

Building a New Generation of Investment Professionals

The student team from Politecnico di Milano wins this year's CFA Institute Research Challenge

BY JAMIE UNDERWOOD

More than 500 universities participated in local-level research challenges this year, but it was the student team from Politecnico di Milano (Europe, Middle East, and Africa) who won the 2011 CFA Institute Research Challenge (formerly the Global Investment Research Challenge) in Omaha, Nebraska, this spring. The winning team's research report and presentation was on Gruppo Piaggio, the largest European manufacturer of two-wheeled motor vehicles. Global finalists included teams from Rutgers Business School (New York), Thammasat University (Asia-Pacific), and the University of Southern California (Americas).

Preparation was a key factor in the Italian team's journey to the final. The group used analytical tools from corporate and investment banking university courses, studied other bank reports, and conducted an in-depth analysis of Gruppo Piaggio's financial statements.

"Lots of time was dedicated to team building in the first step of the competition in order to increase the efficiency of the team," says Marco Jean Aboav, the team's faculty adviser who worked alongside formal university team adviser Marco Giorgino.

When asked what led the team to victory, Aboav claims it was "three simple but fundamental aspects that every future team should take into account: a very deep knowledge of the numbers, an extreme attention on how to present the numbers and opinions, and the support of an industry mentor."

The winning team was quick to acknowledge its vast support system. "What was amazing to me was that CFA



Team members from Politecnico di Milano included (from left) Stefano Viganò, Nicolò Rolando, Anna Belli, Francesca Claudio, and Giacomo Saibene.

charterholders were so kind to take some time to share with us their job experiences and to give us advice about both our future working and non-working life," says team member Stefano Viganò.

Society representative Giuseppe Quarto di Palo, CFA, emphasizes how volunteers serve an important role in the local, regional, and global levels of the challenge. "To organize a successful Research Challenge, it is crucial to get the right people involved," he says. "In my experience, all the volunteers participating—mentors, judges, university advisers, company representatives—approached this event with interest and demonstrated passion in their roles. Each of them contributed to enhance the quality of the competition by bringing their experience and their suggestions for the benefit of the teams' work."

Member societies also play a vital role in the competition, especially during the local level of the Research Challenge, says the Italian team's industry mentor Andreas Dal Santo, CFA. "The CFA Italian Society has been participating in the Research Challenge since 2008 thanks to the far-sighted vision of society president Barbara Valbuzzi, CFA," he says. "Over the years, the hard work of volunteers and board members in organizing the Italian challenge has increased competitiveness among Italian universities and has honed students' and mentors' preparation."

Judges are another important component of the competition and are tasked with evaluating each team's ability to communicate and support its recommendation to buy, sell, or hold equity in the assigned public company. "As a judge, we are supposed to play the role of the investment managers, listening to the students' investment presentations as the real-life presentations from securities analysts,"



This year's Research Challenge judging panel included (from left) Donald Tuttle, CFA, former vice president of CFA Institute; Renee Blasky, CFA, CEO and founder of Vista Capital in Nairobi, Kenya; John Conley, CFA, president of Conley Investment Counsel in Omaha, Nebraska; Jane Shao, CFA, founder and executive director of Lumiere in Beijing; and Thomas Bowman, CFA, former president and CEO of CFA Institute.

says global- and regional-level Research Challenge judge Jane Shao, CFA, founder and executive director of Lumiere in Beijing.

In many ways the competition is shaping those who will eventually enter the financial industry. Shao emphasizes the importance of building a connection between educational and professional realms early on. "These students may become financial professionals managing my pension manager. It is important that they recognize the value of professional ethics and diligence required from the very beginning."

And it is the industry mentors and faculty advisers who both guide and lend this support to student teams during the competition. "I've helped several students understand whether this is a career they wish to pursue," says Dal Santo. "I've opened doors, introduced them to people in the industry, and encouraged all of them to take the CFA exam."

In this way, participating in the Research Challenge also gives students some real-world exposure. "Taking part in the competition has been an incredible learning experience for us, and we have gained a lot of knowledge

and understanding that will be invaluable for our future career paths," says team leader Nicolò Rolando.

Quarto di Palo acknowledges that such a learning environment is only possible through the combined efforts of member societies, universities, mentors, advisers, judges, and volunteers.

"I invite us all to become mentors to these new generations and to pass on to them the best of our professional and human experiences while at the same time spurring in them their own capacity to innovate and succeed."

"After many years spent learning and applying my knowledge and skills as a portfolio manager, I've come to feel that I have something to give back," says the winning team's industry mentor Andreas Dal Santo, CFA, (pictured to the right of team leader Nicolò Rolando). "As an industry mentor, part of my role was to explain to the students the basics of financial analysis from a practitioner's standpoint."

The Research Challenge is made possible only through the participation of volunteers at the local, regional, and global levels, with more than 1,100 investment professionals volunteering this year. Contact a member society to explore how you can help with its local-level Research Challenge, and visit www.globalinvestmentresearchchallenge.org or e-mail researchchallenge@cfainstitute.org to learn how you can help support the next generation of investment professionals. ■

Jamie Underwood is assistant editor of CFA Magazine.

Awareness and Market Integrity: Opposite Sides of the Same Coin

BY STEPHEN HORAN, CFA

An important part of the CFA Institute strategic objective to enhance the CFA Program is to raise awareness of the designation. Recognition of and respect for the gold standard of the investment profession among students promotes financial market integrity by cultivating the next generation of ethical, rigorous, analytical, and tenacious investment professionals who garner trust rather than suspicion.

The CFA Institute Research Challenge is a vital component of this effort. This year the challenge attracted more than 2,593 globally diverse students from 546 universities, 107 of which are CFA Program Partners. Students annually commit themselves to a rigorous competition that promotes the highest standards of equity valuation analysis, and this year their ranks grew by 30 percent. The program culminated in regional competitions and a global final that included an address by none other than Warren Buffett.

Effective 1 May 2011, the name of the competition was changed to the CFA Institute Research Challenge because reporting of local and regional events often failed to fully recognize our brand. The new name should help ensure proper branding in the media.

Our colleagues in the Asia-Pacific office also recently launched a Facebook fan page (www.facebook.com/globalirc) that has attracted more than 1,400 active users and almost 900 "likes." Building an online community for students to share their experiences and challenges is a priority moving forward and will include other social media including Twitter (@CFAchallenge).

Thirty percent of new Level I candidates are students, which suggests early education efforts, such as the Research Challenge, are successful.

Part of this success is due to the many volunteers who participate in the Research Challenge—such as assigned CFA charterholder mentors who guide students through the process of constructing an equity research report, offer critiques, and expose student to CFA Institute values.

We are proud of the 2011 Research Challenge champions from Politecnico di Milano, who exemplify the highest professional and educational standards of CFA Institute. And kudos to our other global finalists from Rutgers Business School, Thammasat University, and the University of Southern California. We look forward to the program's continued growth in terms of student participation and sophistication. ■

Stephen Horan, CFA, is head of university relations and private wealth at CFA Institute.