

AlphaScreens: the quest for quality

16 August 2021

Aim stocks dominate Quality results

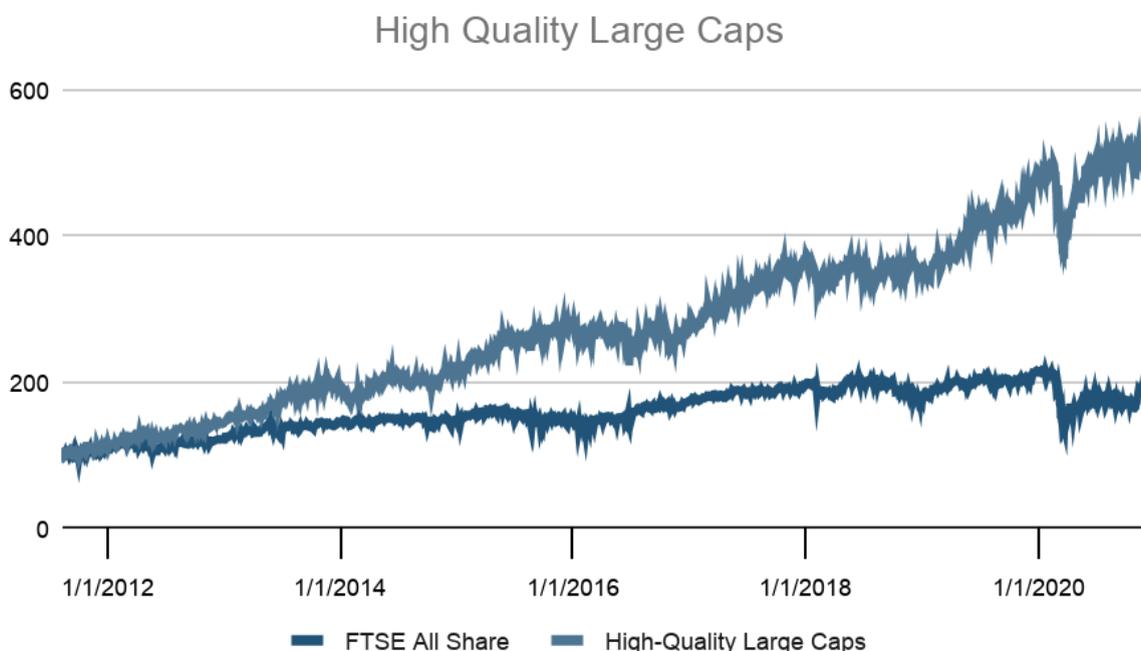
The holy grail for buy-and-hold investors is to find a business that is capable of generating a high return on capital and sustaining it while reinvesting profits. This screen looks for shares that display these quality characteristics and can potentially deliver significant compounded returns over time

Comment by Alpha editor:

- Growth company markets such as Aim are not traditionally hunting grounds for investors looking for companies on quality criteria. Of course, there are a significant number of stocks on the junior market which have the potential to pass a quality screen, but progress tends to be less predictable for smaller companies on growth markets as often criteria such as Return on Equity are compromised by the higher levels of investment often required in companies in the earlier stages of their growth. The charts below for performance of our large cap and small cap selections over time show how large cap outperformance has been far more predictable.
- But the Aim market has proved a fertile hunting ground for our quality screen this month with a total of 34 Aim stocks passing eight or more of the nine tests set by our quality screen with 10 passing all nine tests. By contrast, the large cap screen only returned three companies passing all of our quality growth tests.
- Fast fashion stocks Boohoo and Asos scored well with the former passing all nine tests and the latter only failing on one test, that of Return on Equity.

The dream company

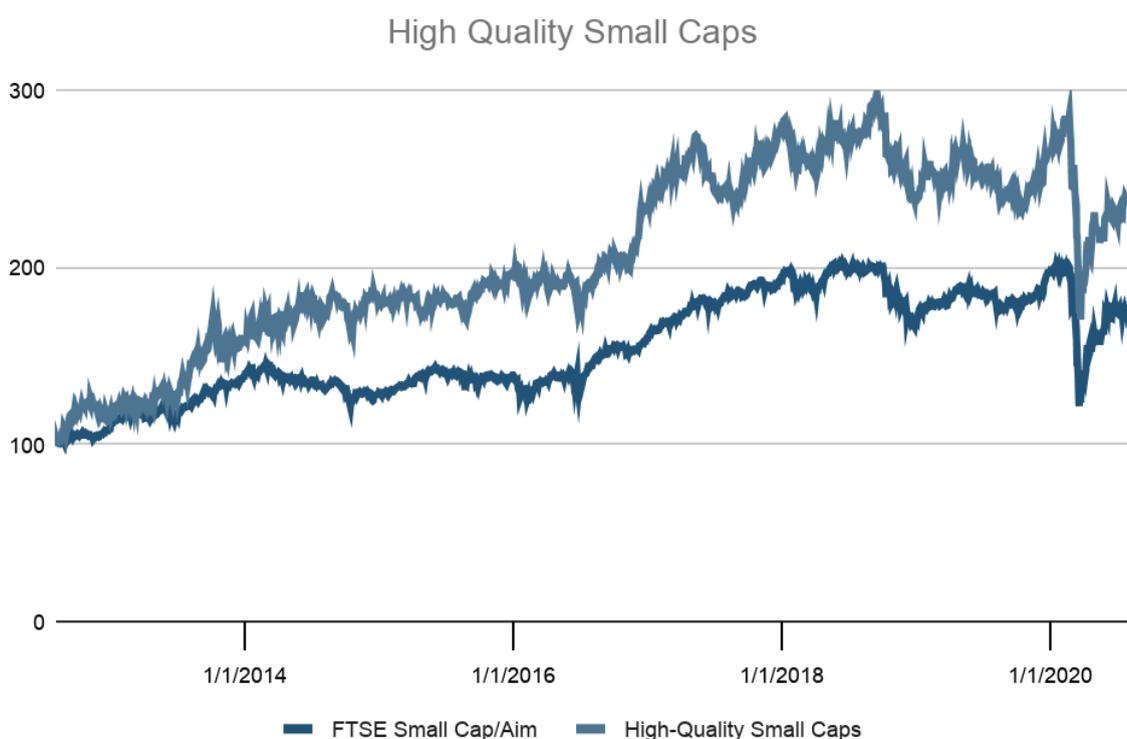
The holy grail for buy-and-hold investors is to find a business that is capable of generating high returns on its capital and is able to reinvest all its profits for decades to come, while maintaining those returns. The compounding effect of such an investment is what every long-term investor's dreams should be made of. A company making a consistent 15 per cent post-tax return on its equity and reinvesting all its profits would experience a near-30-fold (28.6 to be precise) growth in its equity base over 25 years, and after 50 years it would be a mind-boggling 1,084 times bigger than when it started. For a patient investor convinced that they have found such a situation, valuation should not act as a major impediment to a purchase.



Source: Refinitiv, Investors' Chronicle

Unfortunately, this kind of dream company is extremely rare and stock screens are too crude to provide the depth of analysis needed to provide confidence that a business may be the real deal. In particular, it is inevitable that some of the shares highlighted by our Alpha Quality screen will be cyclical companies

that are enjoying a good run rather than companies that are well placed to sustain high returns through many business cycles to come. What our screen does do, however, is attempt to find pointers for companies that may have the potential to go some way to filling the dream brief. What's more, buying shares in companies that look attractive based on quality metrics can often prove a profitable strategy, even if many of the shares picked fall short of the buy-and-hold ideal.



Source: Refinitiv, Investors' Chronicle

Alpha Quality screening criteria

Our Alpha Quality screen uses two key measures of quality: operating margins and return on equity. We are mindful that debt can flatter a company's return on equity, so we aim to reduce this risk from the screening results by introducing interest cover tests, to eliminate companies that are aggressively gearing up their balance sheet. The screen uses two key measures of quality, which are operating margins and return on equity (RoE).

The advantage of using RoE to measure the quality of a company is that it focuses on the returns that are ultimately of most significance to shareholders: after-tax earnings. However, RoE can be boosted by a company if it increases the amount of debt it carries. That means a high and rising RoE can sometimes

simply reflect a reduction in the quality of the company's balance sheet and little improvement, or even a deterioration, in the quality of its operations. The screen attempts to counter this with its interest cover test, which should help it avoid companies with very aggressively 'geared' balance sheets. Focusing on operating margins also provides an assessment of quality at the operating level – i.e. before the impact of debt.

- An operating margin higher than the median average (mid-ranking) stock in each of the past three years (i.e. quality that shows some signs of persistence).
- A return on equity (RoE) higher than the median average (mid-ranking) stock in each of the past three years (i.e. again, quality that shows some signs of persistence).
- RoE higher than it was two years ago (i.e. quality is improving as well as persistent).
- Operating margin higher than it was two years ago (i.e. quality is improving as well as persistent).
- A dividend-and-debt adjusted price/earnings growth (PEG) ratio below the top fifth of stocks screened (ie stocks must not be too egregiously expensive for the growth on offer).
- A price/earnings (PE) ratio above the bottom 10 per cent of stocks screened and below the top 10 per cent (i.e. not a suspiciously cheap or dangerously expensive valuation).
- Interest cover of more than five (i.e. high RoE is not overly dependent on the use of debt).
- Forecast earnings growth for each of the next two financial years.
- Positive forecast free cash flow.

The Alpha Quality 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.

Not many stocks pass such a stringent list of criteria. The ones that pass all the tests are listed at the top of the table, followed by those failing one test, then those failing two tests as detailed in the 'Tests passed' column. All stocks must pass the test for three-year, higher-than-average RoE and margin to feature in the table. 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 operating margin and three-month share price momentum.

Stock screen and methodology by Algy Hall

Large-cap quality selection (passing at least 7 of 9 tests)

| Name | TIDM | Mkt cap | Price | Fwd NTM PE | DY | Fwd EPS grth FY+1 | Fwd EPS grth FY+2 | 3-mth momentum | Net cash/debt(-) | Cur | Tests passed (out of 9) | Test failed |
|--------------------------|------|----------|---------|------------|-------|-------------------|-------------------|----------------|------------------|-----|-------------------------|-------------------------|
| Experian | EXPX | £28,922m | 3,137p | 34 | 1.1% | 20.3% | 13.0% | 19.1% | 2,998m | USD | 9 | na |
| Spirent Communications | SPT | £1,805m | 295p | 25 | 1.5% | 10.1% | 7.4% | 20.3% | -94m | USD | 9 | na |
| Hikma Pharmaceuticals | HIK | £5,856m | 2,530p | 17 | 1.5% | 13.3% | 14.4% | 9.3% | 421m | USD | 9 | na |
| Spirax-Sarco Engineering | SPX | £11,640m | 15,780p | 47 | 0.8% | 27.6% | 5.1% | 33.1% | 225m | GBP | 8 | /RoE grth/ |
| Kainos | KNOS | £2,199m | 1,788p | 47 | 1.2% | 0.8% | 5.8% | 28.4% | -77m | GBP | 8 | /PEG/ |
| Oxford Instruments | OXIG | £1,441m | 2,500p | 30 | 0.7% | 5.6% | 1.5% | 21.1% | -90m | GBP | 8 | /PEG/ |
| Diageo | DGE | £84,908m | 3,636p | 28 | 2.0% | 10.2% | 11.0% | 10.0% | 12,220m | GBP | 8 | /Marg grth/ |
| Games Workshop | GAW | £3,835m | 11,700p | 30 | 2.1% | 5.1% | 8.3% | 6.8% | -38m | GBP | 8 | /PEG/ |
| IMI | IMI | £4,773m | 1,788p | 19 | 1.3% | 10.8% | 11.2% | 9.0% | 335m | GBP | 8 | /RoE grth/ |
| Britvic | BVIC | £2,636m | 987p | 18 | 2.8% | 8.0% | 23.4% | 8.7% | 664m | GBP | 8 | /RoE grth/ |
| Ferrexpo | FXPO | £2,383m | 405p | 3 | 17.7% | 96.3% | -23.0% | -16.4% | -154m | USD | 8 | /Fwd EPS grth/ |
| Avast | AVST | £6,146m | 595p | 22 | 1.9% | 5.7% | 6.7% | 37.0% | 372m | USD | 7 | /PEG/RoE grth/ |
| Croda International | CRDA | £12,582m | 9,018p | 37 | 1.1% | 33.2% | 7.8% | 38.0% | 866m | GBP | 7 | /RoE grth/Marg grth/ |
| Rightmove | RMV | £5,991m | 698p | 31 | 1.1% | 66.9% | 11.6% | 22.5% | -56m | GBP | 7 | /RoE grth/Marg grth/ |
| Airtel Africa | AAF | £3,518m | 94p | 10 | 3.1% | 53.2% | 13.4% | 18.3% | 2,233m | USD | 7 | /RoE grth/Int Cov/ |
| Auto Trader | AUTO | £6,123m | 637p | 26 | 0.8% | 76.5% | 11.6% | 16.6% | -11m | GBP | 7 | /RoE grth/Marg grth/ |
| Halma | HLMA | £11,238m | 2,960p | 47 | 0.6% | 4.1% | 10.8% | 20.1% | 256m | GBP | 7 | /PEG/RoE grth/ |
| Coats | COA | £1,024m | 71p | 14 | 2.0% | 158.5% | 15.4% | 25.0% | 191m | USD | 7 | /RoE grth/Marg grth/ |
| PayPoint | PAY | £441m | 642p | 12 | 5.0% | 135.5% | 6.3% | 10.9% | 48m | GBP | 7 | /RoE grth/Marg grth/ |
| AG Barr | BAG | £651m | 581p | 21 | 0.0% | 20.0% | 4.5% | 11.3% | -48m | GBP | 7 | /RoE grth/Marg grth/ |
| Diploma | DPLM | £3,757m | 3,016p | 34 | 1.4% | 48.6% | 8.1% | 12.0% | 236m | GBP | 7 | /RoE grth/PE/ |
| Berkeley Group | BKG | £6,015m | 4,943p | 14 | 2.3% | 5.8% | 3.5% | 5.7% | -1,125m | GBP | 7 | /RoE grth/Marg grth/ |
| Anglo American | AAL | £46,168m | 3,389p | 7 | 5.2% | 216.3% | -26.4% | 4.3% | 1,538m | USD | 7 | /RoE grth/Fwd EPS grth/ |
| Mondi | MNDI | £10,007m | 2,061p | 15 | 2.6% | 7.0% | 19.9% | 7.5% | 1,717m | EUR | 7 | /RoE grth/Marg grth/ |
| Imperial Brands | IMB | £15,157m | 1,602p | 7 | 8.6% | -3.6% | 0.7% | 1.4% | 10,490m | GBP | 7 | /PEG/Fwd EPS grth/ |
| Taylor Wimpey | TW | £6,433m | 176p | 10 | 4.7% | 164.1% | 11.3% | 1.4% | -877m | GBP | 7 | /RoE grth/Marg grth/ |
| QinetiQ Group | QQ | £1,984m | 343p | 15 | 2.0% | 1.6% | 6.7% | 4.4% | -164m | GBP | 7 | /PEG/RoE grth/ |
| Rotork | ROR | £2,942m | 337p | 25 | 2.6% | 0.6% | 8.3% | -0.3% | -144m | GBP | 7 | /PEG/RoE grth/ |
| Polymetal International | POLY | £7,153m | 1,511p | 9 | 6.2% | -2.3% | 17.1% | -4.3% | 1,012m | USD | 7 | /PEG/Fwd EPS grth/ |
| Treant | TET | £674m | 1,130p | 40 | 0.5% | 47.8% | 7.2% | -0.4% | 5m | GBP | 7 | /RoE grth/FCF/ |
| Electrocomponents | ECM | £4,817m | 1,024p | 24 | 1.6% | 33.2% | 13.9% | 1.3% | 123m | GBP | 7 | /RoE grth/Marg grth/ |
| ITV | ITV | £4,867m | 121p | 9 | 2.7% | 19.2% | 3.3% | -4.8% | 432m | GBP | 7 | /RoE grth/Marg grth/ |
| Rio Tinto | RIO | £70,505m | 5,650p | 6 | 8.7% | 98.4% | -26.1% | -10.4% | -82m | USD | 7 | /RoE grth/Fwd EPS grth/ |
| Barratt Developments | BDEV | £7,335m | 720p | 9 | 1.0% | 80.5% | 9.0% | -4.4% | -1,058m | GBP | 7 | /RoE grth/Marg grth/ |
| Bellway | BWY | £4,154m | 3,366p | 9 | 2.5% | 9.3% | 6.9% | -4.1% | -346m | GBP | 7 | /RoE grth/Marg grth/ |
| Redrow | RDW | £2,296m | 652p | 8 | 0.9% | 115.3% | 18.6% | -3.4% | 101m | GBP | 7 | /RoE grth/Marg grth/ |
| Smith & Nephew | SN | £12,173m | 1,385p | 19 | 2.0% | 36.7% | 20.0% | -8.5% | 1,577m | USD | 7 | /RoE grth/Marg grth/ |
| Dunelm | DNLN | £2,722m | 1,343p | 20 | 0.9% | 42.5% | 6.8% | -6.0% | 182m | GBP | 7 | /RoE grth/Marg grth/ |
| Intertek Group | ITRK | £8,418m | 5,216p | 26 | 2.0% | 11.5% | 11.7% | -10.8% | 700m | GBP | 7 | /RoE grth/Marg grth/ |

Source: FactSet, 16 August 2021

Small-cap quality selection (passing at least 7 of 9 tests)

| Name | TIDM | Mkt cap | Price | Fwd NTM PE | DY | Fwd EPS grth FY+1 | Fwd EPS grth FY+2 | 3-mth momentum | Net cash/debt(-) | Cur | Tests passed (out of 9) | Test failed |
|--------------------|------|---------|--------|------------|------|-------------------|-------------------|----------------|------------------|-----|-------------------------|----------------------|
| Severfield | SFR | £242m | 78p | 10 | 3.7% | 14.9% | 11.7% | 0.5% | 7m | GBP | 8 | /RoE grth/ |
| Norcros | NXR | £229m | 283p | 9 | 2.9% | 3.3% | 6.6% | -0.4% | 14m | GBP | 8 | /RoE grth/ |
| Porvair | PRV | £309m | 669p | 27 | 0.8% | 6.9% | 12.6% | 18.2% | 7m | GBP | 7 | /PEG/RoE grth/ |
| PayPoint | PAY | £441m | 642p | 12 | 5.0% | 135.5% | 6.3% | 10.9% | 48m | GBP | 7 | /RoE grth/Marg grth/ |
| AG Barr | BAG | £651m | 581p | 21 | 0.0% | 20.0% | 4.5% | 11.3% | -48m | GBP | 7 | /RoE grth/Marg grth/ |
| RM | RM | £202m | 241p | 13 | 2.0% | 15.8% | 34.6% | 10.6% | 31m | GBP | 7 | /RoE grth/Marg grth/ |
| Goodwin | GDWN | £261m | 3,390p | - | 3.0% | - | - | 8.3% | 20m | GBP | 7 | /PEG/Fwd EPS grth/ |
| Up Global Sourcing | UPGS | £187m | 210p | 15 | 2.1% | 29.6% | 34.3% | 9.1% | 5m | GBP | 7 | /RoE grth/Marg grth/ |
| Henry Boot | BOOT | £376m | 282p | 14 | 2.0% | 86.3% | 37.2% | 1.4% | -27m | GBP | 7 | /RoE grth/Marg grth/ |

Source: FactSet, 16 August 2021

Aim quality selection (passing at least 7 of 9 tests)

| Name | TIDM | Mkt cap | Price | Fwd NTM PE | DY | Fwd EPS grth FY+1 | Fwd EPS grth FY+2 | 3-mth momentum | Net cash/debt(-) | Cur | Tests passed (out of 9) | Test failed |
|---------------------------------|------|---------|--------|------------|------|-------------------|-------------------|----------------|------------------|-----|-------------------------|----------------------|
| Cerillion | CER | £249m | 845p | 36 | 0.7% | 46.4% | 33.0% | 36.3% | -3m | GBP | 9 | na |
| Water Intelligence | WATR | £197m | 1,205p | 53 | 0.0% | 49.9% | 21.4% | 43.0% | 1m | USD | 9 | na |
| Gamma Communications | GAMA | £2,112m | 2,195p | 33 | 0.5% | 19.1% | 13.3% | 21.3% | -35m | GBP | 9 | na |
| Science Group | SAG | £183m | 445p | 17 | 1.3% | 34.6% | 5.8% | 29.0% | -14m | GBP | 9 | na |
| CareTech | CTH | £734m | 648p | 12 | 2.1% | 19.0% | 10.8% | 19.6% | 378m | GBP | 9 | na |
| Renew | RNWH | £615m | 781p | 15 | 1.7% | 12.0% | 12.1% | 28.7% | 33m | GBP | 9 | na |
| RWS | RWS | £2,324m | 597p | 22 | 1.5% | 13.8% | 23.2% | -6.1% | 37m | GBP | 9 | na |
| Caledonia Mining Corporation | CMCL | £107m | 890p | 4 | 3.7% | 21.7% | 34.2% | -14.4% | -12m | USD | 9 | na |
| boohoo | BOO | £3,515m | 278p | 24 | 0.0% | 20.6% | 25.6% | -10.4% | -258m | GBP | 9 | na |
| Eckoh | ECK | £149m | 58p | 37 | 1.0% | 38.1% | 21.1% | -14.0% | -10m | GBP | 9 | na |
| Enwell Energy | ENW | £89m | 28p | 11 | 0.0% | 149.0% | 76.0% | 45.7% | -44m | USD | 8 | /RoEgrth/ |
| Learning Technologies | LTG | £1,658m | 211p | 39 | 0.4% | 16.2% | 14.1% | 29.6% | -61m | GBP | 8 | /PEG/ |
| Team17 | TM17 | £1,039m | 790p | 39 | - | 5.1% | 10.5% | 17.2% | -60m | GBP | 8 | /PEG/ |
| Alliance Pharma | APH | £574m | 107p | 18 | 1.5% | 8.9% | 14.3% | 15.3% | 113m | GBP | 8 | /RoEgrth/ |
| Kape Technologies | KAPE | £797m | 356p | 17 | 0.0% | 75.5% | 23.7% | 18.7% | -6m | USD | 8 | /Margrth/ |
| EMIS | EMIS | £855m | 1,350p | 24 | 2.4% | 5.8% | 6.9% | 12.5% | -46m | GBP | 8 | /PEG/ |
| Sureserve | SUR | £155m | 97p | 13 | 1.0% | 65.8% | 17.4% | 30.4% | 1m | GBP | 8 | /Margrth/ |
| Gateley | GTLY | £256m | 216p | 15 | 3.5% | 6.5% | 10.2% | 14.3% | 11m | GBP | 8 | /RoEgrth/ |
| Solid State | SOLI | £92m | 1,070p | 18 | 1.5% | 9.2% | -1.3% | 24.4% | -1m | GBP | 8 | /FwdEPSgrth/ |
| Keystone Law | KEYS | £235m | 750p | 39 | 2.3% | 13.7% | 13.7% | 15.4% | -6m | GBP | 8 | /PEG/ |
| Keywords Studios | KWS | £2,129m | 2,818p | 39 | 0.0% | 27.6% | 10.9% | 14.1% | -66m | EUR | 8 | /RoEgrth/ |
| Franchise Brands | FRAN | £142m | 149p | 24 | 0.9% | 27.6% | 19.3% | 12.9% | -5m | GBP | 8 | /RoEgrth/ |
| Alpha Financial Mkts Consulting | AFM | £408m | 345p | 20 | 2.0% | 15.4% | 14.3% | 6.2% | -32m | GBP | 8 | /RoEgrth/ |
| Watkin Jones | WJG | £619m | 242p | 14 | 4.1% | 5.9% | 9.8% | 2.1% | 100m | GBP | 8 | /RoEgrth/ |
| Michelmersh Brick | MBH | £129m | 137p | 16 | 1.8% | 59.6% | 10.1% | 1.1% | 0m | GBP | 8 | /RoEgrth/ |
| FRP Advisory | FRP | £298m | 123p | 16 | 3.3% | 3.6% | 6.6% | -2.0% | -13m | GBP | 8 | /Margrth/ |
| Steppe Cement | STCM | £115m | 52p | 10 | 6.7% | 56.7% | -3.8% | -1.9% | 2m | USD | 8 | /FwdEPSgrth/ |
| MPE Evans | MPE | £393m | 720p | 15 | 3.1% | 78.7% | 4.3% | -2.7% | 57m | USD | 8 | /Margrth/ |
| Knights | KGH | £335m | 401p | 18 | 0.0% | 20.8% | 12.7% | -7.8% | 64m | GBP | 8 | /RoEgrth/ |
| Pan African Resources | PAF | £313m | 16p | 4 | 4.2% | 98.6% | 7.6% | -13.5% | 62m | USD | 8 | /Margrth/ |
| ECCO Animal Health | EAH | £210m | 310p | 24 | 0.3% | 2.2% | 14.9% | -15.1% | -18m | GBP | 8 | /PEG/ |
| IG Design | IGR | £533m | 551p | 19 | 1.6% | 48.8% | 9.5% | -4.7% | 27m | USD | 8 | /RoEgrth/ |
| Sylvania Platinum | SLP | £283m | 104p | 4 | 1.5% | 0.2% | 14.1% | -23.0% | -49m | USD | 8 | /Margrth/ |
| ASOS | ASC | £3,976m | 3,982p | 25 | 0.0% | 21.7% | 4.6% | -16.0% | 238m | GBP | 8 | /RoEgrth/ |
| Cake Box | CBOX | £130m | 324p | 24 | 1.7% | 34.9% | 13.3% | 23.2% | -4m | GBP | 7 | /RoEgrth/Margrth/ |
| Anpario | ANP | £162m | 700p | 32 | 1.3% | 3.1% | 2.6% | 26.1% | -16m | GBP | 7 | /PEG/RoEgrth/ |
| EKF Diagnostics | EKF | £355m | 78p | 26 | 1.4% | 27.4% | -6.8% | 20.0% | -20m | GBP | 7 | /RoEgrth/FwdEPSgrth/ |
| Focusrite | TUNE | £886m | 1,510p | 38 | 0.3% | 56.0% | -24.3% | 17.5% | -19m | GBP | 7 | /RoEgrth/FwdEPSgrth/ |
| SDI | SDI | £190m | 192p | 31 | 0.0% | 11.4% | -24.1% | 12.3% | 2m | GBP | 7 | /PEG/FwdEPSgrth/ |
| James Halstead | JHD | £1,145m | 550p | 29 | 3.0% | 11.1% | 3.5% | 11.3% | -66m | GBP | 7 | /RoEgrth/Margrth/ |
| K3 Capital | K3C | £265m | 365p | 18 | 1.9% | 20.1% | 23.3% | 8.5% | -8m | GBP | 7 | /RoEgrth/Margrth/ |
| SigmaRoc | SRC | £280m | 100p | 16 | 0.0% | 37.9% | 16.3% | 19.8% | 44m | GBP | 7 | /RoEgrth/IntCov/ |
| Somero Enterprises | SOM | £277m | 493p | 14 | 5.2% | 40.4% | 9.9% | 7.2% | -25m | USD | 7 | /RoEgrth/Margrth/ |
| Anexo | ANX | £164m | 142p | 9 | 1.1% | 23.9% | 17.9% | 8.8% | 40m | GBP | 7 | /RoEgrth/VCF/ |
| Judges Scientific | JDG | £420m | 6,650p | 34 | 0.8% | 9.3% | 6.5% | 13.7% | 11m | GBP | 7 | /PEG/RoEgrth/ |
| Fintel | FNTL | £228m | 235p | 19 | 1.2% | 8.0% | - | 8.5% | 25m | GBP | 7 | /RoEgrth/FwdEPSgrth/ |
| Netcall | NET | £117m | 79p | 49 | 0.3% | 35.1% | 22.1% | 16.3% | -5m | GBP | 7 | /Margrth/IntCov/ |
| Gooch & Housego | GHH | £334m | 1,335p | 33 | 0.3% | 19.6% | 15.3% | 16.8% | 12m | GBP | 7 | /RoEgrth/Margrth/ |
| Xpediator | XPD | £101m | 71p | 16 | 2.1% | 12.3% | 0.4% | 27.4% | 25m | GBP | 7 | /RoEgrth/IntCov/ |
| Instem | INS | £165m | 758p | 30 | 0.0% | 8.2% | 35.7% | 11.4% | -25m | GBP | 7 | /PEG/RoEgrth/ |
| Oxford Metrics | OMG | £136m | 107p | 36 | 1.7% | 58.7% | 55.0% | 14.4% | -14m | GBP | 7 | /RoEgrth/Margrth/ |
| Dewhurst | DWHT | £108m | 2,260p | - | 0.6% | - | - | 8.1% | -13m | GBP | 7 | /PEG/FwdEPSgrth/ |
| MTI Wireless Edge | MWE | £68m | 77p | 2233 | 1.9% | -98.8% | 10.9% | 10.9% | -7m | USD | 7 | /PEG/FwdEPSgrth/ |
| Driver Group | DRV | £31m | 58p | 13 | 2.6% | 17.4% | 59.1% | 20.6% | -5m | GBP | 7 | /RoEgrth/Margrth/ |
| Volex | VLX | £567m | 357p | 18 | 0.9% | -12.8% | 9.4% | 12.6% | 20m | USD | 7 | /PEG/FwdEPSgrth/ |
| Begbies Traynor | BEG | £204m | 134p | 15 | 2.2% | 32.2% | 10.8% | 9.3% | 6m | GBP | 7 | /RoEgrth/PE/ |
| Wynnstay | WYN | £115m | 570p | 15 | 2.6% | 37.5% | 3.3% | 21.3% | 5m | GBP | 7 | /RoEgrth/Margrth/ |
| James Latham | LTHM | £238m | 1,195p | - | 1.8% | - | - | 11.7% | -24m | GBP | 7 | /PEG/FwdEPSgrth/ |
| Eleco | ELCO | £110m | 133p | 28 | 0.3% | -5.7% | 9.8% | 3.1% | -4m | GBP | 7 | /PEG/FwdEPSgrth/ |
| Advanced Medical Solutions | AMS | £604m | 280p | 28 | 0.6% | 72.5% | 13.0% | 4.5% | -43m | GBP | 7 | /RoEgrth/Margrth/ |
| iEnergizer | IBPO | £555m | 292p | 16 | 4.8% | -7.0% | 10.0% | -1.0% | 72m | USD | 7 | /PEG/FwdEPSgrth/ |
| GB Group | GBG | £1,716m | 873p | 43 | 0.7% | -22.6% | 12.5% | 1.6% | -17m | GBP | 7 | /PEG/FwdEPSgrth/ |
| Anglo Asian Mining | AAZ | £160m | 140p | - | 4.3% | - | - | -1.8% | -27m | USD | 7 | /PEG/FwdEPSgrth/ |

Continued

Aim quality selection (passing at least 7 of 9 tests) continued

| | | | | | | | | | | | | |
|-----------------------------|------|---------|--------|----|------|---------|-------|--------|-------|-----|---|----------------------|
| Springfield Properties | SPR | £159m | 155p | 10 | 2.1% | 6.0% | 12.2% | 6.9% | 37m | GBP | 7 | /RoEgrth/Marggrth/ |
| Aferian | AFRN | £125m | 150p | 15 | 1.9% | 28.9% | 10.2% | 6.4% | -5m | USD | 7 | /RoEgrth/Marggrth/ |
| Next Fifteen Communications | NFC | £872m | 940p | 18 | 0.7% | 19.9% | 9.4% | 6.8% | 29m | GBP | 7 | /RoEgrth/PE/ |
| Tandem | TND | £31m | 600p | - | 1.4% | - | - | 2.6% | -4m | GBP | 7 | /PEG/FwdEPSgrth/ |
| Breedon | BREE | £1,760m | 104p | 19 | 0.5% | 69.9% | 27.1% | 2.6% | 292m | GBP | 7 | /RoEgrth/Marggrth/ |
| RBG | RBGP | £126m | 132p | 13 | 2.7% | 5.1% | 38.4% | 0.8% | 2m | GBP | 7 | /PEG/Marggrth/ |
| Frontier Developments | FDEV | £1,015m | 2,580p | 35 | 0.0% | 12.2% | 60.1% | -5.7% | -12m | GBP | 7 | /PEG/Marggrth/ |
| Alumasc | ALU | £79m | 220p | 9 | 2.4% | 185.1% | 3.7% | -0.9% | 6m | GBP | 7 | /RoEgrth/Marggrth/ |
| Atalaya Mining | ATYM | £455m | 329p | 4 | 0.0% | 263.3% | 23.4% | -7.8% | -28m | EUR | 7 | /RoEgrth/PE/ |
| Central Asia Metals | CAML | £436m | 247p | 8 | 5.7% | 88.3% | -1.6% | -10.2% | 24m | USD | 7 | /RoEgrth/FwdEPSgrth/ |
| Titon | TON | £15m | 137p | 15 | 2.6% | 1323.1% | 31.1% | 5.4% | -4m | GBP | 7 | /RoEgrth/Marggrth/ |
| Dewhurst Class A | DWHA | £108m | 700p | - | 1.9% | - | - | -7.9% | -13m | GBP | 7 | /PEG/FwdEPSgrth/ |
| Nichols | NICL | £519m | 1,405p | 27 | 1.3% | 70.5% | 33.2% | -5.7% | -47m | GBP | 7 | /RoEgrth/Marggrth/ |
| Crimson Tide | TIDE | £20m | 3p | - | 0.0% | - | 0.0% | -10.4% | -1m | GBP | 7 | /PEG/FwdEPSgrth/ |
| SEC Newgate SpA | SECN | £24m | 98p | 16 | 0.5% | 37.1% | 11.6% | -5.3% | 12m | EUR | 7 | /RoEgrth/IntCov/ |
| Venture Life | VLG | £87m | 69p | 15 | 0.0% | -7.3% | 31.5% | -17.6% | -31m | GBP | 7 | /PEG/FwdEPSgrth/ |
| Griffin Mining | GFM | £171m | 98p | 7 | 0.0% | 275.0% | 12.7% | -31.8% | -18m | USD | 7 | /RoEgrth/Marggrth/ |
| Distil | DIS | £14m | 2p | - | 0.0% | - | - | -22.2% | -1m | GBP | 7 | /PEG/FwdEPSgrth/ |
| Appreciate | APP | £51m | 27p | 8 | 3.7% | 190.9% | 33.8% | -30.3% | -158m | GBP | 7 | /RoEgrth/Marggrth/ |

Source: FactSet, 16 August 2021

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