



## **About Ativo**

Ativo and its predecessor firm, Callard, Madden & Associates, have provided quantitative research products for institutional investment managers for more than thirty years.

The firm produces research reports on individual stocks, directly (as in the case of the reports provided to the clients of Piper Jaffray) and through Best Independent Research, a consortium of research providers. In addition, Ativo creates a variety of screens and reports in which stocks are ranked using its research methodology for use by portfolio managers.

The firm manages several different investment portfolios through its affiliated entity, Ativo Capital, using the same investment approach and rankings as are applied in its research. Trades in the managed portfolios cannot be made for one full trading day after its research is published.

You can learn more about Ativo at [www.ativoresearch.com](http://www.ativoresearch.com).

## **Equity Research and Methodology**

The Ativo research approach is based on the cash flow return on investment (CFROI) of a firm, which includes the adjustment of reported accounting results to better reflect the economic reality of the firm's business. That involves recognizing the differing worth of accrual and cash flow components of reported earnings, adjusting for accounting policies that distort the underlying economics, and compensating for the effect of inflation on balance sheet accounts.

Each Ativo research report includes rankings for a stock on a diverse set of metrics versus the universe of stocks available to an investor, including fundamental attributes and trends, valuation, and momentum. An overall score drives the investment recommendation assigned to a stock.

## **Ratings System**

Stocks are ranked by Ativo using the following rating system:

- Strong Buy Expected to significantly outperform the S&P 500, producing above-average returns.
- Buy Expected to outperform the S&P 500, producing above-average returns.
- Neutral Expected to perform in line with the S&P 500, with average returns.
- Sell Expected to underperform the S&P 500, producing below-average returns.
- Strong Sell Expected to significantly underperform the S&P 500, producing below-average returns.

### **Additional Information**

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