

CFA INSTITUTE RESEARCH CHALLENGE
IN SOUTHERN CALIFORNIA
HOSTED BY THE CFA SOCIETIES OF
LOS ANGELES AND ORANGE COUNTY

KICKOFF MEETING – 15 OCTOBER 2012

Nathaniel Downes, CFA
Associate Portfolio Manager

Chad Noorani
Investment Performance Analyst

Ryan Buckmaster, CFA
Associate Portfolio Manager

Michael Treidl
Financial Analyst



CFA SOCIETIES OF LOS ANGELES & ORANGE COUNTY

The collage consists of three overlapping screenshots of the CFA website:

- Top Screenshot:** Shows the CFA Society of Los Angeles, Inc. homepage. It features the CFA logo, a navigation menu with links like 'About CFALA', 'Career Center', and 'CFA Review Program', and a login form with fields for 'Username' and 'Password'.
- Middle Screenshot:** Shows the CFA Society Orange County homepage. It has a large banner for 'RENEW YOUR CONNECTIONS' and a sidebar with a calendar of events from October to December.
- Bottom Screenshot:** Shows a detailed view of the CFA Society Orange County page. It includes a 'Welcome to CFA Society Orange County' message, a list of key facts (founded in 1983, 400+ members), and sections for 'Ethics, Standards & Advocacy', 'The CFA Program', and 'Societies'.

SPONSOR ACKNOWLEDGMENT

We would like to offer a special thank you to our sponsors for the 2013 CFA Institute Research Challenge in Southern California

The logo for Kaplan Schweser, featuring the word "KAPLAN" in a bold, dark blue, sans-serif font. A thick, dark blue curved line starts under the "A", goes under the "P", "L", and "A", and then curves up and around the "N".

KAPLAN

SCHWESER

The logo for Factset, featuring the word "FACTSET" in a bold, light blue, sans-serif font. The letters are thick and blocky, with a slight shadow effect.

FACTSET

2012 GLOBAL CHAMPIONS

**Thammasat University from Bangkok, Thailand
Representing the CFA Society of Thailand**



WHAT IS THE CFA INSTITUTE RESEARCH CHALLENGE?

- How is it organized?
 - Worldwide intercollegiate competition between teams of students
 - Organized by local CFA Institute volunteers – usually through CFA member societies
 - At least 4 teams of 3-5 students participate
- What does it involve?
 - Analysis of a publicly-traded company
 - Interviews with company management
 - Mentoring by a CFA charterholder
 - Research report writing
 - Presentation of research

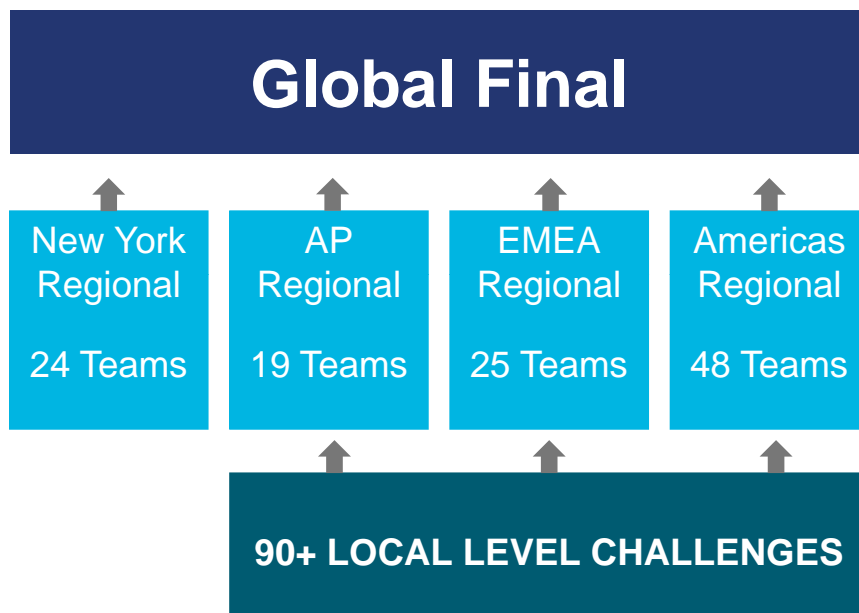


2012 RESEARCH CHALLENGE NETWORK

- 3,000+** Students
- 1,200+** Industry Volunteers
- 650+** Universities
- 111** CFA Society Hosts
- 87** CFA Local Level Challenges
- 55** Countries



2013 TOURNAMENT DIAGRAM



BENEFITS FOR STUDENTS

- Best practices in research and report writing
- Real-life learning experience as an Equity Analyst
- Access and exposure to leading industry professionals
- Professional report and experience to use on resume/CV and job interviews
- Experience presenting to top financial professionals
- Individual and team prizes
- Opportunity for travel
- Potential for media exposure
- Network of over 10,000 students and 2,500 volunteers worldwide



PARTICIPATING TEAMS (CFALA)

University	Faculty Advisor	Mentor
Pepperdine University	Edward Fredericks, PhD	Michael Wu, CFA
CSU, Dominguez Hills	Rama Malladi	Christian Sessing, CFA
UCLA Anderson School of Management	Jason Snyder, PhD	Rama Malladi, CFA
Drucker School of Management, CGU	Jay Prag, PhD	Anthony Mak, CFA, CPA
USC Marshall School of Business	Suh-Pyng Ku, PhD	Atul Sharma, CFA
Loyola Marymount University	Chun Lee, PhD	Glen Ferrand, CFA
Occidental College	Woody Studenmund, PhD	Davy Sim, CFA

PARTICIPATING TEAMS (CFAOC)

University	Faculty Advisor	Mentor
California Polytechnic, Pomona	Majed Muhtaseb, CFA	N/A
California State University, Fullerton	Joe Greco	Mike Meehan, CFA
California State University, Long Beach	Steven Le, PhD	Cathy Lloyd, CFA
Claremont McKenna College	Eric Hughson	Robert Thomas, CFA
University of California, Irvine	Todd Richey, CFA	Jeff Martin, CFA

COMPETITION TIMELINE

Today	Kick-Off
TBD (November)	Company Presentation
18 January 2013	Register with CFA Institute
N/A*	1 st Draft Due to Mentor
01 February 2013	Final Report Due
22 February 2013	Local Final Presentations
20-21 March 2013	Regional Final
12 April 2013	Global Final

*This date is at the discretion of both the team and mentor.



RULES OVERVIEW

- Each team consists of 3-5 students (undergraduate or graduate)
- Only one team may represent each university
- 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.

BACK  NEXT 

SAMPLE REPORT

Stockholm School of Economics Student Research

Automotive safety product supplier

This report is published for educational purposes only by students competing in the CFA Institute Research Challenge.

AUTOLIV

2011-12-22

Ticker: ALV-NYS
Price: 51,45 USD

Recommendation: BUY
Price Target: 62 USD

Market Profile	Key Financials	2009	2010	2011E	2012E	2013E	2014E	2015E
Ticker	ALV Sales (mUSD)	5 121	7 171	7 839	8 563	9 321	10 080	10 887
Stock exchange	NYSE EBIT margin	1.3%	12.1%	11.2%	10.8%	10.2%	10.1%	10.1%
Depository receipts	SSE DPS (USD)	0.00	1.01	1.74	1.84	1.89	2.05	2.21
Current price	\$51.45 EPS (USD)	0.12	6.39	6.96	7.72	7.93	8.58	9.27
52w trading range high	\$44.38	Highlights						
52w trading range low	\$83.86	We initiate coverage of Autoliv with a BUY recommendation and a target price of 62 USD, implying a potential upside of 20.5% from current price levels and a P/E multiple of 8.0 (2012E). The price is reflecting						
Market cap (mUSD)	4 597							

REPORT SCORING

Section	Maximum Points	Comments
Business Description	5	Lack of sufficient information to support recommendation.
Industry Overview & Competitive Positioning	15	Not a comprehensive understanding of the company's positioning and/or competitors. No understanding of company's economic advantage, Overstated company's advantage - not grounded in facts.
Investment Summary	20	Not logical. No or insufficient summary of salient points. Strategy is not grounded in financials.
Valuation	20	Method is flawed. Not substantiated with industry information.
Financial Analysis	20	Flawed assumptions. Too many errors in financial analysis. Financial analysis does not support conclusion.
Investment Risks	15	Missed too many important risk items. Risk and conclusion are not logical.
Other Headings	5	Missed important information available.
Total	100	

PRESENTATION SCORING

**CFA Institute Research Challenge
Presentation Scoring Sheet**

Team: _____ Judge: _____

Criteria	Maximum Points	Points	Notes
Argument <i>Did they use data effectively to support their recommendation?</i>	25		
Questions <i>Were they able to answer questions effectively?</i>	25		
Financial, Valuation, and Other Analysis <i>Were the financial analysis, valuation models, and sensitivity analysis rigorous and appropriate?</i>	20		
Team Involvement <i>Team involvement in the presentation/Questions and Answers</i>	15		
Poise <i>Were they confident? Were they convincing?</i>	10		
Materials <i>Quality of slides</i>	5		
Total	100		



SUBJECT COMPANY

JACOBSTM

Jacobs Engineering Group Inc. (NYSE: JEC) is one of the world's largest and most diverse providers of professional technical services. With 2011 revenues of over \$10 billion, they offer full-spectrum support to industrial, commercial, and government clients across multiple markets. Services include scientific and specialty consulting as well as all aspects of engineering and construction, and operations and maintenance.

Website: www.jacobs.com

Founded: 1947

Total Worldwide Employees: 60,000

President and CEO: Craig L. Martin

SUBJECT COMPANY



Edwards Lifesciences

Edwards Lifesciences. (NYSE: EW) partners with physicians to innovate products designed to help patients live longer, healthier and more productive lives. They are focused on medical technologies that address large and growing patient populations in which there are significant unmet clinical needs, such as structural heart disease and critical care monitoring.

Edwards Technologies are categorized into our four business units - heart valve therapy, critical care, cardiac surgery systems and vascular – each with a rich history and unique patient focus.

Website: www.edwards.com

Founded: 2000 (Edwards Laboratories Founded: 1958)

Total Worldwide Employees: Approx. 7,000

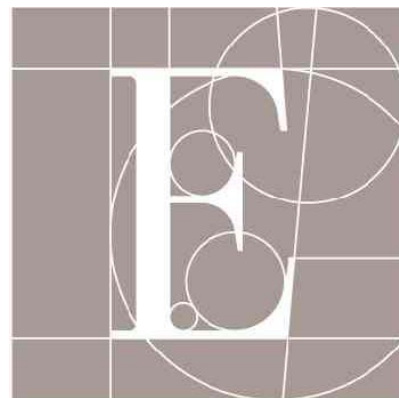
Chairman and CEO: Michael A. Mussallem

INTERACTING WITH JACOBS / EDWARDS

- 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.

- Edwards will meet with the students for a Company presentation, and at that time will provide the teams with an information packet.

JACOBS™



Edwards

WHERE TO BEGIN

- Visit the CFA Institute Research Challenge website:
- <http://www.cfainstitute.org/cfaprogram/challenge/Pages/index.aspx>
 - Register for the competition
 - Peruse educational materials selected specifically for participants
 - Watch videos of past presentations
 - View past reports from winning teams
- Students **MUST** register on the CFA Institute website using the registration form provided by the local host.



QUESTIONS?

If you have additional questions following this webcast, please contact your local host administrators:

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