



ANALYST QUICK NOTES

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Anti-FANG Stocks

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Five Anti-FANG Stocks

- The FANG stocks have become market darlings over the past two years, and they are leading the Tech sector and the major market averages higher once again in 2017.
 - The stocks are Facebook, Inc. (FB), Amazon.com (AMZN), Netflix (NFLX) and Alphabet (GOOGL).
 - Year to date, these four have posted the following gains: Facebook, +36%; Amazon, +31%; Netflix, +28%; and Alphabet, +14%.
 - They are not cheap, as the average P/E is 112x. In fact, the valuations are so rich, and the Tech sector has become such a major part of the overall market (22%), that we would not be surprised to see a pullback in these stocks in the second half, particularly if interest rates rise.
 - So if investors are thinking of reducing their exposure a bit, they might consider the five deep-value, anti-FANG stocks listed below:
 - Micron Technology Inc. (MU): A large-cap semiconductor company with a P/E of 6.5x.
 - Mylan NV. (MYL): A midcap generic drug company with a P/E of 7x.
 - Rio Tinto Plc (RIO): A large-cap Materials company, with a P/E of 8.5x.
 - Hawaiian Holdings Inc. (HA): A mid-cap airline with a P/E of 9x.
 - Western Digital Corp (WDC): A midcap IT company with a P/E of 10x.
 - For more information on these companies, please see our Analyst Reports at www.argusresearch.com.
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