



# ORGANIZATION OVERVIEW

2020-2021

# INVESTING IN OUR FUTURE



Young Investors Society is an after-school club program that teaches financial literacy through personal finance & stock market programs and emphasizes

## **Long-term, Fundamental Investment Principles**

# BACKGROUND

## Young Investors Society



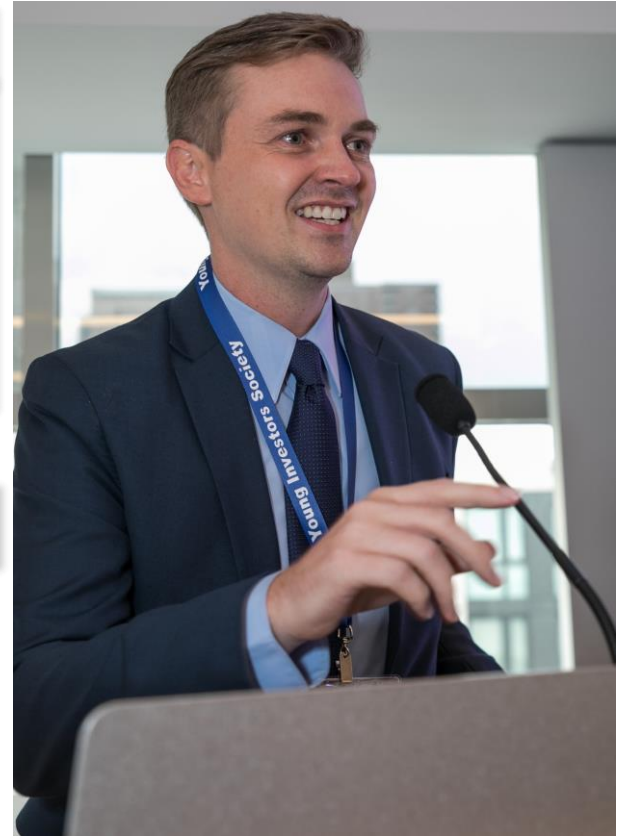
### Background

Young Investors Society (YIS) is a 501(c)(3) nonprofit organization. It was founded in 2014 by James Fletcher, CFA, Portfolio Manager at APG Asset Management and other successful investors and business professionals.

### Mission

YIS is dedicated to preparing the next generation of investors.

Our mission is to inspire youth to be outstanding long-term investors – investors in companies, investors in communities and investors in themselves.



# MARKET

## Problem



### Reality

85% of parents believe that financial education courses should be a requirement for high school graduation (*LearnVest*)

### Reality

As of 2015, 39 states have adopted financial literacy standards as part of the Common Core State Standards (*CEE*)

### Problem

2/3 of high-school students fail a basic financial literacy test (*JumpStart*)

### Problem

Existing in-school programs teach about the stock market using mock-portfolios, which rewards risky behavior and short-term thinking.

### Solution

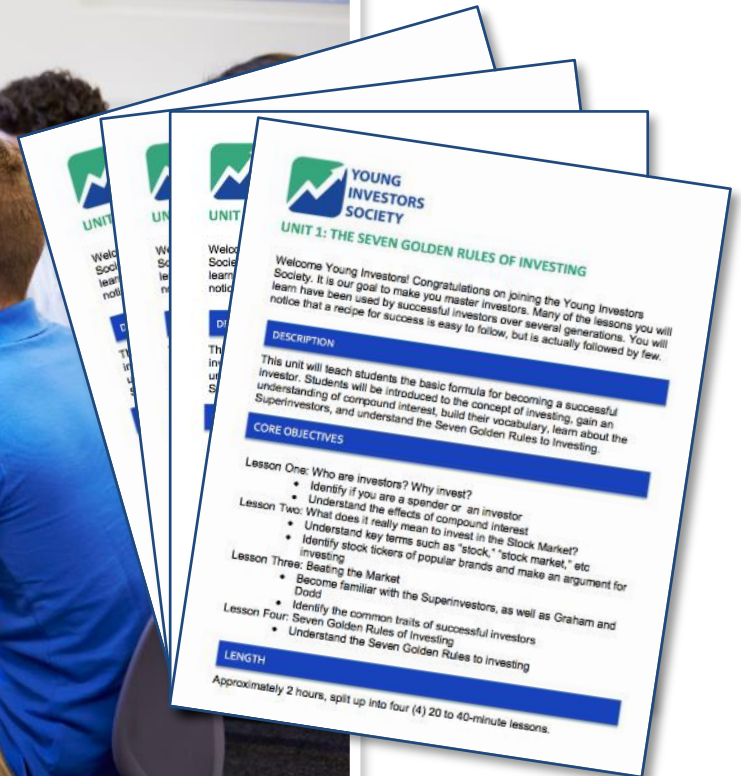


Over 90% of Young Investors Society members that participate in the program successfully pass a standardized financial literacy test (2017)



# PROGRAMS

## One-of-a-Kind Curriculum



# PROGRAMS

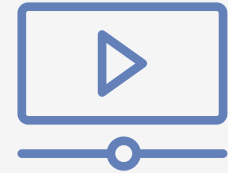
A Turn-Key Teaching Platform



Engaging  
Lesson Plans



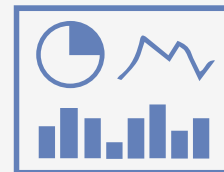
Prezi  
Presentations



Instructional  
Videos



Online  
Learning Modules



Teacher Support  
Dashboard

# PROGRAMS

## After School Clubs



### Club Program

- To ensure a rich experience, YIS teaches students to create life changing habits to save and invest for their future in a fun team environment either in-person or online.
- Each local chapter learns the fundamentals of saving and investing.
- The clubs are predominantly student-led, while overseen by a school advisor/teacher.
- Students join a community of other YIS students around the world, gain leadership experience and learn many life lessons (e.g. hard work, patience, teamwork, etc.).



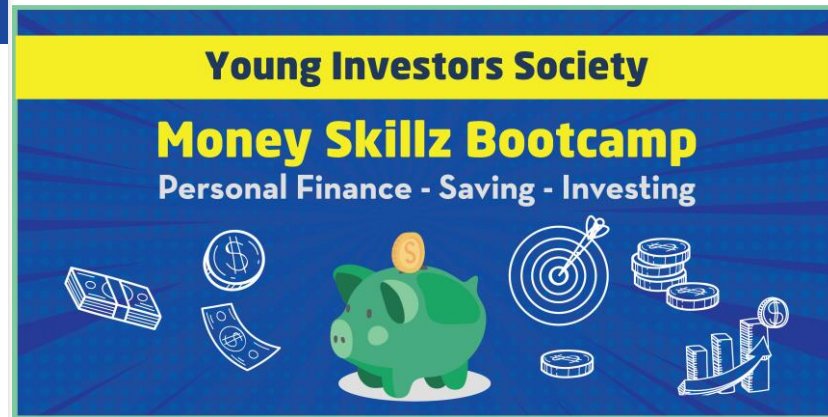
# PROGRAMS

## Personal Finance



### Personal Finance Curriculum

- YIS students can begin their personal finance journey and learn real-life lessons with our newest Money Skillz Bootcamp Program.
- The curriculum includes lessons in Earning Money, Budgeting, Banking, Career Exploration, Saving, and Investing and so much more!
- YIS also offers YouTube videos for each lesson that can be found on our YouTube Channel (YISORG)





# PROGRAMS

## Start Investing NOW Giveaway



### Start Investing NOW Giveaway!

Young Investors Society has launched the Start Investing Now program to encourage students to open Brokerage/Investment accounts to start investing in their future!

Students are encouraged to open brokerage/investment accounts at any financial institution (Custodial Account if under 18 years old)

As an added BONUS, students will be randomly selected monthly to receive \$100.00 to invest in their new account!

Open your brokerage account TODAY!

Enter the Giveaway here:

<https://yis.org/programs/start-investing-now/>



Young Investors Society

**Start Investing Now**

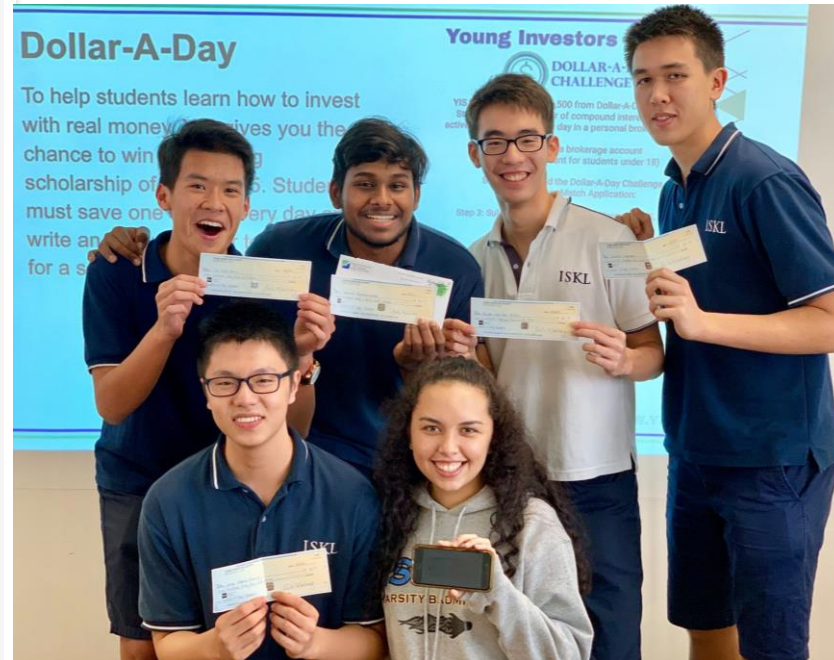
# PROGRAMS

## The Dollar-A-Day Challenge



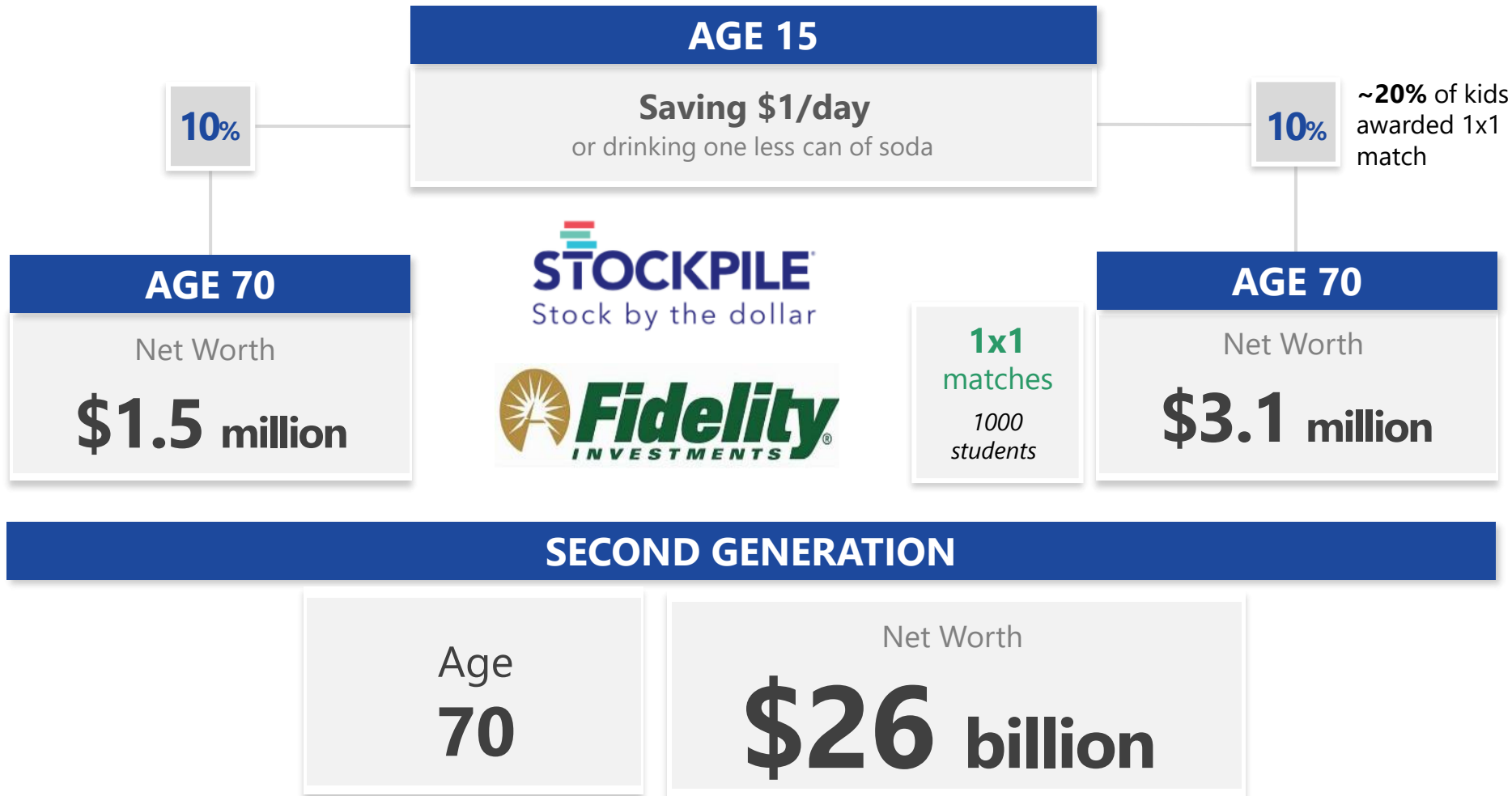
### The Dollar-A-Day Challenge

- YIS members can begin investing today by taking the “Dollar-A-Day Challenge.”
- Students can begin to invest one dollar per day into a personal brokerage account.
- Students learn the power of compound interest and start to actively save for retirement and can also compete for a donor match scholarship by submitting a brief essay.
- This program helps students develop the lifetime habit of saving and investing for retirement as well as to understand the value of long-term decisions.



# PROGRAMS

## The Dollar-A-Day Impact



**Notes:** 11.0% is the historical average return of the S&P 500 from 1928-2015

# PROGRAMS

## Stock Pitch Competition



### Global Stock Pitch Competition

- YIS' annual flagship event is the Global Stock Pitch Competition. This competition is the culmination of investment skills gained during the year and provides High School students hands-on mentoring in financial analysis.
- Each student or team writes a report on their chosen company with a "Buy" or "Sell" recommendation and then presents and defends their analysis to a panel of judges.
- In 2020, over 250 students from 21 US states and four countries competed in the competition. The global finals were held online and sponsored by Investor's Business Daily.





# PROGRAMS

## Stock Pitch Competition



### Applied Materials

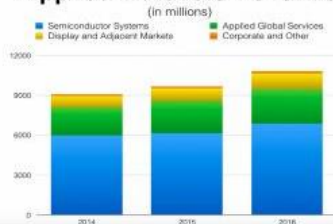
#### Business Overview

Applied Materials Inc. is a leading innovator in the "materials engineering" field that supplies manufacturers while creating novel, multifaceted solutions with applications in industries ranging from Semiconductors to Automation Software. They also provide the equipment and services needed to produce a number of diverse essentials, such as flat panel computer displays, smartphones, and integrated circuit chips. Headquartered in Santa Clara, CA (Silicon Valley) and led by the reputable Gary Dickerson, Applied Materials is well known for their "business excellence, technological innovation, and clean energy leadership."

Applied Materials' product library features a large number of processing innovations, from the "Applied VVRTP System" (a revolutionary advancement in the chip production process) to the "Precision 5000" platform. This product diversity protects the company's sales from any major downturns as experienced by those with monopolies in highly specialized fields (as discussed later on). Additionally, with the introduction of Artificial Intelligence and Blockchain to the Semiconductor industry, the market potential for these suppliers is poised to explode in coming years. According to Q1 2020 finances, the United States only accounts for 10% of Applied Materials' sales, revealing a large open market; additionally, as discussed below, Applied Materials is protected by their diversity (with Semiconductor Systems accounting for only 67.8% of net sales).

#### Financial Analysis

##### Applied Materials Revenue



GAAP-adjusted Q1 2020 net sales, helping to counteract a potentially negative period for any other markets. Additionally, a smaller portion of Applied's net income is derived from Display and Adjacent Markets, which accounted for 7.98% in Q1 2020. Given the market volatility and investor panic caused by COVID-19, quarter to quarter revenue growth is fundamental to shareholder confidence, and the diversity and reliability of Applied's manifold sectors ensure this degree of financial stability, as discussed below.

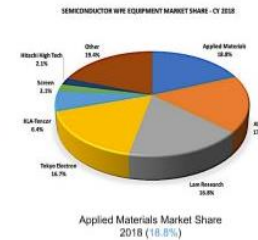
##### Overview

Applied Materials is currently trading at \$39.18 per share (as of 3/18/20), with a 7-year Annual Revenue Growth Rate of 6.2%. Revenue peaked in late 2018 with \$4.579B (quarterly), but witnessed a steady rebound in late 2019 post-July. Semiconductor Systems (the largest of Applied Materials' markets) also hit a revenue high in 2018 at \$468.78B, mirroring Applied Materials' peak / rebound pattern. Applied Global Services, Applied Materials' second largest income source, accounted for 23.95% of

### Applied Materials

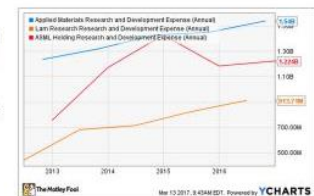
#### Market Positioning and Competitors

Applied Materials currently dominates the semiconductor manufacturing industry, with a dominant 19.4% market share in 2019 (see Appendix Figure E), an increase from 18.8% in 2018. A key differentiating factor for Applied Materials is the massive amount of money they spend on **research and development** of their own products and equipment each year, reaching \$2.09 billion last year alone, and consistently prioritizing future development and innovation. Spending **14.3% of their revenues** last year on research and development alone, they significantly outspend Lam Research and ASML Holding, their two biggest competitors.



Applied Materials Market Share 2018 (19.4%)

This gives Applied Materials an upper edge as they can keep up with new technologies better than other competitors, including 3D NAND and fin field-effect transistors, which are more efficient semiconductor designs. Applied's extensive research, and consistent effort for technological advancements grants them an advantage, as 40% of their revenue in the last three years amassed from technologies introduced in the last three years alone. Their **ability to evolve with new technologies** helps them stay ahead, as in the 4 quarter of 2019, they reported a **total revenue increase of 10.9%**, though competitors experienced roughly -32.22%.



Applied Materials R&D Costs (billions)

Applied Materials' international approach also enhances their potential value as they lead the market for semiconductor equipment and displays in China as well. Between 2015 and 2017, Applied Materials doubled their revenues in China, and this trend will only continue, as China's own market share in the semiconductor industry was up to 60% in 2019.

Applied Materials **provides equipment for almost every step of the semiconductor process**, tying companies to solely using their products. They prioritize customer relationships, uncommon for their corporate competitors (LAM, KLA, ASML, etc.), creating a consistent customer base, built on trust and innovation. This allows them to resist manufacturing flaws or any mishaps, due to earned loyalty. In addition, there is little opportunity for aggressive competition, as Applied Materials' techniques involve complete control over client assembly lines.

Over the last 5 decades, we have been a key partner for our customers, and we have established strong expertise and capabilities to drive silicon and device scaling.  
- Dan Durn, CFO, in exclusive interview

#### MOAT Analysis - Wide Moat:

- Applied Materials is a large player in acquisitions, acquiring 21 organizations reaching over \$10 billion, their most recent being Kokusai Electric for \$2.2 billion (see Appendix Figure F for full list). They invest in new technologies, and assimilate competition and companies that are beneficial to their equipment production.

# PROGRAMS

## Certified Young Investment Analyst (CYIA®)



### Designation

- The highest honor within the Young Investors Society is to be awarded a Certified Young Investment Analyst (CYIA®) Designation.
- The CYIA® Designation represents a tremendous achievement. Less than 10% of those students that enter YIS end up achieving the CYIA® Designation.
- It is widely respected by Universities and future employers.



### Requirements

1. Be an active member of Young Investors Society
2. Pass the online timed CYIA® exam (50% pass rate).
3. Participate in a State or Regional Stock Pitch Competition.
4. Participate in the YIS Dollar-A-Day Challenge.
5. High School Teacher or YIS Advisor Letter of Recommendation.
6. Participate in a Community Service Project – 10 hrs.
7. Minimum GPA of 3.0 or equivalent.
8. Conduct a final interview with a YIS Board Member.



# PROGRAMS

## CFA Institute Investment Foundations® Program



**CFA Institute**  
Investment Foundations

- Young Investors Society has partnered with the CFA Institute to bring the CFA Investment Foundations® program to our YIS students in Fall 2020.
- The CFA Institute Investment Foundations Program covers the essentials of finance, ethics, and investment roles, providing a clear understanding of the global investment industry.
- This 80-hour online learning experience is designed for anyone who wants to enter or advance within the investment management industry, including IT, operations, accounting, administration, and marketing.
- Candidates who successfully pass the online exam earn the CFA Institute Investment Foundations Certificate, demonstrating a mastery of core foundational principles of the investment profession.
- We are so excited to be able to offer this program to our YIS students and continue our mission of preparing the next generation of outstanding investors.
- Applications can be submitted at any time to [Ctobin@yis.org](mailto:Ctobin@yis.org)



# PROGRAMS

## At-Risk Initiative



### YIS At-Risk Initiative

- Our goal is to bring financial literacy to underserved communities and give at-risk students the opportunity to learn life-changing habits to save and invest for their future through our YIS after-school financial literacy club that focuses on personal finance.
- We have recently launched our Money Skillz Bootcamp that provide personal finance curriculum to our At-Risk students that is comprised of earning money, saving, budgeting, banking, investing, and career exploration that will lay the foundation for future YIS programs.
- The Money Skillz Bootcamp is structured as a student self-study course and meets all the criteria for current distance learning methods.

We hope to end the cycle of poverty in low-income communities by empowering the youth to take an active role in their financial future.





# OUR IMPACT

## 2020-2021 ACTIVE SCHOOLS



### SCHOOLS

540 Registered Schools

### ACTIVE MEMBERS

3000+ Participating Students

### CHAPTERS

#### United States

- California
- Utah
- Washington
- Arizona
- Nevada
- Idaho
- Colorado
- Texas
- Iowa
- Michigan
- Illinois
- Ohio
- Mississippi
- New Hampshire
- Pennsylvania
- New Jersey
- New York
- Virginia
- Hawaii

- Georgia
- Rhode Island
- Connecticut
- Massachusetts

#### International

- Hong Kong
- Malaysia
- Singapore
- India
- Thailand

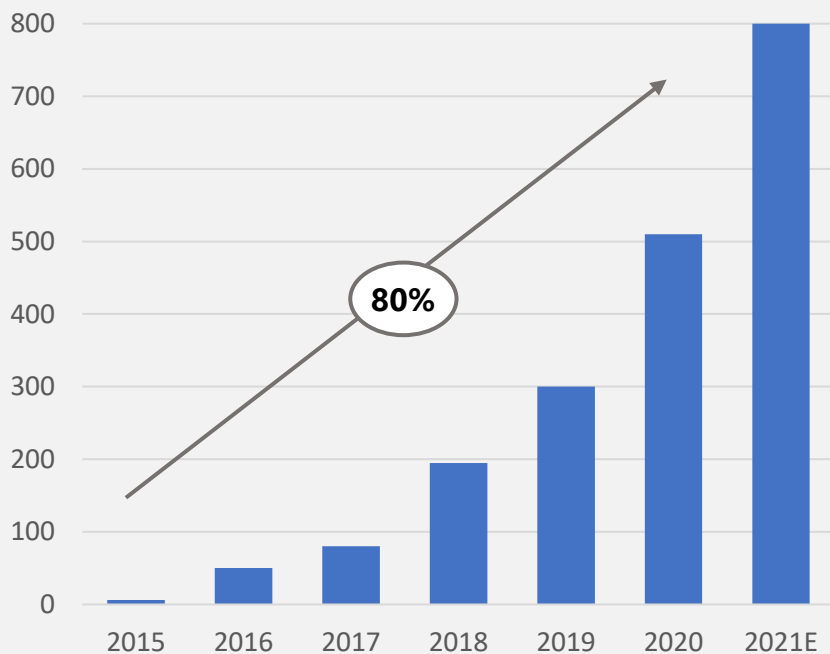


# MEMBERSHIP

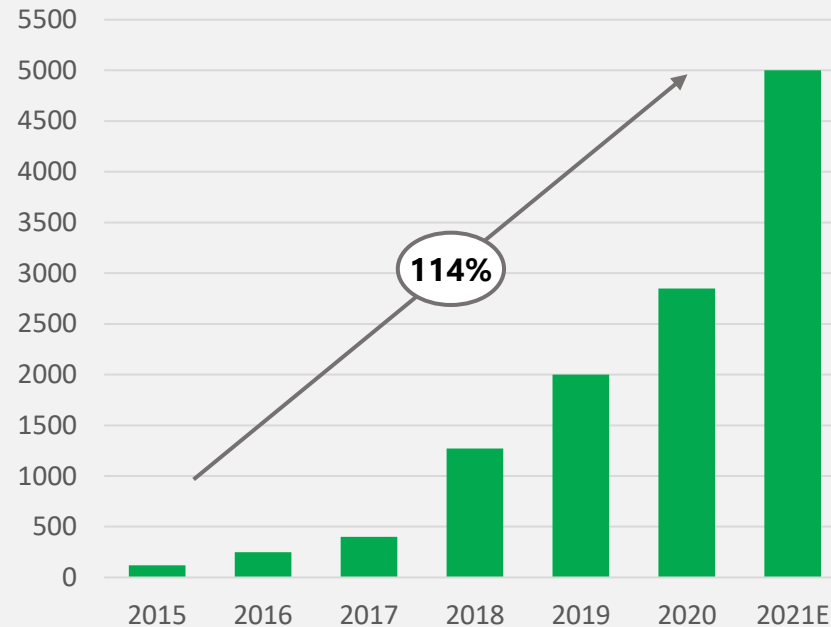
## Schools/Students



### SCHOOLS *(Growth)*



### STUDENTS *(Growth)*



**10,000** schools

**LONG TERM**  
15 years

**100,000** students

# GROWTH PLAN



	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	<b>LONG TERM</b> 15 years
Schools	50	195	300	510	800	10,000
Students	250	1270	1776	2,850	4000	100,000
Dollar-a-Day Matches	6	12	50	100	100	1,000
Stock Pitch Competition	30	87	225	242	400	10,000
CYIA Achievers	0	0	9	36	50	500

# SPONSORS & PARTNERS

YIS



Edmodo



CFA Institute



INVESTOR'S BUSINESS DAILY®



STAPLES®

FIRST  
NATIONAL  
BANK





# APPENDIX

## YIS Board of Directors



### **JAMES FLETCHER, CFA**

Portfolio Manager at  
APG Asset Management

### **DAVE MILES, CFA**

Research Analyst at  
Fidelity Investments

### **JANE WINSLOW**

Senior Vice President at  
Merrill Lynch (Retired)

### **LEE MACKAY**

Partner at Nevers, Palazzo,  
Packard, Wildermuth & Wynner

### **ANDREW DAVIS**

Independent Financial  
Advisor at WealthSource  
Partners

### **CLAUDIO BROCADE**

Portfolio Manager at  
Batterymarch Financial (Retired)

### **BRYAN JACK, CPA**

Controller at  
First National Bank of Layton

### **LUCY CHUAH**

Equity Sales at CLSA Americas  
LLC.

### **KENT ELWELL, CRPC**

Managing Director for Capital  
Wealth Planning, LLC

### **MATT WELLING**

Vice President at Wasatch Advisors

### **STEVE BARRUS**

Financial Consultant at  
Fidelity Investments

### **CHRISTINE TOBIN**

Chief Operating Officer at  
Young Investors Society

### **MARC VAN COTT**

Portfolio Manager at Credit Suisse  
(Retired)



THANK YOU