

WHERE WILL EQUITY  
MARKETS BE ONE  
MONTH FROM NOW?



DOMINIC  
PICARDA



SANDY  
JADEJA



ALPESH  
PATEL



MARCH 2012

# ShareScoop

The latest news and tips from ShareScope



## PHIL'S FORTHCOMING GEMS

PHIL TOLHURST, SUPPORT

Here in the office we are busy testing the next release (6.30) which you should get before the end of April. Here are some of the great new features:

**6 months intraday history:** display up to six months (120 trading days) intraday price history in ShareScope Plus and Pro. This new On-demand mode will download data from our servers so you won't need a full history on your hard drive. The price and trade data will be available in 30 second periods or longer. The current day's intraday data will remain tick-by-tick. If preferred you will be able to retain the current mode where you can display a maximum of 10 days intraday history using the tick-by-tick data stored on your hard drive. The graph below shows 40 days of 4-hour candlesticks for GBP/USD.

**Company Ranking for US shares:** ShareScope's company ranking is now calculated separately for UK and US shares. Note that US shares do not yet have any forecast data so ranking columns based on forecast data

(i.e. rolling or forecast values) will not be calculated. We hope to include forecast data for US stocks in the future.

**Extended DDE functionality:** we have expanded the range of data that can be extracted from ShareScope via DDE links in a spreadsheet: *Industry, Supersector, Sector, Subsector, IMA sector, AIC sector, Premium/Discount to NAV, Real-time premium/Discount to NAV, TER, Management Fee, TER, Yield, Description, Beta and Correlation.*

**Draw TA patterns:** we have added tools for drawing trend channels and wedges on historical and intraday charts

**Floating Windows (Plus/Pro only):** you will be able to pull individual ShareScope windows outside of the ShareScope program window.

**Auto Linking (Plus/Pro only):** you will be able to link a Graph to all the List windows in a layout. The graph will then change to display the instrument selected in any of the Lists. Similarly, you can link Transaction and Cash Account windows to more than one Portfolio window.

**Auto add transactions to cash accounts:** When linking a cash account to a portfolio you can choose to add all the transactions to the cash account.

## VIEW FROM THE TOP

ALPESH PATEL

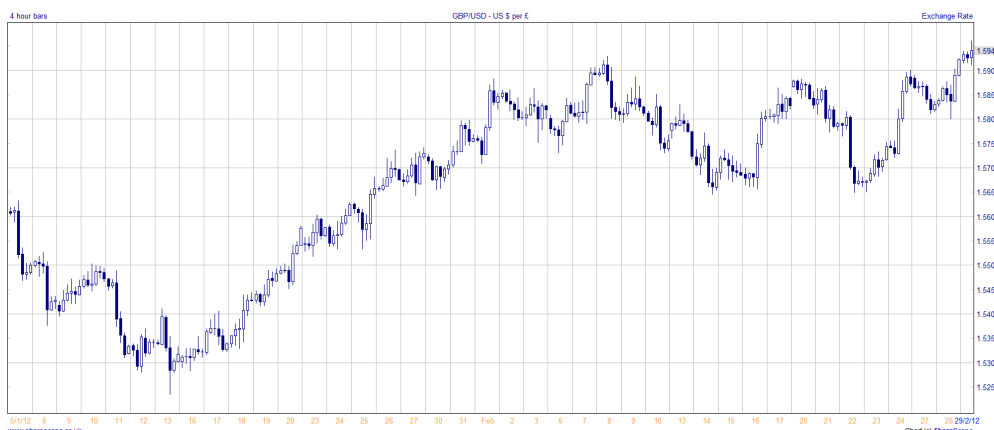


Equity markets have been on a bull run since mid-December driven on by the US where the Dow hit 12 month highs in earlier February.

A key driver is quantitative easing: central banks buy bonds which drives up their prices and lowers their yields. If you buy gilts now you'll not only get a poor yield but capital depreciation as well. Investors looking for a real return are thus forced to look for more risk. That is, they buy equities.

Any given month may see some profit-taking but shares, based on their P/E valuations, are still cheap in my view. Momentum is up on daily, weekly and monthly charts. For all these reasons I'm expecting markets to rise further. The Greek tragedy is already discounted in prices.

I think India will have a bumper run as this risk appetite returns and I'm still bullish about gold. I'm not sure how much of a rise is left but I'm not expecting it to fall.



## Master Investor 2012

Have you checked out the Master Investor 2012 exhibition yet? A firm favourite with ShareScope, we will be exhibiting again this year. It's a great show packed with expert speakers on investing and trading. The show is held at the Business Design Centre in Islington (Angel tube) on Saturday 21st April. If you are very quick, you can claim one of our 50 FREE tickets.

[Click here](#) and enter the code "SSC".

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# GM's COLUMN



## 6 tips that could revolutionise your stock-picking

In such uncertain times, it's even more important to invest in only the most compelling opportunities and to wring every last percentage point of performance from your portfolio. I've come up with six tips to help you fine-tune your investing. These tips are the basis of a promotional campaign we are running but an existing customer who saw the flier called and told us he had found the tips really helpful.

### TIP 1: Analyse stocks the way you want to

Simply sorting a list of shares by different criteria can be all it takes to spark investment ideas. For example, try sorting the *FTSE All-Share* by those companies with the best *operating margin* for their sector; or the companies generating the most *cash per share*? Remember, there are hundreds of different columns you can add to a list of shares in ShareScope and you can sort by any of them.

Our tip for volatile markets: sort the *FTSE 100* or *350* by **projected yield** every week to help you catch the blue-chips offering over 6%.

### TIP 2: Pinpoint the most compelling opportunities

As well as providing results and forecasts for each company, ShareScope makes it easy to assess the performance of a share relative to its market, sector or subsector peers.

When a share is tipped as a "Buy" in the press, it isn't necessarily being singled out as the most attractive stock in its sector; coverage is driven by results, trading statements and news stories. You need to compare a company's financial attributes against its sector or sub-sector peers – to see if there is an even better Buy in the sector.

To view company ranking information in ShareScope, you can:

1. View the **Details** page for a share.
2. Add Rank columns to a list. Right-click in the column headings and select **Add Rank column**.

| Lamprell PLC                           | Kentz Corporation Ltd                  | AMEC PLC                               |
|--|--|--|
| Oil Equipment, Services & Distribution | Oil Equipment, Services & Distribution | Oil Equipment, Services & Distribution |
| Rank in Subsector                      | Rank in Subsector                      | Rank in Subsector                      |
| EPS                                    | EPS                                    | EPS                                    |
| EPS Growth                             | EPS Growth                             | EPS Growth                             |
| Dividend Yield                         | Dividend Yield                         | Dividend Yield                         |
| P/E                                    | P/E                                    | P/E                                    |
| PEG                                    | PEG                                    | PEG                                    |
| ROE                                    | ROE                                    | ROE                                    |
| ROCE                                   | ROCE                                   | ROCE                                   |
| Operating Margin                       | Operating Margin                       | Operating Margin                       |
| Quick Ratio                            | Quick Ratio                            | Quick Ratio                            |
| Current Ratio                          | Current Ratio                          | Current Ratio                          |
| Net Gearing                            | Net Gearing                            | Net Gearing                            |
| Interest Cover                         | Interest Cover                         | Interest Cover                         |
| Price/Tangible BV                      | Price/Tangible BV                      | Price/Tangible BV                      |
| Price/Cash                             | Price/Cash                             | Price/Cash                             |

Compare the ranking tables of sector peers

### TIP 3: Create your own share tips

Many investors use share tips in the press as confirmation of their own ideas – rather than the limited universe from which they choose. Stock-screening (**Data Mining**) can help you find the exciting opportunities hidden within the stock market but without the tedious legwork. Search for tomorrow's ten-baggers still under the radar of the analysts, solid blue-chips offering a hefty yield or financially-stable stocks trading below asset value.

As mentioned above, companies are best measured relative to their sector peers. Take *P/E* for example: some sectors traditionally have a higher *P/E* than others. Filtering for a specific range of values (e.g. below 15) could find all the companies in some sectors and completely exclude others.

If you want to find companies that are undervalued, look for shares with a low *P/E* for their sector. In large sectors such as *Support Services*, you may even need to compare at su-sector level.

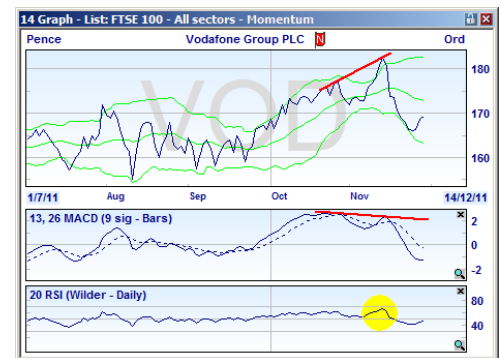
### TIP 4: Don't let them tell you what to buy

Your ISA/SIPP provider will bombard you with information about their heavily-discounted funds but probably won't tell you about some of the superb investment trusts or low cost ETFs covering the same markets. In the *Asia-Pacific Ex-Japan* sector, for example, several investment trusts outstrip their open-ended counterparts over a ten year period. Weigh up factors like *relative performance*, *total expense ratio (TER)*, *bid/offer spread*,

*performance fees*, *net asset value* and *yield*. Watch out for the wide bid/offer spreads on some popular unit trusts - the Blackrock Gold & General fund, for example, has a 6% spread.

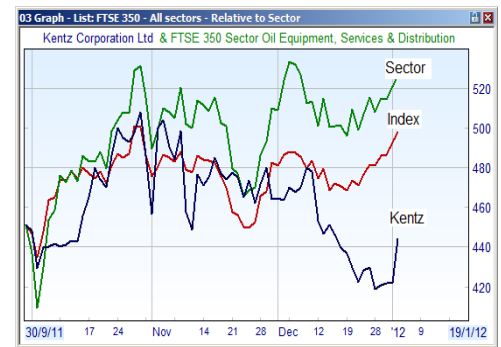
### TIP 5: Don't ignore the chart

Once considered a joke in the City, many professional investors now use charting to help with market timing. Before you buy or sell, look for divergence or overbought/oversold signals on simple momentum indicators like *MACD* and *RSI*; these can help you anticipate price reversals and optimise your entry and exit prices. Chart patterns combined with momentum indicators can also give you warning of major indices changing direction.



Vodafone's steep pull-back preceded by divergence on the MACD and an overbought reading on the RSI

Try also plotting a share against its sector and index: if the share has underperformed its sector it may play catch-up; if the share has outperformed, it may be due a pull-back. Right-click in the **Graph** view and select **Additional graphs**.



Plot shares against their sector and index

Beware, though, chart signals can be wrong; they are another tool to use when deciding whether or when to buy or sell a stock.

Look back over several years' price history for the share to see how accurate such signals have been before.

| No. | Name              | Sector                       | Close  | Price to cash flow | ROCE (%) | Forecast EPS Growth % | Op. margin (%) | Rolling P/E | Broker consensus | Consensus change |
|-----|-------------------|------------------------------|--------|--------------------|----------|-----------------------|----------------|-------------|------------------|------------------|
| 1   | Ferrexpo PLC      | Industrial Metals & Mining   | £3.30½ | 7.94               | 45.8     | 30.4                  | 40.1           | 5.43        | Buy              | No change        |
| 2   | Melrose Resources | Oil & Gas Producers          | £1.36  | 2.27               | 14.4     | 72.0                  | 41.9           | 4.67        | Weak buy         | Stronger         |
| 3   | Playtech Ltd      | Software & Computer Services | £3.05¼ | 8.43               | 34.4     | 62.5                  | 30.6           | 8.55        | Weak buy         | No change        |

• All LSE Stocks • Top quartile in sector for P/E, Forecast EPS Growth, Price to Cash flow, ROCE and Operating Margin

# GM's COLUMN

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## TIP 6: Grasp the broad trends moving the markets

Even if you are only interested in shares, other asset classes still have a huge influence. For example, fluctuations in the dollar can affect oil and mining stocks which represent a third of the *FTSE 100* market capitalisation. ShareScope helps you easily monitor a wide range of markets that really matter - shares, indices, currencies, commodities, bonds and derivatives. To see all the instruments available in ShareScope, click on the **View** menu and then **Change List**.

Set alarms for specific news keywords or phrases to make sure you don't miss the political, legislative, economic or competitive events that affect your holdings. To set a news alarm for a specific share, list or portfolio, go to the **Edit** menu and select to add an **end-of-day** or **intraday alarm**. The wizard will lead you through the rest.

If you are unsure about how to find or interpret any of the features in this article, please don't hesitate to call Phil, Richard or Gerardo in support.

TIM CLARKE, GENERAL MANAGER

## User Guide

The online user guide is steadily growing – most of the main views in ShareScope have been covered in much detail. Most recently, we have added a chapter on the **Details** view which is perhaps one of the more sophisticated views in ShareScope. Take a look – there is so much information you can add to this view and, if you are a Plus or Pro user, so many different ways to use a Details window within a layout. [Click here](#) to view.

## Tell a Friend

Remember, if you recommend a friend to ShareScope you'll both get up to two free months subscription! If you are on an annual subscription, we'll add it on the end. All your friend has to do is quote your name and account number. [Click here](#) for more information.



# RICH'S SCRIPTS

Welcome to lesson three of our ShareScript course. In the previous issues of ShareScoop we have learned how to create columns and indicators that can be loaded into ShareScope; in this issue we will be looking at how to use dialog boxes to alter the input values of these scripts. As before, I'll be assuming that you have already read the previous two articles.

Previously we learned how to create a script which calculates the relative strength of a share against its sector index over a period of 250 trading days. But what if we wanted to change that period to 20 days? One way of doing this would be to modify the code (substituting 250 for 20), however this is a very clunky and inefficient way of doing so. The elegant solution is to use a dialog box.

A dialog box allows the user to enter variables that the script will use for its calculation. Let's look at the code in some detail:

The very first line is **var period = 250;** This creates a variable called **period** and sets its initial value to 250. You'll have noticed that the variable has been declared outside of any function: this has the effect of creating a *global variable*.

The code for the dialog box exists within the **init** function. The **init** function contains a property called **status** which is used by the script to know what has caused the **init** function to be called.

## Global Variables

Whilst a *local variable* exists only within the function it's created in and will be destroyed as soon as the function terminates, a *global variable* is a variable that can be accessed from anywhere within the script and will exist for as long as the script is loaded. The variable **period** will need to be accessed from both the **init** and the **getVal** functions and therefore will have to be set as *Global*.

This is set to 3 possible values: *Adding*, *Editing* and *Loading*.

The **status** property is set to *Adding* when the user loads the script onto a column for the first time and it will be set to *Editing* when the user edits the column to modify its settings. When ShareScope loads with ShareScripts already set-up, the **init** function will be called and the **status** property will be set to *Loading*.

Lets now skip to the line **if (status == Adding || status == Editing);** The code that follows inside **{ }** (which will only run if **status** is equal to *Adding* or *Editing*) contains the instructions to create the dialog box:

**dlg = new Dialog("Select Period Length", 145, 55);** will create a new dialog box called **dlg**, giving it a title and its width and height in pixels.

**dlg.addOkButton();** and **dlg.addCancelButton();** will then add Ok and Cancel buttons to the dialog box called **dlg**.

**dlg.addIntEdit("INT1",8,-1,-1,-1,"","Enter Period",period,2,1000);** will add a integer input box. "*INT1*" is the name of the input box (any text string can be used here), the following four values indicate, respectively, its x

```
var period = 250;
function init(status)
{
    if (status == Loading || status == Editing)
    {
        period = storage.getAt(0);
    }
    if (status == Adding || status == Editing)
    {
        dlg = new Dialog("Select Period Length", 165, 55);
        dlg.addOkButton();
        dlg.addCancelButton();
        dlg.addIntEdit("INT1",8,-1,-1,-1,"","Enter Period",period,2,1000);
        if (dlg.show() == Dialog.Cancel) return false;
        period = dlg.getValue("INT1");
        storage.setAt(0, period);
    }
    setTitle(period+" Rel Str vs Sector");
}
```

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# RICH'S SCRIPTS

continued...

position in the dialog box, its y position, its width and its height (all expressed in pixels). A value of -1 means that ShareScript will automatically set it to the default value. The following two strings contain the text that will appear before and after the input box: in this case, no text will appear before and "Enter Period" will appear afterwards. Next is the default value that will appear in the box: here it has been set to the current value of the variable `period`. Finally are the minimum and maximum values which the user is allowed to enter.

`if (dlg.show()==Dialog.Cancel) return false;` contains the instructions for the Cancel button: pressing it will stop the script in its tracks. I won't go into details on what each bit does, suffice to say that you'll need to copy this at the end your dialog box code to make the Cancel button work.

`period = dlg.getValue("INT1");` will get the value contained in the object we called "INT1" and assign it to the variable `period`,

so now it will be equal to whatever value was entered by the user.

`storage.setAt(0, period);` will store the new value of `period` into storage location 0 (each column or indicator script has 8 storage locations numbered from 0 to 7), so ShareScope can write it to the hard drive when the program shuts down. This is important, as failing to do so will result in the variable `periods` being reset to its default value of 250 every time that ShareScope is restarted.

As you can see from the `if` statement, the dialog box code is called every time this script is added to a column, but what happens when the user wants to modify a column which is already on the table? In that case `status` will be set to *Editing* and the line of code `period = storage.getAt(0);` will be called before the dialog box is created. This will change the value of `period` from its default value of 250 to whatever the user entered the last time the dialog box was opened, by recalling what had previously been stored in location 0. After this happens the dialog box code will be called again, but this time the input box will contain the value taken from storage.

If ShareScope is shut down while a column is being displayed on a list, when it restarts it will need to get the value

of `periods` from storage before it can display the rest of the script. In this case, `status` is set to *Loading* which will allow for the variable to be set from storage, but won't open the dialog box.

The last line of code is `setTitle(period+" Rel Str vs Sector");`, which does exactly what it says: it sets the title of the column to the text contained in ( ). When applied to text, the + operator behaves differently than when applied to numbers: instead of adding the two values it simply connects the two pieces of text to form a single string. In our case, if `periods` is equal to 35, the title of the column will be "35 Rel Str vs Sector".

The last thing left to talk about is how to integrate the dialog box with the script that was discussed in the December issue of ShareScoop. That can simply be done by pasting the dialog box code into the column script and substituting the 250 for the variable `period` in the two instances of `index.getClose(250);`

I do realise that this lesson was a bit more complex than the previous two, so please don't hesitate to [e-mail me](#) or call me if you'd like to discuss this article. I would also urge you to read the [ShareScript user guide](#) which is written in tutorial style.

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