

Change	Price	Change	%Chg	Zacks Rank	
\$136.12	\$134.92	-\$1.20	-0.88%	3	×
\$856.44	\$851.00	-\$4.61	-0.54%	5	×
\$858.45	\$844.96	-\$6.40	-0.75%	3	×
\$91.06	\$90.78	-\$0.28	-0.31%	2	×
\$83.40	\$82.35	\$1.28	1.58%	3	×
\$87.95	\$86.89	-\$0.49	-0.56%		
\$79.26	\$76.70				

Zacks Rank Guide

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What is The Zacks Rank?

The Zacks Rank is an essential component of the Zacks Advisor Tools platform. For that reason, it appears throughout the site next to other vital performance metrics for stocks, ETFs and mutual funds.

A proprietary quantitative model, Zacks Rank classifies securities into five groups from Strong Buy to Strong Sell.



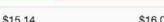
Unlike many ranking systems that use past performance, the Zacks Rank is a predictive model that seeks to forecast future prices.

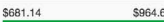




Zacks Rank

- 1** Strong Buy
- 2** Buy
- 3** Hold
- 4** Sell
- 5** Strong Sell

The Zacks Rank is most prominent on your watchlists.

When you open Zacks Advisor Tools, it appears next to the securities you're monitoring:

My Mutual Funds Watchlist MF Updated 09:26 Options ▾							
<div>Overview Zacks Research Data News</div>							
Symbol	Name	52 Week Close Range	Price	Change	%Chg	Zacks Rank	
RETSX	Russell Tax-Mgd	\$30.42  \$36.89	\$36.63	\$0.27	0.74%	4	✕
VANTX	Jpmorgan Ny Tax	\$6.77  \$7.19	\$6.90	\$0.00	0.00%	5	✕
GUIRX	Goldman Sachs D	\$15.14  \$16.07	\$15.55	\$0.01	0.06%	1	✕

My Stocks Watchlist EQUITY Updated 09:32 Options ▾							
<div>Overview Zacks Research Quant Models Data Events News</div>							
Symbol	Name	52 Week Close Range	Price	Change	%Chg	Zacks Rank	
GOOGL	Alphabet Inc-A	\$681.14  \$964.61	\$961.64	\$6.99	0.73%	1	✕
IBM	Intl Bus Mach	\$143.50  \$181.95	\$152.12	\$0.14	0.09%	4	✕
MSFT	Microsoft Corp	\$48.43  \$69.41	\$68.11	\$0.42	0.62%	3	✕
AAPL	Apple Inc	\$92.04  \$156.10	\$153.35	\$0.29	0.19%	3	✕
FB	Facebook Inc-A	\$108.97  \$152.78	\$147.94	-\$0.12	-0.08%	3	✕

You'll also find the Zacks Rank on pages specific to individual securities, which you'll see later in this guide.

The Zacks Rank for Stocks

A basic tenet in investing is that a company's current value is equal to its future earnings discounted to the present. Academic studies show that any revision in a company's expected future earnings directly affects the company's stock price, thus giving investors a powerful tool to anticipate stock price movements.

The Zacks Rank is proportionately applied to the approximate 4,400 stocks for which sell-side analyst estimates are available. In other words, only the top 5% of stocks receive a #1 Zacks Rank, while approximately the same number of stocks receive a #5 Rank.

How It's Calculated

The Zacks Rank is calculated from four primary inputs:

Revision Agreement

The extent to which, based on Zacks' analysis, analysts have been revising estimates in the same direction in the recent past. Agreement scores range from A to E.

- › A: All estimate revisions were positive
- › B: Most estimate revisions were positive
- › C: No trend is evident
- › D: Most estimate revisions were negative
- › E: All estimate revisions were negative
- › N: No estimate revision was made during the recent past

Revision Magnitude

Refers to the percent change in the mean EPS estimate over the recent past. Magnitude scores range from 1 to 9, with 1 being the best. Scores of 1 to 4 are positive and scores of 6 to 9 are negative.

Upside Potential

The extent to which, based on Zacks' analysis, the most recent EPS estimates differ from the consensus. Upside potential scores range from 1 to 9, with 1 being the best. Scores of 1 to 4 are considered positive and scores of 6 to 9 are considered negative. Upside Potential is designed to alert users to the beginning of an upward or downward trend.

Estimate Surprise

The extent to which the last reported quarterly EPS deviated from the mean estimate of that quarter's EPS. Surprise scores range from 1 to 9, with 1 being the best. Scores of 1 to 4 are positive and scores of 6 to 9 are negative.

How to Use The Zacks Rank for Stocks

The optimal time horizons for the Zacks Rank forecasts are 1-6 months: consequently many institutional investors use the model as a timing tool rather than a method of picking long term outperformers. For instance, the more common uses of Zacks models include:

- » One component in multi-factor models
- » Screening for new purchase candidates
- » Tiebreakers among equally attractive stocks
- » Tiebreakers among stocks in an industry group

Where You'll Find It in Zacks Advisor Tools

In addition to seeing the Zacks Rank for individual stocks in your Equity Watchlists, you'll find it under several tabs:

- » Beneath the **Overview**, **Zacks Research** and **Quant Models** tabs.
- » You can also customize metrics to include Zacks Rank under the **Data** tab.

Symbol	Name	52 Week Close Range	Price	Change	%Chg	Zacks Rank
GOOGL	Alphabet Inc-A	\$681.14 - \$964.61	\$961.64	\$6.99	0.73%	1
IBM	Intl Bus Mach	\$143.50 - \$181.95	\$152.12	\$0.14	0.09%	4
MSFT	Microsoft Corp	\$48.43 - \$69.41	\$68.11	\$0.42	0.62%	3
AAPL	Apple Inc	\$92.04 - \$156.10	\$153.35	\$0.29	0.19%	3
FB	Facebook Inc-A	\$108.97 - \$152.78	\$147.94	-\$0.12	-0.08%	3

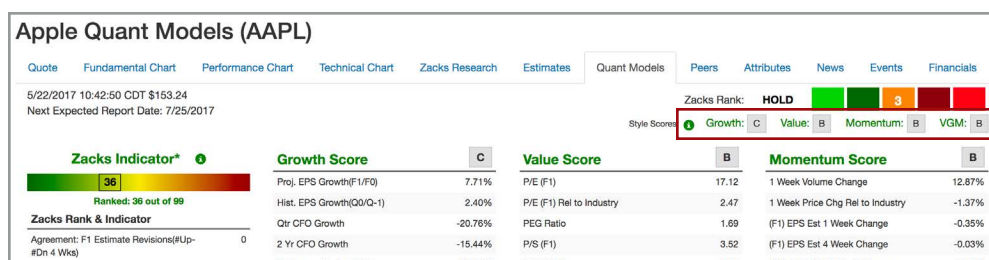
Pages for Individual Stocks

Choose a ticker symbol from one of your Watchlists, or enter one in the search box, to go to an individual security's **Quote** page, where you'll find its Zacks Rank. It also appears on these tabs:

- » **Zacks Research** tab and **Estimates** tab

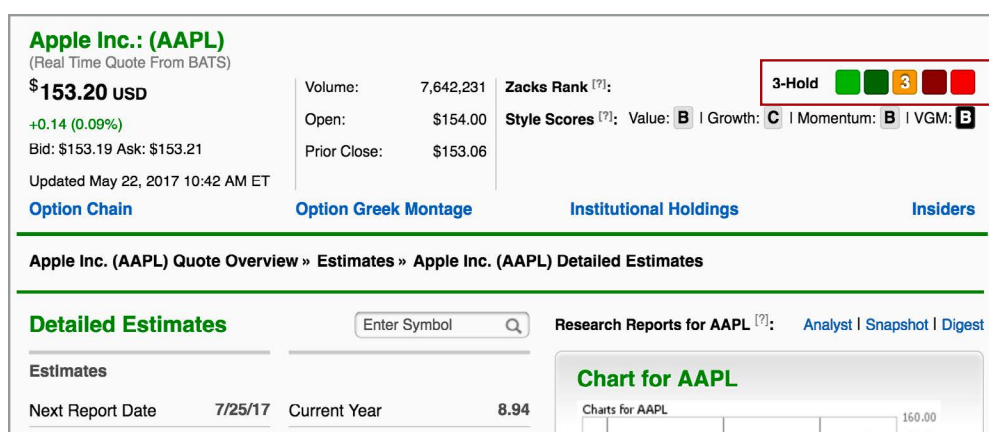
Apple Inc.: (AAPL)		Zacks Rank (1):	
Real Time Quote From BATS)	\$152.95 USD	3-Hold	3
Volume:	7,321,459	Style Scores	Value: B Growth: C Momentum: B Volatility: B
Open:	\$154.00		
Bid: \$152.95 Ask: \$152.97			
Prior Close:	\$153.06		
Updated May 22, 2017 10:38 AM ET			

- » **Quant Models** tab (where you'll also find other Zacks proprietary model outputs such as Indicator Score, Style Scores & Earning Quality Scores.)



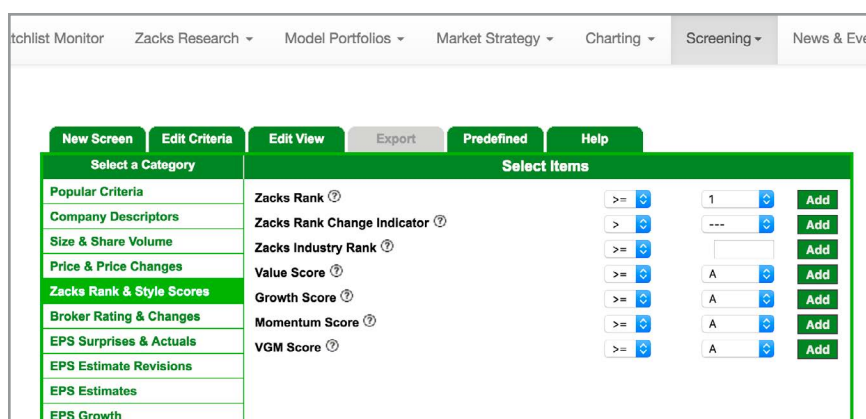
On Zacks Research Reports:

The Zacks Rank also appears on the Analyst Report, Snapshot and Digest Reports for each stock.



Under the Screening Tab:

- » Choose **New Screen** to easily create screens for stocks that fit a set of custom defined parameters, one of which is **Zacks Rank**.
- » Choose **Predefined** to choose from 40+ built-in screens sorted by investing style, cap size and more. The Zacks Rank is included as a parameter.



The Zacks ETF Rank

We view ETFs primarily as instruments for asset allocation purposes. As such, a rigorous recommendation scheme must combine the outlook for the underlying industry or asset class and the specific attributes of the individual ETF. That's exactly what the Zacks ETF Rank does.

How It's Calculated

Asset class forecast is the main input in the calculation of the Zacks ETF Rank. We have forecasts for:

1. Equity returns for the broader U.S. equity market, large cap/small cap groups, value/growth groups and major market sectors
2. Equity returns for all geographic regions and 20 major countries outside of the U.S.
3. Fixed income rates for U.S. Treasury, mortgage and corporate bonds
4. Foreign exchange rates for all major currencies
5. Commodity rates (metals, energy and agricultural commodities)

In making these forecasts, we rely primarily on a Zacks quarterly survey of sell-side investment strategists and buy-side chief investment officers. Additionally, we get input from senior investment strategists at Zacks, and from Consensus Economics, a London-based economic publication.

The Zacks ETF Rank provides a recommendation for the ETF in the context of our outlook for the underlying industry, sector, style box, or asset class. Our proprietary quantitative model also takes into account a number of fundamental and technical factors about the ETF and the Zacks forecast for the underlying industry or asset class:

- » **Expense Ratio:** Expressed a percentage of total assets, expense ratio is the annual fee that investors have to pay for the fund's operating expenses.
- » **Bid-Ask ratio:** Calculated as the difference between the bid and ask prices as a percentage of the ETF's mid price, this ratio measures the implicit cost of trading an ETF. Bid-Ask Ratio is inversely related to the liquidity of the ETFs; hence the higher the liquidity, the lower the bid-ask ratio, resulting in lower trading costs for the investors.

- » **Momentum:** Calculated as the velocity of price change over the past three months. Momentum indicates relative price strength of a particular ETF within an asset class.
- » **Duration:** A measure of the sensitivity of the bonds to changes in interest rates. Bond ETF prices move inversely to interest rates, so duration has to be taken into account in the context of our interest rate outlook.
- » **Credit Rating:** Most bonds issued by companies and sovereigns are analyzed and rated by the credit rating agencies. We use the average credit rating for bond ETFs as one of the factors in our analysis.
- » **Yields:** Dividend or coupon payouts made by an ETF need to be taken into account in calculating the total return for an ETF investor.
- » **ETF Holdings:** While we focus on the macro picture, we do not ignore the micro picture. So “what’s inside of an ETF” is an important factor in many of our ETF ranks.

Each ETF is assigned a score for each factor. We then arrive at an overall score by adding the weighted scores of all factors, using the weights assigned by our proprietary ranking model.

How to Use The Zacks ETF Rank

Our models seek the best ETFs within each risk category. We take into account the risk preferences of the investors and divide each set of ETFs that follow a similar investment strategy (style box/industry/asset class) into three risk categories- High, Medium, and Low.

Therefore, each ETF features a Zacks Rank and a measure of its associated risk. For example, an ETF may have a Zacks # 1 Rank and be deemed High Risk or it may be Zacks #1 Rank and Low Risk, or any rank/risk combination. These risk categories reflect multiple fundamental factors, including expected price volatility.

We provide Zacks ETF Ranks for

- » U.S. Equity
- » U.S. Fixed Income – Treasury
- » U.S. Fixed Income – Corporate
- » Currency
- » Commodity
- » International ETFs with a minimum six months of performance history.

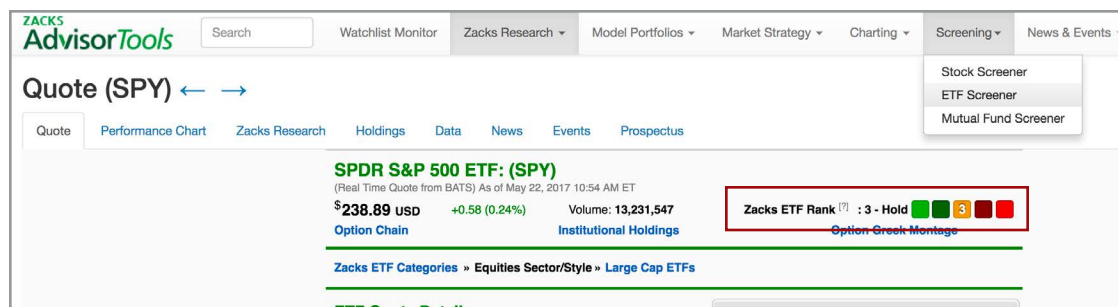
Additional Factors

- » **Time Horizon:** The Zacks ETF Rank and Risk ratings have a time horizon of 6 months. However, we continually assess the ranks and ratings and update them every quarter.
- » **Leverage and Inverse ETFs:** Given the complexities of these instruments, investors should be cautious in considering them for anything other short-term tactical reasons. We do not rank these securities.

Where You'll Find The Zacks ETF Rank

Like the Zacks Rank for stocks, you can enter and track ETFs by ticker symbol, and find them in similar places:

- » **Watchlists** on your home page
- » Under the **Quote** tab, **Zacks Research** tab and **Holdings** tab
- » Within the **ETF Screener**, with the Zacks ETF Rank as a screening parameter



The Zacks Mutual Fund Rank

The Zacks Mutual Fund Rank utilizes 20 years of academic research which found that mutual fund performance is influenced by organizational, institutional and behavioral factors and can be predicted.

Zacks provided updated Mutual Fund Rankings to Zacks clients at the beginning of each quarter going back to January of 2014. These rankings were able to separate funds with similar objectives into quintiles such that, during the four years of live performance.

Annual Return Spread - Zacks Mutual Fund Rank 1-5

	Equity	Sector	Intl. Equity	FI/Other	All
2014- 2017	1.5	1.6	0.4	2.5	1.7
2017	2.6	1.3	3.4	3.4	2.9

How It's Calculated

The Zacks Mutual Fund Ranks were re-calculated at quarter end from 12/31/13 to 9/30/17 for all categories.

Each quarter, portfolios were created within each category consisting of funds with Zacks Mutual Fund Rank 1 and Zacks Mutual Fund Rank 5. The funds in each portfolio were equally weighted at each quarterly rebalance, and held to the next quarterly rebalance using total return to calculate the quarterly return for each portfolio.

The spread return shown above takes the difference between the cumulated Zacks Mutual Fund Rank 1's and Zacks Mutual Fund Rank 5's for each calendar year.

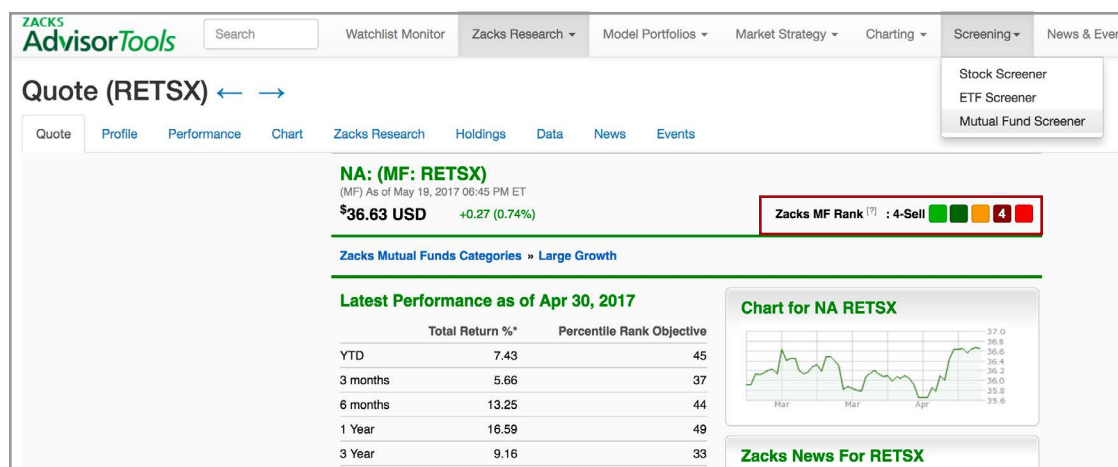
How to Use The Zacks Mutual Fund Rank

The Zacks Mutual Fund Rank ranks more than 19,000 mutual funds in terms of their expected performance in the future. It organizes funds in 45 categories and seeks to find the best funds in each. The Zacks Mutual Fund Rank has shown to be an effective predictive system both during the model development periods of 2001 to 2013, and since the Zacks Mutual Fund Rank went live in January of 2014.

Where You'll Find The Zacks Mutual Fund Rank

Like the Zacks Rank for stocks, you can enter and track mutual funds by ticker symbol, and find them in similar places:

- » **Watchlists** on your home page
- » Under the **Quote** tab, **Profile** tab, **Performance** tab, **Zacks Research** tab and **Holdings** tab
- » You can also use the **Mutual Fund Screener** to use Zacks ETF Rank as a screening parameter



The Zacks Rank: A Powerful Performance Predictor

We think you find the Zacks Rank for stocks, ETFs and mutual funds to be an indispensable part of your research. Whether keeping track of securities you already own, evaluating potential purchases or testing potential investment approaches, the Zacks Rank can help you boost your win rate and make your research fast, easy and effective.





Customer Support

If you ever have questions about **Zacks Advisor Tools** or need assistance, please contact us using the information below and we'll be happy to assist you.

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