



Morningstar Total Return Ideas

Below are U.S.-listed stocks covered by Morningstar, screened for the following criteria:

- Current yield of at least 1.5%
- At least 10% upside to Morningstar's Fair Value estimate
- A narrow or wide economic "moat" as defined by Morningstar ([here](#))
- Low to Medium Fair Value Uncertainty as defined by Morningstar ([here](#))
- Sorted by the most upside to Fair Value

Ticker	Company Name	Industry	Price (9/6)	Yield	Morningstar				
					Star Rating	Fair Value Uncertainty	Economic Moat	Fair Value	% to Fair Value
LB	L Brands, Inc.	Apparel/Footwear Retail	\$37.40	6.4%	★★★★★	Medium	Wide	\$69.00	84%
(A) MAT	Mattel, Inc.	Recreational Products	\$15.69	3.8%	★★★★★	Medium	Wide	\$28.50	82%
SABR	Sabre Corp.	Packaged Software	\$17.87	3.1%	★★★★★	Medium	Wide	\$26.00	45%
WSM	Williams-Sonoma, Inc.	Specialty Stores	\$47.27	3.3%	★★★★★	Medium	Narrow	\$65.00	38%
CVS	CVS Health Corp.	Drugstore Chains	\$79.88	2.5%	★★★★	Medium	Narrow	\$109.00	36%
TSCO	Tractor Supply Co.	Specialty Stores	\$60.02	1.8%	★★★★	Medium	Wide	\$81.00	35%
(A) HBI	Hanesbrands, Inc.	Apparel/Footwear	\$25.23	2.4%	★★★★★	Medium	Wide	\$34.00	35%
WFC	Wells Fargo & Co.	Major Banks	\$49.88	3.1%	★★★★	Medium	Narrow	\$67.00	34%
MAC	Macerich Co.	Real Estate Investment Trusts	\$54.38	5.2%	★★★★	Medium	Narrow	\$73.00	34%
PDCO	Patterson Cos., Inc.	Medical Distributors	\$38.89	2.7%	★★★★	Medium	Wide	\$52.00	34%
(A) COF	Capital One Financial Corp.	Finance/Rental/Leasing	\$79.47	2.0%	★★★★	Medium	Wide	\$106.00	33%
DIS	The Walt Disney Co.	Media Conglomerates	\$101.50	1.5%	★★★★	Medium	Wide	\$134.00	32%
ABC	AmerisourceBergen Corp.	Medical Distributors	\$80.72	1.8%	★★★★	Medium	Wide	\$106.00	31%
MSM	MSC Industrial Direct Co., Inc.	Wholesale Distributors	\$69.39	2.6%	★★★★	Medium	Narrow	\$91.00	31%
RHHBY	Roche Holding AG	Pharmaceuticals: Major	\$31.81	2.7%	★★★★★	Medium	Wide	\$41.50	30%
GE	General Electric Co.	Industrial Conglomerates	\$24.92	3.9%	★★★★	Medium	Wide	\$32.00	28%
KR	The Kroger Co.	Food Retail	\$22.55	2.2%	★★★★	Medium	Narrow	\$28.50	26%
CHL	China Mobile Ltd.	Wireless Telecommunications	\$52.55	3.1%	★★★★	Medium	Narrow	\$66.00	26%
SJM	The J. M. Smucker Co.	Food: Specialty/Candy	\$106.21	2.9%	★★★★	Medium	Narrow	\$132.00	24%
MDLZ	Mondelez International, Inc.	Food: Major Diversified	\$40.59	2.2%	★★★★	Low	Wide	\$50.00	23%
GGP	GGP, Inc.	Real Estate Investment Trusts	\$21.12	4.2%	★★★★	Medium	Wide	\$26.00	23%
GSK	GlaxoSmithKline Plc	Pharmaceuticals: Major	\$40.00	5.0%	★★★★	Low	Wide	\$49.00	23%
CAH	Cardinal Health, Inc.	Medical Distributors	\$68.61	2.7%	★★★★	Medium	Wide	\$84.00	22%
IPG	Interpublic Group of Cos., Inc.	Advertising/Marketing Services	\$20.55	3.5%	★★★★	Medium	Narrow	\$25.00	22%
IMBBY	Imperial Brands Plc	Tobacco	\$41.96	4.7%	★★★★	Low	Narrow	\$51.00	22%
(A) SBUX	Starbucks Corp.	Restaurants	\$54.31	1.8%	★★★★	Medium	Narrow	\$66.00	22%
MDT	Medtronic Plc	Medical Specialties	\$79.87	2.3%	★★★★	Medium	Narrow	\$97.00	21%
VLP	Valero Energy Partners LP	Oil & Gas Pipelines	\$43.06	4.2%	★★★★	Medium	Narrow	\$52.00	21%
SPG	Simon Property Group, Inc.	Real Estate Investment Trusts	\$158.73	4.4%	★★★★	Medium	Wide	\$191.00	20%
LOW	Lowe's Cos., Inc.	Home Improvement Chains	\$77.47	2.1%	★★★★	Medium	Narrow	\$93.00	20%
TJX	The TJX Cos., Inc.	Apparel/Footwear Retail	\$73.03	1.7%	★★★★	Medium	Wide	\$86.00	18%
KGFHY	Kingfisher Plc	Home Improvement Chains	\$7.77	3.0%	★★★★	Medium	Narrow	\$9.10	17%
BAYRY	Bayer AG	Pharmaceuticals: Other	\$129.83	1.7%	★★★★	Medium	Narrow	\$152.00	17%
PSXP	Phillips 66 Partners LP	Oil & Gas Pipelines	\$47.21	5.2%	★★★★	Medium	Wide	\$55.00	17%
TRV	The Travelers Cos., Inc.	Property/Casualty Insurance	\$117.73	2.4%	★★★	Medium	Narrow	\$137.00	16%
OMC	Omnicom Group, Inc.	Advertising/Marketing Services	\$73.10	3.0%	★★★★	Medium	Narrow	\$85.00	16%
IVZ	Invesco Ltd.	Investment Managers	\$32.05	3.6%	★★★★★	Medium	Narrow	\$37.00	15%
SNY	Sanofi	Pharmaceuticals: Major	\$49.42	2.2%	★★★★	Medium	Wide	\$57.00	15%
BLK	BlackRock, Inc.	Investment Managers	\$412.19	2.4%	★★★	Medium	Narrow	\$475.00	15%
UNP	Union Pacific Corp.	Railroads	\$105.01	2.3%	★★★★	Medium	Wide	\$121.00	15%
MMP	Magellan Midstream Partners LP	Oil & Gas Pipelines	\$68.66	5.2%	★★★★	Low	Narrow	\$79.00	15%
(A) EPD	Enterprise Products Partners LP	Oil & Gas Pipelines	\$26.17	6.4%	★★★★	Medium	Wide	\$30.00	15%
WPPGY	WPP Plc	Advertising/Marketing Services	\$91.89	4.2%	★★★★	Medium	Wide	\$105.00	14%
(A) MSFT	Microsoft Corp.	Packaged Software	\$73.40	2.1%	★★★★	Low	Wide	\$83.00	13%
APU	AmeriGas Partners LP	Wholesale Distributors	\$42.62	8.9%	★★★	Medium	Wide	\$48.00	13%
(A) SEP	Spectra Energy Partners LP	Oil & Gas Pipelines	\$44.59	6.4%	★★★★	Medium	Wide	\$50.00	12%
CPB	Campbell Soup Co.	Food: Major Diversified	\$47.53	2.9%	★★★★	Medium	Narrow	\$53.00	12%
LUXTY	Luxottica Group SpA	Consumer Sundries	\$57.42	1.3%	★★★★	Medium	Wide	\$64.00	11%
SXT	Sensient Technologies Corp.	Chemicals: Major Diversified	\$71.89	1.7%	★★★★	Medium	Narrow	\$80.00	11%
LLY	Eli Lilly & Co.	Pharmaceuticals: Major	\$80.51	2.6%	★★★★	Medium	Narrow	\$89.00	11%

D.A. Davidson IIG Research Stocks on List:

- Dividend Achievers: CVS, MSFT
- Focus List: GE
- Income Opportunities: EPD, HBI, GSK

Sources: FactSet, Morningstar

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Rating Distribution (as of 6/30/2017)	Coverage Universe Distribution			Investment Banking Distribution		
	IR	IIG	Combined	IR	IIG	Combined
BUY/ADD (Buy)	56%	78%	58%	13%	0%	11%
NEUTRAL (Hold)	43%	19%	40%	6%	0%	5%
SELL/REDUCE (Sell)	1%	3%	2%	0%	0%	0%

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