

This week's scan comes courtesy of a subscriber's request. She asked us to scan for stocks with "lower betas and strong dividends." Perhaps she is basing the request on the fact that value and higher dividend stocks have been trading well the last few weeks. Our scan may provide a few ideas for her and others with a similar mindset.

We added a few factors to her scan, including fair valuations, current and future profitability, and low debt levels. Ultimately, the scan seeks reduced volatility in stocks that pay higher dividend yields.

The five favorites of the scan are all small-cap companies with market caps ranging from 1.8 billion to 270 million. Also, note that three of the companies are foreign. We excluded MLPs and REITs from the scan. While they tend to have high dividend yields, their fundamentals are not easily comparable to other companies. For our recent scan of MLPs, please see [Five MLP Stocks to Stuff the Stockings](#).

Screening Criteria

This week's scan resulted in five smaller companies, all of which underperformed the market this past year. Such is not surprising given that growth tended to lead value and lower beta for large parts of the year. The companies in this scan should perform better if recent trends in value and low beta persist.

Ticker	Company	Sector	Industry	Country	Market Cap (\$mm's)	Dividend	Beta	P/E	EPS Forward Growth	Debt to Equity
EBF	Ennis, Inc.	Industrials	Business Equipment & Supplies	USA	504	5.17%	0.47	17.85	5.0%	0.00
GHG	GreenTree Hospitality Group Ltd.	Consumer Cyclical	Lodging	China	869	6.40%	0.68	17.64	29.8%	0.13
GILT	Gilat Satellite Networks Ltd.	Technology	Communication Equipment	Israel	457	12.22%	0.21	7.88	10.0%	0.00
NWBI	Northwest Bancshares, Inc.	Financial	Banks - Regional	USA	1,858	5.43%	0.58	11.74	7.0%	0.24
WILC	G. Willi-Food International Ltd.	Consumer Defensive	Food Distribution	Israel	270	6.92%	0.62	15.40	15.0%	0.01

Company Summaries (all descriptions courtesy Zacks)

Ennis, Inc (EBF)

Ennis, Inc. is one of the largest private-label printed business product suppliers in the United States. They offer an extensive product line from simple to complex forms, laser cut-sheets, negotiable documents, internal bank forms, tags, labels, presentation folders, commercial printing, advertising specialties, screen-printed products, and point-of-purchase display advertising that can be custom designed to customer needs.

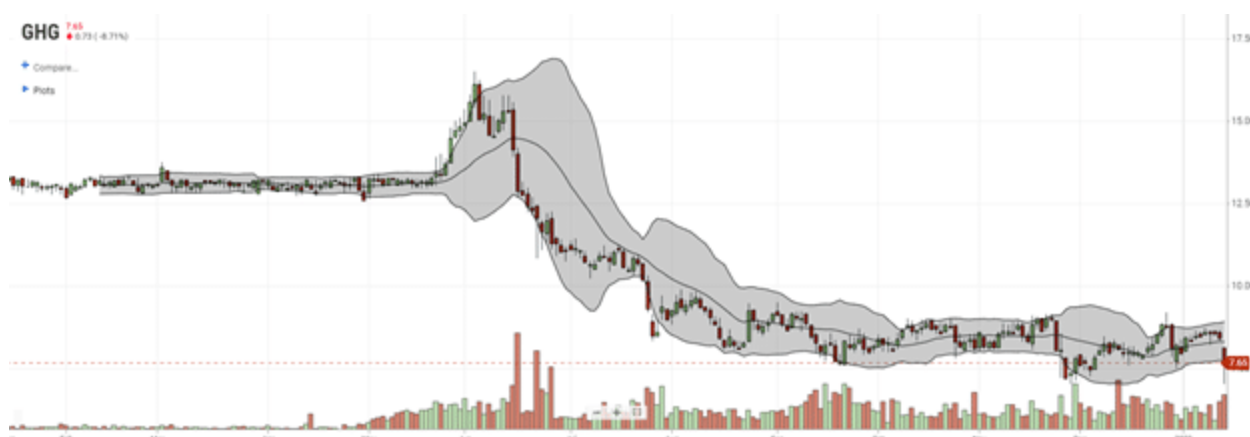
EBF offers investors a respectable dividend yield (5.2%) and carries no debt. Without debt on its balance sheet, the stock is well suited to withstand potential rate hikes by the Fed. In addition, EBF is likely to benefit as in-person business activities inch back towards pre-pandemic levels.



GreenTree Hospitality Group (GHG)

GreenTree Hospitality Group Ltd. operates as a franchised hotel operator. It operates business chain hotels, serviced apartments, shell inns, and hostels. The company's properties include GreenTree Eastern Hotel, GreenTree Inn, GreenTree Alliance Hotel, and Vatica Hotel. GreenTree Hospitality Group Ltd. is based in Shanghai, China.

GreenTree experienced a sharp sell-off last summer along with other US-listed Chinese stocks. As a result, GHG is down nearly 45% since it peaked at the end of May and is back to trading in a range. Although the company's ties to China pose a risk, the stock could also benefit from a potential rally in beaten-down Chinese stocks. In addition, the Chinese hospitality sector should see a boost as Covid related pressures ease, which is reflected in EPS forward growth expectations (29.8%).



Gilat Satellite Networks (GILT)

Gilat Satellite Networks Ltd. is a global leader in Very Small Aperture Terminal satellite communications technology, manufacturing, and service. The company provides end-to-end telecommunications and data networking solutions to customers across six continents.

GILT offers the highest dividend yield (12.2%) and the lowest beta (0.21) on the list. In addition, it trades at a low P/E (7.88) with no debt and EPS forward growth expectations of 10%. Overall, the valuation looks cheap, and the company is poised to perform well.



Northwest Bancorp, Inc (NWBI)

NWBI is a bank holding company whose sole activity is the ownership of all of the issued and outstanding common stock of Northwest Savings Bank and the majority ownership of Jamestown Savings Bank. Northwest Savings Bank is a stock savings bank. The bank is a community-oriented institution offering traditional deposit and loan products, and through its subsidiaries, consumer finance services.

NWBI is the largest company on the list, with a market cap of ~\$1.9B. Given that it's a regional bank, it makes sense that it also carries the highest debt-to-equity ratio (0.24). The stock trades at a low P/E ratio (11.7) and has a solid dividend yield (5.4%). In addition, expectations for rising yields due to Fed policy could boost the stock if the yield curve steepens.



G. Willi-Food International (WILC)

G. Willi-Food International Ltd. is one of Israel's largest food importers and a single-source supplier of one of the world's most extensive ranges of quality Kosher food products.

WILC trades at a market cap of \$270M, making it the smallest company on the list. With a debt-to-equity ratio of 0.01, the stock would hardly see an impact from a rise in yields. In addition, WILC's margins will likely benefit when inflation eventually fades. Expectations for EPS forward growth (15%) may reflect this.



Five for Friday

Five for Friday uses stock screens to produce five stocks that we expect will outperform if a particular investment theme plays out in the future. Investment themes may be relevant to the current or expected market, industry and/or economic trends. Investment themes may not always represent our current forecast.

Disclosure

This report is not a recommendation to buy or sell the named securities. We intend to elicit ideas about stocks meeting specific criteria and investment themes. Please read our [disclosures](#) carefully and do your own research before investing.