

How to pick the best value stocks for the UK market recovery

The proven methods to find quality, undervalued, expectation-beating shares

Last year's “top 10 value stocks” webinar list



* As of July 14th Close.

Last year's "top 10 value stocks" webinar list

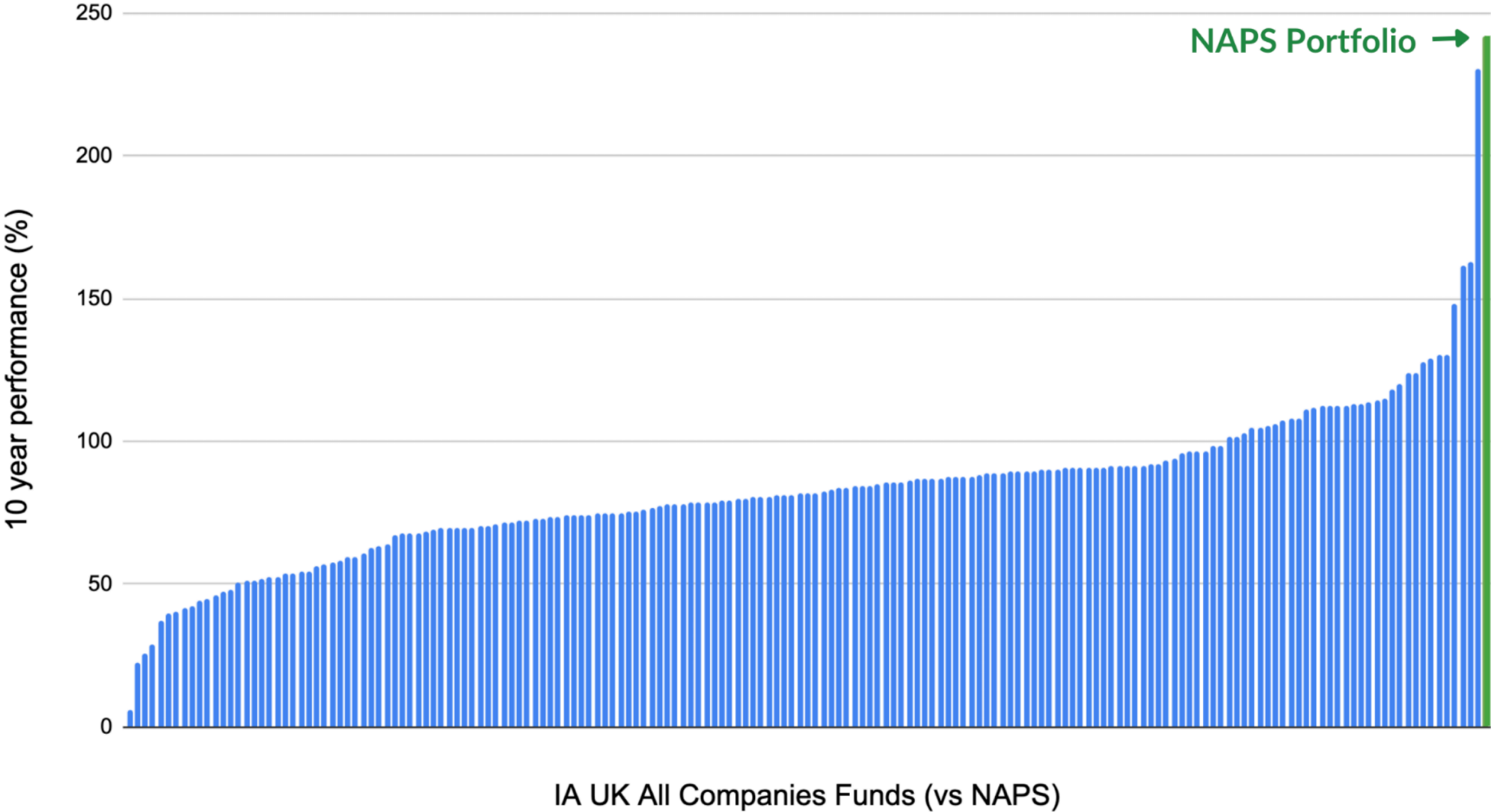
Name	Ticker	Return %
Serabi Gold	SRB	177%
Airtel Africa	AAF	54%
TP Icap	TCAP	43%
Mcbride	MCB	32%
Renold	RNO	28%
MTI Wireless Edge	MWE	19%
Gulf Marine Services	GMS	7%
Smiths News	SNWS	-3%
GSK	GSK	-13%
OPG Power Ventures	OPG	-23%
	Average	32%
	Median	23%

* Since June 6th Publication Date

A decade of rules-based outperformance

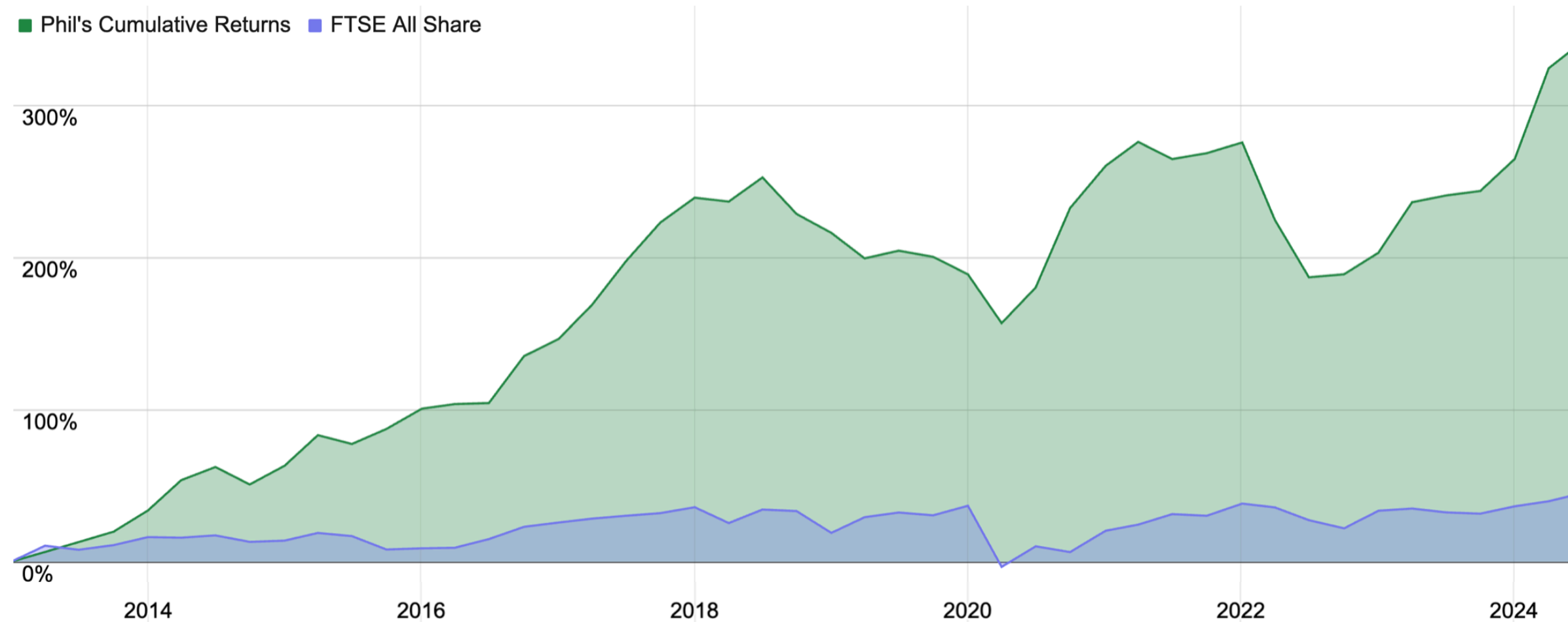


Simple rules behind a decade of outperformance - “NAPS”



Case study: Phil Hoffer's results

“Since changing my approach... I've achieved total returns of 400% in 11 years in spite of the market turbulence of the last few years.”



Private investors looking for a time-proven method to find the best stock ideas without using tips or guesswork.

1. **Why UK stocks?** Undervalued, underloved → breaking out.
2. **Common traps:** story stocks and broker recommendations
3. **A stock selection framework that really works**
 - a. **QVM** - the three key drivers of stock market outperformance.
 - b. **When to buy?** Identifying turning points using newsflow
 - c. **Case studies:** stocks showing all the traits
4. **How to:** *How you can find the best stocks on Stockopedia.*
5. **Top 10 Stocks:** *Some high QVM Stocks across ten sectors.*
6. **Q&A**



Ed Page Croft

*Founder & CEO, Stockopedia.com
ex Goldman Sachs Private Clients*

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We would like to draw your attention to the following important investment warnings:

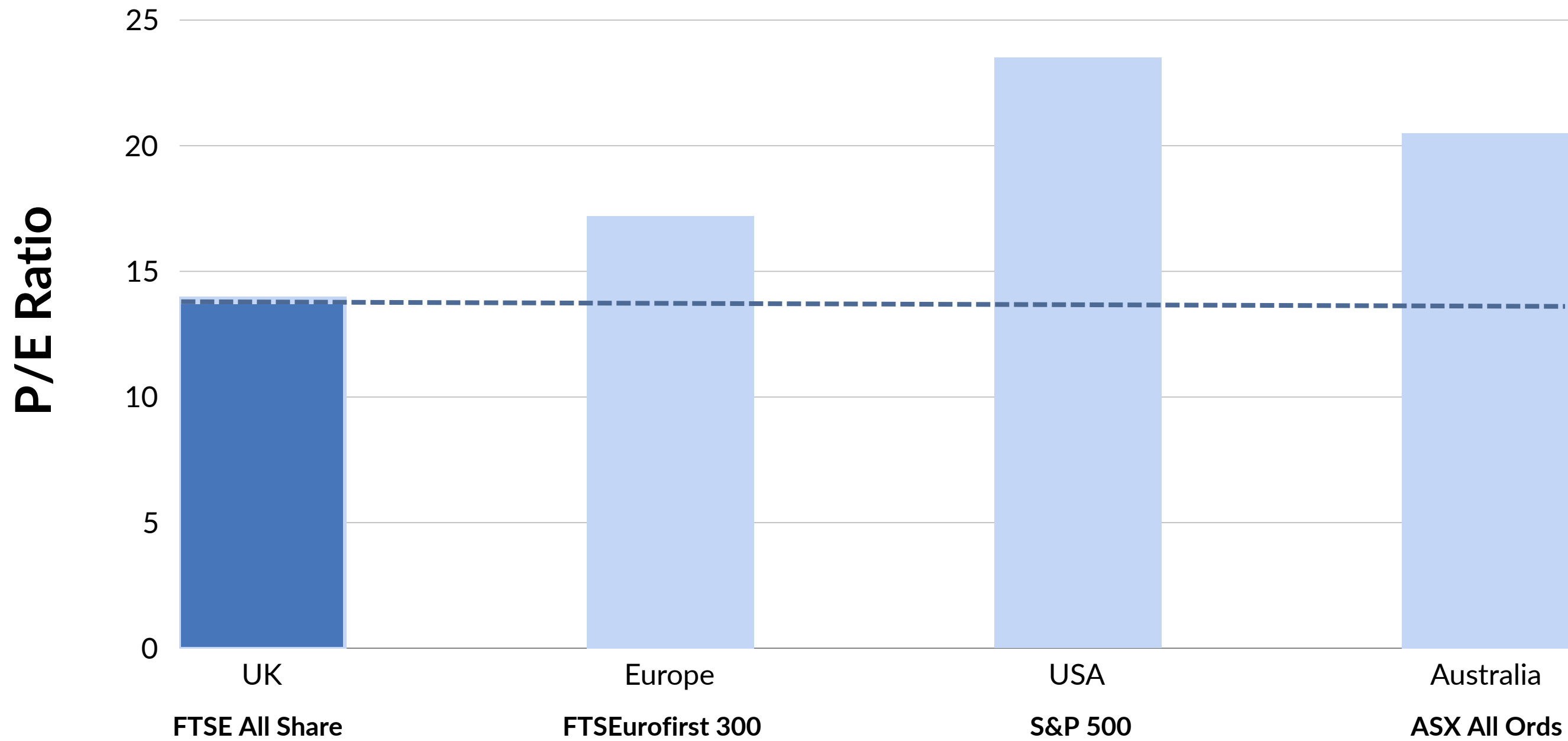
- The value of shares and investments and the income derived from them can go down as well as up.
- Investors may not get back the amount they invested.
- Past performance is not a guide to future performance.

Please note that all data in this document is historic and dated when this document went to print in July 2025.

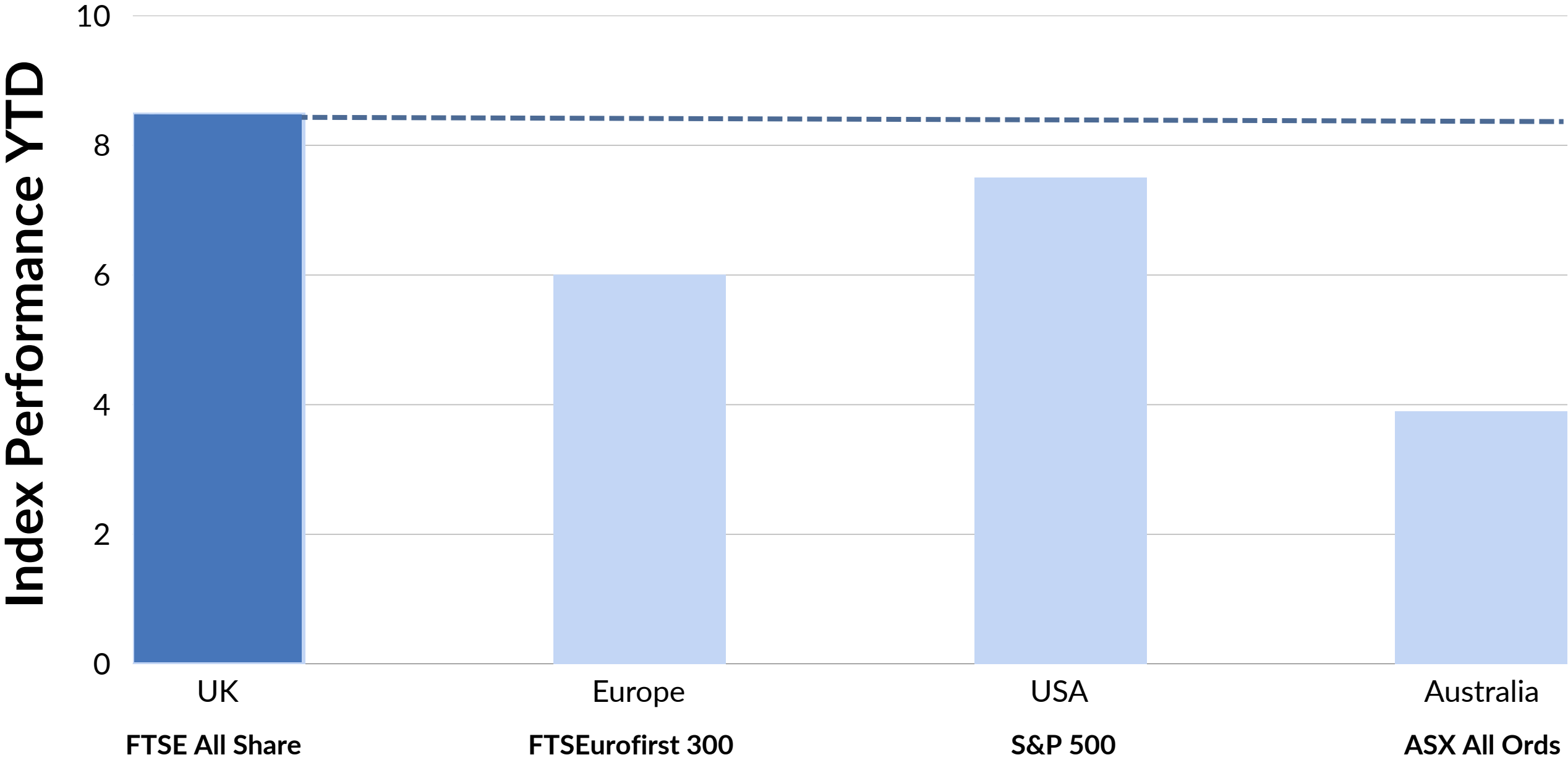
Why buy the UK stock market?

It's cheap, uptrending and rates are coming down...

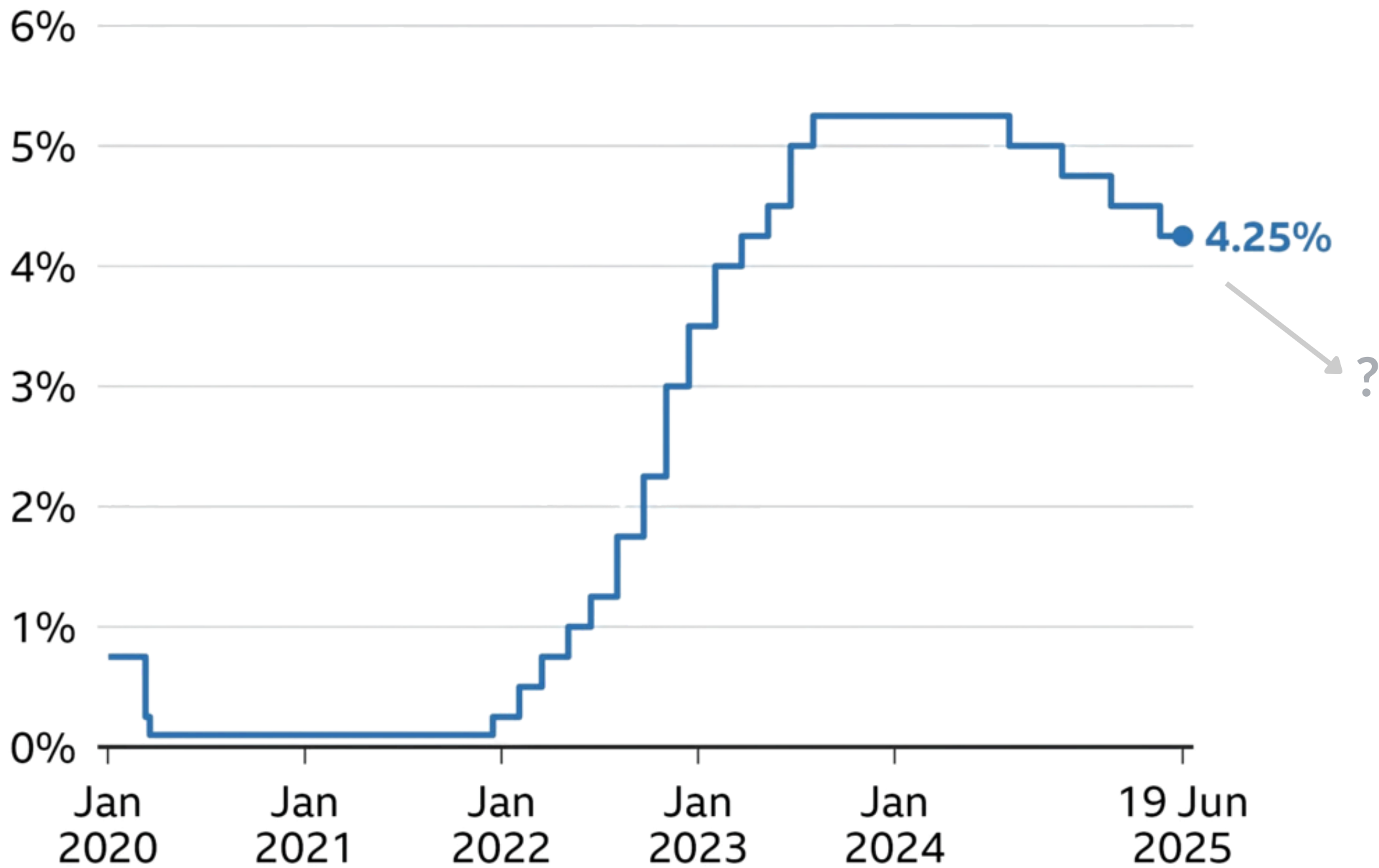
UK shares significantly cheaper than international peers



UK stock market **outperforming** year to date

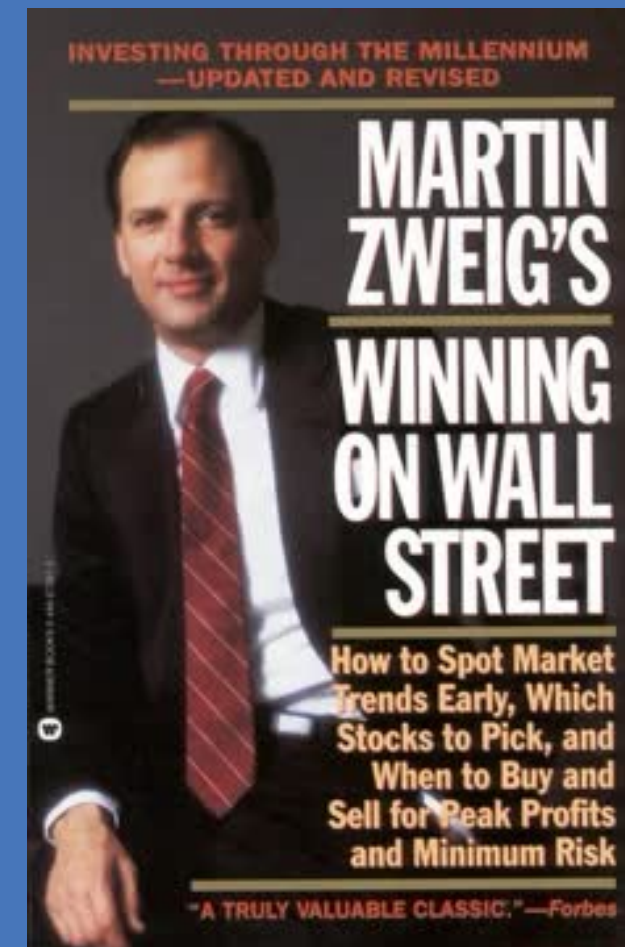


Interest rates are falling...



*“Don’t fight the
tape. Don’t fight
the Fed.”*

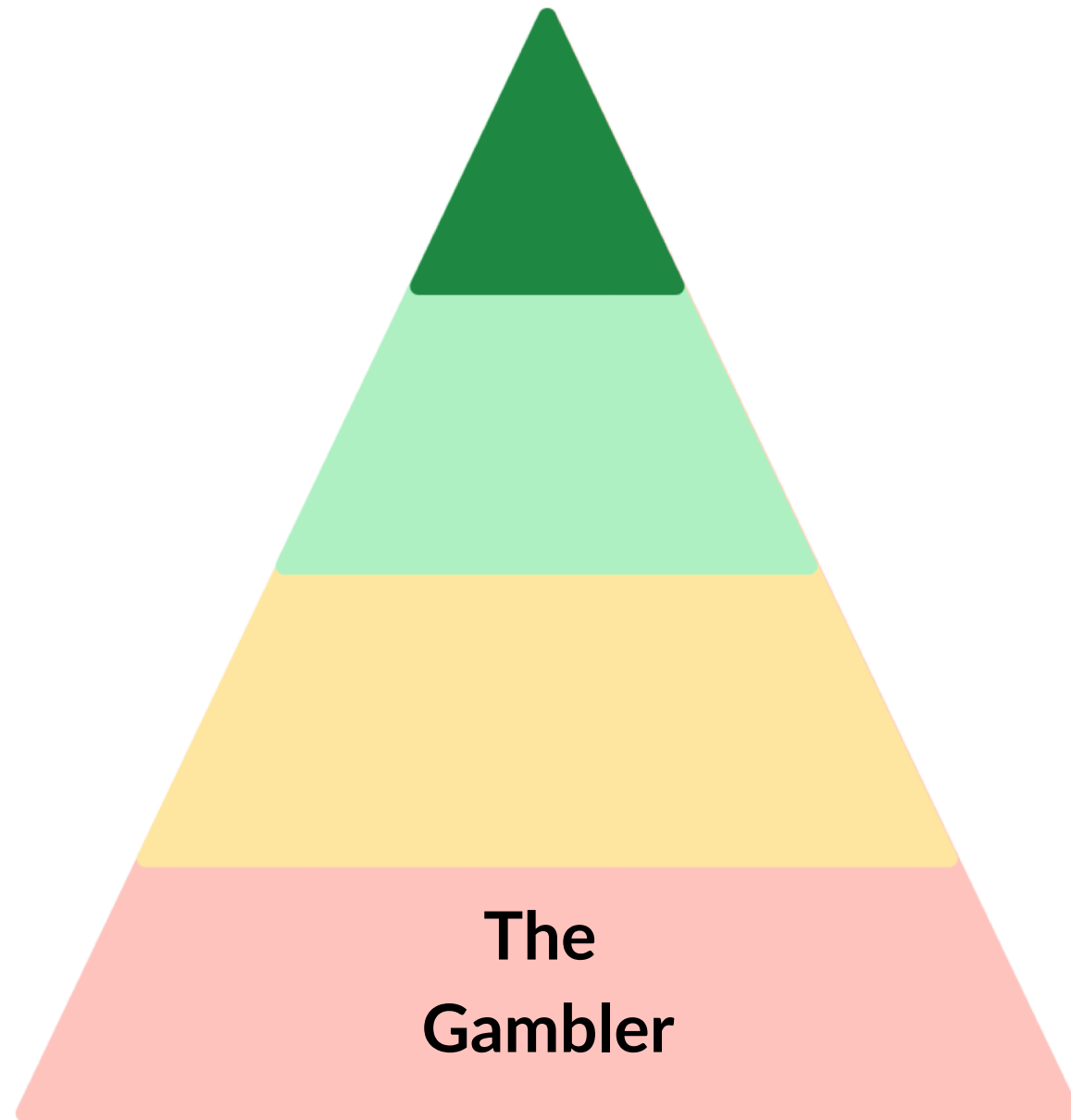
Martin Zweig



How not to pick value stocks

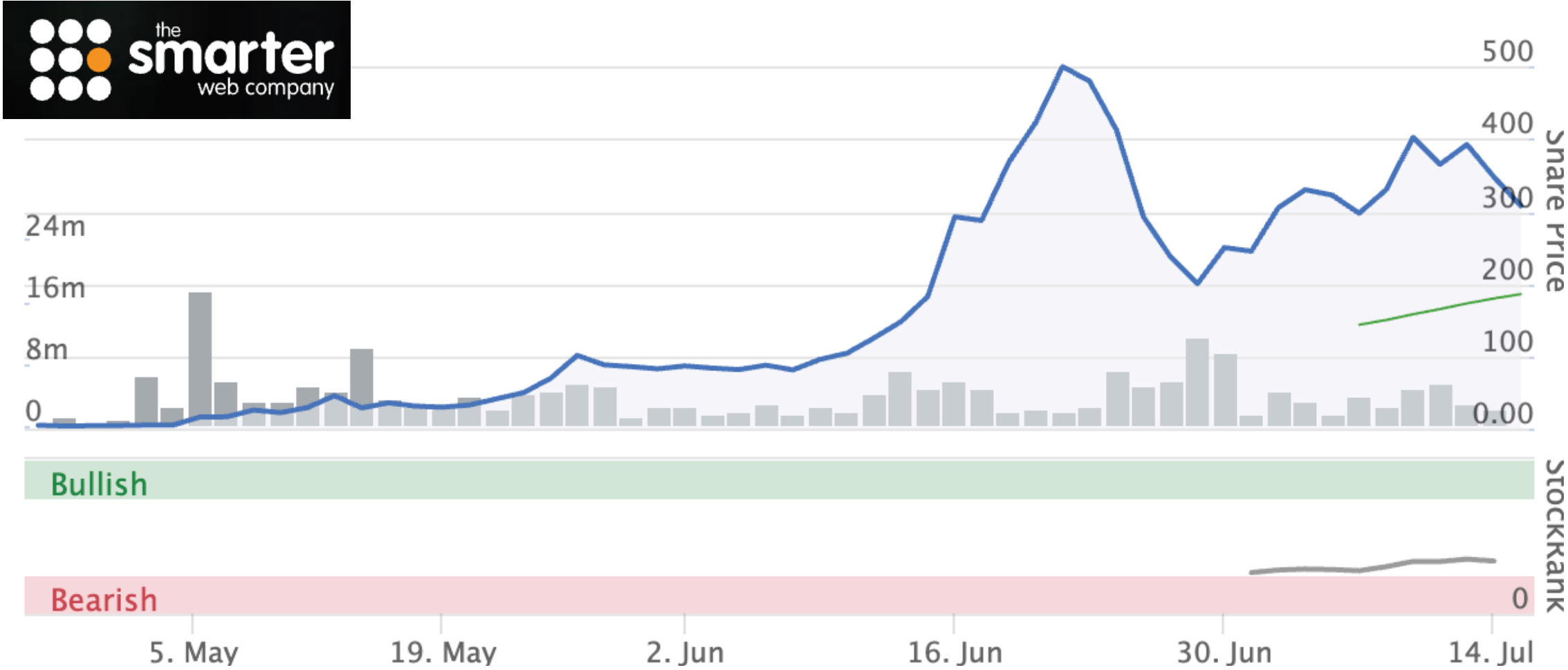
Learning from *the mistakes we all make*

1. The Gambler: be wary of “story stocks”



Social → Act fast on rumour → Bandwagon, Blame

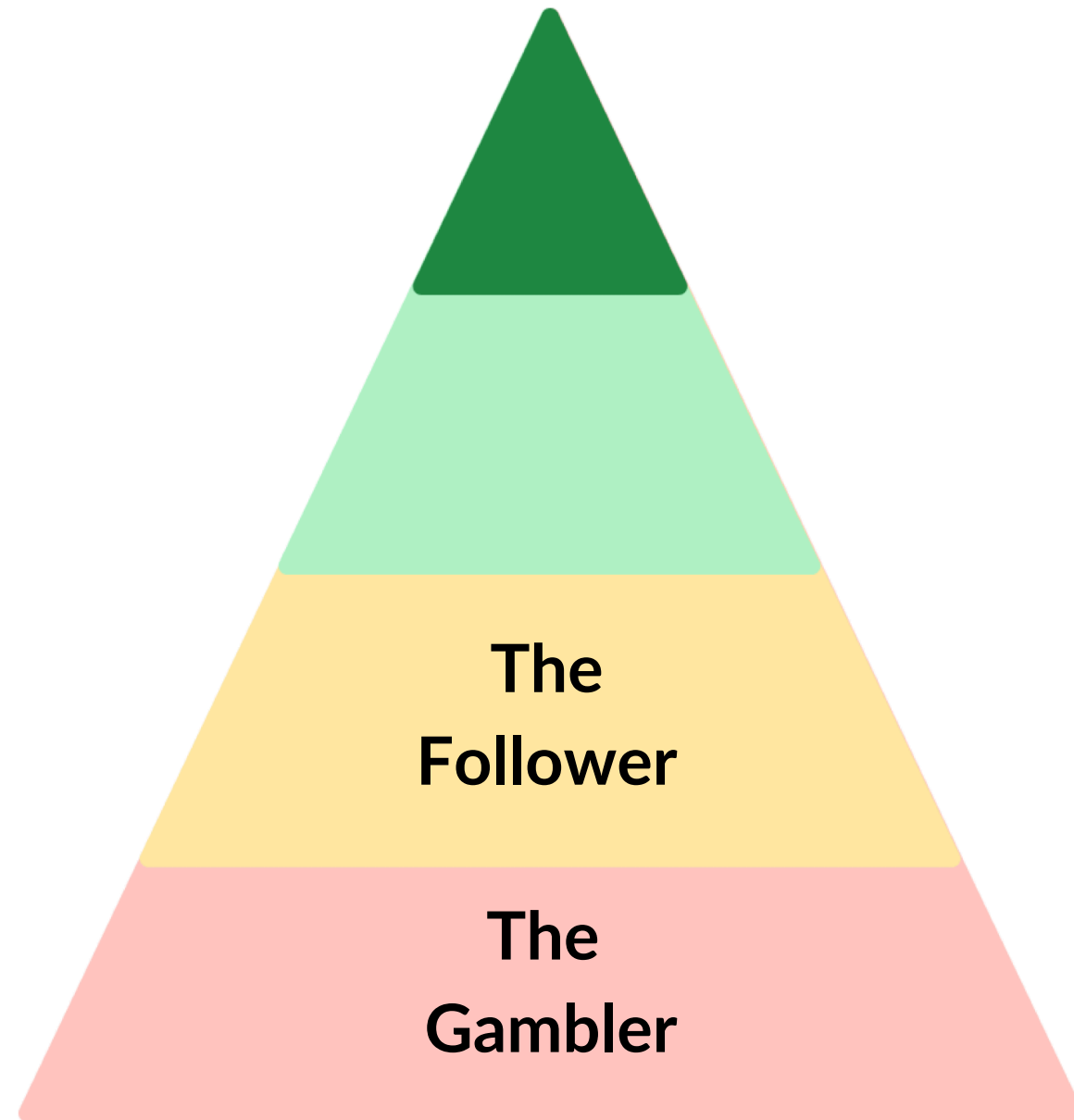
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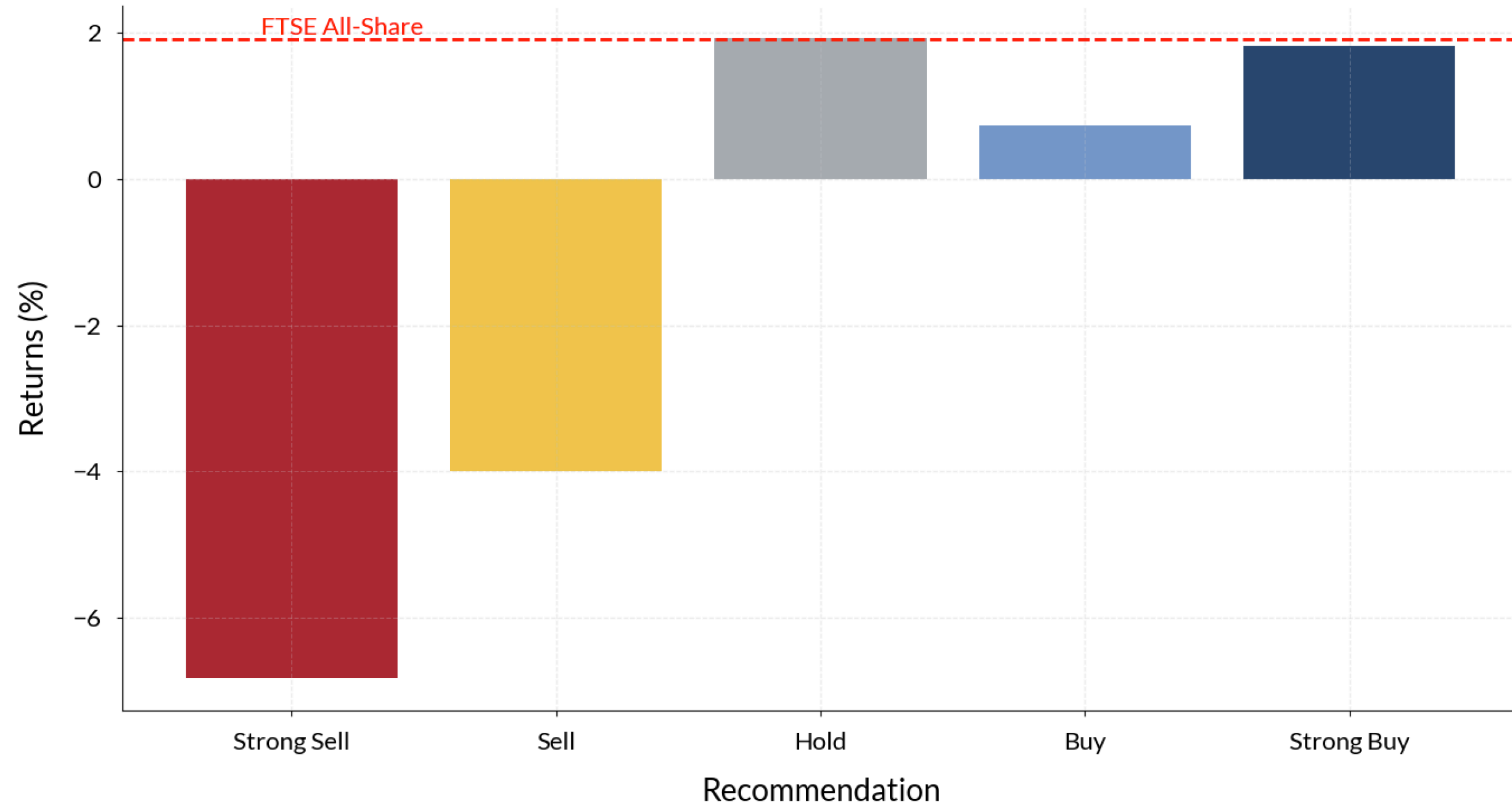
2. The Follower: be wary of gurus



Gurus → Trust in “authority” → Erratic results, Regret

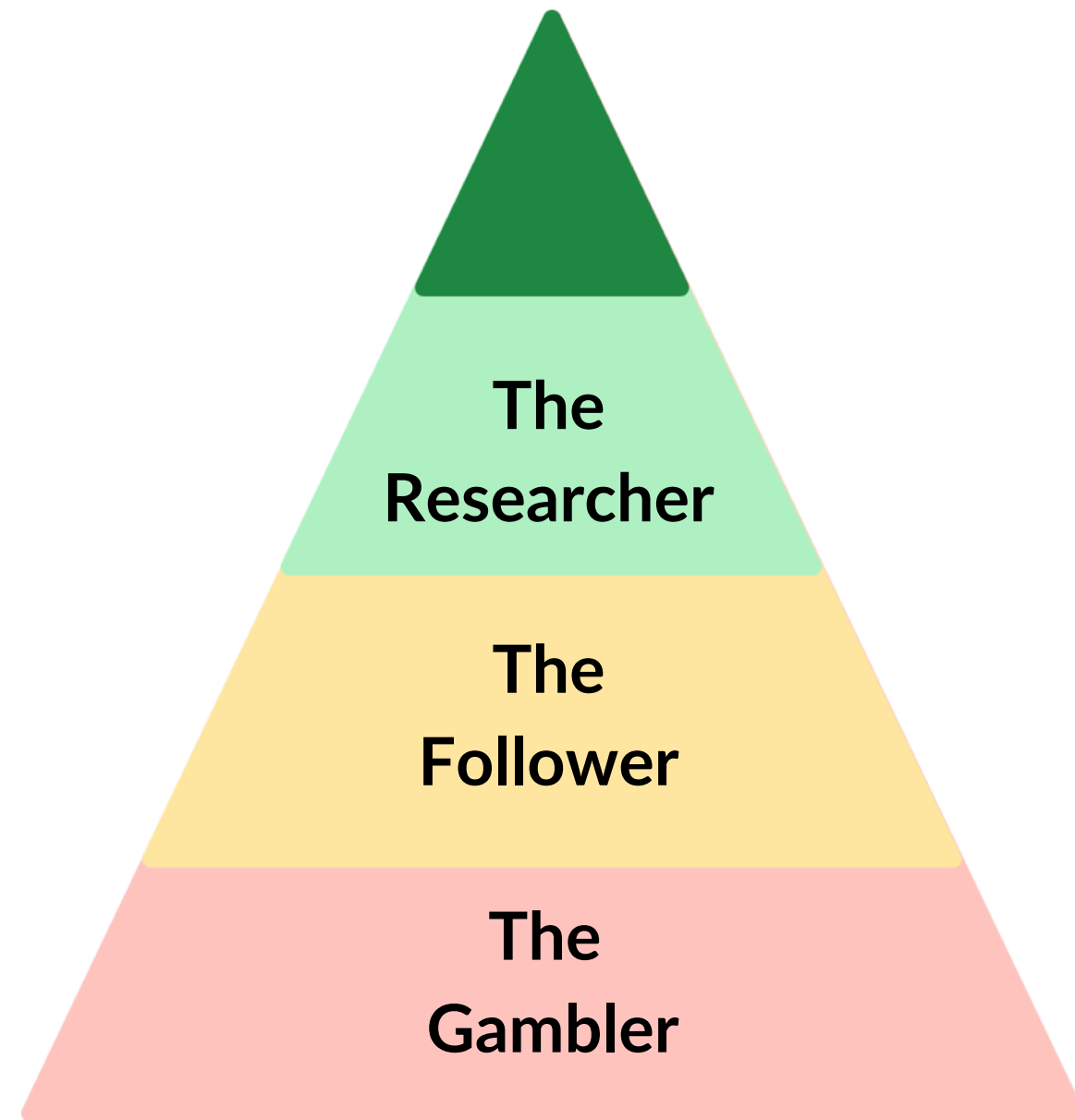
Social → Acts fast on rumour → Bandwagon, Blame

2. The Follower: be wary of gurus - “broker recs”



** Average annualised return for broker recommendations between 2014 and 2024 - UK stocks. Holding period 1 year.*

3. The Researcher: be careful of “the curse of knowledge”

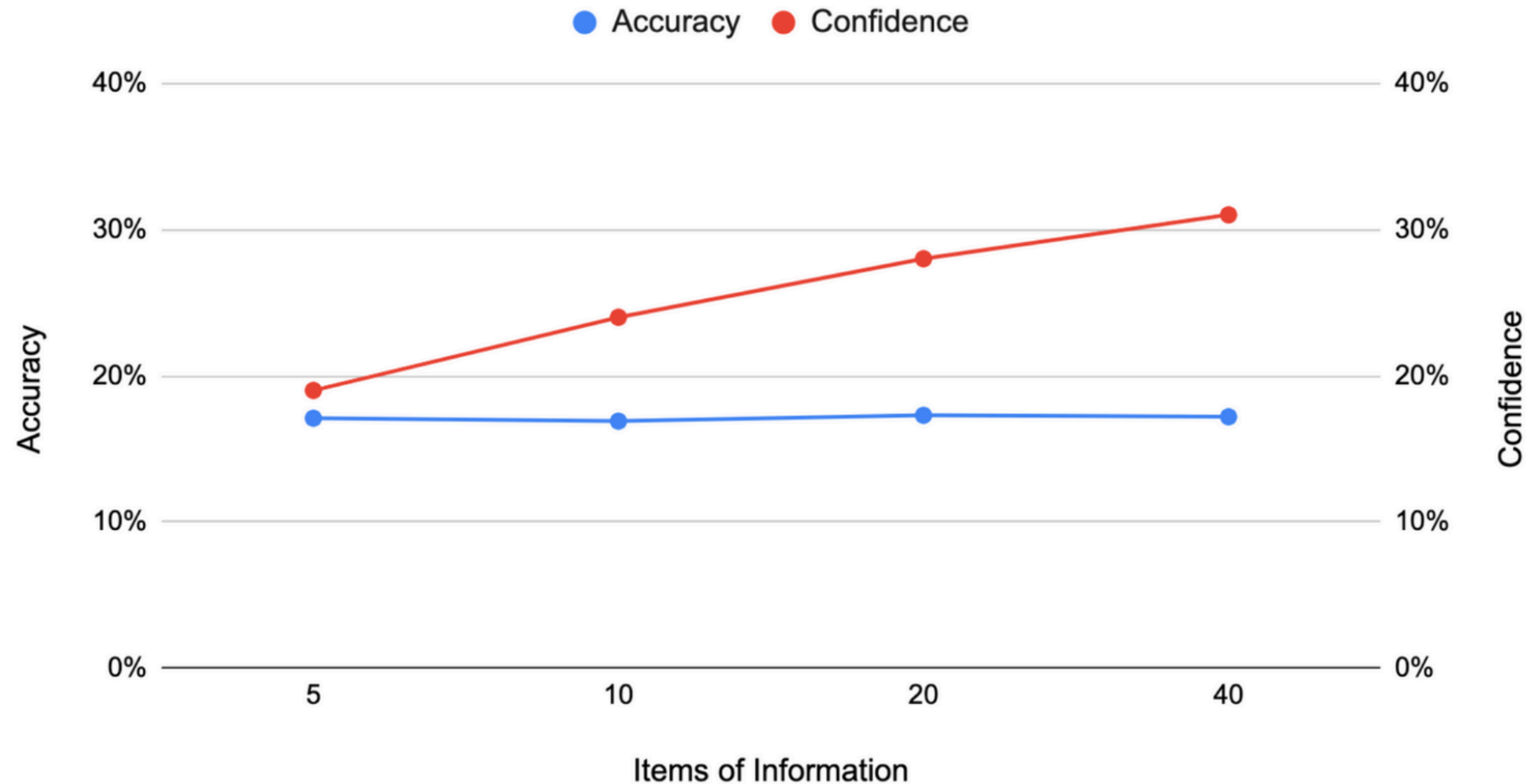


Deep research → Fundamentals → Overattachment

Gurus → Trusts in “authority” → Erratic results, Regret

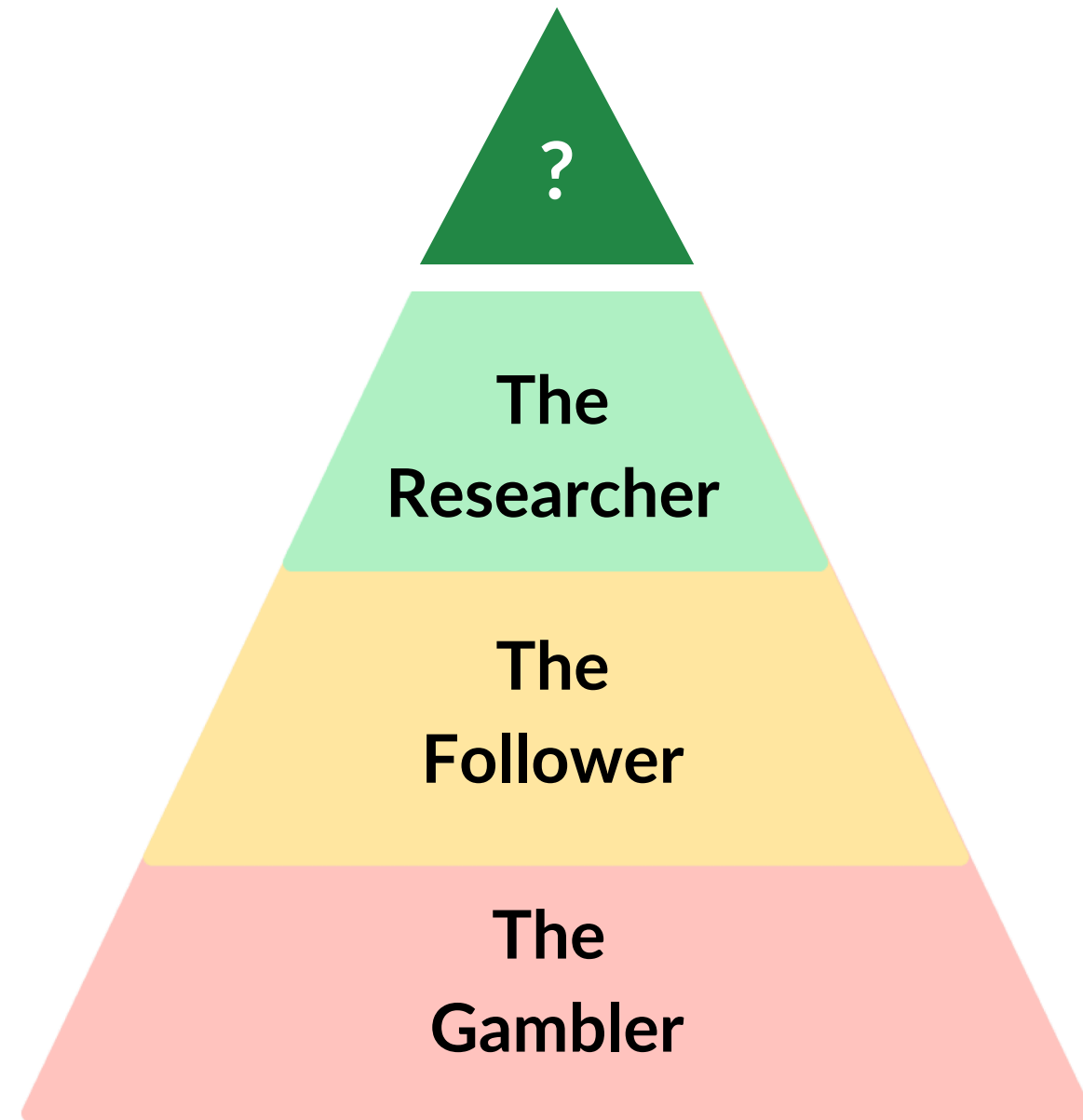
Social → Acts fast on rumour → Bandwagon, Blame

3. The Researcher: be careful of “the curse of knowledge”



Slovic, Paul. Behavioral Problems of Adhering to a Decision Policy. 1973.

4. The Craftsman - evidence-backed, consistency

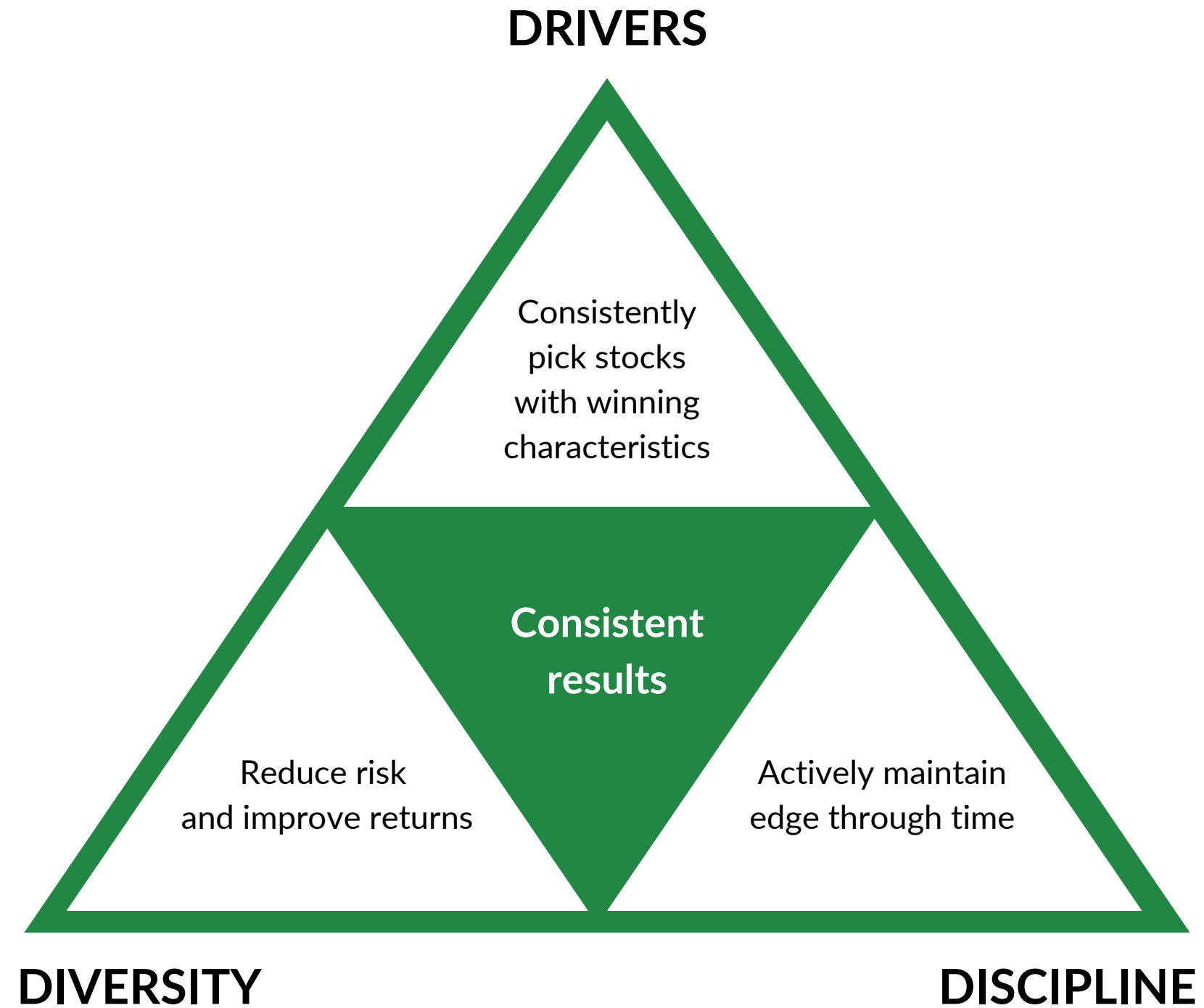


Evidence-based → Process driven → Consistency

Deep research → Fundamentals → Overattachment

Gurus → Trusts in “authority” → Erratic results, Regret

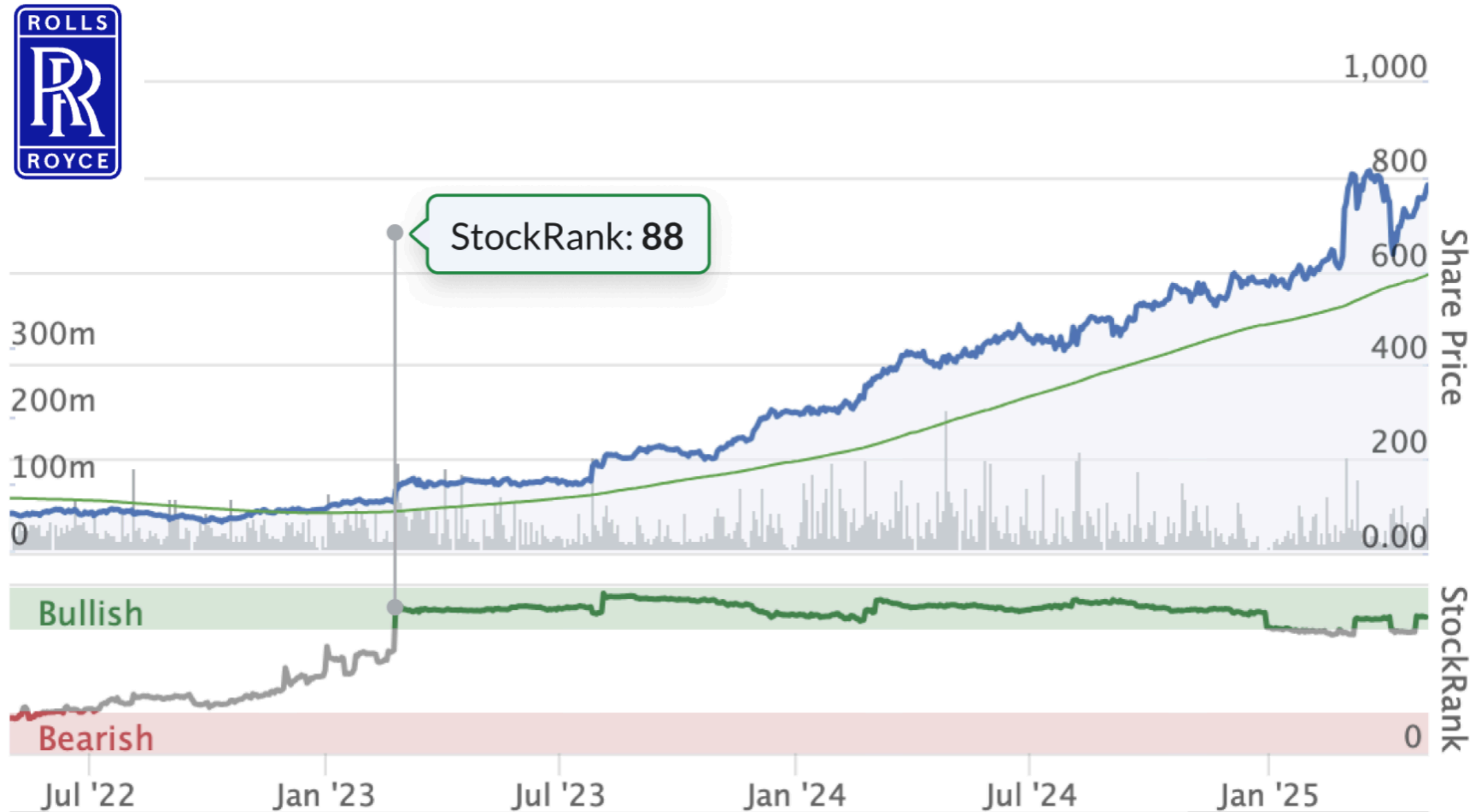
Social → Acts fast on rumour → Bandwagon, Blame



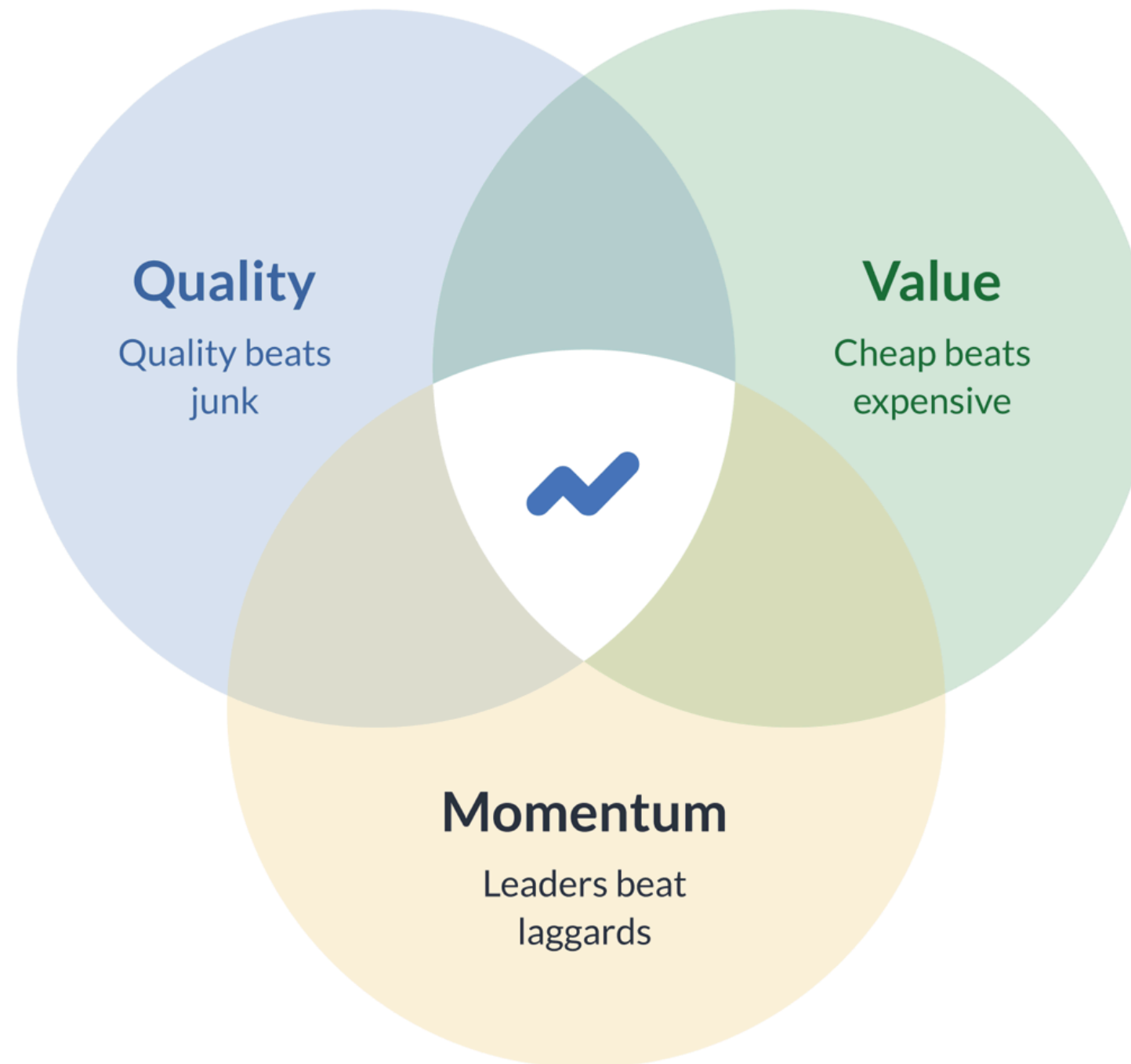
How to consistently pick winning stocks?

Quality, Value and **Momentum** are the most powerful return “drivers”

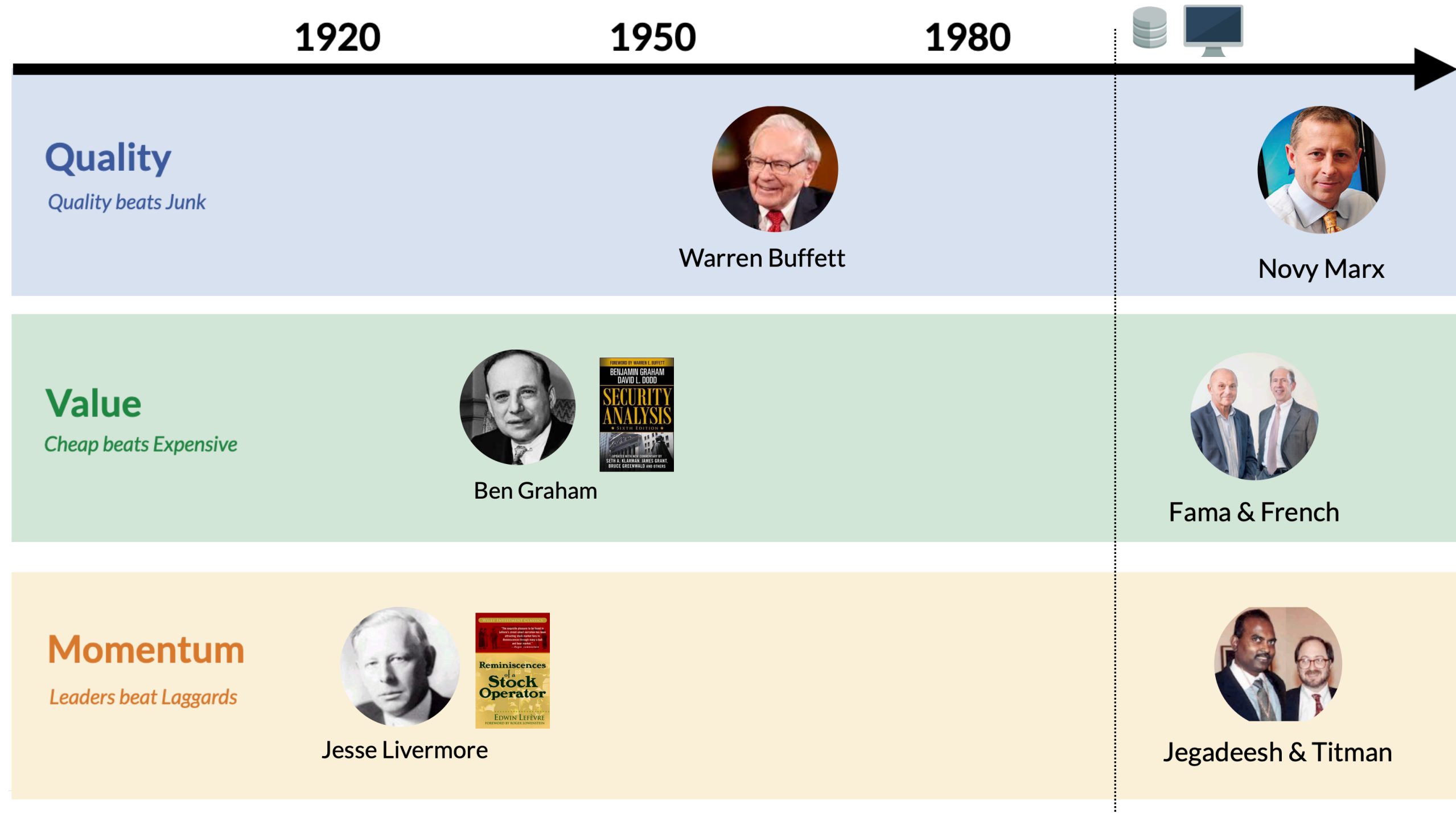
What was it about Rolls-Royce before it took off?



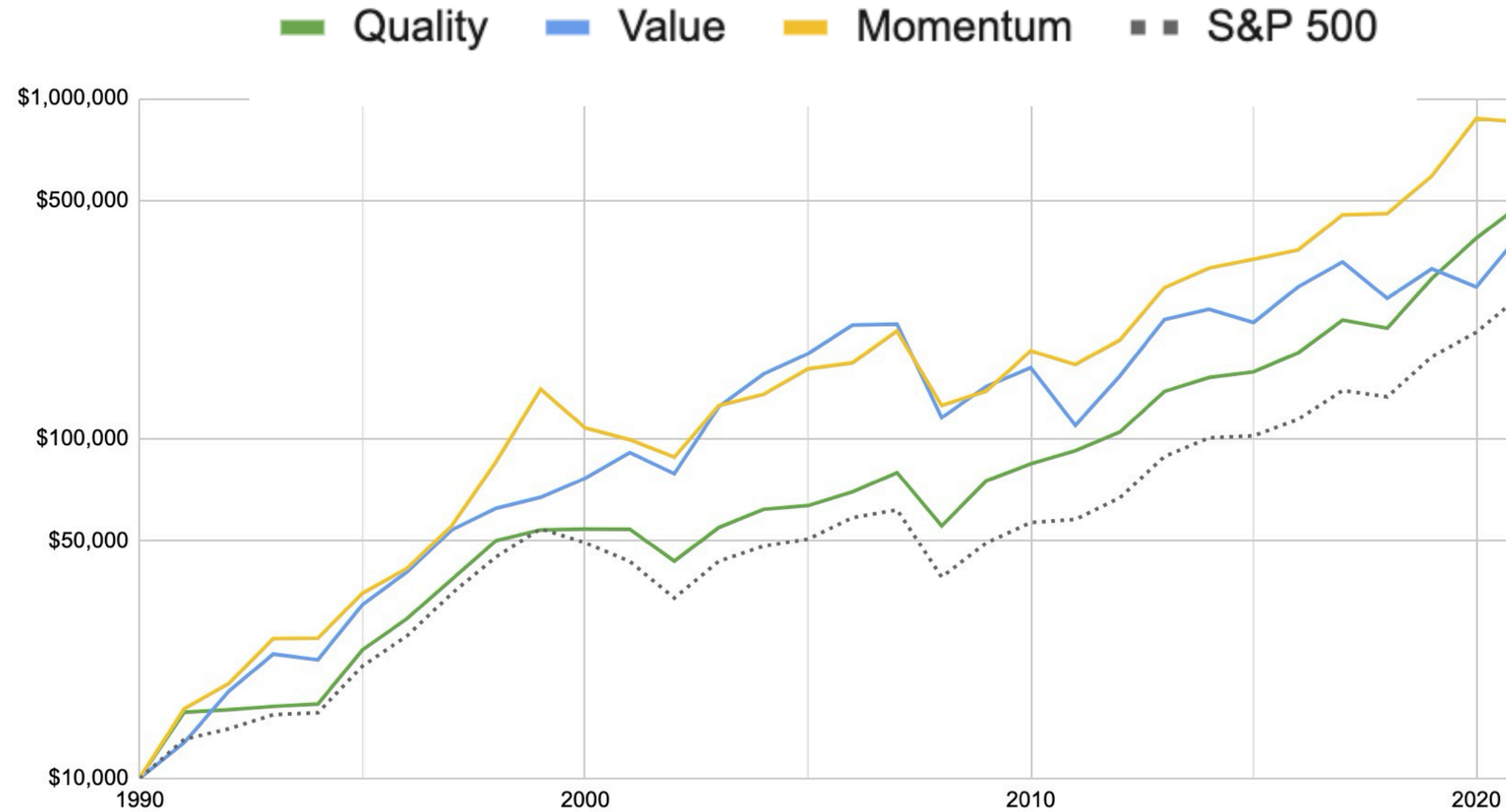
There are three primary drivers of stock market returns



These return drivers have been proven for decades

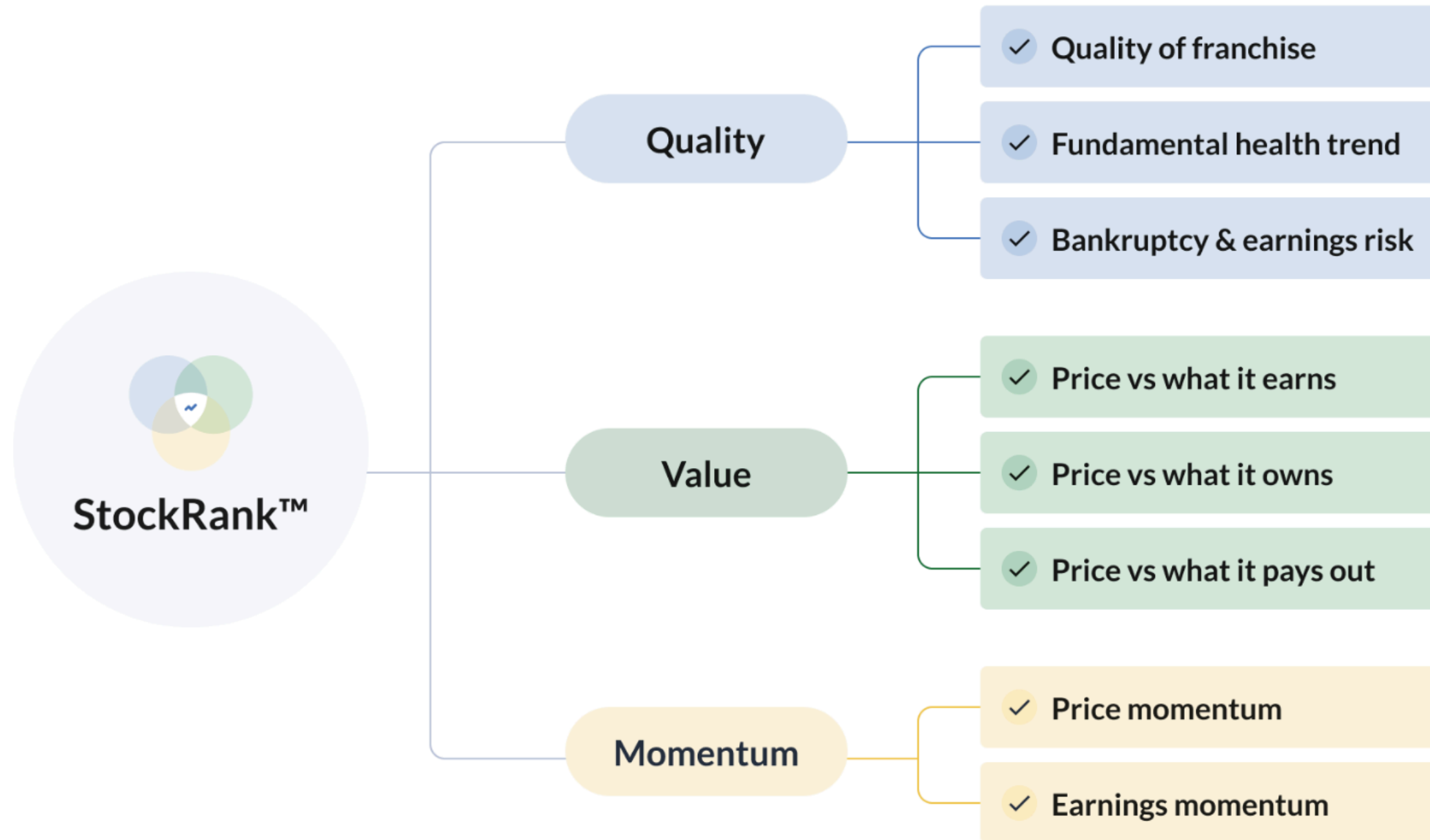


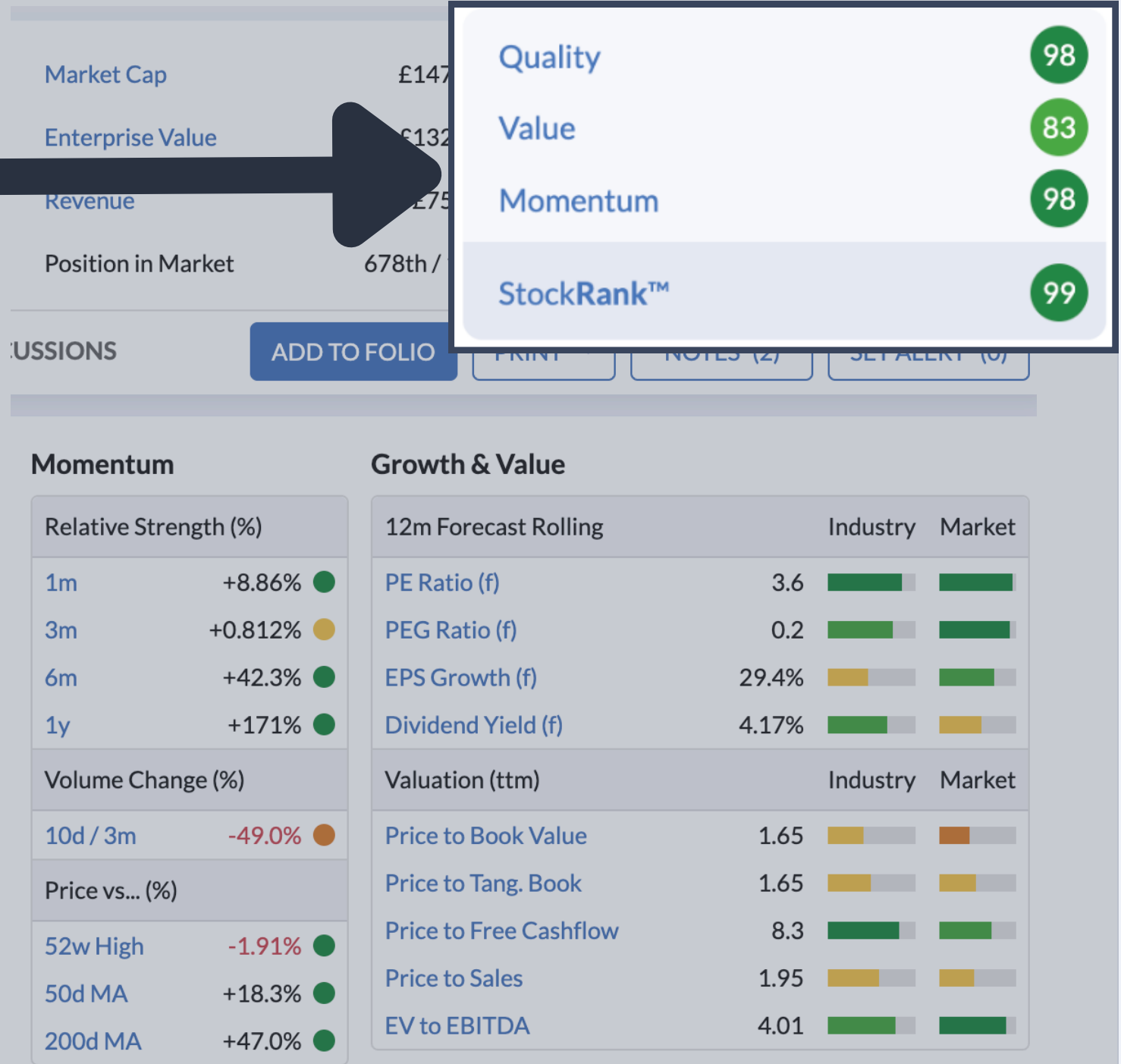
The top 10% “ranked” shares outperform consistently



Fama & French Data Library

NYSE, AMEX, and NASDAQ stocks. Value portfolio selected the decile of stocks with the lowest P/B ratio, the Quality portfolio selected those with the highest operating profit, and the Momentum portfolio selected those with the strongest returns over the prior 12 months. The Value and Quality portfolios were rebalanced annually, while the Momentum portfolio was rebalanced each month.







AVCT – Avacta

Quality

9

Value

1

Momentum

4

StockRank™

1



MGNS - Morgan Sindall

Quality

97

Value

50

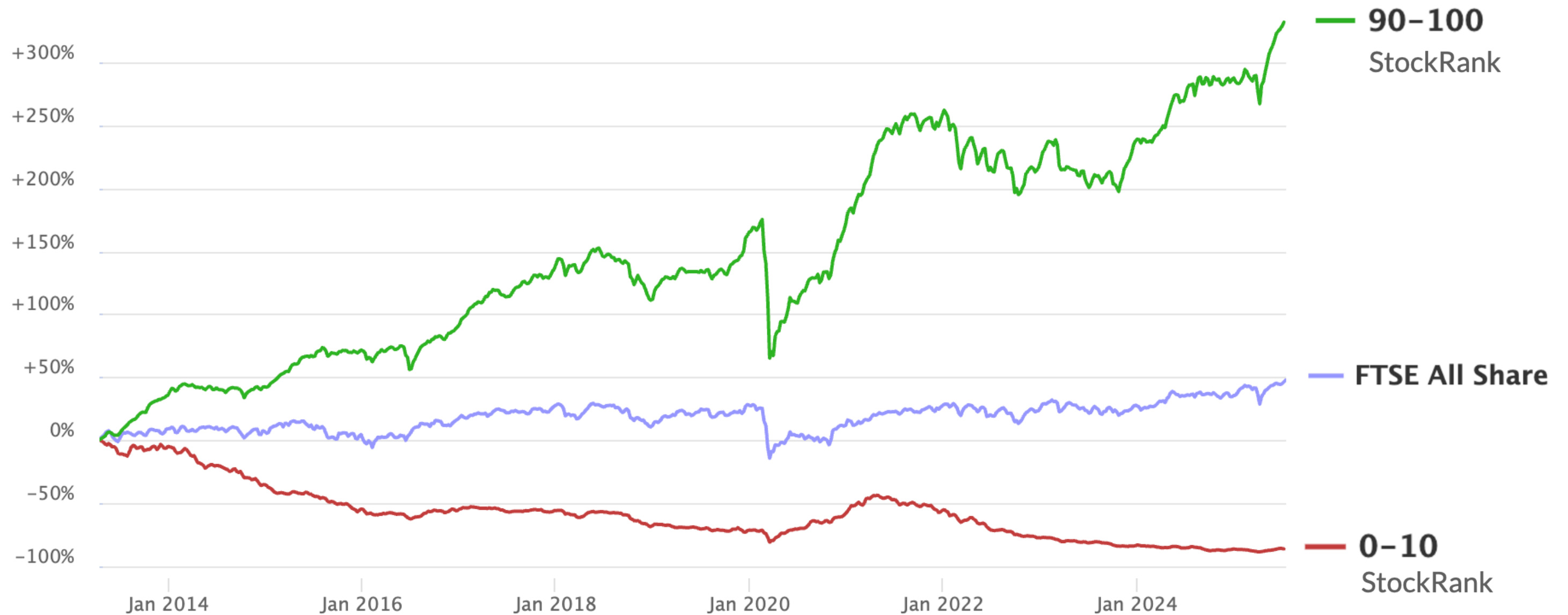
Momentum

97

StockRank™

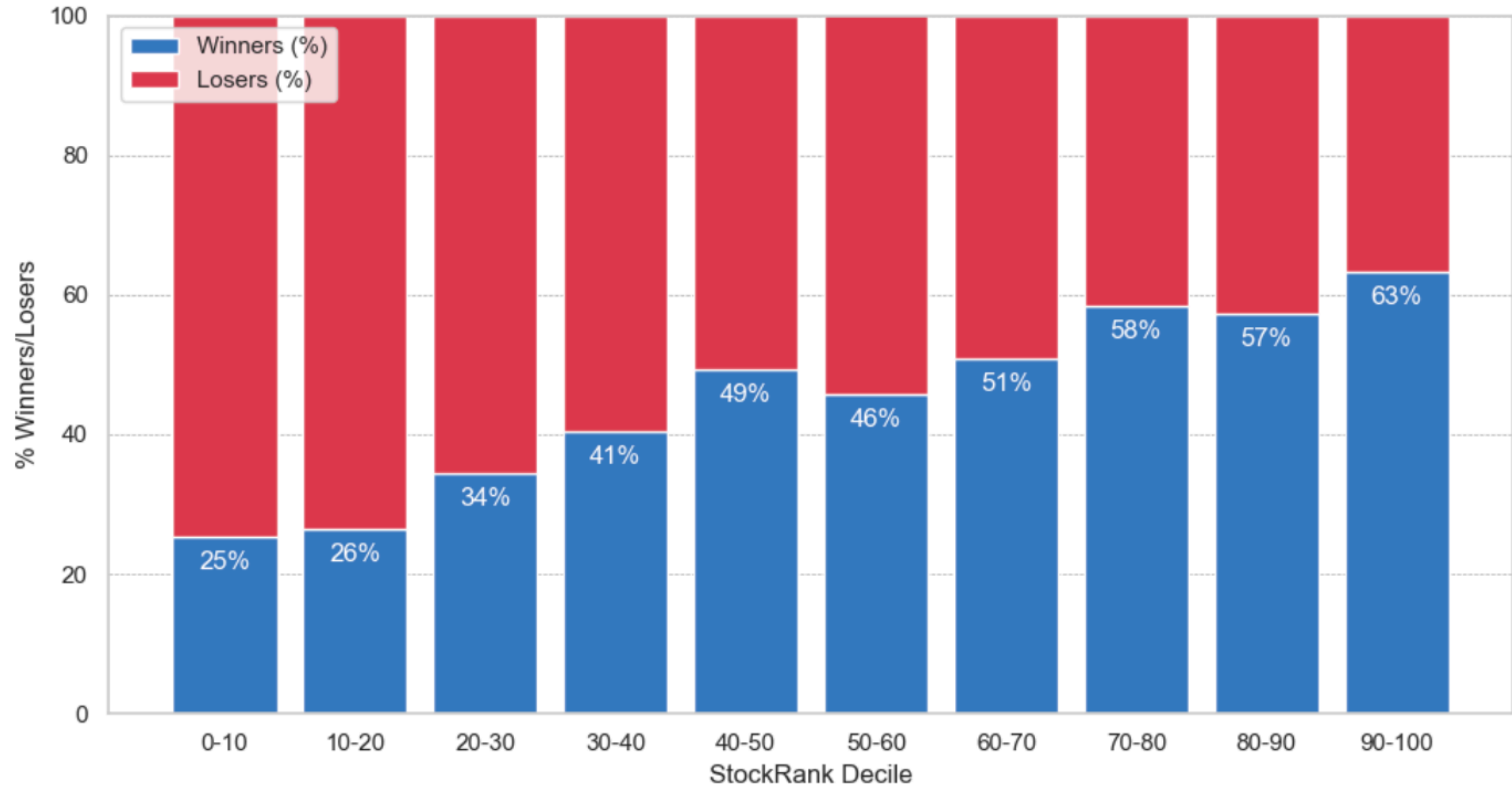
97

The performance history of high and low “ranked” shares



* Based on equal weighted portfolios of UK stocks, > £10m market cap, segmented by StockRank, rebalanced quarterly

Likelihood of picking a “winner” or a “loser” by StockRank



Annualised returns of £10m+ LSE stocks, rebalanced bi-annually from 2013-2024.



Blue Pill

Stay in the illusion

*“A great stock idea that
changes everything is
out there”*



Red Pill

See reality as it is

*“It’s not about the
stocks, it’s about their
characteristics.”*



“I’m not someone who can dissect a balance sheet.... the StockRanks help me separate the wheat from the chaff.

Stockopedia and the strategy I have developed have helped me generate genuinely life changing returns”

When to buy Value Stocks?

Using the power of news and momentum to avoid value traps

A classic **Momentum** Example

FINANCIAL TIMES

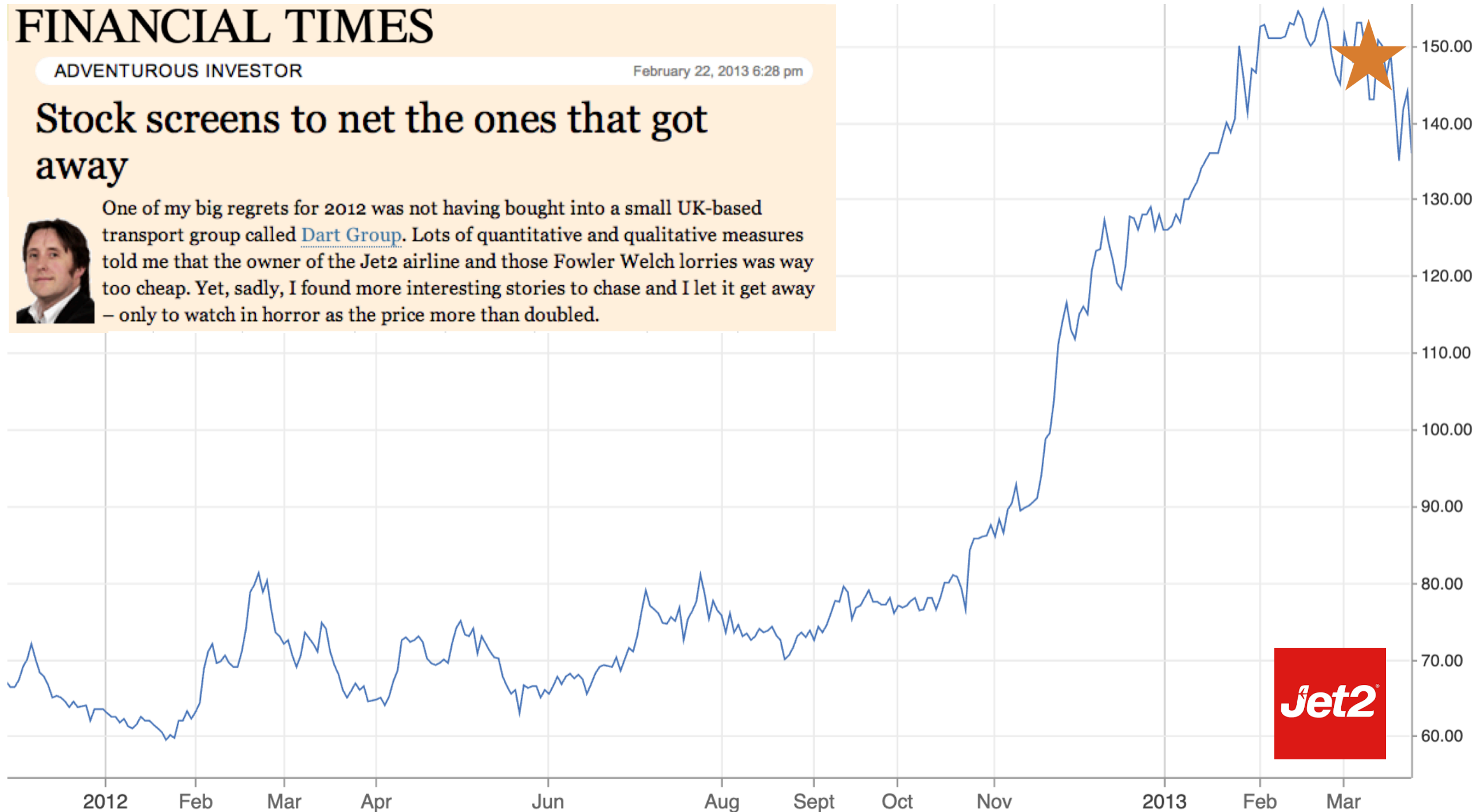
ADVENTUROUS INVESTOR

February 22, 2013 6:28 pm

Stock screens to net the ones that got away



One of my big regrets for 2012 was not having bought into a small UK-based transport group called [Dart Group](#). Lots of quantitative and qualitative measures told me that the owner of the Jet2 airline and those Fowler Welch lorries was way too cheap. Yet, sadly, I found more interesting stories to chase and I let it get away – only to watch in horror as the price more than doubled.



A classic Momentum Example

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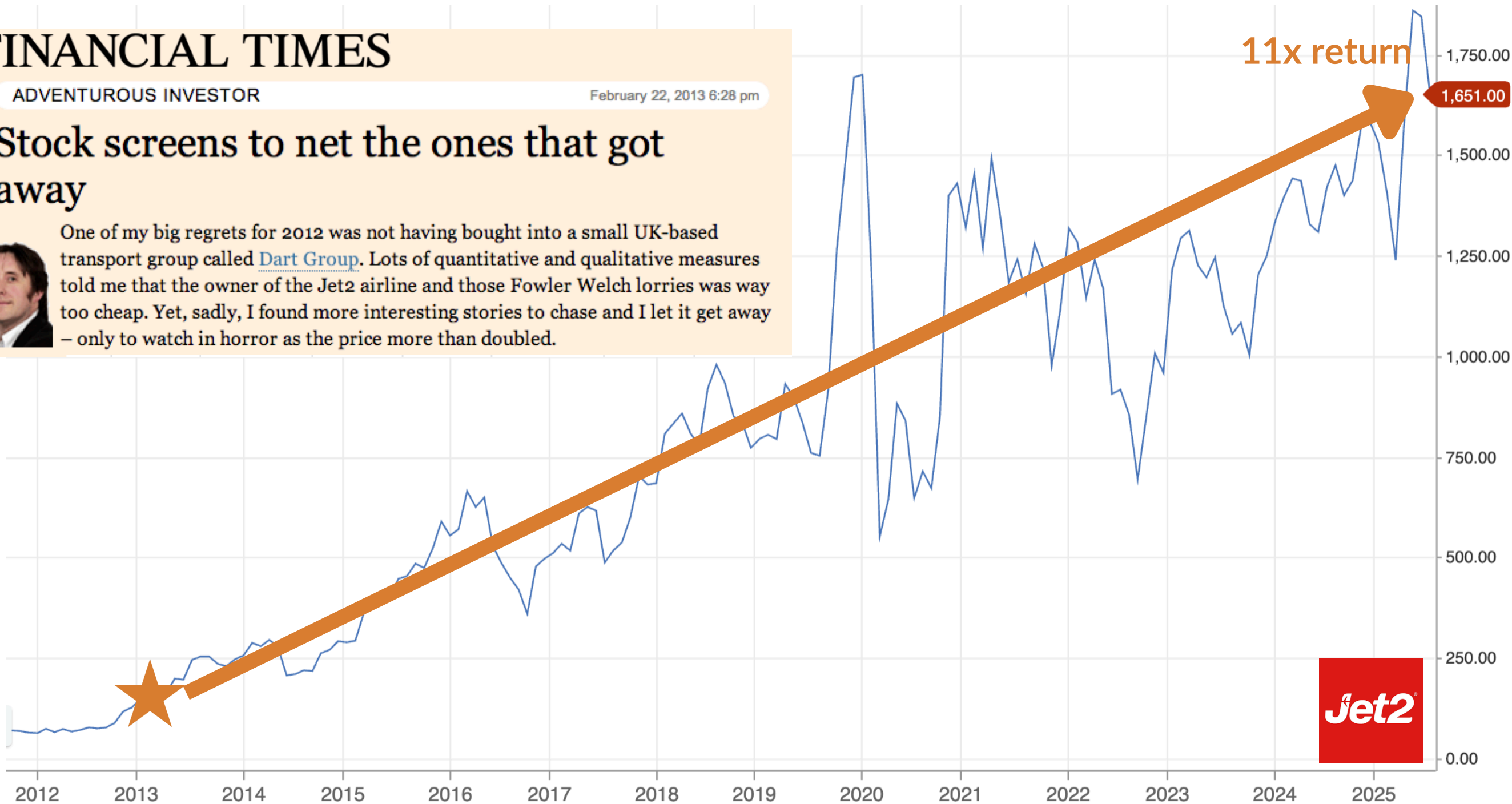
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Why did it take off? *It traded ahead of expectations*

Trading Statement and Notice of Results

Oct 24, 2012 [Share](#) [View original RNS](#)

Dart Group PLC ("the Group")

Trading Statement and Notice of Results

Dart Group PLC, the Leisure Airline, Package Holidays, and Distribution & Logistics Group, updates the market on trading for the first half of the financial year ending 31 March 2013 in **Jet2.com**, the North's leading leisure airline, **Jet2holidays**, the ATOL protected package holiday operator, and **Fowler Welch**, one of the UK's leading logistics providers.

Jet2.com has had a strong summer due to volumes underpinned by the continued successful growth of **Jet2holidays** and helped by the particularly poor British summer. Summer trading was up 14% over the same period last year.

Jet2holidays, our ATOL protected package holiday operator, has achieved strong growth during the first six months of the year. This growth has been achieved through high street distribution channels.

Our distribution business, **Fowler Welch**, which specialises in the distribution of temperature-controlled and ambient products to retailers, importers and manufacturers throughout the United Kingdom, has continued to deliver leading customer service. The business is trading in line with expectations in a sector that continues to experience tight margins.

As previously noted, our leisure travel operations are becoming increasingly seasonal as we continue to grow the business. This, coupled with strong summer trading, will result in the Group's profit before taxation for the first half of the year being ahead of the same period in the previous year, with increased losses expected in the second half.

Notwithstanding the current economic climate, the Board expects to exceed current market expectations for the year ending 31 March 2013.

The Group intends to announce its interim results on 22 November 2012.

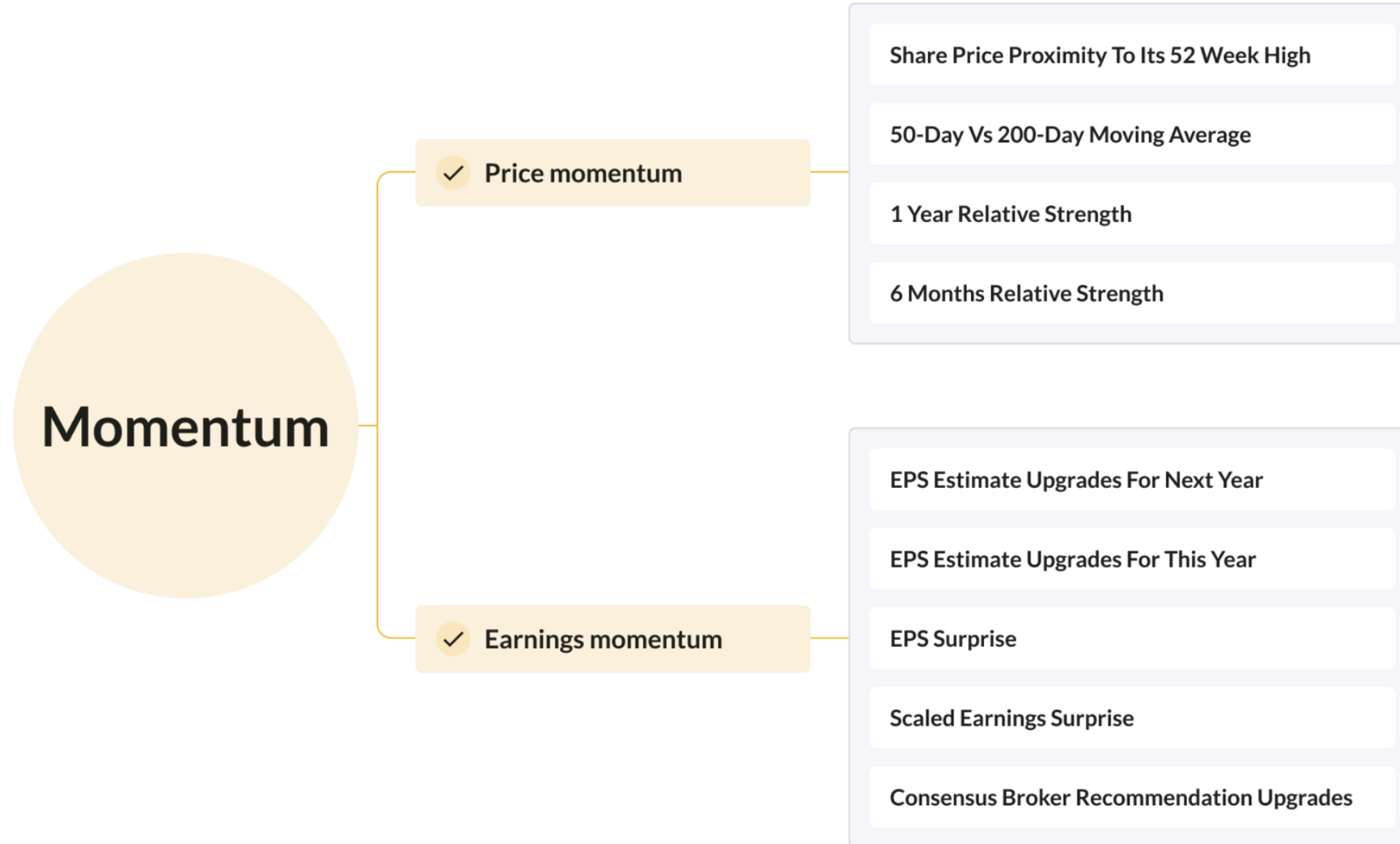


the Board expects to exceed current market expectations



Greencore - a more recent example





Putting it all together

Some of the top UK value stocks in the market now

Right now - many stock charts look like DTG in 2013



Right now - many stock charts look like DTG in 2013



Right now - many stock charts look like DTG in 2013



A set of good value stocks with earnings momentum

Name ▲	Mkt Cap £m	P / E TTM	Quality Rank	Value Rank	Momentum Rank	Stock Rank™	Sector
 CURY Currys	1,350.0	8.1	57	93	91	96	Consumer Cyclicals
 FDEV Frontier Developments	143.5	9.3	83	62	97	96	Technology
 HIK Hikma Pharmaceuticals	4,382.3	14.0	89	44	89	90	Healthcare
 JNEO Journeyo	71.3	16.0	90	50	89	92	Technology
 MCB McBride	275.6	6.5	95	86	93	99	Consumer Defensives
 MGNS Morgan Sindall	2,223.1	14.5	97	49	98	97	Industrials
 PLUS Plus500	2,371.8	12.9	99	43	86	93	Financials
 RFX Ramsdens Holdings	105.2	10.7	99	71	96	99	Financials
 SEPL Seplat Energy	1,324.0	16.2	78	85	59	90	Energy
 SRB Serabi Gold	147.7	6.0	98	83	98	99	Basic Materials

Further information


There are far more resources on the website

Everything you need to improve your investing



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Quality


Value


Momentum

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Masterclass: Stock analysis for DIY investors

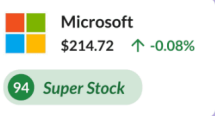
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Portfolio management

How to build and manage a healthy investment portfolio

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3. Our analyst & developer team organise it and clean it all up, and our servers **crunch over 60 million computations daily** to build up a **library of more than 2000 essential, accurate statistics** on every stock. From simple PE Ratios to Piotroski F-Scores.



4. We then rank and screen the market to filter the wheat from the chaff and publish the data on our **StockReports** and in our **Screening Database**.

