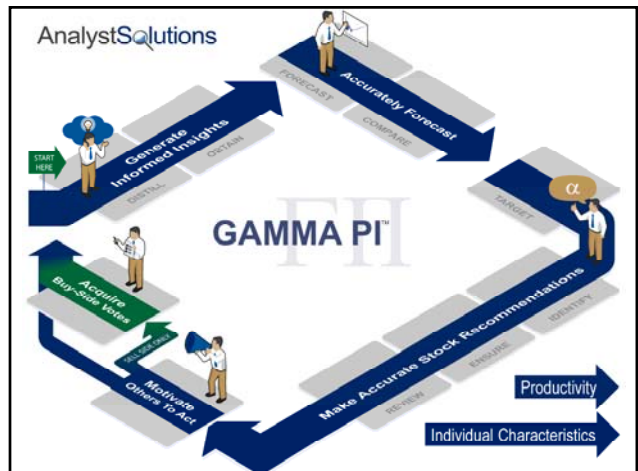


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Optional Pre-work

- You have the option to use material from a public company you have researched or are currently researching
- If you choose this option, collect at least the first two pages of three reports specific to a stock of interest
- Preferably the reports:
 - Are those you authored on your own or with others, but feel free to use reports from other analysts
 - Will include the justification for an upgrade or downgrade of a stock, including a discussion of a price target (e.g. include the earnings estimate and valuation multiple)



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INTRODUCTION MODULE

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How Do Analysts Differ from Sector (or “Beat”) Journalists?

	Equity Research Analysts	Experienced Sector Journalists
Understand industry fundamentals	Y	Y
Listen to company conference calls	Y	Y
Read company press releases	Y	Y
Review company regulatory filings	Y	Y
Cultivate a list of insightful industry contacts	Y	Y
Interview industry experts to identify changes in the industry	Y	Y
Speak with company management	Y	Y
Write about developments within a company and across the industry	Y	Y

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Why create high quality content?

What do you think PMs complain about the most in the research they see?

- Not unique
- Few to no insights
- Backward looking
- Lacks substance
- Lacks conviction

How can you can stand out from the masses of mediocrity?

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Portfolio Managers Want to Know...

- What is new?
- What is unique?
- What are the key points?
- What is the supporting logic?
- Where are the supporting details?

Focus on substance before style

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Split Your Screen if Using Electronic Version

The screenshot shows a software window with a document on top and a table below. An arrow points from the document to a keyboard icon with a red circle around the 'F11' key, indicating the function key for splitting the screen.

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OPENING CASE

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Communicate Stock Calls
Make Accurate Stock Recommendations

FORECASTING VALUATION

Generate Informed Insights

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Pathway to Success

AnalystSolutions offerings are designed and developed with one goal in mind: to help analysts master the 8-core competencies and 5 key skills of successful analysts.

START HERE

Generate Informed Insights

Communicate Stock Calls

Make Accurate Stock Recommendations

Analyze Corporate Data

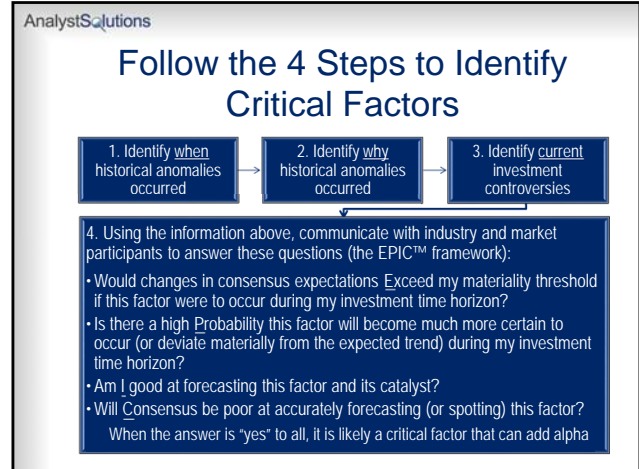
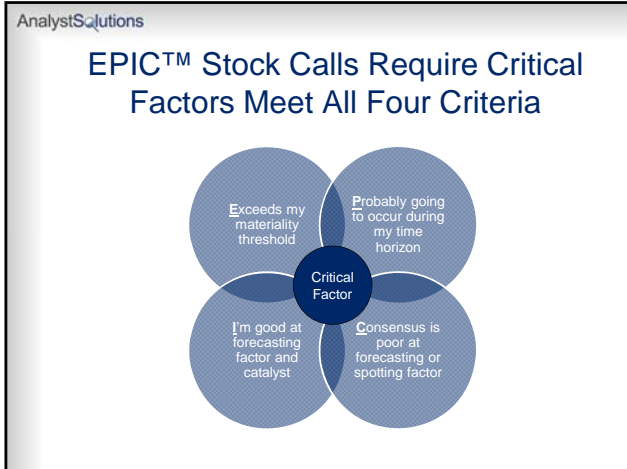
Accuracy Forecast

8 Core Competencies:

- Foundational Concepts
- Time and Resources
- Market to Clients
- Effective Communication
- Right Core Competencies
- Generate Alpha
- Accurate Forecast
- Alternative Sales

5 Key Skills:

- Analyze Corporate Data
- Communicate Stock Calls
- Make Accurate Stock Recommendations
- Generate Informed Insights
- Accuracy Forecast



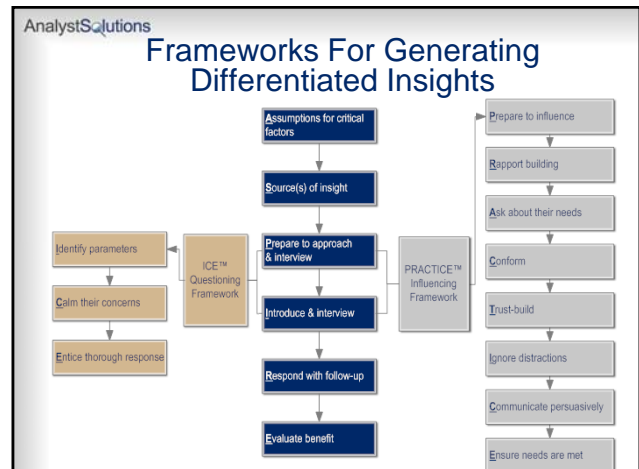
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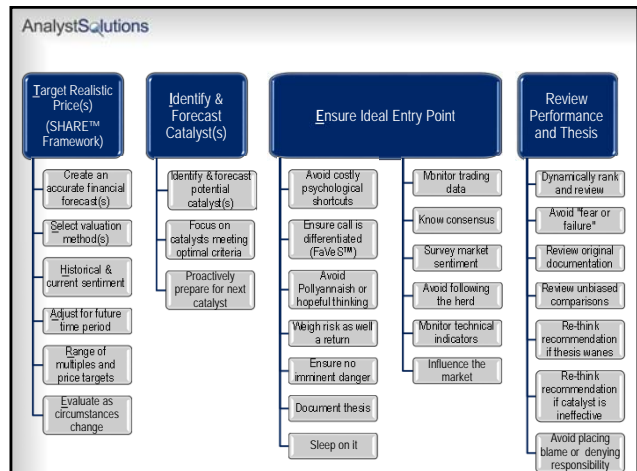
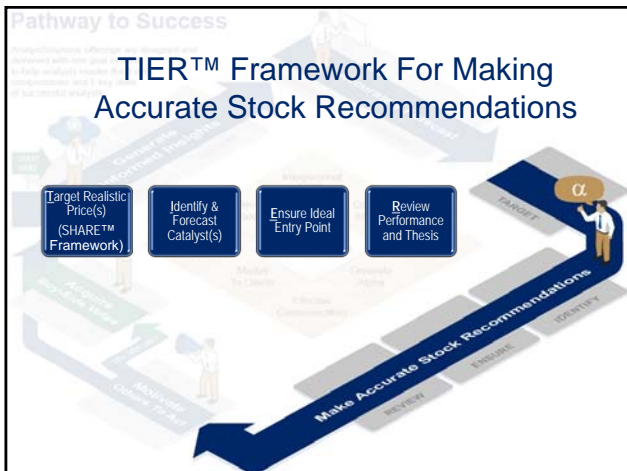
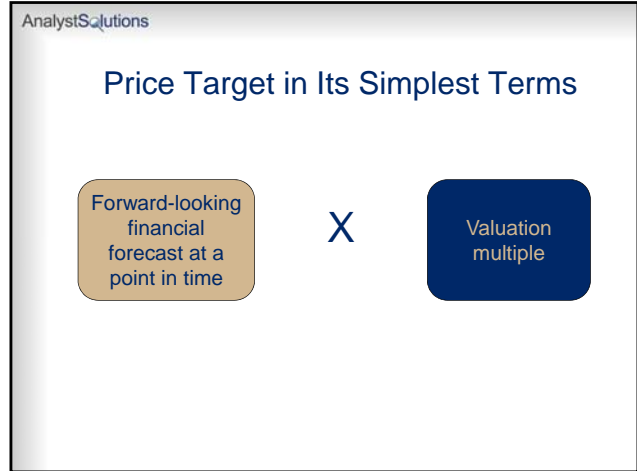
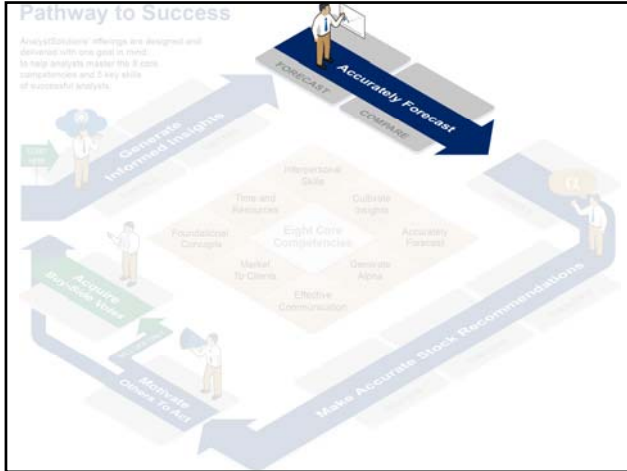
Example Critical Factors

Factors for: FedEx in the 2005-2006 time period, ranked by "Total" column

Factor	Exceeds my materiality threshold of 10%	Probably going to occur during my time horizon	I'm good at forecasting the factor and catalyst	Consensus is poor at forecasting or spotting factor	Total
Improved network efficiency	4	4	4	5	17
Change in ability to collect fuel surcharge	4	4	4	4	16
Change in ground package growth	3	4	4	4	15
Acquisitions	5	3	2	5	15
Growth in Asia-Pacific	2	2	4	3	11
Purchase of new aircraft	1	4	4	2	11
Change in purchased transportation cost trends	1	2	2	4	9
Change in depreciation rate	1	2	2	4	9
Major weather disruptions	2	3	2	2	9

From workshop: *Identify & Monitor a Stocks' Critical Factors*





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3 Steps For Communicating Stock Recommendations



STEP 1: ENSURE CONTENT HAS VALUE (ENTER™ framework)

- Expectational
- Novel
- Thorough
- Examinable
- Revealing



STEP 2: UTILIZE THE OPTIMAL CHANNEL

- In-person conversation
- Telephone conversation
- Leaving voicemail
- Presenting, five minutes or less
- Presenting, in-depth
- Sending an email or text message
- Writing a report




STEP 3: ENSURE MESSAGE HAS VALUE (ADVICE™ framework)

- Aware
- Differentiated
- Validated
- Conclusion-oriented
- Easy-to-consume




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Module 1: Step 1




STEP 1: ENSURE CONTENT HAS VALUE (ENTER™ framework)

- Expectational
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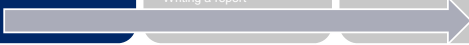
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Be Prepared to ENTER™ the Investment Debate



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Key elements to ensure you are prepared to ENTER™ the investment debate...

-  Expectational
-  Novel
-  Thorough
-  Examinable
-  Revealing



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The First “E” in ENTER™ represents being Expectational




- Forward-looking view for the critical factors and their catalysts
- Identify important future dates
- If researching the past, it should be to help forecast the future

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EXERCISE: BE EXPECTATIONAL IN YOUR APPROACH

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The “N” in ENTER™ represents a Novel perspective



Novel research includes:

- Insights not already known by the broader market...
- Or explaining how widely-known information is being misinterpreted
- Providing new or unique insights to explain your out-of-consensus view...
 - Use the FaVeS™ framework

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Ensure a Differentiated Stock Call with a Superior FaVeS™ Insight

F orecast	• Financial forecast <u>superior</u> to the market (used at least 85%)
V aluation	• Valuation methodology or valuation multiple <u>superior</u> to the market
S entiment	• Forecast of short-term investor sentiment <u>superior</u> to the market

Utilized in workshop: Master the Stock Call Techniques of Highly Experienced Analysts

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EXERCISE: IS THE ANALYST'S RESEARCH EXPECTATIONAL AND NOVEL?

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The "T" in ENTER™ represents Thorough



Thorough research:

- It's more than a "hunch" or "guestimate"
- Obtain insights to forecast critical factors better than consensus
- Have multiple sources to confirm out-of-consensus critical factor when imperative to stock call
- Thoroughness should be commensurate with potential impact on the stock's performance

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The Second "E" in ENTER™ represents Examinable



Examinable research should:

- Provide decision-makers research you developed to draw conclusions
- Provide important data points so others can arrive at your conclusion for themselves
- Provide enough depth to allow others to examine your work
- Separate facts from opinions

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The "R" in ENTER™ represents Revealing



Revealing research:

- Identifies specific risks not in your base-case scenario (positive and negative)
- Shows an understanding of "the other side of the trade"
- Specifies your level of conviction about your out-of-consensus call

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Will You Be Able to Recall the ENTER™ Quality Framework When You Need It?

 E _____

 N _____

 T _____

 E _____

 R _____



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Review QRCs

Quick Reference Card (QRC)

Ensure Content Has Value Using ENTER™ Quality Framework

Philosophy	Put into Action
Expectational: Always be thinking about the future, all in an effort to convey how your expectations differ from consensus, and resist the	<ul style="list-style-type: none"> Ensure that you have a forward-looking view of the most important critical factors for each company. Identify important dates or events that could be catalysts to cause the


Quick Reference Card (QRC)


Use the ENTER™ Quality Checklist Before Recommending Stocks


ENTER™ Quality Checklist (to be used <u>before</u> starting the communication of a stock recommendation)	Always S-Never
Expectational	
<ul style="list-style-type: none"> 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 	


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Revisit the Opening Case to
Apply the ENTER™ Quality Framework

 Expectational

 Novel

 Thorough

 Examinable

 Revealing




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Complete Your TAP

Section 1

Transformation Action Plan (TAP)

 Instructions for the Transformation Action Plan (TAP):

- Throughout this workshop complete the TAP below
- Apply the key points after the workshop to help you improve your performance
- This will not be collected and so write in a manner that will help you utilize the concepts being learned


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Module 2: Step 2



STEP 1: ENSURE CONTENT HAS VALUE (ENTER™ framework)

- Expectational
- Novel
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STEP 2: UTILIZE THE OPTIMAL CHANNEL

- In-person conversation
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STEP 3: ENSURE MESSAGE HAS VALUE (ADVICE™ framework)

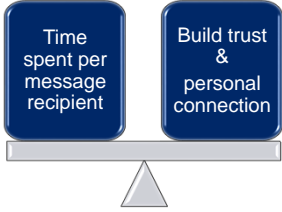
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- Differentiated
- Validated
- Conclusion-oriented
- Easy-to-consume

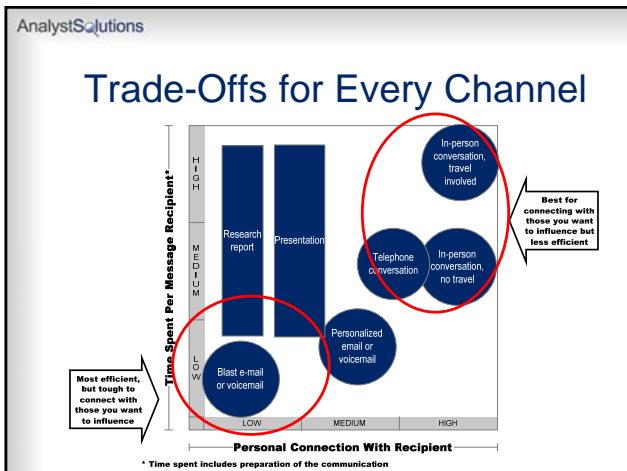
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Every Communications Channel Has Pros & Cons

There are trade-offs to every option:

- In-person conversation
- Telephone conversation
- Leaving voicemail
- Presenting
 - Brief
 - In-depth
- Sending an email or text message
- Writing a report





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Key Influencing Skills Required for Successful Equity Research

- Network Building
- Understanding Others' Needs
- Adaptability
- Self-awareness
- Credibility
- Communications Skills




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AnalystSolutions

Module 3: Step 3




**STEP 1: ENSURE
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- Expectational
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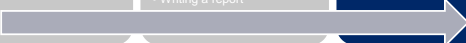
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