

## AlphaScreens: the might of momentum

16 September 2021

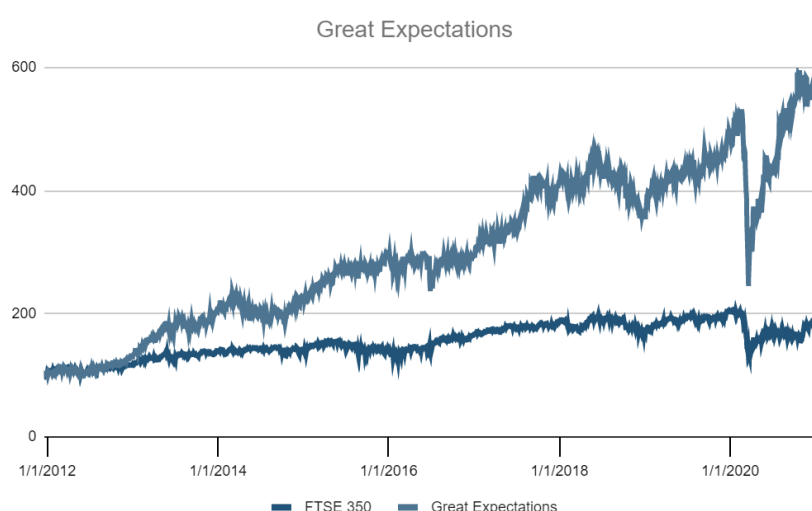
### Build back better momentum plays

*Momentum strategies show persistent outperformance. We run our Alpha momentum screen across three indices: FTSE All-Share, All Small and Aim*

- Investors in expensive shares have two main causes to worry right now. Firstly, there is the prospect of central banks tightening the monetary policy taps, albeit cautiously. Second there is the constant threat that the Covid-19 pandemic has further stings in its depressingly long tail.
- Still, many of the companies that investors are backing to do well as the world builds back are still matching their share price momentum with earnings upgrade momentum. Plant and equipment rental business **Ashtead (AHT)** still passes all our Great Expectations tests, as does specialist waterpipe and climate management solutions company **Genuit (GEN)**. Waste management and recycling company **Biffa (BIFF)** also scores 8/8 against the screen.
- One company operating in an interesting 21st century growth market is **Airtel Africa (AAF)**, which makes its money from mobile voice, data and money services and targets the growing user base in Africa. As well as passing all our tests, it is still only on a next twelve month price-to-earnings (PE) multiple of 10, so isn't expensive. Of course, there are plenty of risks investors need to check out to question why such an apparent growth play is also inexpensive, but it would certainly be an interesting company to research further - and we'll be briefing The Analyst to do just that.
- Moving from 21st century growth plays to 20th century stalwarts that have struggled to impress in recent years; analysts seem now to be more positive about **Marks & Spencer (MKS)**. The retailer's shares have been up by almost 20 per cent over three months and it passes all our tests here, too.
- On Aim, some of the momentum stories seem to be companies expected to do well out of energy recovery. These are speculation on timings, rather than trends, but may still interest more intrepid investors and shorter term traders.

## Great expectations

The Alpha momentum screens apply the idea of momentum not only to share price performance, but also to expected profit growth. The screen looks for strong forecast earnings per share (EPS) growth, but more importantly it looks for an improving trend in broker expectations. Indeed, EPS forecast upgrades can be considered the screen's primary focus.



Source: Refinitiv, Investors Chronicle

The Alpha momentum screen is conducted separately on constituents of the FTSE All-Share, FTSE All Small and FTSE Aim All-Share indices, with the results from each screen reported in separate tables. The screen looks for stocks displaying three characteristics, each of which are tested using a few different criteria.

- **Earnings upgrade momentum:** EPS upgrades over the past 12 months of at least 10 per cent for both the current financial year and next financial year.
- **Earnings momentum:** Forecast EPS growth of at least 10 per cent in the current financial year and next financial year.
- **Price momentum:** Studies have found that the longer price momentum has persisted the more likely it is to be 'stale' and set to reverse. The Alpha momentum screen tests for strong share price performance over four different periods, which helps check price momentum remains fresh.

## Large-cap momentum selection (passing at least 6 of 8 tests)

Name	TIDM	Mkt cap	Price	Fwd NTM PE	Av 12-mth EPS upgrade	Fwd EPS DY	Fwd EPS grth FY+1	Fwd EPS grth FY+2	3-mth mom.	Net cash/debt (-)	Tests passed (out of 8)	Test failed
Future	FUTR	£4,388m	3,638p	26	58%	0.0%	177.4%	11.8%	21.3%	265m GBP	8	na
Biffa	BIFF	£1,174m	384p	18	37%	0.0%	147.7%	27.3%	30.4%	485m GBP	8	na
Liontrust Asset Mgmt	LIO	£1,458m	2,380p	20	30%	2.0%	36.5%	17.3%	48.2%	-69m GBP	8	na
SThree	STEM	£768m	575p	19	35%	1.4%	131.7%	11.4%	23.9%	-12m GBP	8	na
Genuit	GEN	£1,806m	729p	23	32%	1.2%	117.0%	15.1%	18.7%	191m GBP	8	na
Airtel Africa	AAF	£3,551m	95p	10	25%	3.1%	57.4%	13.1%	21.5%	2,142m USD	8	na
Vitec	VTC	£725m	1,570p	22	26%	1.0%	629.9%	14.6%	16.7%	102m GBP	8	na
Ashtead	AHT	£26,179m	5,854p	28	19%	0.7%	16.7%	19.3%	14.4%	4,190m GBP	8	na
Headlam	HEAD	£435m	510p	14	26%	1.5%	121.4%	17.9%	10.9%	-16m GBP	8	na
Marks and Spencer	MKS	£3,645m	186p	12	13%	0.0%	952.0%	14.8%	19.4%	3,355m GBP	8	na
Pets At Home	PETS	£2,469m	494p	23	33%	1.6%	49.3%	10.2%	8.1%	407m GBP	8	na
IMI	IMI	£4,791m	1,797p	19	22%	1.3%	11.2%	10.9%	6.0%	335m GBP	8	na
Volusion	FAN	£1,100m	556p	25	45%	0.3%	71.0%	7.5%	34.0%	101m GBP	7	>10% EPSgrth FY+2/
Watches of Switzerland	WOSG	£2,390m	998p	26	66%	0.0%	45.3%	24.9%	20.0%	343m GBP	7	/1mthMom/
Howden Joinery	HWDN	£5,656m	953p	22	37%	1.4%	70.9%	1.0%	23.1%	104m GBP	7	>10% EPSgrth FY+2/
Grafton	GFTU	£3,200m	1,337p	18	45%	2.7%	34.9%	-3.2%	17.8%	247m GBP	7	>10% EPSgrth FY+2/
Frasers	FRAS	£3,352m	657p	21	53%	0.0%	-	13.4%	15.3%	972m GBP	7	>10% EPSgrth FY+1/
Keller	KLR	£720m	995p	11	23%	3.6%	-18.9%	20.2%	23.0%	181m GBP	7	>10% EPSgrth FY+1/
888 Hldgs	888	£1,551m	417p	18	65%	2.8%	7.4%	13.1%	12.5%	-116m USD	7	>10% EPSgrth FY+1/
Marshalls	MSLH	£1,614m	807p	26	24%	1.1%	230.8%	12.5%	19.8%	52m GBP	7	/1yrMom/
Softcat	SCT	£4,379m	2,200p	45	17%	1.0%	25.5%	1.0%	23.6%	-63m GBP	7	>10% EPSgrth FY+2/
Morgan Sindall	MGNS	£1,166m	2,515p	12	31%	2.8%	98.1%	-6.1%	14.1%	-287m GBP	7	>10% EPSgrth FY+2/
St. James's Place	STJ	£8,733m	1,617p	22	39%	3.1%	28.6%	21.0%	11.5%	307m GBP	7	/1mthMom/
Page Group	PAGE	£2,121m	646p	19	54%	4.9%	-	20.6%	9.6%	-73m GBP	7	>10% EPSgrth FY+1/
Spectris	SXS	£4,423m	3,948p	24	12%	1.8%	33.0%	11.5%	20.6%	-234m GBP	7	/1yrMom/
Glencore	GLEN	£45,272m	340p	8	185%	3.4%	226.2%	-4.3%	6.0%	23,507m USD	7	>10% EPSgrth FY+2/
Bank of Georgia	BGEO	£703m	1,460p	5	23%	2.4%	117.5%	10.5%	9.9%	894m GEL	7	/1mthMom/
Diploma	DPLM	£3,852m	3,092p	34	31%	1.4%	48.7%	8.6%	6.8%	236m GBP	7	>10% EPSgrth FY+2/
Electrocomponents	ECM	£5,166m	1,098p	25	15%	1.4%	34.4%	14.1%	6.4%	123m GBP	7	/1yrMom/
Brewin Dolphin	BRW	£1,161m	383p	15	16%	3.8%	18.6%	4.3%	4.7%	-100m GBP	7	>10% EPSgrth FY+2/
Hays	HAS	£2,874m	171p	24	27%	5.9%	86.6%	27.3%	1.4%	-210m GBP	7	/1yrMom/
Bloomsbury Publishing	BMV	£286m	350p	18	21%	5.3%	-2.8%	10.2%	1.2%	-42m GBP	7	>10% EPSgrth FY+1/
Up Global Sourcing Hldgs	UPGS	£194m	217p	15	41%	2.1%	32.9%	32.9%	-3.1%	5m GBP	7	/3mthMom/
Robert Walters	RWA	£536m	700p	17	29%	2.3%	365.3%	23.1%	-2.5%	-58m GBP	7	/3mthMom/
Vistry Group	VTY	£2,679m	1,205p	9	18%	3.3%	136.4%	14.7%	-3.3%	6m GBP	7	/3mthMom/
MITIE	MTI	£990m	69p	11	22%	0.0%	67.3%	17.9%	-6.6%	83m GBP	7	/3mthMom/
Kainos Group PLC	KNOS	£2,370m	1,920p	50	66%	1.1%	1.7%	7.2%	37.3%	-77m GBP	6	>10% EPSgrth FY+1/>10% EPSgrth FY+2/
JD Sports Fashion	JD	£11,776m	1,142p	23	25%	0.1%	43.8%	8.6%	25.6%	1,160m GBP	6	>10% EPSgrth FY+2/1yrMom/
Croda Int'l	CRDA	£12,657m	9,072p	36	20%	1.0%	34.1%	8.4%	26.5%	866m GBP	6	>10% EPSgrth FY+2/1yrMom/
Oxford BioMedica	OBX	£1,222m	1,478p	108	60%	0.0%	-	-30.2%	12.8%	-33m GBP	6	>10% EPSgrth FY+1/>10% EPSgrth FY+2/
TBC Bank Group	TBCG	£764m	1,386p	5	16%	2.5%	113.3%	6.9%	26.0%	478m GEL	6	>10% EPSgrth FY+2/1yrMom/
Man Group	EMG	£2,972m	209p	10	56%	3.9%	107.7%	-19.9%	10.8%	40m USD	6	>10% EPSgrth FY+2/1mthMom/
Spirax-Sarco Engineering	SPX	£11,972m	16,230p	48	20%	0.8%	28.2%	5.1%	20.5%	225m GBP	6	>10% EPSgrth FY+2/1yrMom/
Redrow	RDW	£2,469m	701p	8	33%	0.9%	17.9%	4.4%	6.5%	101m GBP	6	>10% EPSgrth FY+2/1yrMom/
Tesco	TSCO	£19,693m	255p	13	15%	0.0%	148.9%	8.5%	10.3%	11,971m GBP	6	>10% EPSgrth FY+2/1yrMom/
Computacenter	CCC	£3,226m	2,826p	19	29%	2.0%	16.7%	0.8%	6.7%	29m GBP	6	>10% EPSgrth FY+2/1yrMom/
Ferguson	FERG	£23,331m	10,495p	21	26%	2.0%	17.7%	6.6%	6.9%	1,656m USD	6	>10% EPSgrth FY+2/1yrMom/
Rathbone Bros	RAT	£1,242m	2,015p	12	38%	3.7%	19.2%	8.6%	5.2%	-1,339m GBP	6	>10% EPSgrth FY+2/1yrMom/
Schroders	SDR	£10,094m	3,822p	16	24%	3.0%	16.5%	5.4%	6.0%	-3,218m GBP	6	>10% EPSgrth FY+2/1yrMom/
LSL Property Services	LSL	£478m	455p	12	67%	0.9%	139.1%	6.2%	2.2%	14m GBP	6	>10% EPSgrth FY+2/1mthMom/
Dunelm	DNLM	£3,057m	1,508p	21	19%	6.6%	11.4%	5.9%	5.3%	165m GBP	6	>10% EPSgrth FY+2/1yrMom/
Luceco	LUCE	£589m	366p	18	58%	2.0%	29.1%	9.0%	1.7%	20m GBP	6	>10% EPSgrth FY+2/1mthMom/
Pendragon	PDG	£260m	19p	6	73%	0.0%	419.8%	-7.7%	-0.5%	344m GBP	6	>10% EPSgrth FY+2/3mthMom/
London Stock Exchange	LSEG	£40,686m	8,038p	27	19%	1.0%	31.3%	11.7%	2.5%	5,787m GBP	6	/1yrMom/6mthMom/
IntegraFin Holdings	IHP	£1,769m	534p	28	20%	1.6%	18.9%	17.9%	1.1%	-1,461m GBP	6	/1yrMom/1mthMom/
Evraz	EVR	£8,854m	607p	5	137%	12.4%	260.4%	-22.5%	-3.4%	2,311m USD	6	>10% EPSgrth FY+2/3mthMom/
Investec	INVP	£1,962m	282p	7	40%	4.6%	54.3%	22.7%	-7.7%	3,795m GBP	6	/3mthMom/1mthMom/
Tyman	TYMN	£867m	442p	13	29%	1.8%	18.6%	5.7%	-7.2%	147m GBP	6	>10% EPSgrth FY+2/3mthMom/

Source: FactSet, 16 September 2021



## Small-cap momentum selection (passing at least 6 of 8 tests)

Name	TIDM	Mkt cap	Price	Fwd NTMPE	Av 12-mth EPS upgrade	DY	Fwd EPS grth FY+1	Fwd EPS grth FY+2	3-mth mom.	Net cash/debt (-)	Cur	Tests passed (out of 8)	Test failed
SThree	STEM	£768m	575p	19	35%	1.4%	131.7%	11.4%	23.9%	-12m	GBP	8	na
Vitec	VTC	£725m	1,570p	22	26%	1.0%	629.9%	14.6%	16.7%	102m	GBP	8	na
Headlam	HEAD	£435m	510p	14	26%	1.5%	121.4%	17.9%	10.9%	-16m	GBP	7	/1mthMom/
Bank of Georgia	BGEO	£703m	1,460p	5	23%	2.4%	117.5%	10.5%	9.9%	894m	GEL	7	/1mthMom/
Robert Walters	RWA	£536m	700p	17	29%	2.3%	365.3%	23.1%	-2.5%	-58m	GBP	7	/3mthMom/
Up Global Sourcing Hldgs	UPGS	£194m	217p	15	41%	2.1%	32.9%	32.9%	-3.1%	5m	GBP	7	/3mthMom/
Gulf Marine Services	GMS	£43m	4p	2	152%	0.0%	-	29.4%	33.2%	300m	USD	6	/>10% EPSgrth FY+1/1yrMom/
Keller	KLR	£720m	995p	11	23%	3.6%	-18.9%	20.2%	23.0%	181m	GBP	6	/>10% EPSgrth FY+1/1yrMom/
TBC Bank	TBCG	£764m	1,386p	5	16%	2.5%	113.3%	6.9%	26.0%	478m	GEL	6	/>10% EPSgrth FY+2/1yrMom/
LSL Property Services	LSL	£478m	455p	12	67%	0.9%	139.1%	6.2%	2.2%	14m	GBP	6	/>10% EPSgrth FY+2/1mthMom/
Luceco	LUCE	£589m	366p	18	58%	2.0%	29.1%	9.0%	1.7%	20m	GBP	6	/>10% EPSgrth FY+2/1mthMom/
Bloomsbury Publishing	BMV	£286m	350p	18	21%	5.3%	-2.8%	10.2%	1.2%	-42m	GBP	6	/>10% EPSgrth FY+1/3mthMom/
Pendragon	PDG	£260m	19p	6	73%	0.0%	419.8%	-7.7%	-0.5%	344m	GBP	6	/>10% EPSgrth FY+2/3mthMom/

Source: FactSet, 16 September 2021

## Aim momentum selection (passing at least 6 of 8 tests)

Name	TIDM	Mkt cap	Price	Fwd NTMPE	Av 12-mth EPS upgrade	DY	Fwd EPS grth FY+1	Fwd EPS grth FY+2	3-mth mom.	Net cash/debt (-)	Cur	Tests passed (out of 8)	Test failed
i3Energy	I3E	£128m	12p	4	326%	0.0%	5123.7%	104.0%	29.8%	12m	GBP	8	na
Kape Technologies	KAPE	£984m	438p	18	79%	0.0%	70.2%	49.6%	43.1%	-6m	USD	8	na
Sanderson Design	SDG	£153m	216p	17	74%	0.0%	53.8%	11.7%	27.1%	-9m	GBP	8	na
Tatton Asset Mgmt	TAM	£308m	532p	28	12%	2.1%	19.5%	18.6%	20.9%	-16m	GBP	8	na
SigmaRoc	SRC	£718m	113p	18	21%	0.0%	31.3%	22.0%	13.6%	53m	GBP	8	na
Ergomed	ERGO	£680m	1,390p	40	26%	0.0%	29.4%	12.5%	7.3%	-14m	GBP	8	na
Elixir Int'l	ELIX	£263m	570p	27	18%	0.4%	28.6%	11.7%	4.6%	-12m	GBP	8	na
Premier Miton	PMI	£276m	175p	9	32%	4.0%	20.9%	28.2%	1.4%	-35m	GBP	8	na
Panopoly Holdings	TPX	£226m	270p	27	80%	0.2%	54.1%	14.9%	-1.8%	8m	GBP	8	na
K3 Capital	K3C	£273m	373p	18	19%	1.8%	20.1%	23.3%	-0.7%	-8m	GBP	8	na
Serica Energy	SQZ	£494m	184p	4	247%	1.9%	1286.3%	3.3%	42.3%	-89m	GBP	7	/>10% EPSgrth FY+2/
PetroTal Corp.	PTAL	£173m	20p	2	123%	0.0%	-	21.3%	30.1%	30m	USD	7	/>10% EPSgrth FY+1/
Focusrite	TUNE	£975m	1,663p	43	72%	0.3%	61.6%	-26.9%	36.3%	-19m	GBP	7	/>10% EPSgrth FY+2/
Marshall Motor	MMH	£196m	250p	9	113%	3.5%	98.4%	-44.5%	28.2%	35m	GBP	7	/>10% EPSgrth FY+2/
Frenkel Topping	FEN	£80m	73p	19	41%	1.9%	146.0%	29.0%	40.8%	-13m	GBP	7	/1yrMom/
James Cropper	CRPR	£141m	1,475p	30	9181%	0.0%	113.4%	86.0%	22.9%	7m	GBP	7	/1yrMom/
Mercia Asset Mgmt	MERC	£176m	40p	81	89%	1.0%	-94.7%	42.9%	29.0%	-57m	GBP	7	/>10% EPSgrth FY+1/
Next Fifteen Comm.	NFC	£1,053m	1,135p	22	23%	0.6%	22.0%	8.6%	31.1%	29m	GBP	7	/>10% EPSgrth FY+2/
Instem	INS	£198m	893p	33	39%	0.0%	10.0%	38.9%	22.7%	-25m	GBP	7	/1yrMom/
Learning Technologies	LTGE	£1,770m	225p	41	17%	0.3%	15.2%	15.4%	28.8%	-61m	GBP	7	/1yrMom/
Science Group	SAG	£217m	475p	18	59%	1.3%	34.6%	5.8%	20.3%	-14m	GBP	7	/>10% EPSgrth FY+2/
Renew Holdings	RNWH	£669m	850p	16	21%	1.5%	22.7%	5.7%	23.2%	33m	GBP	7	/>10% EPSgrth FY+2/
Sumo Group	SUMO	£832m	485p	50	14%	0.0%	34.6%	17.0%	23.1%	7m	GBP	7	/1mthMom/
Keystone Law	KEYS	£238m	762p	40	20%	2.3%	13.3%	13.5%	21.0%	-6m	GBP	7	/1yrMom/
Steppe Cement Ltd	STCM	£118m	54p	10	79%	6.5%	57.0%	-3.8%	13.7%	2m	USD	7	/>10% EPSgrth FY+2/
Marlowe	MRL	£702m	910p	25	22%	0.0%	35.4%	18.9%	11.5%	-24m	GBP	7	/1yrMom/
Epwin Group	EPWN	£172m	118p	14	26%	0.8%	79.2%	25.5%	8.7%	99m	GBP	7	/1yrMom/
Impax Asset Mgmt	IPXE	£1,610m	1,214p	30	93%	0.9%	98.8%	42.3%	3.1%	-35m	GBP	7	/1mthMom/
Mortgage Adv. Bureau	MAB1	£694m	1,305p	30	19%	2.0%	33.4%	19.9%	4.4%	-30m	GBP	7	/1mthMom/
Renold	RNO	£55m	24p	8	62%	0.0%	42.1%	18.5%	-3.0%	34m	GBP	7	/3mthMom/
Victoria	VCP	£1,186m	1,015p	25	22%	0.0%	25.7%	23.8%	-1.5%	486m	GBP	7	/1mthMom/
IOG	IOG	£127m	26p	5	53%	0.0%	-	-	25.0%	32m	GBP	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Lok'nStore	LOK	£243m	817p	32	80%	1.6%	126.7%	9.2%	20.9%	54m	GBP	6	/>10% EPSgrth FY+2/1yrMom/
Ceres Power Hldgs	CWR	£2,211m	1,161p	-	204%	0.0%	-	-	17.0%	-98m	GBP	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Keywords Studios	KWSE	£2,310m	3,046p	41	21%	0.0%	32.2%	9.3%	25.1%	-66m	EUR	6	/>10% EPSgrth FY+2/1yrMom/
Mpac Group	MPAC	£125m	620p	18	21%	0.0%	6.6%	6.9%	22.8%	-6m	GBP	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
EKF Diagnostics	EKF	£378m	83p	27	124%	0.0%	39.4%	-14.5%	10.7%	-19m	GBP	6	/>10% EPSgrth FY+2/1yrMom/
M.P. Evans	MPE	£423m	776p	13	69%	2.8%	157.9%	-21.7%	6.7%	57m	USD	6	/>10% EPSgrth FY+2/1yrMom/
CVS Group	CVSG	£1,709m	2,415p	31	34%	0.0%	65.5%	9.8%	8.5%	143m	GBP	6	/>10% EPSgrth FY+2/1mthMom/
Mattioli Woods	MTW	£405m	800p	14	11%	2.5%	-10.1%	22.7%	8.1%	-15m	GBP	6	/>10% EPSgrth FY+1/1yrMom/
Sureserve	SUR	£143m	89p	11	31%	1.1%	69.2%	18.2%	3.5%	1m	GBP	6	/1yrMom/1mthMom/
Gear4music	G4M	£205m	976p	29	26%	0.0%	-51.1%	35.9%	2.2%	7m	GBP	6	/>10% EPSgrth FY+1/1mthMom/
Smart Metering Sys.	SMS	£1,023m	899p	66	19%	2.9%	31.8%	13.5%	2.0%	-3m	GBP	6	/1yrMom/1mthMom/
Joules Group	JOUL	£240m	215p	16	90%	0.0%	1328.3%	55.6%	-27.4%	36m	GBP	6	/3mthMom/1mthMom/

Source: FactSet, 16 September 2021

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