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## Tips From Wall Street's Best: Roth Capital

<http://www.fool.com/news/commentary/2006/commentary06120517.htm>

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*Editor's note: The original version of this article referenced Morgan Keegan as a low-rated CAPS portfolio. In fact, Morgan Keegan is currently rated in the 72nd percentile. We regret the error.*

Professional analysts have caught their share of grief in recent years. Whether they're too conflicted, too optimistic, too caught up in protecting their jobs, or too wrong, these folks don't inspire as much awe as they once did.

But that doesn't mean they're all bad.

Many analysts are savvy stock pickers. In fact, *The Wall Street Journal* celebrates the best analysts and the best calls across industries annually. Even so, there's simply not enough transparency in the industry to know just who the best and worst analysts are. That's bad for the good analysts; they're unwittingly protecting the sheep.

### Until now...

Enter [Motley Fool CAPS](#), our brand-new community-intelligence database, which tracks the outperform and underperform ratings that both individual investors *and* pros put on stocks. In turn, every stock and every investor earns a rating.

Yes, you read that correctly: Every investor is rated. That means we can finally answer the age-old question: Which analysts are better stock pickers than my grandmother?

Jim Cramer, for example, may not be. According to our data source, he is among the bottom one-third of all 15,000 portfolios currently participating in [CAPS](#).

### You don't want the worst ideas

However, a number of firms have proved themselves exceptional stock pickers since Briefing.com added their data to CAPS over the summer. One of these is [Roth Capital](#), a California-based firm that focuses on small and microcaps.

Roth is currently ranked 33rd overall in CAPS (and third among analysts), having crushed the market since August with 67% accuracy. The firm's recent big winners include \$350 million **iGate**([Nasdaq: IGTE](#)), \$360 million **Blue Coat Systems**([Nasdaq: BCSI](#)), \$930 million **Isle of Capri Casinos**([Nasdaq: ISLE](#)), and \$630 million **Sigma Designs**([Nasdaq: SIGM](#)) -- which has more than doubled since September.

And although Sigma has now eclipsed Roth's target price of \$27, I haven't seen any indication that Roth has downgraded the stock. According to their most recent report, margins are improving and revenue is tracking ahead of expectations.

If you're looking for newer picks, however, know that Roth also recently rewarded outperform ratings to **Landec** ([Nasdaq: LNDC](#)), **Napco Security Systems** ([Nasdaq: NSSC](#)), and **Actions Semiconductor** ([Nasdaq: ACTS](#)).

**Warning: Past performance does not guarantee future results**

Of course, the caveat here is that we've only been tracking Wall Street picks for a few months now. While we can't yet call the data predictive, it's at least very interesting to examine. Moreover, Roth's focus on small caps very much intrigues me. These are companies that offer the [market's best returns](#) and [tend to be underfollowed](#) by professional analysts. In other words, theirs is an opinion certainly worth considering.

If you'd like to take a look at the rest of Wall Street's best and worst analysts and their stock recommendations, click [here](#) to join the free beta test of Motley Fool CAPS. You can also get all kinds of opinions on the stocks you're looking to buy, sell, or hold. Hey, you can even check out [my own personal rating](#) to see if you want to take this article seriously.

The financial community has been opaque for too long. [CAPS](#) can change all that.

*[Tim Hanson](#) does not own shares of any company mentioned. The Motley Fool has a [disclosure policy](#).*