

Quick Reference Card (QRC)

10 Questions to Ask Before Communicating a Stock Call*

Answering these questions helps fulfill the **ADViCE™¹** quality framework (Aware, Differentiated, Validated, Conclusion-oriented and Easy-to-Consume):

1. Does your communication begin with your upgrade/downgrade, becoming more/less positive or returning with support for a current recommendation? (**C**onclusion-oriented). If none of the above, ask how your communication will help others generate alpha.
2. How much does your price target differ from the current stock price? (**C**onclusion-oriented). If the difference is immaterial, ask how your communication will help others generate alpha.
3. How do the two elements of your price target differ from consensus (**D**ifferentiated), specifically:
 - Do you have a superior forecast vs. consensus?; and/or
 - Do you have a superior future valuation multiple/method vs. the stock's current consensus-based valuation multiple/method?
4. If you have a superior forecast vs. consensus, which critical factor(s) is consensus wrong about? (**D**ifferentiated)
5. If you have a superior valuation multiple/method, why is the market likely to change its view between now and your price target? (**D**ifferentiated)
6. How have you validated your superior forecast and/or superior valuation multiple/method with more than one independent and informed source (refraining from relying on company management)? (**V**alidated)
7. Why does the market not currently hold your view? (**A**ware)
 - What catalyst will need to occur to get the market to adopt your superior forecast or valuation multiple/method?; and
 - When will it occur?
8. Have you quantified the upside, downside and base-case scenarios for the assumptions surrounding the 1-4 critical factors where you differ from consensus as well as your conviction level around your assumptions? (**A**ware)
9. Have you identified where you could be wrong? (**A**ware)
10. Is your communication easy to digest in terms of quickly conveying the points above while also being concise and not overusing jargon? (**E**asy-to-consume)

* You may not need to answer all questions above for every stock call message, but consider answering as many as possible, if relevant to the call.

¹ Contact us at Info@AnalystSolutions.com if you do not have access to the ADViCE™ QRC