Getting Started with Recognia®
Strategy Builder™

A Guide for End- Users

Introduction

Identifying stocks that meet your investment criteria can be a difficult, labor-intensive task. It takes considerable time—and patience—to scan a universe of instruments for ticker symbols that match your investment and trading criteria.

Whether you decide to build your own strategies or customize one of a wide range of community-published strategies, Recognia® Strategy Builder™ provides you with powerful tools to identify stocks that meet your specific investment criteria.

While working through this guide, it is important to note that your broker's implementation of the Recognia platform may vary slightly from the screen images reproduced here. The underlying principles, however, remain the same.

What this guide covers

This guide will teach you the basic skills required to get started with Strategy Builder.

You will learn how to:

SETTING UP STRATEGIES BASED ON PRE-BUILT EXPERT SCREENS

The fastest way to begin building investment strategies for your stocks is to select a published strategy appropriate to your investment goals. Strategy Builder provides a number of pre-built expert screens using a variety of established expert criteria that you can use as a starting point.

You can also look up published strategies by logical grouping based on pre-defined TAGS (see Figure 1) such as VALUE INVESTING and INCOME INVESTING, among others. Members of the Technical Insight™ community assign these tags to their saved strategies for convenient reference later.

Figure 1: Pre-Defined Tags

There are also many screens published by members of the Technical Insight community, so you can see what other investors and traders are looking for. The list of Community Screens on the home page displays **Top Performing Screens** by default, or you can select **Recently Published Screens** from the drop-down menu in the top right corner of the table.

On the COMMUNITY SCREENS section (Figure 2), the number of matches for each strategy is displayed in the MATCHES column to the right of the CRITERIA column.

Figure 2: Community Screens

To view the results of a community screen:

1   Select the category of screen you would like to view.

    By default, TOP PERFORMING SCREENS are displayed. You can also choose to view RECENTLY PUBLISHED SCREENS.

2   Click on either the screen name or the number of matches to view results for that strategy.

    The BUILD SCREEN page appears, displaying SELECTION CRITERIA and RESULT SUMMARY. From here you can modify the selection criteria or view detailed results.

To use a prebuilt screen to create a custom screen:

You can save time by modifying an existing screen to create a new saved screen.

1   From the Strategy Builder home page, click on the name of the COMMUNITY SCREEN you wish to base your new screen upon.

    You can choose from either TOP PERFORMING SCREENS or RECENTLY PUBLISHED SCREENS.

![recognia® Recognize Opportunity. Realize Profit.]

After you have clicked on your chosen pre-built screen, the **BUILD SCREEN** page appears. You are going to focus on the Selection Criteria module (as seen in Figure 3), located in the top part of the page. All criteria in community screens are fully editable so that you can customize any strategy based on your own criteria.
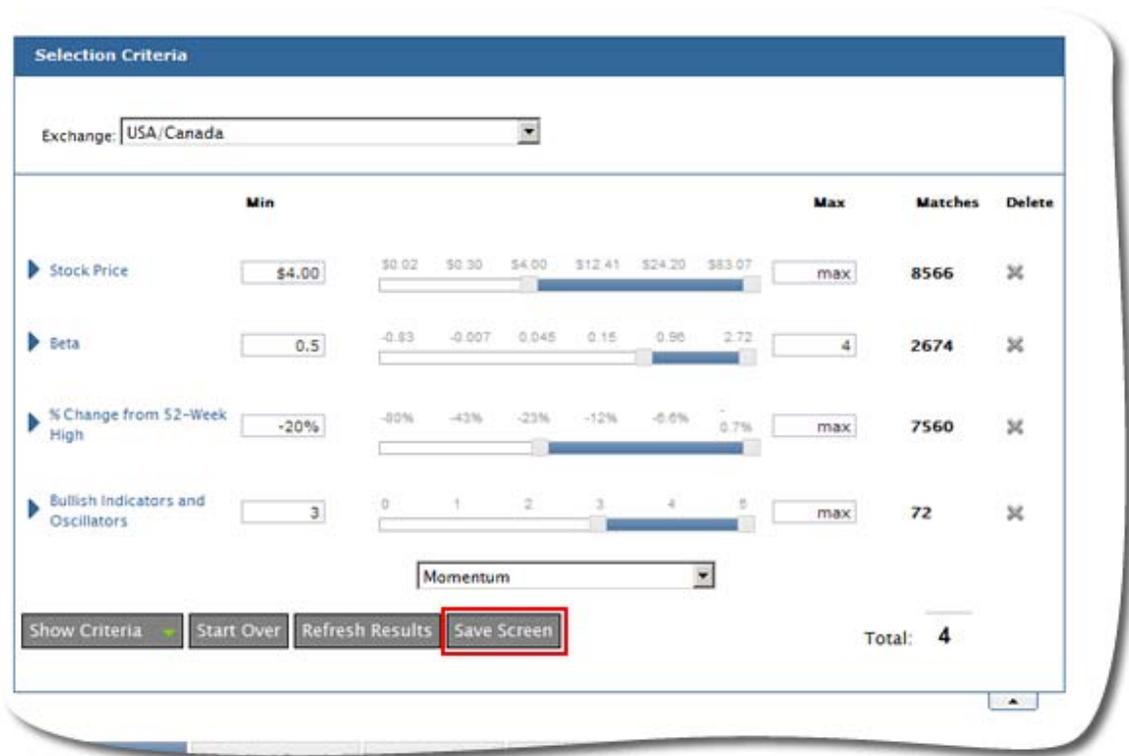

Figure 3: The Selection Criteria Module, with the Save Screen Button Highlighted

Now you will save the existing custom screen as a new user-defined screen.

2   Click the **SAVE SCREEN** button. (See Figure 3)

The Save Screen dialog box appears. (See Figure 4)

Figure 4: The Save Screen Dialog Box

3   Edit or replace **Screen Name** with the name of your strategy.

4   Enter a **Description** of your strategy.

   You can now click **Save New Screen** to save your strategy or perform the following optional steps before saving:

   ▼If you would like to assign one or more pre-defined tags to the strategy:

1   Highlight a tag from the **Choose one or more tags for the screen** dropdown menu.

2   Click the **Add** button.

   Repeat this step for all of the tags you would like to apply.

   Tags provide logical groupings of strategies for convenient reference later. For example, by assigning a tag such as Value Investing or Technical Setups, the screen will be included when calling up a list of all screens for that particular tag. This lookup is available from the **Browse Tags** section on the **Stock Screener** home page.

   ▼If you would like other members of the community to see this strategy:

3   Check **Share this strategy with other users**.

   ▼If you would like to request automated email updates:

4   Check **Alert me when content changes**.

This feature will determine any changes to the Top Results list for the strategy based on the selected rebalancing period (Daily, Weekly, or Monthly.) It will then send these changes to you via e-mail, according to your requested schedule.

5   Click SAVE NEW SCREEN.

6   Click SCREEN HAS BEEN SUCCESSFULLY SAVED! to return to working with your customized strategy.

To modify your custom screen's criteria:

Please see **To modify existing screen criteria** on page 9.

To add new criteria to your custom screen:

Please see **To add screen criteria** on page 8.

SETTING UP CUSTOM SCREENS

Strategy Builder allows you to build your own custom screens from scratch, should you prefer not to modify a pre-defined screen.

To launch the Build Screen module:

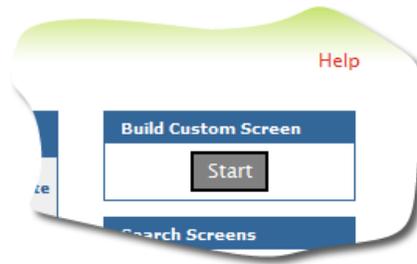1   Click the **BUILD CUSTOM SCREEN** Start button. (See Figure 5)

Figure 5: Custom Screen Start Button

The **BUILD SCREEN** (Figure 6) launches.
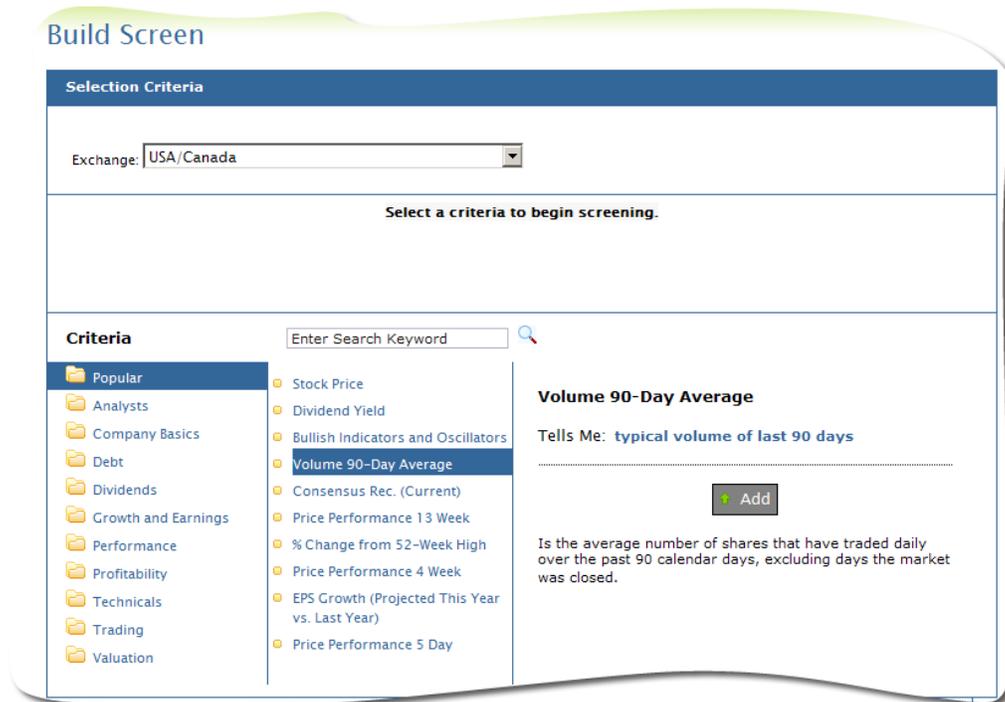

Figure 6: Build Screen Module

To add screen criteria:

There are two ways to add screen criteria: 1) the SELECT CRITERIA folders and 2) the CRITERIA SEARCH BOX.

To add screen criteria with the Select Criteria folders:

The Select Criteria folders function in a similar way to the folder metaphor that is now standard on most personal computer operating systems. By clicking on a folder, a group of documents within that folder appear. (See Figure 6)

In the case of Strategy Builder, these "documents" are the criteria you can use to create your custom screen and the "folders" are the groupings used to sort these criteria into meaningful categories.

1   Select a Criteria folder by clicking on it.

   The related criteria appear in the second column. (See Figure 6)

2   Click on your desired criterion.

   More information about that criterion appears in the rightmost column, as does an ADD button.

3   Click the Add button.

   The criterion appears in the Build Screen and the ADD button is replaced by "✔ ADDED". (See Figure 7) If you have chosen this criterion in error or later change your mind, you can easily delete it. (See page 10)

   You can now edit this criterion or add further criteria by repeating the preceding steps.

To add screen criteria with the Criteria Search Box:

1   Click anywhere within the ENTER SEARCH CRITERIA box. (See Figure 6)

2   Begin typing the desired criteria.

   As you type, all criteria matching what you have entered appear below the box. Each letter you type narrows down the list, allowing you to choose a matching entry at any point.

3   When you see the criterion you would like to use, click on it, or use the arrow keys on your keyboard to select it and then press ENTER.

More information about that criterion appears in the rightmost column, as does an **ADD** button.

4 **Click the Add button.**

The criterion appears in the Build Screen and the **ADD** button is replaced by "✔ **ADDED**". (See Figure 7) If you have chosen this criterion in error or later change your mind, you can easily delete it. (See page 10)

You can now edit this criterion or add further criteria by repeating the preceding steps.
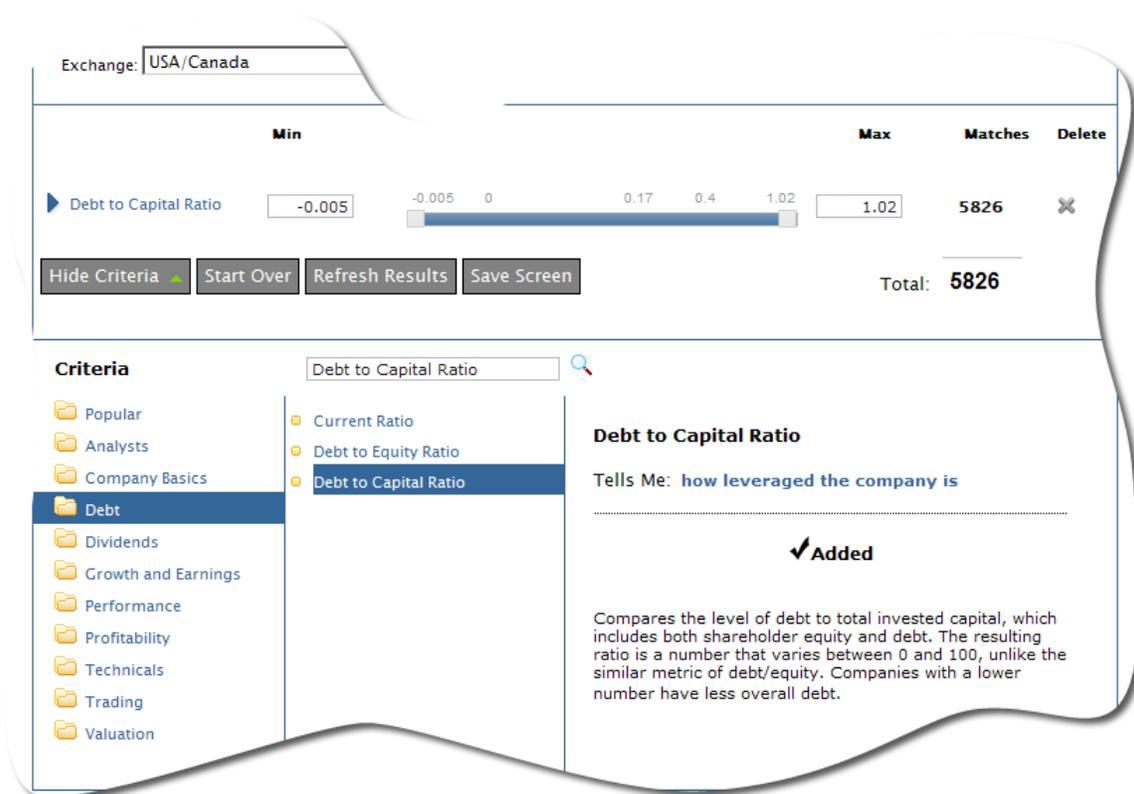

Figure 7: The Build Screen Module with One Criterion Added

▶ TIP You can view a brief description of a criterion by clicking the arrow to its immediate left.

To modify existing screen criteria:

The **RANGE SELECTION SLIDER** can be dragged to adjust a criterion's minimum and maximum value (Min and Max). Depending on the criterion, the minimum and maximum values may be displayed as either a

number or a percentage. After you adjust the range for your selection criteria, the number of matches available will immediately change. (See Figure 8) You can also adjust the minimum and maximum value by entering new values in the **MIN** and **MAX** text boxes on either side of the Range Selection slider.
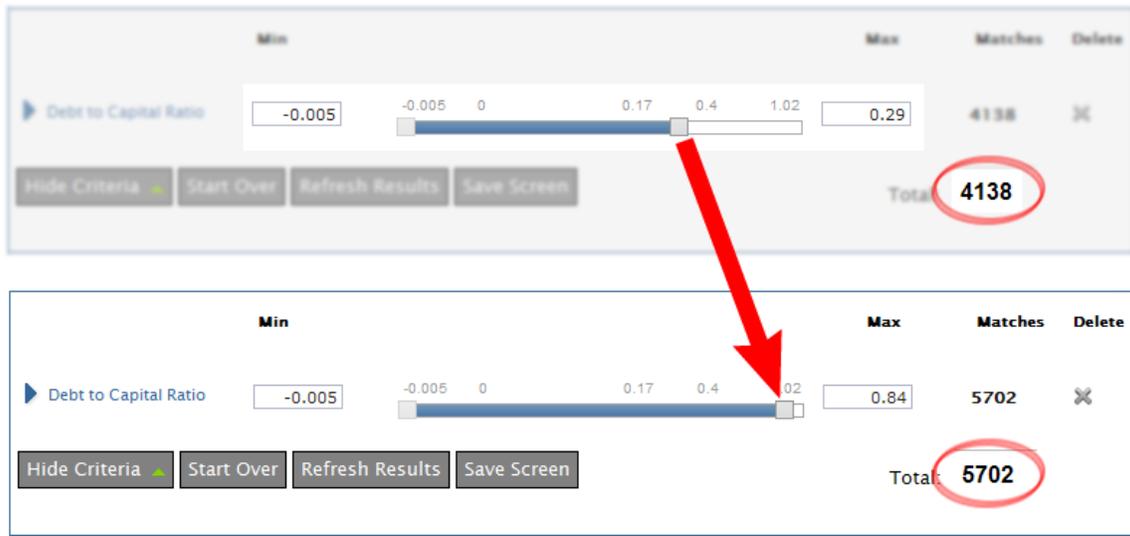

Figure 8: Adjusting a Range Slider Changes the Number of Displayed Matches

The Range Selection sliders allow easy selection of criteria value ranges, and automatically adjust based on the values you choose. For example: after isolating up to 6% of the population as extreme values found at either slider end, the remaining values are evenly distributed across the slider.

Stocks with values outside the main slider body may be queried in one of three ways:

- Enter the desired limit in the min or max entry field.
- Enter 'Min' or 'Max' in the respective field to remove the limit entirely.
- Drag the appropriate slider control to the extremity.

To remove all criteria and start over:

1 Click **START OVER**

A dialog box appears asking if you want to reset the criteria.

2   Click **RESET** (or **CANCEL** if you decide not to proceed.)

All of the criteria are removed. You should now see an empty screen from which you can begin adding new criteria. If you decide you want to work with the same criteria again, go back to the overview page and reselect the screen.

To delete existing screen criteria:

1   Click the "**x**" located on the right side of the criterion, underneath the word **DELETE**.

A confirmation box appears. If you change your mind or have pressed the **DELETE** button by mistake, press **CANCEL** now to go back to the Build Screen.

2   Click **DELETE** to remove the criterion.

The criterion is removed and you are now viewing the Build Screen.

REVIEW YOUR RESULTS

You can review your screen results in summary format via the RESULT SUMMARY tab or more comprehensively with the DETAILED RESULTS tab.

▶ TIP	The strategy rank is specified after stocks are sorted and is based on the average for those criteria in the strategy positions of a stock's values within the criteria value distributions. Some criteria are considered '*higher is better*', others are '*lower is better*' and still others, such as **Exchange**, are not used in scoring. The stock with the highest average of graded positions will be ranked as the top stock in the results. Tied stocks are sorted by **Company Name**.

The Result Summary Tab

By default, the RESULT SUMMARY tab is selected and displays: ❶ current screen name, ❷ description, and ❸ TOP RESULTS for the strategy. (See Figure 9) This area will display an additional note if you have activated the alert feature for this strategy, e.g. "*Alert on changes to the top results, rebalanced weekly.*"

Figure 9: The Result Summary Tab

The **TOP RESULTS** are listed in order of **RANK** and both the ticker **SYMBOL** and the **NAME** of the instrument are displayed.

To view historic ROI information for a displayed stock:

1   Hover the mouse cursor over the stock's symbol.

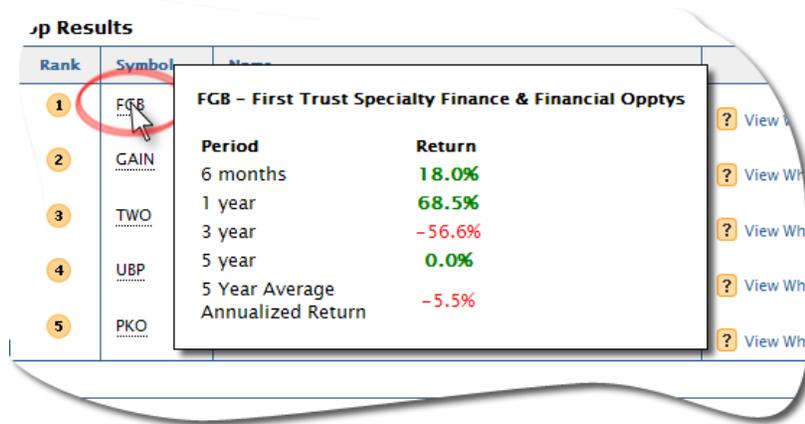A brief six-month to five-year summary will appear. (See Figure 10)

Figure 10: ROI Popup

To see why a stock was included in the screen results:

1   Click the **VIEW WHY** link to the right of the **NAME** column.

A window will appear itemizing each criterion included in the strategy. A graph indicates the relative position of the stock's value for that criterion within the selected range of values. (See Figure 11)

To the right of the graph is the **PLACEMENT** column, which identifies the position of the stock based on the individual criterion, out of the total number of stocks that match the selected range. If a criterion is not used for ranking purposes, no ranking will be shown.
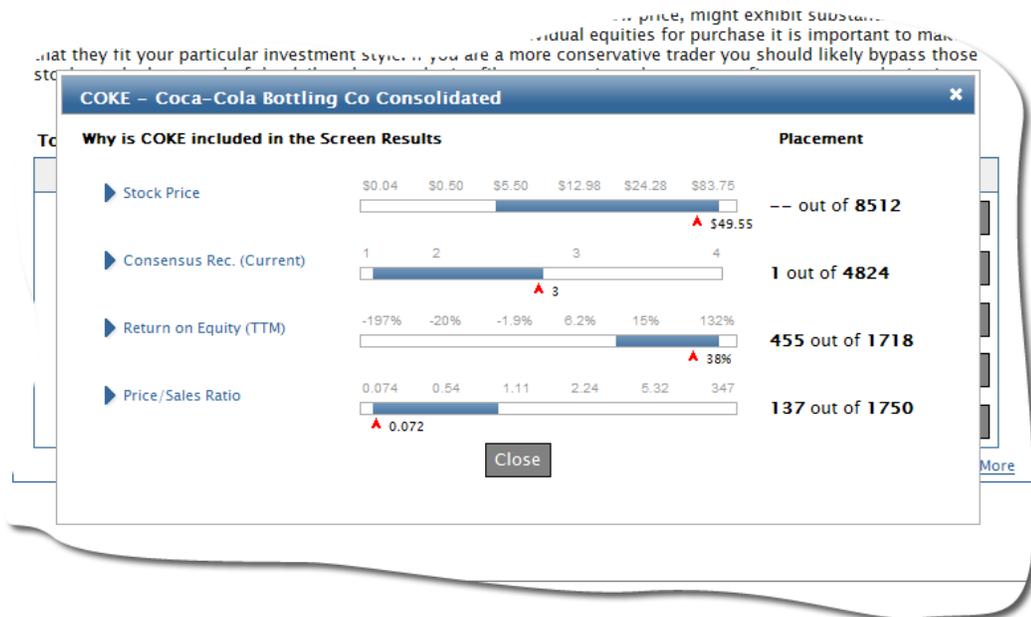
Figure 11: "Why a Company is Included" Popup

The Detailed Results tab

Click on the **DETAILED RESULTS** tab (Figure 12) to display a table containing the complete results for the strategy. The following columns appear:

- **RANK**: The overall rank for all criteria
- **SYMBOL**: The ticker symbol for the instrument
- **NAME**: The name of the instrument
- **CRITERION NAME**: Displays the company value for each criterion. There is a column for each criterion included in the strategy, so the total number of columns will vary depending on criteria used.
- **VIEW WHY**: Allows you to examine why a particular stock was included in the strategy results.

To change the sort order:

By default, **DETAILED RESULTS** are sorted by Rank. You can also sort the table based on the values in any another column.

1   Click on any column's heading to sort the table in ascending order.

An upward pointing arrow icon appears and the column is highlighted. A second click on the same column heading will change the sort order from ascending to descending and the arrow will then point downward.

Figure 12: The Detailed Results Tab

▶ TIP	If you have several columns displayed in the **Detailed Results** tab, you may have to scroll horizontally to view all the data. You can also hide, rearrange, or resize unneeded columns.

To show or hide columns:

You can show or hide columns in the DETAILED RESULTS table to control the types of data displayed.

1   Hover your mouse over a column heading

Notice that a "+/-" ICON appears on the right side of the heading.

2   Click once on the "+/- " ICON to display a dropdown list of columns.

Each column name has a checkbox beside it.

3   Click on the checkbox next to the column name to remove or add the checkmark

When the checkbox is present, the column will appear. Removing the checkbox hides the column.

To rearrange columns:

You can change the order of the **DETAILED RESULT** columns.

1   Click and drag a column header.

> As you drag the column head to its new position, a blue arrow shows you where the column will be when you release the mouse and set the new column position.

2   Once the blue arrow appears in the correct spot, release the mouse button.

> The column appears in its new position and one or more columns to the right of it are shifted over.

Click on the right border of any column to expand or reduce its width.

To resize a column:

1   Hover the cursor over the right edge of a column.

> Note that the cursor changes shape when placed directly over the column's right edge.

2   Click and drag the edge until the column is as wide as you would like it.

3   Release the mouse button.

> The column resizes.

To navigate results:

As the **DETAILED RESULTS** tab may contain a large number of results, you will possibly have multiple pages to view. The **NAVIGATION BAR** (Figure 13) at the bottom of the screen allows you to access all of the records.

- Click **PREV** or **NEXT** to move one page backwards or forwards.
- Click any page number to jump to that results page.
- Click **25 RECORDS** or **50 RECORDS** to change the number of results displayed.

Figure 13: Detailed Results Navigation

BACKTESTING STRATEGY PERFORMANCE

The **PERFORMANCE TAB** provides an indication of possible returns from a screen's top picks. This gives you feedback on the possible trading value of the selected criteria set, whether you are building a new strategy or evaluating a published strategy.

A message is displayed (Figure 14) if backtesting has not yet been performed for the current screen.
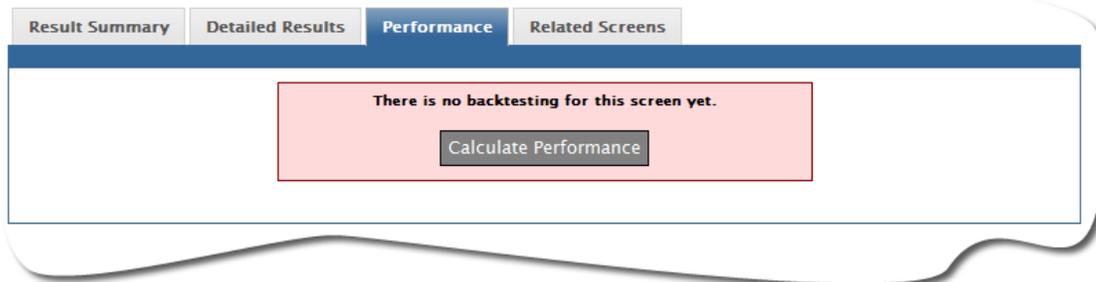

Figure 14: Message Warning of No Backtesting

To backtest a strategy:

1   Click the **CALCULATE PERFORMANCE** button.

A pop-up window will appear, prompting you to enter a name for this version of the Strategy, such as "Version #1".

2   Click **CALCULATE PERFORMANCE** to start backtesting

You are returned to the **PERFORMANCE** tab and the results are presented.

The **PERFORMANCE CHART** (Figure 15) depicts the performance of the screen's **WEEKLY TOP 10 PICKS** as a green line, while a red line represents a major market index.
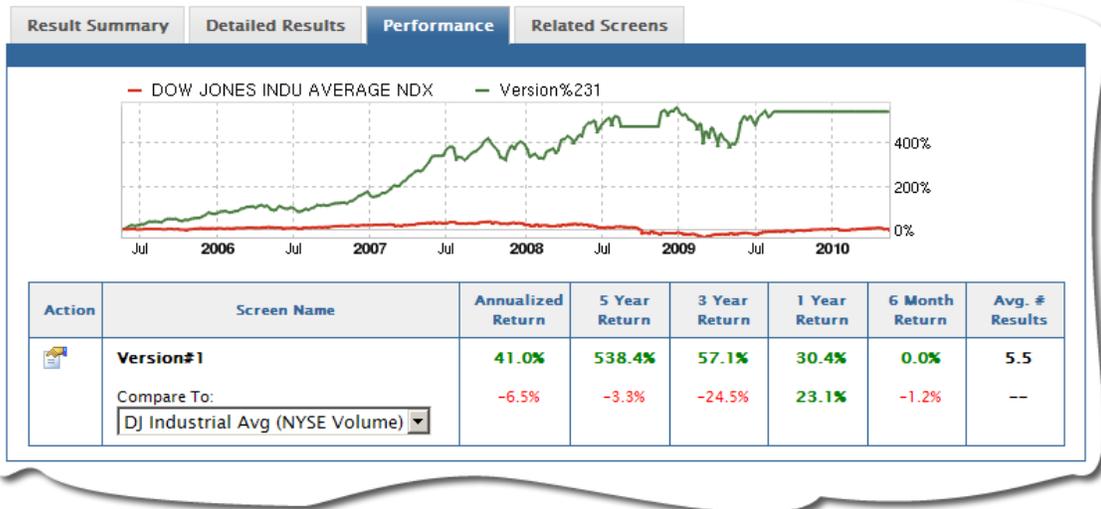
Figure 15: Performance Chart

To specify a different market index for comparison purposes:

1   Click on the COMPARE TO dropdown menu.

You will find several major market indices to choose from.

2   Click on your chosen index.

Within a few moments, the graph will update and display the new data. You can now choose another index, if you would like.

Understanding the Performance results

The returns are calculated by testing a portfolio of the strategy's top ten picks, equally weighted, over the previous five years. The portfolio is rebalanced every three months to match the latest top ten picks. The total portfolio value—the value of instruments held plus any dividends received—is measured for the end of each week in the five-year test period and plotted on the chart.

The following return results are displayed (See Figure 15):

▶ *Annualized Return*

ANNUALIZED RETURN presents the average of all weekly return rates displayed in the chart, annualized to represent a yearly rate of return.

This Average Annualized Return provides a default metric for summarizing the performance of a strategy and comparing its performance to other strategies.

▶ *5 year, 3 year, 1 year,* and *6 month Returns*

The returns table also provides the total returns for the previous 5 Year, 3 Year, 1 Year and 6 Month periods of the test window.

▶ *Avg. # Results*

The last column in the returns table, **AVG. # RESULTS**, shows the average number of weekly top picks that were included in the backtesting process. For each week, Strategy Builder starts with the top ten picks and then excludes any that did not trade for the full duration of the five-year test period.

Backtesting results for the selected market index are also included in the table, making it possible to compare on any parameter.

To change parameters and compare results:

Now that you have a measure of the screen's performance, you can adjust the selected criteria set and determine the impact of your change on the backtesting results. This helps you refine the screen to meet your performance requirements. Whenever you add, remove or edit criteria, the **CALCULATE PERFORMANCE** button reappears.

1   Adjust, add, or delete criteria as desired.

The new version of the Strategy is plotted on the performance chart, and added to the top of the returns table, where previous versions are still available for comparison.

When viewing the chart for the current version of the screen, you may want to plot the returns from a previous version to help you compare.

2   Click on the row for a previous version.

A blue line is added to the chart representing the selected version. (See Figure 16)

▶ TIP   You can also compare previous performance results by clicking the **ACTION** button to the left of the **STRATEGY NAME** and selecting **COMPARE TO**.

Figure 16: Performance Tab with Multiple Versions

To make a previously stored performance result current:

1   Click the **ACTION** button to the left of the **STRATEGY NAME**.

    A popup menu appears.

2   Select **MAKE CURRENT**.

    The stored parameters take effect and the **SELECTION CRITERIA** adjust automatically.

To save any version of your edited criteria as a new Saved Screen:

1   Click the **ACTION** button to the left of the **STRATEGY NAME**.

    A popup menu appears.

2   Select **SAVE SCREEN**.

3   Adjust parameters as required (see "*To use a prebuilt screen to create a custom screen:*" on page 3 for more details.)

Where to find more information

Click the "HELP" link near the top right of the page. This will bring up additional tips and guidelines on using Strategy Builder, as well as a list of Frequently Asked Questions (FAQ).