



CFA Society
Perth

Welcome.

This presentation will commence at 12:05 PM

RESEARCH CHALLENGE KICK-OFF 2020/21



WE WANT TO HEAR FROM YOU



Use **Q&A** to submit questions to the presenters

Meeting controls bar with icons for Chat, Raise Hand, Q&A, and a red text button for Leave Meeting.

Question and Answer

All questions (2) My questions

Anonymous Attendee 01:35 PM

What are you favourite books around behavioural finance?

👍 8 Comment

Type your question here...

Send anonymously Cancel Send



BIG CHALLENGE.
BIGGER OPPORTUNITY.

CFA Society Perth is Pleased to Bring You the CFA Institute Research Challenge 2020/21



**CFA Society
Perth**



CFA Institute
Research Challenge

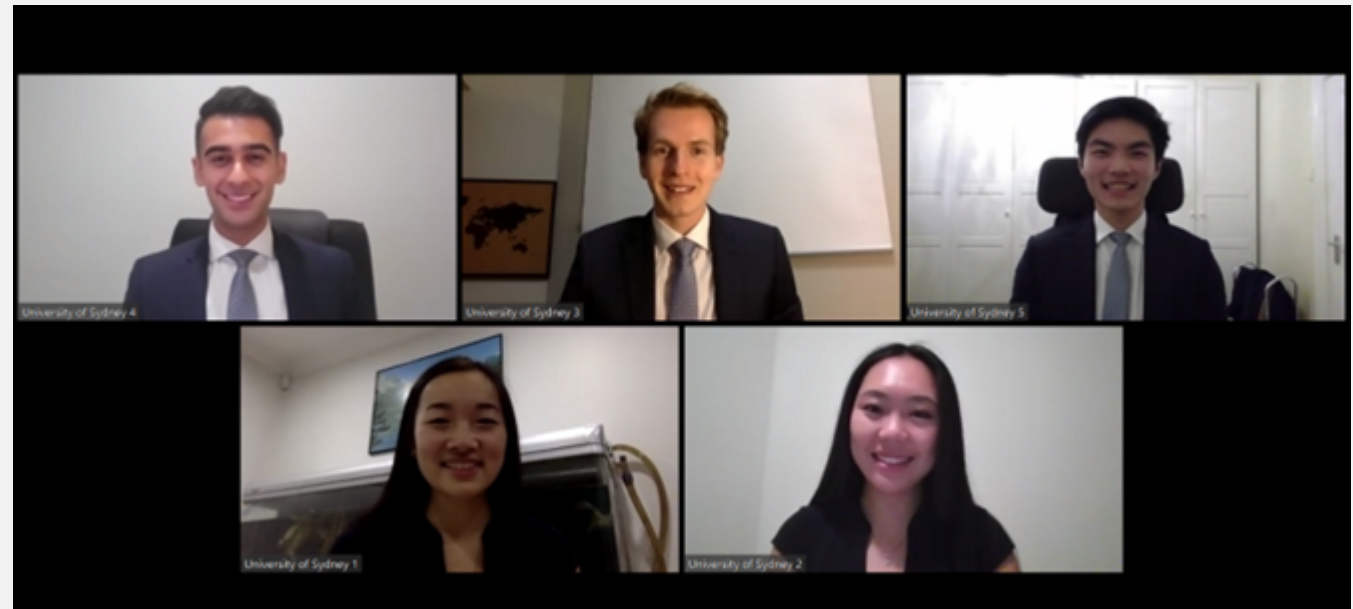
CFA Institute Research Challenge



- 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

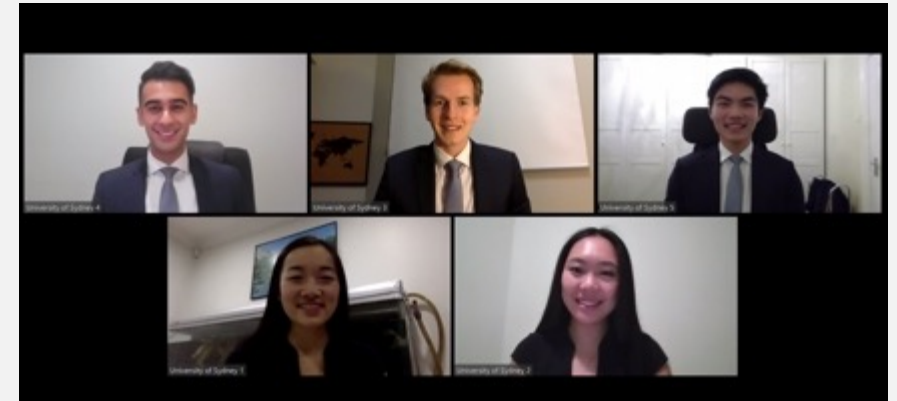
University of Sydney,
Australia

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

Today	Kick-Off
Next 10 days	Preliminary Research
28 August 2020	Register with CFA Institute
7 September 2020	Company & Analyst Briefing
5 October 2020	1 st Draft Due to Mentor
12 October 2020	Final Report Due
Interim	Report Grading
20 October 2020	Local Final
19 March 2021	Sub-Regional Presentations Due
12 April 2021	APAC Semi-Final
22 April 2021	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



Ethical dilemmas exist because the situations we encounter in business

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



SYDNEY
UNIVERSITY
RESEARCH
GROUP

Commonwealth Bank of Australia (CBA.ASX)

Don't bank on it

9th September 2019



GICS Sector: Financials
Industry: Banks

Australia | Australian Securities Exchange (ASX)

Recommendation: **SELL**

CBA.ASX Overview

Target Price	\$70.08
Last close	\$79.81
Downside	-12.19%
Market Cap	\$141,283m
Shares Out.	1,770m
52-Week High	\$83.99
52-Week Low	\$65.23
P / E (LTM)	16.19x
P / BV (LTM)	2.03x

Price History Rebased



EXECUTIVE SUMMARY

We initiate coverage on Commonwealth Bank of Australia (CBA.ASX) with a **SELL** recommendation based on a 12-month price target of **\$70.08** triangulated between our residual income model (RIM), dividend discount model (DDM) and relative valuation. Our target price represents a 12.19% downside from the last close of \$79.81 on 9 September 2019.

CBA has historically outperformed its Australian banking peers, delivering a consistent dividend yield and a 24.3% ROE premium (vs. Australian majors ex. CBA since 2009) to earn its status as a market darling. Following a surprise Coalition victory and a Royal Commission Final Report that left the banks largely unscathed, a sentiment-driven rally has lifted CBA's share price to near historic highs. Despite intensifying headwinds, the bank currently trades at ~2x book value for just a 12.5% ROE while its forward P/E of 16.7x represents a 28.2% trading premium to other majors, more than double the historical premium of 13.7%. We see the market underappreciating: **1)** CBA's overweight exposure to a deteriorating mortgage market, **2)** the Net Interest Margin (NIM) flow-through of ultra-low rates; and **3)** the impact of the RBNZ's new capital proposal on expected capital management programs. CBA's share price has likely overshot its fundamental value as investors chase the bank's attractive 5.4% dividend yield (vs. All Ords dividend yield of 3.92%) and the prospect of shareholder returns following the completion of a slate of announced divestments.

1. CBA's overexposure to mortgages will bite

With national house prices well below 2017 peaks (-5.2% YoY) and 2Q19 GDP growth figures coming in at their weakest level since 2009, we see CBA as the most exposed of the majors to headwinds facing a deteriorating housing market due to its overweight exposure to home lending. We forecast:

- Front-book pricing pressures to continue in the mortgage space as CBA turns to aggressive discounting to maintain its dominant position in a hyper-competitive environment

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

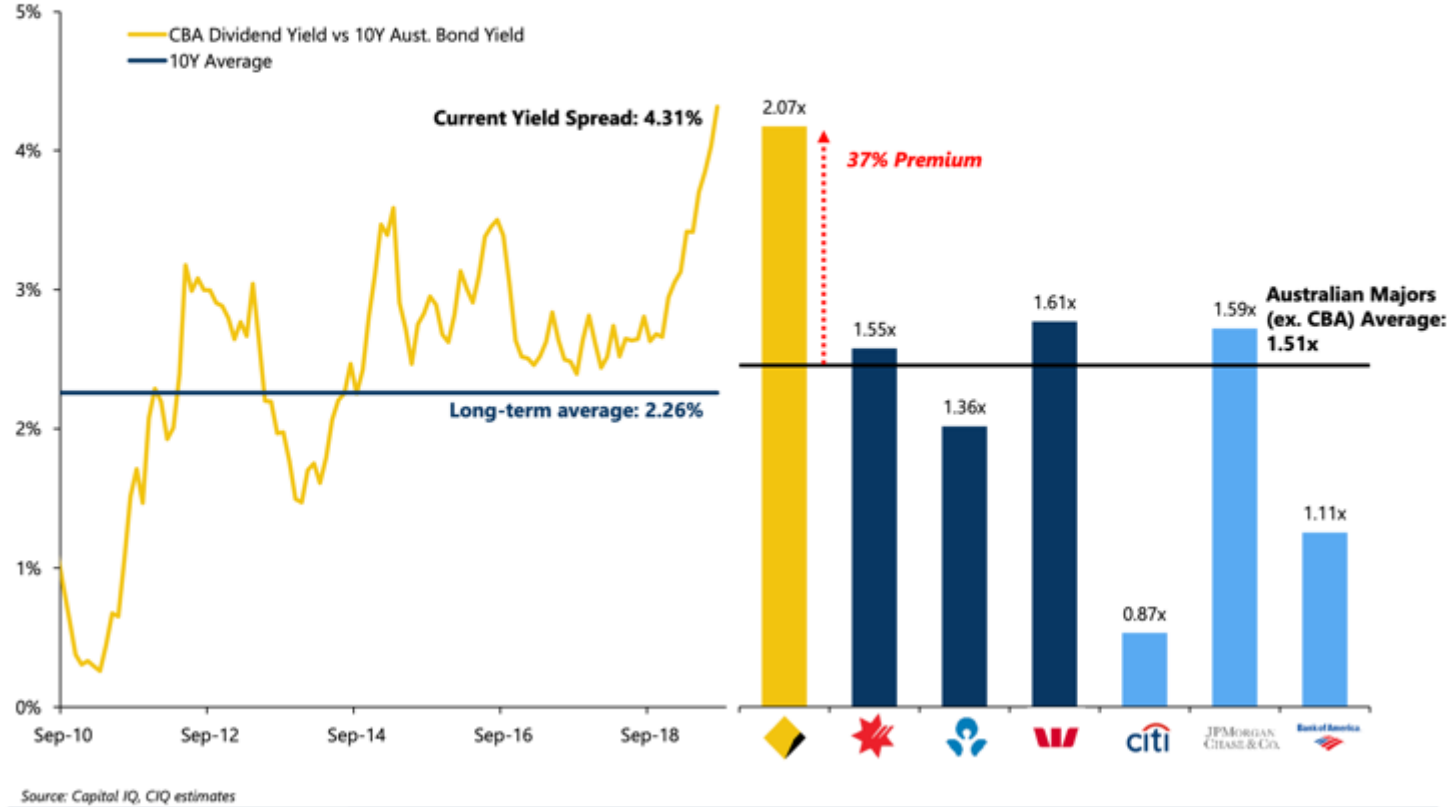
Introduction



What is driving CBA's share price?

CBA's dividend yield has risen to record levels ...

... and is trading at a record high valuation for its Price/Book Value



Source: Capital IQ, CIQ estimates

OVERVIEW

NIM

COSTS

CAPITAL

VALUATION

RISKS

4

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

Sydney Airport Holdings Pty Ltd (ASX: SYD)

SYD is a publicly-listed Australian holding **company** which owns a 100% interest in **Sydney Airport** via **Sydney Airport** Corporation. The **company** is listed on the Australian Stock Exchange and has its head office located in **Sydney**, New South Wales.

Interacting with Sydney Airport

The logo for Sydney Airport, consisting of the letters 'SYD' in a bold, red, sans-serif font, centered within a white rectangular box.

- 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.

Past student experience

Tips From Past Students

- Get started early!
- Get to know your group as assign tasks according to each person's strengths.
- Assign a group leader early to eliminate arguments and disagreements and decide on a method for resolving arguments quickly.
- Use your industry mentor and university mentor wisely.
- Its the smallest details that count so make sure you prepare thoroughly.

Up for the Challenge?

1. Visit the CFA Institute Research Challenge website:
www.cfainstitute.org/researchchallenge
2. Register for the competition in the next **14 days**.
 - 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

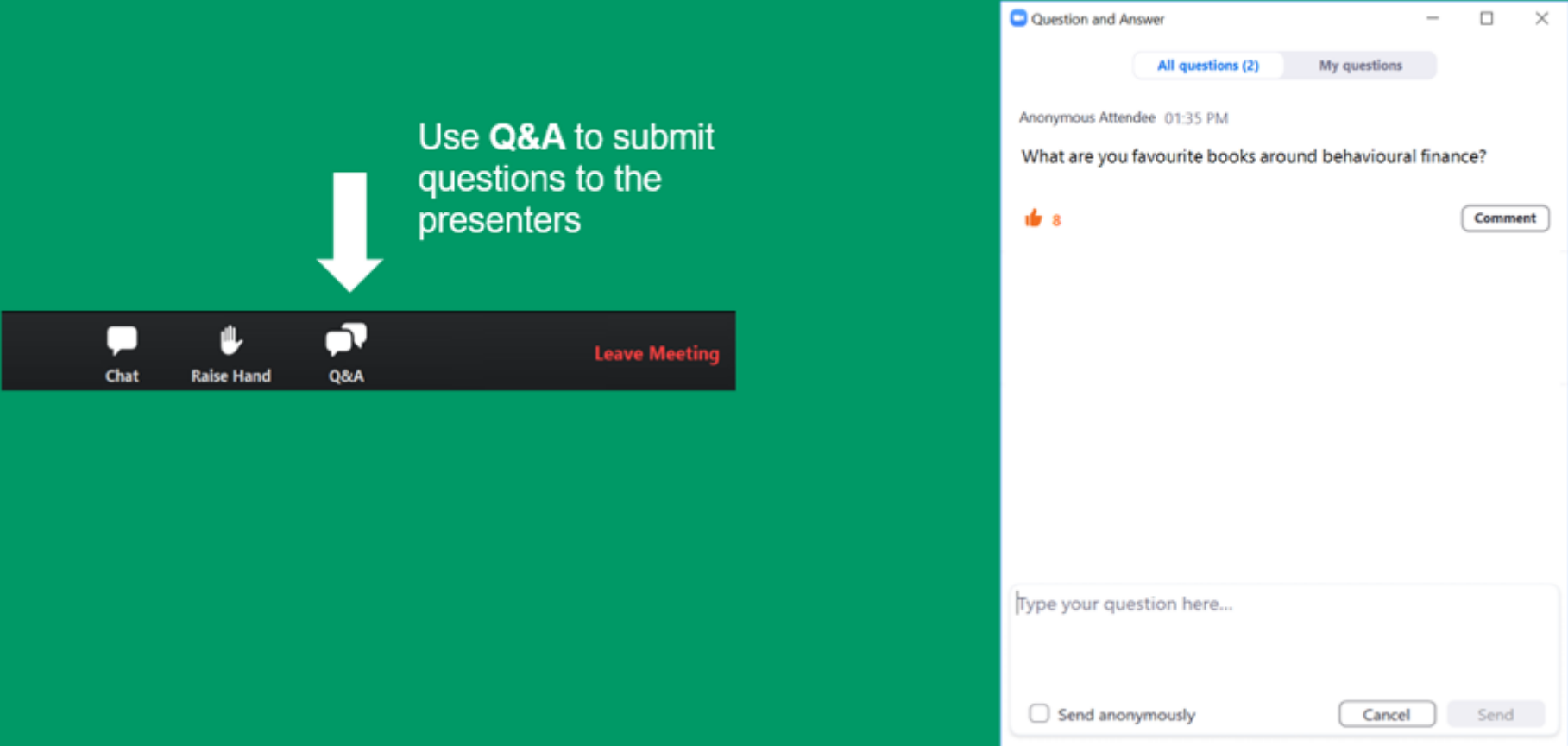


Three young professionals, two women and one man, are smiling and looking towards the camera. They are dressed in business attire.



Questions?

Use **Q&A** to submit questions to the presenters



The image shows a meeting control bar with three icons: Chat, Raise Hand, and Q&A. A white arrow points from the text 'Use Q&A to submit questions to the presenters' down to the Q&A icon. To the right, a 'Question and Answer' window is open, displaying a question from an 'Anonymous Attendee' at 01:35 PM: 'What are you favourite books around behavioural finance?'. The question has 8 likes and a 'Comment' button. At the bottom of the window, there is a text input field with the placeholder 'Type your question here...', a 'Send anonymously' checkbox, and 'Cancel' and 'Send' buttons.

Chat Raise Hand Q&A Leave Meeting

Question and Answer

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8 Comment

Type your question here...

Send anonymously Cancel Send

