

[More](#)

MarketWatch

[FRONT PAGE](#)[MUTUAL FUNDS & ETFS](#)[Mutual Fund Tools](#)[ETF Tools](#)

'Low-hurdle' stocks offer high profit potential

By MarketWatch

Last update: 4:16 p.m. EDT June 17, 2008

BOSTON (MarketWatch) -- David Trainer, president of New Constructs, an independent research firm in Nashville, Tenn., says that investors should focus on fundamentals in order to decide which stocks are bargains and which have problems.

In a radio interview with Chuck Jaffe, MarketWatch senior columnist, Trainer noted that some real estate investment trusts are improperly valued, and are obvious sells before ever factoring in the property market and how that makes the situation worse.

Trainer put a sell on Highwoods Properties Inc. ([HIW](#)) and General Growth Properties Inc. ([GGP](#)), two REITs he described as "vastly overpriced."

Also, he noted that Airspan Networks Inc. ([AIRN](#)) is facing a high hurdle, namely the need for 62 years of profit growth in order to justify the current stock price. That's why the company gets a "sell" recommendation. He put Immersion ([IMMR](#)) in a similar boat, noting it would take more than 100 years at current growth rates to justify its shares' current valuation.

On the other hand, he said, some stocks -- particularly in the financial sector -- have dropped to where they are compelling buys. They have little work to do to make gains, he added, "because the market has overreacted."

Trainer put a buy on Oppenheimer Holdings Inc. ([OPY](#)) noting that the stock is priced as if its profits will fall by 70% "and never grow again." That "sets the hurdle" low, he said, reducing risk while improving the potential reward.

Trainer also put a buy on USA Mobility Inc. ([USMO](#)) and Windstream Corp. ([WIN](#)) which he described as similarly low-hurdle stocks.

 [Listen to the highlights of Your Money with Chuck Jaffe](#)

Jaffe's radio show regularly features expert reviews of stocks and mutual funds suggested by MarketWatch readers; to request a stock or mutual fund for review, send your name, hometown and the ticker symbols that interest you to cjaffe@marketwatch.com. ■

[Site Index](#) | [Topics](#) | [Archive](#) | [Help](#) | [Feedback](#) | [Media Archive](#) | [Premium Products](#) | [Mobile](#) | [RSS](#) | [Podcasts](#) | [Com](#)

The Wall Street Journal Digital Network:

[WSJ.com](#) | [Barron's Online](#) | [BigCharts](#) | [Virtual Stock Exchange](#) | [All Things Digital](#) | [MarketWatch Community](#)
[RealEstateJournal.com](#) | [Financial News Online](#) | [WSJ.com Small Business](#)

MarketWatch

Copyright © 2008 MarketWatch, Inc. All rights reserved.
By using this site, you agree to the [Terms of Service](#) and [Privacy Policy](#).

'Low-hurdle' stocks offer high profit potential - MarketWatch

Intraday data provided by [Interactive Data Real Time](#) use. Historical and current end-of-day data provide [NASDAQ traded symbols](#) and their current financial data for other exchanges. Dow Jones Indexes(SM) from Comstock and is at least 60-minutes delayed. All data is subject to change without notice. © 2008 NASDAQ.