BIG CHALLENGE.
BIGGER OPPORTUNITY.
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KAPLAN

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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 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
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
1,100+ Universities
4,000+ Volunteers
121 Local Challenges
150+ CFA Societies
98 Countries
2020 Research Challenge Results

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

2020 Global Champions

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.

<table>
<thead>
<tr>
<th>Americas Sub-Regions</th>
<th>Asia Pacific Sub-Regions</th>
<th>EMEA Sub-Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic Islands &amp; Latin America</td>
<td></td>
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</tr>
<tr>
<td>Canada</td>
<td>Oceania</td>
<td>Sub-Saharan Africa</td>
</tr>
<tr>
<td>Central &amp; Southwest US</td>
<td>Eastern Asia</td>
<td>Eastern Europe</td>
</tr>
<tr>
<td>Eastern US</td>
<td>South Eastern Asia</td>
<td>Northern Europe</td>
</tr>
<tr>
<td>Midwest US</td>
<td>Southern Asia</td>
<td>Southern Europe</td>
</tr>
<tr>
<td>Southeastern US</td>
<td></td>
<td>Western Europe</td>
</tr>
<tr>
<td>Western US</td>
<td></td>
<td>Middle East &amp; North Africa</td>
</tr>
</tbody>
</table>
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
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Today</td>
<td>Kick-Off</td>
</tr>
<tr>
<td>Next 10 days</td>
<td>Preliminary Research</td>
</tr>
<tr>
<td>21 Oct</td>
<td>Register with CFA Institute</td>
</tr>
<tr>
<td>TBA</td>
<td>Company Presentation</td>
</tr>
<tr>
<td>15 Jan 2021</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; Draft Due to Mentor</td>
</tr>
<tr>
<td>22 Jan 2021</td>
<td>Final Report Due</td>
</tr>
<tr>
<td>Interim</td>
<td>Report Grading</td>
</tr>
<tr>
<td>9 Feb 2021</td>
<td>Top Teams Presenting Announced</td>
</tr>
<tr>
<td>20 Feb 2021</td>
<td>Local Final Presentations</td>
</tr>
<tr>
<td>Mar 2021</td>
<td>Sub-Regional Final</td>
</tr>
<tr>
<td>15-16 Apr 2021</td>
<td>Americas Regional Final</td>
</tr>
<tr>
<td>22 Apr 2021</td>
<td>Global Final</td>
</tr>
</tbody>
</table>
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
• 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
### Sample Report

**University of Waterloo Student Research**
Retail Sector, Consumer Discretionary Industry
Toronto Stock Exchange ("TSX")

**Canadian Tire Corporation**

**Closing Price:** $129.00  
**C$1.00:** US$0.75  
**Recommendation:** Buy (16.5% Total Return)  
**Target Price:** $148.00 (US$111.00)

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

<table>
<thead>
<tr>
<th>Market Data</th>
<th>Common</th>
<th>Class A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Price</td>
<td>$200.00</td>
<td>$129.00</td>
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<tr>
<td>Avg. Daily Vol.</td>
<td>449</td>
<td>368,914</td>
</tr>
<tr>
<td>Shares O/S</td>
<td>3,423,366</td>
<td>71,530,598</td>
</tr>
<tr>
<td>Market Cap. ($mm)</td>
<td>9.912</td>
<td>15.5x</td>
</tr>
<tr>
<td>P/E (LTM)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise Value ($mm)</td>
<td>$16,276</td>
<td>11.0x</td>
</tr>
<tr>
<td>EV/EBITDA (LTM)</td>
<td></td>
<td></td>
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**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

<table>
<thead>
<tr>
<th>Section</th>
<th>Maximum Points</th>
<th>Comments</th>
</tr>
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<tbody>
<tr>
<td>Business Description</td>
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</tr>
<tr>
<td>Industry Overview &amp; Competitive Positioning</td>
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</tr>
<tr>
<td>Investment Summary</td>
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<tr>
<td>Valuation</td>
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<tr>
<td>Financial Analysis</td>
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<tr>
<td>Investment Risks</td>
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<tr>
<td>Environmental, Social, and Governance</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>
Sample Presentation

1. Strong Competitive Positioning
2. Growth Potential
3. Focus on Profitability

$150.00

14.8% TOTAL RETURN\(^1\)

BUY

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1 Total return is calculated based on the share price appreciation (13.1%) and forecasted annual dividend (1.7%).
Presentation Scoring

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Maximum Points</th>
<th>Notes</th>
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<tbody>
<tr>
<td>Financial Analysis</td>
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<tr>
<td>Valuation</td>
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<td>Environmental, Social, and Governance</td>
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<tr>
<td>Presentation</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Question &amp; Answer</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Team Involvement</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
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<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
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</tr>
</tbody>
</table>

**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
Subject Company

Albemarle Corporation
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

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.
Questions?