

Exclusive Stockopedia report for UK investors

Top Stocks for 2023

A fully-diversified model factor portfolio

Quality



87

Value

91

Momentum

99

StockRank™

97

99

78

97

98

Dear Investor,

Welcome to Stockopedia's Top Stocks for 2023 - a portfolio of 20 stocks selected using our market-beating No-Admin Portfolio System (NAPS).

But first, a moment to reflect on 2022. Political uncertainty, economic turbulence and the end to a long run of liquidity have finally put an end to the 14-year bull market. If you had money invested in the UK stock market last year, you're probably nursing losses. We are too - for only the second time since its inception in 2015, our NAPS Portfolio has finished the year in the red.

But don't be disheartened. The easy returns from liquidity fuelled markets might have dried up, but opportunities still abound. That is why we are introducing our Top Stocks for 2023 with cautious optimism.

Top Stocks

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Our Top Stock list is generated using a data-driven, rules-based process, so you might be surprised by some of the companies included in the portfolio. They may appear too boring, troubled, or uncomfortable for some investors to consider.

Yet that is exactly the point of the NAPS Portfolio. It doesn't consider whether a stock has an attractive narrative. Instead, our Top Stocks for 2023 and the process used to select them are founded on **three key principles**. You can read the full, detailed process - including each year's performance since 2015 - in the appendix.

1. Expose to factors

Over a hundred years of research have proven that selecting stocks with certain quantifiable characteristics, or 'factors', is a reliable path to market-beating returns.

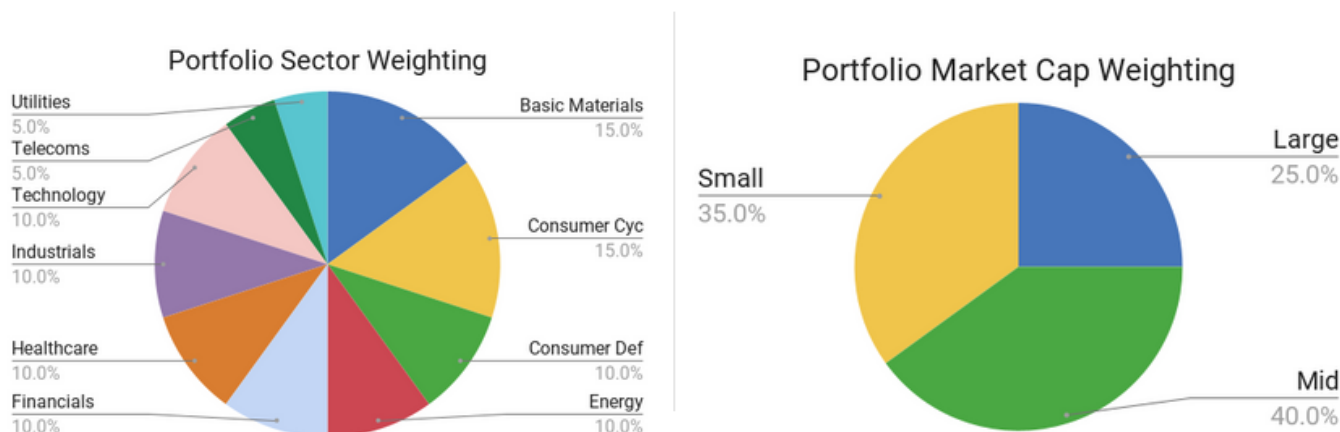
A factor is most useful if you can sort the market by that characteristic (e.g. the P/E Ratio) and find that the stocks at one extreme (cheapest) reliably outperform those at the other (most expensive). If so, you can build a portfolio of stocks that rank best for these traits.

That is what we have done with the NAPS portfolio. Stocks are included in the portfolio because they rank among the very best in the market for their Quality, Value and Momentum.

2. Diversify

One of the most dangerous traps investors fall into is putting all of their eggs in one basket. By over-concentrating their portfolio, investors expose themselves to a high risk of capital loss. The solution: diversify across sectors and stock characteristics.

By design, the NAPS portfolio holds stocks from all 10 of the economic sectors that we publish on the Stockopedia site. You can see the spread in the pie chart below. The system also results in a diverse set of stocks across different market capitalisations.



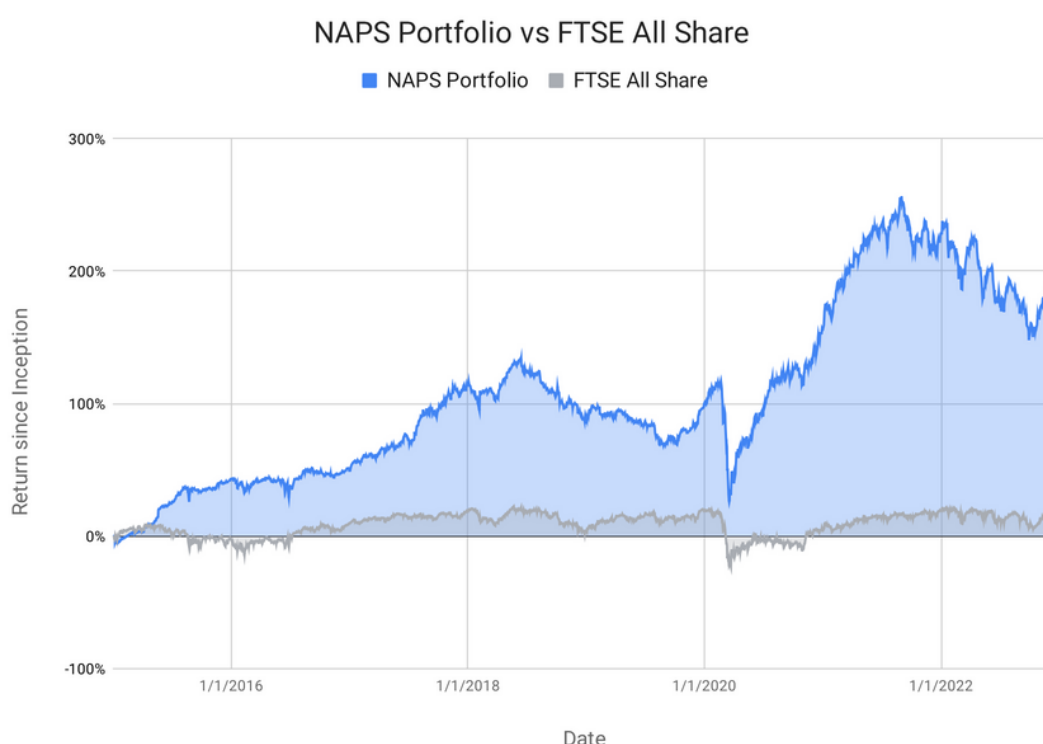
3. Rebalance on change

It is important to note that the NAPS portfolio is not a buy-and-hold-forever strategy. Like any portfolio, it requires maintenance.

To keep this as simple as possible, we rebalance the portfolio just once a year. This means selling any stocks that are no longer among the top two ranked in their sector, and replacing them with the two highest-ranking stocks in each of the ten sectors.

A note on risk and performance

Since its inception in 2015, the NAPS has strongly outperformed the FTSE All Share.



But attractive returns come with risk. In 2022, investors were reminded that markets can be extremely volatile and no amount of research can prepare a portfolio for a period of relentless selling. The NAPS fell 15% in 2022.

Market turbulence causes panic, which can bring out some of the most dangerous behavioural traits in investors. But it also provides opportunities for investors who can keep a steady head. By sticking to a robust, data-driven strategy, we are optimistic that the NAPS will continue to perform over the long term.



Megan Boxall

Education Editor, Stockopedia

Mkt Cap
£4.47b

Sector
Basic Materials

[VIEW STOCKREPORT™](#)

Quality

71

Value

84

Momentum

99

StockRank™

98

Packaging products specialist DS Smith ended 2022 strongly. A robust set of half-year results were announced in early December, with operating profits rising by 51% to £418m. This was driven by resilient demand for boxes, and higher unit prices.

Manufacturing, collecting and recycling cardboard and paper-based packaging may be a mundane business activity, but DS Smith consistently generates enticing returns for its shareholders. It has demonstrated a unique ability to navigate the economic cycle, turning a profit every year over the last decade.

DS Smith supplies giants such as Amazon and Unilever and has benefited from the global growth in ecommerce. This is feeding through to the company's financials. The share price is up 34% from lows in October, but shares trade on a cheap forward PE ratio of 8.5. This is more impressive when you factor in EPS growth forecasts of 13.9%.

A strong fundamental backdrop has led management to raise the company's interim dividend by 25%. However, management has also warned of an increasingly difficult macroeconomic outlook, with industrial sector demand particularly affected in recent months.



CAML - Central Asia Metals

Mkt Cap
£453m

Sector
Basic Materials

[VIEW STOCKREPORT™](#)

Quality

99

Value

88

Momentum

91

StockRank™

99

Copper, zinc and lead producer, Central Asia Metals, has continued its strong operational progress by delivering record profits in the first half of 2022. Free cash flow from its mining operations in Kazakhstan and North Macedonia reached \$52.1m for the period, allowing the company to repay the entirety of its corporate debt facility while raising the interim dividend to 10p per share.

Central Asia Metals' focus on operational excellence and maintaining costs in the lowest quartile of the industry, has allowed it to effectively grow revenues and profits at a compound annual growth rate of 27.3% and 28% respectively, over the last six years. The company's quality characteristics are exemplary, with a ROCE of 29.8% and ROE of 26.8%, ranking it among the top decile of its industry.

However, good times don't last forever in the mining industry. Even if base metal prices remain elevated for the foreseeable future, Central Asia Metals' revenues from its assets are expected to fall in future years as mining resources are depleted. Management are now considering acquisitions to reignite future growth, but this will also inevitably carry its own risks.





STCM - Steppe Cement

Mkt Cap
£99.7m

Sector
Basic Materials

[VIEW STOCKREPORT™](#)

Quality

99

Value

78

Momentum

95

StockRank™

99

Malaysian-incorporated, Kazakhstan-based cement producer, Steppe Cement, is one of London's more unique listings, but its impressive financial performance continues to defy market expectations. In the first half of 2022, the company shrugged off inflationary pressures and rising production costs to report a 65% increase in profits to \$10.2m.

That momentum has continued in the second half of the year. A third quarter trading update (bizarrely released just one week after the half year numbers) revealed that revenues rose 13% in the first nine months.

Steppe Cement boasts a strong track record of profitability: the average ROCE and ROE over the last 5 year period stand at 18% and 15.8% respectively. Those profits are efficiently converted to cash which has historically been distributed to shareholders in the form of a generous dividend.

But Malaysia's new regulation on foreign-sourced dividend income forced the company to withhold its dividend payout this year and evaluate other means of returning capital to shareholders. This has since been resolved, but it highlights the risks involved with investing in foreign-domiciled companies.





CPG - Compass

Mkt Cap
£33.9b

Sector
Consumer Cyclical

[VIEW STOCKREPORT™](#)

Quality

98

Value

22

Momentum

99

StockRank™

87

Catering giant Compass is a stalwart of the 'classic quality' family of companies in the FTSE 100. It consistently ticks the boxes for profitability and cash conversion, enjoys a market-leading position and (outside of Covid-times) pays a well-covered dividend. But rarely does its valuation or growth trajectory cause excitement for investors.

2022 was an exception on the momentum front. After shaking off the shackles of covid-enforced lockdowns, revenues bounced above £20bn for the first time since 2019 and earnings more than doubled. The share price outperformed the FTSE All Share by more than a fifth.

But the valuation remains resolutely untenable. In the last five years, shares have rarely traded under 20 times forecast earnings and the dividend (when paid) offers a yield akin to that of a bond at 2.23%.

In 2023, earnings growth is forecast to return to the characteristically steady, low-single-digit rate. Shareholders typically receive half of those earnings back in the form of dividends, and the cash from any surplus profits will be used for buybacks. Compass is back to being the company investors know: predictable, reliable, and average.





SNWS - Smiths News

Mkt Cap
£113m

Sector
Consumer Cyclicals

[VIEW STOCKREPORT™](#)

Quality

78

Value

99

Momentum

98

StockRank™

99

Smiths News has long held an attractive valuation. Distributing newspapers and magazines in the era of digital media is a tough business, and as high-growth stocks have soared, Smiths' shares have been overlooked. A price-to-earnings ratio of 4.3x is roughly in line with the company's recent history.

But in 2022, as value stocks have garnered attention, Smiths News has enjoyed a run of positive momentum not seen for many years. Since the announcement of an expectation-beating trading update in September, the share price has risen almost 50%.

Smiths' convenience store McColls hasn't survived the fallout from Covid-19 lockdowns, and its insolvency left the company with a £4.4m liability payment in FY2022. But other solvency concerns have been removed: Smiths' pension liability swung into a surplus in 2022, bringing with it a cash inflow that helped to reduce net debt to well within the agreed covenants.

Wafer-thin operating margins and a slowing end market mean that Smiths will never grow at pace. But the print media industry isn't going to disappear completely, and as long as Smiths can outlast its peers, it should have some life left in it.



WIL - Wilmington

Mkt Cap
£272m

Sector
Consumer Cyclicals

[VIEW STOCKREPORT™](#)

Quality

98

Value

42

Momentum

97

StockRank™

94

In 2022, the financial performance of business-to-business publisher Wilmington was flattered by two key factors. First, the resumption of in-person events lifted revenues across all divisions. Second, the disposal of subsidiaries for £23.4m lifted operating profits and allowed the company to pay back all its debt. Investors liked what they saw and sent the share price up by almost 50% over the course of the year.

Disposals and acquisitions are not new for Wilmington. Like many companies which produce journals, books and events for other large industries, the titles in its stables are chopped and changed regularly. That makes historic profitability metrics quite hard to gauge. But, on average, Wilmington generates double-digit operating margins, a ROCE of around 15% and is highly cash-generative.

Going forward, Wilmington's performance should become more reliable as more of its publications shift online. Recurring revenues now represent over a third of the top line and should continue to climb as investments in new data-led technology platforms start to pay off. This outlook is reflected in strong analyst forecasts; three upgrades in the last 12 months go some way to justifying a price-to-earnings multiple of 15 times.





IMB - Imperial Brands

Mkt Cap
£19.5b

Sector
Consumer Defensives

[VIEW STOCKREPORT™](#)

Quality

63

Value

80

Momentum

95

StockRank™

94

In February 2016, Imperial Tobacco changed its name in an attempt to distance itself from its smokey image. Six years on the turnaround plan that was promised at the time finally seems to be creaking into gear. In 2022, Imperial Brands managed its first net gain in market share since the name change. The share price outperformed the FTSE All Share by more than 30%.

But the company and its management don't deserve all the credit for this shift in momentum. Imperial stock fits the profile that investors yearned for in 2022: generous, reliable income (Imperial's dividend is currently yielding 7.1%), defensive (people don't stop buying cigarettes in a recession), and previously overlooked (the P/E ratio has barely risen above 5 in the past few years as investors avoided 'sin' stocks).

There are still concerns about the growth profile. Revenues in the year to September 2022 fell, despite an 11% rise in 'next generation products' - these products, which centre around the Blu Vape brand contributed less than 1% of revenue and therefore failed to offset falling demand for the company's tobacco products.





W7L - Warpaint

Mkt Cap
£136m

Sector
Consumer Defensives

[VIEW STOCKREPORT™](#)

Quality

94

Value

24

Momentum

96

StockRank™

85

The absence of an expected pre-Christmas trading update has taken some of the wind out of Warpaint's sails in the final month of 2022. Still, momentum is certainly with the cosmetics group's shares, which outperformed the FTSE All Share by more than 50% in the second six months of the year.

This momentum can be partly attributed to a very strong first half, which saw the company win new accounts with overseas retailers. International sales now contribute more than half of the top line. Warpaint's house broker has also been raising expectations for earnings in both 2022 and 2023 periodically throughout the year, unsurprisingly creating more demand for the shares. If the company can continue to outpace its analysts' expectations, it could justify its price-to-earnings multiple of 17.5 times.

Investors have long been sceptical of Warpaint's potential market size. Cosmetics is a highly competitive industry dominated by well-established brands housed within US and European conglomerates. But perhaps Warpaint's budget approach to the make-up industry will serve it well as recession looms in many of its key markets.





CNE - Capricorn Energy

Mkt Cap
£815m

Sector
Energy

[VIEW STOCKREPORT™](#)

Quality

57

Value

82

Momentum

94

StockRank™

93

Shares in UK-based oil and gas producer Capricorn Energy have notably outperformed the wider market in 2022, on the back of higher oil and gas prices that continue to mark a change in fortunes for the company.

Producing over 35,000 barrels of oil equivalent per day in the first half of 2022 has contributed to an ever-growing cash pile for Capricorn. Net cash now sits at \$631m, even after \$511m was returned to shareholders over the last six months. Indeed, when factoring the net cash position into account, we get an EV/EBITDA of 0.21, ranking the company as one of the cheapest not just in the oil and gas sector, but the entire UK market.

Capricorn's wide range of exploration and production assets across the UK, Egypt, Mexico, Mauritania and Suriname puts the company in good stead to capitalise on the current elevated oil and gas prices. However, given the volatile macroeconomic outlook and share price reaching multi-year highs, Capricorn's management team may need to be more cautious in their capital management moving forward.





SHEL - Shell

Mkt Cap
£166b

Sector
Energy

[VIEW STOCKREPORT™](#)

Quality

87

Value

86

Momentum

93

StockRank™

99

Energy giant Shell has been a beneficiary of the surge in the price of oil and gas. Earnings of \$30b from the first nine months of 2022 were just shy of the all-time record for annual company profits set in 2008. This leaves Shell on track for a spectacularly strong year. Consensus analyst forecasts are for normalised earnings to be twice as high as the previous year when management announces its annual results in February.

Accusations of profiteering from the war in Ukraine and the newly imposed windfall tax on big British energy businesses have tempered the upward march of the share price in recent months. However, Shell was still one of the top-performing stocks in the FTSE in 2022.

There is still a hint of scepticism levelled at the shares, owing to their tight relationship with the energy price. If we're at the peak of the cycle, Shell's run of good fortune may be over. If we're not, a price-to-earnings ratio of 5.5 looks decent value.

Shell is seeking a greater balance between high-carbon energy and renewables, and is deploying some of its considerable cash profits into the latter. With supply constraints continuing to support the oil price in 2023, those cash profits should keep flowing.





BGEO - Bank of Georgia

Mkt Cap
£1.21b

Sector
Financials

[VIEW STOCKREPORT™](#)

Quality

58

Value

92

Momentum

97

StockRank™

96

Georgia's proximity to Russia (both geographically and politically) is a valid concern for Bank of Georgia's potential UK investors. As is the company's Belarussian retail banking subsidiary Belaruskyy Narodnyy Bank (BNB), which accounts for about 6% of operating income. The company has never been an especially popular stock, but the ongoing war in Ukraine has added further risk to the outlook. Shares are currently trading on just four times the forecast earnings.

But for investors willing to stomach the risks, Bank of Georgia does provide access to a rare spot of economic strength. Georgia's GDP grew by 10% in 2022, supported by high consumption and strong investment demand. The company, which provides loans to consumers and businesses and operates a brokerage division, is forecast to deliver earnings growth of more than 40% in the year to December 2022. That earnings momentum has been matched by a share price appreciation of more than two-thirds over the course of the year.

And it's not just share price growth which should satisfy investors. Bank of Georgia pays an annual dividend which is currently yielding 7.8% and is committed to buying back GEL112m, or £34.4m, worth of shares.





VMUK - Virgin Money UK

Mkt Cap
£2.46b

Sector
Financials

[VIEW STOCKREPORT™](#)

Quality

38

Value

95

Momentum

94

StockRank™

92

Created through the merger of Virgin Money and CYBG in 2018, Virgin Money UK, was loss-making when the pandemic hit in 2020 throwing global markets into turmoil. Confidence in the company has taken a while to return, but shares enjoyed strong momentum towards the end of 2022 after pre-tax profits for the year ended 30 September reached £595m, a notable 43% increase on 2021.

Virgin Money benefits from a higher interest rate environment, as it generates more income from its lending than it pays out on deposits. With the strong market tailwind adding to confidence, management has resumed dividend payments to shareholders over the past year and announced additional share buybacks worth £50m in November 2022. This takes total buybacks for 2022 to £125m.

But the market remains cautious of the increasingly bleak global economic outlook. The potential threat of missed interest repayments, higher loan defaults, or mortgage delinquencies that could take a toll on a bank's income might help to explain the lowly forward price-to-earnings ratio of 6.1. Virgin Money UK has set aside £52m to prepare for such risks. Should these not come to fruition, it could enjoy another robust year in 2023.



AZN - AstraZeneca

Mkt Cap
£174b

Sector
Healthcare

[VIEW STOCKREPORT™](#)

Quality

90

Value

12

Momentum

94

StockRank™

75

In December, AstraZeneca's chief executive Pascal Soriot was knighted for his company's work in developing a Covid-19 vaccine. That vaccine generated \$4b of revenue for Astra in 2021 - a figure unlikely to be repeated in the upcoming 2022 numbers. Instead, Astra's growth has been driven by higher-margin oncology medicines - a testament to the company's heavy investment in research and development in recent years.

Strong profit growth and a string of positive clinical announcements helped Astra's share price defy the weak trends in the wider healthcare market in 2022, and the company outperformed its sector by 36%.

Unsurprisingly, the shares now don't come cheap, trading at more than 18 times next year's earnings. But in the context of forecast earnings growth of more than 30%, that valuation doesn't look too unappealing.

Astra is one of the biggest spenders in the big pharma industry with an R&D to sales ratio of more than 20%. This expenditure served the company well in 2022 and will continue to fortify the company's economic moat moving forwards.





INDV - Indivior

Mkt Cap
£2.48b

Sector
Healthcare

[VIEW STOCKREPORT™](#)

Quality

97

Value

28

Momentum

96

StockRank™

88

Financial reports from Indivior make some investors rightly queasy. As of September 2022 the company had 73,800 patients on its injectable opioid addiction treatment Sublocade, up 72% from the previous year. The strong underlying market benefitting the company reflects the crippling opioid epidemic sweeping North America.

The strength of demand for Sublocade means Indivior has finally been able to navigate the increasingly competitive market - the oral version of its addiction treatment Suboxone has faced generic competitors and legal disputes since 2018. But in 2022, Indivior's revenues and share price surged close to their pre-patent dispute levels.

Like most development stage pharma companies with significant spending requirements, Indivior is hard to value on traditional metrics. But unlike its peers, the company spends more money on administrative (read legal) fees than it does on research and development.

The legal and competitive environment has hung like a black cloud over the Indivior investment case for many years. But there is no denying that the demand for the company's medicines is growing. Revenues are forecast to rise 14% to £900m in 2022 and 7% to £960m the following year.



Mkt Cap
£228m

Sector
Industrials

[VIEW STOCKREPORT™](#)

Quality

78

Value

86

Momentum

96

StockRank™

98

The outsourcing sector is no stranger to corporate scandals. Companies providing services to the under-funded social care sector are particularly closely scrutinised, and in recent years, Mears has not been immune to negative press. Add in the fact that margins in the housing management division have weakened alongside the social care budget, and the collapse in demand for maintenance projects during the pandemic and it's hardly surprising that Mears' shares are trading on less than 10 times forecast earnings.

But compared to the wider housing sector, Mears' 2022 was surprisingly positive. Revenues and margins recovered from their post-pandemic lows and the group is forecast to report normalised earnings of 23.2p per share in 2022, more than double last year. The pipeline for new contracts is also looking healthy, especially in the higher-margin housing management division of the business.

The company's decision to exit the housing development market and sell its land assets has helped shore up the balance sheet and improve the management of working capital. But Mears remains a volatile stock and share price turbulence should be expected to continue. The well-covered dividend which is currently yielding almost 5% should provide investors with some comfort through the volatility.





VSVS - Vesuvius

Mkt Cap
£1.09b

Sector
Industrials

[VIEW STOCKREPORT™](#)

Quality

79

Value

88

Momentum

97

StockRank™

98

Anyone who attempted to buy a new car in 2022 will be aware of continuing supply chain disruptions in industrials. Vesuvius' attempts to help deliver components to its customers on time saw the company increase working capital substantially in the first half of the year. Investors weren't impressed, especially amid fears of weakening demand owing to inflation. In July the share price dipped below 300p for the first time since 2016.

Since then, Vesuvius' management has managed to reassure investors that the increase in the underlying price of raw materials is being passed onto customers. The group's differentiated products and services have helped the company gain market share despite weak end markets. The company now expects to report earnings growth in 2022, and the share price has recovered strongly, outpacing the market by 24% in the last six months.

The investment case still has a value argument to be made. Shares are trading on 8 times forecast earnings, which is ahead of peers and in line with the company's recent history. The dividend - which has grown at a compound annual rate of 5% over the last five years and is well covered by earnings - is currently yielding just under 6%.



Mkt Cap	Sector	Quality	99
£2.14b	Technology	Value	8
VIEW STOCKREPORT™		Momentum	91
		StockRank™	76

In the last decade, video game developer Keywords Studios has provided a masterclass in growth by acquisition. When the company listed in 2013, annual revenues were €16m and the company was barely profitable. In 2022, revenues are expected at €668m (a 10-year compound annual growth rate of almost 40%), and net profits are forecast to be 63% higher than last year at €76m.

About half of that growth has been organic, the rest generated by the 59 acquisitions completed since IPO. Still, Keywords has kept a very clean balance sheet and despite increased borrowings, has never been in a net debt position. At the half-year point, the company was sitting on €121m of net cash and since then has announced a further two acquisitions to be almost entirely funded with existing cash reserves.

The company's growth profile and leading position in the fast-growing video game market have made it a popular stock in recent years. Shares have rarely traded under 20 times forecast earnings, and yet the price has kept climbing. Now, with a trailing free cash flow yield of less than 3%, Keywords will need to keep delivering impressive growth to justify its lofty valuation.



Mkt Cap	Sector	Quality	96
£151m	Technology	Value	10
VIEW STOCKREPORT™		Momentum	98
		StockRank™	81

Shares in software products and services provider Netcall hit an all-time high in December after management confirmed increasing demand for its cloud solutions and a surge in new customer wins.

High-growth tech companies are hard to come by on the London markets and often command high valuations. Netcall's shares currently trade on a forward price-to-earnings ratio of 30.5 and a price-to-sales ratio of 5.

But management appears increasingly optimistic about the future, citing an exciting pipeline of growth opportunities. The company's Liberty platform, designed to enhance digital transformation through automation, supports an ever-expanding range of customers.

Forecasts back this up, with earnings per share growth of 44% expected in the coming year, and brokers repeatedly revising their forecasts upwards. Steady revenue and profitability growth, a solid balance sheet, and a growing market are all highly sought-after traits for tech companies. Nevertheless, management will be under pressure to continue surprising the market as the shares push to achieve new record highs in 2023.



Mkt Cap	Sector	Quality	83
£217m	Telecoms	Value	19
VIEW STOCKREPORT™		Momentum	98
		StockRank™	77

In the year to June 2022, 18.4m people made over 700m payments worth £259m on their mobile phones, which were processed by Fonix Mobile. The company generated £53.6m of revenue from these payments which primarily relate to competitions, voting and charity donations organised by big media companies. And in 2023, most of that custom will be repeated - 99% of the company's income is recurring in nature.

Fonix listed on the London market in October 2020 and was quickly embraced by British investors seeking high-quality, growing revenues. In the six months immediately following its IPO, the share price doubled. Momentum has continued since then, and in 2022, the company's share price outpaced its peers in the uninspiring UK telecoms market by more than 30%.

But while repeat revenue is an attractive quality, sticky customers are hard to win. Most of the Fonix revenue growth (25% compound annual rate in the last five years) comes from increased spending by existing customers, and now management is having to work harder to seek out opportunities in new markets. To justify a price-to-earnings multiple of more than 20 times, the company will have to prove it can attract international customers of the calibre (and stickiness) that it has done in the UK.





TEP - Telecom Plus

Mkt Cap
£1.76b

Sector
Utilities

[VIEW STOCKREPORT™](#)

Quality

93

Value

26

Momentum

98

StockRank™

86

In 2022 multi-utilities company Telecom Plus enjoyed the dual benefit of rising demand (its bundles mean it can offer lower prices than its competitors) and rising prices (as the underlying cost of energy soared). Revenue rose 52% in the first half of the year, thanks to the addition of 170,000 new energy contracts. The growth in cheap energy tariffs has hurt margins, but Telecom Plus' ability to squeeze profits from its assets has improved; ROCE and ROA were 19% and 10% respectively in the last 12 months.

Strong growth from such a high-quality operator has unsurprisingly sent the share price up. Telecom Plus was among the top performers in the FTSE 350 in 2022, its share price outperforming the FTSE All Share by 47%. Shares now trade on 24 times forward earnings - well ahead of the company's historical average.

It's not unfair to argue that 2022 presented peak market conditions for Telecom Plus and the recent growth will be tough to replicate. But the company rewards loyalty and has a strong track record of customer retention. If the cohort of customers added during 2022 is tempted by higher margin telecoms contracts, revenues and profits should remain enticing.



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Appendix: The "No Admin Portfolio System"

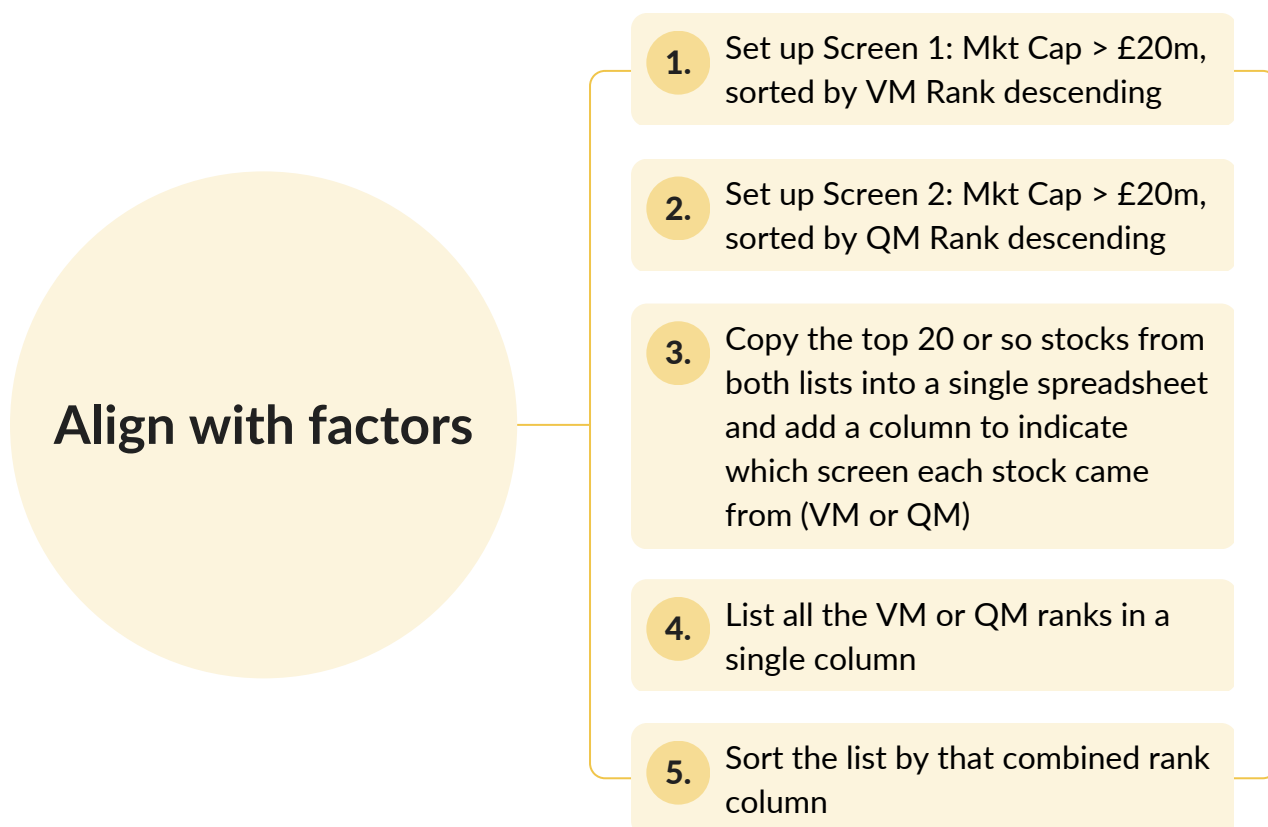
The Top Stocks we selected for 2023 and the process used to select them follows the three rules of Stockopedia's "No Admin Portfolio System". The process has generated strong results since its inception, with less than one hour of admin per year. The rules below show you how you do it.

NAPS Performance since inception

	2015	2016	2017	2018	2019	2020	2021	2022
NAPS Portfolio	43%	4%	43%	-13%	7%	28%	28%	-16%
FTSE All Share	3%	12%	9%	-13%	14%	-12%	15%	-3%

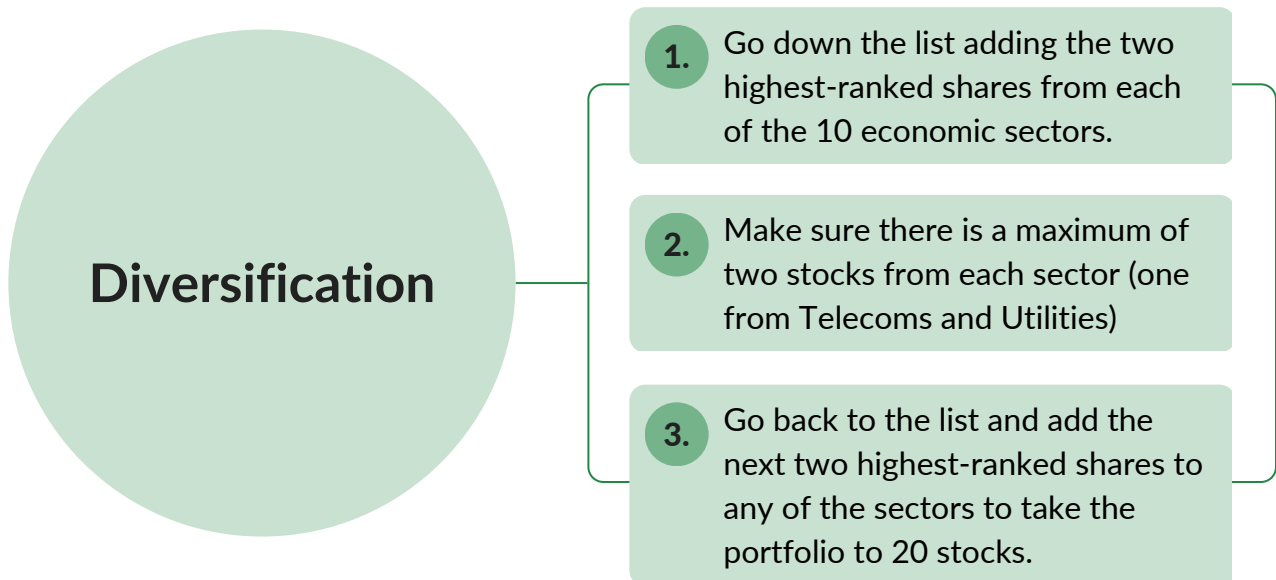
Rule 1: Screen for factor-driven ideas

Stockopedia's Quality, Value and Momentum ranks reveal companies with strong exposure to these factors. By picking stocks which align with these factors, you're giving yourself a better chance of benefiting from the factors currently driving the market. This year, we want to ensure good exposure to the momentum factor, and so we have set up our screen accordingly:



Rule 2: Pick a well-diversified portfolio

Simply picking the stocks at the top of your screen will leave you over-exposed to certain sectors. Diversification is a great way to protect your portfolio from unnecessary risk, and so we have picked our stocks as below:



Rule 3: Rebalance after a year

After a year, check to see which stocks have drifted. There will likely have been some change in the ranks, and some stocks will have outperformed others leaving you overweight in some sectors and underweight in others. Rebalancing is easy if you stick to the same rules:

