

# 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=Always 5=Never
<b><u>Expectational</u></b>	
• I have a <u>forward-looking</u> view in terms of the stock and the critical factor(s) likely to move the stock	
• 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	
• 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)	
• When I review historical information or events, it in the context of considering the <u>future</u> implications to my investment thesis. (I don't dwell on the past for other reasons.)	
<b><u>Novel</u></b>	
• I have a piece of information or insight that is new and not widely understood within the financial markets	
• I know where my unique (or superior) view falls within the FaVeS™ framework (unique <u>F</u> inancial forecast, <u>V</u> aluation method/multiple, or unique view about market <u>S</u> entiment)	
• I know why the market does not have my view	
<b><u>Thorough</u></b>	
• For critical factors that are key to the stock call, I research more than one source or confirm the insight with an independent source	
• If the stock call is based on a unique financial forecast, I conduct detailed modeling in the area surrounding the critical factor(s)	
• I do not use management guidance as the primary justification for the call	
<b><u>Examinable</u></b>	
• 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>	
• 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>	
<b><u>Revealing</u></b>	
• I create upside, downside, and base-case scenarios to identify where the investment thesis could have flaws	
• I identify specific risks beyond the macro	
• I provide my conviction level to others, even if it is not strong	