

## 2<sup>nd</sup> Investment Research Contest – SCFAB Rules

***Note: Failure to comply with the following will forfeit the university's eligibility to participate in the Challenge***

### Teams

- Teams are chosen from accredited universities to compete in the Investment Research Challenge.
- Each university must select one student team to represent it in the Investment Research Challenge by the appointed deadline.
- Teams may consist of 3-5 members, and may include graduate and/or undergraduate students.
- There can be no alternates. If a team loses one of its members, that member can be replaced up until the date of the company presentation.
- Students that present in a regional or global final must be the original student team members that presented at the local level.
- Past participants in the Investment Research Challenge are ineligible.
- Students may not have been or currently be employed in a role whose primary duty involves fundamental company analysis; with the exception of students who have been interning in that function for six months or less.
- CFA Charterholders are not eligible.
- Students must be enrolled in the current term at the school they represent.
- Students must disclose any ownership position in the securities of the subject company.
- Students must confirm that their participation in the Challenge does not represent a conflict of interest.

### Company

- A publicly traded company in good standing listed on a public exchange will be chosen by The Society to be the subject of the report.
- The subject company will make a presentation to students for the purposes of this educational exercise, and participate in Q&A following the presentation. The teams' direct contact with the subject company will be limited to this meeting, plus one follow-up contact.
- The subject company will not present any information to students that is not within the public domain.
- Each team will prepare five questions for subject company management before the meeting, and submit these to the Society. Management will take these questions under advisement when preparing their remarks, but is not required to cover each question within their presentation. Students will be allowed to ask the subject company additional questions during the q&a session of the presentation.

### Research Process

- Students are bound by the CFA Institute Code of Ethics when conducting research. Students must not use material non-public information in their written reports or oral presentations.
- Contact with the subject company will be limited to the company presentation plus one follow-up contact.

- Teams may use their mentors and university faculty as resources, but may not enlist the help of any other investment industry professionals in conducting their research or writing their reports.
- The reports must be the original work of the students. Faculty members and mentors may provide comments, but may not write any part of the report.

#### Primary Research

- When conducting primary research, students must identify themselves as students and disclose their involvement in the Investment Research Challenge.
- Teams may contact the subject company's customers, competitors and suppliers. They must confine their conversations to corporate officers who normally interact with investors, such as IR officers, CEO's or CFO's. Any other entity must be approved by the Society.
- Faculty advisors may spend no more than 2 hours total in assisting students with this type of primary research. The time limitations for mentors are outlined below. Total faculty involvement with the student teams must not exceed 10 hours prior to the local Challenge final. Faculty may spend an additional 2 hours for each regional or global final in which the team participates.

#### **Mentors**

- Each team will be assigned a mentor, who is an investment professional in good professional standing with experience in writing or reviewing research reports; ideally an analyst or portfolio manager.
- Mentors must disclose any ownership position in the securities of the subject company.
- Student contact will be limited to a maximum of 3 face-to-face meetings with their mentors, not to exceed 6 hours total, prior to submitting the written report. The above-referenced phone call(s) to conduct primary research and any additional contact (i.e. e-mail, telephone) are included in these 6 hours. Teams may spend an additional 2 hours with their mentors for each regional or global final in which the team participates
- Mentors will be allowed to review students' written work and provide comments only. Mentors will not be allowed to perform any research or write any portion of the report.
- Mentors may not contact the subject company, or any of its affiliates, distributors, suppliers or competitors within the context of the Challenge, with the exception of supervising the student contacts.
- Reports are for educational purposes only, and the information contained in them may not be used by mentors to make recommendations to clients or to the public at large.

#### **Report**

- Reports must conform to the format of the Investment Research Challenge Template, and be reproduced on 8 ½ x 11 paper.

- Reports may be 8-10 pages, including an investment summary. Any additional charts and/or graphs will be included in the appendix. There is no limit to the length of the appendix.
- All reports will be based on the same subject company.
- Reports must represent the original work of the student teams, and may not be copied from another source.
- The final report will be submitted to the Society in electronic and print format, on or before the stated deadline.
- The name of the University will not be listed on the report, but each university will receive a letter to identify them (Team A, Team B, etc.)
- Reports are for educational purposes only and not intended to be the basis of any investment decisions by any person or entity; a disclaimer to this effect will be included in the report.
- All reports and appendix should be written in English.

### **Graders**

- Graders will be investment professionals in good professional standing who have experience in writing or reviewing research reports.
- Graders must disclose any ownership position in the securities of the subject company.
- Each Grader will assess each report to ensure that the assessment is consistent across all reports.
- Graders will be asked to provide short comments to the different sections of each report to serve as constructive feedback for the students.
- Reports are for educational purposes only, and the information contained in them may not be used by Graders to make recommendations to clients or to the public at large.

### **Assessment**

- Assessment will be based on the written reports referenced above and an oral presentation to a panel, both judged according to pre-determined criteria. Student teams will be given these criteria before they begin their research.
- The written reports will be assessed by a team of graders selected by the Society. Grading will consist of a blind process in which the identity of the university is not known to the graders. The teams that receive the top [*number*] scores will be selected as finalists.
- The finalist teams, selected on the basis of the written report scores, will make an oral presentation of their research to a panel of experts selected by the Society.
- A winner will be selected from the finalists based on the combined scores received for the written reports and the oral presentations. The scores will be weighted 50% for the written report and 50% for the oral presentation.
- In the event of a tie, the team receiving the highest score on the presentation will be the winner.

### **Presentations**

- Each finalist team will make a presentation in front of the panel of experts selected by the Society.
- Each presentation will last 10 minutes with 10 additional minutes of panelist q&a.
- The presentations and q&a will be timed, and teams may not exceed the time allotted.
- Presentations should be written in English.

### **Panelists**

- The panel will consist of well-known investment professionals in good professional standing.

- Panelists must disclose any ownership position in the securities of the subject company.
- Panelists will be provided with copies of the written reports prior to the panel presentations for reference; however, panelists will base their scores on the oral presentation only.
- Reports are for educational purposes only, and the information contained in them may not be used by panelists to make recommendations to clients or to the public at large.