



winter 2007-2008

GLOBAL NETWORK, LOCAL PRESENCE

# CFA SOCIETY OF SACRAMENTO

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## CFASS Hosts Successful 'New Frontiers in Institutional Asset Management' Conference

### New Frontiers Speakers



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CalSTRS



*Max Darnell*  
First Quadrant



*Paul McCulley*  
PIMCO



*Robert Arnott*  
Research Affiliates



*Harindra de Silva*  
Analytic Investors



*Russell Read*  
CalPERS

The CFASS may be small in numbers with fewer than 150 members and roughly 1 percent of the membership of big-city societies, but it stood tall last fall when it partnered with the CFA Institute to host "The New Frontiers in Institutional Asset Management" conference, a "first-ever" for a society of its size.

Held at California State University, Sacramento, the conference drew an audience of 115 investment professionals from around the globe. Sanjay Varshney, dean of the business schools at California State University, Sacramento and a CFASS board member, made the

CSUS Alumni Center and facilities available for the conference. The program read like a "who's who" in the investment industry, according to CFAI.

Among conference speakers and attendees were CIOs and managing directors from CalPERS, CalSTRS, PIMCO, TCW, T. Rowe Price, Charles Schwab, Barclays Global Investors, AXA Rosenberg and Fidelity Investments. Topics included the current perceived liquidity crisis; how stocks and private investments might be incorporated in a pension plan's liability and asset allocation decisions; and the declining oppor-



## President's Message: Year Closes with Many Milestones

Over the past six months the CFA Society of Sacramento has reached a number of major milestones. Among them:

*Geraldine Jimenez*

- Hosting our first global conference, something usually accomplished only by societies with much larger membership bases. The New York society, for example, has more than 9,000 members; CFASS has fewer than 150.
- We have witnessed significant membership growth—9 percent in 2007—and we've strengthened our partnerships, including continued support from the business community and local business schools.
- Most important, we have given back to our growing investment society. With the help of CFAI we have donated more than \$8,000 in scholarships to students interested in setting themselves apart by pursuing the CFA designation, an accomplishment that recently has been institutionalized as a differentiating variable in one's career path.

We will continue to make it our mission to offer such educational opportunities, with the perpetual goal of finding more ways to advance the education and ethics of Sacramento's investment industry.

*Geraldine Jimenez, CFASS President*

### **New Frontiers** *Continued from page 1*

tunity set for international diversification in an increasingly global market.

In attendance were several MBA students from the UC Davis Graduate School of Management. Charles Tyler, past president of the UCD MBA Finance Club, played a critical role in gathering the school's support for student attendance of this event, which enabled some grad students to lunch with CalSTRS CIO Christopher Ailman and Russell Read, UCD GSM's Executive-in-Residence and CalPERS CIO. Brad Barber, CFASS Advisory Board Member and UCD professor of finance, has also been a large supporter of the CFASS, which will offer more opportunities for students to attend future investment education and networking functions, such as its Market Forecast Luncheon on January 17, 2008. (*See additional Forecast information, this issue*). •

### **UCD MBA Class Preps Students For a Jump on CFA Examination**



*Katrina Ellis*

When Larry Liu graduates with an MBA next spring from the University of California, Davis Graduate School of Management he'll have a leg up toward qualifying as a CFA charter holder—perhaps two legs up.



*Larry Liu*

Thanks to Professor Katrina Ellis, who taught his financial management class last spring, Liu, a 27-year-old native of China, passed Level 1 of the CFA exam in June as he wrapped up his first year of MBA studies. He credits Professor Ellis with getting him on track for the exam and helping him stay on it.

“She e-mailed the class a detailed schedule every week regarding the topic we needed to prepare for

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that week,” he says. “She graded all the quizzes and included explanations. That part was very helpful because, basically, she held me accountable for the whole test.”

Professor Ellis kicked off the CFA-oriented program in response to MBA students who came to her in 2002 and asked for help in preparing for the CFA Level 1 exam. “I didn’t know very much about the CFA qualification, but they convinced me that it was something that would give them a job advantage in the market,” confides Ellis. To assist her, the CFASS provided a complimentary set of CFA study materials.

Ellis also advised Liu the Chartered Financial Analysts Society of Sacramento offers student scholarships. He inquired, applied and was awarded a \$600 grant.

### Prepare Slowly

Every year since, she’s continued to help UCD MBA students prepare for the exam. “My philosophy is you need to prepare slowly, as there’s too much material to try to cram in to one month,” she adds. “Not many of us have the self-discipline to do it alone and stay on track doing self study over several months, so I provide some external pressure via weekly quizzes to help my students make progress.”

She believes it makes sense for MBA students interested in money management or finance to take the CFA exams while doing their MBA studies since much of the material overlaps the MBA curriculum, although with a different emphasis.

“In the MBA we focus on giving students a big-picture view and train them to interpret financial information,” explains Professor Ellis. “In the CFA curriculum, the students need to be able to do all sorts of financial calculations quickly and accurately.

“I see the CFA curriculum as reinforcing the finance and accounting that we teach in the MBA. Many students who ultimately do not pursue a career in money management are still happy they have taken the CFA Level 1 exam, as it gives them a second look at finance and accounting and solidifies their learning,” she says.

### Wherever Opportunity Calls

As for Liu, thanks to Professor Ellis, he plans to have taken the CFA Level 2 exam before he graduates in Spring of 2008.

Liu has a bachelor’s degree in electrical engineering from Shanghai Jiaotong University, about 700 miles from his home in Wuhan in Central China. He worked as a product engineer for Intel in Shanghai and four years ago was relocated by Intel to its campus in Folsom to work in development.

He and the high school classmate he married live in Davis. She expects to complete studies for her doctorate in statistics at UC Davis in the spring of 2008. Will they stay in the U.S. or return to China? “It depends on what kind of opportunity I see,” Liu says. “I’m pretty much open to the whole world.” And, given his UCD-endorsed, CFA-oriented education, the whole world may well be open to him. •

## Barclays, Goldman Sachs Speakers Will Present 2008 Market Forecast

The annual Market Forecast luncheon hosted by the CFA Society of Sacramento will be held January 17 at the Sacramento Convention Center, featuring speakers from Barclays Global Investors and Goldman Sachs.

Among relevant topics they will cover are the recent sub-prime and credit market meltdowns. The 2008 conference also will include market forecasts of some of the industry’s leading thinkers.

### CFA Society of Sacramento Market Forecast Luncheon

January 17, 2008 • 11a.m. - 2 p.m.

Sacramento Convention Center • 1400 J Street

No charge for members of CFA Society of Sacramento

Non-member registration: \$50

Sponsors: Barclays Global Investors and State Street Bank & Trust

## On Board:

### Terésa Cutter Heads CFASS Technology & Marketing Efforts



Terésa Cutter

In joining the CalSTRS Fixed Income Division in 2006, Terésa Cutter brought more than 10 years of investment industry experience and two graduate degrees. She also came with an affiliation to the CFA Society of Sacramento: vice president of the Board of Directors, with responsibility for CFASS's technology and marketing efforts.

"What's nice about being on the Board of CFASS is that each role is dynamic and helps you gain broad, applicable work experience," she says. Her second-favorite part of her role? "I enjoy designing intellectual conferences that bring together members and management across the different silos," she replies.

Although Cutter enjoys regular interaction with upper management from various Fortune 500

companies and other pension plans, she finds helping CFASS members locate employment even more fulfilling. "CFASS is really good about bringing together employers, employees and new ideas in general," she says.

Cutter was hired by CalSTRS, the nation's second largest pension plan, to help develop its fixed income external manager program. Her responsibilities include researching, hiring and monitoring external managers for a portfolio she co-manages in the amount of approximately \$9 billion.

Prior to joining CalSTRS, Cutter was a senior research analyst at SunGard, where she was responsible for consulting to institutional clients—among them Wells Fargo, H&R Block and Lincoln Financial—on asset allocation, international diversification and external manager selection and performance.

Before SunGard, Cutter invested the portfolios of high net worth

clients at Merrill Lynch; Morgan Stanley, where she was a National Sales Director; and Fremont Mutual Funds, where she was Vice President and Regional Manager of the western United States.

Cutter is a board member of the University of California, Davis Graduate School of Management Alumni Association, where she earned an MBA in finance. She holds a BA in cultural anthropology (emphasis: East Indian Studies), with a minor in French from the University of California, Santa Barbara.

While working in the investment field, Cutter also earned an MA in English in addition to the Series 7, 31 and 63/65 investment licenses. She believes the former helps her present to, as well as communicate with, institutional clients. "Being able to write and communicate has helped me tremendously," she says, "both with CalSTRS and with CFASS."•

### Charters Awarded at CFASS Holiday Event

The fifth annual CFASS Holiday and Charter Awards dinner was held December 5 at the Firehouse restaurant in Old Town Sacramento and attended by more than 55 members and guests.

Five members received their CFA charters, three of them at the event. Receiving charters in 2007 were Na Luo, CFA; David Murphy, CFA; David Phillips, CFA; and Simiso Nzima, CFA.

Chip Deal, head of Society Relations for the CFA Institute, was the keynote speaker.

## Less Than Half of CFA Candidates Passed 2007 Exams

Forty-two percent of the near-record 71,897 candidates worldwide in the rigorous Chartered Financial Analyst (CFA) program passed the exams they took last June.

The Level I global pass rate was 40 percent (33,599 took the exam) and the Level II global pass rate was 40 percent (25,521 took the exam). Of the 12,777 individuals who this June took the third and final exam that leads to the CFA designation, 50 percent passed. Since the first exam given in 1963, the average global pass rates are 46 percent for Level I, 51 percent for Level II, and 67 percent for Level III.

“There is no question the CFA exams are tough,” says Robert Johnson, CFA, managing director of CFAI’s Education division. “The exams reflect the growing complexity and globalization of investment management practice. The designation is well respected by employers

and clients alike because of the very high standards that candidates are measured against.”

To earn the CFA charter, candidates must sequentially pass three six-hour exams that are widely considered to be among the most challenging in the investment profession.

Those who passed the Level III exam—6,399 candidates—began receiving their CFA charters in early October, provided they also completed the minimum work experience requirement of four years in the investment industry, signed a commitment to abide by the CFA Institute Code of Ethics and Standards of Professional Conduct, and applied to become a member of CFA Institute.

Employers with the largest number of CFA charterholders include Bank of America, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan Chase and

Co., Merrill Lynch, Royal Bank of Canada, UBS.

By country/region, the pass rates for the Level I, Level II and Level III exams combined are:

**United States:** 44 percent of the 23,221 total exam candidates

**Canada:** 42 percent of the 6,302 total exam candidates

**Europe:** 47 percent of the 11,732 total exam candidates

**Asia and Pacific Asia:** 39 percent of the 25,914 total exam candidates

**Central and South America:** 37 percent of the 1,251 total exam candidates

**Africa/Middle East:** 28 percent of the 3,477 total exam candidates

—CFA Institute

### CFASS Membership Continues on the Grow

CFASS total membership now stands at 143, including 101 CFA charterholders and 42 affiliate members (non-charterholders).

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