



COMPETITOR GUIDE

UNDERGRADUATE COMMODITY COMPETITION

SEPTEMBER, 2024

**BCG UNDERGRADUATE INVESTMENT FUND
BAUER COLLEGE OF BUSINESS
UNIVERSITY OF HOUSTON**

2024 EDITION



ORGANIZATION OVERVIEW

OUR MISSION: To promote education and the professional development of undergraduate students through interactive research and securities investing in the capital markets.

OUR HISTORY: Bayou Capital Group was established in 2019 seven like-minded individuals with one common goal: to educate undergraduate students about intelligent securities investing through interactive equity research.

CONTACT INFORMATION:

Carson Havard

President

carsonhav10@gmail.com
(832) 995-3337

Abhinav Arumilli

Vice-President

aarumill03@gmail.com
(201) 647-5474

Aaron Harrington

Officer

harrington.t.aaron@gmail.com
(607) 654-8601



COMPETITION OVERVIEW

“It was a really interesting insight into young talented people and how they think about energy finance, how they think about their careers.”

~Maynard Holt

(CEO of Veriten, Co-Founder of TPH&Co.)

Bauer Capital Group, the University of Houston's undergraduate investment fund, is very glad to be hosting the 2nd annual Undergraduate Commodity Competition, following a very successful 2023 competition.

To leverage a position in Houston, the 2024 Undergraduate Commodity Competition will be focused primarily on Energy and Commodities. The goal of this competition will be to create an avenue for students to gain familiarity with opportunities at the intersection of energy and finance.

2023 CORPORATE SPONSORS

We extend our gratitude to our corporate sponsors for the 2023 UCC, whose contributions facilitated the successful execution of the competition. We're excited to report that several of the 2023 UCC competitors have received internship offers from our sponsors, showcasing the value and impact of this event.

GOLD SPONSORS

Jefferies

C. T. Bauer College of Business
UNIVERSITY OF HOUSTON

J.P.Morgan

ConocoPhillips



SILVER SPONSORS



BAUER CAPITAL GROUP

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2023 ATTENDING SCHOOLS

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ATTENDING SCHOOLS





2023 ENERGY MIXER

The Energy Mixer will be held on the Friday evening before the competition. This will give students the opportunity to interact with industry professionals in various roles across energy and finance.

ATTENDING FIRMS





COMPETITION DETAILS

Each team of 4 students will select, research, and pitch a commodity equity or trade idea to a panel of industry judges. Teams will have fifteen minutes to present their ideas and fifteen minutes for Q&A. The primary goal of the pitch is to assert a view on a specific commodity market and design a creative way to profit off that view. A critical part of building a thesis in this context is to clearly outline the macroeconomic factors that affect the chosen commodity market to explain the speculative view and investment opportunity that exists. Optionality is key in this space, and competitors are encouraged to be creative.

With past judges consisting of:

Yvette Owens - Mecuria Energy

Rick Marriner - Reliance Industries

Ishan Datt - J.P. Morgan

Cole Edwards - Jefferies



COMPETITION GOAL

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COMPETITION DEADLINES

MAY 2024

Submit Early Intent to a Compete Form

By submitting this form by May you and your team will be guaranteed free lodging for the duration of the competition.

JULY 2024

Registration Opens

Submission of all resumes for your team into the application form, these resumes will be sent to our corporate sponsors for review for potential career opportunities.

AUGUST 2024

Registration Deadline

AUGUST 2024

Submission of Pitch Material

Submission of Powerpoint in both PDF and PPTX format, with Excel Models. Submission of 1 Page Write up summarizing your pitch to be given to judges for review.



JUDGING CRITERIA

Judges will score each of the following five criteria on a scale of 1 to 10.

Understanding of the Commodity

The focus of the pitch should be on identifying trends in commodity markets, especially within key factors such as supply and demand.

Creativity

The creativity aspect of the pitch will focus on how the team chooses to execute the speculative view on the commodity.

Modeling

The modeling for pitches should be very math heavy and quantify how the trends identified affect the chosen commodity market.

Presentation

The quality of the deliverables, as well as the presentation on competition day will be judged.

Potential Profitability of the Idea

Potential profitability will be gauged by determining the upside/downside of the trade, under the assumption that everything in the pitch plays out the way it is presented.



POTENTIAL CONSIDERATIONS

EQUITIES

Because a variety of companies are very tightly tied to underlying commodity prices - miners, upstream, and utilities among countless others - this could be a good avenue to explore. There are many factors that affect stock price, however, the thesis should be tied directly to a speculative view on the commodity.

VALUATION

The modeling for an equity pitch would be more traditional, including a DCF, CCA, PTA, and possibly a NAV. There should be an emphasis on creating a thesis that tells an interwoven story of both the company and the commodity.



POTENTIAL CONSIDERATIONS

TRADE IDEA - SPECULATIVE VIEW

A possibility for a trade idea thesis could be taking a speculative view on a specific commodity from a macro thesis. For example, "I think Commodity X will do well, because supply is constrained or because X and demand is stable/growing because X. Therefore, I will long/short the futures of commodity X". You can also be very specific. For example, "I think only region A will do well, I'll find a future or spread of that commodity that measures prices of the commodity in region A"

VALUATION

While the focus on commodities is front and center, modeling is difficult - consider building a macro supply and demand model.



POTENTIAL CONSIDERATIONS

TRADE IDEA - TRANSFORMATIONS

Space - With space, you will be looking for transportation arbitrage opportunities; Commodity sells for \$1 in location A and \$2 in location B and the cost to transport from location A to B is \$0.50 cents.

Time - With time, you are focusing on storage costs; Commodity is worth \$1 today and \$2 next month, and the cost of storage is \$0.50 cents.

Type - With type, you are focusing on the transformation of the commodity, usually refining; Commodity is worth \$1, refined commodity is worth \$2 and the cost to refine is \$0.50 cents.

VALUATION

While the focus on commodities is front and center, modeling is difficult - consider a model that measures the risk of the trade by showing the upside/downside based on current spreads and the potential narrowing/widening of the spread.



The ideas outlined in this guide are suggestions, but please feel free to stand out with both idea generation and modeling techniques.

Best of luck to all of the competitors, and please feel free to reach out to us with any questions at [**bcguh@gmail.com!**](mailto:bcguh@gmail.com)