

# Quick Reference Card (QRC)

Utilize the ENTER™ Quality Checklist Before Recommending Stocks

ENTER™ Quality Checklist (to be used <u>before</u> starting the communication of a stock recommendation)	1=Strongly disagree 5=Strongly agree
<b>Expectational</b>	
<ul style="list-style-type: none"> <li>I have a <u>forward-looking</u> view in terms of the stock and the critical factor(s) likely to move the stock</li> </ul>	
<ul style="list-style-type: none"> <li>I have identified the catalyst(s) likely to move my stock and important dates when the catalyst is most likely to cause the stock to move to my price target</li> </ul>	
<ul style="list-style-type: none"> <li>When I believe the company management's forecast is relevant, I frame it in terms of my <u>independent</u> financial forecast (rather than just repeat management)</li> </ul>	
<ul style="list-style-type: none"> <li>When I review historical information or events, it is in the context of considering the <u>future</u> implications to my investment thesis. (I don't dwell on the past for other reasons.)</li> </ul>	
<b>Novel</b>	
<ul style="list-style-type: none"> <li>I have a piece of information or insight that is new and not widely understood within the financial markets</li> </ul>	
<ul style="list-style-type: none"> <li>I know where my unique (or superior) view falls within the FaVeS™ framework (unique <u>Financial</u> forecast, <u>Valuation</u> method/multiple, or unique view about market <u>Sentiment</u>)</li> </ul>	
<ul style="list-style-type: none"> <li>I know why the market does not have my view</li> </ul>	
<b>Thorough</b>	
<ul style="list-style-type: none"> <li>For critical factors that are key to the stock call, I research more than one source or confirm the insight with an independent source</li> </ul>	
<ul style="list-style-type: none"> <li>If the stock call is based on a unique financial forecast, I conduct detailed modeling in the area surrounding the critical factor(s)</li> </ul>	
<ul style="list-style-type: none"> <li>I avoid using management guidance as the <u>primary</u> justification for the call</li> </ul>	
<b>Examinable</b>	
<ul style="list-style-type: none"> <li>If asked, I can provide the following details of my analysis to a trusted colleague(s):               <ul style="list-style-type: none"> <li>Data or insights about the critical factor(s)</li> <li>Detailed financial forecast or valuation analysis, if key to the investment thesis</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>I clearly separate:               <ul style="list-style-type: none"> <li>Opinion or forecast from...</li> <li>Views of others from...</li> <li>Undisputable facts</li> </ul> </li> </ul>	
<b>Revealing</b>	
<ul style="list-style-type: none"> <li>I utilize upside, downside, and base-case scenarios to identify where the investment thesis could have flaws</li> </ul>	
<ul style="list-style-type: none"> <li>I identify specific risks beyond the macro</li> </ul>	
<ul style="list-style-type: none"> <li>I provide my conviction level to others, even if it is not strong</li> </ul>	