

Quick Reference Card (QRC)

Checklist for Communicating Stock Calls Successfully

Before communicating a stock call (presentation, report, email, conversation, etc.), first determine how it rates using the checklist below. Try to strive to get a score of 32 or higher. Alternatively, put your thoughts in the right most column.

	1=Strongly Disagree 5=Strongly Agree
1. Does the communication focus primarily on something not widely known by the market? (if not, why is this being communicated?)	
2. Does the communication focus on the future? (If it is discussing quarterly results or other historical data is the focus on how this information helps in forecasting the <i>future</i>)?	
3. Does the communication begin with a brief conclusion that explains: <ol style="list-style-type: none"> If the analyst is positive/negative towards the stock?; and How the analyst's forward view is changing or being reinforced with this communications? 	
Evaluate only one of the following: <ol style="list-style-type: none"> If the communication is <i>not about a recommended stock</i>, will it add significant forward-looking insights for those who have interest in the stock? If the communication is <i>about a recommended stock</i>, does it include: <ol style="list-style-type: none"> A future price target; and How the analyst differs from consensus in at least one of these areas (for the future price target): <ol style="list-style-type: none"> Financial forecast Valuation multiple Valuation method 	
Evaluate one of the following (unless the analyst differs in both areas): <ol style="list-style-type: none"> If the forecast differs from consensus: <ol style="list-style-type: none"> Does the research focus on why consensus is likely wrong, other than supplying just company management's view? Is there a financial model identifying how the analyst differs from consensus? If valuation multiple/method differs from consensus, does the research focus on why the market is likely to change its view between now and the price target date? 	
8. Does the communications identify the catalyst (and its timing) that will need to occur to get consensus to change its current forecast or valuation multiple/method?	
9. Does the communication include an upside, downside and base-case scenarios for the assumptions surrounding the area(s) that differs from consensus? <ol style="list-style-type: none"> Does it include alternative views and why they are less likely to occur than the analyst's view Does the analyst explain the most significant risks to the call, beyond the macro? 	
10. Would the communication be easy to understand for a generalist analyst or portfolio manager?	

When it comes to communicating as an analyst, focus on the highest and best use of your time, namely in those areas where you have a differentiated view that helps others generate alpha. You can probably justify in your mind why there's value in writing up an in-line quarterly result, but is that the highest and best use of your time?

Not all communications need to be about stocks that have at 25% or more upside, but analysts shouldn't spend time discussing past or present information or events unless the effort will help to glean significant insights about the *future movement of a stock*.

Recall, we strive to be stock analysts, not company experts or industry consultants.

Explore these concepts in our workshop: [Communicate Unique Stock Calls Successfully So Others Take Action](#)