The Monitor of Analysts’ Earnings Revisions (MAER) is Mill Street’s proprietary cornerstone graphical and quantitative stock selection tool. It is made up of two key components:

- A multi-factor ranking model
- MAER charts

It is a resource to help institutional investors incorporate an objective, transparent quantitative overlay into their stock selection process.

The MAER suite of products offer comprehensive coverage of over 6,000 stocks globally.

The primary drivers of MAER are incorporated into the ranking model and plotted on the charts:

- Estimate revisions trends ("Fundamental momentum")
- Price Momentum and Mean Reversion
- Absolute and Relative Valuation

Using the MAER charts, current indicator readings can be viewed in the context of the last five years of historical data.

The red line in the top section is a cumulative Revisions Breadth series based on the monthly net number of analysts’ upward earnings revisions minus downward revisions over the prior 100 calendar days — a rising line indicates more positive than negative revisions over the last quarter (scale not shown).

The blue bars represent the magnitude of the monthly percent change in the consensus NTM earnings estimate (left scale).

The heavy black line represents the stock's relative total return versus its benchmark, indexed to 100 at the beginning of the chart (right scale).

The green line in the middle section plots Mill Street's proprietary measure of price momentum, which is the stock's cumulative risk-adjusted return (or alpha) over the last six months, adjusted for market sensitivity (beta) as well as size and style (large/small-cap, value/growth).

The purple line in the bottom section plots the stock's relative valuation, based on its forward (NTM) P/E relative to its cap-weighted MAER universe aggregate.
Any set of stocks in the MAER universe can be objectively ranked from most to least attractive based on the MAER six-factor ranking model. The factors reflect the indicators shown in the MAER charts, expressed as percentile scores, and are weighted together to construct the composite ranking. The factors include:

1. **Earnings Estimate Revisions Breadth**
   The key underlying driver of MAER is the idea that the direction of analyst estimate revisions is a significant driver of relative returns. We use the net proportion of analysts raising versus lowering estimates for each stock as the most important input to the model.

2. **Earnings Estimate Revisions Magnitude**
   Alongside the revisions breadth, we gauge the conviction of analyst activity by using a scaled measurement of monthly percent changes in consensus analyst estimates for each stock.

3. **Alpha Momentum**
   Our proprietary measure of risk-adjusted six-month returns for each stock. This helps gauge each stock's return momentum after accounting for market and style effects.

4. **Short-Term Mean Reversion**
   We use a scaled measurement of each stock's prior month return to capture well-known short-term mean reversion effects in prices.

5. **Forward Earnings Yield**
   We use forward valuation multiples to help identify stocks for which the trends in revisions (fundamentals) may not be priced in.

6. **Relative Forward Earnings Yield**
   In addition to the absolute level of valuation for each stock, we use a relative measure that accounts for each stock's historical valuation range and thus avoids structural biases toward particular sectors or styles based on valuation.
MAER is designed for institutional investors and is most effective on a 1-6 month time horizon

Unlike models that require very high turnover and/or trading in small and illiquid stocks to produce results, the MAER rankings are only applied to institutionally investable stocks, do not require frequent trading, and can be used effectively to build portfolios with 1-6 month typical holding periods. This is due to the constraints we place on the universe of covered stocks and the focus on persistent underlying trends in company fundamentals and analyst sentiment. To be included in the MAER universe, stocks must have minimum market capitalizations of $200 million for US stocks and $500 million for non-US stocks, along with at least 3 analysts reporting estimates and $2 million/day in average daily trading value.

MAER is global and consistent

The MAER Ranking Model currently covers a broad universe of approximately 6000 stocks globally, and is applied in the same way for all stocks. This means that any universe of stocks can be ranked and used to build portfolios in a consistent and flexible way.

MAER’s construction helps avoid focusing too heavily on the most volatile stocks.

The scaling and normalization methods used in the model help avoid a key limitation of many models that use similar inputs: top-ranked stocks would often be more volatile than average and thus increase the risk of portfolios built from them. MAER allows less volatile stocks an equal chance of being highly ranked and thus helps control risk in portfolios.

Historical testing shows MAER is effective and robust.

Our historical tests (available on request) show that the MAER ranking yields favorable results even in the presence of transactions costs when applied to a wide variety of stock universes (regions, sectors), using various trading strategies, and in most time frames since 2003. The model was originally launched in early 2013 and thus has over 10 years of out-of-sample usage by demanding institutional investors.