



STRIDE

STRIDE Scores

What they mean and how they are derived

All scores are proprietary so, while they will not be made 100% transparent, we will provide a clear view of how they work. Scores and overall ratings are out of 100: the higher the better. Colour coding plus descriptions offer further clarity.

Strength

STRIDE measures business strength by determining if it could 'weather a storm'. How long could the company last in a tough economic environment, a sustained downturn or a change to its specific market?

Strength is a blended score that focuses on how each business performs within its sector. This is because the strength of a bank cannot be determined in the same way as a manufacturing or insurance company, for example.

Banks

We analyse capital and leverage ratios and ensure the bank is highly liquid. In measuring these ratios we aim well above current standards in the industry and we've already seen how prudent that choice was, given the state of the global banking system.

Insurance Companies

Again, capital and leverage ratios are very important, but here we also look at:

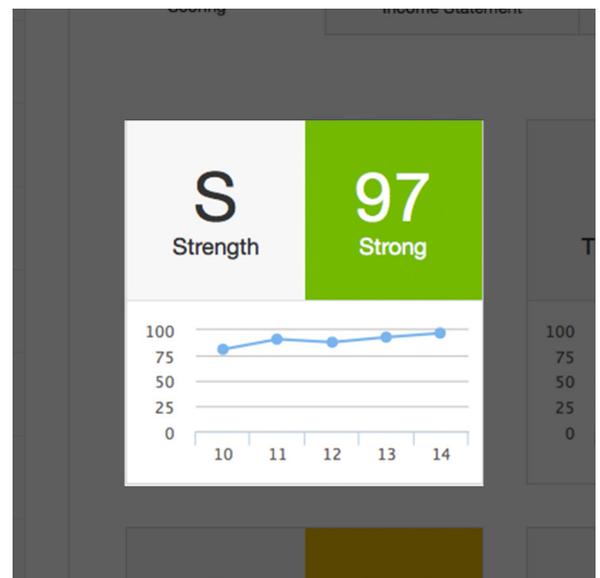
- Insurance reserve to premiums underwritten
- Current insurance liabilities to insurance reserves
- Total insurance liabilities to insurance reserves
- Reserve to liability ratios
- Total reserve ratios
- Solvency ratios

All other companies

For all other industries, we use a blend of:

- Z scoring / Z" scoring
- Liquidity ratios (Current / Quick / Cash)
- Free cash flow generation
- Operating cash flow generation
- Working capital and retained earnings reserves

The exact blend is determined by the sector.

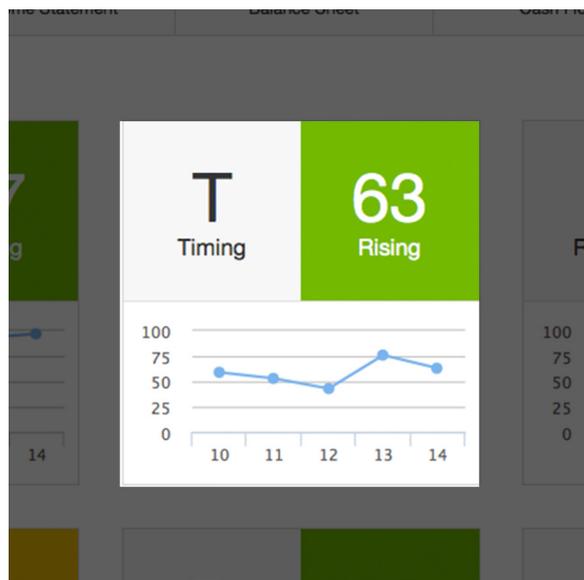


Timing

The STRIDE Timing score gives us a technical view of the current share price. While technicals generally do not come into value investing, we have found that using momentum to determine a good entry time into a great business can really boost overall returns.

We look at leading technical indicators to determine strength of the current share price and whether it is in an upward or downward trend.

Using simple moving averages and exponential moving averages over various periods combined with PPO, RSI and MACD indicators, the Timing score gives us a very good idea of future strength, trend and momentum.



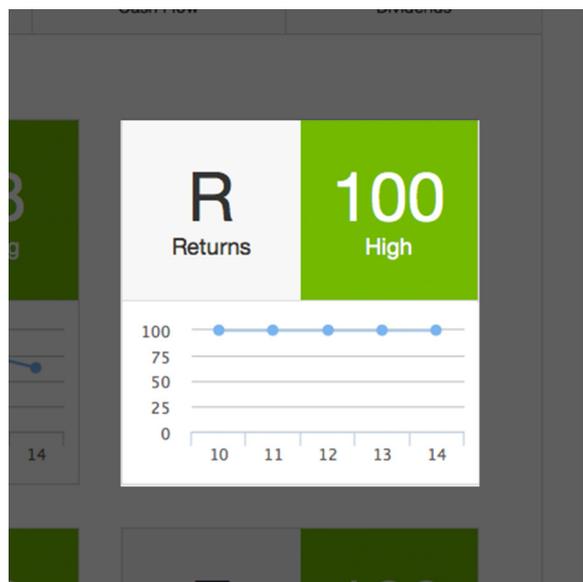
Returns

Businesses with a high Returns score generate top-end-of-the-scale returns on equity, assets and capital.

STRIDE also looks at whether a business is managing its debt obligations well. This rating ensures it can generate returns on any debt that will easily cover interest and capital repayments, while still generating a return for shareholders.

Calculating the Returns score is, again, industry specific. In general terms, STRIDE looks at:

- ROA
- ROE
- ROCE
- ROCE after full "finance costs"



The dashboard displays the following scores:

- S Strength:** 97 (Strong)
- T Timing:** 63 (Rising)
- R Returns:** 100 (High)
- I Intrinsic Value:** 35 (Low)
- D Dividends:** 80 (High)
- E Earnings Predictability:** 100 (High)

News items:

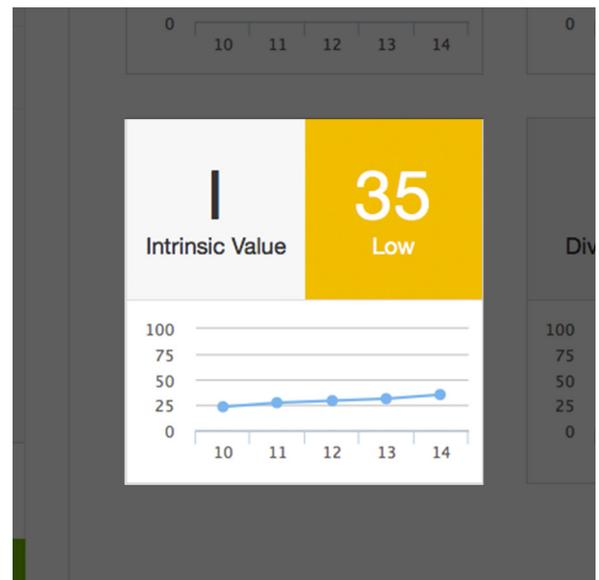
- 2014-11-17 : Results**
This business has a recent filing made on 2014-10-29.
- 2014-11-17 : 3DVI**
Timing score has moved above 60. The price is rising. There has been a marked increase in the share price and it is climbing.
- 2014-11-10 : 3DVI**
Timing score has moved above 60. The price is rising. There has been a marked increase in the share price and it is climbing.

Intrinsic Value

The STRIDE Intrinsic Value score exists to give you a clear idea of the tangible assets in the business that you are buying.

It seeks the answer to one crucial question: Of the current share price, what portion of your investment is protected should the business be subjected to a 'fire sale' of its assets?

To answer this, and generate this score, we take total equity and strip out all intangibles, goodwill, minority interests, common stock issued in the current year and capitalised intellectual property. Put simply, the greater the value of assets remaining, the higher the score.

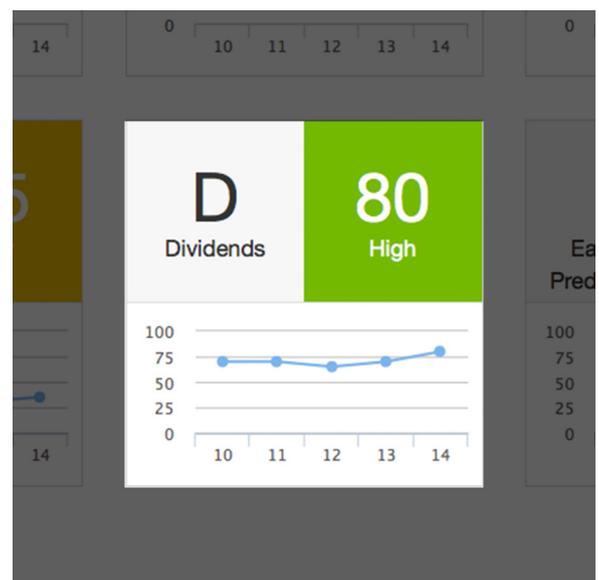


Dividends

Our Dividends score reveals the truth behind a dividend. While we appreciate businesses paying dividends to shareholders, they can easily become a primary focus at the cost of other aspects of the business. We want to make sure that dividends are well considered, consistent and sustainable, all things that this score shows.

STRIDE ensures the dividend is:

- Not going to affect the stability of the business
- Easily financed from free cash flows
- Consistent
- Growing
- Useful to us as investors in terms of yield



...gs Limited
...estaurants and Leisure
...Catalist Market : 50F

Price	Cons. Buy	Fair Value	Cons. Sell
0.25	0.29	0.38	0.70

S	T	R	I	D	E
87	86	100	66	56	66

Rating 84

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IAF

Price	Cons. Buy	Fair Value	Cons. Sell
0.90	2.61	3.24	6.16

S	T	R	I	D	E
89	79	78	90	32	100

Rating 84

ve Systems

Price	Cons. Buy	Fair Value	Cons. Sell
14.79	18.26	24.40	43.62

S	T	R	I	D	E
60	89	73	65	71	100

Rating 84

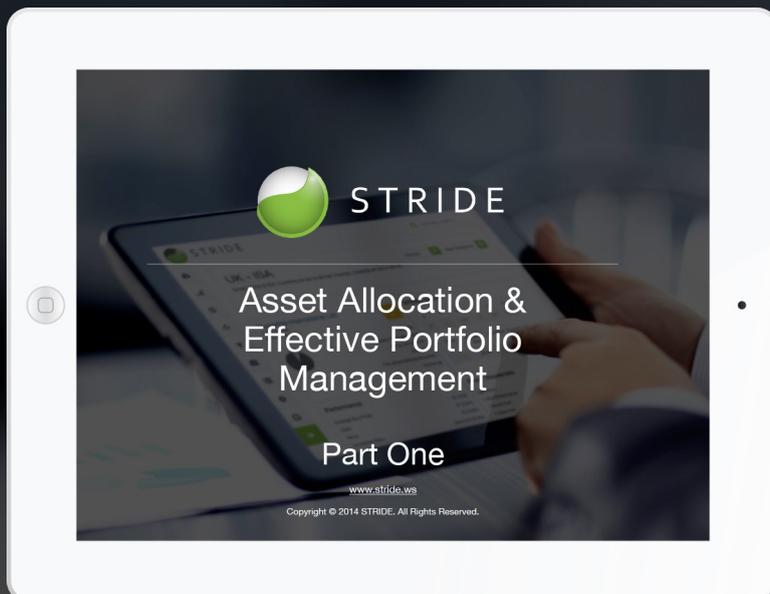
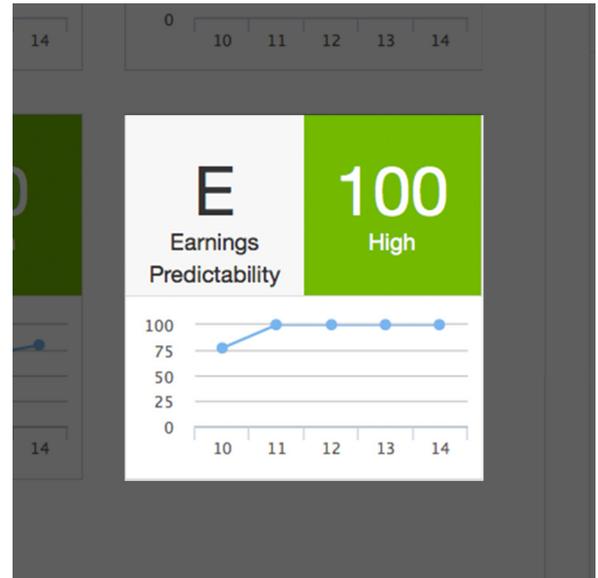
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Earnings Predictability

Earnings Predictability is STRIDE's score for growth potential. It focuses on how the business has fared over the past 5 years at growing all the cash generative / earning aspects of the business.

We look for businesses that have consistently grown:

- Gross Profit
- Net Income
- Earnings Before Tax (but after Depreciation and Amortisation)
- Free Cash Flow on both a full number and per share number basis.



STRIDE Value Investing eBook

Asset Allocation & Effective Portfolio Management - Part One

[Download Now](#)