



**BIG CHALLENGE.**  
**BIGGER OPPORTUNITY.**





# Thank You to Our Sponsors



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**CFA Institute Student Career Day** 1:00PM - 5:00PM ET  
Friday, 6 November 2020

# CFA Society North Carolina is Pleased to Bring You the CFA Institute Research Challenge



**CFA Society  
North Carolina**



**CFA Institute**  
Research Challenge

# CFA Institute Research Challenge



**CFA Institute**  
Research Challenge

- Worldwide intercollegiate competition between teams of students
- Unique educational opportunity to apply what you have learned in the classroom to real-world practice in equity research
- Organized by local CFA Society volunteers
- Winners from the local competitions advance to one of the three regional competitions, culminating in a global final



# How it Works

1. Local CFA Society volunteers work in conjunction with participating local universities to assemble teams of 3–5 business and finance students
2. Each team works directly with a mentor to research and prepare an equity research report on a publicly traded company
3. Team findings are locally evaluated by high-profile panels of heads of research, portfolio managers, and chief investment officers from some of the world's top firms
4. Local champions advance to sub-regional competitions, then to regional competitions in the Americas, Asia Pacific, and EMEA, and then to the global final



# Benefits



- Real-life learning experience as an Equity Analyst
- Get in-depth training in company analysis and presentation skills
- Develop your resume/CV
- Get hands-on mentoring
- Network with professionals and peers to make inroads within the industry



# Global network of the world's top business and finance students



## 2020 Research Challenge Recap

6,400+

Students

4,000+

Volunteers

150+

CFA Societies

1,100+

Universities

121

Local Challenges

98

Countries

# 2020 Research Challenge Results

## 5 Regional Champions

## 2020 Global Champions

**121**  
Local Challenges

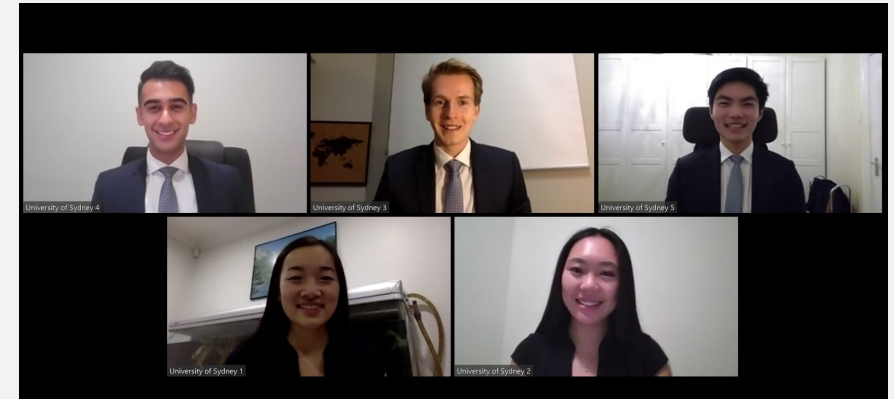
University of Sydney,  
Australia

BI Norwegian Business School,  
Norway

University of Lausanne,  
Switzerland

Seton Hall University,  
United States

Universidade de São Paulo,  
Brazil



University of Sydney  
Representing  
CFA Society Sydney

# 2021 Sub-Regional Competitions

Winners from the local competitions this year will advance to a Sub-Regional competition. Sub-Regions have been predetermined using United Nations and CFA Institute definitions. Sub-Regional competitions will be virtual and will take place in March. Winners will be announced on 29 March 2021.

## Americas Sub-Regions

Atlantic Islands & Latin America

Canada

Central & Southwest US

Eastern US

Midwest US

Southeastern US

Western US

## Asia Pacific Sub-Regions

Oceania

Eastern Asia

South Eastern Asia

Southern Asia

## EMEA Sub-Regions

Sub-Saharan Africa

Eastern Europe

Northern Europe

Southern Europe

Western Europe

Middle East & North

Africa

# 2021 Regional and Global Competitions

Winners from the sub-regional competitions this year will advance to one of three regional competitions, which will be hosted virtually.

## **Asia Pacific Semifinals**

12 April 2021

## **EMEA Semifinals**

13-14 April 2021

## **Americas Semifinals**

15-16 April 2021

## **Asia Pacific Regional Final**

19 April 2021

## **EMEA Regional Final**

20 April 2021

## **Americas Regional Final**

21 April 2021

## **Global Final**

22 April 2021



# COMPETITION TIMELINE

<b>Today</b>	<b>Kick-Off</b>
<b>Next 10 days</b>	Preliminary Research
<b>21 Oct</b>	Register with CFA Institute
<b>TBA</b>	Company Presentation
<b>15 Jan 2021</b>	1 <sup>st</sup> Draft Due to Mentor
<b>22 Jan 2021</b>	Final Report Due
<b>Interim</b>	Report Grading
<b>9 Feb 2021</b>	Top Teams Presenting Announced
<b>20 Feb 2021</b>	Local Final Presentations
<b>Mar 2021</b>	Sub-Regional Final
<b>15-16 Apr 2021</b>	Americas Regional Final
<b>22 Apr 2021</b>	Global Final



# Rules Overview

- Each team consists of 3-5 students (undergraduate or graduate)
- Universities may form up to two teams each, depending on Local Host rules
- Students must be enrolled in the university they represent and registered for at least a part-time course load at the time of the kickoff meeting
- Reports and presentations must be the students' original work
- Students may not have contact with the subject company outside of organized events
- Students may not enlist the help of any professionals other than the mentor or faculty advisor
- Mentors and faculty may NOT contact the company
- Mentors, faculty, and subject company may NOT provide material non-public information
- Written reports must conform to the guidelines set forth by CFA Institute and include the cover and back pages provided by CFA Institute
- Teams may not use props in their oral presentations
- Students, mentors, and faculty must all agree to abide by the CFA Institute Code of Ethics and Standards of Professional Conduct

# Advisor and Mentor Involvement

## Faculty Advisor

- Insight and guidance on research methods and tools as taught in academia
- 10 hours *maximum* of productive time
- Access to faculty for other projects unrelated to the Research Challenge is permitted
- All work must be the original work of the students


## Industry Mentor

- Insight and guidance on industry practice
- 6 hours maximum of productive time
- Face to face or virtual
- Company management question development
- Review first draft of research report
- Presentation development assistance

# Ethics Resources

- Ethical Standards for Investment Professionals: An Interactive Case-Based Course
- Ethics Course Module 2: Standard II—Integrity of Capital Markets
- Ethics Course Module 3: Standard III—Duties to Clients
- Ethics Course Module 6: Standard VI—Conflicts of Interest
- Ethics Course Module 7: Standard VII—Responsibilities as a CFA Institute Member or CFA Candidate

### Course Objectives



The ethical principles presented in this course

- provide a frame of reference for ethical behavior for all investment professionals.
- heighten your awareness of how you recognize and respond to ethical dilemmas.
- empower you to respond to ethical dilemmas in an appropriate manner.

You will have the opportunity to

- apply the CFA Institute Code of Ethics (Code) and Standards of Professional Conduct (Standards) to real ethical dilemmas in the investment profession.
- determine if an ethical dilemma exists and the best course of action to take.

PROGRESS

BACK NEXT

# Sample Report

## University of Waterloo Student Research

Retail Sector, Consumer Discretionary Industry  
Toronto Stock Exchange ("TSX")

This report is published for educational purposes only by students competing in The CFA Institute Research Challenge.

### Canadian Tire Corporation

Date: 04-Dec-2015  
Ticker: TSX:CTC.A

Closing Price: \$129.00  
C\$1.00:US\$0.75

Recommendation: Buy (16.5% Total Return)  
Target Price: \$148.00 (US\$111.00)

Figure 1: Summary of Market, Financial, and Valuation Data

Market Data					
	Common	Class A			
Closing Price	\$200.00	\$129.00			
Avg. Daily Vol.	449	305,914			
Shares O/S	3,423,366	71,530,598			
Market Cap. (\$ mm)		\$9,912			
P / E (LTM)		15.8x			
Enterprise Value (\$ mm)		\$16,278			
EV / EBITDA (LTM)		11.0x			
Financial Data					
	2010	2011	2012	2013	2014
Rev. Growth	6.1%	12.7%	10.0%	3.1%	5.7%
Gross Margin	30.3%	29.5%	30.6%	31.6%	32.5%

### Executive Summary

Canadian Tire Corporation, Limited ("CTC" or the "Company") is a Canadian retailer, real estate owner-operator, and financial services provider. These three businesses form CTC's reportable operating segments: Retail, CT Real Estate Investment Trust ("CT REIT"), and Financial Services ("CTFS").

### Investment Recommendation

We issue a **Buy** recommendation on CTC with a 12-month target price of \$148.00 / Class A non-voting share with a projected total return of 16.5% from its December 4, 2015 closing price of \$129.00. Our target price is calculated by (1) using a Sum-of-the-Parts approach to arrive at an implied share price valuation for the Class A non-voting shares, and (2) forecasting the 12-month target price by CTC's cost of equity. Our recommendation is driven by our:

### Investment Thesis and Outline

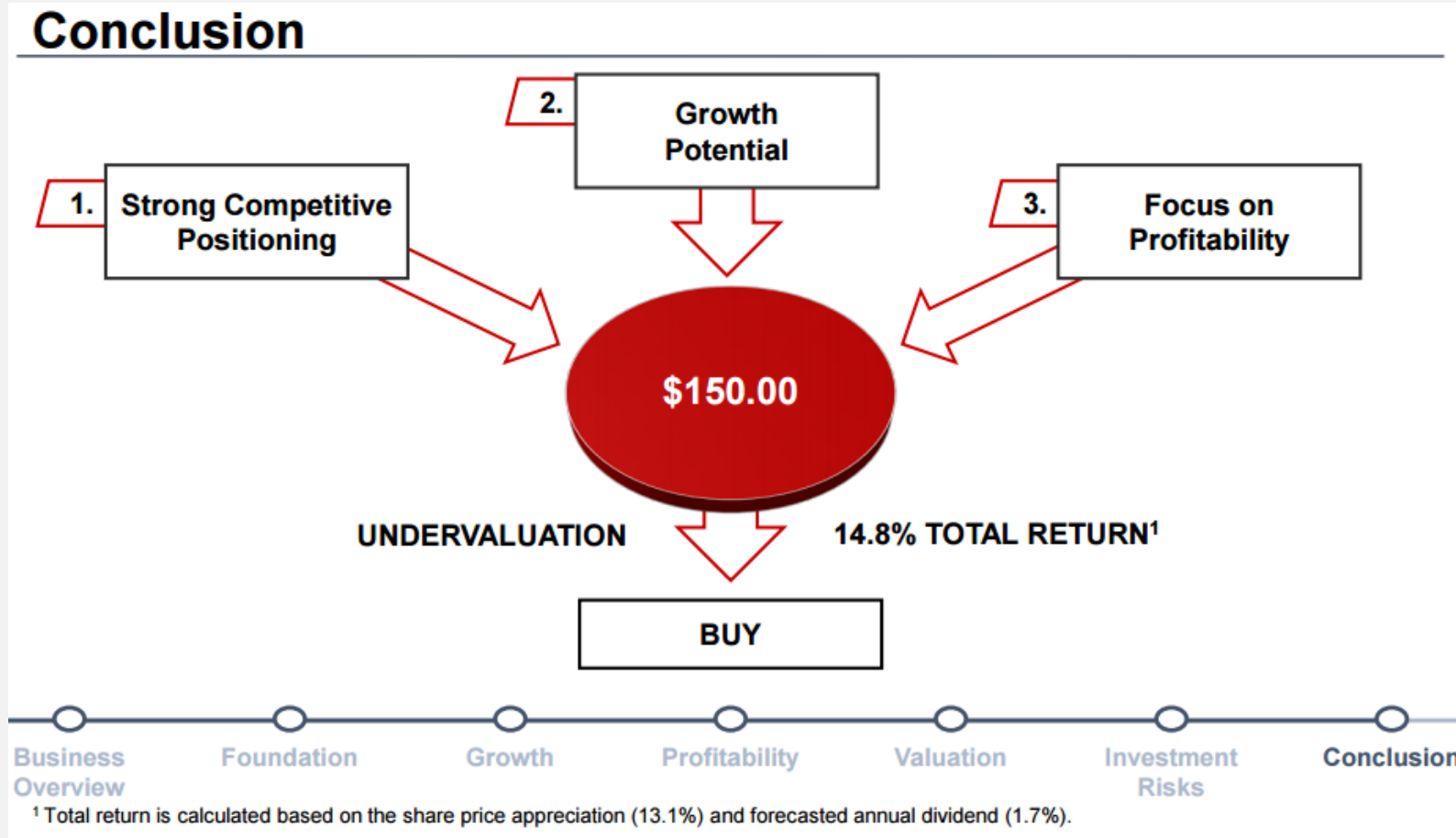
Backed by a stable industry outlook, CTC is well positioned for growth and further market penetration of the Canadian retail sector. The combined result of the Sum-of-the-Parts valuation and current market view of CTC's dual share class structure suggests that the Class A non-voting shares are presently undervalued. The undervaluation of the Class A non-voting shares represents an opportunity to invest in highly complementary businesses in the Canadian retail sector. After determining CTC's exposure



# Report Scoring

Section	Maximum Points	Comments
Business Description	5	
Industry Overview & Competitive Positioning	10	
Investment Summary	15	
Valuation	20	
Financial Analysis	20	
Investment Risks	15	
Environmental, Social, and Governance	15	
Total	100	

# Sample Presentation



# Presentation Scoring

## Financial Analysis

- How thorough was their analysis of the industry, company, and competitors?

## Valuation

- Were the valuation methodologies appropriate and detailed?

## Environmental, Social, and Governance

- Did the analysis thoroughly incorporate conservation of the natural world, consideration of people and relationships, and standards for running a company?

## Presentation

- How effective/convincing was their presentation? Was it logical and did the facts support the recommendation?

## Question & Answer

- Were they able to answer the questions effectively and with confidence?

## Team Involvement

- Team involvement in the presentation/questions and answers

## Materials

- Quality of slides

Criteria	Maximum Points	Notes
Financial Analysis	20	
Valuation	20	
Environmental, Social, and Governance	10	
Presentation	20	
Question & Answer	20	
Team Involvement	5	
Materials	5	
Total	100	

## Subject Company

Albemarle Corporation

[albemarle.com](http://albemarle.com)

ALB (NYSE)



**THANK YOU**

Sharon McGee and and Scott Tozier

# Interacting with **Albemarle Corporation**



- Designated officers ONLY
- Organized communications ONLY
- Industry mentor or faculty advisor must be present for all student-subject company interactions
- Students may contact and survey company suppliers, customers, vendors, etc.



# Up for the Challenge?

1. Visit the CFA Institute Research Challenge website:  
[www.cfainstitute.org/researchchallenge](http://www.cfainstitute.org/researchchallenge)
2. Register for the competition
  - Peruse educational materials selected specifically for participants
  - Watch videos of past presentations
  - View past reports from winning teams
3. Students **MUST** register in their account via the invitation link they receive from CFA Institute.



# Opportunity Starts Here



# Questions?

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