

# CFA INSTITUTE RESEARCH CHALLENGE

Hosted by  
CFA SOCIETY ITALY



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

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



**CFA Society  
Italy**



**CFA Institute<sup>®</sup>**  
Research Challenge

# CFA Institute Research Challenge



**CFA Institute**<sup>®</sup>  
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 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
- CFA Program discount

## 2022 Research Challenge Recap

6,400+

Students

3,000+

Volunteers

150+

CFA Societies

1000+

Universities

119

Local Challenges

90

Countries

# 2022 Research Challenge Results

## 5 Regional Champions

## 2022 Global Champions

**119**  
Local Challenges

Northern Illinois University,  
United States

University of British Columbia,  
Canada

University of Sidney,  
Australia

IE Business School,  
Spain

Polytechnic University of Milan,  
Italy



Northern Illinois University  
Representing  
CFA Society Chicago



# Tournament structure/schedule

**Local Competition**  
October - March 2023



**Regional Semifinals**  
April 2023 (TBC)



**Regional Finals**  
May 2023 (TBC)



**Global Final**  
May 2023 (TBC)



**Regional and Global Finals location has not  
been defined yet**

# PARTICIPATING TEAMS 2022

## The Teams

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- Libera Università di Bolzano
- Politecnico di Milano
- Università Ca' Foscari Venezia
- Università Cattolica del Sacro Cuore Milano
- Università di Bologna
- Università degli Studi di Firenze
- Università degli Studi di Napoli Federico II
- Università degli Studi di Pavia
- Università degli Studi di Roma Tor Vergata
- Università Politecnica delle Marche

*In collaboration with*



*Sponsored by*



# 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:

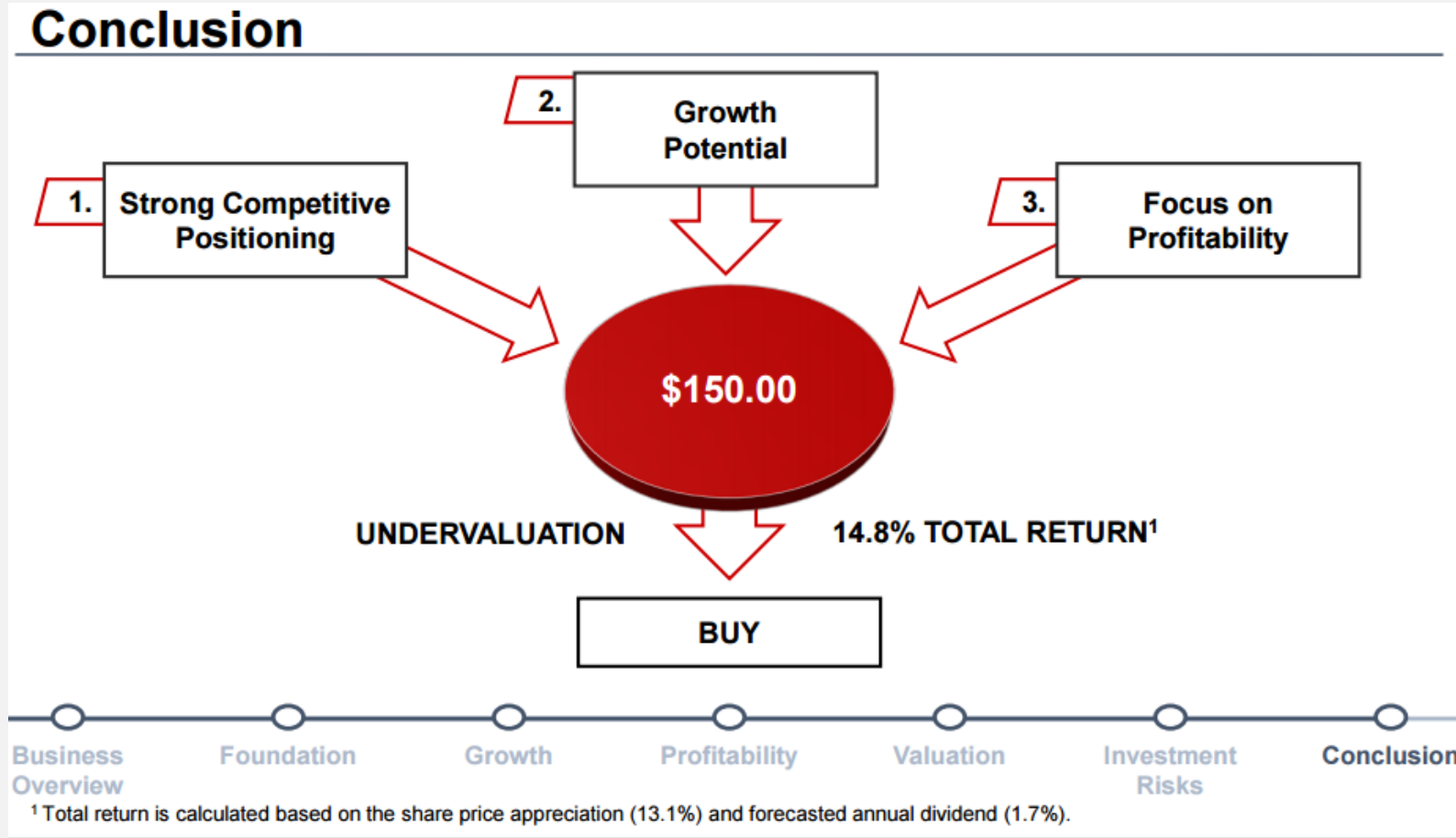
### Investment Thesis and Outline

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	

# Past Subject Companies



PIAGGIO®

2011

LUXOTICA

2012



2013



2014

DATALOGIC

2015

GRUPPO

CAMPARI

2010



2009



MONCLER

DiaSorin

The Diagnostic Specialist

2016



2022

2018



2020



2019



RECORDATI

2017



2023



# Up for the Challenge?

1. Visit the CFA Institute Research Challenge website:  
<https://www.cfainstitute.org/en/societies/challenge>
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 on the CFA Institute website using the registration form provided by the local host.



# Opportunity Starts Here

