Due Diligence Check List

Company_____ Date_____

✓	From IBD Stock Check Up	Results/Notes
	Company description:	
	What is the Sector/Industry?	
	What is the Current Price? Looking for $10 - $50; room to grow	
	What is the Volume % Change today? Prefer > 30% - shows funds are moving in	
	Is the Composite Rating sufficient? Looking for > 80	
	Is the Industry Group Rank sufficient? Prefer top 50 out of IBD's 197 industries	
	Are all % EPS figures double digit? MRQ, 3Q Avg., Current & 3-yr Avg.	
	Are analysts revising earnings? Looking for upward or neutral	
	How many consecutive years of EPS growth? Prefer 3 years	
	Are all sales figures growing in double digits? MRQ & 3 yr Avg.	
	What is % Pre-Tax Profit? Looking for above Ind. Avg.; Prefer > 15%	
	Is Debt/Equity reasonable? Looking for < .50 (50%); Prefer 0%	
	Is the daily average volume sufficient? Prefer > 300,000	
	Where is price in relation to 50 dMA? Prefer less than 10% above 50d	
	Is the Accumulation/Distribution rating sufficient? Looking for A or B	
✓	**From Finviz Statistical Array**	**Results/Notes**
	Is the stock optionable? Must be yes	
	Does it pay a dividend? Looking for > 0%; should be growing	
	What is the current P/E ratio? Looking for no more than 1.5x "EPS Next Yr %"	
	What is the PEG ratio? Must be < 2.0; prefer < 1.0	
	What is Price/Free Cash Flow (p/fcf)? Looking for > 0%	
	Are next year's % EPS estimates sufficient? Looking for > 10%	
	Are insiders moving in or out of stock? Investigate if the number is negative	
	Are institutions moving in or out of stock? Investigate if the number is negative	
	How much money did they generate on capital already invested?Looking for ROA > 6%-7%; growing over time	
	How efficient are they at translating assets to profits? Looking for ROE > 15%; over 40 is red flag	
	How much more in cash do they generate than capital required to grow their business? ROI(C) proof they are using cash wisely; s/be growing over time	
	(ROA, ROE & ROI(C) s/be growing at my desired portfolio return)	
	What is 1-yr consensus target price? Shooting for 12% annualized	
	What is Relative Strength Index (RSI)? S/be between 30 and 70	
	What is the volume relative to its average? Looking for > 1.3 (30%) above average	
	Has recent performance been positive? Looking for all Perf figures to be positive	
	Where is the stock in the channel? Is price near bottom of uptrending channel?	
✓	**Valuation**	**Results/Notes**
	What is a good buy price?	
	IBD buy point; $.10 abv breakout on proper base or new high	
	Finviz or StockCharts channel price range; Channel support & resistance extended	
	Other 1 yr target prices; Finviz, Yahoo, S&P Thomson	
	Manifest Investing Calculation; EPS (ttm) x 1 yr est. growth rate x 5 yr avg P/E; future price - current price / current price	
	Morningstar Fair Value Price; Calculated on DCF	
	StockCharts Fibonacci Method; Set from recent high to recent low; 38.2%	
✓	**Reading**	**Results/Notes**
	Check IBD articles	
	Check the Finviz articles	
	Review Thomas Reuters Report	
	Read analyst commentary - Value Line, Morningstar, S&P & Argus	
	Read latest 1 or 2 10Q reports	