

Stock Focus

The Five Best Buy Calls

Fei Mei Chan, 05.02.05, 12:00 PM ET

To produce the Forbes.com/StarMine Best Brokerage Analyst rankings, research firm StarMine surveyed thousands of "buy" recommendations made in 2004 by 3,300 analysts covering U.S. and Canadian stocks. Read on to find out who among them hit the biggest jackpots in their buy ratings, and what they like now.

First, a few notes on methodology. To pull together this list of triple-digit winners, StarMine excluded penny stocks. Though all but one stock began the year priced under \$10, StarMine kept its evaluations to price movement over \$1. Also, if an analyst switched back and forth between ratings--from buy, to hold, to buy, for example--StarMine counted only the performance of the stock when the analyst was bullish.

At the beginning of 2004 the share price of Internet advertising concern **Aptimus** (nasdaq: [APTM](#) - [news](#) - [people](#)) stood at \$4.25. As New Year's Eve corks popped a year later, the stock stood at a bubbly \$27.45, a gain of 546%. **Michael Shonstrom** of **Shonstrom Research Associates**, in Denver, Colo., held his buy rating on the stock the entire time, making him the biggest home-run hitter of the year.

Shonstrom, who covers mostly small- and micro-cap companies, thinks Aptimus still looks like a winner. Shares of the \$78 million (market value) company now trade for just 14 times estimated earnings for the next 12 months.

Edward Ching of **Rodman & Renshaw**, of New York City, rode to second place on **Smith Micro Software** (nasdaq: [SMSI](#) - [news](#) - [people](#)). It started last year at \$2, and Ching rated it a buy through November, when it priced around \$8. Ching also scored a 209% gain with **Vasco Data Security International** (nasdaq: [VDSI](#) - [news](#) - [people](#)), a provider of user authentication products for financial and e-commerce businesses. Although it now sells for a pricey eight times sales, Vasco Data is still one of Ching's favorites. Reason? He believes much work remains to be done in the area of Internet security.

The third-best buy call of 2004, **International DisplayWorks** (nasdaq: [IDWK](#) - [news](#) - [people](#)), climbed from \$2.40 to \$9.15, for a gain of 281%. **Paul Resnik**, of **J.M. Dutton & Associates**, who held a "Strong Buy" rating on the stock the whole year, still likes prospects for the company and its shares.

International DisplayWorks has latest 12-month sales of just \$55 million and a market capitalization of \$276 million. Though it is richly priced, Resnik sees growth ahead for the company, thanks to new management and a recent bulking up of its manufacturing capabilities.

Lauren Smith, of **Keefe, Bruyette & Woods**, had a great run on the **Chicago Mercantile Exchange** (nyse: [CME](#) - [news](#) - [people](#)). Her explanation: Even in a rising interest-rate environment, the growth prospects were still very compelling. Eurodollar futures are the world's most actively traded interest-rate futures, and the CME has dominant market share. Though she still likes the fundamentals for that company, another strong recommendation is **Merrill Lynch** (nyse: [MER](#) - [news](#) - [people](#)), whose shares go for just 12 times trailing 12-month earnings.

The Best Bullish Calls Of 2004

Analyst	Broker	Best Buy Call In 2004	Return On 2004 Buy Recommendation
Michael Shonstrom	Shonstrom Research Associates	Aptimus (nasdaq: APTM - news - people)	546%
Edward Ching	Rodman & Renshaw	Smith Micro Software (nasdaq: SMSI - news - people)	293
Paul Resnick	JM Dutton & Associates	International Displaywork (nasdaq: IDWK - news - people)	281
Lauren Smith	Keefe, Bruyette & Woods	Chicago Mercantile Exchange (nyse: CME - news - people)	261

Howard Halpern	Taglich Brothers	Lifeway Foods (nasdaq: LWAY - news - people)	256
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Source: StarMine

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