

How to Create Your Own Fundamental Strategy

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Overview

Although several predefined strategies are installed with the Fundamentals for TradingExpert Pro program, you can create your own strategy and track any of the fundamental data items available from the AIQ-compatible data services. To build your own strategy, follow the steps outlined in this chapter.

You can specify and track multiple strategies. When you are tracking multiple strategies, or when you add or change a field in a strategy, the *Rerank Fundamentals* function is used to compute fundamental field rankings and overall Fundamental Ratings for the active strategy. For more information on using the *Rerank Fundamentals* function, see Chapter VI.

Step 1. Build a list of fundamental fields

Note

Your active data source will appear in the title of the *Specify Strategy* window. For example, *Specify Market Guide Strategy*.

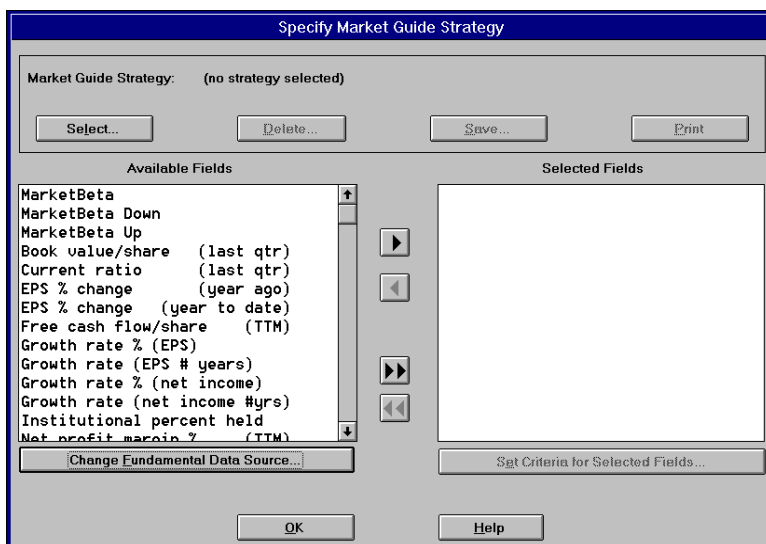
Note

To change the data source, click on the **Change Fundamental Data Source** command button found in the *Specify Strategy* window.

The first step in creating a strategy is to build a list of fields. This list is comprised of the ranked fields (some or all of which may be incorporated in the overall AIQ Fundamental Rating) plus any fields that you would like to refer to for additional information that might be helpful in your investment decisions.

► *To build a list of fields, do the following:*

1. Open **Fundamentals for TradingExpert Pro**.
2. From the toolbar click on the **Specify Strategy** button (or select the **Specify Strategy** option from the *Fundamentals* menu command). The *Specify Strategy* window will be displayed. The *Available Fields* text box which is located on the left side of this window contains a list of the fields available from your active data source.
3. Build a list of fundamental fields by moving fields one by one from the *Available Fields* text box to the *Selected Fields* text box. To move a field, highlight the field in the *Available Fields* text box, then click the single right arrow. The field will then appear in the list of *Selected Fields*. (Clicking the double arrows moves all fields.)
4. Continue with Step 2.



Specify Strategy window

Step 2. Select fields for ranking and inclusion in the overall Fundamental Rating

Fields that are to be ranked must be designated and assigned a *Sort Order*. Fields to be included in the overall Fundamental Rating must also be assigned a *Rating Weight*. You may also specify a *Source for Ranking* for fields (Master Ticker List is the default source).

► *To select fields for ranking and for inclusion in the overall Fundamental Rating, do the following:*

1. With the *Specify Strategy* window displayed, click the **Set Criteria for Selected Fields** command button. The dialog box that appears is titled *Criteria for Selected Fields*.
2. For each field that you want to generate a ranking for, do the following:

- Highlight the field by clicking on it with your mouse.
- Click **Set Rank or Range for Field** command button to display the *Set Criteria for <field name>* dialog box.
- In the *Rank Settings* section, click on the check box titled *Rank field <field name>*.
- Select a *Data Sort Order* (Ascending or Descending) by clicking the appropriate option button.

Note
Descending or Ascending order: Depending on the type of information and the investment strategy that you intend to pursue, the superior (appearing at the top) value can either be the highest value (Descending) or the lowest (Ascending).

*Set Criteria for <field name>
dialog box*

3. For each ranked field that you want to include in the overall Fundamental Rating, do the following:
 - Enter a *Rating Weight* (value between 1 and 99) in the text box titled *Fundamental Rating Weight*.
4. Click **OK** to return to the *Criteria for Selected Fields* dialog box to highlight another field. Continue this process for all fields that you want ranked and as well as included in the overall Fundamental Rating.
5. When you have completed ranking and weighting your selected fields, click **OK** to return to the *Specify Strategy* window.
6. All stocks in your Master Ticker List will be ranked as a single set unless you specify another *Source For Ranking*. To do so, see the instructions that follow. Otherwise, continue with Step 3 below.

Criteria for Selected Fields		
Selected Field	Sort Order	Rating Weight
EPS % change (year to date)	Descending	40
EPS % change (year ago)	Descending	40
Growth rate % (EPS)	Descending	10
Growth rate (EPS # years)		
Price/Earnings Ratio	Ascending	10

Source For Ranking
☒ Master Ticker List
☐ User List
☐ Sector
☐ Group

When ranking by User List, Sector, or Group use list:

Criteria for Selected Fields dialog box

► *To select a Source For Ranking for the selected field other than the Master Ticker List:*

With the *Criteria for Selected Fields* dialog box displayed, choose one of the sources for ranking in the lower left section of the dialog box. Choices include:

- **Master Ticker List** - All active stocks in your data base will be ranked as a single set.
- **User List** - Only those stocks in the selected list are ranked. To select a list, click the arrow in the adjacent text box.
- **Sector** - Separate sets of rankings are computed for each sector in the selected group/sector list. (For example, if the group/sector list contains 20 sectors, then 20 separate rankings will be computed, one for each sector.) To select a group/sector list, click the arrow in the adjacent text box.
- **Group** - Separate sets of rankings are computed for each group in the selected group/sector list. (For example, if the group/sector list contains 100 groups, then 100 separate rankings will be computed, one for each group.) To select a group/sector list, click the arrow in the adjacent text box.

Note

If your active Data Source is ProSearch fields, *Scan File* will appear as an additional *Source For Ranking* choice.

Step 3. Enter Valid Data Ranges

You can specify a numerical data range for any fundamental field in your list of selected fields. When fundamental data is displayed, the designation NA appears for all values that are outside of the range specified for that field. Field values outside of the specified range are not ranked and are ignored in the computation of the overall Fundamental Rating. You specify a valid data range by entering values for the lower and upper limits of the range. The default entry is no range limit.

Example Valid Data Range:

The following range is entered for the fundamental field *Price to Earnings Ratio*:

Lower Range \geq 10.00

Upper Range $<$ 100.00

Result:

The only tickers that will display data for the *Price to Earnings Ratio* field are those with data values that fall between 10.00 and 99.99

► *To enter a valid data range for a field, do the following:*

1. With the *Specify Strategy* window displayed, choose the **Set Criteria for Selected Fields** command button to display the *Criteria for Selected Fields* dialog box.
2. For each field that you want to enter a Valid Data Range for, do the following:
 - Highlight the field by clicking on it with your mouse.
 - Click the **Set Rank or Range for Field** command button. The *Set Criteria for <field name>* dialog box is displayed.
 - The upper section of this dialog box (titled *Valid Fundamental Data Range Settings*) is used for entering a Valid Data Range. This section is divided into two parts (*Lower Range* and *Upper Range*). The entry of a limiting value is the same for both.
 - To enter a lower or an upper limit, click the option button titled **Value**.

- From the adjacent text box, select a range constraint:

For a *Lower Range*, select one of the following:

- > mathematical symbol meaning “greater than”
- >= mathematical symbol meaning “greater than or equal to”

For an *Upper Range*, select one of the following:

- < mathematical symbol meaning “less than”
- <= mathematical symbol meaning “less than or equal to”

- In the text box next to *Value*, enter the numerical value of the range limit (i.e., minimum acceptable value for the *Lower Range* or the maximum acceptable value for the *Upper Range*). Any value between +99,999.99 and -99,999.99 may be entered.
3. Click **OK** to return to the *Criteria for Selected Fields* dialog box to highlight another field. Continue this process for all fields that you want to set Valid Data Ranges for.
 4. When you have completed setting Valid Data Ranges for your selected fields, click **OK** to return to the *Specify Strategy* window.
 5. Continue with Step 4.

*Set Criteria for <field name>
dialog box*

Set Criteria for EPS % change (year to date)

Valid Fundamental Data Range Settings

Lower Range

☐ No Lower Range Limit

☒ Value: > 0.00

Upper Range

☐ No Upper Range Limit

☒ Value: < 500.00

Rank Settings

☒ Rank field EPS % change (year to date)

Data Sort Order

☐ Ascending

☒ Descending

Fundamental Rating Weight: 40

OK

Cancel

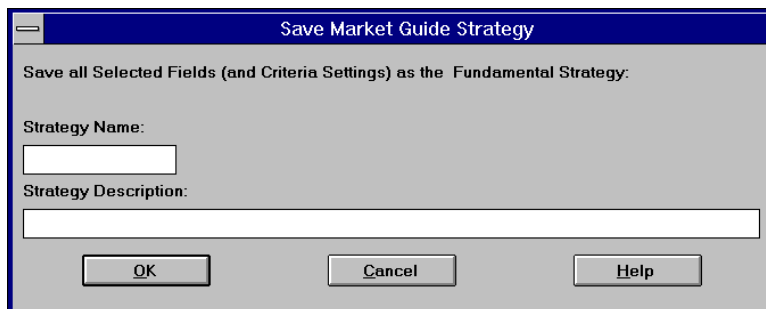
Help...

Step 4. Save strategy

The final step in creating your own strategy is to enter a name and description and save the strategy.

► *To save a strategy, proceed as follows:*

1. With the *Specify Strategy* window displayed, choose the **Save** command button.
2. In the dialog box that appears, enter a name for the strategy you have created in the text box titled *Strategy Name*.
3. Enter a description in the text box titled *Strategy Description*.
4. Click **OK** to return to the *Specify Strategy* window.
5. Click **OK** again to return to the main Fundamentals screen.
6. To retrieve data as well as rank the fields and generate an overall Fundamental Rating for your newly created strategy, continue with Step 5.

A screenshot of a Windows-style dialog box titled "Save Market Guide Strategy". The dialog box has a blue title bar. Inside, the text "Save all Selected Fields (and Criteria Settings) as the Fundamental Strategy:" is displayed. Below this, there are two labels: "Strategy Name:" and "Strategy Description:". Each label is followed by a text input field. The "Strategy Name" field is a single-line text box, and the "Strategy Description" field is a multi-line text box. At the bottom of the dialog box, there are three buttons: "OK", "Cancel", and "Help".

Save Strategy dialog box

Step 5. Retrieve data and generate rankings and overall Fundamental Ratings

Retrieving data

Note

When Market Guide is the active data source, all 24 Market Guide fields (including any Market Guide fields that are not selected) are downloaded and stored in the AIQ data base. With the other data sources, only the selected fields are downloaded.

If you have recently downloaded fundamental data:

Retrieving fundamental data for a created strategy is not necessary if you have recently downloaded fundamental data and either of the following is true:

- Market Guide is not the active data source but the strategy's fields were recently downloaded.
- Market Guide is the active data source and you have recently downloaded Market Guide fields.

If you have not recently downloaded fundamental data:

To retrieve fundamental data as well as rank the fields and generate an overall AIQ Fundamental Rating for the strategy you have created, refer to Chapter V, Data Retrieval.

Generating rankings and the overall AIQ Fundamental Rating:

There are two methods for generating rankings and ratings:

- Rankings and the overall Fundamental Rating can be generated automatically during the data retrieval process. Make sure the **Rank Fundamentals** option is chosen on the *Data Retrieval Options* page of **Data Retrieval** (see Chapter V).
- You can also generate rankings and the overall Fundamental Rating while working in the Fundamentals for TradingExpert Pro application by clicking the **Rerank Fundamentals** button on the toolbar, or by choosing **Rerank Fundamentals** from the drop-down menu of the *Fundamentals* command on the menu bar.