



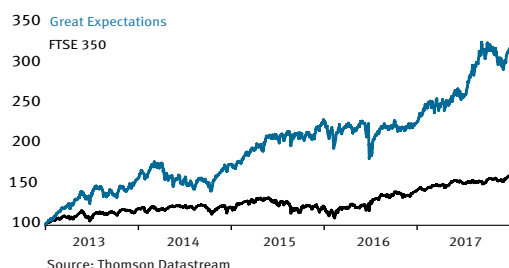
## AlphaScreens: The might of momentum

*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.

■ **NMC Health (NMC)** now tops our FTSE All Share momentum screen. It's the only company to pass all eight tests. Shares in the healthcare specialist have been on a tear for the past year, up 70 per cent in 12 months. Investors have been compelled by the positive earnings story as revenue per patient has increased. On a cautionary note, however, investors should pay attention to possible dilution of equity and how the company's debt position evolves, if it taps capital markets to fund further expansion.

■ No FTSE All-Share small-caps score eight out of eight (8/8). Three small companies fail just one test. **Huntsworth (HNT)**, the healthcare communications firm, has seen spectacular growth in its share price, but this has come off slightly and the company no longer has one-month momentum above the median. The same test was failed by **Haynes Publishing (HYNS)**, which last month scored 8/8 on the screen. Price comparison site **Gocompare.com (GOCO)** fell down on the strength of its earnings growth.

■ Looking at the Aim screen, three companies didn't fail any tests. Marketing software and solutions provider **dotDigital (DOTD)**; **Symphony Environmental Technologies (SYM)**, which appears to be benefitting from the prevailing zeitgeist regarding sustainability; and **AB Dynamics (ABDP)**, which makes testing systems for the motor industry, score perfectly against the screen.

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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 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
NMC Health	LSE:NMC	£7,444m	3,576p	34	15%	0.4%	57.6%	12.7%	10.7%	-1,011m	USD	8	na
EVRAZ	LSE:EVR	£7,215m	512p	7	142%	8.6%	108.7%	-30.7%	34.1%	-3,925m	USD	7	/>10% EPSgrth FY+2/
Fenner	LSE:FENR	£1,182m	610p	27	29%	0.7%	28.6%	15.0%	40.5%	-75m	GBP	7	/1mthMom/
Huntsworth	LSE:HNT	£321m	98p	15	53%	2.0%	11.0%	10.0%	23.7%	-36m	GBP	7	/1mthMom/
Smurfit Kappa	LSE:SKG	£8,343m	3,112p	-	15%	-	39.9%	-3.5%	24.6%	-2,824m	EUR	7	/>10% EPSgrth FY+2/
Antofagasta	LSE:ANTO	£10,307m	1,046p	17	35%	3.6%	9.0%	13.3%	14.8%	-456m	USD	7	/>10% EPSgrth FY+1/
Bovis Homes	LSE:BVS	£1,720m	1,281p	14	11%	3.7%	38.4%	9.5%	20.6%	145m	GBP	7	/>10% EPSgrth FY+2/
Royal Dutch Shell	LSE:RDSA	£252,914m	2,656p	-	16%	-	39.3%	-0.5%	16.3%	-66,095m	USD	7	/>10% EPSgrth FY+2/
Indivior	LSE:INDV	£3,354m	461p	16	16%	-	1.9%	11.8%	13.5%	412m	USD	7	/>10% EPSgrth FY+1/
The Berkeley Group	LSE:BKG	£5,617m	4,200p	10	38%	2.6%	15.1%	-31.6%	10.6%	633m	GBP	7	/>10% EPSgrth FY+2/
Gocompare.com	LSE:GOCO	£527m	126p	16	14%	1.1%	27.7%	8.8%	11.8%	-39m	GBP	7	/>10% EPSgrth FY+2/
BHP Billiton	LSE:BLT	£91,098m	1,711p	14	31%	4.7%	33.8%	-9.1%	9.0%	-16,107m	USD	7	/>10% EPSgrth FY+2/
easyJet	LSE:EJZ	£6,800m	1,718p	15	21%	2.4%	31.1%	13.3%	3.8%	357m	GBP	7	/3mthMom/
Robert Walters	LSE:RWA	£499m	720p	16	31%	1.7%	15.2%	3.0%	16.7%	31m	GBP	6	/>10% EPSgrth FY+2/1mthMom/
Beazley plc	LSE:BEZ	£3,239m	620p	18	18%	1.8%	75.2%	6.6%	14.5%	64m	USD	6	/>10% EPSgrth FY+2/1mthMom/
International Consol. Airlines	LSE:IAG	£14,301m	698p	7	12%	3.7%	12.2%	2.9%	15.7%	-698m	EUR	6	/>10% EPSgrth FY+2/1yrMom/
Renishaw	LSE:RSW	£3,840m	5,275p	30	21%	1.0%	25.5%	7.1%	13.0%	69m	GBP	6	/>10% EPSgrth FY+2/6mthMom/
XP Power	LSE:XPP	£684m	3,580p	20	39%	2.2%	21.9%	8.2%	11.2%	-9m	GBP	6	/>10% EPSgrth FY+2/1mthMom/
Anglo American	LSE:AAL	£26,032m	1,859p	10	41%	4.3%	0.1%	-18.1%	9.0%	-4,201m	USD	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Redrow	LSE:RDW	£2,328m	646p	8	12%	3.4%	13.9%	8.3%	9.9%	-35m	GBP	6	/>10% EPSgrth FY+2/1yrMom/
IG Group	LSE:IGG	£3,137m	854p	15	34%	3.8%	27.1%	-11.2%	7.2%	202m	GBP	6	/>10% EPSgrth FY+2/1mthMom/
Rio Tinto	LSE:RIO	£73,250m	4,224p	12	33%	5.0%	2.8%	-10.4%	5.0%	-3,571m	USD	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Glencore	LSE:GLEN	£55,201m	386p	11	39%	3.8%	27.8%	-12.2%	1.5%	-31,780m	USD	6	/>10% EPSgrth FY+2/3mthMom/

Source: S&P CapitalIQ, 16 April 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
Huntsworth	LSE:HNT	£321m	98p	15	53%	2.0%	11.0%	10.0%	23.7%	-36m	GBP	7	/1mthMom/
Gocompare.com	LSE:GOCO	£527m	126p	16	14%	1.1%	27.7%	8.8%	11.8%	-39m	GBP	7	/>10% EPSgrth FY+2/
Haynes Publishing	LSE:HYNS	£36m	236p	20	23%	3.2%	25.5%	21.6%	7.9%	0m	GBP	7	/1mthMom/
French Connection	LSE:FCCN	£58m	61p	38	95%	-	-	-	96.7%	10m	GBP	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Robert Walters	LSE:RWA	£499m	720p	16	31%	1.7%	15.2%	3.0%	16.7%	31m	GBP	6	/>10% EPSgrth FY+2/1mthMom/
Morgan Sindall	LSE:MGNS	£607m	1,374p	10	25%	3.3%	20.1%	0.7%	15.6%	193m	GBP	6	/>10% EPSgrth FY+2/6mthMom/
XP Power	LSE:XPP	£684m	3,580p	20	39%	2.2%	21.9%	8.2%	11.2%	-9m	GBP	6	/>10% EPSgrth FY+2/1mthMom/

Source: S&P CapitalIQ, 16 April 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
Symphony Env. Tech	AIM:SYM	£48m	32p	79	225%	-	48.1%	16.2%	114.3%	1m	GBP	8	na
AB Dynamics	AIM:ABDP	£194m	1,000p	29	24%	0.3%	21.2%	17.5%	31.1%	13m	GBP	8	na
dotDigital	AIM:DOTD	£272m	92p	27	24%	0.6%	24.8%	22.8%	2.9%	10m	GBP	8	na
Plus500	AIM:PLUS	£1,788m	1,570p	10	255%	7.9%	23.2%	3.3%	35.6%	242m	USD	7	/>10% EPSgrth FY+2/
Burford Capital	AIM:BUR	£3,249m	1,560p	20	69%	0.5%	-12.0%	29.6%	40.0%	-312m	USD	7	/>10% EPSgrth FY+1/
Parity Group	AIM:PTY	£15m	15p	9	14%	-	-18.3%	11.5%	47.8%	-2m	GBP	7	/>10% EPSgrth FY+1/
Focusrite	AIM:TUNE	£268m	472p	29	19%	0.6%	10.1%	5.0%	37.7%	20m	GBP	7	/>10% EPSgrth FY+2/
Keywords Studios	AIM:KWS	£1,146m	1,820p	45	65%	0.1%	53.1%	8.7%	22.7%	11m	EUR	7	/>10% EPSgrth FY+2/
Griffin Mining	AIM:GFM	£260m	151p	8	86%	-	10.6%	-20.4%	21.0%	22m	USD	7	/>10% EPSgrth FY+2/
Gamma Communications	AIM:GAMA	£703m	754p	28	19%	1.1%	11.0%	8.7%	26.7%	32m	GBP	7	/>10% EPSgrth FY+2/
Fevertree Drinks	AIM:FEVR	£3,331m	2,883p	67	55%	0.4%	10.0%	15.1%	19.0%	51m	GBP	7	/>10% EPSgrth FY+1/
Harvey Nash	AIM:HAVN	£75m	104p	8	41%	4.1%	21.8%	4.0%	15.6%	-7m	GBP	7	/>10% EPSgrth FY+2/
boohoo.com	AIM:BOO	£2,283m	199p	55	19%	-	12.3%	23.3%	13.8%	133m	GBP	7	/1yrMom/
Sylvania Platinum	AIM:SLP	£50m	18p	8	59%	-	2.6%	26.7%	8.8%	12m	USD	7	/>10% EPSgrth FY+1/
Restore	AIM:RST	£653m	574p	22	15%	0.9%	20.0%	11.3%	9.0%	-79m	GBP	7	/1mthMom/
Midwich	AIM:MDW	£531m	668p	26	19%	2.1%	12.8%	7.1%	8.5%	-22m	GBP	7	/>10% EPSgrth FY+2/
Creo Medical	AIM:CREO	£117m	145p	-	16%	-	-	-	89.2%	9m	GBP	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
EKF Diagnostics	AIM:EKF	£141m	31p	27	49%	-	229.4%	-16.4%	27.8%	7m	GBP	6	/>10% EPSgrth FY+2/1mthMom/
YouGov	AIM:YOU	£419m	398p	28	34%	0.5%	31.9%	3.9%	20.5%	21m	GBP	6	/>10% EPSgrth FY+2/1mthMom/
Driver Group	AIM:DRV	£40m	75p	16	26%	-	-21.0%	11.1%	20.0%	0m	GBP	6	/>10% EPSgrth FY+1/1mthMom/
Blue Prism	AIM:PRSM	£993m	1,500p	-	335%	-	-	-	10.8%	16m	GBP	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Next Fifteen Comms	AIM:NFC	£382m	488p	15	13%	1.3%	13.8%	6.4%	18.8%	-12m	GBP	6	/>10% EPSgrth FY+2/1yrMom/
Hutchison China MediTech	AIM:HCM	£3,278m	4,935p	-	1172%	-	-	-	9.2%	328m	USD	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
IQE	AIM:IQE	£953m	126p	32	17%	-	15.4%	33.0%	15.8%	46m	GBP	6	/6mthMom/1mthMom/
Harwood Wealth Mgmt	AIM:HW	£97m	155p	22	22%	2.1%	49.1%	17.2%	8.5%	19m	GBP	6	/1yrMom/6mthMom/
Highland Gold Mining	AIM:HGM	£514m	158p	9	23%	6.6%	22.5%	-1.0%	8.1%	-198m	USD	6	/>10% EPSgrth FY+2/1yrMom/
Premier Technical Services	AIM:PTSG	£200m	192p	17	37%	0.8%	12.9%	9.7%	4.4%	-22m	GBP	6	/>10% EPSgrth FY+2/6mthMom/

Source: S&P CapitalIQ, 16 April 2018

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