

Vienna, September 2018
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CFA RESEARCH CHALLENGE



CFA Society
Austria

INTRODUCTION



**CFA Society
Austria**

- CFA Institute
 - Was founded in 1947
 - Is the **largest association of investment professionals** in the world
 - Challenges thousands of investment professionals and students to hold themselves to a higher standard of excellence and **ethical standards**
 - Has more than **150,000 members in 154 countries**
 - 70+ countries now have local member societies
 - 425 universities around the world have incorporated the CFA Program curriculum into their own academic programs
 - 320,221 CFA Program candidates took the CFA exams in 2017
- CFA Austria
 - Founded in 2001 as 101st member society of CFA Institute
 - Currently has about **450 members** (portfolio managers, research analysts, commercial bankers, investment bankers, consultants, risk managers...)

RESEARCH CHALLENGE – GENERAL INFORMATION



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- CFA research challenge is a (CFA-sponsored) **competition between student teams** that
 - Research a publicly traded company (public information, management meeting)
 - Prepare a written report („initiation-of-coverage sell-side equity research report“)
 - Present their findings to a panel of judges
- CFA research challenge has **three competition levels**
 - Local level (Austria, Vienna) => winning team will participate in
 - Regional level final (EMEA, Zurich) => winning team will participate in
 - Global level final (New York)

5,700 students from 1,100+ universities participated in 2017/18
Last year winning team came from University of Lausanne (Switzerland)

RESEARCH CHALLENGE – ROLES



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- Team members: 3-5 students of one university
 - Criteria: currently enrolled university students, are/were not employed in a role within the core investment management profession (exception: intern)
- Faculty advisor: Employed faculty member (not necessarily professor) of that university => maximum time 13 hours
- Industry mentor for each group: CFA Austria charterholder => maximum time 8 hours
- Graders (evaluate written reports) and Judges (evaluate presentations): Further 3 CFA Austria charterholders
- Subject company: S IMMO AG, www.simmoag.at, Bloomberg: SPI:AV
 - Real estate investment company, 241 properties
 - Property value: €1,840 mn, thereof 70% commercial (office, retail, hotels)
 - Financials 2017: Revenues €191 mn, EBITDA €90 mn, EBT €161 mn

REPORT – STEPS, READINGS, RULES



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- Official rules (incl rules for the report):
<https://www.cfainstitute.org/societies/challenge/student-welcome>
 - Business description, industry overview and competitive positioning, investment summary, valuation, financial analysis, investment risks, corporate governance
- Steps to be conducted
 1. Financial Modeling (P&L, Balance Sheet, Cashflow-Statement, Ratios)
 2. Valuation (DCF, Multiples)
 3. Subject company management meeting, follow-up Q&As per email
 4. Writing report
 5. Preparing presentation
- Recommended readings
 - Educational resources provided by CFA institute:
www.cfainstitute.org/societies/challenge/student-preparation

BENEFITS FOR STUDENTS



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- Winning Austrian team to participate in European final (which will take place in Zurich (10/11 April 2019))
- Winning global team to be presented on CNN, Bloomberg TV (see youtube...)
- Contact to top management of large Austrian company
- Contact to CFA Austria charterholders
- Access to CFA Institute library
- Gifts and refund of travelling costs

**However, about 50 hours per student are typically spent
See deliverables of past champions to get a feeling of the workload
<https://www.cfainstitute.org/societies/challenge/past-chempions>**

NEXT STEPS, TIMELINE



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What?	Who?	When (indicative)?
Nomination of teams / universities	Professors, CFA Austria	October 16, 2018
Kick-off conference call	Students, CFA Austria	End of October 2018
Introduction of mentors to students' teams	Mentors individually	November 2018
Subject company meeting	Students, (mentors)	End of November 2018
File written report	Students	Begin of February 2019
Local Level Final (presentations, ceremony)	All	March 1, 2019 (Vienna)
EMEA Final	Winning group, mentor	April 10/11, 2019 (Zurich)

CONTACT DATA



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<https://www.cfainstitute.org/researchchallenge>

<https://www.cfaaustria.org>