

# Caplet Challenge

High School Corporate Finance Competition

2026 | Knox Grammar School

## Executive Summary

The Caplet Challenge is a 3-week competition designed to introduce Years 9-12 students to corporate finance principles through hands-on company analysis. Teams will analyze real publicly-traded Australian companies, apply valuation techniques, and present their findings to faculty and industry judges.

This competition adapts Professor Aswath Damodaran's renowned New York University Stern MBA corporate finance project for high school students, condensing a semester-long curriculum into an accelerated sprint format with comprehensive educational support.

### Key Competition Features

- Duration: 3 weeks
- Team Size: 3-5 students (recommended 4)
- Target: Years 9-12, no prior finance knowledge required
- Format: Weekly sessions + final submission
- Support: Knox-branded templates, curated datasets, optional faculty guidance
- Fairness: Common sector theme for comparable judging

# Competition Structure

## Team Composition

- Teams of 3-5 students (optimal: 4 students)
- Any mix of Years 9-12 students
- Each team selects ONE company within the designated sector
- Teacher mentorship is optional (teachers can guide but not complete analysis)

## Company Selection Criteria

- Must be publicly traded with at least 1 year of history
- Must be within the designated sector theme (see below)
- Must have publicly available financial statements
- Teams should choose companies of varying sizes for diversity

## Excluded Company Types

For pedagogical reasons, the following are excluded:

- Banks and financial institutions (complex capital structure)
- Money-losing companies (requires advanced analysis techniques)
- Real Estate Investment Trusts - REITs (unique valuation methods)
- Companies with large financial arms like GE Capital

## Sector Theme Options

All teams will analyze companies within ONE sector to ensure fair judging. The organizing committee will select from these themes:

Sector Theme	Example Companies
Technology	Xero, WiseTech Global, Atlassian, REA Group, Carsales, Seek
Consumer Retail	Wesfarmers, Woolworths, JB Hi-Fi, Harvey Norman, Super Retail
Mining & Resources	BHP, Rio Tinto, Fortescue Metals, Santos, Woodside Energy
Telecommunications	Telstra, TPG Telecom, Southern Cross Media, News Corp
Healthcare	CSL, Cochlear, ResMed, Sonic Healthcare, Ramsay Health Care
Infrastructure	Transurban, Sydney Airport, Qantas, Aurizon, APA Group

*Recommended: Technology sector for inaugural year due to student interest and data availability.*

## Suggested Cases for Round One Setup:

### Case 1: ASX: JBH

This first-round case tests whether teams can turn real public information about an Australian company into a clear, defensible capital allocation decision. This is not a descriptive business report. It is a finance decision made under uncertainty.

You are acting as the Knox Student Investment Committee. Today, the committee has allocated \$10 million to invest in one Australian consumer/retail company for a 12–24 month holding period. Your task is to advise the committee on whether to invest in JB Hi-Fi at the current market price or pass.

JB Hi-Fi has historically generated strong cash flows and has returned significant capital to shareholders, including special dividends in recent years. At the same time, the operating environment is uncertain: consumer demand is cyclical, competition is intense, and changes in interest rates affect both valuation and required returns.

Core question

At today's market price, is JB Hi-Fi undervalued, fairly valued, or overvalued, and should the fund INVEST or PASS?

You must choose one outcome. Answers such as “*it depends*” are only acceptable if you quantify exactly what it depends on.

### Use of AI tools

AI tools are permitted but bounded. Teams may use AI to:

- Summarise annual reports or ASX announcements
- Check model logic or consistency
- Generate alternative scenarios or sensitivities

AI must not be used to fabricate data, invent sources, or replace independent judgment. Judges may ask teams to explain or defend any assumption, regardless of whether AI was used. AI should improve clarity and reasoning, not outsource thinking.

### Case 2: ASX: TEAM

This first-round case tests whether teams can turn real public information about an Australian company into a clear, defensible capital allocation decision. This is not a descriptive business report. It is a finance decision made under uncertainty.

You are acting as the Knox Student Investment Committee. Today, the committee has allocated \$10 million to invest in one Australian technology company for a 12-24 month holding period. Your task is to advise the committee on whether to invest in Atlassian at the current market price or PASS.

Atlassian is a global software business with highly scalable products and strong long-run growth potential. At the same time, the company's valuation depends heavily on assumptions about future growth, margins, and reinvestment, and the operating environment is uncertain. Enterprise software demand can soften in downturns, competition is intense, and changes in interest rates affect both valuation multiples and required returns.

### Core question

At today's market price, is Atlassian undervalued, fairly valued, or overvalued, and should the fund INVEST or PASS?

You must choose one outcome. Answers such as "it depends" are only acceptable if you quantify exactly what it depends on.

### Use of AI tools

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## Knox-Branded Templates & Data Support

### Provided Templates

All templates will be Excel-based with Knox branding and step-by-step instructions:

1. **Knox WACC Calculator** - Calculate Weighted Average Cost of Capital with built-in industry beta database
2. **Knox ROE/ROC Analyzer** - Evaluate return on equity and return on capital with automated formulas
3. **Knox Capital Structure Optimizer** - Determine optimal debt-to-equity ratio with scenario analysis
4. **Knox Dividend Policy Template** - Analyze cash return strategies and payout ratios

5. **Knox DCF Valuation Model** - Complete discounted cash flow model with sensitivity analysis
6. **Knox Presentation Template** - PowerPoint template with professional formatting and suggested slide structure

## Data Accessibility Framework

To ensure fairness and prevent data access from becoming a competitive advantage:

- **Curated Data Package:** Each team receives a standardized data package for their chosen company including:
  - 3 years of financial statements (from Yahoo Finance/EDGAR)
  - Historical stock price data
  - Key industry benchmarks and ratios
  - Relevant news articles and analyst reports (publicly available)
- **Free Data Sources Training:** Week 1 session includes tutorial on:
  - Yahoo Finance navigation
  - SEC EDGAR database usage
  - Damodaran Data website (free industry data)
  - Google Finance basics
- **Additional Resources Allowed:** Teams may use Bloomberg terminal access (if available at Knox library) but it's not required or expected

# Judging Criteria & Format

## Final Submission Options

Teams choose ONE format:

- **Option A: Live Presentation** - 15 minutes + 5 minutes Q&A
- **Option B: Written Report** - 15-20 pages with executive summary

## Judging Panel

- Primary: Knox faculty (Mathematics, Economics, Business Studies departments)
- Guest Judges: Local finance professionals (if available)
- Suggested: Knox alumni working in finance/investment banking

## Evaluation Rubric

Criterion	Description	Points
<b>Technical Accuracy</b>	Correct application of formulas, appropriate assumptions, accurate calculations	30
<b>Analytical Depth</b>	Quality of insights, understanding of implications, comparative analysis	25
<b>Communication</b>	Clarity of presentation/writing, professional formatting, logical flow	20
<b>Recommendations</b>	Quality of strategic recommendations, realistic implementation path	15
<b>Creativity &amp; Initiative</b>	Going beyond templates, additional research, innovative analysis	10
<b>TOTAL</b>		<b>100</b>

## Prize Structure (Budget-Conscious Options)

Given budget constraints, here are tiered prize options that provide recognition and value:

### First Place

- **Knox Finance Champion Trophy** (team trophy to display)
- **Individual Certificates** (suitable for university applications)
- **Featured on Knox Website** with project summary
- **Mentorship Session** with a finance professional (if available)
- **Book Prize:** Each team member receives either 'The Intelligent Investor' by Benjamin Graham OR 'Investment Valuation' by Aswath Damodaran (~\$30 per person = \$120-150 total)

### Second Place

- Individual certificates
- Featured on Knox newsletter
- **Gift Card:** \$20 voucher per team member for Amazon/bookstore (~\$80 total)

### Third Place

- Individual certificates
- **Gift Card:** \$10 voucher per team member (~\$40 total)

## Additional Recognition Categories

*These special awards cost nothing but add prestige:*

- **Best Technical Analysis Award** - Certificate + recognition
- **Most Creative Valuation Approach** - Certificate + recognition
- **Best Presentation Award** - Certificate + recognition
- **People's Choice Award** - Voted by attendees, certificate + recognition

## Total Budget Estimate

- Trophy: \$50-100
- Books (1st place): \$120-150
- Gift cards (2nd/3rd): \$120
- Certificates (all): \$50
- **TOTAL: \$340-420**

*Alternative Funding Ideas: Seek sponsorship from Knox parents in finance, local firms, or Knox Parents & Friends Association.*

# Regional Expansion Plan

After successfully running the inaugural competition at Knox, here's a pathway to expand regionally:

## Phase 1: Knox Pilot (Spring 2026)

- Run competition internally at Knox
- Refine templates, curriculum, and logistics
- Document all processes and create playbook
- Gather participant feedback and testimonials

## Phase 2: Regional Invitation (Fall 2026)

- Invite 3-5 neighboring schools to participate
- Host regional final at Knox with 1-2 representatives from each school
- Each school runs its own internal competition using Knox framework
- Winner from each school competes at regional championship

## Phase 3: State/National (Spring 2027+)

- Partner with business education organizations
- Seek corporate sponsorship for larger prizes
- Create virtual participation option for remote schools
- Establish Knox as the founding institution with recognition

## Key Success Factors

- **Standardization:** Keep templates and format consistent across schools
- **Common Theme:** All schools analyze same sector each year for fair comparison
- **Training Materials:** Provide video tutorials and teacher guides for other schools
- **Quality Control:** Maintain high standards as competition grows

## Conclusion

The Caplet Challenge represents an exciting opportunity to bring world-class business education to high school students in an engaging, practical format. By condensing Professor Damodaran's proven curriculum into a 6-week sprint and providing comprehensive support through Knox-branded templates and data access, we ensure all students can participate and learn effectively.

This competition will not only develop critical analytical and financial skills but also give Knox students a significant advantage in university applications and future careers. Starting as an internal Knox competition with potential for regional expansion, this initiative positions Knox Grammar School as a leader in innovative business education.

With proper planning, faculty support, and enthusiastic student participation, the Caplet Challenge can become an annual highlight and eventually expand into a prestigious regional competition that brings recognition to Knox as its founding institution.