

## The IES students represented the Czech Republic at the CFA Research Challenge Competition in Chicago

This spring, IES team represented Czech Republic in the Regional Level of the CFA Institute Research Challenge competition that took place in Chicago. Our team had the participation at the Regional Level secured thanks to the victory at the Local Level, where 13 universities from Czech Republic and Slovakia participated. The task was to value the Unipetrol company and write a report. The IES team won thanks to the high quality of the report that was confirmed also in the Regional Level in Chicago, where the IES team got the best evaluation within its group of 6 universities. The Chicago Regional Level hosted 106 universities from all over the world. The winners of the Regional Levels then encountered in the Global Final, where one team emerged as global champion of the CFA Institute Research Challenge.

You and other members of the team have completed bachelor's degree at the IES and all of you are now in the first and second year of the master's degree. How did you get together as a team?

We actually almost did not know each other before the competition, rather just by sight. Each of us applied on its own initiative and professor Novák chose the team based on our experiences and motivation to participate at the competition. We got to know each other during the preparation for the competition. Fortunately, we got on very well, which helped us to divide the tasks among us effectively and thanks to that we also enjoyed a lot of fun during preparation of the report and presentation.

Why did you decide to participate at this competition? What was your main motivation?

The competition is practically oriented, so the biggest motivation for me was to improve my knowledge in the methods of valuation, to get better oriented in annual reports and learn how to work in the Reuters Eikon system. We also had the opportunity to consult our report with professionals in the field and that helped us to move the quality of our work to an upper level. Thanks to the choice of the company valued we also got a good insight to the Oil and Gas branch. To conclude, we wanted to improve our skills in the areas most relevant for work in finance. Besides, we wanted our CVs to look better. The competition is in a way a simulation of work of an equity research analyst.

The preparation is time consuming. Was it difficult to coordinate the work of the team so that you all managed on time?

At the beginning we had troubles with agreement on how to handle the project, and we did not have the roles strictly divided. Besides that, we all worked nearly full time, studied at IES and so that we had to meet during evenings and weekends. This was initially a problem as some of us were occasionally missing and this was slowing down the work. We had to pass our results to each other and not always all of us knew what we are doing. But luckily all these problems were solved in the early phase of the project also thanks to the fact, that we cooperated well as a team and we had the same goals. Throughout the time, we managed to coordinate ourselves well and divided the tasks

effectively. For future teams I would recommend not to postpone the work till the last moment and define clear deadlines continuously. Surely each of us dedicated minimally 100 hours to the project.

You were the winners of the Local Level, which opened you doors to represent the Czech Republic at the Regional Level. Did the Regional Level in Chicago differ from the Local one in Prague? What surprised you the most? What was the most beneficial for you?

Naturally, the quality of the presentations was higher. We saw only the finalists and their way of presenting the projects was truly good. This is something we can still improve in the Czech Republic and it needs a long practice. On the other hand, even the best teams had sometimes contradictory arguments or made mistakes. So we dare to say, within the quality of the analyses, we did not fall behind other teams. The branch of the company also plays an important role. If you have a chance to get additional information from customers or suppliers, the analysis moves to a level higher.

How did you prepare to the Regional Level in Chicago?

We slightly changed the presentation, based on the feedback we got in the first round. We met couple of times and rehearsed the presentation. What we haven't done and would recommend to the future teams is to present the project „in real“ in front of students, teachers and particularly professionals. Ask for feedback and get yourself „grilled“ on stage. It would be also helpful to record the presentation on video including the questions from audience and then go through it with the team and tell each other what needs to be improved.

Your valuation report was the best among six teams that were in your group in the Regional Level. What do you think caught the attention of the jury members? What was the most important for this excellent score?

We had several professional equity reports available, you can also find the winning reports from last years on-line. We tried to reach the quality of both of these as much as we could and we tried to critically judge each other's work. What might have helped us was also the fact that a fire occurred on the steam cracker at Unipetrol last year, which made the presentation more dynamic. Such an unexpected event can be grasped in many ways and there is no outright recipe how to handle it, which means that it can be more interesting for the readers/jury members.

Some of the other teams bet you with the quality of their presentation. What made their presentations better?

Our presentation was getting better and better over the time. However, it was clear, that we are not used to presenting publicly. The most striking difference was between American teams and the rest. Throughout their studies, they constantly present, debate and train their soft skills, so among all they are perfect. At the same time, they present at their mother tongue. However, we agreed, that we value our analytical skills more than the presentation abilities as we can develop them easily during our careers.

This year's Regional Round in Chicago was immediately followed by the Final Round at the same place. Did you have a chance to stay for this part as well? What was inspiring for you there?

The entire competition was held at the same place. The valuation of a company is quite unified, so we did not gain any new technical findings. Rather, thanks to the Final Level, we understood, how important is the presentation itself and that the effort that was placed into the work needs to be “sold” well. At the Final Round it is actually only the presentation and the ability to react to questions that can make the difference.

The IES study programs have successfully qualified for the CFA program. Thanks to that our students are entitled to apply for the Awareness Scholarship that reduces the CFA Program enrollment and exam registration fee. Do you plan to use this opportunity? What are, according to you, the biggest advantages of the CFA program?

One of us already used the opportunity and has one exam done. Simultaneously, as a prize in the Local round we were awarded a full scholarship for one exam, that we can do next year. To use the school scholarship, we would have to be students in 2018, which we probably won't be by that time, unless we decide to stay at IES as PhD. students.

The advantage of the CFA program is its international recognition. More and more companies request the CFA qualification, as it is the most recognized qualification in finances. For the IES students, accomplishing the first exam should not be any problem as the curriculum overlaps with some of our courses. For me personally, the most difficult part was the ethical part and accountancy, that I omitted at IES. I do not have an experience with the two other levels, these should range from more general to portfolio management.

What would you recommend to our students, if they plan to participate at the next year of the CFA Research Challenge?

The participation at the competition takes an enormous amount of time. The key factor is therefore composition of the team, where each member has to be actively involved. It is important to be prepared that the construction of the model, of the report and of the presentation takes well over 100 hours for each member of the team – if you want to do a good job. We would also recommend to create a highly quality presentation and be prepared for questions, as the competition is targeted to sales skills, more than on theory and technical skills.

And what are your plans for the future?

Our group is quite diverse when it comes to the plans for future. Tomáš is setting up his own company, Robert Kaplan plans to be an investment banker in Africa, Robert Ševinský would like to work in investment funds, Pavel plans to be a consultant at McKinsey and Ondra currently does not have any plans and just muddles through life :D