ShareScoop

OCTOBER 2010

The latest news and tips from ShareScope

ACHIEVE MORE

A common remark made by customers is that they only use 20% of the features in the program. Of course, everyone uses a different 20% and that's one of the beauties of ShareScope - as you evolve your trading or investment strategies, you'll find the tools you need right there. We've added so many features to the program over the years that it's not an easy job bringing them all to your attention - hence this new bi-monthly newsletter. As well as news of product developments and events, we'll be bringing you tips on how to get the very best out of ShareScope using Data Mining and ShareScript. We'll also be highlighting some of the more minor but equally helpful features that you may not have come across yet.

Your responses to our customer surveys tell us that 70% of you invest and trade to some extent. Our aim is that, whatever you are looking for, you can find all the companies or charts that meet your criteria in seconds – minutes at the most. This is what computers are for, doing the leg work for you. We want you to spend your valuable time choosing between the best opportunities, not looking for them in the first place.

If you haven't yet discovered how to do this in ShareScope, I encourage you to call our Customer Support team and tell them what you are trying to achieve. You'll find the contact numbers at the foot of the page.

MARTIN STAMP, MANAGING DIRECTOR

VIEW FROM THE TOP

ALPESH PATEL

I manage a number of funds using both long and short strategies over a range of time-frames. I have a Bloomberg terminal but I use ShareScope to do my stock-picking because it really is better than anything else.

Looking at equity markets, it's very difficult to call. You could make persuasive arguments for bullish and bearish scenarios. The major indices are still below their long-term average PE valuations which would allow for further upside. Indeed I expect the S&P to close up around 10% on current levels by year end. We are also entering another US earnings season and upside surprises will further boost sentiment. On the downside, a strong run of late may well lead to profit-taking – particularly if earnings disappoint.

S&P 500 — Index
15/10/09 '10 Feb Apr May Jul Aug Oct Nov Dec 7/2/11
www.sharescope.co.uk Chart (c) ShareScope

And we can't forget the fact that we have serious economic problems and that economic indicators are by no means positive.

As I said, it is a very fine balance but over the month I think there is a 55% Up chance and a 45% Down chance.

MELISSA'S TOP TIP
FINDING SHARES WITH A CONSISTENT RECORD OF DIVIDEND GROWTH

On a regular basis, the investment press runs an article on companies that have a record of increasing dividends. Of course, in ShareScope you can perform this analysis any time you like using Data Mining. Indeed, many journalists use ShareScope themselves to generate the results.

You can filter for companies whose dividend has grown for the last seven years and whose dividend is also fore-cast to grow for the next three years. You may even want to filter for good dividend cover and maybe interest cover as either of these factors could affect a company's ability to pay its dividend. For those of you familiar with ShareScope's Data Mining wizard, select Headline results and ratios, then Dividend, then Total. At the next step, you can select Latest, Historical or Forecast.

You should be able to work out the rest but just in case, or if you are not familiar with Data Mining, we've made a short video tutorial which you can watch at www.sharescope.co.uk/trainingzone. You can also download a complete filter from our Data Mining forum (select **Discussion Forums** from the **Help** menu).

MELISSA KEARNEY, SUPPORT MANAGER

GM's Column

I've been reading Joel Greenblatt's 2006 book "The Little Book that Beats the Market" which describes a strategy of selecting companies based on their earnings yield and ROCE. It's a quick and easy read which you can pick up from Amazon for about £8. I also came across the website www.validea.com which, amongst other things, tracks portfolios built around the strategies of various US investment gurus – Graham, Buffett, Lynch, Greenblatt, et al.

The Greenblatt strategy involves three steps: ranking the companies in a list (e.g. FTSE All-Share) by their Return on Capital Employed (ROCE); ranking them by Earnings Yield; and then combining these ranking scores to produce a total ranking. The list is then sorted to find the top ranked companies. He also excludes financial companies and utilities. Joel Greenblatt's strategy involves holding 30 of the top ranked stocks for a year and then selling them, and repeating this process for many years. This may be a little impractical or expensive for most investors but it's an interesting strategy which may comple- ment your stock-picking techniques.

For Plus and Pro users, we have created a ShareScript column that does the calculations and ranking for you. You can download this from our ShareScript library: go to www.sharescript.co.uk, click on **See all scripts** and then **Fundamental Columns**. You'll find instructions for importing scripts into ShareScope on here as well.

If you are a Gold user, you can't do this ranking within ShareScope but you can export the data to a spreadsheet to do so. You will need to export the following columns: ROCE, Capitalisation, Net Borrowing and Normalised Pretax Profit. You will need to add the Capitalisation to the Net Borrowing to create Enterprise Value. You will then need to divide the Normalised Pretax Profit by the Enterprise Value to get Earnings Yield. Next, sort the companies by ROCE, copy these values to a new column and convert to a numerical rank with 1 assigned to the best ROCE. Repeat for Earnings Yield. In a new column, combine the rank for ROCE and Earnings Yield to give a total rank for each company. Finally, sort the list of shares by their total score.

Please note that this is my interpret- ation of the strategy so I recommend you read the book as well.

TIM CLARKE, GENERAL MANAGER

Cisco Systems Inc — Dollars / Ord

www.sharescope.co.uk — Chart (c) ShareScope

Phil's Hidden Gems

PHIL TOLHURST, SUPPORT

In the top left corner of each ShareScope chart you will see the currency displayed (e.g. Pounds or Dollars). Double-click on this label to change between the major and minor currency units. The scale of the graph will change accordingly. ShareScope will remember this setting.

To help line up indicator crosses or levels with price movement on the main graph, you can draw vertical lines through a graph and its indicator windows, hold down the SHIFT and CTRL keys and then click on the graph where you want the line to appear.

PLUS/PRO To maximise screen space in Plus and Pro, you can hide the title bars of ShareScope windows. Right-click on the title bar and select **Hide title bar**.

PORTFOLIOREVIEW

We are delighted to be involved with the launch of PortfolioReview - a new monthly magazine for intelligent investors. Check InfoCentre, in the View menu, for the special subscription offer for ShareScope members.

To move a window, click on the dotted line at the top of the window and drag. To reinstate the title bar, right-click on the window border and select **Show title bar**.

In a List, pressing the Tab key will restrict the full list first to new highs, then new lows, and then back to the full list. To change the new highs/lows look-back period, go to the List menu, then **New Highs/Lows** and then **Highs & Lows settings (Global)**.

PLUS/PRO Add the latest intraday price or an intraday price bar to historical price charts in Plus and Pro. Go to the **Price** tab of the **Graph Design** dialog and select **Include latest intraday price**.
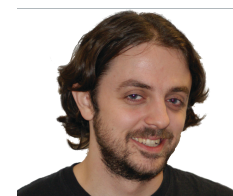
Rich's Scripts

RICHARD CHIESA, SUPPORT

ShareScript is the scripting language available in ShareScope Plus and Pro. It enables you to manipulate any of the data available in ShareScope – to perform calculations in a table column; create custom indicators; display buy and sell signals on charts based on your preferred trading strategies; or to provide data for export to other packages like Excel for further analysis. For example, you may want to create Data Mining filters for Ichimoku chart signals or create a ranking measure like the one described in the GM's piece above. Don't worry if you don't know how to write scripts, there is a free library of scripts on our dedicated website www.sharescript.co.uk or you can contact us in Customer Support for help.

In future issues, I'm going to talk about specific scripts in more detail but this month my main suggestion is that you check out the website and the scripts on there. In the short space left in this column, though, let me single out the Zero Lag Study (see Chart) as an example of what can be achieved with ShareScript. You can read more about this in November's Stocks & Commodities magazine.

WORLD MONEY SHOW
12-13th November, London
We will be exhibiting at this show and holding a number of talks showcasing new product developments.
www.worldmoneyshowlondon.co.uk