ShareScope

Alpesh's guide to using the Alpesh Patel Special Edition



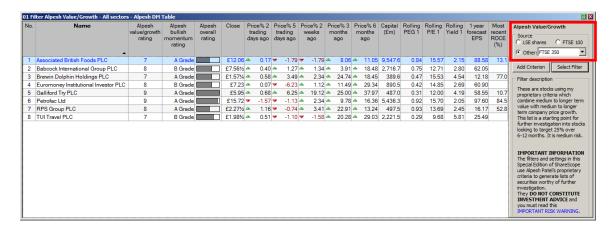
Section 5

My Value/Growth filter

Alpesh's Value/Growth Filter

Medium risk – 6-12 month holding period – target 25% return

This filter is for buy and hold investors. It identifies stocks which look like they will rise steadily over the next 6-12 months based on positive growth indicators, excellent value and price momentum. I recommend you view the results of this filter with the Alpesh DM Table setting.



You don't need to do any further analysis with this filter although I do like the monthly MACD to rising or at least flat. In previous years when I have given annual stock picks, I have simply taken the stocks from this filter on the day.

Note that the stocks in this filter will change over time – as the fundamental and technical characteristics of the stocks change. The point of the filter is that you can take the stocks from the filter ON ANY DAY and hold them for 12 months. Once you have invested in stocks from the filter, it doesn't matter if they subsequently fall out of the filter. If one of your original stocks falls below the 25% stop loss, choose another from the filter.

Remember, my target return is based on holding a basket of these stocks. For various reasons, individual stocks may bomb (think of at BP in 2010). I recommend holding 14 stocks from the filter, ideally purchased over a month. However, the Value/Growth filter may contain dozens of stocks which, in practical terms, may be too many for you to buy. So which ones should you invest in? I like to choose a mix of FTSE 350 stocks and smaller caps (including some AIM stocks). You can change the source list right at the top of the filter bar underneath the filter name (see highlight on the image above).

If there are more stocks than this in the filter, try the following:

- Look in my newsletter for the stocks I prefer.
- Sort by Alpesh Overall Rating (in the Alpesh DM Table).
- Check recent news for each stock for positive or negative sentiment.
- Do not focus on specific sectors you need to be diversified.

If the stocks you select achieve the target growth ahead of schedule, there is nothing to stop you taking profits or half-profits early. I set a 25% stop loss.

NOTE: My Value/Growth Rating, which appears in the Alpesh DM Table and on the Alpesh Radars, is based on the growth and valuation criteria used in this filter but NOT the momentum criteria. This is why the stocks in this filter are not just those with the highest Value/Growth Rating. They will have a good combination of Value/Growth and Bullish Momentum Ratings.