

University of Kentucky Stock Pitch Competition Tips and Help

How To Get Started:

- The first key to a good stock pitch is the right stock. You want to find a company that you believe you have insight on and interest in
- A great way to search for perspective companies is to run screens. You are able to select certain criteria (i.e. market cap, P/E, industry, etc..) and it spits out a list of companies that meet that criteria. There are many free online stock screeners including on **Yahoo Finance**, **Google Finance** and **Capital IQ**

Research:

- After you have selected a few potential companies you can begin your deep dive research. This involves trying to gain a true understanding of the company's business, industry dynamics, competitive advantage, future strategy and valuation
- A great place to start this research is with **Morningstar's** analysis reports, they provide a great qualitative overview of the company and its industry. You will need Morningstar Premium to access these reports, you can sign up for a free premium trial for two weeks 
- An excellent resource for broad quantitative overview of a company's past and projected financials is **Value Line**. They offer data packed one-page financial overviews for most public companies. You can access these reports for free through computers in the Seale Center (Gatton Rm. 260). If you are a Gatton student, request access to these computers through your myGatton account via the Bloomberg Access Request tab. If not a Gatton student, email your full name, 9 digit student id number, and link blue username to ukstockpitch@gmail.com to get access to these computers 
- Checking out websites like **Seeking Alpha** is a great way to conclude what other investors are currently thinking of a company and often times see the other side of your investment thesis 
- Once you have a firm understanding of the basics you should start digging into the company's recent **SEC filings**, specifically the most recent **10Q** and **10K**. Also check out the company's investor relations page for **recent news** and **investor presentations**. Lastly, listen to the most recent **earnings call** to see what management is saying and what questions analysts are asking

Keys For Success:

- The key to a successful stock pitch is to have a **variant view** on a company and the evidence to back it up. What is the market getting wrong and why?

- You should include a **number of valuation methodologies** (Discounted Cash Flow, Comparable Company Analysis, Precedent Transaction Analysis, Residual Income Model, Sum-Of-The Parts, Dividend Discount, etc.)
- Focus on value-added research. Many stock pitches come off too much as just a summary of the company's investor relations page. Do your own creative research beyond what everyone else has done and include it in your report. Examples include: **calling customers/competitors/suppliers/former employees, visiting stores, trying out the product, having unique data, doing unique analysis**, etc. LinkedIn is a very effective tool when trying to find people with the right knowledge to ask questions about a company
- Make sure your presentation is **crisp and flows logically**. Practice the entire presentation at least a few times before the real thing
- Be ready for questions. Think about what questions you might be asked and **build out an appendix** that you can reference when answering them
- Remember you're not the first one to do a stock pitch. Look at previous pitches online. Good examples can be found at <http://www.alphachallenge.org/past-events/>

Example Pitch Layout:

- Executive Summary: States your company, position (long/short) and the main reasons that brought you to this conclusion
- Business Description: Explain what service/product they sell, who are their customers, who are their suppliers, financial highlights
- Industry: What is the industry, what macro trends are driving it, who are their main competitors and what is their market share
- Competitive Advantage: Why do or don't customers choose your company over competitors and is that advantage sustainable, how does the company position and market itself to customers
- Financial Analysis: Growth and margin trends, debt load, dividends, share repurchases, trading multiples
- Valuation: Show the different models you used and explain the logic beyond the assumptions driving these models
- Investment Risks: Explain the things that could go wrong that would change your opinion on the company. Also try to give mitigants to these risks
- Conclusion: Bring everything to a logical ending by showing how your view differs from the market and the main reasons why