

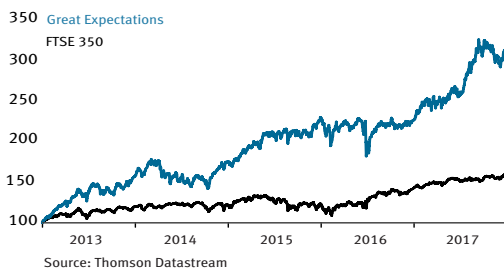


# AlphaScreens: The might of momentum

*Momentum strategies show persistent outperformance.*

*We run our Alpha momentum screen across three indices:  
FTSE All-Share, All Small, and Aim*

## Great Expectations screen total return



## Great Expectation criteria:

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.

- In the main market FTSE All-Share screen, **Huntsworth (HNT)** now passes all eight tests. Its one-month share price momentum has improved since we last ran the screen. Budget airline **easyJet (EZJ)** also scores 8/8, on account of better three-month price momentum. They are joined by **GVC Holdings (GVC)**.
- The main market small-cap screen also includes Huntsworth, as well as **Speedy Hire (SDY)** – the vehicle and plant hire firm.
- On Aim, perennial darling of the alternative exchange **Fevertree (FEVR)** once again passes all eight momentum criteria, while testing systems specialist **AB Dynamics (ABDP)**, ticks all our momentum boxes for a second consecutive month.

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### **Alpha momentum criteria**

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.

The screen looks for share price performance among the top quarter of shares screened over one year, and share price performance above the median (mid-ranking) average over six months, three months and one month.

Not many stocks pass such a stringent list of criteria. The ones that pass all the tests are listed at the top of the tables, followed by those failing one test, then those failing two tests as detailed in the 'Tests passed' column. All stocks must pass the EPS upgrade tests to feature in the tables.

While the primary ranking of the stocks is based on the number of tests they pass, inside each of these groupings, stocks are ordered according to their attractiveness based on a combination of earnings upgrades over the past 12 months and three-month share price momentum.

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

Name	TIDM	Market cap	Price	Forward NTM PE	Av 12-month EPS upgrade	Dividend yield	Fwd EPS grth FY+1	Fwd EPS grth FY+2	3-month momentum	Net cash/debt (-)	Currency	Tests passed (out of 8)	Tests failed
Huntsworth	LSE:HNT	£374m	114p	18	34%	1.8%	10.6%	10.9%	16.0%	-36m	GBP	8	na
GVC Holdings	LSE:GVC	£6,098m	1,055p	14	26%	2.9%	29.6%	12.2%	12.5%	8m	EUR	8	na
easyJet	LSE:EZJ	£6,782m	1,714p	14	25%	2.4%	40.8%	10.4%	11.3%	665m	GBP	8	na
Evrax	LSE:EVX	£7,033m	499p	7	132%	9.0%	118.7%	-33.7%	21.7%	-3,925m	USD	7	/>10% EPSgrth FY+2/
BHP Billiton	LSE:BLT	£93,887m	1,764p	14	40%	4.7%	34.2%	-6.2%	22.9%	-16,107m	USD	7	/>10% EPSgrth FY+2/
Antofagasta	LSE:ANTO	£10,830m	1,099p	18	36%	3.5%	7.4%	13.7%	22.5%	-456m	USD	7	/>10% EPSgrth FY+1/
BP	LSE:BP	£116,467m	584p	15	22%	5.1%	69.8%	-2.9%	22.4%	-39,833m	USD	7	/>10% EPSgrth FY+2/
Morgan Sindall	LSE:MGNS	£670m	1,516p	11	25%	3.0%	20.1%	0.7%	19.1%	193m	GBP	7	/>10% EPSgrth FY+2/
Indivior	LSE:INDV	£3,568m	490p	17	16%	-	1.9%	11.8%	22.4%	412m	USD	7	/>10% EPSgrth FY+1/
Electrocomponents	LSE:ECM	£3,165m	717p	21	24%	1.8%	19.2%	2.9%	18.3%	-66m	GBP	7	/>10% EPSgrth FY+2/
Softcat	LSE:SCT	£1,510m	766p	30	15%	2.9%	20.2%	4.0%	21.9%	43m	GBP	7	/>10% EPSgrth FY+2/
Speedy Hire	LSE:SDY	£322m	62p	13	16%	2.7%	13.9%	15.4%	20.2%	-69m	GBP	7	/1yrMom/
Grainger	LSE:GRI	£1,315m	317p	20	20%	1.5%	11.4%	-6.4%	14.4%	-898m	GBP	7	/>10% EPSgrth FY+2/
The Berkeley Group	LSE:BKG	£5,779m	4,321p	10	39%	2.5%	15.5%	-31.7%	12.2%	633m	GBP	7	/>10% EPSgrth FY+2/
Renishaw	LSE:RSW	£4,080m	5,605p	32	21%	0.9%	26.1%	7.1%	13.2%	69m	GBP	7	/>10% EPSgrth FY+2/
GoCompare.com Group	LSE:GOCO	£532m	127p	16	14%	1.1%	27.7%	8.8%	13.6%	-39m	GBP	7	/>10% EPSgrth FY+2/
Bovis Homes Group	LSE:BVS	£1,707m	1,271p	13	12%	3.7%	40.2%	10.2%	7.2%	145m	GBP	7	/1mthMom/
Computacenter	LSE:CCC	£1,555m	1,380p	20	24%	1.9%	7.6%	5.5%	23.8%	191m	GBP	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Rio Tinto	LSE:RIO	£76,444m	4,420p	12	38%	4.8%	3.2%	-10.6%	18.5%	-3,571m	USD	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Royal Dutch Shell	LSE:RDSA	£250,844m	2,700p	-	25%	-	60.6%	-2.2%	18.6%	-66,095m	USD	6	/>10% EPSgrth FY+2/1mthMom/
Royal Dutch Shell	LSE:RDSA	£250,844m	2,607p	-	30%	-	52.4%	-0.2%	15.9%	-66,095m	USD	6	/>10% EPSgrth FY+2/1mthMom/
KAZ Minerals	LSE:KAZ	£4,524m	1,013p	9	27%	-	37.7%	4.0%	11.6%	-2,065m	USD	6	/>10% EPSgrth FY+2/1mthMom/
discoverE	LSE:DSCV	£304m	426p	16	12%	2.1%	17.4%	5.0%	13.8%	-52m	GBP	6	/>10% EPSgrth FY+2/1mthMom/
Persimmon	LSE:PSN	£8,964m	2,880p	11	18%	8.2%	8.9%	2.6%	11.4%	1,303m	GBP	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Bodycote	LSE:BOY	£1,939m	1,019p	20	15%	1.7%	4.9%	7.1%	8.1%	40m	GBP	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
InterContinental Hotels	LSE:IHG	£9,230m	4,915p	23	11%	1.6%	19.2%	6.5%	8.6%	-1,835m	USD	6	/>10% EPSgrth FY+2/1yrMom/
The Renewables Infrastructure Grp	LSE:TRIG	£1,121m	110p	11	47%	5.9%	12.5%	4.2%	4.5%	0m	-	6	/>10% EPSgrth FY+2/1yrMom/
Glencore	LSE:GLEN	£54,879m	384p	10	46%	3.9%	30.2%	-9.6%	4.2%	-31,780m	USD	6	/>10% EPSgrth FY+2/1mthMom/
Wizz Air Holdings	LSE:WIZZ	£2,511m	3,452p	15	15%	-	21.5%	17.3%	2.7%	947m	EUR	6	/6mthMom/3mthMom/

Source: S&amp;P CapitalIQ, 11 June 2018

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

Name	TIDM	Market cap	Price	Forward NTM PE	Av 12-month EPS upgrade	Dividend yield	Fwd EPS grth FY+1	Fwd EPS grth FY+2	3-month momentum	Net cash/debt (-)	Currency	Tests passed (out of 8)	Tests failed
Speedy Hire	LSE:SDY	£322m	62p	13	16%	2.7%	13.9%	15.4%	20.2%	-69m	GBP	8	na
Huntsworth	LSE:HNT	£374m	114p	18	34%	1.8%	10.6%	10.9%	16.0%	-36m	GBP	8	na
Morgan Sindall	LSE:MGNS	£670m	1,516p	11	25%	3.0%	20.1%	0.7%	19.1%	193m	GBP	7	/>10% EPSgrth FY+2/
GoCompare.com	LSE:GOCO	£532m	127p	16	14%	1.1%	27.7%	8.8%	13.6%	-39m	GBP	7	/>10% EPSgrth FY+2/
BraemarShippingSvcs	LSE:BMS	£92m	295p	12	20%	5.1%	25.3%	12.4%	10.7%	-13m	GBP	7	/1yrMom/
discoverIE	LSE:DSCV	£304m	426p	16	12%	2.1%	17.4%	5.0%	13.8%	-52m	GBP	6	/>10% EPSgrth FY+2/1mthMom/
Robert Walters	LSE:RWA	£472m	680p	15	32%	1.8%	15.1%	7.2%	3.4%	31m	GBP	6	/>10% EPSgrth FY+2/1mthMom/
Bioquell	LSE:BQE	£72m	325p	29	32%	-	14.1%	8.8%	-8.2%	15m	GBP	6	/>10% EPSgrth FY+2/3mthMom/

Source: S&P CapitalIQ, 11 June 2018

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

Name	TIDM	Market cap	Price	Fwd NTM PE	Av 12-month EPS upgrade	Dividend yield	Fwd EPS grth FY+1	Fwd EPS grth FY+2	3-month momentum	Net cash/debt(-)	Currency	Tests passed (out of 8)	Tests failed
AB Dynamics	AIM:ABDP	£209m	1,078p	31	24%	0.3%	21.2%	17.5%	22.9%	13m	GBP	8	na
Fevertree Drinks	AIM:FEVR	£3,552m	3,075p	70	49%	0.3%	12.1%	14.7%	10.2%	51m	GBP	8	na
Symphony Environ. Tech	AIM:SYM	£41m	27p	89	150%	-	11.1%	29.1%	72.9%	1m	GBP	7	/1mthMom/
Plus500	AIM:PLUS	£1,919m	1,685p	10	278%	7.5%	35.8%	-4.2%	49.8%	242m	USD	7	/>10% EPSgrth FY+2/
Burford Capital	AIM:BUR	£3,303m	1,586p	20	64%	0.5%	-12.5%	28.4%	47.3%	-312m	USD	7	/>10% EPSgrth FY+1/
YouGov	AIM:YOU	£491m	466p	32	37%	0.4%	32.1%	6.9%	37.4%	21m	GBP	7	/>10% EPSgrth FY+2/
Parity Group	AIM:PTY	£16m	16p	9	14%	-	-18.3%	11.5%	45.6%	-2m	GBP	7	/>10% EPSgrth FY+1/
Harvey Nash	AIM:HVN	£83m	115p	8	43%	3.8%	24.4%	3.1%	27.1%	-7m	GBP	7	/>10% EPSgrth FY+2/
EKF Diagnostics	AIM:EKF	£150m	33p	28	49%	-	229.4%	-16.4%	26.0%	7m	GBP	7	/>10% EPSgrth FY+2/
Griffin Mining	AIM:GFM	£274m	159p	8	86%	-	10.6%	-20.4%	22.8%	22m	USD	7	/>10% EPSgrth FY+2/
FairFX Group	AIM:FFX	£162m	105p	21	18%	-	753.7%	-18.4%	27.9%	52m	GBP	7	/>10% EPSgrth FY+2/
Focusrite	AIM:TUNE	£273m	480p	29	19%	0.6%	10.1%	5.0%	22.1%	20m	GBP	7	/>10% EPSgrth FY+2/
boohoo.com	AIM:BOO	£2,442m	212p	57	13%	-	15.1%	22.0%	22.6%	133m	GBP	7	/1yrMom/
First Derivatives	AIM:FDP	£1,155m	4,475p	56	16%	0.5%	10.4%	10.0%	15.8%	-16m	GBP	7	/>10% EPSgrth FY+2/
Next Fifteen Comms	AIM:NFC	£409m	522p	17	13%	1.2%	13.8%	6.4%	16.2%	-12m	GBP	7	/>10% EPSgrth FY+2/
Driver Group	AIM:DRV	£42m	78p	15	37%	-	-10.6%	11.3%	9.2%	1m	GBP	7	/>10% EPSgrth FY+1/
Gamma Communications	AIM:GAMA	£709m	760p	28	19%	1.1%	11.0%	8.7%	5.8%	32m	GBP	7	/>10% EPSgrth FY+2/
Keywords Studios	AIM:KWS	£1,139m	1,808p	44	56%	0.1%	56.0%	8.4%	3.5%	11m	EUR	7	/>10% EPSgrth FY+2/
Tribal Group	AIM:TRB	£159m	81p	22	18%	1.2%	13.7%	12.8%	4.6%	14m	GBP	7	/1yrMom/
Conygar Investment Co.	AIM:CIC	£111m	172p	23	607%	-	504.5%	-0.8%	13.1%	36m	GBP	6	/>10% EPSgrth FY+2/1yrMom/
Sanderson	AIM:SND	£67m	111p	17	11%	2.4%	1.9%	8.1%	26.1%	1m	GBP	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Harwood Wealth Mgmt	AIM:HW	£103m	165p	23	22%	2.0%	49.1%	17.2%	10.0%	19m	GBP	6	/1yrMom/6mthMom/
Warpaint London	AIM:W7L	£163m	213p	16	14%	2.4%	45.3%	14.9%	7.2%	2m	GBP	6	/1yrMom/6mthMom/
Blue Prism	AIM:PRSM	£1,143m	1,714p	-	335%	-	-	-	0.9%	16m	GBP	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Sylvania Platinum	AIM:SLP	£52m	18p	8	56%	-	2.6%	26.7%	0.1%	12m	USD	6	/>10% EPSgrth FY+1/3mthMom/
Midwich	AIM:MIDW	£485m	610p	24	19%	2.3%	12.8%	7.1%	1.7%	-22m	GBP	6	/>10% EPSgrth FY+2/1mthMom/

Source: S&P CapitalIQ, 11 June 2018

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