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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 **135,000 members in 150 countries**
 - 70 countries now have local member societies
 - 300+ universities around the world have incorporated the CFA Program curriculum into their own academic programs
 - More than 177,000 CFA Program candidates took the CFA exams in 2015
- CFA Austria
 - Founded in 2001 as 101st member society of CFA Institute
 - Currently has **378 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, Prague => winning team will participate in
 - Global level final (Prague)

**Since 2006 15,000+ students from 1,000+ universities participated
Last year winning team came from University of Waterloo (Canada)**

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 whose primary duty involves fundamental company analysis (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: Österreichische Post AG, www.post.at, Bloomberg: POST AV
 - Austria's leading logistics and service provider
 - Segments: Mail & Branch Network, Parcel & Logistics
 - Financials 2015: Revenues € 2,402 mn, EBITDA € 303 mn, EBIT € 198 mn

REPORT – STEPS, READINGS, RULES



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- Official rules (incl rules for the report):
https://www.cfainstitute.org/community/challenge/Documents/research_challenge_official_rules.pdf
 - Business description, industry overview and competitive positioning, investment summary, valuation, financial analysis, investment risks
- Steps to be conducted
 1. Financial Modeling (P&L, Balance Sheet, Cashflow-Statement, Ratios)
 2. Valuation (DCF, Multiples)
 3. 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/community/challenge/prepare/Pages/index.aspx

BENEFITS FOR STUDENTS



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- Winning Austrian team to participate in European final (which will take place in Prague (26/27 April 2017))
- 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 money prizes (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/community/challenge/about/Pages/past_champions.aspx

NEXT STEPS, TIMELINE



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What?	Who?	When (indicative)?
Nomination of teams / universities	Professors, CFA Austria	Mid October 2016
Kick-off conference call	Students, CFA Austria	End of October 2016
Introduction of mentors to students' teams	Mentors individually	November 2016
Subject company meeting	Students, (mentors)	December 6, 2016 (2:00)
File written report	Students	February 2017
Local Level Final (presentations, ceremony)	All	March 2017 (Vienna)
EMEA Final	Winning group, mentor	April 26/27, 2017 (Prague)

CONTACT DATA



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<http://www.cfainstitute.org/community/challenge/Pages/index.aspx>

<http://www.cfasociety.org/austria/Pages/default.aspx>