

# Ratings Classification

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Unless otherwise specified, the time frame for price target included in Enlighten Research is **12 to 18 months**.

## Fundamental

1. Buy
  - a. Strong Buy
    - i. The stock's total return is expected to exceed 30%; should arouse immediate attention.
  - b. Buy
    - i. The stock's total return is expected to exceed 10%.
2. Neutral/Hold/Equal-weight
  - a. Neutral
    - i. Stock's total return is expected between -10% and 10%.
  - b. Positive Neutral
    - i. Current stock price has already reflected most of the fundamental; the stock's total return is **not** expected to exceed 10%, but it is **unlikely** to be negative.
  - c. Negative Neutral
    - i. Current stock price has already reflected most of the fundamental; the stock's total return is **not** expected to exceed -10%, but it is **unlikely** to be positive.
3. Sell/Underweight
  - a. Strong Sell
    - i. The potential downside for stock's total return is expected to exceed -15%; should arouse immediate attention.

- b. Sell (normal)
  - i. The potential downside for stock's total return is up to -15%; Fundamental does not provide upside arguments.
- 4. Not-Rated (NR)
  - i. Currently does not have adequate conviction about the stock's total return; to be revised in future.

## Technical

Technical ratings are considered as speculative trading, which is deemed as short-term and highly risky.

- 1. Technical/Momentum Buy or Sell
  - i. The stock's performance is gaining momentum which is believed to maintain.
- 2. Accumulative Buy/Sell in upticks
  - i. Fundamental unchanged, however, stock's price performance is subjected to short term unfavorable (favorable) factors, as such should be considered as an accumulate opportunity or reduce in strength as the opposite prevail.
- 3. Speculative/Event/Policy Driven Buy or Sell
  - i. Stock's performance is expected to be influenced greatly by an (or a series of) event, policy or rumor. In any event, the share price shall register 10% or more in either direction over the near term.
- 4. Contrarian Buy or Sell
  - i. It is believed that the stock is currently overbought (oversold), as a result an expected correction (rebound) is ahead in short term.
- 5. Lock-in Profit
  - i. Fundamental unchanged, (short term) target price however achieved.

## IPO

- 1. Recommend

- a. Strong Buy
    - i. Fundamental sound, the post IPO stock's total return is expected to reach 30%.
  - b. Buy (normal)
    - i. The post IPO stock's total return is expected to exceed 15%.
2. Neutral
- i. No strong conviction that the IPO would be profitable
3. Do Not Recommend
- i. The post IPO stock's total return is expected to be negative.

# Disclaimer

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