

Some Tips on Research Report Preparation

- Today versus yesterday
 - Buy, Sell, Hold with estimates is not enough
 - One of the most valued research assets is company visits (????)
 - Valuation models can be used to differentiate
 - Industry expertise is a differentiator
 - 24/7 world, what is your brand? Are you an educator?
 - What does market tell you about company? How do you feel about that?
 - Do you have historical perspective? What kind of market is this?

- Equity research should –
 - Not be reporting – there are plenty of journalists
 - Provide insight and opinion
 - Part of that insight comes through your estimates
 - Part of it comes through your valuation models
 - Part of it comes through your analysis
 - Reflect a knowledge of where and how the company fits in the economy and the market
 - SEC requires all opinions to have a reasonable basis
 - Be well written – clearly and succinctly communicate your ideas
 - Differentiate your idea, tell investors why they should be interested in your idea – sell it
 - Differentiate your knowledge of the company and the industry
 - Report format should be clearly formatted and sections should be clearly labeled.

- The research process should include
 - Start with company website
 - Utilize all information sources available – conventional and unconventional
 - Research competitors, suppliers, customers and regulators
 - Use government resources – websites and Freedom of Information Act
 - Visit company facilities and try their products when feasible
 - Visit their competitors' facilities, website, etc.
 - Interview suppliers
 - Understand where the company fits
 - Is it large cap, mid-cap, or small-cap
 - What sector, industry group, industry and sub-industry
 - What style – growth or value
 - Know where the sector, etc. fits in the economy
 - Understand the company's competitive strengths and weaknesses and how it is performing relative to its peers
 - An assessment of management goals and objectives
 - A review of shareholder composition
 - Capital structure analysis
 - Market clues – what do fixed income markets, and option markets tell you about equity?

- Research report should start with recommendation and why. Highlight major points that tie into points already made.