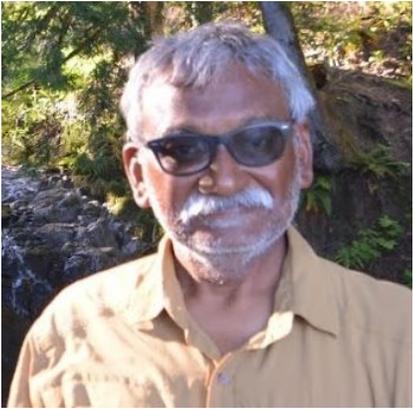


OLC EC Mentoring Workshop



Online Chapter January 2022 – First Cut Introduction

OLCEC



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What is a First Cut? A Description

It is your initial, *informed* opinion

. . . based on BI investing principles. . .

. . . suggesting to others investing their time . . .

. . . to do their own “Due Diligence” . . .

. . . to consider their interest in the stock

Qualities of the “Best” First Cuts (e.g., ones selected for Publication)

- Comments on why this is a quality company considering BI indexes (e.g., sales and EPS growth, ROE, Debt, etc.)
- Simple explanation of how the company makes money
- Brief commentary on variances noted from up-straight-parallel
- Assessment of the management effectiveness metrics
- Explanation of growth and valuation judgments
- Suggestions for areas for further research & other cautions

Getting Ready to do a First Cut

BETTERINVESTING™
SSG PLUS logout

Search for a Company

Search Criteria

9 Yr Sales Growth (%):

9 Yr Earnings Growth (%):

Size:

Sector:

Dividend Yield (%):

Pre-Tax Profit Trend:

Return on Equity Trend:

Morningstar Growth Grade:

Morningstar Profit. Grade:

Morningstar Financial Health:

PE / Historical EPS Growth:

Traded Exchange:

Predefined Screens

Looking for more in-depth screening? Check out MyStockProspector.com


Filtered List

Ticker Heat Map



A resource of stock ideas based on the top 100 studies created by members in the last 90 days.

Results

Please select search criteria

Select and Study a stock
Do an SSG

Where are First Cut presentations? On the BI Web Site

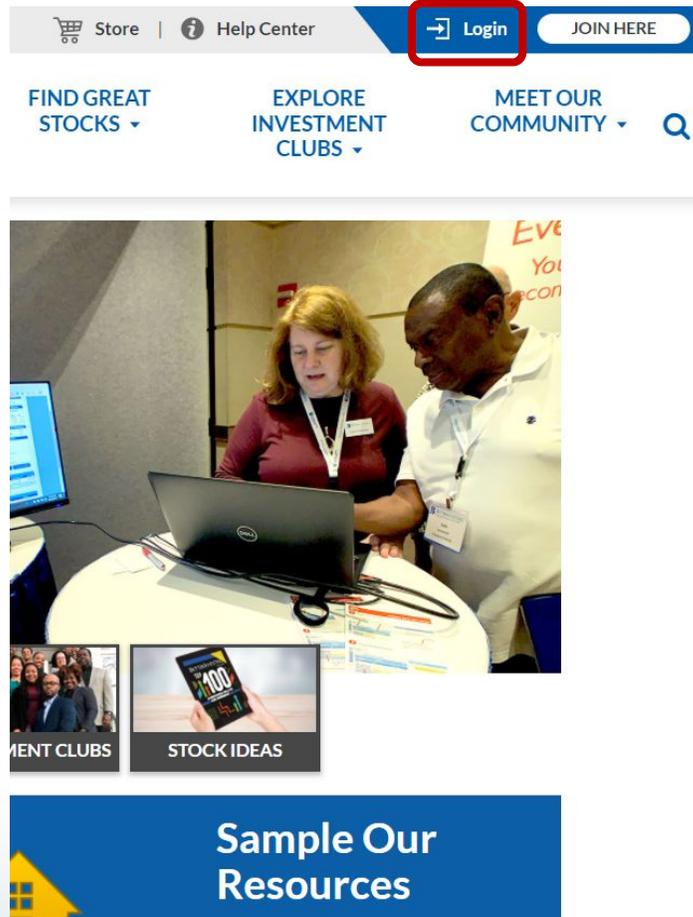
The screenshot shows the Better Investing website homepage. At the top, there is a navigation bar with links for Tools, Store, and Help Center. A user is logged in as DANIEL PERLMAN, with a MY ACCOUNT link. The main navigation menu includes HOME, WELCOME TO BETTERINVESTING, LEARNING CENTER, FIND GREAT STOCKS, ONLINE TOOLS, INVESTMENT CLUBS, and OUR COMMUNITY. Below the navigation, there are several content sections: 'Online Tools' with a 'GET STARTED' button and a search bar; 'Most Active Stocks' listing the top 10 companies; and 'First Cut Stock Reports' with a 'VIEW ALL' button. The 'Most Active Stocks' section is partially visible, showing the following data:

Rank	Company	Buy/Sell
1.	Apple (AAPL)	105-79
2.	Ford Motor (F)	166-14
3.	NVIDIA (NVDA)	107-00

Accessing and Completing the First Cut Template

1. Go to www.betterinvesting.org
2. Sign into the BI web site
3. Click First Cut Stock Reports
4. View examples of First Cut Reports if you wish
5. Download First Cut Stock template
6. Complete the First Cut template
7. Save your file
8. Email First Cut your report with your SSG report to Better Investing

[Go to BetterInvesting Home Page](https://www.betterinvesting.org) <https://www.betterinvesting.org>



Login
Requires
Username and
Password

Member without access:
Click Login & signup

Not a member:
Sign up for 90 Trial
Membership

After Logging In



Online Tools

Launch SSG - Enter Ticker Here GO

SCG

CR

?

My Studies

Try Our Stock Tools for Free

INVESTMENT CLUBS



First Cut Stock Reports

Every week, members from across the country share new stock studies.

[VIEW ALL](#)

Click on View All

What You See After Clicking “View All”

BETTER INVESTING HOME WELCOME TO BETTER INVESTING LEARNING CENTER FIND GREAT STOCKS ONLINE TOOLS INVESTMENT CLUBS OUR COMMUNITY

First Cut Stock Reports

First Cut Stock Reports are created by Better Investing members on good quality companies. These stock reports consist of a completed Stock Selection Guide (SSG) showing the judgments made by the author, and a written report sharing why each judgment was made. Use these reports to find potential investments and to compare your SSG with others from our community of investors.

The First Cut Stock Report template (DOCX) is an easy-to-use form providing a simple format to capture your rationale and thoughts about your completed SSG. Complete instructions to submit a First Cut Stock Report are included in the template.

[DOWNLOAD FIRST CUT STOCK REPORT TEMPLATE](#)

Choose "VIEW" to see all First Cut reports for a company.

Search

Company Name	Ticker	Sector	Size	Studies	Latest Study	VIEW
Enphase Energy	ENPH	Technology	Small	1	12/21/2021	VIEW
Yun China Holdings	YUMC	Consumer Cyclical	Medium	1	12/21/2021	VIEW
Concentrix	CHXC	Technology	Medium	1	12/18/2021	VIEW
Meridian Bioscience	WVVO	Healthcare	Small	1	12/17/2021	VIEW
Universal Display	OLED	Technology	Small	3	12/16/2021	VIEW
Alice Financial	AX	Financial Services	Small	2	12/16/2021	VIEW
Syco	SYO	Consumer Defensive	Large	1	12/10/2021	VIEW
Essent Group Ltd.	ESST	Financial Services	Small	4	12/10/2021	VIEW
Vertex Pharmaceuticals	VRTX	Healthcare	Medium	2	12/10/2021	VIEW
Hou Pan Lucky	HLL	Financial Services	Medium	4	12/8/2021	VIEW

Download First Cut Stock Reports Template

Examples of First Cut Reports

First-Cut-Stock-Study-Report¶

Please complete this form for your First-Cut stock study.¶
Click on each grayed area and enter your information.¶
Fields will expand as you type.¶

Save file as FC<yyyymmdd><ticker>.doc (i.e. FC20200516AAPL.doc)¶
Create a PDF of the SSG (see instructions on last page)¶

Please return this completed form as a Word doc and the SSG in PDF format to:¶

FirstCut@betterinvesting.net¶

Check here to grant Better Investing the right to post this First-Cut Stock Study Report and associated SSG on the Better Investing website.¶

Company Name:¶	○○○○○¶	Ticker:¶	○○○○○¶
Date of Study:¶	○○○○○¶	Price:¶	\$:○○○○○¶
Your Name:¶	○○○○○¶		
Email address:¶	○○○○○¶	<input type="checkbox"/> Consent to post email on web¶	
City:¶	○○○○○¶	State:¶	○○○○○¶
Chapter Name (if applicable):¶	○○○○○¶		

Discuss why you consider this to be a high-quality, growth company that should be investigated further.¶ Please include comments on historical sales and EPS growth, pre-tax profit margin, return on equity, and debt.¶

○○○○○¶

Briefly describe how the company makes money.¶

○○○○○¶

Projected growth rate for sales: .○○○○○%¶

Why did you select this rate? Discuss from where future growth will come.¶

○○○○○¶

Projected growth rate for earnings per share: .○○○○○%¶

Why did you select this rate?¶

○○○○○¶

Projected High P/E: ○○○○○¶

Why did you select this value?¶

○○○○○¶

¶

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Type Information into gray areas

A Completed First Cut



First Cut Stock Study Report

Company Name:	Universal Display Corporation	Ticker:	OLED
Date of Study:	12/3/2021	Price:	\$ 143.05
Your Name:	Tracey Stewart		
City:	Houston	State:	TX
Chapter Name (if applicable):	Houston		

Discuss why you consider this to be a high quality, growth company that should be investigated further. Please include comments on historical sales and EPS growth, pre-tax profit margin, return on equity, and debt.

Small company (~\$550M sales) with consistent (~20%) growth rate. Section 1 of SSG shows basically up, straight, parallel graph lines. Good net profit margin (~30%). The company has maintained no debt and has a 5-year average return on equity of 13.5%. The stock is currently trading near the 52-week low (\$139). Universal Display Corp retains a significant patent portfolio.

Briefly describe how the company makes money:

Research & develop organic light-emitting diode (OLED) technologies used in displays for TVs, tablets, phones, and other displays. A competitor to older LED technology but requires lower power.

Projected growth rate for sales: 20%

Why did you select this rate? Discuss from where future growth will come.

The company's 3Q results call indicated that management expects 30% y/y growth. Analysts project 23.5% for 2-year growth rate. So 20% seems conservative and 22% is the average sales growth for the past 5 years.

Projected growth rate for earnings per share: 16%

Why did you select this rate?

Preferred procedure with 20% sales growth rate, 37% expenses, 20% tax rate, no dividends, 47.5M shares outstanding; resulting in 16.1% EPS growth. Analysts estimate is 30%. Manifest Investing projects 16%.

Projected High P/E: 50

Why did you select this value?

The PE for this company has been quite high for the past 5 years. I eliminated all values above 88, resulting in avg PE of 75.8. However, that is still too high for my studies. The current PE is 35.5 (and the stock seems over-sold with RSI=30).

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Projected Low P/E: 30

Why did you select this value?

Striking the 2018 low PE of >60, left the avg low PE as 32.5. 30 seemed like a reasonable conservative value since the current PE is 35.5.

Projected Low Price: \$78.8

Why did you select this value?

Recent market low price in 2019.

At the current price, the stock is a (check one):

Buy or Hold or Sell

At the current price, the upside-downside ratio is: 4.4 to 1

Compound Annual Return – Using Forecast High P/E: 24.6%

Your final recommendation (check one):

Buy or Hold or Sell

Explain:

Universal Display Corporation seems to be a well-managed, small company with a beaten-down stock price. With the market's downward trend, this good company seems to be on sale for a long-term investor. I'm seeing many OLED based products in stores for the Christmas season.

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First Cut Stock Study Report

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FirstCut@betterinvesting.net

Check here to grant BetterInvesting the right to post this First Cut Stock Study Report and associated SSG on the BetterInvesting website.

FileName:

YearMMDD<ticker>).doc

e.g. 2021.12.08OLED.Doc

Create a PDF of SSG

Check permission for posting

Email to:

FirstCut@Betterinvesting.net

Why submit a First Cut?

- **Community – networking opportunities**
- **Education – learn from others on stock study differences**
- **Pay It Forward – use what you've learned to help others**
- **Healthy Competition – win bragging rights !**
- **Fame – see your name in 'lights' (okay, BI emails / website / magazine)**
- **Fortune – identifying good quality companies to invest in**
- **First Cut Challenge Program – help your chapter quota and income**
- **Polishing your stock study research skills**