no longer

ranked in number one, which means

00:00:25.110 --> 00:00:28.590

a two, three, four, or five, has handily beaten

the market.

00:00:28.590 --> 00:00:32.411

This S&P 500 vs Zacks Rank chart shows us

that since 1988 the Zacks number one ranked

00:00:32.411 --> 00:00:34.320

stocks have generated an average

00:00:34.320 --> 00:00:39.230

annual return of 26.25% which is nearly three

times

00:00:39.230 --> 00:00:42.870

that of the S&P's 9.98%.

00:00:42.870 --> 00:00:44.160

Understand this is not just one

00:00:44.160 --> 00:00:45.490

year or a couple years.

00:00:45.490 --> 00:00:48.941

: Displaying Zacks Rank #1 slide: Over the

last 27 years the Zacks ranked

00:00:48.941 --> 00:00:53.900

number ones have beaten the market in 23 out

of the last 27 years.

00:00:53.900 --> 00:00:57.830

That's an annual win ratio of over 85%.

00:00:57.830 --> 00:00:58.850

This includes bull

00:00:58.850 --> 00:01:01.100

Markets, bear markets, and everything in between.

00:01:01.100 --> 00:01:03.051

(Kevin Matras talking) What's exciting

is that if you

00:01:03.051 --> 00:01:08.250

are able to do this year after year over and,

over again, I can add up to a lot,

00:01:08.250 --> 00:01:09.621

more than just three times the S&P.

00:01:09.621 --> 00:01:10.621

(Zacks #1 Rank w/ $10,000 starting

equity chart) This graph comparing historical

00:01:10.621 --> 00:01:12.060

returns of Zacks number one rank stocks versus

the S&P 500 shows us that a hypothetical ten

00:01:12.060 --> 00:01:13.060

thousand dollar

00:01:13.060 --> 00:01:17.200

investment back in 1988, excluding brokerage

commissions and fees,

00:01:17.200 --> 00:01:21.560

would have grown to over $6 million, while

the S&P would have

00:01:21.560 --> 00:01:23.400

increased to just a $148 thousand.

00:01:23.400 --> 00:01:25.609

(Kevin Matras talking) You know we've

all heard

00:01:25.609 --> 00:01:29.350

people say that becoming a better investor

can change your life.

00:01:29.350 --> 00:01:30.350

While it's

00:01:30.350 --> 00:01:33.590

a great catchphrase, I don't think anybody

really stops to think about it,

00:01:33.590 --> 00:01:36.460

let alone believes it, but it's true.

00:01:36.460 --> 00:01:38.401

While we can't go back in time, let's

00:01:38.401 --> 00:01:41.039

take a look at two investors over the next

10 years.

00:01:41.039 --> 00:01:43.049

(Zacks Rank Annual Return chart)

One is able to earn the

00:01:43.049 --> 00:01:47.430

average Zacks number one ranked return of

26% a year, while the

00:01:47.430 --> 00:01:51.109

other earns the average 9.98% return of the

S&P.

00:01:51.109 --> 00:01:56.380

This chart shows us that at

26% a $100,000 investment over the next ten

00:01:56.380 --> 00:01:58.749

years would show a

00:01:58.749 --> 00:02:01.999

compounded return of over 988%.

00:02:01.999 --> 00:02:03.479

That $100,000 would

00:02:03.479 --> 00:02:05.520

have grown into over $1.8 million.

00:02:05.520 --> 00:02:09.619

(Zacks Rank Annual Return vs S&P500

annual return chart) Now in comparison, at

00:02:09.619 --> 00:02:10.619

only

00:02:10.619 --> 00:02:12.300

9.98% that $100,000 would have compounded

into just

00:02:12.300 --> 00:02:15.900

159%, increasing to only $259,000.

00:02:15.900 --> 00:02:17.970

(Kevin Matras Talking) Becoming a

00:02:17.970 --> 00:02:23.290

better investor can change your life, just

ask the guy who's going to retire

00:02:23.290 --> 00:02:28.960

on $250,000 versus the guy who's going to

retire on $1 million, and tell me that the

00:02:28.960 --> 00:02:34.220

guy with $1 million isn't living a different

life than the guy with $250,000.

00:02:34.220 --> 00:02:35.220

Now

00:02:35.220 --> 00:02:37.070

imagine you're not even earning market returns.

00:02:37.070 --> 00:02:39.140

Sadly, too many investors are not

00:02:39.140 --> 00:02:40.420

even coming close to that.

00:02:40.420 --> 00:02:44.110

.(Display Video 2: Zacks and the Zacks Rank

slide)Becoming a better investor can indeed

00:02:44.110 --> 00:02:45.110

change your

00:02:45.110 --> 00:02:50.832

life (Kevin Matras talking) In 1978

Zacks Investment Research was (slide

00:02:50.832 --> 00:02:51.832

showing text 1978 on green background, zooming

in on traders looking a screen of financial

00:02:51.832 --> 00:02:52.832

data)

00:02:52.832 --> 00:02:55.070

formed to compile and analyze brokerage research

for both institutional and

00:02:55.070 --> 00:02:56.600

individual investors.

00:02:56.600 --> 00:02:59.700

Today Zacks processes this information from

roughly

00:02:59.700 --> 00:03:03.570

3,000 analysts, at over 150 different brokerage

firms.

00:03:03.570 --> 00:03:05.981

(Kevin Matras talking) At any given

point in

00:03:05.981 --> 00:03:10.620

time we're monitoring well over 200,000 earnings

estimates, and other related

00:03:10.620 --> 00:03:13.000

data, looking for any change.(financial

image and Picture of Len Zacks, followed by

00:03:13.000 --> 00:03:16.380

pictures of financial buildings) Our ability

to gather, analyze, and distribute this

00:03:16.380 --> 00:03:21.390

information on a timely basis make Zacks research

among the most widely used

00:03:21.390 --> 00:03:27.232

investment research on the web.

00:03:27.232 --> 00:03:30.040

The Zacks rank was created by Leonard Zacks,

the

00:03:30.040 --> 00:03:32.420

CEO and founder of Zacks Investment Research.

00:03:32.420 --> 00:03:36.180

Len, who has a PhD from MIT,

00:03:36.180 --> 00:03:41.340

spent many years on Wall Street testing statistical

models to help uncover ways

00:03:41.340 --> 00:03:42.340

to beat the market.

00:03:42.340 --> 00:03:47.020

(Kevin Matras talking) This research

led to the breakthrough discovery, earnings

00:03:47.020 --> 00:03:50.550

estimate revisions are the most powerful force

impacting stock prices.

00:03:50.550 --> 00:03:51.580

(slide: "Earnings estimate revisions

are the most powerful forces impacting stock

00:03:51.580 --> 00:03:52.580

prices" – Len Zacks) - (Kevin

Matras talking) His

00:03:52.580 --> 00:03:56.750

findings were first published in 1979 in the

Financial Analysts journal, and

00:03:56.750 --> 00:03:57.750

entitled "EPS Forecasts Accuracy is Not

Enough".

00:03:57.750 --> 00:04:02.240

(picture of the "EPS Forecasts

– Accuracy is not Enough" article) (Display:

00:04:02.240 --> 00:04:06.510

Kevin Matras talking) From the seminal work

emerged the now-famous Zacks ranked stock

00:04:06.510 --> 00:04:07.510

picking

00:04:07.510 --> 00:04:12.210

system, which harnesses the power of earnings

estimate revisions, and so began

00:04:12.210 --> 00:04:17.509

a long tradition of innovation by his renowned

firm, Zacks Investment Research.

00:04:17.509 --> 00:04:22.100

Len may be a PhD, but you don't have to be

one in order to take advantage of the

00:04:22.100 --> 00:04:23.100

Zacks rank.

00:04:23.100 --> 00:04:24.100

(Kevin Matras talking with background

display of 4 factors: 1) Agreement, 2) Magnitude,

00:04:24.100 --> 00:04:26.630

3) upside and 4) Surprise) Now, the Zacks

rank uses four factors

00:04:26.630 --> 00:04:30.380

related to earnings estimates to classify

stocks in the five groups, (Kevin

00:04:30.380 --> 00:04:31.380

Matras talking with background display of

Zack Rank groups: 1: Strong Buy, 2: Buy, 3:

00:04:31.380 --> 00:04:32.380

Hold, 4:Sell 5: Strong Sell)

00:04:32.380 --> 00:04:34.240

ranging from strong buy to strong sell; (Display:

Kevin Matras talking , green background) but

00:04:34.240 --> 00:04:35.620

more importantly, it allows the

00:04:35.620 --> 00:04:40.650

individual investors to take advantage of

trends in earnings estimate revisions,

00:04:40.650 --> 00:04:45.020

and benefit from the power of institutional

investors.

00:04:45.020 --> 00:04:46.020

Investors like

00:04:46.020 --> 00:04:47.020

(Kevin Matras talking followed by

testimonial text from customer) Tim Malley

00:04:47.020 --> 00:04:49.900

of Madison Wisconsin who writes: "I don't

buy a stock unless Zacks

00:04:49.900 --> 00:04:51.410

says it's a strong buy".

00:04:51.410 --> 00:04:54.880

(Video 3: The Influence of Institutional

Investors slide) (Kevin Cook talking)

00:04:54.880 --> 00:04:57.150

People who trade stocks are broadly defined

into one of

00:04:57.150 --> 00:04:58.150

(pictogram of singe individual investor

vs multiples of institutional Investors) two

00:04:58.150 --> 00:05:01.780

groups- institutional investors, and individual

investors.

00:05:01.780 --> 00:05:02.780

Institutional

00:05:02.780 --> 00:05:05.191

investors are the professionals who manage

the trillions of dollars invested (Display:

00:05:05.191 --> 00:05:06.191

Kevin Cook talking with background text: Mutual

Funds, Investment Banks, Hedge funds)

00:05:06.191 --> 00:05:09.380

in mutual funds, investment banks, hedge funds

and the like.

00:05:09.380 --> 00:05:10.380

Individual investors,

00:05:10.380 --> 00:05:12.490

(Display of multiple pictograms of investors)

also referred to as retail investors, are

00:05:12.490 --> 00:05:14.100

people who independently invest for

00:05:14.100 --> 00:05:16.540

their own private accounts.

00:05:16.540 --> 00:05:18.870

Studies have shown that institutional investors,

who

00:05:18.870 --> 00:05:23.040

account for roughly 70% of the trading volume

in stocks, can and do

00:05:23.040 --> 00:05:26.231

move the market due to the large amounts of

money they invest with.

00:05:26.231 --> 00:05:27.250

(Kevin Cook talking with a variety

of investor pictograms, pictures of financial

00:05:27.250 --> 00:05:28.250

institutions and universities) Because of

00:05:28.250 --> 00:05:31.470

this, the market has a tendency to move in

the same direction as these

00:05:31.470 --> 00:05:32.820

institutional investors.

00:05:32.820 --> 00:05:35.950

Here at Zacks, we've always known about the

power of

00:05:35.950 --> 00:05:37.670

the institutional investor.

00:05:37.670 --> 00:05:40.490

Through the Zacks rank you can benefit by

getting

00:05:40.490 --> 00:05:44.301

into the stocks that are highly sought after

by these large professionals, due

00:05:44.301 --> 00:05:51.650

to their focus on earnings estimate revisions.

00:05:51.650 --> 00:05:55.200

Most institutional investors attended prestigious

business schools where they

00:05:55.200 --> 00:05:58.810

were taught a number of classical financial

models, many of which were

00:05:58.810 --> 00:06:04.030

designed to calculate the fair value of a

company and of its shares.

00:06:04.030 --> 00:06:05.030

Almost

00:06:05.030 --> 00:06:09.150

without exception, these valuation models

focus on earnings and earnings estimates.

00:06:09.150 --> 00:06:10.199

(Kevin Cook talking with "Earnings

and Earnings Estimates" and "Higher value

00:06:10.199 --> 00:06:13.340

stock price" text background) Very simply,

if you raise the earnings estimates used in

00:06:13.340 --> 00:06:14.490

the model, then it will

00:06:14.490 --> 00:06:19.010

create a higher fair value for the company

and its stock price.

00:06:19.010 --> 00:06:20.010

For example,

00:06:20.010 --> 00:06:21.240

(Price to Earnings, P/E and fair

value animated chart) if an analyst believes

00:06:21.240 --> 00:06:25.980

a stock is worth 20X next year's earnings,

a PE of 20,

00:06:25.980 --> 00:06:31.580

with an earnings estimate of $1 per share,

that's $1 estimated EPS, then it

00:06:31.580 --> 00:06:35.710

would be under its fair value at any price

below $20, as seen in this graph.

00:06:35.710 --> 00:06:37.410

That's a PE of 20, multiplied by

00:06:37.410 --> 00:06:39.860

the $1 earnings estimate, equaling $20.

00:06:39.860 --> 00:06:43.949

(Kevin Cook talking) If the analyst

changes his forecast, and

00:06:43.949 --> 00:06:48.480

believes the company will instead earn $1.10

per share, the fair value would

00:06:48.480 --> 00:06:49.480

then be $22, as reflected in this graph.

00:06:49.480 --> 00:06:51.361

(continuation of Price to Earnings,

P/E and fair value animated chart)That's the

00:06:51.361 --> 00:06:53.500

PE of 20, multiplied by the new estimate of

$1.10, equaling $22.

00:06:53.500 --> 00:06:55.949

(Kevin Cook talking with "Buying

with rising earnings" and "Selling with

00:06:55.949 --> 00:06:59.760

falling earnings estimates" text) Institutional

investors then act on these changes in earnings

00:06:59.760 --> 00:07:00.760

estimates,

00:07:00.760 --> 00:07:04.120

typically buying those companies with rising

earnings estimates, and selling

00:07:04.120 --> 00:07:06.790

those with falling earnings estimates.

00:07:06.790 --> 00:07:07.790

As you can see in this chart (Display of Higher

Earnings Estimate Revisions Leads to higher

00:07:07.790 --> 00:07:08.790

prices for Stocks animated chart) showing

the correlation between the two, an increase

00:07:08.790 --> 00:07:09.790

in the earnings

00:07:09.790 --> 00:07:12.900

estimate can translate into a higher price

for the stock and bigger gains for

00:07:12.900 --> 00:07:13.900

the investor.

00:07:13.900 --> 00:07:17.730

(Kevin Cook talking) It's also important

to note that it can take weeks, if not months,

00:07:17.730 --> 00:07:18.730

for

00:07:18.730 --> 00:07:20.970

an institutional investor to build a position,

given their size.

00:07:20.970 --> 00:07:23.420

(Display variety of financial pictograms)

The individual

00:07:23.420 --> 00:07:27.330

investor however, who can get in at the first

sign of upward earnings estimate

00:07:27.330 --> 00:07:31.360

revisions, like those with the new Zacks number

one-ranked, has a distinct

00:07:31.360 --> 00:07:35.889

advantage over these larger investors, and

can benefit by the expected

00:07:35.889 --> 00:07:37.690

institutional buying that will follow.

00:07:37.690 --> 00:07:39.900

(Kevin Cook talking followed by testimonial

text from customer) It's why Keith S of Tulsa

00:07:39.900 --> 00:07:40.900

Oklahoma

00:07:40.900 --> 00:07:46.300

writes: "I started using Zacks in 2003 and

have beaten the market every year since

00:07:46.300 --> 00:07:47.300

then."

00:07:47.300 --> 00:07:49.120

(Video 4: Where Do Earnings Estimates

come from?

00:07:49.120 --> 00:07:53.870

slide) (Sheraz Mian talking) The

best and most widely used source of earnings

00:07:53.870 --> 00:07:54.870

estimates comes from

00:07:54.870 --> 00:07:59.150

the brokerage analysts who track publicly

traded firms.

00:07:59.150 --> 00:08:03.610

These analysts work hand in hand with company

management, and independently, to

00:08:03.610 --> 00:08:08.889

analyze every aspect that may affect future

earnings.

00:08:08.889 --> 00:08:09.889

Analysts are paid an

00:08:09.889 --> 00:08:14.520

aggregate over $1 billion dollars a year to

analyze stocks, so they must know

00:08:14.520 --> 00:08:15.520

something, and they do.

00:08:15.520 --> 00:08:16.860

(Stock analysis to determine earnings

estimates pictographic) The typical analyst

00:08:16.860 --> 00:08:19.210

at a brokerage firm will work 80

00:08:19.210 --> 00:08:26.040

hour weeks, devoting all of his/her time to

at most maybe 20 companies.

00:08:26.040 --> 00:08:27.040

and Many

00:08:27.040 --> 00:08:31.340

companies are followed by five to ten analysts

or more, 30 or 40 for the

00:08:31.340 --> 00:08:32.340

biggest ones.

00:08:32.340 --> 00:08:33.500

(Sheraz Mian talking with EPS: Earnings

Per Share text in background) One of the main

00:08:33.500 --> 00:08:37.079

tasks is to determine what a company's earnings

will

00:08:37.079 --> 00:08:38.079

be.

00:08:38.079 --> 00:08:41.979

(Consensus Estimate text) This is

where they excel, not in their ratings, but

00:08:41.979 --> 00:08:43.820

in their earnings estimates,

00:08:43.820 --> 00:08:46.940

also known as earnings per share, or EPS estimates.

00:08:46.940 --> 00:08:49.460

(Sheraz Mian talking with Average

of ALL estimates text in background) From

00:08:49.460 --> 00:08:51.250

these individual analyst

00:08:51.250 --> 00:08:57.640

estimates Zacks creates a consensus EPS estimate,

which is the average of all

00:08:57.640 --> 00:09:04.560

estimates made within the last 120 days, older

estimates are not included.

00:09:04.560 --> 00:09:10.000

Zacks calculates this consensus estimate for

each of the next four quarters, each of

00:09:10.000 --> 00:09:13.340

the next three years, and as a growth rate

over the next five years.

00:09:13.340 --> 00:09:15.330

(Sheraz Mian talking with Quarter

and Fiscal year estimates table in background)

00:09:15.330 --> 00:09:16.330

These

00:09:16.330 --> 00:09:20.511

consensus estimates are the benchmark by which

the company will be judged by the

00:09:20.511 --> 00:09:21.511

investment community.

00:09:21.511 --> 00:09:25.930

(Earnings Estimates Revisions text)

When trying to determine the future direction

00:09:25.930 --> 00:09:26.930

of a

00:09:26.930 --> 00:09:30.791

stock's price move, you need to look at what

a company will earn in the future.

00:09:30.791 --> 00:09:31.940

(Sheraz Mian talking followed by

Future earnings / Earnings Estimates pictograph)

00:09:31.940 --> 00:09:34.120

This is why earnings expectations, or earnings

estimates, are so important, and (Display:

00:09:34.120 --> 00:09:36.340

Sheraz Mian talking with Earnings Estimate

revisions are most important, Upward Earning

00:09:36.340 --> 00:09:37.340

Estimates, More Upward Earning Estimates text

background)

00:09:37.340 --> 00:09:42.210

it's the change in the earnings estimates,

earnings estimate revisions,

00:09:42.210 --> 00:09:45.800

that have proven to be the most important.

00:09:45.800 --> 00:09:47.110

This is because stocks that

00:09:47.110 --> 00:09:52.240

receive upward earnings estimate revisions

are more likely to receive

00:09:52.240 --> 00:09:57.130

even more upward earnings estimate revisions

in the future.

00:09:57.130 --> 00:09:58.130

This is true

00:09:58.130 --> 00:10:02.640

because many analysts will revise their earnings

estimates slowly and

00:10:02.640 --> 00:10:03.640

Incrementally.

00:10:03.640 --> 00:10:04.930

(increasing Earnings Estimate Revisions

animated chart) For example, in this chart

00:10:04.930 --> 00:10:08.210

showing trends in revisions, you'll see

that if an analyst raised his earnings estimates

00:10:08.210 --> 00:10:09.620

last month

00:10:09.620 --> 00:10:13.740

he is more likely to do it again this month,

and the other analysts are

00:10:13.740 --> 00:10:15.060

likely to do the same.

00:10:15.060 --> 00:10:19.800

(Sheraz Mian talking) Since stock

prices respond to earnings

00:10:19.800 --> 00:10:25.300

estimate revisions, it's very profitable to

buy stocks whose earnings estimates

00:10:25.300 --> 00:10:26.360

are being raised.

00:10:26.360 --> 00:10:30.270

(multiple animated stock charts)
By getting into stocks whose earnings estimates

00:10:30.270 --> 00:10:31.270

are

00:10:31.270 --> 00:10:35.750

being raised, you're likely getting into companies

whose future earnings

00:10:35.750 --> 00:10:40.410

estimates will be raised as well, potentially

influencing stock prices

00:10:40.410 --> 00:10:41.410

even more.

00:10:41.410 --> 00:10:42.750

(Sheraz Mian talking followed by

testimonial text from customer) That's why

00:10:42.750 --> 00:10:45.270

Lowell Womack of Birmingham Alabama

00:10:45.270 --> 00:10:49.800

wrote in to say: "I have bought many stocks

over the past three years based on the

00:10:49.800 --> 00:10:50.920

Zacks Rank and made money.

00:10:50.920 --> 00:10:52.261

(Video 5: Zacks Rank Performance

text) (Kevin Matras talking) Too

00:10:52.261 --> 00:10:57.459

many to mention names."

00:10:57.459 --> 00:10:58.480

Given the sheer number of

00:10:58.480 --> 00:11:02.550

earnings estimate revisions made on a daily

basis, it can be very difficult to

00:11:02.550 --> 00:11:06.200

determine which stocks to buy and which ones

to avoid.

00:11:06.200 --> 00:11:07.350

(Kevin Matras talking with Power

of Earnnigs Estimate Revisions background

00:11:07.350 --> 00:11:08.860

text) The Zacks rank solves this

00:11:08.860 --> 00:11:13.500

problem by helping investors harness the power

of earnings estimate revisions to

00:11:13.500 --> 00:11:15.730

invest more successfully.

00:11:15.730 --> 00:11:18.610

The Zacks rank is a proprietary stock rating

model that

00:11:18.610 --> 00:11:23.060

uses trends in earnings estimate revisions

and EPS surprises to classify

00:11:23.060 --> 00:11:24.060

. (Kevin Matras talking with the

5 zacks ranks table in the background)Stocks

00:11:24.060 --> 00:11:25.630

into in the five groups.

00:11:25.630 --> 00:11:30.270

Number one, strong buy, number two by buy,

number three

00:11:30.270 --> 00:11:33.940

hold, number four sell, and number five strong

sell.

00:11:33.940 --> 00:11:36.130

(Animated slide show winning years

of zacks rank vs S&P Average Annual returns)

00:11:36.130 --> 00:11:37.360

Portfolio of Zacks number

00:11:37.360 --> 00:11:43.339

one ranked strong buy stocks has beaten the

market in 23 of the last 26 years,

00:11:43.339 --> 00:11:48.100

with an average annual return of 26.4%, which

we can see here is nearly

00:11:48.100 --> 00:11:49.500

triple that of the S&P's 9.9%.

00:11:49.500 --> 00:11:53.390

These returns have been examined

00:11:53.390 --> 00:11:58.920

and attested by Baker Tilly Virchow Cross

LLP, in independent accounting firm.

00:11:58.920 --> 00:12:03.590

Over time this kind of out performance can

add up to a lot more than just three

00:12:03.590 --> 00:12:05.800

times the S&P.(Animated chart of

S&P vs Zacks Rank #1 stocks Dollar growth)

00:12:05.800 --> 00:12:10.589

This comparison chart show us that an investment

of $10,000 back in 1988, using just the Zacks

00:12:10.589 --> 00:12:11.589

number

00:12:11.589 --> 00:12:16.930

one ranked stocks, would have compounded into

over $3.9 million, while the

00:12:16.930 --> 00:12:19.670

S&P compounded into only $112,000.

00:12:19.670 --> 00:12:22.459

That's a big difference.

00:12:22.459 --> 00:12:25.830

Take a look at the equity curve of the Zacks

number one ranked stock

00:12:25.830 --> 00:12:30.490

and notice how the Zacks rank has completely

erased the pull back of the

00:12:30.490 --> 00:12:35.700

financial crisis that started in q4 the fourth

quarter of 2007, and ended in q1 the first

00:12:35.700 --> 00:12:36.870

quarter of 2009,

00:12:36.870 --> 00:12:41.680

and has made new highs, soaring above the

pre-crisis peak.

00:12:41.680 --> 00:12:43.870

(Kevin Matras talking) It took the

S&P a full two

00:12:43.870 --> 00:12:48.800

years later to finally make new post-crisis

highs.

00:12:48.800 --> 00:12:49.800

Implementing ways to

00:12:49.800 --> 00:12:56.010

consistently beat the market can quickly add

up, helping investors transform their

00:12:56.010 --> 00:12:57.010

portfolio.

00:12:57.010 --> 00:12:58.010

(Kevin Matras talking followed by

testimonial text from customer) Clarence Feinour

00:12:58.010 --> 00:13:00.709

of Reading, Pennsylvania agrees when he states:

"The

00:13:00.709 --> 00:13:03.769

Zacks number one rank leads me to stronger

stocks."

00:13:03.769 --> 00:13:06.140

(Video 6, Four Factors Behind the

Zacks Rank Performance) (Kevin Matras

00:13:06.140 --> 00:13:08.480

talking with the four factors text in background:

Agreement, Magnitude, Upside and Surprise

00:13:08.480 --> 00:13:09.480

) So how does X Zacks use

00:13:09.480 --> 00:13:12.930

earnings estimates and earnings estimate revisions

in the Zacks rank?

00:13:12.930 --> 00:13:14.070

(Kevin Matras talking with background

text/tables/charts about the Agreement factor)

00:13:14.070 --> 00:13:15.070

The Zacks

00:13:15.070 --> 00:13:21.330

rank is calculated from four primary inputs:

agreement, magnitude, upside, and

00:13:21.330 --> 00:13:25.280

surprise.

00:13:25.280 --> 00:13:28.490

Agreement is the extent to which all earnings

estimates are being

00:13:28.490 --> 00:13:30.800

revised in the same direction.

00:13:30.800 --> 00:13:32.860

The greater the percentage of estimates

00:13:32.860 --> 00:13:36.839

moving higher, the better the score will be

for this component.

00:13:36.839 --> 00:13:38.930

For example, if 70%

00:13:38.930 --> 00:13:44.310

of the analyst estimates are increasing for

a stock, whereas only 40% are

00:13:44.310 --> 00:13:48.149

increasing for another, the higher the percentage

of upward revisions the

00:13:48.149 --> 00:13:49.480

better.

00:13:49.480 --> 00:13:52.420

In this the example, in this table of upward

and downward revisions we can see that there

00:13:52.420 --> 00:13:53.420

are 12 estimate revisions, all moving higher

in

00:13:53.420 --> 00:13:57.540

the last 60 days, and no estimates going down.

00:13:57.540 --> 00:13:59.850

This shows a 100% agreement amongst

00:13:59.850 --> 00:14:04.010

the analysts making estimate revisions, and

they're all up.

00:14:04.010 --> 00:14:05.200

If on the other hand

00:14:05.200 --> 00:14:10.670

half were revising their estimates up, and

half down, that would mean 50% of the

00:14:10.670 --> 00:14:14.000

estimates were positive, not much of an agreement.

00:14:14.000 --> 00:14:15.150

and If the majority of the

00:14:15.150 --> 00:14:19.930

revisions were down, that would show clear

agreement, but to the downside,

00:14:19.930 --> 00:14:22.540

which means it would score poorly on this

component.

00:14:22.540 --> 00:14:25.041

(Kevin Matras talking with background

text/tables/charts about the Magnitude factor)

00:14:25.041 --> 00:14:28.310

Magnitude, as this table shows us, is the

size of the recent change in the current consensus

00:14:28.310 --> 00:14:29.310

estimate

00:14:29.310 --> 00:14:31.930

for the fiscal year and the next fiscal year.

00:14:31.930 --> 00:14:34.829

For example, a 5% increase in the

00:14:34.829 --> 00:14:38.899

consensus estimate is better than a 2% increase,

and will thus get a better

00:14:38.899 --> 00:14:41.660

score for this component.

00:14:41.660 --> 00:14:44.311

Seeing the analysts who cover these stocks

for a

00:14:44.311 --> 00:14:48.970

living ratcheting their estimates up over

and over again is a powerful

00:14:48.970 --> 00:14:52.440

indication of increasing earnings to come.

00:14:52.440 --> 00:14:54.371

On the other hand, if the consensus

00:14:54.371 --> 00:14:59.130

flits up and down, implying uncertainty and

mixed views on the company's bottom

00:14:59.130 --> 00:15:02.700

line, it'll score poorly on this component.

00:15:02.700 --> 00:15:03.820

If the Consensus Estimate

00:15:03.820 --> 00:15:07.630

trend is down, it'll score even worse.

00:15:07.630 --> 00:15:09.310

You can also see the consensus trend

00:15:09.310 --> 00:15:13.350

visually displayed in our price and consensus

chart.

00:15:13.350 --> 00:15:17.490

This lets you see at a glance which way the

consensus is heading, and the

00:15:17.490 --> 00:15:21.000

relationship between it and the stock price.

00:15:21.000 --> 00:15:22.120

So you want to look for stocks

00:15:22.120 --> 00:15:27.399

whose consensus is rising, and preferably

at a steeper angle, than the period that

00:15:27.399 --> 00:15:28.399

preceded it.

00:15:28.399 --> 00:15:30.413

(Kevin Matras talking with background

table about the Upside factor) Upside, as

00:15:30.413 --> 00:15:32.910

this table will show us, is the difference

between the most accurate estimate as

00:15:32.910 --> 00:15:36.350

calculated by Zacks, and the Consensus Estimate.

00:15:36.350 --> 00:15:38.360

A positive difference between

00:15:38.360 --> 00:15:43.240

the most accurate estimate and the consensus

is better than a negative one,

00:15:43.240 --> 00:15:46.370

and like the other factors, bigger is better.

00:15:46.370 --> 00:15:50.550

The difference doesn't have to be huge though,

but it's a leading indication on

00:15:50.550 --> 00:15:52.519

the direction of the consensus.

00:15:52.519 --> 00:15:55.281

(Kevin Matras talking with background

text/tables/charts about the Surprise factor)The

00:15:55.281 --> 00:15:57.230

surprise factor looks at the last few

00:15:57.230 --> 00:16:00.709

quarters of earning surprises as well.

00:16:00.709 --> 00:16:01.730

Companies with a positive earning

00:16:01.730 --> 00:16:06.339

surprise are more likely to surprise again

in the future, or miss again if

00:16:06.339 --> 00:16:08.209

recently missed.

00:16:08.209 --> 00:16:12.010

For this reason, looking at a company's recent

surprise history, as we are here in this

00:16:12.010 --> 00:16:17.540

table, can be a great aid in forecasting the

surprise likelihood of their next out.

00:16:17.540 --> 00:16:21.960

You can also see the surprise history by looking

at the price and surprise chart shown here,

00:16:21.960 --> 00:16:26.010

which uses red and green arrows to depict

the company surprises.

00:16:26.010 --> 00:16:27.010

A visual

00:16:27.010 --> 00:16:30.579

scan of the price and surprise chart can quickly

orient you on a company's

00:16:30.579 --> 00:16:34.529

ability to surprise in the past, and their

likelihood of doing it again.

00:16:34.529 --> 00:16:37.290

(Kevin Matras talking with background

of the four factor)Each one of these components

00:16:37.290 --> 00:16:40.060

is combined into a composite score and is

00:16:40.060 --> 00:16:42.800

recalculated every night.

00:16:42.800 --> 00:16:44.980

These scores are then compiled into the Zacks

rank,

00:16:44.980 --> 00:16:49.120

and are made available to investors every

day, helping them beat the market.

00:16:49.120 --> 00:16:51.030

(Kevin Matras talking followed by

testimonial text from customer) That's why

00:16:51.030 --> 00:16:55.610

Don T of Sisters, Oregon writes: "Recommendations

have been spot-on,

00:16:55.610 --> 00:16:57.220

Nine winners of 35% already."

00:16:57.220 --> 00:17:00.149

(Video 7, Examples of the Zacks Rank

in Action text) (Kevin Matras talking

00:17:00.149 --> 00:17:03.050

with background text/tables/charts example

of Zacks Rank success) Let's take a look

00:17:03.050 --> 00:17:04.669

at some practical examples of how

00:17:04.669 --> 00:17:09.740

the Zacks rank can get you in, and keep you

in, on some of the most profitable

00:17:09.740 --> 00:17:11.079

stocks.

00:17:11.079 --> 00:17:15.199

Whether it's a widely known large cap stock,

a little-known small cap stock,

00:17:15.199 --> 00:17:21.520

or somewhere in between, the Zacks rank works

and the steps to success are the

00:17:21.520 --> 00:17:22.520

same.

00:17:22.520 --> 00:17:26.900

Manpower group ticker MAN is a leading employment

services company in

00:17:26.900 --> 00:17:29.420

the US and abroad.

00:17:29.420 --> 00:17:31.929

Even though they're well known in their industry,

it's not

00:17:31.929 --> 00:17:36.590

one of those names most investors are familiar

with, but it's definitely a name

00:17:36.590 --> 00:17:38.799

Zacks customers are familiar with now.

00:17:38.799 --> 00:17:44.080

As seen in this historical price chart, on

June 28, 2013 the stock, which had been

00:17:44.080 --> 00:17:48.750

in a trading range for months, got the signal

that alerted investors that it

00:17:48.750 --> 00:17:51.800

was finally ready to break out.

00:17:51.800 --> 00:17:54.040

That signal was the Zacks number one ranked

00:17:54.040 --> 00:17:58.669

strong by which forecasts that it would outperform

the market over the next one

00:17:58.669 --> 00:18:00.340

to three months.

00:18:00.340 --> 00:18:04.250

At that time it was trading at $54.80 with

an earnings

00:18:04.250 --> 00:18:05.360

estimate of $3.67.

00:18:05.360 --> 00:18:09.920

Two and a half months later, in a series of

upward earnings

00:18:09.920 --> 00:18:14.450

estimate revisions shown with this line here,

including a positive EPS surprise, MAN had

00:18:14.450 --> 00:18:15.620

retained at Zacks

00:18:15.620 --> 00:18:19.180

number one rank, and gained for its investors

a 34% return versus the

00:18:19.180 --> 00:18:22.100

S&P 500's only 5%, shown at the bottom of

the graph.

00:18:22.100 --> 00:18:25.200

(Kevin Matras talking with background

text/charts about Earnings Estimates and stock

00:18:25.200 --> 00:18:28.540

price) Simply put when earnings estimates

are going, up the stock should

00:18:28.540 --> 00:18:34.370

go up as well, and your best first alert that

accompanies outlook is improving is

00:18:34.370 --> 00:18:35.530

a Zacks number one rank.

00:18:35.530 --> 00:18:39.260

(Kevin Matras talking with background

text/charts about Zacks Rank) The Zacks rank

00:18:39.260 --> 00:18:43.130

is ideal for getting you in on the most profitable

opportunities

00:18:43.130 --> 00:18:47.570

over a 1 to 3 month period, making the Zacks

rank an excellent timing indicator.

00:18:47.570 --> 00:18:48.799

(Kevin Matras talking with background

text/charts about Zacks Rank and long term

00:18:48.799 --> 00:18:52.570

investing example) But it's also great for

getting into stocks that develop into longer-term

00:18:52.570 --> 00:18:55.620

trades and core holdings.

00:18:55.620 --> 00:18:58.100

One of the toughest parts of investing is

staying

00:18:58.100 --> 00:19:02.510

in a stock that's going up, and not getting

out prematurely.

00:19:02.510 --> 00:19:03.510

For whatever

00:19:03.510 --> 00:19:07.370

reason, too many investors are quick to cut

their profits short and let their

00:19:07.370 --> 00:19:09.110

losses run.

00:19:09.110 --> 00:19:13.220

Of course the opposite of that is what should

be done, but by

00:19:13.220 --> 00:19:16.491

following the Zacks rank and the trajectory

of earnings estimate

00:19:16.491 --> 00:19:17.890

revisions, as seen in this chart detailing

the correlation between EPS and price, you'll

00:19:17.890 --> 00:19:21.920

not only will you know when to buy, but also

learn how to ride your best

00:19:21.920 --> 00:19:25.190

stocks for bigger gains, and when the time

comes

00:19:25.190 --> 00:19:29.480

know when to sell.

00:19:29.480 --> 00:19:32.990

Fleet Core Technologies, ticker FLT, is one

of those

00:19:32.990 --> 00:19:37.960

stocks that looked set to outperform over

a 1 to 3 month time frame but then

00:19:37.960 --> 00:19:43.460

turned into a longer term holding, resulting

in even more impressive gains.

00:19:43.460 --> 00:19:47.520

The company operates as a provider of specialized

payment products in the

00:19:47.520 --> 00:19:52.720

financial industry, and it quickly became

a favorite holding in many portfolios.

00:19:52.720 --> 00:19:53.720

On

00:19:53.720 --> 00:19:59.530

August 17th, 2012 they were singled out as

a top stock when it received a Zacks

00:19:59.530 --> 00:20:00.890

number one rank, as shown here on this historical

price chart.

00:20:00.890 --> 00:20:01.890

(animated Fleetmore price/earnings

estimate revisions/EPS chart) Even as many

00:20:01.890 --> 00:20:04.870

investors were still shunning financial stocks,

00:20:04.870 --> 00:20:10.270

this one stood out from the others, ready

to outperform over the course of the

00:20:10.270 --> 00:20:11.710

next fourteen months.

00:20:11.710 --> 00:20:16.440

Through October 4th of 2013 they received

59 upward

00:20:16.440 --> 00:20:20.410

earnings estimate revisions in a row, as seen

with this line here, produced four positive

00:20:20.410 --> 00:20:22.150

EPS surprises,

00:20:22.150 --> 00:20:26.620

and rewarded investors with a 163% gain, compared

to the

00:20:26.620 --> 00:20:28.490

markets 41%.

00:20:28.490 --> 00:20:32.140

During that time their 12-month forward earnings

00:20:32.140 --> 00:20:39.960

estimates steadily climbed from $2.91 to $4.25,

and was the clear catalyst for FL FLT's

00:20:39.960 --> 00:20:40.960

stellar gains.

00:20:40.960 --> 00:20:43.480

. (Kevin Matras talking with background

Zacks Rank text) Once you're in a stock destined

00:20:43.480 --> 00:20:45.380

for greatness it's important to

00:20:45.380 --> 00:20:46.550

not get bucked.

00:20:46.550 --> 00:20:50.370

Off to be sure, there were both positive news

stories and negative

00:20:50.370 --> 00:20:52.850

news story throughout their run-up, and the

broader

00:20:52.850 --> 00:20:57.919

market had its ups and downs, but their earnings

estimates kept pointing higher

00:20:57.919 --> 00:20:59.940

keeping you on board the entire time.

00:20:59.940 --> 00:21:01.591

. (Kevin Matras talking with background

success testimonial text from customer) That's

00:21:01.591 --> 00:21:03.230

why Robert Taylor of Edisto

00:21:03.230 --> 00:21:07.491

Island, South Carolina wrote: "I've bought

several stocks that appeared in the

00:21:07.491 --> 00:21:11.190

number one listing that I continue to hold

as core holdings."

00:21:11.190 --> 00:21:15.617

(Video 8, Zacks Rank and Momentum

Investing) (Display Kevin Cook talking with

00:21:15.617 --> 00:21:16.617

background text/animated charts) Momentum

traders

00:21:16.617 --> 00:21:20.530

and investors look to take advantage of upward

trends or downward trends in a

00:21:20.530 --> 00:21:23.690

stock's price or earnings.

00:21:23.690 --> 00:21:25.780

They believe that these stocks will continue

the to head

00:21:25.780 --> 00:21:30.020

in the same direction because of the momentum

that is already behind them.

00:21:30.020 --> 00:21:34.130

We've all heard the old adage, the trend is

your friend, and who doesn't like

00:21:34.130 --> 00:21:35.490

riding a trend in new highs?

00:21:35.490 --> 00:21:38.020

In fact, studies have shown that stocks making

00:21:38.020 --> 00:21:40.790

new highs have a tendency of making even higher

highs, (EPS/ price chart) as we can

00:21:40.790 --> 00:21:41.790

see here in this EPS to price comparison chart.

00:21:41.790 --> 00:21:42.900

The Zacks number one ranked

00:21:42.900 --> 00:21:47.950

stocks are ideally suited for folks who rely

on momentum, or technical analysis,

00:21:47.950 --> 00:21:50.110

because it could tip them off before most

other systems.

00:21:50.110 --> 00:21:51.850

(Kevin Cook talking) Rather than

simply

00:21:51.850 --> 00:21:55.549

looking for price trends, the Zacks rank is

about cause and effect.

00:21:55.549 --> 00:21:56.860

The cause of

00:21:56.860 --> 00:21:59.420

the move is positive revisions and earnings

estimates.

00:21:59.420 --> 00:22:00.799

(Earnings Estimates/Price cause and

effect pictogram) This graph helps illustrate

00:22:00.799 --> 00:22:01.799

how the upward shift

00:22:01.799 --> 00:22:05.340

and in earnings estimates prompts more and

more investors to take an interest in the

00:22:05.340 --> 00:22:09.049

company, with the effect being that the shares

in the company start on a Bull

00:22:09.049 --> 00:22:10.049

Run.

00:22:10.049 --> 00:22:11.210

(Kevin Cook talking with background

of Earnings Estimates and Price charts) Volume

00:22:11.210 --> 00:22:14.060

increases as does the stock price.

00:22:14.060 --> 00:22:17.500

But simply relying on price movement alone,

as shown in this chart, doesn't alert investors

00:22:17.500 --> 00:22:18.500

until

00:22:18.500 --> 00:22:23.210

after the move has already begun, costing

active traders opportunities to maximize

00:22:23.210 --> 00:22:24.220

profits.

00:22:24.220 --> 00:22:28.700

Conversely, by focusing on earnings estimate

revisions, the Zacks

00:22:28.700 --> 00:22:32.860

rank can identify stocks that are likely to

move up in the future before the

00:22:32.860 --> 00:22:34.916

breakout has occurred, as shown in this EPS

to price comparison chart.

00:22:34.916 --> 00:22:37.970

In other words, the Zacks rank helps traders

get in ahead of

00:22:37.970 --> 00:22:38.970

the price action.

00:22:38.970 --> 00:22:40.470

(Kevin Cook talking followed by success

testimonial text from customer) Traders like

00:22:40.470 --> 00:22:43.039

Knoll Horkan of New Windsor, New York who

00:22:43.039 --> 00:22:47.330

writes: "I have tried numerous services

in the past and I have found the Zacks number

00:22:47.330 --> 00:22:49.850

one stock picks especially good for my portfolio."

00:22:49.850 --> 00:22:54.366

(Video 9, Zacks Rand And Aggressive

Growth Trading) (Brian Bolan talking)

00:22:54.366 --> 00:22:55.366

Aggressive growth traders are

00:22:55.366 --> 00:22:58.480

primarily focused on stocks with aggressive

earnings growth, or at least

00:22:58.480 --> 00:23:02.169

the potential for aggressive growth, which

should propel their stock price

00:23:02.169 --> 00:23:06.110

higher in the future.

00:23:06.110 --> 00:23:09.789

You'll often find smaller cap stocks in this

category because these are

00:23:09.789 --> 00:23:14.900

typically newer companies that are in the

early part of their growth cycle, but

00:23:14.900 --> 00:23:17.679

you'll also find plenty of mid caps and large

caps too.

00:23:17.679 --> 00:23:18.730

(Brian Bolan talking with background

text/tables/charts about stock growth) By

00:23:18.730 --> 00:23:19.730

concentrating on

00:23:19.730 --> 00:23:23.490

Zack's number-one-ranked stocks growth investors

can easily screen for

00:23:23.490 --> 00:23:27.470

companies exhibiting these stellar growth

rates with a likelihood of it

00:23:27.470 --> 00:23:28.480

continuing.

00:23:28.480 --> 00:23:31.679

The best part of the Zacks rank is its ability

to alert investors

00:23:31.679 --> 00:23:37.150

at the earliest stages that a company's prospects

are looking very bright, and

00:23:37.150 --> 00:23:40.799

getting in early on an emerging growth story

generally leads to strong

00:23:40.799 --> 00:23:43.140

investment returns.

00:23:43.140 --> 00:23:46.400

Many growth investors however make the mistake

of looking for

00:23:46.400 --> 00:23:49.630

those with the highest growth rates possible.

00:23:49.630 --> 00:23:51.280

Unfortunately, many such

00:23:51.280 --> 00:23:55.490

companies underperform in spite of their outsized

growth rates.

00:23:55.490 --> 00:23:56.730

For example, this historical EPS chart shows

us that a

00:23:56.730 --> 00:24:00.900

company earning one cent to a share, that

is now expected to earn 6 cents, has a

00:24:00.900 --> 00:24:06.350

500% growth rate, but if it receives a downward

revision to 5 cents,

00:24:06.350 --> 00:24:08.280

that's a significant drop.

00:24:08.280 --> 00:24:10.909

Even though it still has a 400% growth rate,

the

00:24:10.909 --> 00:24:15.490

estimates were just reduced by 16.7%, and

the price is

00:24:15.490 --> 00:24:16.490

likely to follow.

00:24:16.490 --> 00:24:18.059

(Brian Bolan talking with Zacks Rank

table in the background) Ever wonder how a

00:24:18.059 --> 00:24:20.130

stock with triple digit growth rates could

00:24:20.130 --> 00:24:22.059

possibly go down?

00:24:22.059 --> 00:24:23.190

That's how.

00:24:23.190 --> 00:24:25.900

The Zacks rank, which focuses on earnings

estimate

00:24:25.900 --> 00:24:30.179

revisions, notifies investors at the first

sign of weakness,

00:24:30.179 --> 00:24:34.360

Zacks ranked number four, or number five,

providing the opportunity to lock in

00:24:34.360 --> 00:24:36.500

profits and avoid unnecessary losses.

00:24:36.500 --> 00:24:38.140

(Brian Bolan talking followed by

success testimonial text from customer) That's

00:24:38.140 --> 00:24:40.270

why Christopher M. of York, Main

00:24:40.270 --> 00:24:45.490

wrote: "Your portfolio is hands-down better

than any other I have tried."

00:24:45.490 --> 00:24:49.666

(Video 9, Zacks Rank and Value Investing)

(Tracey Ryniec talking) Value

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investors are looking for good stocks at great

prices.

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This does not mean they

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have to be cheap stocks in price however.

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The key is the belief that they are

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undervalued, that they are for some reason

trading under what their true

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value or potential really is.

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The value investor hopes to get in

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before the market discovers us this and moves

higher.

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Many institutional investors

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focus on this very thing.

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(Tracey Ryniec talking with background

value terms/table) Typical value investors

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will look at valuations, like

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P/E ratios, PEG ratios, price-to-book ratios

x' and more.

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Too many value stocks

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however, have low valuations because they

don't have compelling enough earnings or

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growth rates to speak of.

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The key for value stocks however, is really

earnings,

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which is the basis for most valuation models.

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(animated EPS / Price chart) We can

see in this historical EPS to price chart

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that when the Zacks rank signals a

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strong buy or buy, (Tracey Ryniec

talking with chart in background)) Zacks

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rank number one or number two, that means

earnings

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estimates for a stock are rising.

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. (animated EPS / Price chart continuation

) Given this new information, other

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investors will likely view the stock as being

undervalued relative to its future

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prospects so they jump in, which in turn drives

the price of the stock higher.

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(Tracey Ryniec talking with chart

in background) The

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beauty of the Zacks rank is that it is also

a timeliness indicator, meaning that

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value investors can use it to identify precisely

when a company's prospects are

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beginning to improve as opposed to waiting

and waiting until it becomes

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obvious to everyone else, and nothing can

make an investor sit up and take notice

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of a stock faster than rising earnings estimates.

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. Although one should plan on

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holding on to these value jumps a little longer

than a typical growth or momentum

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investor, and as we see here consider keeping

it as long as it remains a Zacks rank 3 or

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better,

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as its other characteristics remain attractive

to maximize the upside

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returns.

00:26:35.620 --> 00:26:36.620

(Tracey Ryniec talking followed by

success testimonial text from customer) It's

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why Jim Rosiak of Taylors, South Carolina

writes: "Now I have more

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investing opportunities than I have cash because

of Zacks terrific system.

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My only

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regret is that I didn't find Zacks sooner."

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(Video 11, Zacks Rank and Growth

and Income Investing) (Todd Bunton

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talking) Investors looking for both growth

and income are generally looking for

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companies with stable earnings growth in and

a solid dividend yield.

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(Market capitalization pictogram)

Oftentimes these

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companies are more mature, larger cap companies

that no longer have the kinds

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of spectacular growth rates as younger smaller

companies,

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where like they themselves probably had when

they were earlier in their growth

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cycle.

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Consider this, an idea that generates $1

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billion in profits for a $1 billion company

represents a 100%

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growth rate, but that same $1 billion idea

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to a $10 billion company represents only a

10% growth rate.

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In

00:27:22.850 --> 00:27:24.909

other words, it is much harder to move the

needle on earnings the bigger a

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company gets.

00:27:25.909 --> 00:27:29.630

(Todd Bunton talking) Many of these

companies are generating huge amounts of cash,

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but

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because of their size may not have the growth

opportunities they once had, (Earnings/Dividend

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pictogram) so

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many of these companies will pay out a portion

of their earnings to

00:27:36.120 --> 00:27:37.559

shareholders in the form of dividends.

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. (Todd Bunton talking with background

of Growth/income terms) A growth and income

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investor will want to

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look at a number of fundamental factors, like

a company's balance sheet, its

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competitive advantage, and its management,

but the most tangible proof that a

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company is worth holding for the long term

is earnings.

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You don't necessarily

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expect to see explosive growth, but you should

look for steady and consistent

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growth over time.

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A company that generates solid earnings growth

is in a

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better position to raise its dividend over

time to too.

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Here again earnings

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estimate revisions are the cornerstone of

the Zacks rank.

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Whenever you find

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positive earnings revisions, you will generally

find a company moving in the

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right direction, making it a candidate for

long term ownership.

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(Todd Bunton talking with background

of animated EPS/Price /Zacks Rank chart) There

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may be

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fewer of these stocks in the Zacks rank number

one group, but there will

00:28:17.870 --> 00:28:21.020

be plenty of number twos, and you might even

consider some number threes for the

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larger cap companies.

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As you know, you'll typically have a longer

holding period

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with a dividend paying stock, but it a decline

to a Zacks ranked number four

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or number five can be an early warning sign

that business conditions are

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worsening, and therefore that is time to take

profits and get out, as we can see here when

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integrating Zacks rank into an EPS to price

chart.

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(Tood Bunton talking followed by

success testimonial text from customer) Tracy

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E. of

00:28:38.920 --> 00:28:40.789

Haverhill, Massachusetts shared: "I find

the service Zacks provides in selecting

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and ranking stocks to be very helpful.

00:28:42.770 --> 00:28:44.669

They do the 'heavy due diligence'

00:28:44.669 --> 00:28:48.340

investigation before ranking each stock..

that relieves me of a lot of necessary

00:28:48.340 --> 00:28:50.850

work that needs to be done prior to a stock

purchase."

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(Video 12: Putting the Zacks Rank

to Work For You) (Kevin Matras talking)

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As you've seen in these

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videos, anybody can become a better trader

or investor.

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There's no need to

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reinvent the wheel, or go through costly trial

and error, you just have to follow

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a few proven steps to succeed.

00:29:05.919 --> 00:29:07.381

(Bullet points: Zacks Rank, Zacks

Industry Rank and Zacks Style Scores) That

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includes using the Zacks rank, the Zacks

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industry rank, and the Zacks style scores,

but you will have to make some decisions

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too.

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(Kevin Matras talking) For one, decide

what kind of trader or investor you are, or

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want to be.

00:29:20.571 --> 00:29:21.571

Are

00:29:21.571 --> 00:29:25.920

you a growth trader or value investor, do

you like momentum stocks or are you more

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interested in income producing dividend stocks.

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Do you have a little bit of some

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of those styles, or even all of those styles

in you?

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These are important

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questions to ask yourself.

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Once you know what kinds of stocks you're

looking for

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they'll be easier to find.

00:29:40.799 --> 00:29:42.890

But it's also important to find stocks that

are in

00:29:42.890 --> 00:29:48.041

alignment with who you are, or want to be

as a trader,` because if you don't and you

00:29:48.041 --> 00:29:52.539

instead get into stocks that are not in alignment

with who you are, or the kinds

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of stocks that are right for you, you're going

to drop that strategy the very moment

00:29:57.159 --> 00:29:58.970

it hits a rough patch.

00:29:58.970 --> 00:30:01.810

If you prefer discounted value stocks, but

you pick a

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high-flying grow stock with larger valuation

then you're normally used to,

00:30:06.450 --> 00:30:10.100

you may still make money, but if that stock

begins to pull back like all

00:30:10.100 --> 00:30:14.610

stocks inevitably do you'll immediately feel

uncomfortable with your choice and

00:30:14.610 --> 00:30:17.390

start looking for reasons to get out.

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Each trading style as you've seen has

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their own characteristics, so be sure you

focus in on the style that's right for

00:30:23.539 --> 00:30:24.730

you.

00:30:24.730 --> 00:30:28.250

That's a key component for being a successful

investor, and for consistently

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making money in the market.

00:30:30.630 --> 00:30:32.760

Investing should be fun and rewarding if you're

00:30:32.760 --> 00:30:36.059

doing it right, not full of dread or trepidation

like it

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is for too many people.

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But if you follow a proven profitable system

that works, as

00:30:41.460 --> 00:30:45.919

we've outlined in these videos, and apply

it consistently you'll soon have the

00:30:45.919 --> 00:30:50.150

confidence and the profits to show for it.(Display:

Bullet Points: Make sure your next stock has

00:30:50.150 --> 00:30:51.220

a Zacks Rank #1 ro #2, Is within the Top 50%

of Zacks Ranked Industries and Has a Zacks

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Style Score of A or B) Make sure your next

stock has a Zacks

00:30:53.305 --> 00:30:57.540

rank of a 1 or a 2, make sure it's within

the top 50% of Zacks ranked industries,

00:30:57.540 --> 00:31:01.620

insist on exact style score of A or B from

the style that's in alignment with

00:31:01.620 --> 00:31:06.770

your preferred style of trade, or better yet

look for one that has an A or B in

00:31:06.770 --> 00:31:11.440

all of them and use the other techniques described

to trade them for maximum

00:31:11.440 --> 00:31:13.130

profits and minimum risk.

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(Kevin Matras talking) Watch these

videos over again or revisit the

00:31:16.809 --> 00:31:19.290

sections you'd like to review further.

00:31:19.290 --> 00:31:21.210

This will help you stay on track as you

00:31:21.210 --> 00:31:24.899

build on your success one trade at a time.

00:31:24.899 --> 00:31:26.679

So congratulations, you're well on

00:31:26.679 --> 00:31:30.860

your way to becoming the trader you've always

wanted to be, and having the kinds

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of financial success and freedom that goes

along with it.

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From all of us at

00:31:35.860 --> 00:31:37.510

Zacks, thanks and good trading.

00:31:37.510 --> 00:31:38.510

(ZACKS Our Research.

00:31:38.510 --> 00:31:38.512

Your Success.)