



## Here's What Happens When You Put Jeff Bezos' Favourite Stock Through a Screening Tool

### Description

They're all over the Internet: get-rich-quick guides on how to invest like Jeff Bezos of **Amazon.com, Inc.** ([NASDAQ:AMZN](#)), the richest man on the planet. What's the secret stock he's so excited about? Which industry is he predicting will skyrocket? And how can you invest like him to get filthy rich?

Well, that secret stock is **Knowles Corp.** ([NYSE:KN](#)), and it's in the business of designing, manufacturing, and selling micro-acoustic, audio processing and precision devices for use in mobile electronics as well as in industrial, defense, aerospace, and medical markets. Commonly seen as a telecommunications stock, Knowles Corp. is much more than that with a global reach.

### Sounds great, but is it worth buying?

Last week I showed you how to build your own [stock screening tool](#) using a three-factor strategy. Using value, quality and momentum, let's use the screening tool today to analyze Knowles Corp. and see whether this stock is improving or deteriorating.

In terms of value, Knowles Corp. is only so-so. With a P/E of 34.1 times earnings, a P/B ratio of 1.4 times book and no dividend yield, this stock scores a middling 15/33.

In terms of quality, a ROE of 4%, EPS of \$0.49, and 28.5% expected annual growth in earnings give a fairly decent score of 19/33.

In terms of momentum, we have a few indicators to go by. Knowles Corp. gained 11% in the last five days, while its beta of 0.9 shows low volatility compared to the market. Meanwhile, its share price is overvalued by 65% compared to its future cash flow value. This gives a score of 25/33.

### The result

Analysts are giving this stock a moderate buy signal today. However, the results from the stock screening tool above give a score of 59%, which would indicate a hold signal. A few points higher and the result would be in line with that call for a moderate buy.

However, two additional things need to be taken into account if you're thinking of buying Knowles Corp: it has a flawless balance sheet, and its sector looks set to explode. In short, Mr. Bezos may well be right in backing a stock that could potentially defy gravity.

Look again at that market: Knowles Corp. develops hearing aid components, MEMS (micro-electro-mechanical systems), microphones, audio processors, and capacitors for consumer electronics, hearing health, industrial, and defense markets. That's quite a honeypot you could be dipping your paws into.

### **The bottom line**

There may be a bit of lead time before investors find themselves priced out of the market, during which the true of worth of this stock may make itself seen, so value investors may want to watch that share price and see what its competitors are up to before taking the plunge. However, this stock does indeed look like high quality (in fact, our screening tool specifically highlighted it as such), so if you can find an entry soon, then go for it.

Given how enormous this stock could get, growth investors may want to ignore our screening tool's hold signal and look to the wide-ranging potential that Knowles Corp. has in what is essentially one of the tech world's biggest growth industries. Couple it with some [silver and lithium stocks](#) for a very powerful tech portfolio and big capital gains down the line.

### **CATEGORY**

1. Investing
2. Tech Stocks

### **TICKERS GLOBAL**

1. NASDAQ:AMZN (Amazon.com Inc.)
2. NYSE:KN (Knowles Corporation)

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