



AFTER THE BELL

THE NEWSLETTER OF CLEVELAND FINANCE

OCTOBER 2014

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Dear Fellow Society Members and Stakeholders,

We are off to another great start this year. We won Society of the Year in the Enablers category, the second year in a row our Society was recognized internationally for excellence. We have also had outstanding events with a highly successful golf outing, Loretta Mester's first public address since becoming President and CEO of Federal Reserve Bank of Cleveland, the second annual Career Day, and a great networking event that attracted previously unengaged members and nonmembers. What an exciting start!

With the many activities we have undertaken as a Society over the years, we want to ensure that we use our Society's time and resources to focus on fulfilling our mission "to promote professional development, ethics, and awareness through outreach to and engagement with the financial community." This is the mission statement developed at our annual Strategic Offsite meeting. While the current Board members understand our updated mission statement and the thoughts behind its development, I want to be sure that our members and stakeholders understand as well. Therefore, over the next few months, I will expand on the key components of our mission statement and offer a sampling of the activities we are undertaking to accomplish our mission.

This month I want to highlight some recent and upcoming activities. Thanks to the hard work and dedication of our Programming committee, we have a great programming calendar for the year. We kicked off our luncheon series with a packed house to hear Loretta Mester, President and CEO of the Federal Reserve Bank of Cleveland. Upcoming luncheons will focus on a range of topics including economic outlooks, equity market outlooks, investment decision making, derivatives, and strategy. As always, these will be insightful events with actionable strategies. We look forward to seeing you there.

A new area of focus this year is working to help promote CFA Institute's resources, including its partnership with the CFA Institute Research Foundation. The CFA Institute Research Foundation is a not-for-profit organization that sponsors independent research for investors and investment professionals. The Research Foundation publishes high-quality research, which is of great benefit to the professional development of our members and the larger financial community. However, many of our members and other financial professionals are unaware of the wealth of information available at no cost through these resources. Opportunities also exist to earn continuing education credits for reviewing these resources. (More details are in the Education section of this newsletter.)

The above areas are just a sampling of the work we are doing. Please take the time to read the remainder of the newsletter to get some additional details on the exciting things that are happening this year. Thank you for your time and for the opportunity to serve as President of our great Society.

Regards,

Wayne Chamberlain, MBA, CFA

Check us out on LinkedIn, Twitter, Facebook and YouTube



CFA Society Cleveland
24199 Lyman Blvd.
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CFA Institute members prior to **October 31**
REGISTER HERE for MWIC14

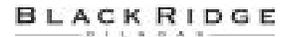
Midwest Investment Conference 2014

Tuesday, November 18, 2014 | Cleveland Convention Center



The Midwest Investment Conference 2014 (MWIC14) represents a unique opportunity for public issuers and institutional investors to engage in a comfortable no-strings attached setting. This corporate access and due diligence event will feature companies located throughout the Midwest in several industry tracks.

Companies presenting at MWIC14 currently include:



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www.midwestinvestmentconference.org

For more information email admin@go2mic.org or call 216-255-6290

PROGRAMMING

CALENDAR OF EVENTS



October 16

**David W. Berson,
Nationwide
Chief Economist**

REGISTER NOW

Joint lunch with CAFE, David Burson, Chief Economist, Nationwide Insurance, *Economic Outlook*, Thursday, October 16, 2014 [REGISTER HERE](#)

David W. Berson, Nationwide Chief Economist, leads a team of economic analysts delivering economic forecasts and analyses that are used to inform and strengthen the organization's business strategies and operating plans. David is a noted economic expert, who holds a doctorate in economics and a master's degree in public policy from the University of Michigan, and a bachelor's degree in history and economics from Williams College. He is a frequent speaker to media and industry groups on the economic outlook, housing, and mortgage markets, as well as the author of numerous publications.

Prior to joining Nationwide, David served as the Chief Economist & Strategist and Head of Risk Analytics for The PMI Group, Inc., where he was responsible for analyses and forecasts of the economy, housing, and mortgage markets; domestic/global research and planning; and strategic planning. He also acted as a PMI spokesperson on global economic topics related to housing and mortgage market conditions and policies. As head of PMI's Portfolio Management, Analytics & Pricing Group, he was responsible for all credit analytic models and projections for the company, as well as product pricing.

Prior to PMI, David was Vice President and Chief Economist for Fannie Mae, where he advised the company on national and regional economic, housing and mortgage policy and conditions, including forecasts and analyses of the economy, interest rates, and housing and mortgage finance markets.

David has also been Chief Financial Economist at Wharton Econometrics, visiting scholar at the Federal Reserve Bank of Kansas City, assistant professor of economics at Claremont McKenna College and Claremont Graduate School. His government experience has included staff economist on the President's Council of Economic Advisors and economic analyst at the Treasury Department and the Office of Special Trade Representative. He is a past President of the National Association for Business Economics (NABE).

Programming continued on page 3

PROGRAMMING

CALENDAR OF EVENTS



October 22, 2014
Tom Brakke, CFA
tjb research

REGISTER NOW



October 29, 2014
Josh Feuerman, CFA
JP Morgan
Managing Director

REGISTER NOW

Charter Awards Luncheon, Tom Brakke, CFA, tjb research, *Creativity in the Investment Process*, Wednesday, October 22, 2014 REGISTER HERE

Luncheon Sponsored by Boyd Watterson



Tom Brakke, CFA, is a consultant, writer, and investment advisor. As principal of tjb research, he specializes in helping investment firms and institutional investors with decision making processes and organizational strategy. Tom writes extensively about the investment industry, including the range of "research puzzles" that participants in the financial markets face. In March, he published a book, "Letters to a Young Analyst."

Tom holds the CFA Charterholder designation and has worked for fifteen years in professional investment management roles with American Express Financial Advisors. With experience in both equities and fixed income, he held positions as an analyst, portfolio manager, director of investment research, president of the firm's alternative investment division, and leader of a unit that created new investment products.

Subsequently, Tom was the professional advisor for the Carlson Funds Enterprise, an MBA program at the Carlson School of Management of the University of Minnesota. From 2003 to 2009, he was the independent consultant for one of the twelve investment banks that was a party to the Global Research Analyst Settlement.

Josh Feuerman, CFA, Managing Director, JP Morgan, *Equity Market Update*, October 29, 2014 REGISTER HERE

Luncheon Sponsored by JP Morgan



Joshua Feuerman, CFA, managing director, is a Senior Equity Client Portfolio Manager. Josh joined the firm in 2012 from Foundation Capital Partners where he served as Chief Risk Officer. Previously, Josh ran his own investment firm, Btn Partners, where he managed a quantitative market neutral hedge fund. Prior to founding Btn Partners, Josh was Vice Chairman of the Investment Committee and Head of Global Quantitative Equities at Deutsche Asset Management. Josh was also Head of Active International Equities at State Street Global Advisors in Boston and an adjunct lecturer in the Finance Department at Pace University. Josh holds an A.B. in Economics and Romance Languages from Bowdoin College and an M.B.A. in Finance from the University of Chicago Graduate School of Business.

Programming continued on page 5

PROGRAMMING

CALENDAR OF EVENTS



November 5, 2014
Greg Harmon, CFA
Dragon Fly Capital Management
President

REGISTER NOW

SAVE THE DATE October 27, 5PM to 8PM
HEDGE FUND SYMPOSIUM

Greg Harmon, President, Dragon Fly Capital Management, *Technical Analysis Update, November 5, 2014* REGISTER HERE

Greg will be provide a timely expert technical analysis update of the current market trends and its influencers. Included will be an in-depth analysis of macro trends as well as a timely look at various equity indices, gold, oil, bonds, the U.S. Dollar, foreign markets, and volatility

Gregory Harmon is founder and president of Dragonfly Capital Management, where he provides expert technical analysis and trading ideas using stocks and options. He is also a founding partner and CIO of Presidium Capital Management, an asset management firm investing for clients in separate accounts. Mr. Harmon has more than 25 years of trading experience at BNP Paribas, State Street, and J.P. Morgan. He is the author of *Trading Options: Using Technical Analysis to Design Winning Trades*. Follow him on twitter @harmongreg and read his blog at Dragonflycap.com.

Save The Date CFA Institute Members

Hedge Fund Symposium, Monday October 27th, 5PM to 8PM, registration and location information to follow

The focus is an educational forum on Hedge funds overall with an introduction to various strategies. The discussion will be led by several hedge fund managers with a question and answer period to follow. Also Included will be a discussion on how to use in a portfolio, their general investment characteristics, risks concerning investing in hedge funds and how to minimize that risk.

Attendance Limitations: due to capacity and legal constraints there is some limitations to the attendance of this event. Additional details forthcoming. Event will be open to CFA Institute members only

Programming continued on page 6

PROGRAMMING

2014 PROGRAMMING CALENDAR

- November 5 **Greg Harmon, President, Dragon Fly Capital, Technical Analysis Update**
- November 12 **Nick Bohnsack, Strategas, Equity Sector Positioning**
- November 18 **Midwest Investment Conference**
- November 19 **Julian Emanuel, Derivative Strategist, UBS, Derivatives Update**
- November 24 Lincoln Electric, Tour and Company Update-registration information to follow
- December 10 **Bruce McCain, Chief Strategist, Key Private Bank**
- December 17 **Russ Koestrich, Blackrock, Blackrock 2015 Forecast**

Registration links for events can be found at www.cfasociety.org on the CFA Society Cleveland calendar or by clicking on the events.



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² As of August 31, 2014.

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MEMBERSHIP



Dan Bandi, CFA

CIO, Integrity Asset Management

Dan is a CFA® charterholder with over 23 years of investment management experience. He serves as CIO for all of Integrity Asset Management's value equity strategies, and is lead portfolio manager for the Small Cap Value Equity strategy and the Small/Mid Cap Value Equity strategy. Dan has sector responsibilities focused on the financials and industrials sectors.

Dan and his team have been featured in The New York Times, the Wall Street Journal, the Financial Times and Investor's Business Daily and have appeared as guests on CNBC, CNNfn TV, Bloomberg TV and others. Dan graduated from the University of Pittsburgh and earned an MBA from Texas A&M University - Commerce.

Dan is a bad golfer and a rabid Pittsburgh Steelers fan. He is married with two children. Dan is a member and past President of the CFA Society of Cleveland.

MEMBERSHIP SPOTLIGHT

Interview conducted by Grant Guyuron, Membership Chair

1. When did you decide that you wanted to work in the investment management business and what drove the decision?

I got a BA in Economics, and I really enjoyed the subject, but I could never find any practical uses for the degree. At least no one was hiring undergraduate economists in Pittsburgh in 1987! When I took my first Investment Management class in grad school at Texas A&M - Commerce, a light just kind of went off. It was like seeing the other side of the coin of Economics. Something just clicked, and I realized that this was what I had been searching for.

2. What are the key qualities an individual must possess to be a successful analyst and/or portfolio manager?

I think that first, you have to be comfortable making decisions with incomplete information. You'll never know everything. I think that's the biggest mistake I see people making, waiting for more information. Our business is about uncertainty and risk and you just have to have a personality that is comfortable with that. I also think you need to have a balance of self-confidence and humility. Given that you are going to be making decisions without complete information, you also have to understand that you are going to be wrong a fair amount of the time. I think you need the balance of ego to be able to get back on the horse, but not so much ego that you cannot realize your mistakes - one of our clients called it having too much conviction.

3. How would you describe your investment philosophy?

We are a flexible value manager looking to add value in various market environments. We strive to reduce biases in the portfolio to increase consistency. This requires a focus on risk control and understanding the exposures in the portfolio. In terms of stock selection, we are looking to buy the right company at the right price at the right time. We're looking for good managements, selling at a discount with a catalyst for value recognition.

4. Many investment professionals view small cap stocks to be overvalued, what is your opinion?

Many do not, too (laughs). Certainly small caps and all stocks in general have become more expensive as the risk premium in the market shrunk after the market crash. I definitely think there is more risk and less reward in stocks today, however, I expect the market to continue to work its way higher. In general, I see an economy that is Ok, low inflation, and easy monetary policy without a lot of places to go with that money. I would expect the market, and small cap stocks, to get more expensive as the market moves higher and we see some more PE expansion.

Membership continued on page 8

MEMBERSHIP



Dan Bandi, CFA

CIO, Integrity Asset Management

MEMBERSHIP SPOTLIGHT CONTINUED

I think the biggest risk to the market lies in exogenous factors like the Russian situation, for example, and not with valuation. In my experience, valuation hasn't been a great timing tool for investing. That said, I think you need to be more careful with your stock selection given the increased downside risk from disappointments. That also implies holding fewer stocks and taking more company-specific risk.

5. How has earning the CFA Charter impacted your career?

The CFA charter gave me a pretty solid tool kit to work with. It is a good base of knowledge to build off of. It also provided me with a stamp of legitimacy in the industry, and I believe that definitely helps when talking to employers and clients. Finally, my involvement in the CFA society of Cleveland introduced me to many friends, associates and clients. Being new to Cleveland, it was, for me, a great way to meet and network with people, ultimately placing me on the path to where I am today.

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EDUCATION

Continuing Ed Corner

CFA Institute's website is home to a wealth of professional and educational resources, including e-books, webcasts, courses, articles, and blogs. Access the Research Foundation's publications for an array of timely and topical books by industry thought leaders. Keep current on investing trends with articles from the latest *Investment Risk and Performance Newsletter and Conference Proceedings Quarterly* issues. And for members in need of CE credits before year end, an online course offers the opportunity to earn multiple credits in one place.

Investing Trends: Advances in Forecasting Expected Returns

CFA Institute Research Foundation offers four e-books per year and annual literature reviews exploring new and challenging topics in the investment industry, such as Antti Ilmanen's [Expected Returns on Major Asset Classes](#). In this excerpt drawn from his seminal work, Ilmanen provides compelling evidence that asset class returns can sometimes be predictable. Learn which risk factors drive returns on the major asset classes, how to adjust historical risk premia when forecasting returns, and which valuation indicators have merit. All Research Foundation publications are available online, and free. (5.0 CE credits.)

Investing Trends: Unconstrained Bond Funds

Viewed as an alternative fixed income solution for investors concerned with rising interest rates and bond market volatility, unconstrained bond funds have proliferated in number. The heterogeneous nature of the funds means choosing one is no easy task. In this September 2014 *Investment Risk and Performance Newsletter* article, [Shedding Light on Unconstrained Bond Funds](#), I explore the challenges of evaluating these funds and provide guidance on fund selection.

Try a Course: The Challenges of Investing in Post-Crisis Markets

Gain new perspectives on investing in a world where black swans are no longer rare, correlations have increased, and markets have become more sophisticated and complex. The course, [Post-Crisis Markets, Expectations, and Asset Allocation](#), comprises seven highly informative, and often entertaining, webcasts and one podcast covering topics that include behavioral finance, currencies, and market illiquidity. (Bonus: See Paul McCulley, before he rejoined PIMCO, voice his passionate views on monetary policy and the future of the European nation.) (Earn 6.0 – 8.0 CE credit hours)

Easy Ethics Credit: Avoiding Securities Research Risks

In the quest to produce good research, equity analysts have to navigate their way through a number of regulatory and legal risks. In a December 2013 *Conference Proceedings Quarterly*, [The Risks That Securities Analysts Face](#), Jeremy Bolland advises analysts on global best practices in content, communication, and avoiding conflicts of interest. Bolland is an independent securities research consultant based out of Hong Kong who spoke at the 66th CFA Institute Annual Conference in Singapore. (Earn 0.5 CE SER credit.)

Did You Know?

Of the 20 credits needed to meet the annual CE requirements, two must be ethics (SER) credits. Additional CE credits beyond 20 can be carried forward once you've earned the 2 SER credits.

Deborah Kidd, CFA, Education Chair

ADVOCACY

The Society Leadership Conference and The Enablers Award



There are 140 Societies globally representing more than 120,000 members and Cleveland has been recognized two years in a row with awards for excellence – last year with the Society of the Year Award for Societies in our size category and this year as Category winner in Enablers for our work in the area of governance and volunteer management. Impressively, the Enablers Award is one of six Strategic Initiative Awards judged on the global stage irrespective of society size. Congratulations to the investment community and the board. **Please click here to read the winning application.**

Successful leadership and management is a key for organizational advancement. Great signs of leadership are the ability to motivate people, facilitate strategy, create structure and attract talent to an organization. Receipt of the Enabler Award demonstrates the Board's strength in all of these areas. The CFA Institute describes the recipient of the award as having the "organizational platform necessary for strategic success and a focus on the global operating model and our cultural values of partnership mindset, leadership courage, and servant leadership." The award focuses on sustainability through society planning, board organization and duties, financial stewardship, performance monitoring and accountability, and volunteer and staff stewardship.

This year we had several governance notables:

1. Held full-day strategic offsite
2. Created an extensive board manual, one that is posted on CFA Institute's website for other Societies to refer to for their board manuals
3. Conducted regular organized board meetings
4. Instituted many policies to protect our Societal values
5. Adjusted our bylaws and board structure to meet the needs of an expanding Society
6. Instituted several programs to attract high quality members to the board and volunteers for the committees. Last year, 62 volunteers were involved in over 100 projects, representing just over a 12% volunteer participation rate. Our committees boasted 87 volunteer equivalents v 47 in the prior year. As a result of these infrastructure efforts, we had 16 Society firsts or significant notables this year with no pullback of prior year achievements.
7. Posted sizable surpluses over the recent couple of years resulting in reserves roughly equal to our yearly operating budget

It is an honor to receive the award and The CFA Institute took it one step further when they invited our immediate past president, Craig Cimoroni, to speak to the Institute's Society Leadership Conference in London on September 4, 2014 on the area of Governance. During the hour-long session Craig showcased our Society as an example of best practices in the area of Governance in front of a packed crowd of hundreds of delegates from around the world. The presentation centered on the foundation we've built in terms of structure and talent and concluded with notes on how to properly plan for succession.

CAREER SERVICES

investing in Your Career - Cleveland 2014

On September 9, 2014, the Society held its third annual Investing In Your Career – Cleveland, a Career Day event designed specifically for local employers to get first hand access to local university level talent. The event took place in the spectacular Student Center Ballroom at Cleveland State University.

The Society invited the top senior or graduate level finance students from each university in Northeast Ohio. Over 70 students from 9 local universities were in attendance and were given the chance to network and mingle with representatives from nine local firms, all of whom had employment needs to fill.

Investing In Your Career – Cleveland is an annual day of networking and career development education targeted to future investment and finance professionals in Northeast Ohio. The program featured sessions on the CFA Program, pointers on how to successfully network, a panel of hiring managers that answered the tough questions from attendees, and a final session allowing participants a chance to meet and network with representatives of local firms in an informal setting.

We'd like to take this time to thank our Career Day speakers, James Bailey, Past President of the CFA Society Cleveland and Michelle Halloran, Professional Development Program Coordinator, John Carroll University for their time and insights.

Additionally, we'd like to thank our employer partners for making the day a success. Many thanks go out to the representatives of Alliance Bernstein, Boyd Watterson Asset Management, The Earnings Scout, Eaton Corp, Key Corp, Longbow Research, MAI Wealth Advisors, Northcoast Research, and PNC Financial Services Group.

Next, a huge thank you to our university partners for taking the time out of their busy school year to attend. Thanks to the students and professors of Ashland University, Baldwin Wallace College, Case Western Reserve University, Cleveland State University, University of Findlay, Hiram College, John Carroll University, Kent State University, and Youngstown State University.

Finally, one more thanks to our partners at Cleveland State University. Simply put, without your generosity, our Career Day would not have taken place.

The Career Day garnered a great deal of praise from employers and universities and achieved Society objectives not only in career services, but in employer relations, public awareness, and university relations as well.

We look forward to hosting our third annual Career Day in the fall of 2015.

Sincerely,

Tom Jalics, CFA

Career Services Chair

CFA Society Cleveland

Career Services continued on page 13

CAREER SERVICES

Longbow Research, LLC

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Cleveland, Ohio

The successful candidate for Junior Equity Analyst will play a key role in furthering the success of a research franchise through varying avenues of contribution to client needs and the research investment narrative. Successful Junior Analysts can manage and develop market research, global trend evaluation, create and maintain financial models, manage the research marketing materials, converse with the senior management of companies under coverage, participate in conference calls, analyst conferences, and industry seminars, present investment opinions to Longbow's internal sales team, and develop client relationships. The ideal candidate will have an MBA from a recognized business school. A background in investment research and a CFA designation are preferable but not a necessity. The candidate must be highly driven to succeed, yet capable of contributing within a team environment to the success of his or her peers. A keen interest in the stock market is a prerequisite. The Junior Analyst position is designed to prepare the individual for a Senior Analyst position with full coverage responsibilities in approximately three years. Compensation consists of 1) a base plus bonus arrangement typical of the position and competitive with current Wall Street levels, and 2) a generous benefits package. Email contact only please.

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