

## Taking stock

# Effective feedback system key for cross-varsity team

There were 10 teams in the contest comprising students from different universities, with one led by National University of Singapore fourth-year economics student Mudit Kedia. His teammates Aayush Kumar, Divya Agarwal and Shrey Bidasaria, all 22, are final-year Singapore Management University students.

They made their foray into investing over the past year and now some on the team are investing in mutual funds and stocks on online trading platforms, says Mr Kedia, 22. The quartet rounded out the top three teams as second runners-up.

**Q** How did your team arrive at the "buy" call for ST Engineering?

**A** We arrived at a "buy" call using a top-down approach. We analysed the trends in each of the industries that it operates in and compared it with the company's competitive positioning to see which trends it can effectively leverage. Additionally, we looked at the company's fundamentals, including its order book conversion, production facilities and operating efficiency, to determine whether the trends would translate to higher returns for ST Engineering.

The growing opportunities in the aerospace and electronics industry, as well as ST Engineering's expansion plans and ability to secure contracts, pointed to a strong "buy" call with significant upside.

**Q** What valuation techniques did your team use?

**A** To ensure robustness of our valuation, we relied on a combination of intrinsic and market-based valuation approaches. For the former, we used discounted cash flows and sum-of-parts, given the diverse nature of ST Engineering's operations. For the latter, we relied on public company comparables using different metrics like the price-earnings ratio and enterprise value-to-Ebitda (earnings before interest, tax, depreciation and amortisation) ratio.

We also applied sensitivity and scenario analysis to test our assumptions and looked at the price-equity band charts to see the current trading range compared with our target price. A combination of all these techniques allowed us to make a sound recommendation.

**Q** What did you learn as a team leader? What did your team learn?

**A** As a team leader, this experience taught me the importance of devel-



NUS student Mudit Kedia says he learnt that effective leadership does not mean preventing conflict.

oping a strong feedback system within the team. This was essential during the discussion stage where I had to ensure that teammates were not afraid to speak up...

I also realised that effective leadership does not mean preventing conflict within the team; it means drawing out all viewpoints and ideas, actively listening to them, debating and analysing them, giving constructive feedback and embracing an openness to change one's mind.

We acknowledged the fact that all of us came from different schools and majors, which brought different skill sets to the table. This helped us divide the work according to our expertise and work towards building a coherent story for our stock pitch.

**Q** Could you describe your personal or investment strategy?

**A** My investment strategy is similar to that of my team... The strategy is simple: to invest in asset classes we understand best (stocks). We look primarily for blue chip stocks that are undervalued by the market and invest in them with a long-term view. As students, we neither have a huge capital base nor a lot of time to constantly monitor markets and take on shorter-term trades.

**Q** What advice would you give to young investors?

**A** First, you should start early by working out your budget. For example, young investors can start by setting aside 10 per cent or more of their income towards an investment plan, depending on their investment objective.

Second, we believe knowledge and information are key to making good investment decisions. Young people can start off by attending basic courses on economics or finance and learn how to analyse company financial statements. One should also develop a habit of reading news surrounding financial markets to understand the language of finance better.

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