Welcome to the Research Foundation of CFA Institute

NYC Lunch and Learn by Bud Haslett, CFA Executive Director
The Research Foundation of CFA Institute

Founded in 1965 (just after the CFA program started in 1963)
The Research Foundation of CFA Institute

Founded in 1965 (just after the CFA program started in 1963)
Original Research Foundation Goal

… to generate research and publications relevant to the needs of CFA candidates.

Dutton Morehouse said the Research Foundation was "the first center in the United States for independent research in financial analysis."
Evolved into Current RF Strategic Objectives

Produce
• Produce, promote and distribute independent, high-quality, relevant investment content

Educate
• Educate and engage the global investment community using the RF content

Enhance
• Enhance awareness of the Research Foundation and CFA Institute in the global investment community
Mission: To provide in-depth, high quality, independent research relevant to the global investment community

Outcomes
- Leading provider of in-depth, high quality, independent research for the global investment community
- Deliver practitioner-focused research relevant to investment professionals
- Develop topics that support, challenge or expand the ongoing development of the Global Body of Investment Knowledge

Processes
- Fund and administer a process that develops topical research projects of an enduring nature
- Develop targeted and strategic distribution and promotional channels
- Cultivate and engage a community of qualified researchers and reviewers
- Develop relationships with a core group of investment industry leaders

Enablers
- Exceptional board members with diverse backgrounds
- Solicit contributions and manage investment assets to allow for a sustained research strategy
- Partner effectively with CFA Institute for administrative and partnership support
RF Target Market - Global Investment Community

A bigger tent for CFA Institute and the Research Foundation

Trend began with eliminating opt-in mailing and using savings for new programs... programs will continue through FY 2013
How Does the Research Foundation Do It?

Through the generous contributions of its donors...

Dozens of Corporations

Gary Brinson

Ted Aronson
Strategic Guidance by the RF Board of Trustees

Tom Richards
Past-Chairman

Jeff Bailey
Chairman

Bill Fung
Vice-Chairman

Arnie Wood

Fred Speece

John Rogers

Charles Yang

Dan Meader

Dwight Churchill

And Many Others...

Bud Haslett
Executive Director

Brian Singer
Research Guidance by the
Gary P. Brinson Director of Research and Others

And Many Others…

Larry Siegel
Former Director of Research
at Ford Foundation

Wayne Wagner
Chairman
Research Committee

Founding Principal
Wilshire Associates
And the Wonderful Work by CFA Institute Staff

Kim Maynard
RF Treasurer

Tina Sapsara
RF Secretary

Research Foundation of CFA Institute
Where Can You Find the RF?

About Section of CFA Institute Home Page
Research Foundation

The Research Foundation (RF) of CFA Institute is a not-for-profit organization, led by the Board of Trustees, established to promote the development and dissemination of relevant research for investment practitioners worldwide.

Currently Funded Projects
- Currency Management
- Derivatives
- Exchange-Traded Funds

Submit a research proposal (PDF)
Ask your research questions (PDF)

Research and Publications

Since 1965, the foundation has funded, published, and distributed relevant monographs and tutorials expected to address a topic in a comprehensive manner or to cover several related innovations and insights. Read about the history of the RF (PDF).

Monographs
Books that support the exploration of new and challenging topics in investment management.

Partnered Publications
Books where the RF is involved with the creation, support, or use of the content.

Literature Reviews
Reviews include an overview of the available literature and a description of the existing state of knowledge and major themes and sub themes associated with the topic.

Occasional Papers
These works include award-winning papers from various global contests as well as other papers deemed valuable to the global investment community.

In Memoriam

Our friend John Nagorniak died on 7 September, after a long illness. The Research Foundation of the CFA Institute will always be grateful for his remarkable accomplishments as a Trustee from 2004 to 2011 and our Chair from 2008 to 2009. John's history bears testimony to his wide range of skills and his steady hand as Chair. He possessed a rare combination of patience and calm through thick and thin. His ability to simplify complex issues and his keen devotion to pushing the frontiers of The Research Foundation's research will resonate forever.

The Research Foundation and all of the CFA Institute community of over 100,000 members worldwide express their sorrow and their heartfelt appreciation for John Nagorniak's lifetime devotions. To his family, The Research Foundation expresses our great fortune for having known and worked with such a gentleman.

Latest Research Foundation
What is the RF Content?

- **Monographs / Books**
  - Focused, single topic
  - 100 to 300 pages

- **Literature Reviews & Occasional Papers**
  - Review of topical info and unpublished works

- **Partnered Publications**
  - Substantial works using outside publisher

- **RF Conferences**
  - In-person presentation on topics of importance
“Very valuable but not too academic”
Literature Reviews and Occasional Papers

Research Foundation Literature Reviews

Latest Release: The New Field of Liquidity and Financial Frictions (June 2012)

The Research Foundation is sponsoring a series of literature reviews of specific topics of interest to investment professionals. These reviews include an overview of the available literature and a description of the existing state of knowledge and major themes and subthemes associated with the topic. A thoughtfully annotated bibliography lists notable works.

- **2012**
  - The New Field of Liquidity and Financial Frictions (June 2012) [FREE!]
  - Equity Valuation and Inflation: A Review (January 2012) [FREE!]

- **2011**
  - Commodities as an Investment (September 2011) [FREE!]
  - Investment Issues in Emerging Markets (February 2011) [FREE!]

- **2010**
- **2009**
- **2008**
- **2007**
- **2006**
Partnered Publications

Rob Gowen - Heather Packard
Workshop for the Practitioner
Research Foundation Products

Monographs / Books
- PDF
- E-Book
- Hard Copy
- Summaries
- Derivative Products

Literature Reviews & Occasional Papers
- PDF
- Print on Demand

Partnered Publications
- Hard Copy
- Excerpts

Conferences / Workshops
- Live Event
- PDF
- Derivative Products
RF Derivative Product Offerings

- **Webinar**
  Live and archived multimedia content production

- **Archival Products**
  Compilation works from archived content (RF Review)

- **LOS, Questions & Summaries**
  Enhancement of content through use of questions and Learning Outcomes & Sum.

- **E-Learning and Audiobooks**
  Development of self-paced internet-based learning sessions
How Has the RF Been Doing?

Good and Very Good Quality (Member Survey):
- Books: 2008 - 86% and 2010 - 87%
- Lit. Reviews: 2008 - 74% and 2010 - 81%
How Has the RF Been Doing?

Books: 2008 - 78% and 2010 - 90%
Lit. Reviews: 2008 - 74% and 2010 - 83%
This Makes Bud Very Happy…

A high percentage of CFA Institute members have rated the Research Foundation’s content good/very good and relevant/very relevant.
But All is Not Perfect?

Awareness of Products (Member Survey):
Lowest of all CFA Institute Products
But All is Not Perfect?

Reasons for Not Reading (Member Survey):
Do not have the time: 40% and 34% ... Summaries
Never heard of it: 33% and 37%
This Makes Bud Very, Very Sad…

Awareness of Products (Member Survey):
Lowest of all CFA Institute Products

Never heard of it (Member Survey):
Highest of all CFA Institute Products
Making Good Progress
Research Foundation Monthly Page Views

Research Foundation Annual Page Views

RF Internet Page Views

*2012 Data Through 9 Months
When a Monograph is Released (Product Play Book)

1. Soft release creates product page and PDF link
2. Hard release adds eBook and starts the process…
CFA Institute Selections Email

Fund Management: An Emotional Finance Perspective
David Tuckett and Richard J. Taffler, Research Foundation Monograph, August 2012

Silver Medal or Bronze? Understanding Pride, Regret, and Counterfactual Thinking
Lauren Foster, Enterprising Investor blog, 10 August 2012

Why Emotional Intelligence Is Critical to Your Success (Take 15 Series)
Jamie G. Ziegler, Video podcast, CFA Institute Take 15 Series, May 2012

The Short of It: Investor Sentiment and Anomalies

Household Alpha and Social Security

India's Opportunities in Tomorrow's World
Clint R. Laurent, CFA Institute Conference Proceedings Quarterly, June 2012

How to Make Finance Work

Red-Blooded Risk: The Secret History of Wall Street (Book Review)
Aaron Brown, 2012, Review by Martin S. Fridson
HSBC allowed money laundering, report says
HSBC Holdings ignored evidence that its facilities were being used for money laundering and might have financed terrorism, according to a report from the U.S. Senate. Investigators were particularly critical of lax procedures at the bank’s Mexican division. The Guardian (London) (16 Jul.), Financial Times (tered subscription model) (17 Jul.), The Telegraph (London)/Reuters (17 Jul.)

Opposition to derivatives reform is undercut by JPMorgan loss
Growing outrage over JPMorgan Chase’s loss from derivatives trading is making it more difficult for banks to fight proposed reform to the privately traded derivatives market. The financial industry has been pushing for legislation to weaken portions of the U.S. Dodd-Frank Act that tighten regulation of derivatives trading. Reuters (16 Jul.)

Expected Returns on Major Asset Classes
by Antti Ilmanen, Research Foundation Monograph, June 2012 Can the art and science of investment management be reduced to a set of patterns that markets generally follow, in apparent violation of the efficient market hypothesis? At least sometimes, the answer is yes.

First Trust aims to launch global multi-asset ETF
First Trust filed with the Securities and Exchange Commission to market a global multi-asset exchange-traded fund designed to deliver a mix of income and total return. The actively managed First Trust Global Tactical Asset Allocation and Income Fund would attempt to minimize risk through broad diversification and regular rebalancing of its portfolio. Index Universe.com (16 Jul.)

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Ad in FAJ and CFA Institute Magazine

Now available from The Research Foundation of CFA Institute:

A Practical Guide to Risk Management

Thomas S. Coleman

This publication is available online for free in PDF and e-book format and can be purchased in paperback for US$9.95.

This book explores managing risk—the core of managing any financial organization. Risk measurement and quantitative tools are critical aids for supporting risk management, but quantitative tools alone are no substitute for judgment, wisdom, and knowledge. Managers within a financial organization must be, before anything else, risk managers in the true sense of managing the risks that the firm faces.

The Research Foundation funds, publishes, and distributes monographs, literature reviews, and periodic papers on a variety of relevant investment topics. It traces its roots to 1965 when one of the predecessor organizations of CFA Institute established the CFA Research Foundation in an effort to generate research and publications relevant to the needs of investment professionals worldwide.
Facebook Posting
Fund Management: An Emotional Finance Perspective - Newest Research Foundation Publication

Check out the newest monograph from the Research Foundation of CFA Institute (available as a free download). Arnie Wood, in his Foreword states:

"Despite our sophisticated storytelling, what has and always will characterize the “investment game” is uncertainty. Uncertainty is not so much mathematical risk but is rather part of the unknown that we cannot estimate numerically. This environment of uncertainty is a tautology of sorts. What is the fabricated logic that explains these storied, certainty-supported decisions? What requires us to be masterful storytellers? We are assumed to have asymmetrical information that can be used to battle the uncertainty so as to benefit those who rely on our investment choices: first, our clients and then, all the people to whom we report. It is to these people that we explain our choices, providing the powerful, colorful stories behind our decisions. In an inherently unstable environment, with a future that no one knows, our emotions surface as we strive to achieve our clients’ investment expectations, our boss’s business demands, and our personal hopes for the future. However we frame the story for these diverse masters, we must produce a believable, unambiguous thesis. We cannot be ambivalent; we must be convincing. This is the stuff of emotional finance, as I see and believe it to be."

Hope you enjoy reading the material...

Thanks,

Bud
Copies Sent Out to New Comp. List

Donors/Volunteers

Society Presidents

Program Partners

Regional Offices

Others - (Board Members)

New Comp. List
(Hardcopies as Promotional Tool)

And Societies, Grading, RF Author Speeches, Universities
New at the Research Foundation

Co-branding with premier investment organizations

Buy 500 or more books at $9.95 and get logo on the cover

New Cover Design
Website Upgrades

- Added pictures to Vertin Award and RF Board
- Added Partnered Publication and Occasional Paper page
- Added Online Donation and Volunteer Info
- Will be adding Summaries and Translated Summaries
E-Learning Session
A Primer for Investment Trustees

Introduction

Let’s face it. Few business assignments are more intimidating than being placed in a position of responsibility outside your area of expertise. Surrounded by subject matter experts awaiting your direction, you find yourself actually expected to make decisions. Even though you are told in the beginning that there are no dumb questions, you don’t want to provide the exception to the rule. A multitude of technical reports full of unfamiliar and complex concepts are quickly thrown at you.

Your real day job keeps you busy and offers few opportunities for learning about your new position. So, you sit silent at meetings, lacking confidence, frustrated and concerned about your ability to contribute productively. Well, welcome to the world of the newly appointed investment trustee.

Available Free to All
Relatively inexpensive
• Modest staff time
• 5 SER Credits
• Others to come…

Sarah Jackson - Kathryn Grotz
& Staff & Staff

Ethics Audio Book

Michael McMillan
Research Foundation Society Award

Award to Societies doing the best job with RF content...
Society Award = New RF Society Programs

- **RF Author Series** – *speaker program for RF authors*
- **RF Society Translation Program** – *translation of RF monograph summaries*
- **RF Society Monograph Program** - *donation of monographs for society forecast events*
- **RF Research Challenge Presentations** – *monograph presentations before the Challenge*
- **RF Society Book Clubs** – *donation of monographs for society book clubs*
- **Posting of winning papers** from society research events on the RF website
Research Challenge RF Presentations

- Developed via the RF Society Award – Buffalo/Rochester Society
- Presentation of 1 to 3 monographs by Challenge mentors
- Research Foundation donates books to participants
- 90 Local Challenges anticipated (up from 85 last year)
- RF Digital Download Station at all events
- University Program Partners too…

Amy Strunk - Steve Horan - Amanda Quinn
Successful Series of Webcasts

Equity Risk Premium
May 2012

Desi Allevato - Dana Faris


Research Foundation of CFA Institute
Content Enhancement Program
Approved Continuing Education Uses

Learning Outcome Statements (LOS) and Assessment Questions

Dennis McLeavey
CFA Institute Curriculum Collaboration

- Initiated in 2012
- Possible use of RF Content for CFA exam curriculum
- Need for new currency content – currency monograph considered
- Scheduling quarterly calls to discuss future collaboration

Candidate Body of Knowledge Topical Outline

I. Ethical and Professional Standards
II. Quantitative Methods
III. Economics
IV. Financial Reporting and Analysis
V. Corporate Finance
VI. Equity Investments
VII. Fixed Income
VIII. Derivatives
IX. Alternative Investments
X. Portfolio Management and Wealth Planning

Bobby Lamy - Jerry Pinto
Summaries & Translations
Fundraising - Online Donation Capabilities

- PayPal online donation capability
- Donate using major credit cards or PayPal account
- Embeddable donate button
- $2000 Donation Limit
Leadership Circle

The Research Foundation Leadership Circle honors investment professionals whose outstanding, commitment and contributions have benefited the Research Foundation of CFA Institute.
The James R. Vertin Award is presented periodically to recognize individuals who have produced a body of research notable for its relevance and enduring value to investment professionals. This award was established in 1996 to honor James R. Vertin, CFA, for his outstanding leadership in promoting excellence and relevancy in research and education.
Vertin Award

The James R. Vertin Award is presented periodically to recognize individuals who have produced a body of research notable for its relevance and enduring value to investment professionals. This award was established in 1996 to honor James R. Vertin, CFA, for his outstanding leadership in promoting excellence and relevancy in research and education.

Sharpe    Schiller   Clarke    Asness    Leibowitz    Lo    Bernstein Ibbotson
Volunteer for the Research Foundation

Due to the limited opportunities available to author Research Foundation (RF) content, we have collaborated with the CFA Institute member volunteer program to develop the following opportunities for investment professionals.

CFA Institute Members: Log in and fill out your volunteer interest profile to identify your interest in supporting the Research Foundation as well as our other programs and services. Learn more.

Ambassador Program

Ambassadors are interested and informed investment professionals willing to engage in outreach that will raise the profile of and expand dialogue about RF publications and events. Activities and time commitment are entirely flexible, depending on your interests and availability. You determine where and when your input can offer the greatest value in raising awareness. Please contact us so we are aware of your activities and can recognize your support.

Opportunities Include:

Social Media
Tweet, post on Facebook, start discussions on LinkedIn, contribute to Enterprising Investor or other blogs, and facilitate other social media interactions about RF publications or events.

Reviews
Read monographs and share objective and constructive reviews on Amazon, Apple iTunes, or the CFA Institute publications site.
Global Perspective Series?
Relevant Content of Regional Interest…
RF Prioritized Strategic Initiatives for FY 2013

1. **Global Perspective** - Develop and distribute RF content with a regional focus and offer current and future RF content in various languages

2. **Direct Marketing** - Develop new channels to publicize the publication of RF products

3. **Fundraising** - Identify and solicit financial support from previous and new RF donors through wider-access venues

4. **Trustee Engagement** - Develop methods and procedures to disseminate information to RF board members

5. **Global Continuing Education Content** – Create learning modules from RF content to qualify for global continuing education credit and use in Claritas post-certificate education

6. **Spending Policy** - Review current RF endowment spending policy and consider modifications

7. **RF Review** – Produce an annual summary publication of RF content
Can’t Forget About What is at our Core!!

The Research…
Upcoming Literature Reviews

Marianne Jennings
Ethics (2)

Ron Ryan
Asset Liability Management
We Are Partners…