

Strategies for Tracking Fundamentals

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Strategies for Tracking Fundamentals

A strategy in Fundamentals for TradingExpert Pro consists of the following information:

- **List of fundamental data fields**

These are the data fields that will be downloaded from your data service and that are displayed when you view fundamental data for an individual stock.

- **Ranking Criteria**

Any of the fundamental fields in the list may be ranked and may also be included in the AIQ overall Fundamental Rating. For every stock with valid data, a numerical rank is computed for all fields designated for ranking. If at least one ranked field is also designated for inclusion in the overall Fundamental Rating, an overall Fundamental Rating is computed.

To designate a field for ranking, a *Sorting Order* must be specified for that field. To incorporate a ranked field in the overall Fundamental Rating, a *Rating Weight* must also be assigned to that field. This weight determines the importance of a field relative to other fields in the computation of the overall Fundamental Rating. Fields that are not assigned a weight are simply information fields and have no impact on the overall Fundamental Rating.

- **Valid Data Ranges**

To filter fundamental data, a numerical range may be specified for any fundamental field included in the strategy. When fundamental data is displayed for a stock, the designation NA (not applicable) appears for any field value that is outside of the range specified for that field. Field values falling outside of the specified range (values designated NA) will not be ranked. Also, the AIQ overall Fundamental Rating ignores fields that are designated NA.

Note

It is easiest for new users to select strategies from the predefined strategies installed with the Fundamentals program.

You can use the functions of Fundamentals for TradingExpert Pro to create a strategy and track any of the fundamental data items available from the three AIQ-compatible data services. To create your own strategy, see Chapter X.

If you are not sure which fields you want to track or are not sure of the criteria entries, you can use one of the predefined fundamental strategies (see lists that follow) furnished with Fundamentals for TradingExpert Pro. To use one of these predefined strategies, you simply select a strategy from a list of the strategies available for your data service and designated data source. The description listed for

each strategy gives you a good idea of the type of stock that the strategy is designed to search for (i.e., give the highest fundamental ratings to).

For example, the Market Guide strategy *M-EARNH - High earnings growth with relatively low current P/E ratio* combines the rankings of several of the Market Guide EPS growth fields and the Market Guide P/E ratio field. AIQ's overall Fundamental Rating, which is computed from the rankings of the strategy's fields and their assigned weights, gives a measure of fundamental attractiveness with respect to this particular fundamental strategy.

Note

The steps involved in selecting a data service and data source and specifying a predefined strategy are outlined for you in Chapter IV, Setup.

Results of a search are shown in the automatically generated Fundamental Report, which is a list of the stocks with the highest overall Fundamental Ratings. The specific fields and the specific ranking criteria and valid data range values for a strategy can be easily viewed or modified through the functions of Fundamentals for TradingExpert Pro.

TICKER	OVERALL FUNDAMENTAL RATING
TKR	593
FMC	738
ALK	695
MD	634
NKE	525
UK	494
RAD	485
GR	467
WMB	467
ED	459
LIT	454
AIT	452
SLE	450
FE	445
SO	445
BKB	441
CSR	415
BDX	413
UNM	402
ROK	395
TX	391
HRS	380
AHP	384
PAC	384
OCF	380
RTN	375
XON	374
JCI	373
SNA	373
SPC	373
PD	372
BLS	370
LLY	368
BP	367
LOR	367
TA	366
GTE	363
WEC	356

Fundamental Report

Predefined Fundamental Strategies

Market Guide strategies

Market Guide strategies are available from all three AIQ-compatible data services: Dial/Data, Telescan, and Interactive Data Corporation

M-DDIV	Stocks with high dividend yield and low debt
M-DEBTH	Stocks with high risk and high debt
M-DEBTL	Stocks with low risk and low debt
M-EARNH	High Earnings growth with relatively low current P/E ratios
M-EARNL	Low Earnings growth with relatively high current P/E ratios
M-HIDIV	Stocks with highest dividends
M-LOSSM	Non-profitable stocks which follow the market
M-PROFM	Profitable stocks which follow the market
M-STRNG	Stocks with strong fundamentals and are more volatile than the market
M-WEAK	Stocks with weak fundamentals and are more volatile than the market

Dial/Data strategies

In addition to the Market Guide Strategies (listed above) these strategies are available if your data service is Dial/Data.

D-DEARN	Stocks with strong earnings and low debt which follow the market
D-EARNG	Stocks with strong earnings and projected earnings growth
D-OVER	Overvalued stocks which follow a down market

ProSearch strategies

In addition to the Market Guide Strategies listed above, these ProSearch strategies are available if your data service is Telescan.

PS-BBS	Basic Balance Sheet Strategy - low debt risk or coverage
PS-BEG	Basic Earnings Growth Strategy - high performance and earnings velocity
PS-BFP	Basic Fundamental Performance - strong fundamental ratios
PS-BIF	Basic In-Favor Strategy - high demand with revised earnings
PS-BTA	Basic Turn-Around Strategy - recent improvement
PS-BUV	Basic Undervaluation Strategy - undervalued stocks
PS-GRT	High historical earnings growth and future performance
PS-MBO	Multiple Positive Technical Breakouts
PS-MCD	MACD Strategy - identifies positive MACD breakouts
PS-MIT	Stocks likely to increase over the next four months
PS-MST	Stocks with high probabilities of increasing in 5 weeks
PS-OVO	Overvalued Stocks - fundamentally and technically
PS-UVG	Undervalued High Growth Strategy
PS-VEL	Dramatic increase in quarterly earnings, expected to continue

