



CFA Institute

Grader Guidelines

Overall

- 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.
- The teams typically consist of both undergraduate and graduate students. They are not CFA Charterholders and have not worked previously in equity analysis.
- Please disclose any potential conflicts of interest.

Time Commitment

- The time required varies widely from grader to grader. On average, each report should take about two hours to evaluate

Evaluating the Report

Each team has produced an equity research report that explains their buy, sell, or hold recommendation and highlights the key points of their research. The reports are limited to ten pages and may include an appendix, which is limited to ten additional pages. Teams have to autonomy to decide on the report format, but they must utilize the Headings outlined on the Written Report Scorecard.

Teams can read existing research on the company, but all analysis should be their own. They should not cut and paste analysis from another source into their reports. The data sources for all tables, graphs, etc. must be cited.

If you discover any part of the report to be plagiarized, please contact the Research Challenge team (<mailto:researchchallenge@cfainstitute.org>) immediately.

Keep in mind that:

- Teams DO NOT choose the stock or industry they research for the competition - this is what differentiates us from stock pitch competitions;
- Teams are not expected to make a bold stock call - rather, they should be judged on the quality of their research, their ability to apply appropriate valuation techniques, and the soundness of their reasoning;
- Students are simulating the role of an independent buy-side or sell-side analyst;



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- Teams may consist of both undergraduate and graduate-level students

Scoring

After reading each report, you will complete a score sheet and assign the team a score. Reports should be assessed on a relative basis, and graders should be consistent in their assessment across all reports. It is up to the individual grader to decide the criteria within each Heading that constitute a specific score.

You will score students in the following areas:

- Business Description - This section should include a detailed description of the company and its products and services. It should also convey a clear understanding of the company's economics, including a discussion of the key drivers of revenues and expenses.
- Industry Overview & Competitive Positioning - This section should include an overview of the industry dynamics, including a competitive analysis of the industry.
- Investment Summary - This section should include a brief description of the company, significant recent developments, an earnings forecast, a valuation summary and the recommended investment action
- Valuation - This section should include a thorough valuation analysis of the company using conventional valuation metrics and formulas.
- Financial Analysis - This section should include a detailed analysis of the company's historical financial performance, and a forecast of future performance.
- Investment Risks - This section should address potentially negative industry and company developments that could pose a risk to the investment thesis.
- Environmental, Social, and Governance - This section should provide information on the subject company's consideration of ESG factors. Environmental is conservation of the natural world. Social is consideration of people and relationships. Governance is standards for running a company.

Students - especially those who do not progress in the competition - are eager for specific feedback. Let them know how they did by including notes for each section:

- What could they have done better?
- How did the report differ from a professional report?
- What did they do well?

Students may be given a copy of your completed score sheet, so bear in mind that they will see everything you've written. They will not receive your name. This feedback will help students improve the skills they hope to use in their careers



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Feedback from Past Graders

Feedback from Past Graders Previous graders have suggested:

- Grading can be time consuming – make sure you’ve set aside enough time to dedicate to the task.
- Do a little background research on the subject company before reading the reports.
- Read previous winning reports to get a sense of the quality of writing and research you should expect.
- Skim the report once before beginning to score the report.
- Compare each team’s individual sections when assigning scores (for example, compare the Valuation section of each report you grade to make sure the best Valuation section is awarded the highest score; compare the Financial Analysis section of each report to make sure the best Financial Analysis section is awarded the highest score, and so on.). Some graders even grade across sections for each report rather than grade an entire single report at once