

THESCREENER'S GLOBAL EVALUATION

theScreeener's Global Evaluation for stocks is a general rating that takes fundamental, technical, and forward-looking aspects into account. Stocks are categorized into five levels; markets and indices have three levels. The ratings are based on our unbiased assessment of star criteria, sensitivity, and context.

theScreeener's proprietary multifactor model combines the world's most popular approaches of financial analysis into a single rating, giving users easy-to-understand assessments. Below is a description of the key pillars.

Components



Star Rating

This 4-star-rating is unique, as every star has a specific meaning. An instrument can have zero to four stars.

For stocks, markets, and sectors, the stars represent:

- Analysts' consensus
- Valuation
- Technical Trend
- Relative Performance

Each star contributes roughly 10% to the Global Evaluation.

40%



Sensitivity Rating

The proprietary Sensitivity rating takes the following two aspects into account:

- Bear Market Factor
Stock's behavior in declining markets relative to the index.
- Bad News Factor
Stock's declining behavior in rising markets relative to the index.

The Sensitivity contributes about 40% to the Global Evaluation.

40%



Context

The Global Evaluation is rounded off by an assessment of the stock's context because companies do not exist in a vacuum.

theScreeener analyzes both the geographical and the industrial context by rating the quality and sensitivity of contexts similarly to single stocks.

The context is categorized into:

- 4 geographical markets,
- 18 industries, and
- 96 sectors.

The context component contributes roughly 20% to the Global Evaluation.

20%



Detail to the components



Earnings Revision Trend

This star represents the analysts' consensus and is based on their earnings per share revisions in the last seven weeks. To ensure reliable estimates, *theScreener* only analyzes titles that are covered by at least three analysts.

Revisions exceeding $\pm 1\%$ result in this star being awarded or revoked. In case of a neutral trend (i.e., estimated revision smaller than $\pm 1\%$), the star remains unchanged from the previous evaluation.

In addition to the star, we indicate the Earnings Revision Trend as follows:

- [↗] raised estimates (7wk EPS Rev; $> 1\%$)
- [↘] lowered estimates (7wk EPS Rev $\leq -1\%$)
- [○] neutral trend - previously positive
- [○] neutral trend - previously negative

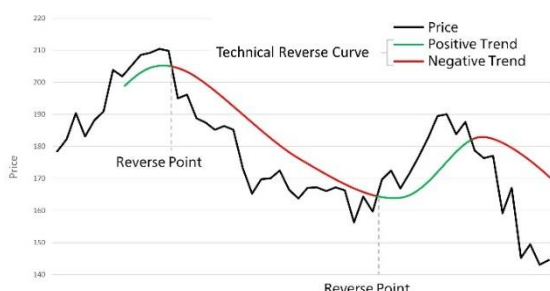


MT Technical Trend

The Medium-Term Technical Trend indicates the current 40-day tendency, positive [↗] or negative [↘], and the Reverse Point indicates the price to which this tendency is valid.

If the difference between price and Technical Reverse is under 1.75%, the MT Technical Trend is neutral. In this case:

- [○] indicates a shift from positive to neutral.
- [○] indicates a shift from negative to neutral.



Valuation Rating

Our Valuation Rating indicates if a stock is selling at a relative premium or discount price, based on its earnings potential, by combining:

- stock price,
- projected earnings,
- projected earnings growth, and
- dividends.

More specifically, it is based on the growth (including dividends) to PE ratio (G/PE) while also considering the historical PE. Taking the growth into account results in a more accurate valuation estimate.

There are five possible ratings:

- [↗; ↘] under-/overvalued ($\geq \pm 15\%$)
- [↗; ↘] moderately under-/overvalued ($\geq \pm 5\%$)
- [○] fairly priced ($\leq \pm 5\%$)



Relative Performance

This star indicates the 4-week performance of a stock relative to its reference index. The relative performance is dividend-adjusted.

The reference indices are the national indices, with exception of European stocks, which use the STOXX600 as the reference.

This star is awarded if a stock outperforms its index by at least 1% and revoked if the stock underperformed by more than 1%.

Oversold

Stocks also receive the two technical stars if the price falls below the lowest 15% of the volatility channel. The share is then considered oversold.



Sensitivity

Sensitivity is a relative rating in which the behavior of a share is compared with that of its competitors. Two sensitivity indicators are considered in this assessment, namely the behavior of the share in declining markets (Bear Market Factor) and the downward movement of the share in rising markets (Bad News Factor). By definition, 65% of shares have a low Bear Market Factor, 25% have a moderate Bear Market Factor and 10% have a high Bear Market Factor. The following thresholds apply to the bad news factor: 45% are classified as low, 30% as moderate and 25% as high.

There are three sensitivity levels:



Low Sensitivity: Both sensitivity indicators are classified as low.



Moderate Sensitivity: At least one sensitivity indicator is classified as moderate and the other indicator is not categorized as high.



High Sensitivity: At least one sensitivity indicator is classified as high.



Bear Market Factor

The Bear Market Factor describes a stock's behavior in a declining market.

Mathematically, it is the mean 52-week difference between the reference index and the stock in declining markets (in basis points).

Negative values mean that the title lost less than the reference index; positive values mean that the title tends to lose even more than the reference index.



Bad News Factor

The Bad News Factor describes the magnitude of a stock's downward movement in a rising market. If a stock falls while its reference index goes up, it can be assumed that the stock's performance has been affected by bad news – hence the name, Bad News Factor.

Mathematically, it is the mean difference between the reference index and the stock whenever the stock price declined while the reference index rose. The Bad News Factor is expressed in basis points and the analysis period is the last 52 weeks.

The larger the Bad News Factor, the more a stock has been sensitive to bad news.



Context

20% of *theScreener's* Global Evaluation consists of the context analysis.

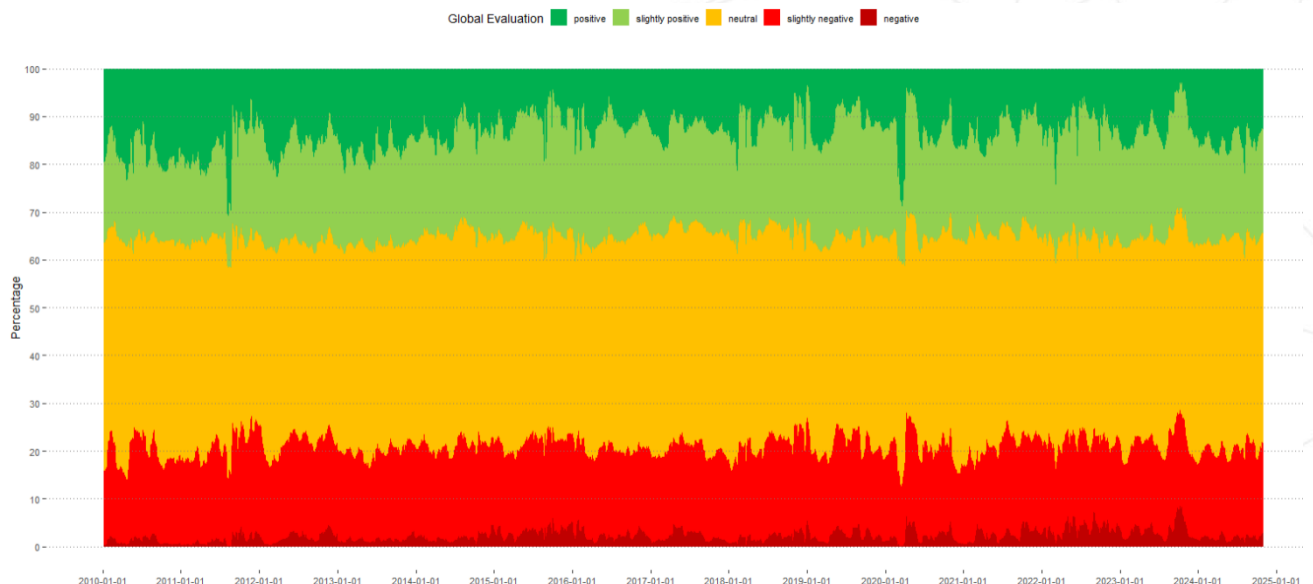
This analysis combines *theScreener's* quality and sensitivity assessment into a three-level scale (positive, neutral, negative).

Every fund is categorized geographically and by benchmark. We distinguish between four geographical markets: Europe (EP), USA (US), Pacific (PA), and World (WO); and 7 asset classes.

Key Statistics



The Global Evaluation is an indicator that, on average, remains unchanged for 30 days. However, this is not equivalent for all rating levels. Positive and negative ratings change more frequently (every 20 resp. 14 days), while neutrally rated stocks tend to keep their rating for 39 days. Slightly positive and slightly negative ratings change every 32 days (resp. 30 days), on average.



	■ Negative	■ Slightly Negative	■ Neutral	■ Slightly Positive	■ Positive
Mean	2.28%	18.8%	43.8%	21.7%	13.4%
Min	0.06%	12.6%	38.6%	9.71%	2.18%
Max	8.58%	24.4%	50.6%	28.6%	31.7%
Std. Dev	1.33%	1.66%	1.95%	2.85%	4.09%