

Buy a Stock Checklist
(adapted from Acid Test 1-3, Kathleen Richards)

Acid Test	Considerations	Conclusion: Does it pass the test?
#1 Is the company growing?	<input type="checkbox"/> Are the Sales, EPS and PTP lines up straight and parallel? <input type="checkbox"/> Have sales been increasing over the last 5 years? <input type="checkbox"/> Have earnings been increasing over the last 5 years ? <input type="checkbox"/> Are the recent 4 quarters of sales and earnings showing an increase?	<input type="checkbox"/> Yes 😊 <input type="checkbox"/> No ☹️ Let it go
#2 Is the company doing better than last year?	<input type="checkbox"/> Are the sales consistent with what you expect given the size of the company? Large >10B 5%-7% Medium 1B-10B 7%-12% Small <1B 12% or more <input type="checkbox"/> Compare the sales from the recent quarter to a year ago same quarter. Is the change 5% or better? <input type="checkbox"/> Compare the sales from the recent quarter to a year ago same quarter. Is the change 5% or better?	<input type="checkbox"/> Yes 😊 <input type="checkbox"/> No ☹️ Let it go
#3 Keeping an eye on management. Are they making money for shareholders? Are they more profitable than the competition?	<input type="checkbox"/> Pre-tax profit on sales – Look at last 5 years. Is it growing? <ul style="list-style-type: none"> • Go to Analyze ‘Growth and Quality’ tab Click on ‘Compare Peers’ – delete peers from boxes at top Click on tab 4- %PTP on sales, then choose ‘Peer Group Average’ How is the company doing compared to their peers? • Next click on ‘Quarterly Data’ Choose ‘Trailing 4 quarters’, ‘Zero Growth’ and ‘Last 5 years’ Delete ‘Sales’ and ‘EPS’ Add ‘%Pre-tax profits’ to graph: 1 dot = 1 quarter • Is graph going up? <input type="checkbox"/> Return on Equity – How well is the company using profits to make more profits? <ul style="list-style-type: none"> • Look at last 5 years , the number should be 15% or greater <input type="checkbox"/> Debt to Capital – is the company managing debt? What is the debt from? <ul style="list-style-type: none"> • Debt should not be more than 33% 	<input type="checkbox"/> Yes 😊 <input type="checkbox"/> No ☹️ Let it go <input type="checkbox"/> Yes 😊 <input type="checkbox"/> No ☹️ Let it go