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Dear Members and Readers:

With the holidays in our rearview mirror, CFA Society Cleveland is excited to get started on 2013. We're hoping members will view it as one of our best years ever, as we've already begun planning a number of large events we hope you'll find extremely valuable.

The first will take place on March 27 when Sandra Pianalto, Chief Executive Officer of the Fourth District Federal Reserve at Cleveland, will address our organization at what is certain to be a very well attended event. Register early to ensure a spot for you and your clients. In addition, you'll want to block off the afternoon of Sept. 16 so you can attend our annual golf outing at Kirtland Country Club, rated by Golf Digest as the No.1 course in Northeast Ohio. On Nov. 19, CFA Society Cleveland will host the first ever Midwest Investment Conference at what will be the recently opened Cleveland Medical Mart and Convention Center. Between 12 and 24 companies will attend the conference, and the event will allow our members to engage in business relationships with investors, issuers, and industry vendors in an open, low-pressure environment. CFASC will be extremely busy in 2013, just the way we like it, advocating and providing numerous educational and professional development opportunities for our members.

The New Year also brings a new face to the Society. In our December newsletter, I mentioned that we hoped to announce Katie Khoury's replacement in this month's edition. I'm happy to report that we completed our search for a new Executive Administrator, and Natalie Unsworth officially took over the role on Jan. 7. She will make her debut at the "Celebrity" bartending event on Jan. 10 at Zocalo in downtown Cleveland. I hope many of you are able to attend and meet Natalie.

During the search, CFASC relied heavily on a number of people to assist us and provide feedback. We would like to especially thank Matt Dennis, CFA, for allowing us to utilize CPG's offices to conduct interviews and Daniel Messeloff, a lawyer at Jackson Lewis, who provided CFASC with guidance as we navigated the search process.

CFA Society Cleveland is always looking for people interested in becoming a member of the Board of Directors or volunteering on one of its many committees. If you or someone you know wants to become involved, please contact us at cfa@cleveland.cfasociety.org.

Best of luck to all in 2013,

James M. Bailey, CFA
President, CFA Society Cleveland

Check us out on LinkedIn,
Twitter, Facebook or YouTube



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SPECIAL ANNOUNCEMENTS



MEET THE NEW CFASC EXECUTIVE ADMINISTRATOR, NATALIE UNSWORTH

Q: Why were you interested in joining CFASC?

A: I became interested in joining the CFASC after reading the job posting and researching the organization. I was instantly intrigued. Once I met some of the Board members and learned more, I knew this was a place I could root myself in and contribute to.

Q: Can you tell us a little about your background?

A: I graduated from Kent State University with a BA in Communication Studies. I have had the honor and privilege of working in different roles and in different contexts. I served as Constituent Liaison to U.S. Congressman John Boccieri (OH-16) for his one term in Congress, where I had the opportunity to work on Capitol Hill and assist our district's active military members and veterans. This gave me the self-satisfaction of giving back to those who served our country. I have also worked with labor-management in the area as the Administrator to QCPartners, where we educated the construction industry on the benefits of having a highly trained and skilled workforce.

Q: Can you tell us about your family and your hometown?

A: I was born and raised in Canton, Ohio, where I attended GlenOak High School. I have been married to my husband, Bobby, for 6 years and we live in Perry Township, outside of Canton.

Q: How is the transition process going thus far?

A: The training process has been going well. Although there is a lot to learn, I feel that Katie will make sure I fully understand my responsibilities and be there for me if I have questions. She has gone above and beyond to show me things, give me examples and answer all of my questions.

SPECIAL THANKS!

CFA Society Cleveland would like to especially thank Matt Dennis, CFA, Managing Director of CPG, for his generosity, and Daniel Messeloff, a lawyer at Jackson Lewis, for his guidance as the organization conducted interviews and navigated the search for a new executive administrator.

CANCELLATION POLICY

Thank you to all members who submitted suggestions for our new attendance policy! After careful consideration, the Board is pleased to announce the following policy will be in effect moving forward:

- If a member is unable to attend a luncheon, please call or email CFASC to cancel, preferably 24 hours in advance.
- We recognize that our members are busy investment professionals who have many obligations, both work and personal. As a result, all members are granted two unexcused absences if they are unable to cancel for a luncheon and do not attend.
- Beyond the two unexcused absences, CFASC reserves the right to charge the member for the third missed luncheon.

Thank you for understanding. We believe this policy will help to ensure that our members are not locked out of events, especially high-profile ones like the Art Laffer luncheon.

Please contact Membership Chair Paul Lebo, CFA, at membership@cleveland.cfasociety.org should you have any questions.



CFASC CELEBRITY BARTENDING BENEFIT FOR CAROL NURSERY SCHOOL



January 10th | Zócalo | 2071 E. 4th St. | 4:30 – 7:30 p.m.
 Happy Hour Drink Specials & Complimentary Appetizers
 Questions? Email cfa@cleveland.cfasociety.org

Carol Nursery School is a non-profit, non-discriminatory, non-sectarian preschool for children from two-and-a-half to five years old.

CELEBRITY BARTENDERS

4:30-5:15PM

Iris Wang, Key Private Bank

Lin Ma, Huntington Bank

5:15-5:45PM

James Bailey, PNC

Grant Guyuron, Hartland & Co.

5:45-6:15PM

Jeff Malbasa, Spero-Smith

Brad Knapp, PNC

6:15PM-7:00PM

Craig Cimoroni, KeyBanc Capital Markets

Matt Lower, Northcoast Research

7:00PM-7:30PM

Brian Rudloff, Goodyear Tire

Paul Lebo, Key Private Bank

PROGRAMMING

CALENDAR OF EVENTS

January 16

Stephen Malinak, Ph.D., Global Head of Intelligent Analytics at Thomson Reuters

January 16 - "Following the Smart Money: When Does It Add Value?," presented by Stephen Malinak, Ph.D., Global Head of Intelligent Analytics at Thomson Reuters
How smart is it to follow the "smart money?" We will help answer that question with the latest research findings from the quantitative research team at Thomson Reuters. The presentation will focus on three distinct signals from the smart money crowd – ownership data, insider transactions and short interest – and will share techniques on how to extract profitable investing strategies from this information. The audience will also learn when following the "smart money" doesn't work.

Dr. Stephen Malinak is Global Head of Intelligent Analytics for Thomson Reuters, serving customers in all of the world's major financial centers. His team builds a wide variety of innovative analytics, quant factors, and quant models based on the vast range of Thomson Reuters content sets. He was Director of Quantitative Research for StarMine prior to its acquisition by Thomson Reuters. Previously, he worked as a litigation consultant at LECG, valuing businesses and intellectual property in the telecommunications, high tech, and pharmaceuticals industries. As a strategy consultant for Strategic Decisions Group, he constructed detailed probabilistic cash flow forecasts for portfolios of new products and new business ventures. He built a practice area around commodity price forecasting and risk management, based on fundamental supply/demand analysis as well as stochastic process models.

Malinak has a Ph.D. and M.S. from Stanford in Engineering-Economic Systems. He also has an S.B. in Electrical Engineering and Computer Science from MIT, where he studied acoustics under Dr. Bose.

January 23

Heidi Richardson, Director, Global Investment Strategist at BlackRock

January 23 - Heidi Richardson, Director, Global Investment Strategist at BlackRock

Heidi Richardson is a Global Investment Strategist for BlackRock where her responsibilities include relating the Investment Strategy Team's research and investment views to key institutional and financial advisor clients and offering perspective on all asset classes – including equities, fixed income, alternatives and multisector approaches to investing.

Richardson joined the firm in 2010 with 23 years of experience in active investment management. Prior to joining BlackRock, she spent six years at AllianceBernstein as a Managing Director and Senior Portfolio Manager specializing in non-U.S. equities. Before that, she was a Vice President and Client Portfolio Manager with both Marsico Capital Management and Goldman Sachs Asset Management. She began her career in 1987 as a short-duration portfolio manager for the Blackstone Bank & Trust Company.

Richardson holds the CPM designation and is a member of the CFA Society of San Francisco. She earned her B.S. degree from Bentley University.

January 29

Forecast Luncheon, co-sponsored with CABE

PROGRAMMING

CALENDAR OF EVENTS

February 6

Luncheon: Christopher Piros, Ph.D., CFA, Senior Vice President & Managing Director, Hawthorn PNC Family Wealth

February 13

Patrick Kane, Chief Investor Relations Officer at EQT Corporation

SAVE THE DATE

March 27

Sandra Pianalto, Chief Executive Officer of the Fourth District Federal Reserve at Cleveland

January 29 – Forecast Luncheon, co-sponsored with CABE

Featured Speakers are Ken Mayland, President of Clearview Economics & James Meil, Vice President and Chief Economist of Eaton Corporation.

February 6 – Luncheon: Christopher Piros, Ph.D., CFA, Senior Vice President & Managing Director, Hawthorn PNC Family Wealth

Chris Piros is the Managing Director of Investment Strategy and Chairman of the Investment Policy Committee at Hawthorn, a member of the PNC Financial Services Group, Inc. dedicated to serving the needs of individuals and families with investable assets in excess of \$20 million.

He joined PNC from CFA Institute where he served on the team responsible for the curriculum underlying the Chartered Financial Analyst® designation. Previously, he was Director of Investment Strategy & Portfolio Management at Prudential Investments LLC, the wealth management services arm of Prudential Financial, where he established and led the unit's discretionary portfolio management activities. He and his team also formulated the investment strategy advice disseminated through the firm's wealth management platform, developed its proprietary asset allocation methodology, and counseled Prudential's investment boards on the outlook for capital markets and the global economy.

Piros earned his Ph.D. in Economics at Harvard University and co-authored *Running Money: Professional Portfolio Management* (McGraw-Hill, ©2011). He is a CFA charterholder and a member of the CFA Institute, the New York Society of Securities Analysts, and the CQA.

February 13 – Patrick Kane, Chief Investor Relations Officer at EQT Corporation

Patrick (Pat) Kane joined EQT Corporation in June 2000 as Director, Investor Relations, and has served as Chief Investor Relations Officer since 2007.

Kane began his professional career as a Nuclear Engineer with Eichleay Engineers, where he worked on safety and licensing projects from 1984 to 1993. After earning his MBA in 1995, he joined Duquesne Light Company as Director of Financial Projects, where he worked on pension investments and nuclear decommissioning trust investments. In 2007, he transitioned to Federated Investors as an Equity Investment Analyst where he spent the next three years performing analytical and financial research on companies in the energy sector.

Kane holds a Master's degree in Industrial Administration from Carnegie Mellon University's Tepper School of Business and a Bachelor's degree in Nuclear Technology from Excelsior College. He earned his Chartered Financial Analyst designation in 1999 and currently serves as President of the National Investor Relations Institute's Pittsburgh Chapter, President of the Neurofibromatosis Clinics Association, and is a member of the Chartered Financial Analyst Society of Pittsburgh.

MEMBERSHIP



Brian Tipple
Chief Investment Officer,
Key Private Bank

AT-A-GLANCE

Experience: 32 years in financial services industry

Education: Pacific Lutheran's University, Bachelor's degree in economics

Hobbies: Music, anything with a motor

Family: 2 daughters in college

MEMBER SPOTLIGHT

Interview conducted by Paul Lebo, CFA, Membership Chair

Q: Cleveland is fortunate to have you as the new Chief Investment Officer of Key Private Bank. Can you tell our readers a little about your background?

A: Thank you! Cleveland is sort of like coming home for me. My mom was born in Akron and my dad in Toledo. They met here in Cleveland at Cleveland Bible College which is now Malone University in Canton. Mom was a page at the Cleveland Library and Dad delivered bottles of Pepsi Cola throughout the city. My older brother was born in Cleveland before my family moved out west in 1956. I had the pleasure of working with Cleveland and Ohio-based clients in the 90s as well. Until three weeks ago, I lived all but a hand full of years outside the Pacific Northwest with the last four based in London.

Q: The CFA Institute announced in 2012 a bolder voice and a broader mission, committing itself and its member societies to leading the investment industry in restoring public trust in the investment profession. What role do we as members of the local society have in restoring trust?

A: Not only do we have a role, we have an obligation. We must convince the investing public that we hold ourselves to the highest possible ethical standard through our behaviors and actions. Broad adoption of the CFA Code of Ethics by all investment management firms should be a minimum requirement.

Q: The CFA Institute has several resources available to asset management firms to help restore public trust in the investment industry. Primary among them is the Asset Manager Code of Professional Conduct. Is a Code of this nature implementable in our industry and in firms like Key Private Bank?

A: I have been fortunate in that my present and past firms always considered the adoption of the highest standards of ethics and professional conduct to be a core part of their identity. Using the Code as the foundation and expectation for professional conduct is a great idea. Though a lot of the firms in our industry have already implemented internal guidelines in this regard and regularly test associates for compliance, formalizing this practice on an industry-wide basis is a really good idea. I support it.

Q: Nouriel Roubini received media attention recently for his prediction of a 35% probability of "the perfect storm" in 2013, consisting of a disorderly break-up of the Eurozone, a hard landing in China, and a spike in oil prices due to rising conflict in the Middle East. What are the best practices for managing the tail risk described by Roubini?

A: One of the lessons we learned in the immediate post-Lehmann period was that downside volatility was quite painful and real for all clients. As professional investment managers, we have an opportunity to better understand portfolio risk factors and ensure a client's portfolio structure is consistent with their expectations and ability to assume losses. Working with clients not only requires a clear understanding of their risk tolerance, it gives us an opportunity to elevate the conversation in more real or absolute terms. Discussing tail-risk scenarios with our clients is helpful for everyone to properly gauge the client's true risk appetite. Now for the 35% forecast probability...

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MEMBERSHIP

"WE MUST CONVINCING THE INVESTING PUBLIC THAT WE HOLD OURSELVES TO THE HIGHEST POSSIBLE ETHICAL STANDARD THROUGH OUR BEHAVIORS AND ACTIONS. BROAD ADOPTION OF THE CFA CODE OF ETHICS BY ALL INVESTMENT MANAGEMENT FIRMS SHOULD BE A MINIMUM REQUIREMENT."

Brian Tipple
Chief Investment Officer,
Key Private Bank

MEMBER SPOTLIGHT, CONTINUED

Q: Several books have been written in recent years about the shift in global power to the East. Can you comment on the balance of higher risk and return associated with adding exposure to the emerging market in the context of wealthy individual clients?

A: I think investing in emerging markets debt and equity is a great opportunity for us to better manage portfolio risk exposures. We do know that emerging markets have higher volatility. Through the magic of diversification, however, we can offset that volatility risk through judicious use of non- or low-correlated alternatives. Oftentimes, the challenge is helping clients overcome the fear of investing in areas away from home. Home country bias is very prevalent in the U.S. – perhaps more prevalent than in any other country I have visited. It is a reality. But properly explaining the risk/return benefits of investing in the Pacific Basin and emerging markets should lead clients to see the biggest risk is failing to invest in this geographic area at all.

Q: As the new Chief Investment Officer, can you touch on your vision for Key Private Bank?

A: We need to make sure that Key Private Bank continues to be seen as a premier wealth solutions provider. A key part of maintaining this perspective in a very competitive marketplace is ensuring that our research capabilities are as strong as they can be and sufficiently resourced. This includes our equity and fixed income research as well as our research into third party, multi-strategy investment solutions. In so doing, we will improve the number of top-tier strategies that our portfolio managers can access, and thereby, improve our ability to help clients achieve their objectives. We will also be working to more systematically evaluate the risks we take in client portfolios to better understand the factors behind our successes and improve the consistency of our future results. This balancing of qualitative assessment with quantitative insight will continue to be a cornerstone of our work.

Q: Can you comment on your role at Russell Investments?

A: At Russell, my role was globally focused specifically on equity strategies. I had teams in Tokyo, Singapore, London, Toronto, Seattle, New York, and San Francisco. As you know, Russell portfolios are almost entirely outsourced to third party sub advisors and client contact on the retail side of the firm is indirect. My role at Key Private Bank is broader and incorporates all asset classes and strategies. It also brings me back to where I started my career: working directly with wealth management and non-profit clients. I am very excited to be back!

EDUCATION

PREPARING FOR THE CFA EXAMS IS NOW LESS EXPENSIVE DUE TO TWO STRATEGIC PARTNERSHIPS CFA SOCIETY CLEVELAND HAS FORMED WITH CFA TEST-PREP PROVIDERS.



MOCK EXAM:

Preparing for the CFA exams is now less expensive due to two strategic partnerships CFA Society Cleveland has formed with CFA test-prep providers.

OPTION #1: Boston Securities Analysts Society (BSAS)

The best proxy for the regular CFA exam. For 17 years, BSAS has provided mock exams for all three levels.

Cost: \$149 enables you to download a PDF of the mock exam and work at your own pace. To purchase, visit www.bsas.org/pe and click on the "Purchase PDF" tab. USE COUPON CODE CLEVE.

OPTION #2: Kaplan Schweser

Kaplan Schweser has several excellent packages and options to choose from. Kaplan Schweser has helped hundreds of thousands of candidates prepare for the CFA exam via a concise review of the curriculum, expert instruction by CFA charterholders, and online tools.

Go to portal.schweser.com

Use Discount Code: [ClevelandCFA](#) and receive 15% off the retail price!

SPECIAL THANKS TO KAPLAN SCHWESER FOR SPONSORING THIS YEAR'S RESEARCH CHALLENGE.

ABOUT THE RESEARCH CHALLENGE:

The CFA Institute Research Challenge is an annual global competition which provides university students with hands-on mentoring and intensive training in financial analysis and professional ethics. Each student participant will be tested on their analytic, valuation, report writing and presentation skills and gain real-world experience as they assume the role of a research analyst.

ADVOCACY

"MEMBERS INDICATE THE FINANCIAL MARKETS IN THE U.S. (32% OF RESPONDENTS), CHINA (17% OF RESPONDENTS) AND BRAZIL (10% OF RESPONDENTS) WILL PROVIDE THE BEST INVESTMENT OPPORTUNITIES."

2013 Global Markets Sentiment Survey

"THE MOST-NEEDED FIRM-LEVEL ACTION, ACCORDING TO 26% OF MEMBERS, IS INCREASED ADHERENCE TO ETHICAL STANDARDS, SUCH AS THE CFA INSTITUTE'S ASSET MANAGER CODE OF PROFESSIONAL CONDUCT."

2013 Global Markets Sentiment Survey

RESULTS OF THE 2013 GLOBAL MARKETS SENTIMENT SURVEY

The results of the second annual Global Markets Sentiment Survey were recently released. Only CFA Institute members take this survey, so it reflects the observations of relatively knowledgeable and experienced financial market participants. A total of 6,783 members from 22 countries responded.

The survey reveals members' cautious optimism tempered by concern that underlying problems have not yet been solved:

- 40% think the global economy will expand and 20% believe it will contract, compared to 34% and 29% in the prior year;
- The biggest risks are from the European sovereign debt crisis, weak economic conditions and political instability;
- Members indicate the financial markets in the U.S. (32% of respondents), China (17% of respondents) and Brazil (10% of respondents) will provide the best investment opportunities;
- 50% feel equities will outperform all other asset classes compared to 41% a year ago;
- The current level of integrity of capital markets is poor (98% of respondents) and unlikely to change in 2013 (67% of respondents);
- 56% believe a lack of ethical culture within financial firms is the major factor contributing to the lack of trust in the finance industry, and nearly 66% indicate a culture of ethics and integrity within firms needs to be reestablished;
- The most-needed firm-level action, according to 26% of members, is increased adherence to ethical standards, such as the CFA Institute's Asset Manager Code of Professional Conduct (more information on the Asset Manager Code can be found on the CFA Institute website).

A full copy of the report is available on the CFA Institute website in the Ethics & Standards area under Market Integrity & Advocacy.

If you have any questions regarding the survey, the Asset Manager Code, or our Society's advocacy efforts, please contact Wayne Chamberlain, CFA, Advocacy Chair, at advocacy@cleveland.cfasociety.org.

CAREER SERVICES

Senior Internal Sales at Diamond Hill Investments

POSITION SUMMARY:

- Work directly with external sales team to coordinate sales and support efforts
- Assist and support internal sales team to achieve individual territory sales goals
- Maintain strong investment knowledge of Diamond Hill's strategies and operations
- Maintain client/prospect information, call lists, focus contact lists, and contact detail

POSITION RESPONSIBILITIES (Subject to change):

- External Wholesaler Support
 - Work with designated external wholesaler(s) to effectively manage assigned sales territories
 - Receive inbound and make outbound calls to existing and prospective clients and offices within assigned territories to promote Diamond Hill products and uncover cross-selling opportunities
 - Assist external wholesaler(s) with setting appointments, maintaining schedules, and meeting follow-ups as requested
 - Respond to requests for information from members of the sales team
- Internal Sales Team Support
 - Provide ongoing education and coaching to internal sales team; share best practices to increase sales of Diamond Hill products
 - Assist internal sales team with identifying top sales opportunities and acquiring new business within assigned territories to meet individual sales goals
 - Develop sales ideas for internal sales team; increase sales of Diamond Hill products through targeted proactive sales campaigns
 - Receive inbound calls from brokers and advisors, answer questions, and address issues
- Investment Knowledge
 - Understand and be able to communicate Diamond Hill's investment philosophy and process
 - Stay abreast of and be able to articulate the current positioning of all firm strategies, recent changes in key holdings or sectors, and investment results compared to benchmarks
 - Interact/communicate with investment and non-investment staff regarding various investment policies, procedures and issues
 - Maintain and enhance investment knowledge through continuing education and daily interaction with the investment team
- Client Data Maintenance
 - Process daily trade report and ensure delivery to sales team, noting any significant trades
 - Enter data from conversations, conferences, and field support into Diamond Hill's customer relationship management software, MARS
 - Maintain client and prospect call lists; respond to ad-hoc requests for MARS reports from external wholesaler(s)

Contact Information for Applicant Response:

Julie McConnell Director – Business Development Marketing

jmcconnell@diamond-hill.com

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