



CFA Society of Louisville
Jeff Diermeier, CFA, President & CEO, CFA Institute

22 October 2007



Governance and Organization

- ▶ **Membership Organization**
- ▶ **95,000+ Members**
- ▶ **140,000+ Candidates**
- ▶ **135 Member Societies**
- ▶ **11 Geographic Regions**
- ▶ **18 Governors**
- ▶ **50 or so Committees, Groups, Task Forces, etc.**

CFA Institute Board of Governors

Articles & Bylaws

Standing Committees

Committees, Groups, Task Forces...

Presidents Council

Presidents Council Representatives

CFA Institute Staff

CFA Institute Members



CFA Institute Organization

Client

Society Services

*Marketing and
Communications*

Client Support

Product

Education

CFA Program

CIPM

*Continuing
Education*

Ethics

*CFA Centre for Financial
Market Integrity*

— — — — —
*Professional
Conduct*

Infrastructure

Finance

*Information
Technology*

Human Resources

General Counsel

Publishing

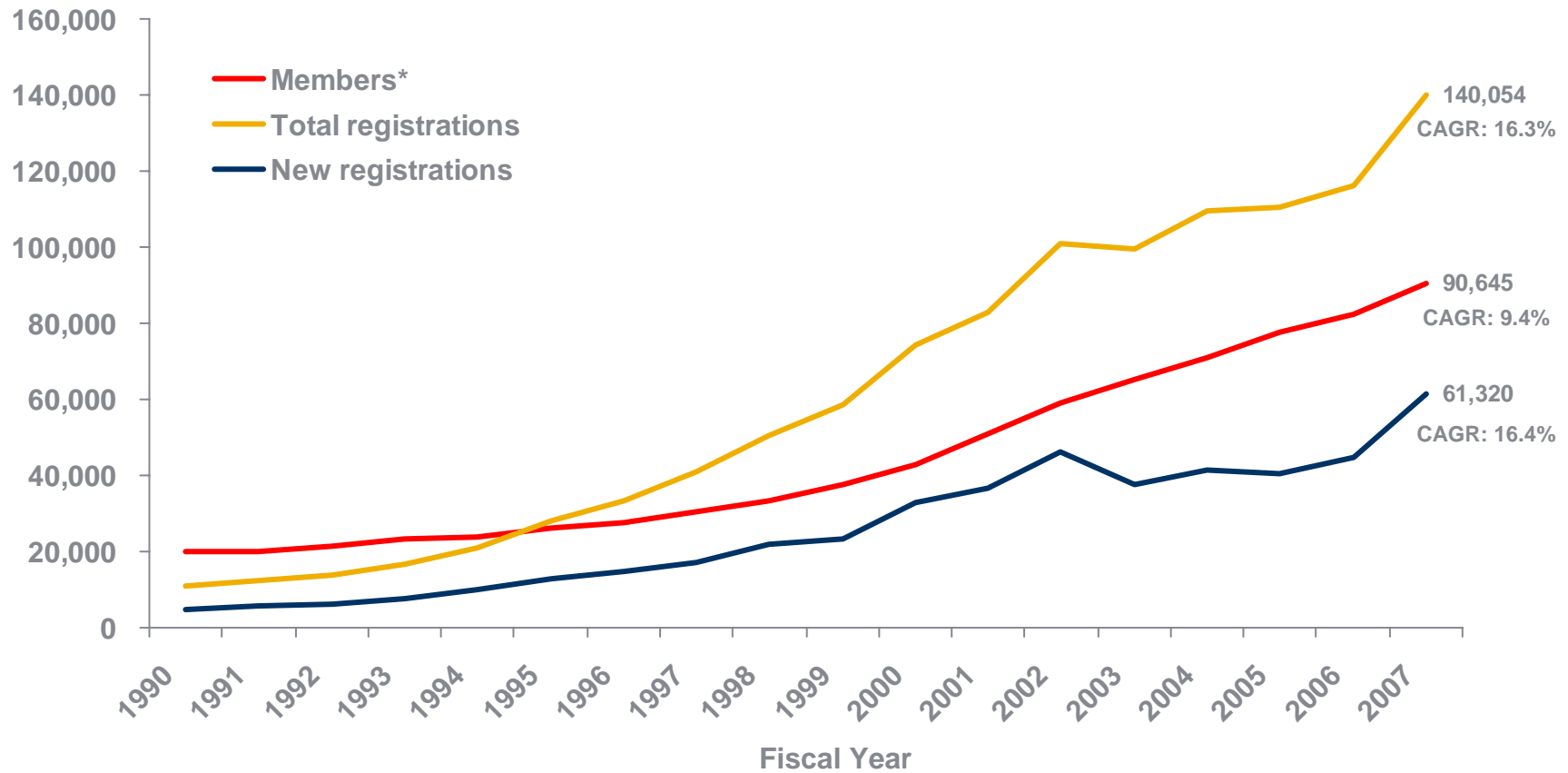
Risk

Corporate Services



CFA Institute Member & Candidate Growth

24 April 2006



Footnote: Registration counts adjusted for SARS
*Members counts for FY2007 as of 24 April 2007



Member & Candidate Growth

24 April 2006

	FY2000			FY2007		
	Members	Total Registrations	New Registrations	Members	Total Registrations	New Registrations
Asia-Pacific	2,908	18,268	7,996	12,044	52,890	24,385
United States	32,900	33,700	13,906	51,474	45,357	18,587
Europe	1,851	8,065	4,091	12,644	20,823	9,268
Africa & Middle East	377	2,964	1,632	1,977	7,160	4,624
Canada	5,533	9,064	3,592	11,514	11,381	3,354
Latin America	312	1,066	498	992	2,325	1,031
Other	0	1,303	942	0	118	71
Total	43,881	74,430	32,657	90,645	140,054	61,320

Members counts for FY2007 as of 24 April 2007. All other data provided in this report are as of 20 March 2007. Geographic relocation of some individuals has inevitably occurred. These numbers represent gross total registrations. Registration numbers are not equivalent to candidate counts – one candidate may register for multiple examinations within a fiscal year.

Country	Finance Industry ^e	Investment Professionals ^{1e}	Members & LIII Grads ^{2e}	Market Penetration
18 Major Countries	20,280,000	830,000	83,000	8 to 12%
Canada	706,000	36,000	11,300	29 to 34%
United States	5,865,000	203,000	51,000	23 to 28%
United Kingdom	1,179,000	89,000	5,500	4 to 9%
Switzerland	237,000	10,000	1,600	13 to 18%
Germany	1,275,000	67,000	1,200	Under 2%
Singapore	110,000	5,200	2,800	50 to 55%
Hong Kong	170,000	8,000	3,700	44 to 49%
Japan	1,633,000	77,000	1,100	Under 2%
Mainland China	3,840,000	108,000	800	Under 2%
India	1,424,000	64,000	300	Under 2%

^e estimated data using CFA Institute modeling process

¹ Serious Investment Professionals & Academics

² CFA Institute Members and Successful Level III Candidates



Financial Summary

\$ in millions	FY2006 <u>Actual</u>	FY2007 <u>Budget</u>	Preliminary FY2007 <u>Actual</u>
Revenue	\$100.6	\$110.2	\$117.8
<u>Expenses</u>	<u>96.2</u>	<u>110.0</u>	<u>113.4</u>
Operating Margin	\$ 4.4	\$ 0.2	\$ 4.4
Realized Gains** , Interest & Dividends	<u>7.3</u>	<u>4.5</u>	<u>16.8</u>
Change in Net Assets Before Unrealized Gains & Losses	\$ 11.7	\$ 4.7	\$ 21.2
Unrealized Gains/(Losses)**	(0.1)	0.0	(2.4)
Gain/(Loss) on Sale of Assets	<u>(0.1)</u>	<u>0.0</u>	<u>0.0</u>
Change in Net Assets	\$ 11.5	\$ 4.7	\$ 18.8
Reserves	\$119.0	\$124.0	\$147.4
Candidates	116,200	121,800	
Members	84,700	91,100	136,500*
			94,600

*This has been adjusted down from 139,700 due to Indian candidate refunds

** CFA Institute does not budget realized or unrealized gains/losses



4th Phase of CFA Institute?

1925-1970 <i>The Launch Era</i>	<ul style="list-style-type: none">▶ Societies established and NFFAS formed in 1947▶ Launch of ICFA and CFA Program meets with initial success▶ Ethical foundation
1970-1990 <i>The Masters Era</i>	<ul style="list-style-type: none">▶ Explosion of Capital Market Theory▶ Intellectual masters proliferate▶ Swelling pools of investment assets▶ ICFA/FAF forms the leading practitioner bridge
1990-2005 <i>The Candidate Era</i>	<ul style="list-style-type: none">▶ Globalization of capital markets▶ Bubble generated interest▶ CFA Program enrollment soars
2005-On <i>The Member Era?</i>	<ul style="list-style-type: none">▶ Members approaching 100,000▶ Life-long learning

2007—our 60th Anniversary

Since 2001, CFA® Charterholders and their employers have told us:

- ▶ **Must maintain the high ethical standards to benefit the profession and to permit further development of global capital markets**
- ▶ **Increasing importance of derivatives – core concepts**
- ▶ **Increasing importance of alternative investments**

Basis for the current industry trends:

- ▶ **Increasing globalization and integration of capital markets**
- ▶ **Increasing focus on risk management**
- ▶ **Increasing use alternative investments to enhance returns and diversification**
 - Hedge Fund strategies
 - Private Equity / Venture Capital
 - Structured Debt Obligations
 - Real Estate
 - Commodities



Private Wealth and CFA Institute

"If I were looking for someone who was going to manage a portfolio of individual common stocks and do the selection and analysis, I'd look for the CFA designation. The CFA [charterholder] has the ability to look at the financial statements and arrive at an informed opinion."

- John Markese, president of the American Association of Individual Investors (quoted in the *Wall Street Journal*, 8 July 2007)



Private Wealth and CFA Institute

% of CFA Institute Members Involved with Private Wealth		
Private client wealth manager (including family office, etc.)	5,751	8.53%
Institutional and private client investment manager (mix of)	7,133	10.58%
Financial planner/advisor (no substantial proprietary asset management)	1,585	2.35%
Total	14,459	21.46%

* Based on 70,907 active members with completed demographic information.

Purpose

- ▶ Guide the development of the CFA Institute Private Wealth Management Body of Knowledge (PWM BOK),
- ▶ Explore and evaluate means of delivering PW educational content material to members,
- ▶ Encourage and support Member Societies in the development of private wealth educational programming.

Private Wealth Management Body of Knowledge

- ▶ Developed in consultation with the PWAC
- ▶ Describes the challenges facing wealth managers and their clients
- ▶ Lists the knowledge and expertise needed to address them
- ▶ Guides development of educational programs and curriculum

Content

- I. Ethics
- II. The Private Client Marketplace and Firm Management
- III. Analysis of the Client
- IV. Wealth Management Planning and Instruments
- V. Portfolio Management for Taxable Investors



Private Wealth Management: The Present

Research Foundation Private Wealth Management Series

- ▶ The Future of Life-Cycle Saving and Investing
- ▶ Lifetime Advice: Human Capital, Asset Allocation, and Insurance
- ▶ Investment Management for Taxable Private Investors
- ▶ Tax-Advantaged Savings Accounts and Tax-Efficient Wealth Accumulation

Financial Analysts Journal

Conferences

- ▶ Wealth Management Workshop (Atlanta, Georgia)
- ▶ International Wealth and Tax Planning (Switzerland)
- ▶ Asset Management for High Net Worth Individuals (Japan)
- ▶ Research Foundation Life Cycle Conference (Boston, MA)



Private Wealth Management: The Future

CFA Program

- ▶ Global Tax Regime Project


Continuing Education

- ▶ **Private Wealth Management Foundations Course**
 - Practical, post-CFA education
 - Broad-based, global content
 - Executive education and on-line learning modules
- ▶ **Advanced/Specialized Courses**
 - Specialized, dynamic, regional customization

Internet Resources

- ▶ **Private Wealth Web Site** (www.cfainstitute.org/privatewealth)
- ▶ **Private Wealth Forum** (www.cfaforums.org)

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MEMBER RESOURCES

[Home : Member Resources Main : Educational Resources](#)

Topic: Private Wealth Management

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[Home : Member Resources Main : Educational Resources](#)


Topic: Private Wealth Management

New Developments

Private Wealth Management Body of Knowledge™ (PDF)

- Describes the challenges facing wealth managers and their clients, and the knowledge and expertise needed to address them
- Developed in consultation with the globally diverse Private Wealth Advisory Committee
- Embodies the rigorous investment expertise of CFA charterholders and supports more specialized areas of expertise

CFA Institute Conferences



Wealth Management 2008
 8-9 April 2008
 Atlanta, Georgia, USA
11 PD credits

[Find more](#)

Society Events

6th Annual Strategies in Wealth Management Summit
 New York Society of Security Analysts
 8 November
 New York, NY
6 PD credits

[Find more](#)

Publications

"Making Investment Choices as Simple as Possible, but Not Simpler"
 Zvi Bodie and Jonathan Treussard
Financial Analysts Journal, May/June 2007
1 PD credit

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Discussions

<u>Idea Exchange</u>			
Forums	Last Post	Threads	Posts
<u>Client Solutions</u> Discuss the many unique circumstances and challenges of managing PW relationships	<u>On Demand Wealth Manageme...</u> by ellen 10-04-2007 15:52	5	12
<u>Practice Management</u> Start-ups? Software solutions? Ethical Issues?	<u>Code of Ethics for Privat...</u> by Stephen Horan 09-06-2007 13:07	6	15
<u>Recommended Events and Readings</u> Let people know about upcoming conferences, interesting articles, and insightful books.	<u>Ubiquity: Why Catastrophe...</u> by Boutland 09-11-2007 6:09	11	23
<u>Society Talk</u> Find out what other society PWM leaders are doing. Share your own thoughts.	-	-	-
<u>PWM Body of Knowledge</u> Review and comment on CFA Institute's Private Wealth Management Body of Knowledge	<u>Private Wealth Management...</u> by Stephen Horan 08-22-2007 11:17	1	1

<u>Industry Trends</u>			
Forums	Last Post	Threads	Posts
<u>Latest Reports and Surveys</u> Links and posts about the state of the wealth management industry	<u>Survey of American Invest...</u> by Stephen Horan 09-06-2007 11:08	6	12
<u>Tax and Regulatory Developments</u>	<u>Trade Unions Call for UK...</u> by Boutland 09-11-2007 5:30	1	1
<u>CFA Institute and Other Professional Organizations</u> What can CFA Institute do for you? How might CFA Institute work with other professional organizations.	<u>Re: CFA and CFP Designati...</u> by Fvbrooks 06-18-2007 14:21	3	13



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