NUS wins stock pitch contest

The team members relate their exciting but nerve-racking moments to Timothy Seow

The idea for an Asian-style Stock Pitch Competition did not begin in Singapore, nor anywhere in Asia for that matter. Instead, it began in the bustling city of New York.

Joseph Cherian, director of NUS Business School’s Centre for Asset Management Research and Investment (CAMRI), was serving as an advisor in Cornell University when he came across Cornell’s Stock Pitch Competition.

“I happened to serve on the dean’s advisory council at Cornell, so I watched it once in a while in New York,” the practice professor of finance said. “When I moved back to Asia, I thought it was something that would benefit the Asian business schools as well.”

A stock pitch competition involves small teams of students pitching stock recommendations to a panel of judges – all experienced fund managers – and then vigorously defend their choices.

But while the competition format remains the same, the inaugural NUS Asian MBA Stock Pitch Competition was “customised” for the regional context.

“Asia has unique problems when it comes to stock pricing – corporate governance issues and cross-holdings, for example. There is a unique structure in Asia that needs to be addressed in a slightly different manner,” explained Prof Cherian.

“One of the things that impressed me was that behind their analysis we saw some solid modelling.” – One of the judges, Robert Lewis from Novartis Capital, explaining the NUS team

Twelve teams from leading business schools in the Asia-Pacific region took part in the stock pitch competition, held at NUS Business School from March 3-5.

Comprising three MBA students each, teams from schools such as the Korea Business School and Indian School of Business, Hyderabad were given twelve pressurising hours to carry out equity research on whether to buy, sell, or hold a certain stock.

Then, in each of the three rounds the following day, they would make a 10-minute presentation explaining their position, followed by an intense 8-minute questioning by the judges.

The flow of the competition is designed to mirror the fast-paced experience of sellside and buyside analysts and asset managers.

The NUS team, which came out victorious, agreed that the 12-hour time limit and the Q&A with the judges were the two most beneficial – and challenging – aspects of the competition.

“I think it’s a real good experience because we pitched to real fund managers. It’s a good time to train ourselves, to make a good presentation,” said Jayson Huang, who graduated from National Taiwan University.

“It’s good practical training and experience for us aside from the lectures and classes at NUS,” he added.

Meanwhile, Rehul Gupta, Mr Huang’s team-mate, said his key takeaway was coping with the pressure that came from working under a time limit. “We had around 11 hours to pitch in a stock, each one of us. If you see the presentation there is a lot of analysis. To do it in eleven hours and make it convincing – that was a big challenge,” said Mr Gupta, 25.

Geetali Kumar, the third and final member of the NUS team, pointed out the importance of having a strong narrative when pitching a stock. “In this competition, you have to have a story to buy or sell a stock. This reiterated my own view. We followed that path and having spoken to the judges, they told us that was the right thing to do,” said Ms Kumar, who eventually wants to become a fund-manager.

Cornell University, a pioneer of the Stock Pitch Competition, partnered CAMRI in organising the event. “In terms of the benefit to the students, it is immense,” said Sanjeev Bhojraj, faculty director of the Parker Center for Investment Research – the CAMRI equivalent at Cornell.

“The experience of coming together with different schools, getting together, and presenting in front of people who are doing this for a living is a great opportunity,” said Associate Professor Bhojraj, who was here just to catch the event.

In the final round, where the field was narrowed down to four teams, the NUS team recommended a “buy” option for the stock of China Automation Group Limited (CAG), a system provider for the petrochemical and railroad signalling industries.

CAG’s major customer is the Chinese government, something one of the judges picked on during the Q&A session.

“One of the judges asked that, three years down the line, when the Chinese government would be done with expansion – what does the company do then?” Mr Gupta recalled.

“Where is the company going to get revenue from? This question got me thinking.”

Yet to say that the NUS team remained tongue-tied. They explained that not only were the contracts long-term, but that the contracts were for only part of China – there were large parts of China still available for development. In addition, the NUS team added, signalling devices found on trains would still be in great demand as China’s 8,600 trains eventually face wear and tear.

One of the judges that the NUS team faced in the final round was Robert Lewis from Novartis Capital, who felt the NUS team did well.

“One of the things that impressed us was that behind their analysis we saw some solid modelling. The second thing was that they took into account changes in the balance sheet that would have an impact on the company later,” Mr Lewis said.

That said, the NUS team went through a bit of a rollercoaster the night before the presentation round. They had to submit their presentations by midnight, but they abruptly lost internet connection late in the evening.

“We lost the internet at 1030 at night and we had to make our submission at midnight! We were running all over the college at 11.15 pm trying to find internet connection,” explained Ms Kumar.

“The only thing was to take our laptop and run – wherever we could get an internet connection. It was a wireless connection right? So we just ran and ran,” Mr Gupta added, amidst knowing laughter from his two team-mates.

It all ended well, nevertheless. And while they found connection even later than the proverbial eleventh hour – around 11.59 pm, in fact, said Ms Kumar – the NUS team managed to send in their presentation.

And the rest, as they say, is history.