

LTS CHALLENGE 2023

Detailed Instructions - Phase 1

You and your partners are Co-CIOs (Chief Investment Officer) of a renowned hedge fund in the United States, called Group Name. Your firm is known for taking concentrated positions in companies where you have a differentiated view, aiming to maximize returns. You have a fundamentalist investment philosophy, with a broad mandate for allocating to different strategies (growth, quality, event-driven, etc.).

Your fund currently does not hold any stakes in the **Luxury** sector. However, after a series of thoughtful discussions with fellow fund managers and thorough deliberation, you have concluded that it is worthwhile to devote time and effort to better comprehend the industry. This could lead to investing a portion of your portfolio in one of the companies within this sector.

As a starting point, you have carried out an initial evaluation to define the potential investment universe and identify prospective companies in which you might be interested in investing. The candidates you have identified are LVMH (MC-FR), Hermès (RMS-FR), Kering (KER-FR), Richemont (CFR-CH), Moncler (MONC-IT) and Burberry (BRBY-GB).

However, before you dive into a detailed examination of any of these companies, you should first gain a comprehensive understanding of the industry through a top-down analysis. This exercise may include understanding **the forces driving the market, the trends and dynamics within the sector, business models (pricing power, barriers to entry, etc.), competitive landscape among other relevant factors.**

With a better understanding of the industry, you will then decide **which company to recommend to the investment committee for further analysis**, considering sector characteristics, the company's current situation, and other determining factors. It is important to note that you should not yet form a final view about any of the companies, as you haven't delved deep into any of them. Your choice will be guided purely by which one you find most compelling for additional research and your deliverable will be industry focused.

Delivery format: you must produce **a PowerPoint presentation (saved in PDF), with no more than five pages of content (and only one exclusively dedicated to the selection of the company) and an explanatory video of up to 4 minutes** bringing the main points of the industry analysis (delivery format detailed in the Regulation – read carefully). Please note that managers appreciate materials with slides that bring clear and precise insights that connect directly for the purpose of the presentation.

Good luck!