



# CFA SOCIETY OF SACRAMENTO

## THIS ISSUE:

ANNUAL CFA CHARTER AWARD CEREMONY

PRESIDENT'S MESSAGE: WHAT YOUR CFA DUES DO FOR YOU

MEMBER SPOTLIGHT: DENNIS JOHNSON, CORPORATE GOVERNANCE

## UPCOMING:

MARKET FORECAST DINNER: JANUARY 15, 2009 CSUS ALUMNI CENTER

CHARITY CHALLENGE: MARCH 13, 2009 PEAK ADVENTURES

## Newly Minted Charter Holders

The CFA Society of Sacramento (CFASS) held its CFA Charter Award Ceremony & Holiday Dinner on December 10th at the Firehouse Restaurant to honor three individuals who earned their CFA designations this year. Nearly seventy attended the annual event, where they enjoyed drinks and a formal dinner. This year's event featured two excellent speakers, Harin DeSilva of Analytic Investors and Charlie Henneman of CFA Institute.

Mr. DeSilva gave a humorous presentation about how he took the CFA exam in the early '80s. Since he went to missionary school, he thought taking the ethics part of the exam would be no problem. He told stories of how he and his beach house roommates took the exam together and missed out on a lot of Memorial Day weekends, but he rejoiced about the money he and his pals saved by not drinking and going to night clubs.

Mr. Henneman of CFAI discussed how the CFA charter is becoming recognized as a global standard. The CFA exam's English-only format — its standardization — is a selling point to employers around the world. He added that the CFA curriculum is constantly evolving to stay on top of

current news and changing economic environments and he emphasized the importance of individuals incorporating ethics learned from the CFA exam into their organizational cultures, suggesting that we might have avoided some of the economic mess we are in, if all employers adhered to CFA ethical standards.

After the speakers, Vice President of Membership Roy Clothier presented charters to Philip Larrieu, CFA and Jonathon O'Donnell, CFA. When Mr. O'Donnell was asked what the CFA designation meant to him, he said it brought "credibility among peers and the Street in general," and provided marketing and networking opportunities. O'Donnell felt he learned a "body of knowledge [that makes him] more qualified to serve as a fiduciary."

Mr. Clothier also recognized Scott Terando, who earned his charter, but could not make it. Ms. Cutter then closed the ceremony by asking attendees to remember all of the negative events impacting their sister Society in Mumbai, India, as well as to thank their friends and spouses for supporting the new charter holders while they studied for their exams. •



# President's Message

## WHAT YOUR LOCAL SOCIETY DUES ARE UP TO



*Teresa Cutter*

Over the past year, CFASS has embarked on many new and exciting initiatives. In the following summary, we update you on how we have been using your — and our — Society's dues\*. We believe you will find we treat this organization like a business, with you as our most valued shareholders. Remember, if you want to invest in at least one entity that's been performing well in this difficult market environment, then "go long" your local CFA Society!

### **BOARD OF DIRECTORS:**

In May, we held elections for new board members. Some of our long-time members have stepped down from their previous positions (Geraldine Jimenez, President; Jason Bell, Past President; Jose Arau, Vice President of Programming; and David Carmany, Vice President of Education & Social), to bring new faces to the board. However, many of these members will stay connected in meaningful ways, some of them remaining on the Board in "At Large" positions.

New members include: Brian Leu, Vice President of Education; Darrin Dennings, Board Member at Large; Lara Luo, Board Member at Large; David Murphy, Vice President of Technology; Denver Travis, Vice President of Charitable Outreach; Hao Lin, Secretary; and Jonathan Lederer, Treasurer.

### **ADVISORY COUNCIL:**

The CFA Advisory Council met in November for the 2nd time. The only society of our size across the world (at the time of this letter) to have an Advisory Council, we have also experienced some turnover in the loss of one of our Advisory Board members from CalPERS. Our intention is to replace that member this year.

Advisory members continue to function as a source of ideas and resources to the Society. Your Advisory Council consists of senior level management from regional organizations such as CalSTRS, CalPERS, Wells Fargo, Cal State University of Sacramento's College of Business, and UC Davis Graduate School of Management.

### **MEMBERSHIP:**

Membership in the society is now at 161, three times the number as of 2001 (when CFASS first became independent from San Francisco). We continue to be an open Society where one need not necessarily possess the charter to be a CFASS member.

### **EDUCATION:**

To promote the awareness and achievement of the CFA designation, CFASS has provided a total of 10 scholarships:

- 6 scholarships to be used toward the March CFA exam
- 4 scholarships in the amount of \$1,000 each to U.C. Davis's Graduate School of Management & California State University of Sacramento's M.B.A. Program.

In April, we held a preparatory class at CalPERS and are currently offering prep courses, as well as additional scholarships and discounts, through Stalla and Schweser.

Board members, including Brian Leu and Teresa Cutter, judged a stock-picking competition put on by Board member and Professor Hao Lin of Cal State University of Sacramento. Our plan for 2010 will include a global stock competition, the Investment Research Challenge.

Close to home, several of our members have volunteered to speak in front of classes regarding their path toward earning the charter (thanks to Roy Clothier, CFA), and one of our members, Steve Carden, CFA, has been asked to teach a Finance class at U.C. Davis's Graduate School of Management.

### **CAREERS:**

In addition to providing an educational base and an ethical mission, we continue to offer our members concrete networking opportunities throughout the year. On an individual basis, many of our members have

strengthened the solidarity and public goodwill of our organization by acting as a reference, internship provider, job fair representative, mock interviewer, etc. We also offer an online networking tool that benefits both hiring managers and job-seekers at [www.cfass.org/careers](http://www.cfass.org/careers).

### **MONTHLY SPEAKING EVENTS:**

There were several highlights from this year's monthly educational programming. Dr. Warren Trepeta, Senior Portfolio Manager at CalPERS, provided an economic analysis of past and future asset class returns, as well as optimal asset allocation models given the economic environment. Daniel Bienvenue, CFA, Senior Portfolio Manager at CalPERS, made a presentation on alternatively-weighted indexes. On an international basis, Ho Ho, Quantitative Portfolio Manager at CalPERS, who previously spoke for CFASS's monthly speaker series, was invited by CFA Institute to speak at a joint conference with CAIA on Alternatives, this February, in New York.

### **OTHER EVENTS:**

On January 15, CFASS will host our annual Market Forecast event at the Sacramento State University Alumni Center. Speakers will include Chris Probyn, Chief Economist of State Street Global Advisors and Asieh Mansour, Chief Economist of RREEF. The winners from last year's annual forecasting game will also be announced. Sponsors include: Putnam, Wells Fargo, State Street Global Advisors, Stalla, KSSU, U.C. Davis GSM, Cal State University at Sacramento, CalSTRS, CalPERS, and Comstocks Magazine.

### **CHARITABLE OUTREACH:**

We have created a new board position dedicated to this area. In March, we will hold a team-building event at Peak Adventures, with the goal of giving back in the name of CFA Society. We also intend to loop the charitable theme into the fabric of our all of our programming.

### **MEDIA:**

With this edition, we complete our 5th semi-annual newsletter, which reaches a distribution of over 700 individuals, including top media channels and CFA Institute.

At the initiation of the Dean of CSUS's College of Business Administration, CFAI will write a quarterly economic publication that will include several research articles jointly written by faculty members and CFA charterholders.

We have also conducted our first of a new series of "CFA T.V." interviews. Thanks to our Advisory Board Member, Christopher Ailman of CalSTRS, we were able to write 2 Fundfire Media articles that endorse CFA Society as a shaping mechanism in the markets. We plan to conduct surveys representing our thought leadership in the future.

### **TECHNOLOGY:**

Things have come a long way from when we inherited a shoe box containing all of the Society's paperwork and personally e-mailing members regarding upcoming events. We continue to update our website and manage our database. We have created a new "sky drive" that allows us to save documents in a central repository that also allows for better succession planning. Disaster recovery, or redundancy is another benefit of updating our technology across the board.

### **CONCLUSION:**

CFA Society of Sacramento has evolved over the last 18+ years, and our mission is to continue to do what we do best. Our hallmark Market Forecast and Golf Tournament continue to be successful, in addition to our monthly educational lunches and scholarship program. We hope to maintain what we do best, as well as to add enhancements along the way, including staying on the cutting edge of technology, developing programs such as "CFA T.V.," and committing to annual charitable outreach events.

It is not without the very necessary help of our CFA Advisory Board members — and members like you — that we are able to accomplish all that we are able to accomplish; your support has been absolutely integral in helping us evolve into a benchmark for other societies, some of which number over 6,000. Thank you for being a CFASS Shareholder!

\*\$35 per year

## Scholarships Help Support Local Candidates



Brian Leu  
Vice President of Education

The CFA Society of Sacramento (CFASS) is committed to supporting local candidates in pursuing their CFA charters and continues to look for ways to be a valued resource to investing community. In that spirit, the Society continues to be active in awarding scholarships to local

candidates to help defray the costs of the CFA program and preparation material. The Society currently offers the following scholarships:

- 1) CFA Institute scholarships — reduces cost of CFA program enrollment and exam fees
- 2) University scholarships — awarded to UC Davis Graduate and Sacramento State students
- 3) Stalla Program scholarships — covers the full cost of the Stalla preparation program

So far this testing year, CFASS has awarded six scholarships and has plans to award an additional twelve scholarships in the Spring. “I am extremely grateful to the CFA Society of Sacramento to have

received such a prestigious scholarship,” said one CFAI scholarship recipient. “Without this scholarship I would not have been able to afford the test. As a result of my preparation for the exam, I have gained a much fuller understanding of the concepts, ideas, and applications of investment practice than I ever have before.” One Stalla Program scholarship recipient added, “I found the Stalla PassMaster and the Powerpoints to be excellent tools to study, prepare and test my readiness for the exam. The scholarship has had a huge impact on my motivation and ability to review, test and prepare for the CFA Exam.”

*“I would liken studying for the CFA as the world’s most rewarding root canal — lots of pain up front, but a nice smile in the end.”*

Candidates who are interested in applying for a scholarship should refer to the CFASS website for details or contact your university’s scholarship office. One

scholarship recipient captures the exam process well by saying, “I would liken studying for the CFA as the world’s most rewarding root canal — lots of pain up front, but a nice smile in the end.” •

## Thought Leadership Survey

In a new effort to survey our members and partners on a regular basis regarding their thoughts about important political and economic issues, we have recently surveyed your opinions on:

- an auto bail-out
- the President’s priorities
- increased regulation

Most of you\* felt the U.S. Government should not bail out, or continue to bail out, “the big 3” auto-makers. The majority of you opted for \$0, or \$0 to \$25 billion, as a potential amount of aid to those companies. The majority of you said the auto-makers should still file for bankruptcy, even if aided by the Government, and a slight majority of you said you would not buy a car from a company in bankruptcy.

Most of you felt the economy should be the first priority of the new President, with health care and the wars in Afghanistan and Iraq following closely behind.

Others felt all of the issues listed in the survey should be prioritized equally (the survey was limited in that it was not all-inclusive). Most felt the government should not have provided mortgage relief; however, paradoxically, when asked on a more personal level if some individuals should be allowed to retain their homes, most of you felt they should be able to do so. It appears the relief suggested by the responders extended to individuals, vs. institutions. Finally, many of you were concerned about the massive de-leveraging going on and felt regulation may be necessary to some extent to insure none of this happens again.

For more details, go to: [http://www.cfass.org/Linked%20Documents/Thought%20Leadership%20Survey%20Results%20Fall%202009%20\[Compatibility%20Mode\].pdf](http://www.cfass.org/Linked%20Documents/Thought%20Leadership%20Survey%20Results%20Fall%202009%20[Compatibility%20Mode].pdf).

\*43 individuals responded. CFASS has about 163 members at the time of this writing.

## Dennis Johnson Departs CalPERS



Dennis Johnson, CalPERS' Senior Portfolio Manager in charge of Corporate Governance, departed CalPERS last summer to pursue a Managing Director position with the Shamrock Activist Value Fund. Those who follow the activities of the nation's

largest pension fund recognize the significance of this change to CalPERS' senior management.

As an investment veteran of 27 years, Mr. Johnson brought significant experience to the CalPERS table. A CFA Charterholder, Mr. Johnson boasts experience in almost every asset class, as well as in almost every country. His dossier includes direct portfolio management of global equity and fixed income portfolios; quantitative and fundamental equity and fixed income research; equity and fixed income trading; and management of CalPERS's Corporate Governance program over the previous 3 years.

However, not listed among his accomplishments and diplomas (B.A. in Economics from the Virginia Military Institute, M.S. in Finance from Virginia Commonwealth University, & the CFA designation), is that he comes across as one of the warmest, most charismatic of people. In short, he is a *true professional*.

The first time I met Dennis Johnson, we were guests at a conference, and he was telling me about a book called *Death by Meetings*. Based on his synopsis, it became clear to me that this gentleman did not mess around; he did not have time to spare for potentially ineffective meetings when there was important work to be done. In fact, the first thing he would ask in response to every meeting invitation he was sent was, "What is the purpose of this meeting, and why am I being invited?" Certainly, such a response evoked seriousness and thoughtfulness on behalf of all who invited him. Mr. Johnson made it clear his time was reserved for CalPERS Corporate Governance issues and the CalPERS C.G. team.

Now that he has time to eat breakfast with me at 33rd Street Bistro, half-point between CalPERS and CalSTRS, I am not surprised to learn this is where

Dennis Johnson sometimes meets friend, Jack Ehnes, CEO of CalSTRS, to discuss issues shaping today's investment landscape. Mr. Johnson, who remembers staying up all night before he made his first trade in fixed income over 21 years ago, has come a long way, according to Mr. Ehnes:

"Dennis took an already successful corporate governance program and made it even stronger. Not only was he able to pursue tough issues at troubled companies, he did it with a style and sense of diplomacy that gained the respect of everyone for his effectiveness. He clearly demonstrated that you can make real changes in corporate governance practices by determined efforts to find those points of leverage that will ultimately impact shareholder value."

As we work our way through the meal, Dennis tells me he will miss Sacramento. He built a home here and will miss Lake Tahoe and Napa. Mostly, he will miss the CalPERS C.G. team, all of whom he knows personally, and lists by name — without failing to mention several positive traits about each. A true leader, he finds the positive side of everyone, a useful trait when trying to find common ground in the corporate governance

sphere, which often entails the pursuit of a mutual agenda. Most overwhelming is the fact that Dennis humbly believes the CalPERS C.G. unit will run smoothly without him: "I'm no rock star," says Johnson, "a true leader trains others to become leaders and to function well in his absence."

Speaking of absences, Mr. Johnson is among the top four most recent high-profile departures from CalPERS (Mark Anson, Russell Read, Christy Wood) — another testament to the fact that CalPERS is in transition. Hired to run a \$1 billion mandate for Shamrock Holdings, a firm known for a connection to Walt Disney, Dennis is embarking on a new adventure that will keep him connected to Sacramento and his previous Corporate Governance team (which misses him very much, according to inside sources). •

## CFASS Charity Challenge

The Chartered Financial Analyst® (CFA®) Society of Sacramento is organizing a fundraiser this March 2009 on Friday the 13th called the “CFASS Charity Challenge” to benefit Neighborworks, a local non-profit organization, and the people of Mumbai, India through our sister society, the CFA® Society of Mumbai.

- **NEIGHBORWORKS**—committed to providing opportunities for successful homeownership and offering free classes called “financial fitness” education that teach basic financial skills to empower people toward prudent decisions that will positively impact their financial futures.
- **CFA® SOCIETY OF MUMBAI** — committed to giving to the people of Mumbai who have recently been displaced or affected by the bombings in order to help them toward recovery.

At the Peak Adventures Challenge Center on the CSU Sacramento campus, regional employers and sponsors will compete both physically and mentally in exciting high ropes and ground initiatives. The winning team members will be awarded prize packages, build relationships with their teams, and help local as well as international citizens in need.

## BOARD OF DIRECTORS

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**President:** Terésa Cutter [TCutter@CalSTRS.com](mailto:TCutter@CalSTRS.com)

**Vice President:** Candace Ronan, CFA [Candace.Ronan@WellsFargo.com](mailto:Candace.Ronan@WellsFargo.com)

**Treasurer:** Jonathan Lederer, CFA [Jonathan@Ledererpwm.com](mailto:Jonathan@Ledererpwm.com)

**Secretary:** Hao Lin, CFA [LinH@CSUS.edu](mailto:LinH@CSUS.edu)

**Past President:** Geraldine Jimenez, CFA [Geraldine\\_Jimenez@CalPERS.ca.gov](mailto:Geraldine_Jimenez@CalPERS.ca.gov)

Roy Clothier, CFA [RClothier@CalSTRS.com](mailto:RClothier@CalSTRS.com)

Denver Travis [Travisd@CSUS.edu](mailto:Travisd@CSUS.edu)

Dave Murphy, CFA [DMurphy@CalSTRS.com](mailto:DMurphy@CalSTRS.com)

Brian Leu, CFA [Bleu@DCAparkers.com](mailto:Bleu@DCAparkers.com)

Dan Bienvenue, CFA [Dan\\_Bienvenue@CalPERS.ca.gov](mailto:Dan_Bienvenue@CalPERS.ca.gov)

Sharyl David, CFA [Sharyl.David@Mossadams.com](mailto:Sharyl.David@Mossadams.com)

Darrin Dennings [Ddennings@lpcapitaladvisors.com](mailto:Ddennings@lpcapitaladvisors.com)

Lara Luo, CFA [Lluo@Pacifichanol.net](mailto:Lluo@Pacifichanol.net)

Jane Delfendahl, CFA [Jane\\_Delfendahl@CalPERS.CA.Gov](mailto:Jane_Delfendahl@CalPERS.CA.Gov)