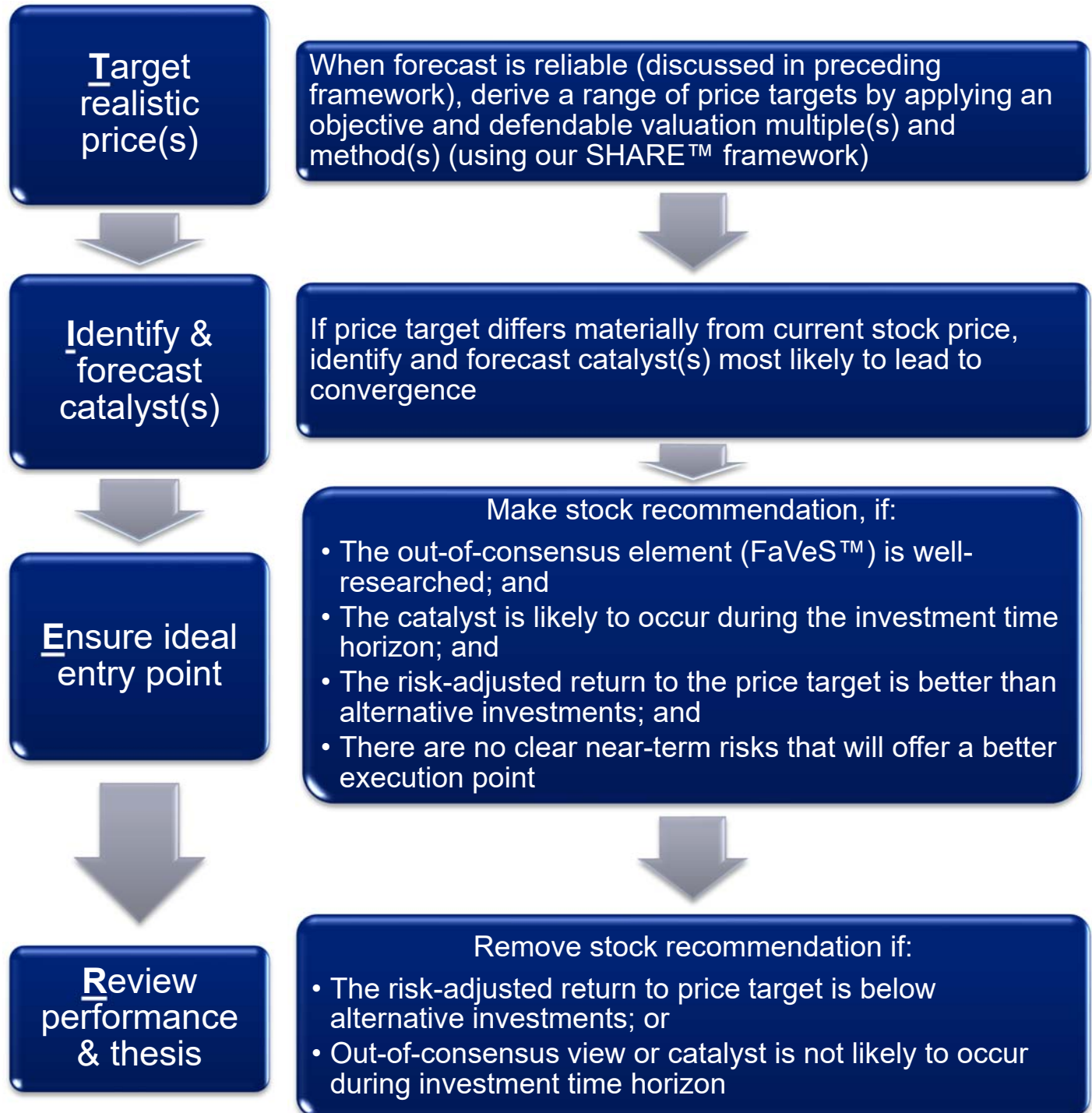


Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

Best Practices for Making Accurate Stock Recommendations Using the TIER™ System:

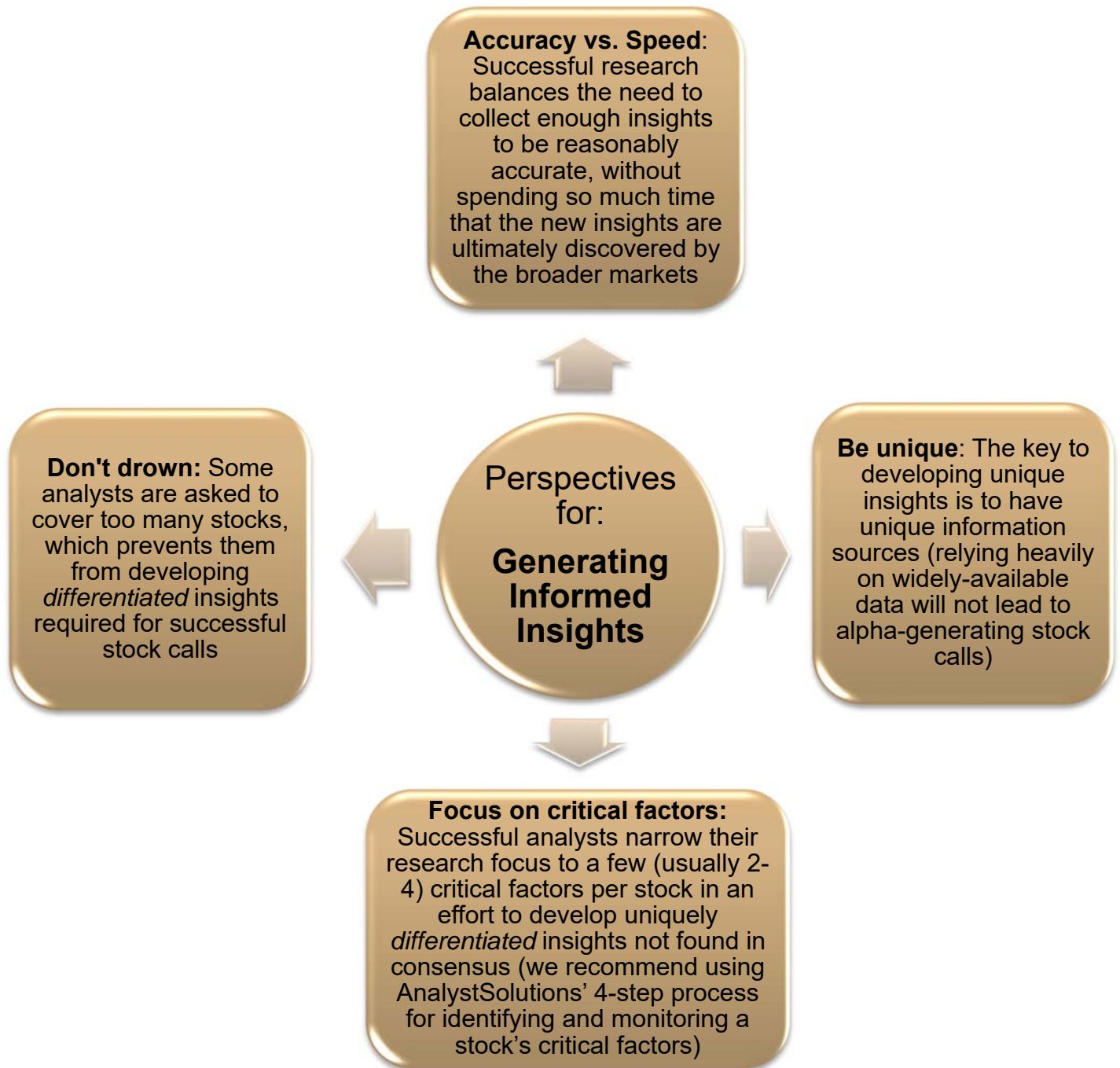


Explore these concepts in our workshop: [Master the Stock Call Techniques of Highly Experienced Analysts](#)

Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

Perspectives for Generating Informed Insights (these fall under the “G” of our GAMMA PI™ framework, and are critical before starting TIER™)



Explore these concepts in our workshop: [Master the Stock Call Techniques of Highly Experienced Analysts](#)

Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

Perspectives for Accurately Forecast (these fall under the first “A” of our GAMMA PI™ framework, and are critical before starting TIER™)

Don't look for precision if it doesn't add value:

Minimal research time should be dedicated to forecasting:

- Required rate of return for equity or the risk-free rate. Nobody has the perfect number. There are experts who can provide great precision, but even these come with a list of caveats. Great stock picks come from identifying a critical factor missed by the market -- not from computing a DCF variable
- Factors that cannot be forecast with accuracy (e.g. commodity prices, the next recession, political unrest)

Analyze analysts:

Buy-side analysts, who use sell-side analysts for financial forecasting, should check with third-party services to ensure that the ones they use have a good track record of high forecast accuracy

Perspectives
for:
**Accurately
Forecast**

Avoid blind faith:

Analysts should avoid the common rookie mistake of having forecasts higher than consensus, simply based on greater faith in an unproven or weak management team

Assume you're wrong: When analysts' financial forecasts differ materially from consensus, they should assume their forecasts are wrong until they can substantiate otherwise (the collective wisdom of consensus is often correct). Steps to find the most valid “consensus” estimate:

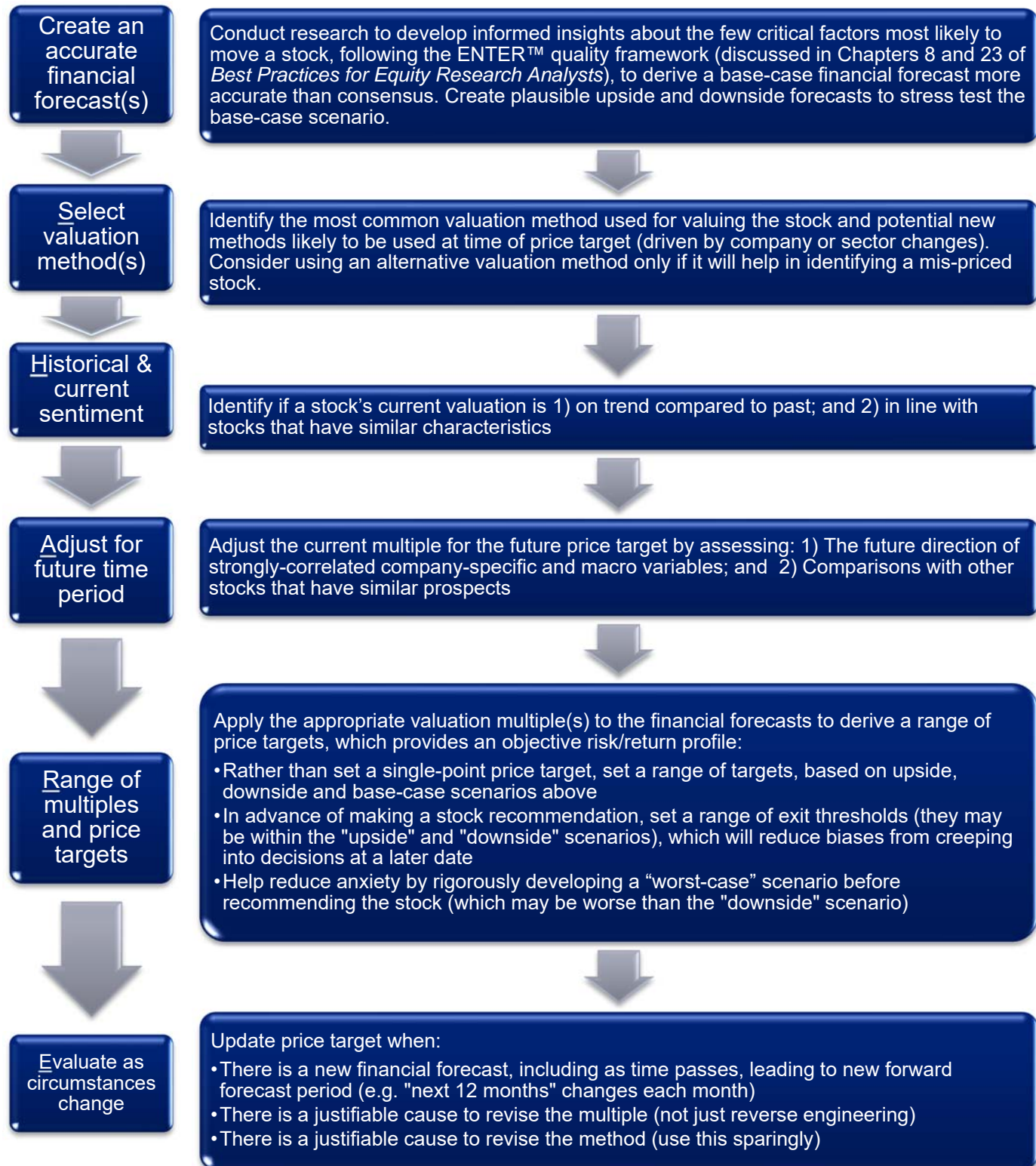
- If there is a material difference between the most accurate sell-side analysts (“informed” consensus) and the overall consensus number, put more weight on the accurate forecasters
- Ensure the published consensus estimate includes many estimates, and is not isolated to just a few who happen to have forecasts for the time period being reviewed (such as 2 or 3 years out)
- Ensure the individual estimates are not stale, and that there is no disagreement in terms of special items that may be in the number

Explore these concepts in our workshop: [Master the Stock Call Techniques of Highly Experienced Analysts](#)

Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

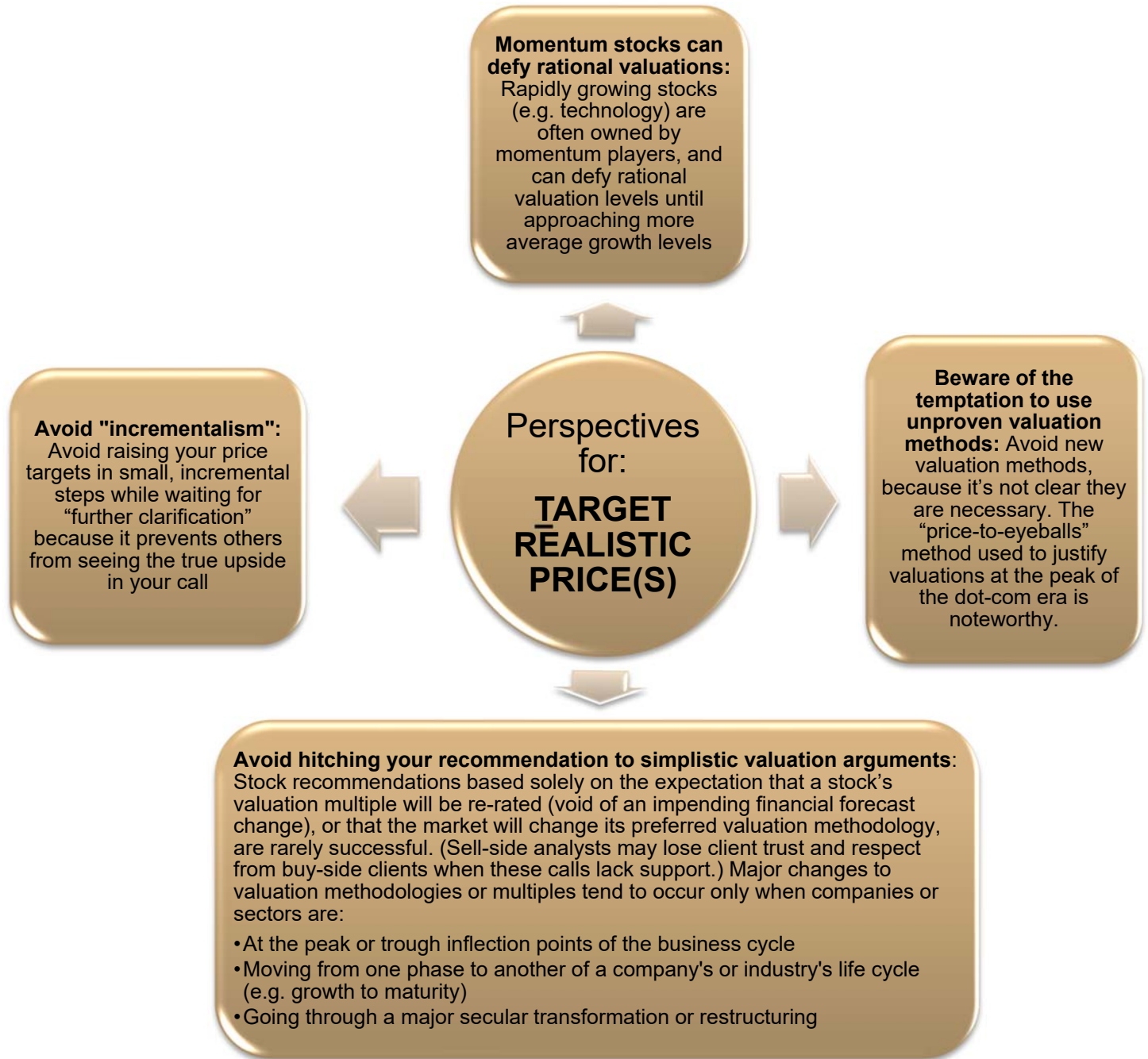
Procedures for Target Realistic Price(s) (Step 1 of TIER™ which includes the SHARE™ framework):



Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

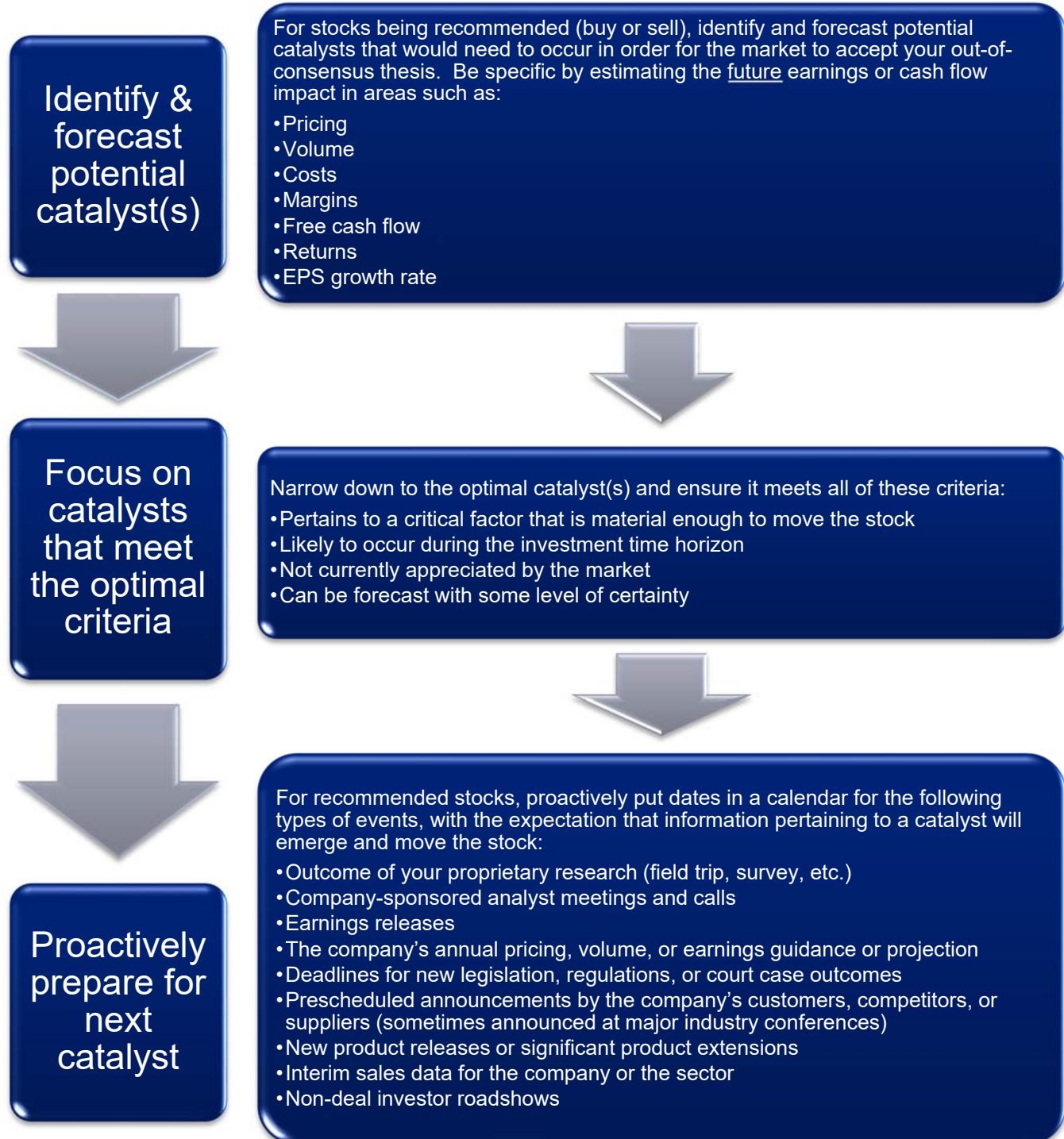
Perspectives for Target Realistic Price(s) (Step 1 of TIER™)



Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

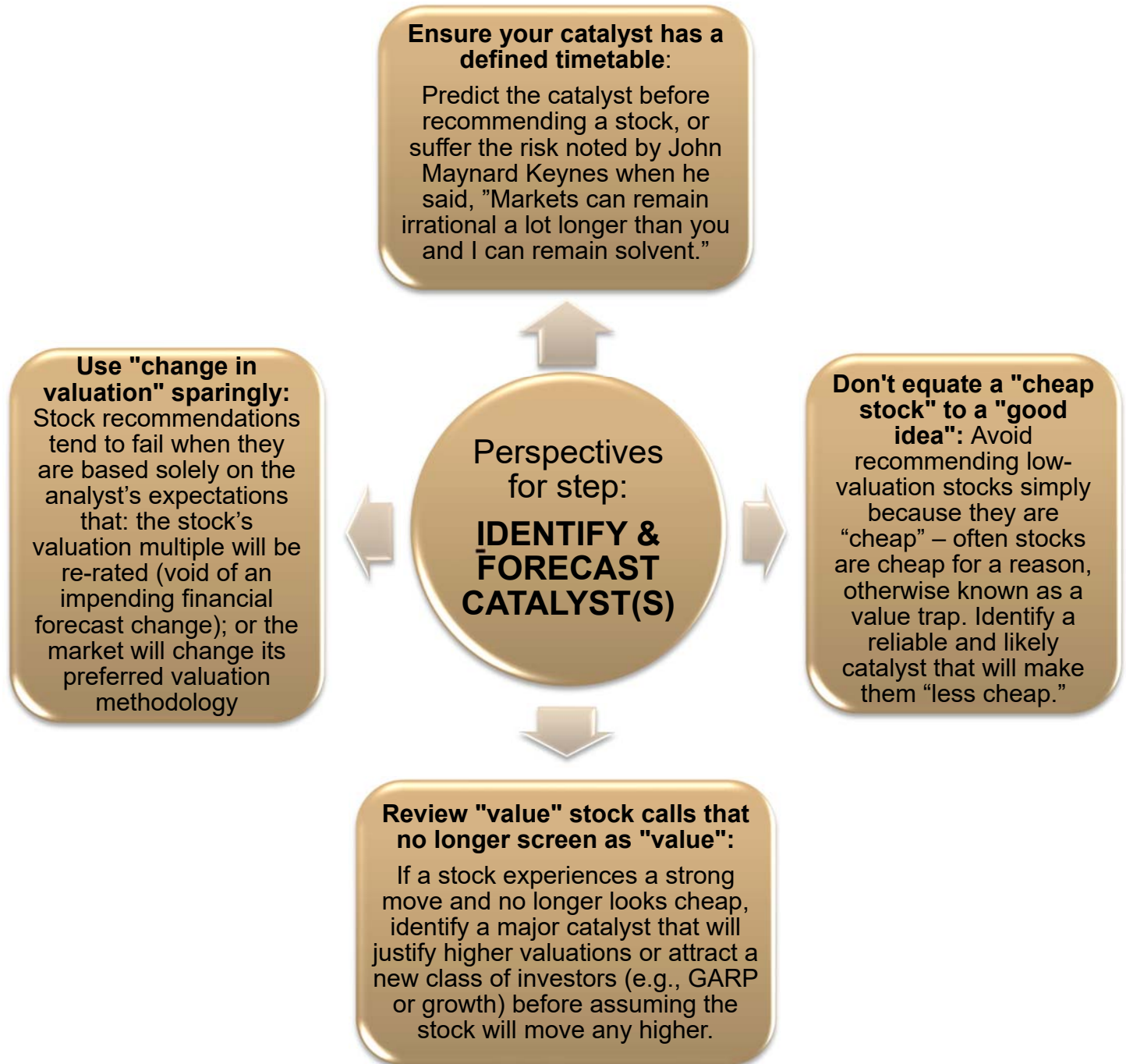
Procedures for Identify & Forecast Catalyst(s) (Step 2 of TIER™):



Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

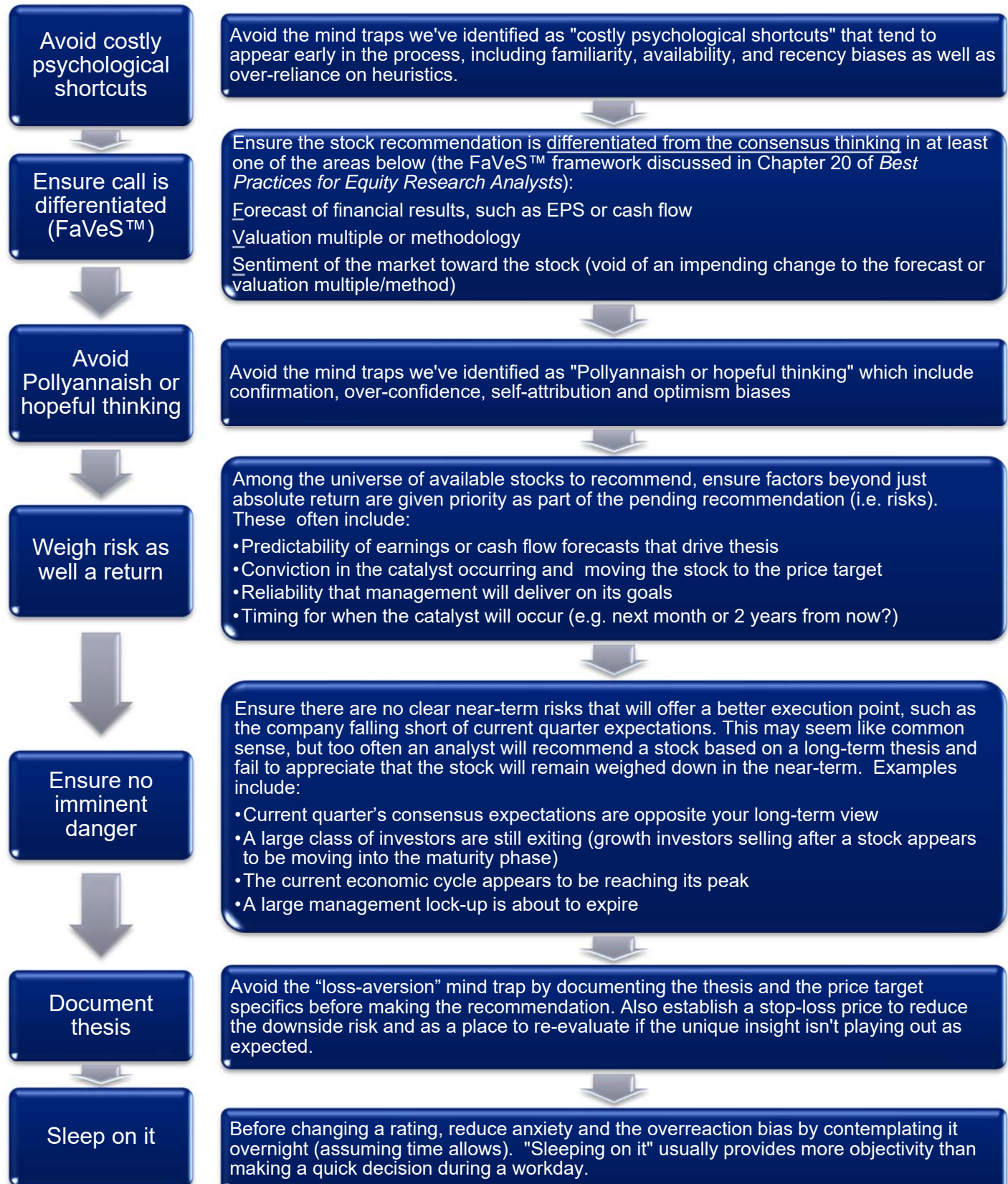
Perspectives for Identify & Forecast Catalyst(s) (Step 2 of TIER™):



Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

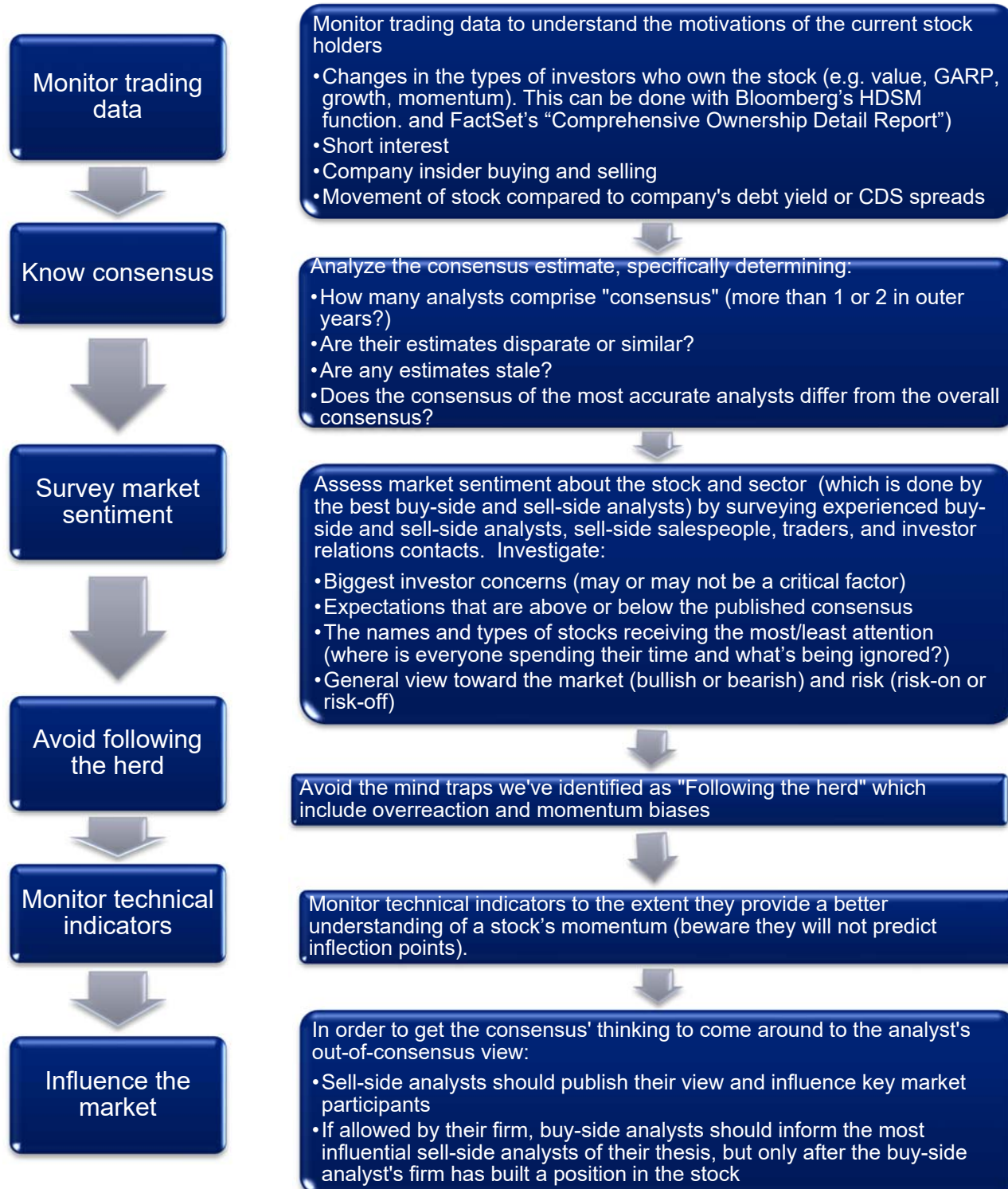
Procedures for Ensure Ideal Entry Point (Step 3A of TIER™), Validate Your View



Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

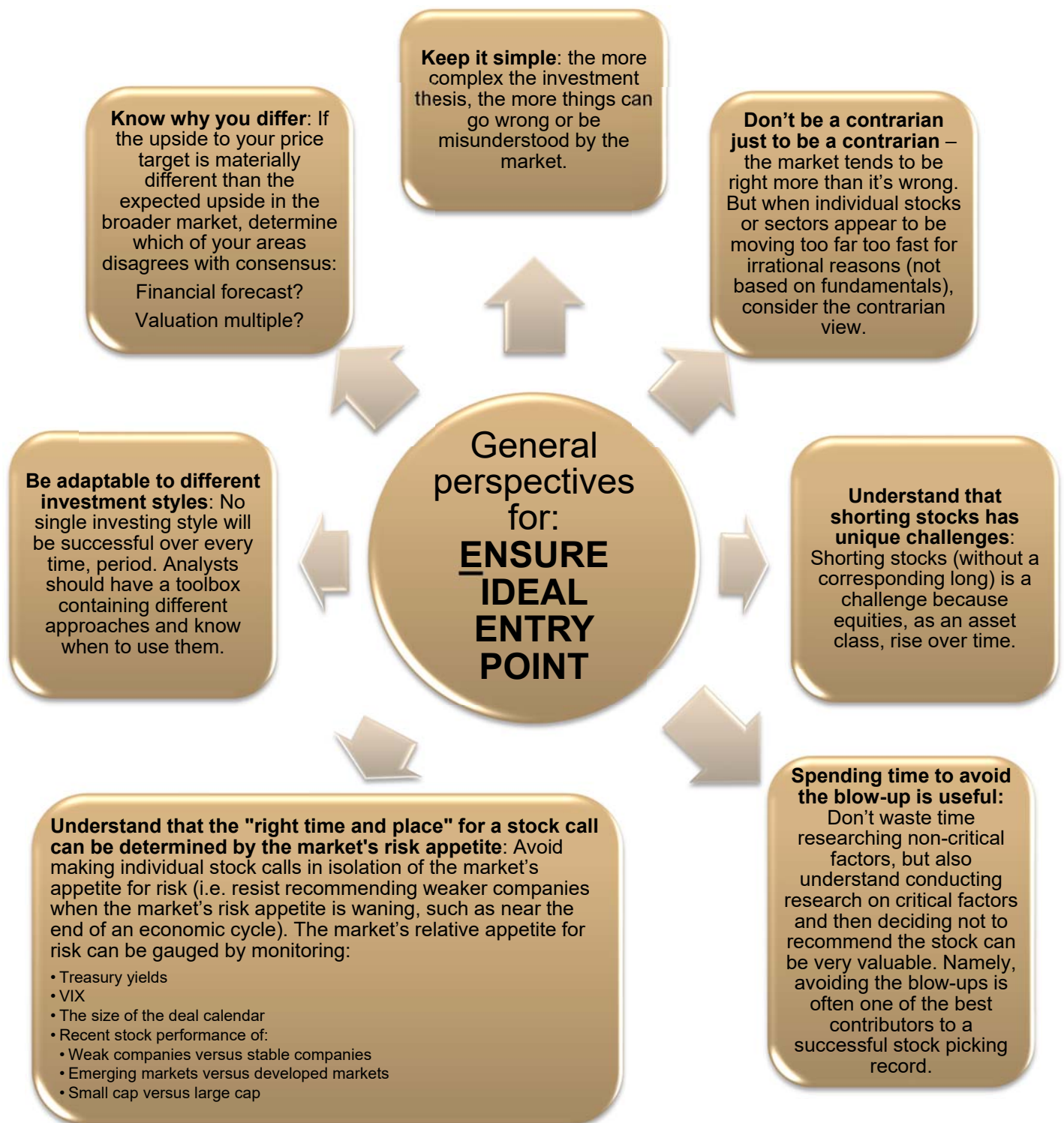
Procedures for Ensure Ideal Entry Point (Step 3B of TIER™), Assess and Influence the Market's View



Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

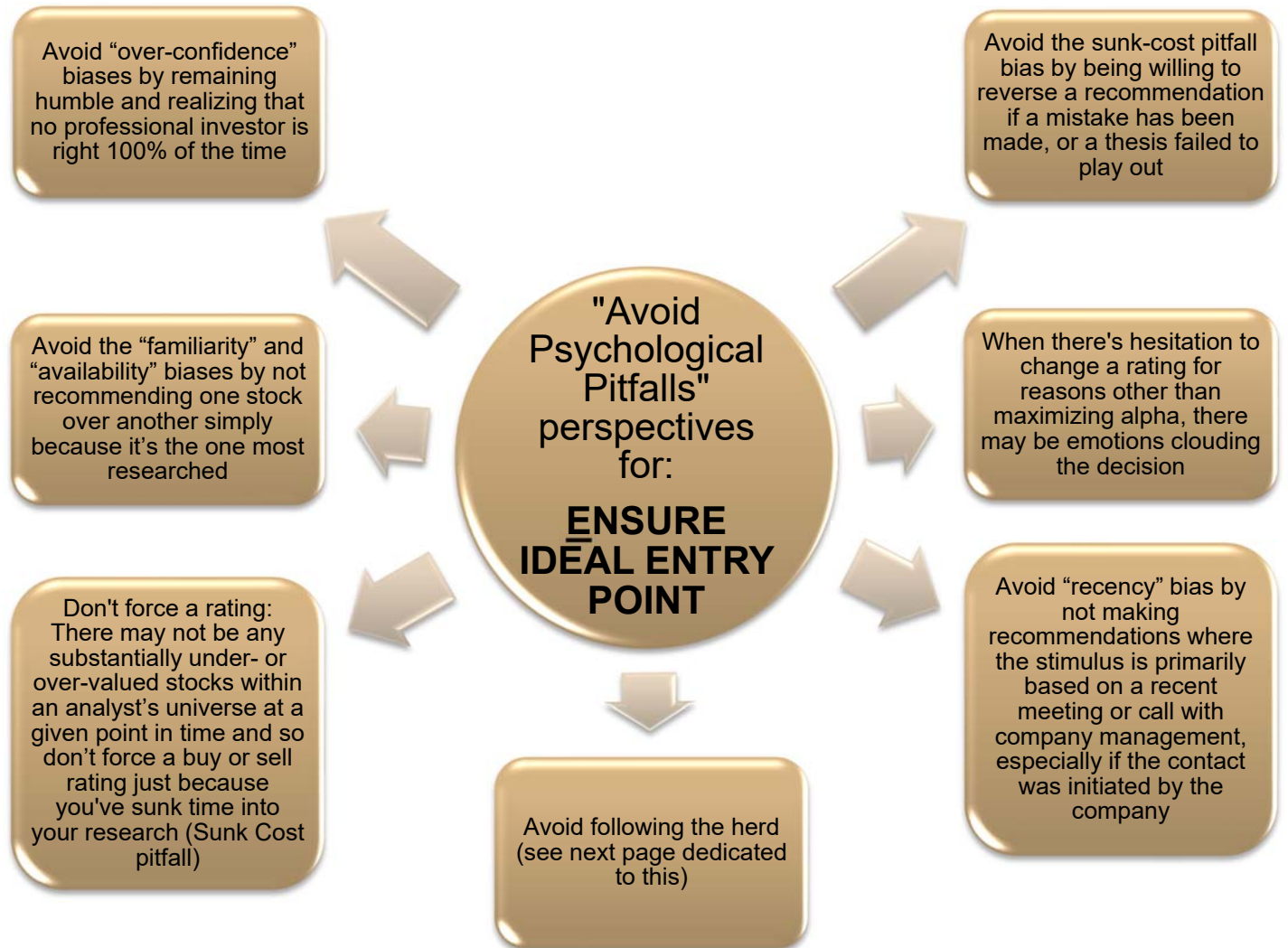
Perspectives for Ensure Ideal Entry Point (Step 3 of TIER™), Part 1: General



Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

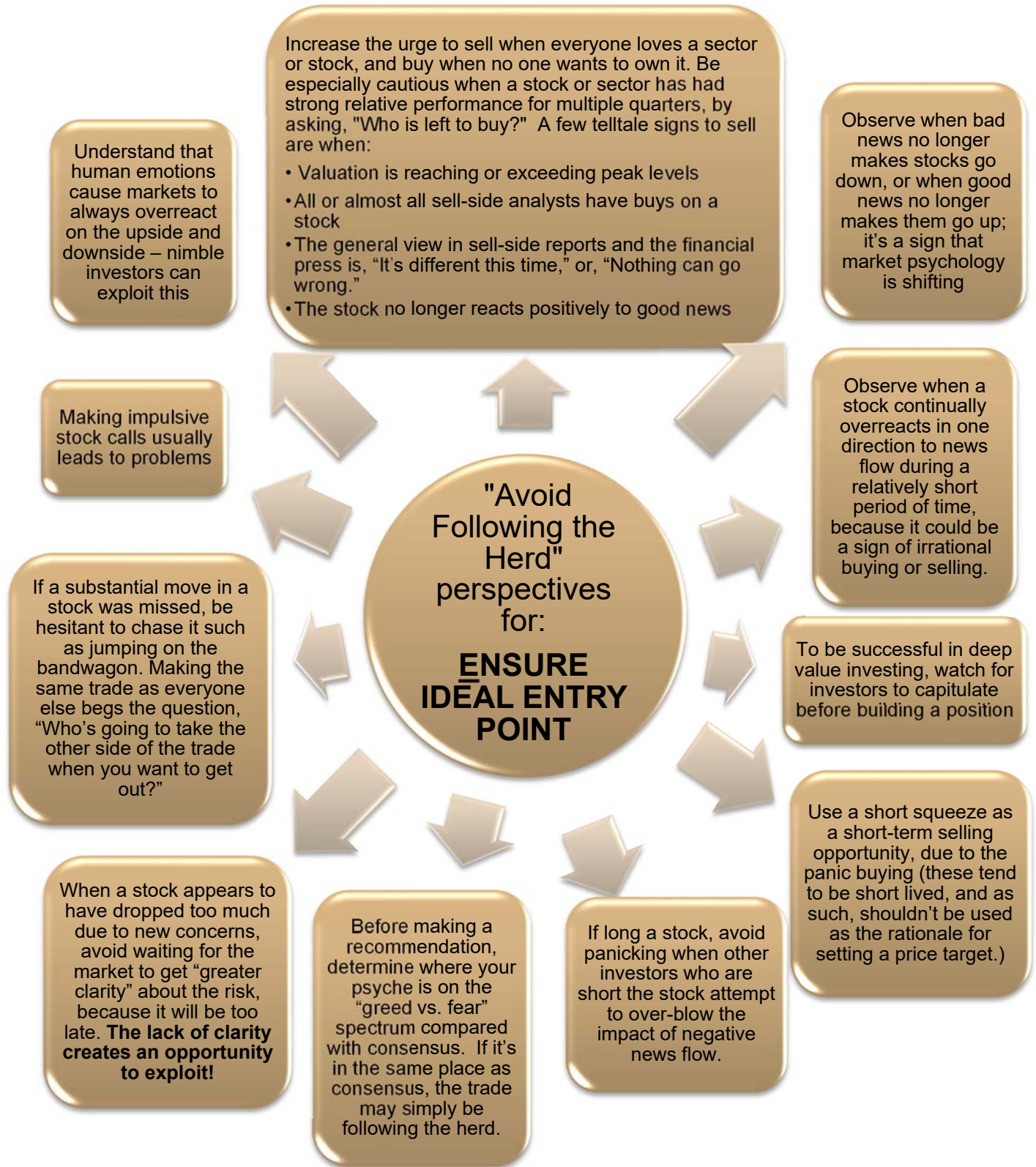
Perspectives for Ensure Ideal Entry Point (Step 3 of TIER™), Part 2: Avoid Psychological Pitfalls



Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

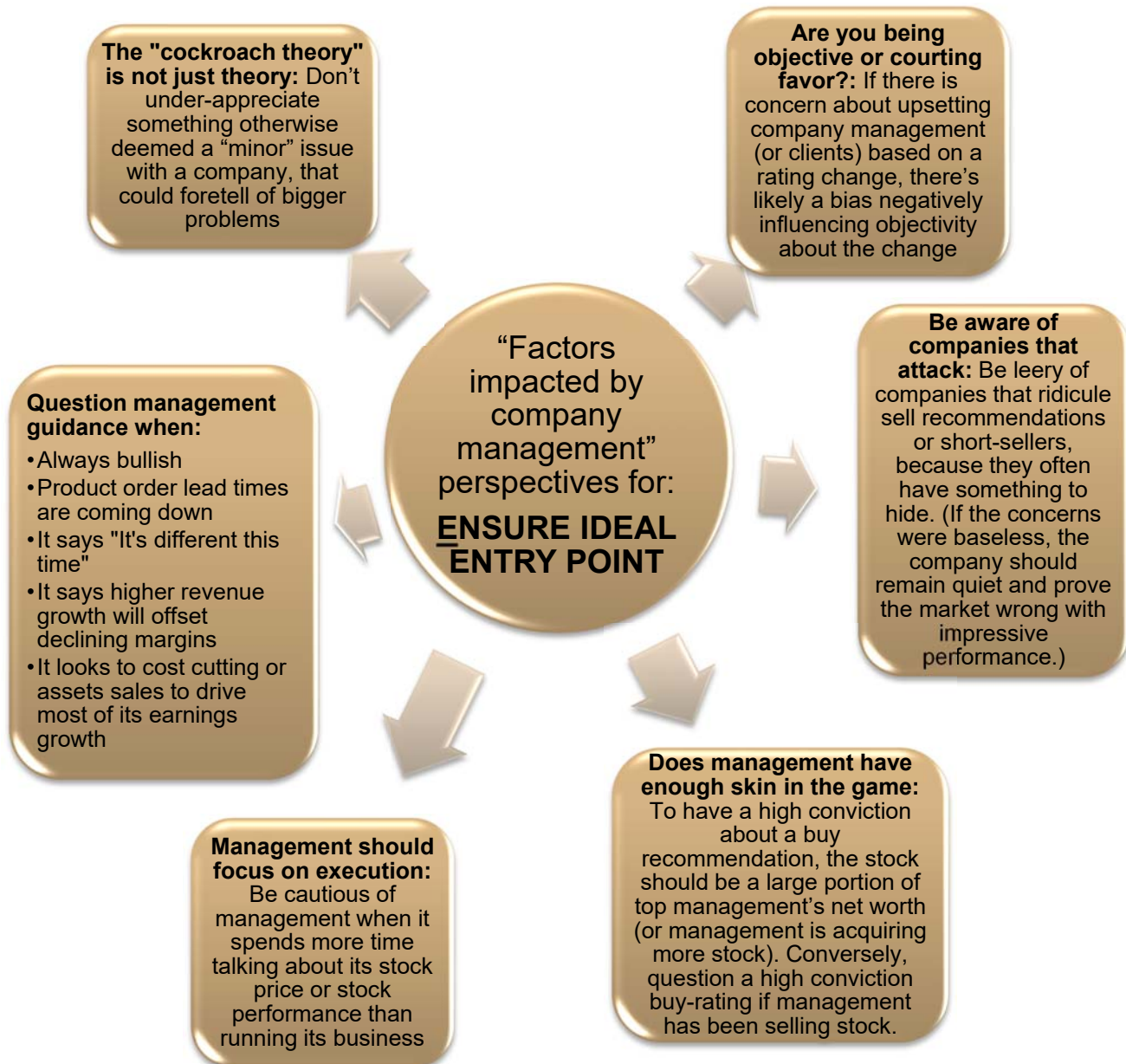
Perspectives for Ensure Ideal Entry Point (Step 3 of TIER™), Part 3: Avoid Following the Herd



Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

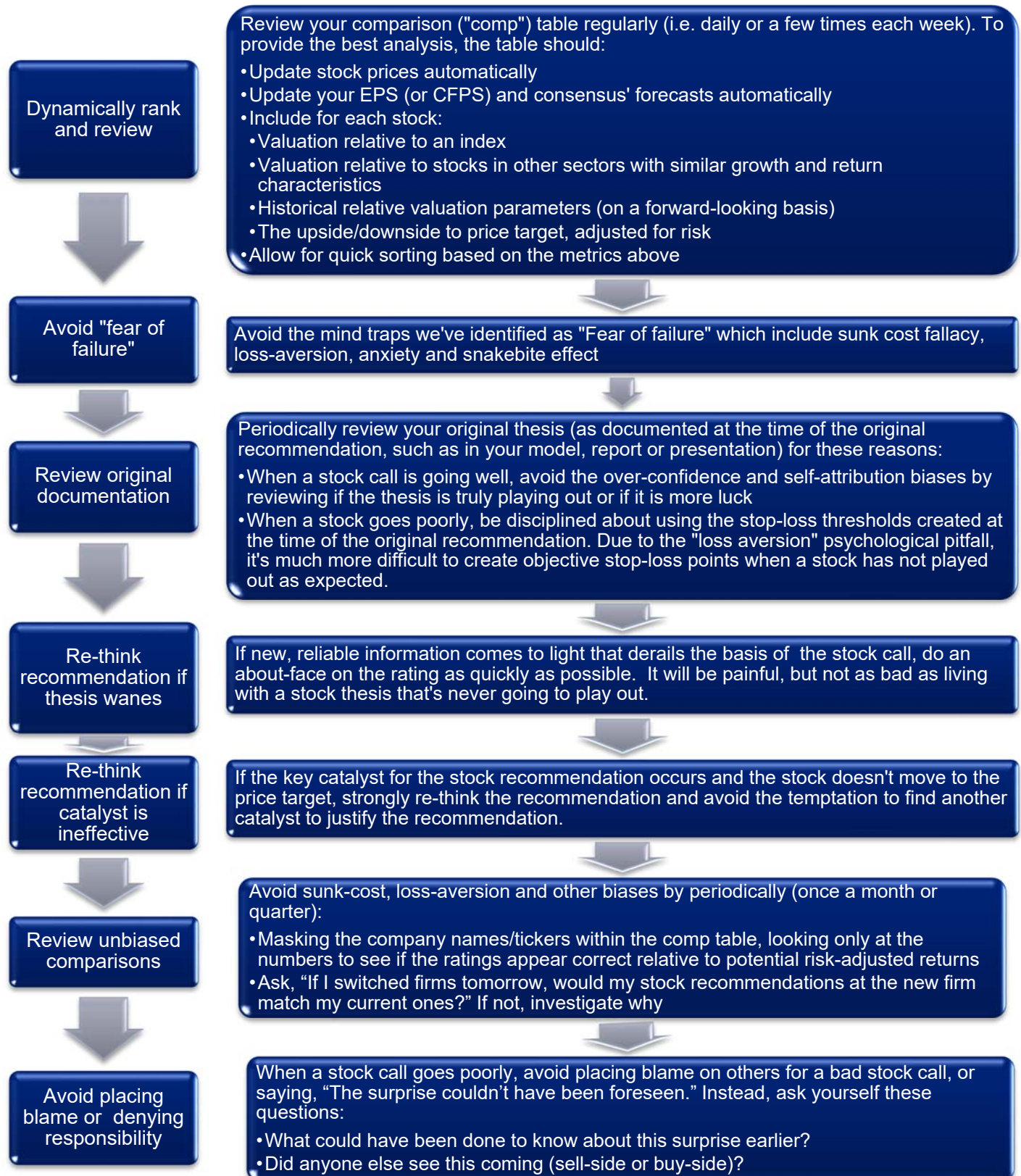
Perspectives for Ensure Ideal Entry Point (Step 3 of TIER™), Part 4: Factors Influenced by Company Management



Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

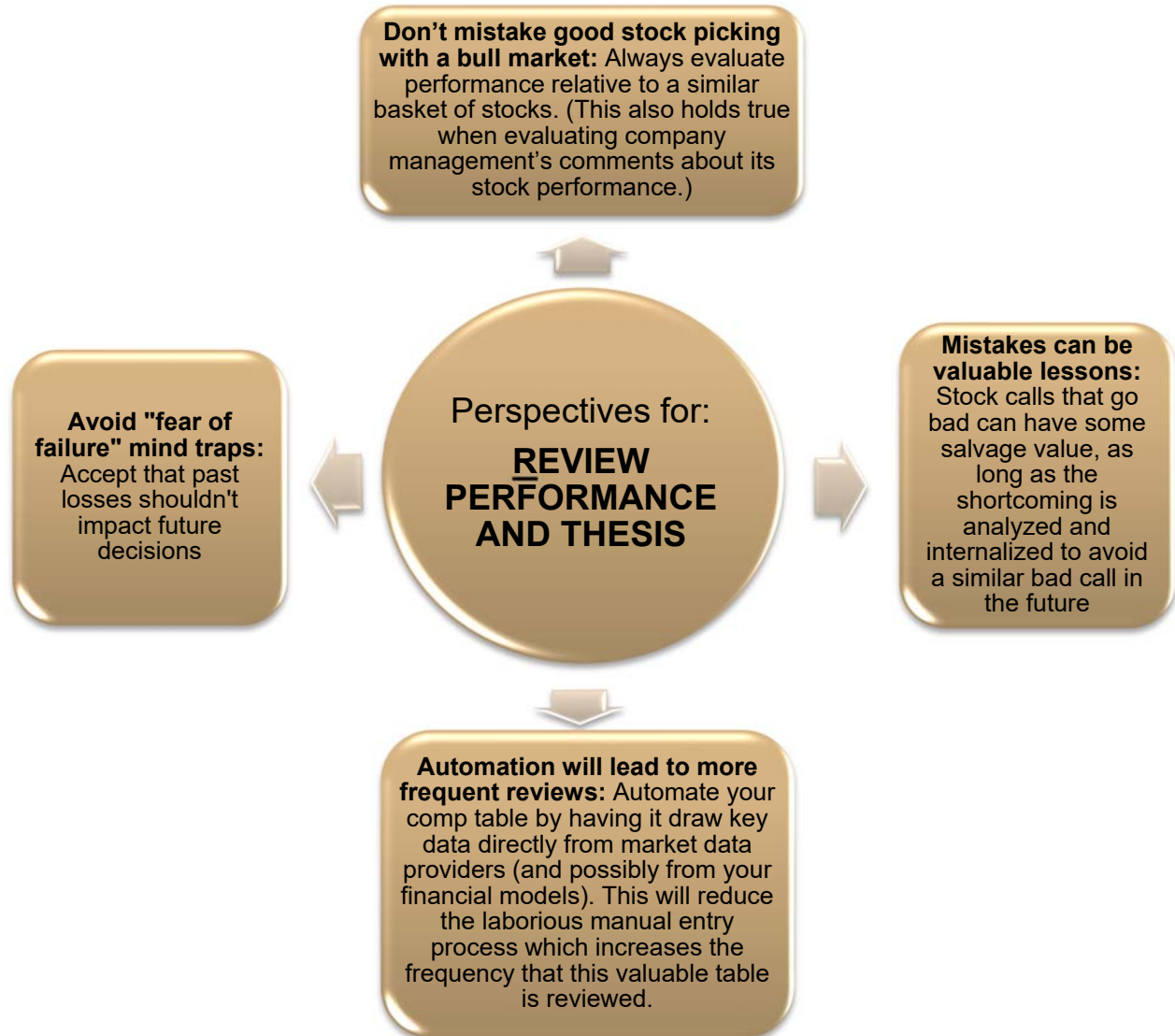
Procedures for Review Performance and Thesis (Step 4 of TIER™)



Detailed Reference Card (DRC)

Best Practices for Making Accurate Stock Recommendations

Perspectives for Review Performance and Thesis (Step 4 of TIER™)



Overview of TIER™ Framework for Making Accurate Stock Recommendations

