

WHERE WILL EQUITY
MARKETS BE ONE
MONTH FROM NOW?



DOMINIC
PICARDA



SANDY
JADEJA



ALPESH
PATEL



DECEMBER 2010

ShareScoop

The latest news and tips from ShareScope



THANKS!

I am delighted to announce that once again ShareScope has been voted the UK's "Best Investment

Software" by readers of both Investors Chronicle and Shares magazine. A huge thank you to everyone who voted for us, and to all our customers for your continued support. In the case of the Shares award this is now NINE years running whilst we have won the IC award eight of the last nine years. I hope you find this **three page** issue helpful over what I hope is a fantastic Christmas and New Year for you!

MARTIN STAMP, MD

SPECIAL OFFER

We are pleased to be supporting the launch of PortfolioReview - a new monthly publication edited by journalist David Stevenson. It presents an intelligent discourse on portfolio management and diversification. We know David well (he's a ShareScope user!) and he is a champion of clear, unbiased information for investors. If you are managing a significant portfolio of investments, please visit www.portfolioreviewonline.com to see a sample copy. ShareScope users get £25 off the annual subscription which also includes free entry to the excellent monthly seminars. Go on, treat yourself for Christmas!

VIEW FROM THE TOP



ALPESH PATEL

Fresh back from business in India and Malaysia, to name but a few, and my view remains positive for the major indices. Here's why:

Firstly, P/E values for the UK and US markets are relatively low. This suggests that markets have upside potential.

We've also seen the US Federal Reserve announce another round of quantitative easing. QE drives down bond yields making equities more attractive. Price inflation from QE pushes all nominal prices higher, including stocks.



PHIL'S HIDDEN GEMS

PHIL TOLHURST, SUPPORT

If you want to remove the statistical distribution graph from the Data Mining screen, simply right-click and de-select **Graph**.

Plus & Pro: If you want to learn more about Swing Trading and, in particular, Marc Rivalland's approach to the technique, select **InfoCentre** from the **View** menu and you will find a tutorial on Swing Trading.

By default, ShareScope includes historical shares in its lists. These are the shares coloured green and which are no longer trading. To hide these shares, go to the **View** menu and de-select **Show historical shares**.

One of the joys of ShareScope is how you can navigate around the screens with a single keystroke or mouse click. You can actually create your own shortcuts for the actions you perform most often. Go to the **Tools** menu and select **Keyboard accelerators....** This will show you the actions that you can assign shortcuts to. If you click on the **Available keys** button it will show the keys not currently assigned.

The Data Mining screen replaces the List screen in ShareScope's view cycling. Select an instrument in the list of results and press the **Enter** key to cycle through the Graph and Details screen and then back to the Data Mining screen.

You have 12 Data Mining Tables for use with your filters. These can be configured just like normal List Tables. Find them in the **Data Mining Tables** menu.



Low bond yields also means cheap borrowing and this combined with relatively cheap valuations encourages merger and acquisition (M&A) activity.

Lastly, earnings are improving on the back of global growth. The S&P has already hit my target from the last issue of ShareScoop and I can see further upside. I give my short term trades and longer term stock picks in my monthly newsletter for subscribers to the Alpesh Patel Special Edition of ShareScope.

SUPPORT: Gold & Plus 020 7749 8504 / 0845 045 0111 Pro 020 7749 8503 / 0845 456 0545

The 0845 numbers should be cheaper if you are calling from outside London on a landline.

GM's COLUMN



As investors, we have access to a wide range of asset classes, geographic regions and themes through collective instruments such as unit trusts, investment trusts and ETFs. I hold all three types of investment in my SIPP along with shares. And although most SIPP providers and fund supermarkets provide extensive web resources, doing meaningful research can be pretty tortuous. This is why we have added a large amount of information for funds and investment trusts which you can use to customise tables for fast analysis. Right-click in the table column headings and you will see options to **Add Investment Trust columns** and **Add Unit Trust columns**. For example, you can add the **IMA sector** (funds) or **AIC sector code** (investment trusts) and you can also filter the list by these sectors. To do this, right-click in the table and then click on **Select sector**.

Many unit trusts and investment trusts have been in existence long enough for you to add a column for the price performance over 10 years, as well as over the more common one, three and five years. I've used sector filtering and price performance columns to create the table of Investment Trusts in the Asia Pacific ex-Japan sector shown below.

Remember, you can add the most attractive looking investment trusts, unit trusts and ETFs into a portfolio for easy comparison. For even more information on a particular instrument, press **CTRL-W** to display the website for an investment trust or the Morningstar web page for a unit trust.

If you are unsure of the difference between investment trusts and unit trusts here is a brief summary. Unit trusts are bought and sold through fund supermarkets or other intermediary. Their price is the value of their assets. You may

be charged an initial fee and you will also be charged an annual management fee.

For most funds, there is a single buy/sell price but some have a spread (some of the popular Blackrock funds have a 6% spread!). As more people invest in the fund, the manager can create more units. Investment trusts are traded on an exchange (e.g. LSE) and will have a bid/offer spread. Because they are exchange-traded they may trade below (discount) or above (premium) the value of their assets (**NAV**). Investment trusts also charge an annual management fee. Look at the Total Expense Ratio (**TER**) of funds and trusts - this is a relative measure of the costs taken out of a fund by its managers. It includes the management fee, trading costs and other expenses. In addition, some funds and trusts may charge a performance fee. Importantly, investment trusts can also use gearing making them riskier investments.

TIM CLARKE, GENERAL MANAGER

Name	Mid/Close	Spread %	Premium/Discount to NAV %	1 YR	5 YR	10 YR	Net yield	TER	Perf. fee
Scottish Oriental Smaller Co's Tr (The) PLC	£5.79¼	1.81	-5.94	▲ 51.25	▲ 155.21	▲ 647.40	1.49	1.000	Yes
Aberdeen Asian Smaller Companies Inv Tr PLC	£6.12	0.98	-5.44	▲ 64.23	▲ 116.62	▲ 548.13	1.36	2.359	No
Aberdeen New Dawn Investment Trust PLC	£8.77	1.60	-3.22	▲ 39.97	▲ 90.71	▲ 414.45	1.14	1.211	No
Pacific Horizon Investment Trust PLC	£1.62½	2.62	-7.96	▲ 18.32	▲ 92.84	▲ 296.32	0.82	1.262	No
Edinburgh Dragon Trust PLC	£2.46	1.06	-5.65	▲ 36.11	▲ 115.29	▲ 229.74	0.78	1.371	No
Henderson Far East Income Ltd	£3.28	1.30	4.71	▲ 14.04	▲ 43.89	▲ 208.49	4.19	1.410	No
Schroder AsiaPacific Fund PLC	£2.10	0.52	-11.04	▲ 23.83	▲ 86.58	▲ 199.00	1.28	1.340	No

DATA MINING IDEAS

Borrowing is an essential facility for many companies - providing the leverage they need to grow or simply compete. Too much debt, however, can be a burden and have the reverse effect. With ShareScope's Data Mining you can search for companies who appear to have a track record of putting debt to good effect. To sort out the level of a debt a company has taken on, you can use the **Net gearing** criterion - that is, borrowing minus cash (net debt) as a percentage of shareholder funds. In a recent article, Shares magazine suggested setting this to 50% or below. Now, with borrowing comes interest repayments and you'll want to be sure that your companies can afford to meet their obligations. For this, add **Interest cover** and set the lower limit to two. That is, last reported pre-tax profits cover interest repayments at least twice. This in itself suggests a healthy balance sheet but let's factor in tangible evidence of good management. You can do this by filtering for companies with a record of generating a good return on capital employed (**ROCE**). Try filtering for a ROCE of at least 15% for each of the last five years. You

might also want to search for companies in a strong competitive position so you could use ShareScope's ranking facility to filter for companies whose **Operating margin** was in the top quartile for their subsector. This doesn't always work - if a company is the only constituent of the subsector then the measurement isn't very helpful. So you could also add the same criterion for sector. This, too, on its own isn't a reliable guide as some sectors (e.g. Support Services) can have a diverse range of constituents. Combined though they probably remove the anomalies. To find companies ranked in the top quartile, set the range from 0.76 to 1.00.

You could also look for companies that have increased their operating margin since the previous set of results. All these criteria are found in the **Advanced results and forecasts** and **Rank in Sector** sections of the data mining wizard. If you need any help, please don't hesitate to call our Customer Support team on **0845 045 0111**.

These ideas are not investment advice; you should not treat the results of any filters using these criteria as recommendations to buy or sell.

Help!

There is a vast amount of information in ShareScope's Help facility. Go to the **Help** menu in ShareScope and click on **Help - Contents and Search**. The Help window will appear. There are three tabs: the **Contents** tab allows you to browse "chapters" of content (e.g. Portfolios); the **Index** tab enables you to search for a specific feature; and the **Search** tab enables you to search for any word or phrase. The Index tab is often all you need to find what you are looking for.

What's New?

As you know we frequently upgrade ShareScope with useful features. Whenever your copy of ShareScope is upgraded to a new release, we display a **What's New?** document on the screen telling you what we've added. We suspect that many of you close these documents without reading them in your haste to check your investments! Fortunately, you can find a library of these announcements by clicking on the **Help** menu and then selecting **What's New?**

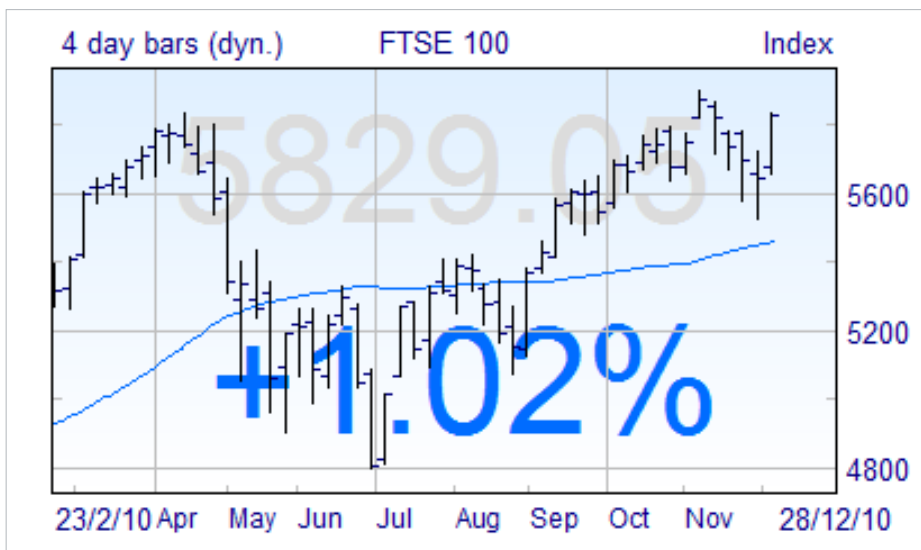


MELISSA'S TOP TIPS DYNAMIC TIMESCALE


By default, ShareScope's charts use a "Dynamic timescale" setting. This means that ShareScope will select a time period for bars or candles that best suits the space available. Note that this only applies when displaying OHLC bars or candlesticks. For example, if a graph fills the screen and shows a period of twelve months then there will probably be space to display one day bars or candles. If the same graph is reduced to, say, a quarter of the screen, then ShareScope may display, for example, 4 day bars. That is, the open will be the opening price on the first day. The close will be the closing price on the fourth day and the high and low will represent the

range traded over the four day period. You can see on the chart below how the range used is displayed in the top left of the chart. It is possible, however, to disable this feature so that a specified period is always used (e.g. one day). Right-click in the Graph window and select **Graph design...** On the **Time** tab you will see the option **Dynamic selection of scale** is selected. Click on **1 day** to ensure that your bars and candles always represent a single day. You could use the same feature to configure **Graph Settings** which only display weekly or monthly bars.

MELISSA KEARNEY, SUPPORT MANAGER



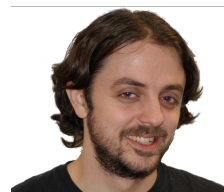
PERCENTAGE PRICE CHANGE

You can draw a line from one point to another on a graph and display the **percentage price change** between the two points. You can use this to show your profit/loss on a transaction. You can even attach the right hand point of the line to the latest price point so that the value will automatically update each day. This is useful for open positions. Plus and Pro users can attach the line to the **latest intraday price** which you can add to historical price charts. You can also add these lines to intraday graphs. To add a **Percentage Change** line, click on the  button on the Graph toolbar, hold down the Shift key, click on the desired start point and drag the line to the desired end point. Then release the Shift key. Right-click on the line and select **Colour, style and settings...** to make the line track the latest price (**Extend to latest date/time**) or to change the colour or thickness of

the line. If displaying bars or candlesticks, right-click on the line and select **Edit end point values...** to set the start and end points of the line to an exact time or price. If you want to see the percentage change but don't want the line to remain permanently, simply click on the toolbar button and draw the line without holding down the Shift key. Call **0845 456 0545** if you need help with this.



Remember, you can print ShareScoop in black & white if you want to save on coloured ink. The option to do this will be contained somewhere in the Print dialog that appears when you click on Print.



RICH'S SCRIPTS

RICHARD CHIESA, SUPPORT

Those of you writing ShareScripts have probably noticed the limitations of doing so using Notepad: the text is monochrome and line numbers aren't displayed which can make debugging a script a long and complicated business. This is why I prefer to use a text editor called Notepad++ which comes with numerous useful features including colour coding and line number display. You can download it for free from <http://notepad-plus-plus.org>. To tell ShareScope to use this editor, go to the **Tools** menu, then **Options** and select the **ShareScript** tab. On here, change the **Text Editor** path to that of your newly installed Notepad++.

In this issue I would also like to draw your attention to **Crossfinder**: a column script that allows you to quickly identify a host of classic technical crosses. Simply download the latest version from the script library and load it as a list column. If the script returns a 1, the cross you were looking for has been identified.

Christmas Hours

Please note that early closing by the LSE on Friday 24th and Friday 31st December, and our Christmas party, will affect office hours and the end-of-day update over the festive period.

DATE	HOURS	UPDATE
Fri 17th Dec	8am-1pm	6pm
Fri 24th Dec	8am-1pm	1.30pm
Fri 31st Dec	8am-1pm	1.30pm