

## CFA THAILAND INVESTMENT RESEARCH CHALLENGE

# OFFICIAL RULES

September 2010

### RULE 1: INTRODUCTION

CFA Institute's Global Investment Research Challenge® or Global IRC® is a competition between university-sponsored Teams that research a designated publicly traded company, prepare a Written Report on that select company and then present their findings to a panel of Judges. The competition has three levels: local, regional and global. Winners at the local level advance to compete against Teams within their geographic region at the regional level. Winning Teams at the regional level advance to compete at the global level. One Team is designated the ultimate winning Team at the global level.

### RULE 2: LOCAL IRC

- 2.1 **CFA Society of Thailand** or "**CFA Thailand**" is the official host for local IRC.
- 2.2 The local challenge in Thailand is called the "**CFA Thailand Investment Research Challenge**" or collectively known as "**CFA Thailand IRC**".

### RULE 3: TEAMS

#### 3.1 Team Composition

- 3.1.1 Each university must select one student team to represent it in the Investment Research Challenge by the appointed deadline.
- 3.1.2 Teams consist of no fewer than 3 and not more than 5 members, and may include graduate and/or undergraduate students.
- 3.1.3 There can be no alternates. If a team loses one of its members, that member can be replaced up until a date determined by the local society, but no later than 4 weeks prior to the submission of the written report.
- 3.1.4 Each Team Member's full name, as it appears on his/her passport, must be submitted to CFA Institute and to the CFA Thailand no later than 4 weeks prior to the submission of the Written Report.
- 3.1.5 Students that present in a regional or global final must be the original student team members that presented at the local level, except to the extent that if a Team Member is unable to participate in the Regional or Global Challenge, the Team may still compete as long as they have no fewer than 3 members.

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*The CFA Institute Global Investment Research Challenge is based on the Investment Research Challenge originally developed by the New York Society of Security Analysts.*

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### 3.2 Team Member Requirements

Each team member must:

- 3.2.1 Sign the Global Investment Research Challenge Participation Agreement prior to competing and provide the signed agreement to the CFA Thailand prior to submitting the Written Report
- 3.2.2 Agree to abide by the CFA Institute Code of Ethics and Standards of Professional Conduct;
- 3.2.3 Have a valid passport
- 3.2.4 Be a currently enrolled college or university student in an undergraduate or graduate program at the time of the local level. If the Team Member has graduated at the time of the regional or global level, the Team Member may still participate in the competition, and
- 3.2.5 Complete the “Ethical Standard for Investment Professionals: An Interactive Case-Based Course” interactive webcast on the CFA Institute website

### 3.3 Team Member Ineligibility

An individual is ineligible to be a Team Member, if that individual:

- 3.3.1 has previously participated as a Team Member in the Challenge
- 3.3.2 has, or is, employed in a role whose primary duty involves fundamental company analysis, unless the Team Member was an intern and the cumulative time the primary duty involved fundamental company analysis was less than 6 months
- 3.3.3 has been, or is, a Charterholder, or
- 3.3.4 has been sanctioned by the CFA Institute Professional Conduct Program

### 3.4 Research Process & Written Report

Research Process

- 3.4.1 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.
- 3.4.2 Students may use only publicly available information to conduct their research, and must confine the information in their written reports and oral presentations to publicly available information.
- 3.4.3 The research reports and presentations should be prepared from the perspective of a sell-side or independent research analyst. Teams can read existing research on the company, but all analysis should be their own. They may not cut and paste analysis from another source into their written reports or presentations.
- 3.4.4 The data sources for all content included in but not limited to tables, graphs, and lists must be cited within the reports and presentations.
- 3.4.5 Contact with the subject company will be limited to the company presentation plus one follow-up contact (if such follow up contact is allowed by the company).

- 3.4.6 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.
- 3.4.7 The reports and presentations must be the original work of the students. Faculty members and mentors may provide comments, but may not write any part of the report.
- 3.4.8 When conducting primary research (such as contact the Subject Company's customers, competitors, and suppliers in conducting research), students must identify themselves as students and disclose their involvement in the Global Investment Research Challenge.
- 3.4.9 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 IR officers, CEO's or CFO's. Any other entity must be approved by the Society.
- 3.4.10 Prior to contacting the Subject Company, its customers, competitors or suppliers, the Team must submit its questions to the Faculty Advisor or Mentor. The Faculty Advisor or Mentor must participate in each contact but only for the purpose ensuring that no material non-public information is discussed. Faculty Advisor and Mentors are not permitted to ask any questions or provide any opinions on the Subject Company.

#### Written Report:

The Written Report must:

- 3.4.11 Conform to the format of the current template (as provided by the CFA Society of Thailand). The formatting of the Template may not be modified.
- 3.4.12 Not exceed 10 pages, including an investment summary, but not including additional Charts or graphs which will be included in the appendix
- 3.4.13 Contain only publicly available information
- 3.4.14 Be the original work of the Team Members
- 3.4.15 Be submitted to the CFA Thailand IRC by the established deadline and subsequently to CFA Institute by the CFA Thailand
- 3.4.16 Will be based on the same Subject Company.
- 3.4.17 Not list the name of the University. Each university will receive a number to identify them (Team 1, Team 2, etc.)

### **3.5 Presentations**

- 3.5.1 Each finalist team will make a Presentation in front of the panel of experts selected by the Society.
- 3.5.2 Only Team Members may participate in the Presentation
- 3.5.3 The Presentation can include the use of PowerPoint or other visual aids but may not include handouts.
- 3.5.4 Each Presentation will last 10 minutes with 10 additional minutes of panelist Q&A.
- 3.5.5 The Presentations and Q&A will be timed, and teams may not exceed the time allotted. A time-keeper will provide a one minute warning and announcement when time has expired.
- 3.5.6 The Presentations will be judged on materials, argument, poise, questions and use of resource.

#### **RULE 4: SUBJECT COMPANY**

- 4.1 A publicly traded company in good standing listed on a public exchange will be chosen by the CFA Thailand to be the Subject Company of the Written Report and Presentation.
- 4.2 The chosen Subject Company will be a small or mid-cap company listed company.
- 4.3 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.
- 4.4 The Subject Company will not present any information to students that are not within the public domain.
- 4.5 The Subject Company will treat all Teams equally and fairly
- 4.6 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.

#### **RULE 5: FACULTY ADVISORS, MENTORS, JUDGES AND GRADERS**

##### **5.1 Faculty Advisors**

- 5.1.1 Each Team is allowed a Faculty Advisor to guide their research.
- 5.1.2 The Faculty Advisor may not contribute content to either the Written Report or Presentation.
- 5.1.3 The Faculty Advisor's primary responsibility is to provide guidance and direction to the Team throughout all levels of competition.
- 5.1.4 The Faculty Advisor will be selected by the Team's university.
- 5.1.5 The Faculty Advisor must be currently employed as a professor by the Team's sponsoring University.

##### **5.2 Time Permitted with Faculty Advisors**

- 5.2.1 Teams are only permitted to use a Faculty Advisor on substantive matters for a total of 10 hours.
- 5.2.2 Logistical work such as arranging meeting space and times and class attendance does not count toward the 10 hour limit.
- 5.2.3 For each Local, Regional or Global Finale in which the Team competes, the Faculty Advisor may contribute an additional two hours.

### **5.3 Mentors**

- 5.3.1 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 and a local CFA charterholder.
- 5.3.2 Mentors will be allowed to review students' Written Report and provide comments only. Mentors will not be allowed to perform any research or write any portion of the report.
- 5.3.3 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.
- 5.3.4 Mentors may not participate in the company presentation. If they are allowed by the local society to be present, it is only in a supervisory role, to ensure that no material non-public information is discussed. Mentors may not ask any questions to or provide any opinions of the company. Attendance at the company presentation in this capacity will not count toward the 6 hour maximum.

### **5.4 Time Permitted with Mentors**

- 5.4.1 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.
- 5.4.2 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.
- 5.4.3 Teams may spend an additional 2 hours with their mentors for each local, regional or global final in which the Team participates.

### **5.5 Graders and Judges**

- 5.5.1 Graders will be investment professionals in good professional standing who have experience in writing or reviewing research reports.
- 5.5.2 Each Grader will assess each report to ensure that the assessment is consistent across all reports.
- 5.5.3 Graders will be asked to provide short comments to the different sections of each report to serve as constructive feedback for the students.
- 5.5.4 The panel of Judges will consist of well-known investment professionals in good professional standing.
- 5.5.5 Judges may be provided with copies of the written reports prior to the panel presentations for reference; however, Judges will base their scores on the oral presentation only.

## 5.6 Assessment

- 5.6.1 Graders will evaluate each Written Report using the Global IRC's Research Report Evaluation Form. (*The Attachment C of Global IRC Official Rules*).
- 5.6.2 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.
- 5.6.3 The finalist teams, selected on the basis of the written report scores, will make an oral presentation of their research to a panel of Judges selected by the Society.
- 5.6.4 Judges will evaluate each Presentation using the Oral Presentation Scoring Sheet. (*The Attachment B of Global IRC Official Rules*).
- 5.6.5 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.
- 5.6.6 In the event of a tie, the team receiving the highest score on the presentation will be the winner.

## RULE 6: GENERAL PROVISIONS

### 6.1 Use of Reports

- 6.1.1 CFA Institute shall own the copyright in all materials prepared by or for CFA Thailand, Teams, Mentors, or Faculty Advisors in connection with the Challenge.
- 6.1.2 The Written Reports and Presentations prepared for the Challenge may not be used for any purpose other than participation in the Global Investment Research Challenge.
- 6.1.3 Reports are for educational purposes only, and the information contained in them may not be used by Mentors, Graders, and Judges to make recommendations to clients or to the public at large.

### 6.2 Conflicts of Interest

- 6.2.1 All participants in the Global Investment Research Challenge, including Hosts, Teams, Team Members, Mentors, Faculty Advisors, Judges and Graders have an obligation to avoid actual or potential conflicts of interest with their participation.
- 6.2.2 A conflict of interest may exist when a participant or a participant's family member or close friend is involved in activities that may impact the participant's ability to perform their role fairly and impartially.
- 6.2.3 A conflict may be actual or perceived. To avoid any actual or perceived conflicts of interest, each participant must disclose to CFA Institute in writing any potential conflicts, including but not limited to any ownership interest in the Subject Company and any close personal or professional relationships with employees at the Subject Company.
- 6.2.4 Judges and Graders must further disclose any close personal or professional relationship with Team Members, Mentors or Faculty Advisors.

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ATTACHMENT B



**Oral Presentation Scoring Sheet**

Team: \_\_\_\_\_

Judge: \_\_\_\_\_

<b>Criteria</b>	<b>Description</b>	<b>Maximum Points</b>	<b>Points</b>
<b>Argument</b>	Did they use data effectively to support their recommendation	<b>35</b>	
	Notes		
<b>Questions</b>	Were they able to answer questions	<b>35</b>	
	Notes		
<b>Team Involvement</b>	Team involvement in the presentation/Questions and Answers	<b>15</b>	
	Notes		
<b>Poise</b>	Were they confident, Were they convincing	<b>10</b>	
	Notes		
<b>Materials</b>	Quality of slides	<b>5</b>	
	Notes		

**Overall Ranking:** \_\_\_\_\_

*(1 - # of teams, with 1 = best overall team; to be used in the case of a tie)*

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ATTACHMENT C



**Research Report Evaluation Form**

<b>Section</b>	<b>Maximum Points</b>	<b>Comments</b>
<b>Business Description</b>	<b>5</b>	
<b>Industry Overview &amp; Competitive Positioning</b>	<b>15</b>	
<b>Investment Summary</b>	<b>20</b>	
<b>Valuation</b>	<b>20</b>	
<b>Financial Analysis</b>	<b>20</b>	
<b>Other Headings</b>	<b>5</b>	
<b>Investment Risks</b>	<b>15</b>	
<b>Total</b>	<b>100</b>	