Reference Guide

1. Definitions of Fundamental Fields

Market Guide Fields

All values are for the most recent quarter or the trailing twelve month (TTM) period. For those foreign companies that do not report quarterly, the values are obtained from the most recent Annual Statements.

MarketBeta

Beta is a measure of a stock's price volatility relative to the general market. *MarketBeta* is derived from a 5-year time series of price data values. Each value in the series represents the percentage price change of the stock relative to the percentage price change of the S&P 500 for a specific interval of time. (*MarketBeta* is computed as the slope of the regression line of the 5-year time series adjusted for regression tendencies.) A stock with a *Beta* less than 1 is less volatile than the general market. A *Beta* greater than 1 indicates a stock that is more volatile than the market. For example, a stock with a *Beta* of 2 should increase (or decrease) in price twice as much as the market. So, if the market were to increase 10%, a stock with a *Beta* of 2 should increase 20%.

MarketBeta Down

MarketBeta Down measures the volatility of a stock relative to the S&P 500 for periods in which the S&P 500 goes down.

MarketBeta Up

MarketBeta Up measures the volatility of a stock relative to the S&P 500 for periods in which the S&P 500 goes up.

Book Value/Share (last qtr)

The actual *Book Value Per Share* for the latest quarter.

Current Ratio (last qtr)

Current Ratio is simply *Total Current Assets* divided by *Total Current Liabilities*.

Note
Current Ratio is not available for banks, insurance companies, and other companies that do not distinguish between current and long-term assets and liabilities.

EPS % Change (year ago)

Year ago *Earnings Per Share (EPS) Percent Change* is the percent change in *Earnings from Continuing Operations Excluding Extraordinary Items* for the most recent quarter as compared to the same quarter one year earlier.

EPS % Change (year to date)

This figure represents the percentage change in year-to-date *Earnings Per Share from Continuing Operations Excluding Extraordinary Items* from the year-to-date period one year earlier.

Free Cash Flow/Share (TTM)

Free Cash Flow Per Share is computed by dividing *Free Cash Flow* for the trailing twelve months by the number of *Shares Outstanding* as shown on the *Income Statement*. *Free Cash Flow* is derived from the *Statement of Cash Flows* and is computed as *Cash from Operating Activities* less *Capital Expenditures* and *Dividends Paid.*

Growth Rate % (EPS)

This is the compound annual growth rate[2] of *EPS Excluding Extraordinary Items and Discontinued Operations. Growth Rate % (EPS)* is calculated for 3 years whenever 4 years of earnings are available and the latest year earnings are positive. If the most recent fiscal year earnings are negative, the result is not meaningful. If earnings are not available for the required 4 years, the calculation is performed over a shorter period of time. See next item, *Growth Rate (# Years),* to determine how many years were used in the calculation.

Growth Rate (EPS # years)

The number of years over which the *Earnings Per Share Growth Rate* is computed.

Growth Rate % (net income)

This is the compound annual growth rate[2] of *Adjusted Income Available to Common. Net Income Growth Rate* is calculated for 3 years whenever 4 years of income are available and the latest year income is positive. If income is not available for the required 4 years, the calculation is performed over a shorter period of time. See next item, *Growth Rate (Net Income # Years)* to determine how many years were used in the calculation.

Growth Rate (net income # years)

The number of years over which the *Net Income Growth Rate* is computed.

Institutional Percent Held

The percentage of common stock held by all reporting institutions.

Net Profit Margin % (TTM)

Net Profit Margin is *Income After Taxes* divided by *Total Revenue* and is expressed as a percentage. Most banks and finance companies do not report revenues when they announce preliminary quarterly results. When this happens, the quarterly and trailing twelve month values will not be available.

EPS Excl Extrdnry Items (TTM)

Actual earnings excluding *Extraordinary Items* and *Discontinued Operations*. This item is computed by subtracting *Extraordinary Items* and *Discontinued Operations* from *Earnings* for the trailing twelve month period and dividing the remainder by *Number of Shares*.

Quick Ratio (last qtr)

This ratio, also known as the *Acid Test Ratio*, is computed by adding *Cash*, *Short Term Investments*, and *Accounts Receivable* and dividing the total by *Total Current Liabilities*.

Return On Equity (TTM)

Trailing twelve month *Return On Equity* is the *Income Available to Common* for the trailing twelve months divided by *Average Common Equity* for the same trailing twelve month period and is expressed as a percentage.

Revenue Share (TTM)

The *Total Revenue* divided by the *Average Primary Shares Outstanding* over the trailing twelve months. Can be thought of as sales.

Note
Quick Ratio is not available for banks, insurance companies, and other companies that do not distinguish between current and long-term assets and liabilities.

Total Debt/Assets (last qtr)

This ratio is *Total Debt (long and short-term) including Capitalized Lease Obligations* divided by *Total Assets.*

Dividend, Indicated Annl

The anticipated per share *Dividend* for the coming year.

Price/Book Ratio

The current stock price[1] divided by *Book Value/Share (last qtr)*. If this field is ranked, the value used for ranking is derived from the last closing price at the time the ranking was computed.

Price/Earnings Ratio

The current stock price[1] divided by *EPS Excl Extrdnry Items (TTM)*.

Price/Revenue Per Share

The current stock price[1] divided by *Revenue/Share (TTM)*.

Dividend Yield

Dividend, Indicated Annl divided by the current stock price[1].

Footnotes

1. Current stock price is extracted from user's data base. Price is last closing price downloaded for stock. If this field is ranked, the value used for ranking is derived from the last closing price at the time the ranking is computed.
2. The compound annual growth rate (i) of variable X over n years is computed as:

$$i = \left[\left(\frac{X_{year=1}}{X_{year=n}} \right)^{1/n} - 1 \right] \times 100$$

Dial/Data Fields

ll values are for the most recent quarter or the trailing twelve month (TTM) period. For those foreign companies that do not report quarterly, the values are obtained from the most recent Annual Statements.

MarketBeta

Beta is a measure of a stock's price volatility relative to the general market. *MarketBeta* is derived from a 5-year time series of price data values. Each value in the series represents the percentage price change of the stock relative to the percentage price change of the S&P 500 for a specific interval of time. (*MarketBeta* is computed as the slope of the regression line of the 5-year time series adjusted for regression tendencies.) A stock with a *Beta* less than 1 is less volatile than the general market. A *Beta* greater than 1 indicates a stock that is more volatile than the market. For example, the price of a stock with a *Beta* of 2 should increase (or decrease) twice as much as the market. So, if the market were to increase 10%, a stock with a *Beta* of 2 should increase 20%.

MarketBeta Down

MarketBeta Down measures the volatility of a stock relative to the S&P 500 for periods in which the S&P 500 goes down.

MarketBeta Up

MarketBeta Up measures the volatility of a stock relative to the S&P 500 for periods in which the S&P 500 goes up.

Note
Current Ratio is not available for banks, insurance companies, and other companies that do not distinguish between current and long-term assets and liabilities.

Book Value/Share (last qtr)

The actual Book Value Per Share for latest quarter.

Current Ratio (last qtr)

Current Ratio is simply *Total Current Assets* divided by *Total Current Liabilities*.

EPS % Change (year ago)

Year ago *Earnings Per Share (EPS) Percent Change* is the percent change in *Earnings from Continuing Operations Excluding Extraordinary Items* in the most recent quarter as compared to the same quarter one year earlier.

EPS % Change (year to date)

This figure represents the percentage change in year-to-date *Earnings Per Share from Continuing Operations Excluding Extraordinary Items* from the year-to-date period one year earlier.

Free Cash Flow/Share (TTM)

Free Cash Flow Per Share is computed by dividing *Free Cash Flow* for the trailing twelve months by the number of *Shares Outstanding* as shown on the *Income Statement*. *Free Cash Flow* is derived from the *Statement of Cash Flows* and is computed as *Cash from Operating Activities* less *Capital Expenditures* and *Dividends Paid.*

Growth Rate % (EPS)

This is the compound annual growth rate[2] of *EPS Excluding Extraordinary Items and Discontinued Operations. Growth Rate % (EPS)* is calculated for 3 years whenever 4 years of earnings are available and the latest year earnings are positive. If the most recent fiscal year earnings are negative, the result is not meaningful. If earnings are not available for the required 4 years, the calculation is performed over a shorter period of time. See next item, *Growth Rate (# Years),* to determine how many years were used in the calculation.

Growth Rate (EPS # years)

The number of years over which the *Earnings Per Share Growth Rate* is computed.

Growth Rate % (net income)

This is the compound annual growth rate[2] of *Adjusted Income Available to Common. Net Income Growth Rate* is calculated for 3 years whenever 4 years of income are available and the latest year income is positive. If income is not available for the required 4 years, the calculation is performed over a shorter period of time. See next item, *Growth Rate (Net Income # Years)* to determine how many years were used in the calculation.

Growth Rate (net income # years)

The number of years over which the *Net Income Growth Rate* is computed.

Institutional Percent Held

The percent of common stock held by all reporting institutions.

Net Profit Margin % (TTM)

Net Profit Margin is *Income After Taxes* divided by *Total Revenue* and is expressed as a percentage. Most banks and finance companies do not report revenues when they announce preliminary quarterly results. When this happens, the quarterly and trailing twelve month values will not be available.

EPS Excl Extrdnry Items (TTM)

Actual earnings excluding *Extraordinary Items and Discontinued Operations*. The item is computed by subtracting *Extraordinary Items and Discontinued Operations* from *Earnings* for the trailing twelve month period and dividing the remainder by *Number of Shares*.

Note
Quick Ratio is not available for banks, insurance companies, and other companies that do not distinguish between current and long-term assets and liabilities.

Quick Ratio (last qtr)

This ratio, also known as the *Acid Test Ratio*, is computed by adding *Cash*, *Short Term Investments*, and *Accounts Receivable* and dividing the total by *Total Current Liabilities*.

Return On Equity (TTM)

Trailing twelve month *Return On Equity* is the *Income Available to Common* for the trailing twelve months divided by *Average Common Equity* for the same trailing twelve month period and is expressed as a percentage.

Revenue Share (TTM)

The *Total Revenue* divided by the *Average Primary Shares Outstanding* over the trailing twelve months. Can be thought of as sales.

Total Debt/Assets (last qtr)

This ratio is *Total Debt (long and short-term) including Capitalized Lease Obligations* divided by *Total Assets.*

Dividend, Indicated Annl

The anticipated dividend for the coming year.

Last Split Factor

Split Factor applied the last time the stock was split (or a stock dividend issued). If the last split was 2 for 1 (or a 100% stock dividend was issued), the *Last Split Factor* is 2.

Asset Turnover (TTM)

Asset Turnover is calculated as *Total Revenue* divided by *Average Total Assets* for the trailing twelve months.

Debt (total) Equity (last qtr)

The *Total Debt to Total Equity Ratio* is *Total Debt* divided by *Total Shareholders Equity*.

Interest Coverage (TTM)

Interest Coverage, also known as *Times Interest Earned*, is the ratio of *Earning before Interest and Taxes* divided by *interest expense*. This item is not meaningful for banks and insurance companies.

Inventory Turnover (TTM)

This ratio measures how quickly inventory is used up. It is defined as *Cost of Goods Sold* divided by *Average Inventory*.

Receivable Turnover (TTM)

This ratio is *Total Revenue* divided by *Average Accounts Receivable*.

Return On Assets (TTM)

Return On Assets is trailing twelve month *Income After Taxes* divided by *Average Total Assets* and is expressed as a percentage.

Payout Ratio (TTM)

The percentage of *Primary Earnings Per Share Excluding Extraordinary Items* paid to stockholders as dividends.

Revenue Per Employee (TTM)

This item is *Total Revenue* divided by *Number of Employees*. Where, Employees is the number of full-time equivalent employees as of the fiscal period end and as reported in the 10-K report.

Tang Book Val/Share (last qtr)

This item is *Book Value* minus *Goodwill* and *Assets*.

Cash Per Share (last qtr)

Cash Per Share is computed by adding *Cash* and *Short Term Investment* and dividing the sum by *Shares Outstanding* at the end of the latest fiscal period.

Debt Service to EPS (TTM)

This ratio is trailing twelve month *Interest Expense* divided by *Income Available to Common Stockholders* for the same trailing twelve month period.

Gross Margin (TTM)

This item measures the percentage of revenue left after paying all direct production expenses.

Gross Margin is computed as:

$$\left(\frac{\text{Revenue - Cost of Goods Sold}}{\text{Revenue}}\right) \quad \text{x } 100$$

Return On Sales (TTM)

This item is *Income After Taxes* divided by *Total Revenue* for the same period and is expressed as a percentage.

Capital Spending/Share (TTM)

The sum of all *Capital Expenditures* listed on the *Statement of Cash Flows* divided by *Shares Outstanding.*

The percentage change in trailing twelve month *Revenue* as compared to the same period one year earlier.

Revenue Percent Change (TTM)

The percentage change[3] in trailing twelve month *Revenue* as compared to the same period one year earlier.

Return On Investment (TTM)

This item is *After Tax Income* divided by the sum of *Total Shareholders Equity*, *Total Long Term Liabilities*, and *Total Long Term Debt* and is expressed as a percentage.

EPS % Change (TTM)

The percentage change[3] in trailing twelve month *Earnings per Share from Continuing Operations Excluding Extraordinary Items* as compared to the same trailing twelve month period one year earlier.

Shares Outstanding - Current

The number of shares of common stock currently outstanding. This number includes public offerings and acquisitions of stock made after the end of the previous fiscal period. For foreign corporations, this value has been converted to its ADR equivalent.

Institutional Ownership

Common stock held by all reporting institutions.

Float

The number of freely tradable shares in the hands of the public. It is computed as *Shares Outstanding* less shares owned by insiders, 5% owners, and Rule 144 shares.

EPS Growth Rate (3 yrs)

This item is the compound annual growth rate of *Earnings Per Share* over the last 3 years.

Book Value Growth Rate (5 yrs)

The compound annual growth rate[2] of *Book Value* over the last 5 years. If the value for either the most recent year or the earliest year is zero or negative, that year is ignored. If a 5-year growth rate cannot be calculated, a 4-year growth rate is used instead. If less than 4 years are available, the code 'NA' (Not Available) will be appear.

Cap Spdng Growth Rate (5 yrs)

The compound annual growth rate[2] of *Capital Spending* over the last 5 years. Where, Capital Spending is the sum of all *Capital Expenditures* listed on the *Statement of Cash Flows*.

If the value for either the most recent year or the oldest year is zero or negative, that year is ignored. If a 5-year growth rate cannot be calculated, a 4-year growth rate is used instead. If less than 4 years are available, the code 'NA' (Not Available) will be appear.

Cash Flow Growth Rate (5 yrs)

This item is the compound annual growth rate[2] of *Cash Flow* over the last 5 years. *Cash Flow* is the sum of *Income After Taxes* plus *Preferred Dividends, General Partner Distributions, Depreciation, Depletion* and *Amortization.*

If the value for either the most recent year or the oldest year is zero or negative, that year is ignored. If a 5-year growth rate cannot be calculated, a 4-year growth rate is used instead. If less than 4 years are available, the code 'NA' (Not Available) will appear.

Dividend Growth Rate (5 yrs)

This item is the compound annual growth rate[2] of *Dividends* over the last 5 years.

If the value for either the most recent year or the oldest year is zero or negative, that year is ignored. If a 5-year growth rate cannot be calculated, a 4-year growth rate is used instead. If less than 4 years are available, the code 'NA' (Not Available) will appear.

EPS Growth Rate (5 yrs)

The compound annual growth rate[2] of *Earnings Per Share* over the last 5 years.

If the value for either the most recent year or the oldest year is zero or negative, that year is ignored. If a 5-year growth rate cannot be calculated, a 4-year growth rate is used instead. If less than 4 years are available, the code 'NA' (Not Available) will appear.

Net Pr Mrgn Grwth Rate (5 yrs)

The compound annual growth rate[2] of *Net Profit Margin* over the last 5 years.

If the value for either the most recent year or the oldest year is zero or negative, that year is ignored. If a 5-year growth rate cannot be calculated, a 4-year growth rate is used instead. If less than 4 years are available, the code 'NA' (Not Available) will appear.

Gross Mrgn Growth Rate (5 yrs)

The compound annual growth rate[2] of *Gross Margin* over the last 5 years.

If the value for either the most recent year or the oldest year is zero or negative, that year is ignored. If a 5-year growth rate cannot be calculated, a 4-year growth rate is used instead. If less than 4 years are available, the code 'NA' (Not Available) will appear.

Revenue Growth Rate (5 yrs)

The compound annual growth rate[2] of *Revenue* over the last 5 years.

If the value for either the most recent year or the oldest year is zero or negative, that year is ignored. If a 5-year growth rate cannot be calculated, a 4-year growth rate is used instead. If less than 4 years are available, the code 'NA' (Not Available) will appear.

Net Income Growth Rate (5 yrs)

The compound annual growth rate[2] of *Net Income* over the last 5 years.

If the value for either the most recent year or the oldest year is zero or negative, that year is ignored. If a 5-year growth rate cannot be calculated, a 4-year growth rate is used instead. If less than 4 years are available, the code 'NA' (Not Available) will appear.

Historical Relative P/E

Historical Relative P/E is the mean of the last 5 years of annual *Relative P/E* multiplied by 100.

Calculated as:

$$\left(\frac{\text{Trailing twelve month P/E - 5 year P/E Low}}{\text{5 year P/E High - 5 year P/E Low}} \right) \times 100$$

Div Yield-Avg Yearly (5 yrs)

Average dividend yield for the last five years.

Short Interest as a % of Float

Short Interest as a Percent of Float is calculated as *Current Month's Short Interest* divided by the *Float* and is expressed as a percentage.

Where:

Float = Shares Outstanding - (Shares Owned by Insiders + 5% Owners + Rule 144 Shares)

Short Int % of Shares Outstn

Short Interest as a Percent of Shares Outstanding is calculated as the *Current Month's Short Interest* divided by the *Shares Currently Outstanding* and is expressed as a percentage.

Short Interest/Avg Daily Vol

This ratio represents *Short Interest* (as disclosed in *Short Interest* statistics) compared with daily volume (one month average).

Short Int - 1 Month % Change

One Month Short Interest Percent Change is the percentage change in *Short Interest* for the most recent month as compared to *Short Interest* for the previous month.

Insider Ownership Percent

The percentage of total common stock held by all the officers and directors as a group plus beneficial owners who own more than 5 % of the subject company's stock as disclosed in the most recent proxy statement.

CFY Earnings Estimate

This figure is the mean value of the consensus of estimated projected corporate earnings per share as reported to Zacks from the major institutional brokerage firms for the current fiscal year.

NFY Earnings Estimate

This figure is the mean value of the consensus of estimates for projected corporate earnings per share as reported to Zacks from the major institutional brokerage firms for the next fiscal year (i.e., the year after the current fiscal year).

% Earnings Growth for CFY

The percentage growth[3] in earnings per share comparing actual earnings for the last reported year to current fiscal year projected earnings.

% Earnings Growth (CFY to NFY)

The percentage growth[3] in earnings per share comparing projected earnings for the current fiscal year to projected earnings for the next fiscal year.

Price to Cash Flow (TTM)

Price to Cash Flow per share (TTM) is calculated as current stock price[1] divided by *Free Cash Flow/Share (TTM)*.

Price/Earnings Ratio

Current stock price[1] divided by *EPS Excl Extrdnry Items (TTM)*.

Price/Revenue Per Share

Current stock price[1] divided by *Revenue/Share (TTM)*.

Dividend Yield

Dividend, Indicated Annl divided by the current stock price[1] and expressed as a percentage.

Price/Book Ratio

Current stock price[1] divided by *Book Value/Share (last qtr)*.

Note If this field is ranked, the value used for ranking is derived from the last closing price at the time the ranking was computed.

Price/Tangible Book Ratio

Current stock price[1] divided by *Tang Book Val/Share (last qtr)*.

Cash to Price

Free Cash Flow/Share (TTM) divided by current stock price[1].

Price to Capital Spending

Current stock price[1] divided by *Capital Spending/Share (TTM)*.

Market Capitalization

Market Capitalization is the current stock price[1] multiplied by the current number of shares *(Shares Outstanding - Current)*.

Footnotes

1. Current stock price is extracted from user's data base. Price is last closing price downloaded for stock. If this field is ranked, the value used for ranking is derived from the last closing price at the time the ranking is computed.
2. The compound growth rate (i) of variable X over n years is computed as:

$$i = \left[\left(\frac{X_{year=1}}{X_{year=n}} \right)^{1/n} - 1 \right] \times 100$$

3. The percentage growth (i) of variable X from year 1 to year 2 is computed as:

$$i = \left(\frac{X_{year2} - X_{year1}}{X_{year1}} \right) \times 100$$

2. Glossary of Fundamental Data Terms

Accounts Receivable

Money owed to the business for merchandise or services sold on open account.

Adjusted Income Available to Common

See *Income Available to Common.*

Anticipated Dividend

Dollar amount of dividends expected to be paid to stock holders in coming year. Once dividends are declared, they become an obligation and are listed as liabilities in annual and quarterly reports. In financial statements, declared dividends are referred to as Dividends Payable.

Average Common Equity

Average value of *Common Equity for an accounting period.*

Balance Sheet (Also called Statement of Condition or Statement of Financial Position)

A financial report showing the status of a company's assets, liabilities, and owner's equity on a given date, usually the close of a month. The Balance Sheet shows capital (assets) and the sources of that capital (liabilities and equity) and lists the items making up the two sides of this equation. Unlike a Profit and Loss Statement, which shows the results of operations over a period of time, a Balance Sheet shows a company's financial position at one point in time.

Beta

Coefficient measuring a stock's relative volatility. Beta is the covariance of a stock in relation to the rest of the market. The S&P 500 Index has a beta coefficient of 1.0. Any stock with a higher beta is more volatile than the market, and a stock with a beta less than 1.0 can be expected to rise and fall more slowly than the market.

Book Value

Net asset value of a company's securities, calculated by subtracting preferred stock from total Shareholder's Equity (also referred to as Common Equity).

Capital Expenditures

Outlays of money to acquire or improve Capital Assets such as building and machinery.

Capitalized Lease Obligations

Lease obligations that have been converted to an asset/liability form called a *Capital Lease; that is, leased assets that are recorded as owned assets and lease obligations that are recorded as borrowed funds.*

Cash

Asset account on Balance Sheet representing paper currency and coins, negotiable money orders and checks, and bank balances. In financial statements, cash is usually grouped with Cash Equivalents, defined as all highly liquid securities with a known market value and a maturity of less than 3 months.

Cash from Operating Activities

Cash receipts, cash payments and other transactions that affect net income (usually itemized as *Adjustments to Net Income on Cash Flow Statement).*

Common Equity

Ownership interest possessed by common shareholders in a corporation.

Compound Annual Growth Rate

Rate of growth of a series of numbers, compounded over several years and converted to an annual rate. In the conversion, the total number of years is used as an exponent by which the total rate is reduced to a compound annual rate.

Depreciation Expense

Expenses charged for the amortization of fixed assets, such as plant and equipment, so as to allocate the cost of the assets over their depreciable life.

Discontinued Operations

Income from discontinued operations is income that will not recur although some capital may remain from the discontinued activity.

Dividends Paid

Dividends paid during reporting period.

Earnings from Continuing Operations

Total earnings less earnings from discontinued operations.

Earnings Per Share (EPS)

Portion of a company's profit allocated to each outstanding share of common stock. This figure represents profit after taxes and after paying preferred stock and bond dividends.

Extraordinary Item

A nonrecurring occurrence that must be explained to shareholders in an annual or quarterly report. Earnings are usually reported before and after adjustment for extraordinary items. Some examples of extraordinary items are: acquisition of another company, write-off of a division, and sale of a large amount of real estate.

Income After Taxes

Difference between total sales and total costs, expenses, and income taxes.

Income Available to Common (Also called Net Income Applicable to Common Stock)

Net Income after taxes less payments to bondholders and preferred shareholders.

Income Statement (Also called Profit and Loss Statement, Operating Statement, or Income and Expense Statement)

The Income Statement is a summary of revenues, costs, and expenses during an accounting period. This statement together with the Balance Sheet as of the end of the accounting period constitute a company's financial statement.

Net Income

Total sales less total costs and expenses. Total costs is cost of goods sold including depreciation. Total expenses is selling, general, and administrative expenses, plus income deductions.

Redeemable Preferred Stock

Preferred stock that can be repaid, at par or at a premium price.

Selling, General, and Administrative (SG&A) Expenses

Group of expenses reported on Profit and Loss Statement between Cost of Goods Sold and Income Deductions. Included in this category are such items as salesperson's salaries and commissions, advertising and promotion, travel and entertainment, office payroll and expenses, and executives salaries. SG&A expenses do not include interest or amortization of Intangible Assets, which are listed as Income Deductions.

Shares Held by Institutions

Shares held by organizations that own large blocks of securities. Examples are mutual funds, banks, insurance companies, pension funds, labor union funds, corporate profit-sharing plans, and college endowment funds.

Shares Outstanding

Stock held by shareholders, shown on Corporate Balance Sheet under the heading of Capital Stock Issued and Outstanding.

Short Term Investments

Investments with a maturity of one year or less.

Statement of Cash Flows (Also called Statement of Changes in Financial Position)

Analysis of Cash Flow included as part of financial statements in annual reports of publicly held companies. Shows how changes in Balance Sheet and Income Accounts affect Cash and Cash Equivalents and breaks the analysis down according to operating, investing, and financing activities. As an analytical tool, the statement reveals healthy and unhealthy trends and makes it possible to predict future cash requirements. It also shows how actual Cash Flow measured up to estimates, and permits comparisons with other companies.

Total Current Assets

Total of Cash, Accounts Receivable, Inventory, and other assets that are likely to be converted into cash, sold, exchanged, or expensed in the normal course of business, usually within one year.

Total Current Liabilities

Debt or other obligation coming due within one year.

Total Debt (LT & ST)

All claims on the assets of a company excluding ownership equity. Short term (ST) debt is liabilities due in less than one year. Long term (LT) debt is liabilities due in one year or more.

Total Equity

Total ownership interest possessed by shareholders of stock in a corporation.

Total Revenue

The collective amounts of sales and other monies received by a corporation during an accounting period.

3. Computation of Field Rankings and the overall Fundamental Rating

Field Rankings

Financial data services provide fundamental data for many different fundamental criteria (or fields) and for thousands of publicly traded stocks. A fundamental field is a specific item of quantitative fundamental data, such as Price/Earnings Ratio or Dividend Yield, that can be regularly updated by connection to a data service. The fundamental field rank is a three digit number which gives a measure of a stock's fundamental attractiveness, based on the value of a particular fundamental field, relative to the other stocks and within a specified population of stocks.

The fundamental field rank is not simply a hierarchical ranking system where the stock with the highest field value is ranked number 1, the next highest number 2, and so on down the list. Instead, the fundamental field rank is a relative rank designed so the rank value relates directly to the level of attractiveness of each stock. Field rankings are based on a scale of 0 to 999. The top ranked stock, the stock with the highest field value, is always given a rank value of 999 and the stock with the lowest field value always a rank value of 0. The ranks for all other stocks in the population are computed from their field values on a relative basis.

The computation of rank for those stocks with field values falling between the maximum and minimum field values is shown below:

$$\text{Rank} = \frac{X - X_{min}}{\text{Range}} \times 1000$$

$$\text{Range} = X_{max} - X_{min}$$

where:

X = Field Value

X_{max} = Maximum field value of all stocks ranked

X_{min} = Minimum field value of all stocks ranked

Example calculation of ranks for two fields (Earnings per Share and Dividend Yield):

Stock	EPS Field Value	EPS Rank	Div. Yield Field Value	Div. Yield Rank
A	2 (min.)	0	4	(4-2)÷7×1000=286
B	7	(7-2)÷6×1000=833	9 (max.)	999
C	8 (max.)	999	2 (min.)	0
D	4	(4-2)÷6×1000=333	8	(8-2)÷7×1000=857
Range	8-2 = 6		9-2 = 7	

Overall Fundamental Rating

The AIQ Fundamental Rating is designed to provide an overall measure of the fundamental strength of an individual issue. It combines selected fundamental criteria (fields) that are weighted according to the user's preferences. The Fundamental Rating is computed from entries that you make in the *Specify Strategy* window and is composed of those fundamental criteria that you deem most significant. Both the fields and the weighting values used in the computation of the rating are specified by the user.

Fundamental Ratings are computed from field rankings and are automatically recomputed each time new rankings are computed. The computation is simply a weighted average of the ranks of those fields that you designate to be included in the rating.

A weight (ranging from 1 to 99) is specified for each field that is designated for inclusion in the AIQ Fundamental Rating. These weights are applied to the rank for each field to arrive at the combined rating for a stock. For example, if you wish to combine five fields and assign each an equal weight of 99, each field will contribute an equal 20% to the rating. However, if you are combining three fields and assign one double the weight of the other two (98 vs. 49 for the other two), the heavily weighted field will contribute 50% while the lesser weighted fields will each contribute only 25% to the rating. In this way, you can construct a Fundamental Rating of any combination of fundamental factors (fields) that you choose, and you can weight these factors in the way that best fits your concept of their relative importance.

The computation of the AIQ Fundamental Rating from field rankings and field weights is shown on the opposite page.

$$\text{Rank} = \frac{\text{FWT} - \text{FWT}_{min}}{\text{Range}} \times 1000$$

$$\text{Range} = \text{FWT}_{max} - \text{FWT}_{min}$$

$$\text{FWT} = \sum_{i=1}^{n} R_i \times WN_i$$

$$WN_i = \frac{W_i}{\sum_{i=1}^{n} W_i}$$

where:

- n = number of fields included in the Fundamental Rating
- R_i = Field Rank, field i
- W_i = Field weight, field i
- WN_i = Normalized Field Weight, field i
- FWT = Fields Weighted Total
- FWT_{max} = Maximum FWT value of all stocks rated
- FWT_{min} = Minimum FWT value of all stocks rated

Example Calculation of the overall Fundamental Rating:

Fundamental Rating consists of following two fields:

Field	Field Weight	WN
EPS	90	90÷150 = .60
Div Yield	60	60÷150 = .40
	150	1.00

Stock	EPS Field Rank	×	WN	+	Div. Yield Field Rank	×	WN	=	FWT
A	0	×	.60	+	286	×	.40	=	114
B	833	×	.60	+	999	×	.40	=	899
C	999	×	.60	+	0	×	.40	=	599
D	333	×	.60	+	857	×	.40	=	543

Range = FWT_{max} - FWT_{min} = 899 - 114 = 785

Stock	FWT	Rating
A	114 (min.)	0
B	899 (max.)	999
C	599	(599-114)÷785 × 1000 = 618
D	543	(543-114)÷785 × 1000 = 546