Welcome to our 2015-2016 year for the Society! After our annual board retreat and strategic planning update, the Board was excited to offer another year filled with a variety of programs and activities that we hoped you enjoyed. In case you missed the email this summer, we have posted the Society's first-ever annual report on our webpage that recaps our activities during 2014-2015.

The CFA Society Pittsburgh received the 2015 Society Excellence Award for most outstanding society 400-999 members - the top award from the CFA Institute divided into categories based on society size! I hope you will see this award as recognition for the outstanding program offered through the society as a result of an incredible Board, active committee structure, and supportive membership!

Our annual networking event featuring committee signups took place on August 31st at Olive or Twist - thanks to all who came out especially those signing up to volunteer for committees. A separate email was sent to the entire membership for those unable to attend but interested in serving on one or more committees - get involved!

Our society recently received word that we were renewed for a second year for our Financial Literacy Growth Partnership Funding grant from the CFA Institute. We received in excess of $14,300 in funding to assist our internal financing to promote financial literacy in western Pennsylvania. This fall we worked with Allegheny Intermediate Unit which will use society-sponsored content in approximately 20 schools in the Greater Pittsburgh area. Our financial literacy efforts expanded to Erie where three more high schools participated. Pre- and post-surveys are being taken by participants to determine the impact of our program.

Our first ever job fair for college students took place on Monday, September 14th. We are thankful for the six universities and three companies that participated and look forward to making this an annual tradition going forward. The Investment Research Challenge is underway with eight universities conducting valuations of Dick Sporting Goods.

Our complimentary CFA program for all Pittsburgh-area candidates held on December 2nd was a great success and study groups have been formed at each level to help support candidates' study efforts. If you are/know of a candidate that would like to participate in a study group, please have them contact me at mgf11@psu.edu.
At our December board meeting, we approved a motion to help plan an upcoming InvestPA Conference with George Emanuele serving as chair of the event. We welcome participation for individuals who would like to serve on the committee that will help execute this event. More details to follow.

Two of our board members - David Zawadski and Manoharlal Sukhwani will conclude their second, four-year term on the board in June 2016.

Thanks to all of you who attended our Annual Forecasting Dinner! The event was a complete success with one of our largest crowds ever - over 150 guests in attendance! A big thanks to Chris Willes who facilitated the event along with our panelists (Stephen Auth, Don Belt, Geoffrey Gerber, and Adam Farstrup).

In order to expand opportunities for members to participate in our activities, we had our first breakfast event of the year on January 13th. This program was in response to the member survey last year which indicated a preference for alternative times to our regular luncheon programs.

Our annual Stock Picker’s Luncheon was held in February.

A big thanks to Ryan Bend and his committee for all their work in making the Investment Research Challenge such a successful event! Penn State Behrend is our winning team this year and advances to the regional (Americas) competition on April 12-15 in Chicago, IL. Each team prepared a valuation on Dick's Sporting Goods with the seven universities ranked based on their written report (50 percent) and oral presentation (50 percent). Penn State Behrend advanced to the final 21 teams in the world (out of over 1,000 universities that participated).

Submissions from approximately 10 area universities for the financial plan competition this year. Meanwhile, our high school initiatives increased as 23 area high schools are engaged in financial education initiatives through Society efforts.

We also sponsored our 4th annual Foundations and Endowments conference with a record crowd of over 150 participants. Leaders from regional Endowments and Foundations, investment consultants, money managers, and subject experts participated in a full-day educational conference covering today’s critical investment and governance issues.

Dr. Greg Filbeck, CFA, FRM, CAIA
President, CFA Society Pittsburgh
HISTORY OF THE SOCIETY

Our society is an association of local investment professionals. Consisting of portfolio managers, security analysts, investment advisors, and other financial professionals, we promote:

- ethical and professional standards within the investment industry
- encourage professional development through the CFA Program and continuing education
- facilitate the exchange of information and opinions among people within the local investment community and beyond
- work to further the public's understanding of the CFA designation and investment industry

As one of CFA Institute member societies, our society connects members to a global network of investment professionals.

HISTORY OF CFA INSTITUTE

CFA Institute is a global association of investment professionals that traces its lineage back to the establishment of the Financial Analysts Federation (FAF) in 1947.

Leadership of the FAF established an independent organization—the Institute of Chartered Financial Analysts (ICFA)—to administer the CFA credentialing program in 1959; and the ICFA administered the first CFA exams in 1963. Later, the FAF and the ICFA merged to become the Association for Investment Management and Research (AIMR). In 2004, AIMR changed its name to CFA Institute.
OUR MISSION & VISION

MISSION

CFA Society Pittsburgh's mission is to serve the interests of its members and to be a resource for its community of investors by delivering sustainable member value through network events, support of continuing education, and career development and increasing public awareness through community education and outreach projects, seminars, ads in local publications, and sponsorship of relevant events.

VISION

To position the society as the premier local forum for local financial industry stakeholders.

OUR STRATEGIC PLAN

MEMBERSHIP ENHANCEMENT

COMMITTEE RESPONSIBLE: Membership (Cale Grove, Chairman)

Action Steps:

- Contract volunteer outreach as needed for assistance with larger events
- Distribute thank you letters for membership renewal
- Achieve a 95 percent re-enrollment rate among existing members including necessary follow-up among those not initially renewing

- Achieve a student membership program of 25 students
- Edit/revise the compensation survey with spring distribution and create a final report based on results
- Create and conduct a year-end satisfaction survey
FURTHER ENHANCE SPONSORSHIP PROGRAM

COMMITTEE RESPONSIBLE: Sponsorship Committee (George Emanuele, Chair)
Action Steps:
• Create and maintain an active Sponsorship Committee
• Review and edit as necessary promotional piece to attract sponsors
• Bring in $15,000 in sponsorship contributions
• Secure annual partners
• Identify sponsors for special event dinners/lunches
• Identify sponsors for charter event/annual meeting
• Identify sponsors for Investment Research Challenge
• Identify sponsors for luncheons
• Identify sponsors for Financial Plan Competition

INCREASE FINANCIAL LITERACY EFFORTS

COMMITTEE RESPONSIBLE: Financial Literacy (David Zawadski, Chairman)
Action Steps:
• Maintain an active Financial Literacy Committee
• Apply for renewed Growth Partnership Funding for financial literacy
• Expand the number of colleges in the area participating in the Financial Plan Competition to 15
• Explore outsourcing opportunities for the “certificate of accomplishment” to college students that complete the creation of personal financial plans and meet a minimum standard
• Develop a rubric for the use of evaluating financial plans submitted for the financial plan competition
• Establish additional partnerships (e.g., Pittsburgh Promise, Allegheny Intermediate Unit) as a means to increase financial literacy outreach to the secondary education level
• Develop a pre- and post-survey for faculty and students participating in the financial educational outreach

FOSTER GREATER MARKETING AND COMMUNICATIONS EFFORTS

COMMITTEE RESPONSIBLE: Marketing and Communications (Joe Lantz, Chairman; Chris Wiles, Ryan Bend)
Action Steps:
• Create and maintain an active Marketing and Communications Committee
• Raise awareness and profile for CFA Society Pittsburgh, the CFA Charter and CFA Institute
• Inform members and outside parties of the activities, accomplishments, objectives, and services of the society
• Maintain relationships with media and securing press coverage/publicity for society Developing relationships and co-sponsoring
events with like-minded organizations
• Website/Social Media—Participates in and provides insight regarding:
  1. Supporting social media and outreach initiatives such as increasing the society’s LinkedIn, Twitter, & Facebook presence
  2. Content, design and functionality of the society’s website
      • Research and guidance on alternative ways the board and volunteers can improve member communication capabilities
      • Collaborate with Newsletter Committee (Chris Wiles)

ENHANCE REGULAR PROGRAMMING
COMMITTEE RESPONSIBLE: Program (Chris Wiles, Chairman)
Action Steps:
• Secure speakers for monthly luncheons with a goal of 10 monthly luncheons
• Use Speaker’s Bureau (CFA Institute) if applicable
• Partnering with other organizations
• Pilot some alternative time/days of the week for presentations to society members

ENHANCE SPECIAL EVENTS
COMMITTEES RESPONSIBLE: Investment Research Challenge/Annual Forecasting Dinner (Ryan Bend, Chairman); Endowments and Foundations Conference Committee (Joe Lantz/Jim Herrington, Co-Chairmen); Future of Finance (George Emanuele, Chairman); Pittsburgh Job Fair (Greg Fillbeck, Chairman)
Action Steps:
• Create and maintain Investment Research Challenge/Forecast Dinner Committee
• Plan and execute the Investment Research Challenge
• Recruit team mentors and judges
• Recruit volunteers as needed
• Plan and execute the Annual Forecast Dinner
• Secure panel for dinner
• Oversee Endowment and Foundations Conference committee
• Plan and execute an annual Endowment and Foundation conference
• Maintain Future of Finance Committee
• Plan and execute events for Future of Finance initiative

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NETWORKING EVENTS
Social Hour and Committee Sign Up

**Summer Social:** On Monday, August 31, we had a social event at Olive or Twist where members were able to network and sign up for various committees.

**Spring Social:** We held a networking event on Thursday, March 24 at 5:00PM at Olive or Twist.

CFA Society Pittsburgh Annual Forecast Dinner

On Monday night January 11, we hosted our annual Forecast Dinner to a record crowd of over 150 guests. Our panelists this year were:

- **Stephen Auth, CFA** - Federated Investors - Chief Investment Officer, Equities
- **Donald Belt, CFA** - Hefren Tillotson - Chief Investment Officer
- **Geoffrey Gerber** - Twin Capital Management - President & Chief Investment Officer
- **Adam Farstrup, CFA** - Schroders Investment Management - Head of Multi-Asset Products
- **Moderator - Chris Wiles, CFA** - President of Rockhaven Capital Management

Considering the nasty first week of the New Year the mood was still somewhat upbeat, even though expectations were being adjusted downward. The most notable was Steve Auth’s revision in his outlook for 2016. In December Steve was at 2,500 for a year-end S&P 500 target, but he recently revised that downward to 2,150. Most of the revision came from some P/E contraction as well as lower earnings expectations, namely from Energy and Financials.

Don Belt believes that the U.S. will continue to muddle through with about 2% GDP growth. Fed accommodation is continuing and the secular bull-market is intact, even though the upside is limited. He sees better opportunities overseas, even some emerging markets, and prefers the beaten up cyclicals.

Geoff Gerber feels that it’s easier and often more profitable to focus on forecasting risk rather than reward. Geoff believes that after many years of Central Banks depressing volatility that volatility is about to accelerate, perhaps dramatically. Growth has been a significant out-performer versus value, and he expects that trend to reverse. He also thinks volatility is here to stay.

Adam Farstrup is not a fan of forecasting; he believes it is more about relative values or relative attractiveness. Adam believes in diversification. Diversification hasn’t worked well over the last several years as investors were being herded into risk assets by the Central Bankers, but should work much better in the future.

Overall it was an excellent event and we’d like to thank our esteemed panelists. We’d also like to thank our event sponsors; LoCorr Funds, MFS Investment Management, PNC Wealth Management, and T. Rowe Price.
CFA Society Pittsburgh—Job Fair:

On September 14th we hosted our first job fair at the University of Pittsburgh from 11:30 to 4:00pm. The job fair gave a chance for area companies who typically employ CFA charter holders, and were in the market for graduates who had an interest in careers that require pursuit of the CFA designation, to come together at a program with informal networking opportunities.

Event chair Dr. Greg Filbeck, CFA, FRM, CAIA, PRM, President, CFA Society Pittsburgh, opened the program with an overview of the CFA program and facilitated questions to panelists (and CFA Society Pittsburgh Board members) Ryan Bend, CFA, CAIA and Dr. Manoharal Sukhwani, CFA, regarding the perceived value of the CFA charter in the job market.

George Emanuel, CFA, Vice-President, CFA Society Pittsburgh, facilitates a panel discussion on what recruiters seek in job candidates. Panelists Cory Krebs, CFA, Cookson Peirce and Kristen Boyd, Federated Investors discuss their interviewing experiences and insights as well as answer questions about the recruiting process.

Participants are given the opportunity to practice their "elevator speech" with each other illustrating effective ways to introduce yourself to others in those critical moments when you first meet someone in a professional setting.

Courtney Steding, Associate Director, Academic and Career Planning Center, Penn State Behrend, discusses the importance of building a professional network and ways to conduct a successful job search.
Investment Research Challenge

On Monday, February 29, we held our annual CFA Society Investment Research Challenge. This year we had contestants from the following University's analyzing Dick's Sporting Goods:

- Robert Morris
- Duquesne
- Pitt
- Washington & Jefferson
- Indiana University of Pennsylvania
- Penn State - Behrend
- Penn State - University Park
The winning team was Penn State – Behrend

Overview of CFA Exam & Study Strategies for Success

Over 50 candidates for the CFA Exam joined our President Dr. Greg Filbeck, on December 2, for a free educational lunch at The Duquesne Club. Greg gave an overview of the CFA program along with study strategies to enhance opportunities for success on exam day.

CFA Volunteers for Nonprofits Program

We're happy to announce that we've started the initial launch of our CFA Volunteers program. We had over 30 members express an interest in the new program. Our first introduction of the program to the nonprofit community was via a newsletter announcement by the Bayer Center for Nonprofit Management which can be seen here: Meet CFA Pittsburgh.

We also anticipate a direct e-mailing campaign of the program details sometime in the early summer. If you're interested in becoming part of this candidate pool, please e-mail us. The Bayer Center is also seeking volunteer project advisors for their skills based volunteer program and you can find additional information on their website if interested.
Candidates Celebrate After CFA Exam

On June 4th, the CFA Society Pittsburgh hosted a candidate reception following the CFA exam at Doubletree Monroeville. Approximately 50 candidates attended the event as we celebrated all their hard work preparing for the exam.
Global Investment Research Challenge by Greg Filbeck

I attended the Global Investment Research Challenge competition in Chicago on April 12-15 as the faculty advisor to the Penn State Behrend team. Thank you for the support you offered our Investment Research Challenge team consisting of Sam Chiprean, Ricky Gruillon, Kelsey Schupp, Drew Barko, and Eric Frei. To recap, over 1,000 universities in 80 countries fielded an Investment Research Challenge team in regional competitions held by 100 CFA societies. As you are aware, Penn State Behrend emerged from our local competition which included teams from Penn State University Park, Pitt, Duquesne, IUP, Robert Morris, and Washington and Jefferson.

The 106 winners (from 50 different countries) advanced to the global competition. Teams are divided into 4 regions (to compete for a spot in the global finals) - with further divisions into 5 groups of 5-6 teams. Behrend advanced by winning the regional finals outperforming Universidad Argenia de la Empresa (Argentina & Uruguay Society), Walsh University (Cleveland Society), Loyola University Maryland (Washington DC Society) and Binghamton University (New York Society). Behrend was among twenty-one (21) teams advanced from this round of competition.

In the regional finals, the field was further narrowed from 21 to four. The University of Waterloo (representing the Toronto Society) advanced from our competition and actually won the entire global competition. Also in our division was Canisius (last year's overall global winner), Wisconsin - Milwaukee (representing the Milwaukee Society), and Brandeis University (representing the Boston Society).

(Greg Filbeck, Sam Chiprean, Ricky Gruillon, Kelsey Schupp, Drew Barko, and Eric Frei)
Foxes, Hedgehogs, and Hedge Funds: Manager Selection in An Age of Convergence

On **Wednesday, September 9th**, we had the pleasure of welcoming Brian Portnoy back to Pittsburgh. Brian has authored the book, “The Investors Paradox”, and is an expert on the selection of investment managers.

He helped us understand that in order to succeed in complex markets, it’s essential to adapt to shifting circumstances. And that one of the investment managers most important jobs is managing expectations. Managing expectations has also gotten much tougher over the last several years as bond yields have evaporated, and many returns have converged.

The *Investors Paradox* is simply the balance between expectations and flexibility. It is much easier to set expectations when the investment managers flexibility is limited (i.e. index funds). But, with an increased level of manager flexibility comes a higher hurdle in investor expectations.

On **Thursday, September 24** we had a lively discussion about the current prospects in Emerging Market Asia with Taizo Ishida and Robert Harvey, co-portfolio managers of Matthews Emerging Asia Fund.

Taizo and Robert discussed how investors should view emerging markets and explained what really sets Asia apart. They emphasized the importance of understanding that not all companies or countries are alike. While manufacturing may be slowing, tourism, E-commerce, and health care are doing well.

There are now 100 million Chinese traveling overseas. Five years ago Japan used to get 10 million tourists a year, today the number is closer to 20 million. Vietnam was one of their favorite markets. It’s amazing how rapidly things are changing. Two years ago there was no cell phone coverage, and today you have locals watching youtube on their phones to learn how to make and sell pizza to the tourists.

While the slowdown in China is currently causing turmoil, it is important to remember that even 5% Chinese GDP growth translates into huge wealth transfers out of mainland China and into many of the periphery countries.
What Drives Commercial Real Estate and Where Are We Now?

On Wednesday, October 21, we had the pleasure of hearing Kipp Kjeldgaard, Client Portfolio Manager at Lazard Asset Management, update us on the many varieties of commercial real estate and their REIT structures. Kipp updated us on the real estate markets current demand, and supply structure. He spent a lot of time reviewing the major demographic trends in real estate, especially relating to the rise of the millennials in the work force.

Moods and Markets

On Wednesday, December 16th, we had the pleasure of hearing from Peter Atwater and his unique perspective on how public moods can impact the financial markets. Peter connected business, political, social and even cultural event headlines in a way that challenged how we look at the world.

He showed a chart of how the likelihood of terrorist attacks increases as the price of oil declines, drawing the conclusion that as economic circumstances deteriorate in the Middle East terrorist activity increases. In the United States he believes we are in a “Me” phase, where selfies, GoPro, food trucks, and Netflix are on the rise. He also believes that political dynasties, like Bush and Clinton, are on the way out.

His “Best Case” market view for 2016 was to plod along as confidence builds. The one area that he does see as being totally unloved, and therefore attractive, is the commodity space. He prefers actual physical commodities as opposed to commodity stocks.
Ned Davis Research—Global Economics & U.S. Investment Strategy Outlook

On Wednesday morning January 13, we had a great breakfast meeting with our friends at Ned Davis Research.

First we had Alejandra Grinda, Senior International Economist in charge of the firm’s International Macro Insights product, talk to us about her global economic outlook. Her view was that there just are not enough signs that we are heading into a global recession. Just the opposite, her indicators were stable to improving. She went on to say that if we don’t get a global recession including the U.S. then the correction has probably run its course. But if the U.S. joins the world in a recession global stocks could fall an additional 30%. Again, she feels the probability of recession is very low.

Next we heard from Ed Clissold, Chief U.S. Strategist responsible for the firm’s U.S. Equity asset allocation. Ed has a year-end target on the S&P of 2,200. He sees some P/E contraction being offset by decent earnings growth. Ed like U.S. and Japanese stocks, large-cap over small-cap, and his favorite sectors are Consumer Discretionary, Health Care, and Info Tech.

A Technicians View of the Markets

On Wednesday, February 24, we welcomed Chief Market Technician Carter Worth of Cornerstone Macro.

Carter gave a very engrossing and informative presentation of the “collective wisdom” of the markets. Carter went through a bevy of real-time charts on various asset classes and individual stocks.

In short, Carter believes that we have been in a bear market since early last summer, and that the bounce in the last couple of weeks was just that, a bounce. The only asset class that he currently sees bucking the trend and moving higher is Gold and Gold Miners.
CONSOL Energy & The Current Energy Environment

On Wednesday, April 13, we had the pleasure of welcoming one of our own Society members to speak to us, David Khani, Executive Vice President & Chief Financial Officer of CONSOL Energy.

David gave us a very detailed look into the supply/demand dynamics in both natural gas and oil. He believes that the current low prices have caused a severe enough cut-back in supply that should eventually drive prices higher. Also, as supply levels out demand continues to grow, especially the opportunity for exports.

David also spent some time going over CONSOL’s positioning. He told us that the fully loaded breakeven for Appalachia gas is near $3.

Overall this was an excellent presentation and we really want to thank David for joining us.

Excess Supply/ Past Credit Sweet Spot

On Thursday, April 21, we had the pleasure of welcoming Steven Ricchiuto of Mizuho Securities, in conjunction with the Economics Club, to give us his views on the economy and markets.

Steven was refreshingly candid in sharing his views and justifying the positions he has taken.

Here are some Highlights:

- We've spent decades creating excess supply globally, and this deflationary force will be with us for a very long time.
- He does not see a U.S. recession in the near-term but believes growth will remain sub-2%.
- The Fed should not raise rates again. If they don't the dollar will weaken, and U.S. stocks will remain overvalued.
- If the Fed screws up and raises then you want to sell everything.
- Japan is incapable of breaking out of deflation. Underweight.
- Europe is struggling with deflation. Underweight.
- China will be able to muddle through because of their massive surplus.
- Personally has 15% in U.S. Stocks and the rest in Bank, Utility, & REIT Preferred's. May add another 15% to U.S. Stocks.
- Likes Bernie for President because absolutely nothing will get done in Washington.
Flash Boys—The IEX Story and How it Challenges Modern Market Structure

On May 4th we had a very educational presentation on IEX Group and their journey to make markets fair, simple, and transparent. Featured in Michael Lewis' bestselling book "Flash Boys—A Wall Street Revolt" as the "good guys", Stefan Parker told us the IEX story and how it challenges modern market structure.

Stefan led us through an excellent presentation on the differences between Wall Street's illusion of how trading is done (at the stock exchanges), and the reality of how trading is really done (server farms). He highlighted the exchanges profit motives for selling speed to the high-frequency trading firms, and how IEX seeks to level the playing field.

Hedgeye's View of the Markets

To end our 2015-16 programming season on June 8th we had the pleasure of listening to a very informative and entertaining presentation by Keith McCullough, CEO of Hedgeye Risk Management.

Keith walked us through Hedgeye's macro-economic process, and highlighted their current views. In summary, Hedgeye believes that the Central Banks have painted themselves into a corner. He finds it puzzling that while Janet Yellen says she is data dependent she chooses to ignore one of her favorite indicators (Change in Labor Market Conditions, which is negative for 5 months) and is looking to tighten in the face of declining fundamentals.

Overall they are looking for Stagflation, no economic growth and slight increases in inflation from very low levels. In this environment he believes that the best asset allocation continues to be towards long-term fixed income (TLT) and other income surrogates.
4th Annual Endowments and Foundations Investments and Governance Conference

The Society held its 4th Annual Endowments and Foundations Investments and Governance Conference on **Wednesday, May 18.**

We were pleased to join leaders from Endowments and Foundations, investment consultants, money managers, and subject experts for this full-day educational conference covering today’s critical investment and governance issues.

This year’s conference included a mix of regional and national speakers from investment organizations and the Endowments and Foundations community, a keynote address Dr. Ellis Tallman, Senior Vice President and Director of Research at the Federal Reserve Bank of Cleveland, and our CIO Roundtable returned by popular demand with a new cast of CIOs.

This year’s event marked a record for attendance and continues to be well received by the audience. Although some sessions are geared towards E&F community, many of the topics presented are also applicable to a wider audience and investor base so we hope you’ll consider joining us next year.

This year’s speakers included:

- Brian Portnoy, Ph.D., CFA - Virtus Investment Partners
- Dr. Bhaskaran Swaminathan - LSV Asset Management
- Leo P. Grohowski - BNY Mellon Wealth Management
- Robert Kindermann - Ellington Management Group
- Kathryn Glass - Federated Investors
Movie & Social:
"Money for Nothing—Inside the Federal Reserve"

What a wonderful evening we had on **Tuesday, November 10**. We watched the critically acclaimed movie "Money for Nothing - Inside the Federal Reserve." And after the movie we had an all too short question and answer session with one of the documentary’s participants **Dr. Marvin Goodfriend** of CMU.

The movie was very informative and entertaining, but the real highlight of the evening was the Q&A with Dr. Marvin Goodfriend.

Dr. Goodfriend is an expert on the internal workings of the Fed and the globe’s central banks. And while he had numerous insightful comments on our monetary policy over the last several decades, one thing really resonated with me. He commented on how during the '60's and '70's, as a culture, we experimented in a lot of things: sex, drugs, rock & roll, and monetary policy. President Nixon took us off the gold standard and for the first time in history our currency was only backed by faith. That experiment is continuing today, and no one really knows how its going to end. No one fully knows how seven years of zero interest rates will impact capital allocation decisions, or maybe more importantly, investment decisions.

Over cocktails Dr. Goodfriend said, "This is one of the scariest and more interesting experiments in the history of mankind." When asked how he has personally invested he said, "I have what I need, live within my means, and am mostly invested in very short-term instruments."
Annual Meeting & New Charter Ceremony

On Wednesday night September 30, we reviewed your Society's operations for the last year, and took a look at what we have planned for this year. We also had the opportunity to congratulate and welcome our new CFA Charter Holders. It is always wonderful to meet the new faces of the CFA Society Pittsburgh.

24th CFA Institute Society Leadership Conference in Hong Kong by Chris Wiles

On October 9th, on behalf of the CFA Society Pittsburgh, I was fortunate to travel to Hong Kong and accept the 2015 Society Excellence Award for most outstanding society 400-999 members. This award was given to us in recognition of exceptional across-the-board performance in the areas of education, engagement, ethics, and enablers. This award is for all of the dedicated work done by our board members, committees, and our members who support us in all of our endeavors.

After being a member of the Pittsburgh Society for 28 years, this is just my second year on the board, and my first trip to the annual society leadership conference. Until joining the board, my entire exposure with the CFA was through my local Pittsburgh Society. I was really naive about the scope and reach of the CFA Institute. As one speaker stated, attending this conference is like attending the United Nations of Finance. The 500 conference attendees represented 71 countries and 146 societies. Other winners of the Society Excellence Award were from Liechtenstein, Victoria, Poland, and Boston.

On the news front we learned that the CFA Institute will be increasing the funding going to each society. We will now be getting $15,000 per society, $30 per member, and $5 per candidate. The Institute will also begin a global advertising campaign to reinforce the value of the CFA brand, as the investment professionals who serve society first. Each local society will also be receiving $6,000 to help with local branding.
It really is fascinating to meet members from the various societies in the States, as well as meeting representatives from around the globe. As with any conference some of the best moments are those spent socializing, sharing ideas, and learning that we really are one global profession.

On the first night I met with some local members from the Hong Kong Society. Besides getting some tips about where to go, I also got some front-line context on what’s going on in China. The Chinese economic slowdown is very real, historic growth of 7-8% is now being reported as 5-6%, but in reality is probably closer to 4-5%. While most of the world would be thrilled with 4-5% growth, it is really a problem for China. You see, China needs at least 6% growth to keep up with the demands of a huge population moving from rural areas to urban areas. This lack of employment opportunities is cause for some serious political unrest. I also heard some pretty interesting accounts of investment managers being told, in no uncertain terms, to stop their selling of stocks, or else...

Speaking of China, we heard from the president of the newly forming CFA Society Shanghai. He said they already have 1,400 members, and are tapping into 400 local employers and 150 local universities. They currently have 10,000 candidates. When asked how a nine person board can generate such dramatic growth he said it was rather easy. Since the government wants Shanghai to be a global financial center, they just called the government and got them to contact employers and universities and tell them they must join the CFA society.

As an aside, I never realized that the CFA exams are only given in English, and there are absolutely no plans on changing that. English is the universal language of investment professionals.

We also heard from a female board member of the CFA Society Saudi Arabia, about their challenges in growing their society. In three short years their society membership has grown from about 60 members to 140 members. One of her unique challenges is the fact that she is a woman in a land where women are very rare in the business world. She had particular struggles when planning events to make sure the venues would allow mixed meetings. A lot of meetings are held in private residences so she can attend.

Speaking of women, we heard an interesting debate on whether or not the CFA Institute should mandate more gender diversity. Initially about 70% of the room thought that a mandate for increased diversity was a good idea. But after hearing pros and cons from both sides the voting totally flipped to about 65% disapproving of a diversity mandate. The crux of the argument came down to the fact that the CFA designation is earned, and that the investment profession is by and large a meritocracy, and that any attempts to mandate diversity based on gender would weaken the meritocracy. In fact, several of the females in the audience were most opposed to inclusion based on gender. It was agreed that if we want more females to join the profession we need to fight the "Wolf on Wall Street" stereotypes, and make the industry more appealing to females.

Overall I found the trip to be highly rewarding. I have some new speaker ideas, and some other ideas to better serve our membership. I highly recommend that you don’t wait 28 years before joining the board like I did. It really is an excellent way to see how your investment profession is serving a global society.
The 2016 Stock Pickers Luncheon

On **Wednesday, February 17**, we hosted our annual stock pickers luncheon.

Last year, from Feb. 18-Dec. 31, the S&P 500 was down -2.65%, and unfortunately if you purchased all 15 stocks recommended by our contestants you would have been down -18.82%.

The winner last year was **Bob McGee** of C.S. McKee who was down -8.72%. A close second was Malcolm Polley of Stewart Capital who was down -9.51%.

We also recognized the fortuitous prognostications of:

- Richard Thomas, BNY Mellon who said Gold would finish the year at $1,057 (actual $1,061).
- Derek Gabrish, Federated who said the S&P 500 would be at 2,050 (actual 2,043).
- Steve DeFrancis, BNY Mellon who predicted the 10-yr Treasury would yield 2.27% (actual 2.27%).
- Chris Wiles, Rockhaven who predicted oil at $38 per barrel (actual $37.04).

This year’s attendees collectively had the following predictions:

- S&P 500 1,930.48 (high 2,420, low 1,500)
- 10 Year Treasury 1.83% (high 2.25%, low 0.69%)
- Oil $37.55 (high $50, low $14.20)
- Gold $1,348.97 (high $1,990, low $1,050)

We also took a poll of who the next President would be

- 35% Clinton
- 27% Trump
- 23% Rubio
- 11% Bloomberg
- 4% Biden
The contestants and their picks for this year's stock picker competition are:

**Bob McGee of C.S. McKee**
- Centene (CNC)
- EPAM Systems (EPAM)
- China Eastern Airline (CEA)

**Kim Caughey of Fort Pitt Capital**
- PNC Bank (PNC)
- NetScout Systems (NTCT)
- RPM Int'l (RPM)

**Mike Halloran of Janney Montgomery Scott**
- Citigroup (C)
- Gilead (GILD)
- Kinder Morgan (KMI)

**Malcolm Polley of Stewart Capital Advisors**
- LifeLock (LOCK)
- Neustar (NSR)
- Web.com (WEB)

**Chris Teachout of Federated Investors**
- KemPharm (KMPH)
- U.S.Silica (SLCA)
- Chipotle (CMG)
FINANCIAL LITERACY OUTREACH

Students Recognized at CFA Lunch

Kritika Kulkarni and Joe Gordon were recognized at the CFA lunch as the 1st and 2nd place finishers in the collegiate financial plan competition, respectively. Pictured with them are financial literacy committee members Dr. Sukhwani and Dave Immonen, and Gene Natali Jr.
CFA Society Pittsburgh Awarded Growth Funding

For the second year in a row, the CFA Society Pittsburgh was awarded Growth Funding for its efforts to promote financial literacy efforts in Western Pennsylvania.

It was an active year for the financial literacy committee.

The society partnered in two half-day "Act 48 approved" continuing education programs, designed for High School educators. One was held in the spring and one in the fall, and in total, close to 50 school districts participated. Via these participating schools, over 4,000 High School Students received copies of The Missing Semester and encouraged to complete Personal Financial Plans. C.S. McKee helped to sponsor these efforts, and Dr. Greg Filbeck is performing survey analysis to help measure the efficacy of the program.

As a component of the Spring Act 48 program, a student panel was held – the introduction to which was given by State Treasurer Timothy Reese. A panel of college students were asked a series of financial literacy questions by two of local high school educators, to an audience of high school students. The event was live-streamed.

The Financial literacy Committee has a team of representatives who also go out and give talks at High Schools across the region. Reed Natali headed up this effort, and the group talked at close to 20 high schools this past school year! The Allegheny Intermediate Unit was a helpful partner in creating awareness around these efforts.

Our 2nd annual collegiate financial plan competition received 140 submissions from 10 College/Universities. Students are instructed to create a 3-5 page personal financial plan for life after college. The program has been well received by students and faculty.
Treasurer's Report

Fiscal Year 2016 was a year of financial stability growth for the society as we benefitted from increased funding from the CFA Institute and identified ways to better manage and monitor our spending practices. This was partially a benefit of moving towards a more granular recordkeeping process designed to more closely tie revenue/resources to associated expenses. Our goal is to maximize member value while maintaining a comfortable reserve should new programming opportunities present themselves and/or unexpected decreases in revenue occur. Some of the 2015 financial highlights include

- A 14.6% increase in reported revenue accompanied by a 14.3% decrease in reported expenses over 2015. The revenue increase was due in part from an approximately $12k increase in funding from the CFA Institute. The expense decrease came primarily from event expense management and removal of some one-time costs from last year.

- The CFA Institute renew our Growth Funding Grant in the amount of $14,360 for our Financial Literacy Initiatives.

- We continue to see interest in our sponsorship program which was established last year.

- We provided eleven subsidized speaker luncheons, four subsidized networking/social events, and a movie night.

- Our Endowment & Foundations conference achieved record attendance this year and sponsorship interest has increased.
2015 - 2016 FINANCIAL REPORT
OPERATING FUNDS
Statement of Revenue & Expense
For the Fiscal Year Ended June 30, 2016

BEGINNING BALANCE $ 70,618.92

Revenues
Membership
CFA Institute Operational Funding $34,385.80
Local Society Dues $33,045.00
Programs/Events
Annual Meeting/Social Functions $54.71
Endowment/Foundation Conference $26,890.05
Investment Research Challenge $4,750.00
Lunches $8,131.70
Market Outlook Dinner $5,021.96
Movie Night $2,166.51
Student Career Day $1,500.00
Sponsorships $7,464.25
Miscellaneous
CFA Prep Programs $6,487.29
Job Postings $2,993.87

TOTAL REVENUES $131,891.14

Expenses
Administrative/Strategic Planning
Accounting/Tax $700.00
Admin Expense $13,060.00
Conference Attendance $1,912.37
Strategic Planning $1,125.24
Programs/Events
Annual Meeting/Social Functions $11,510.36
Endowment/Foundation Conference $19,057.99
Investment Research Challenge $7,595.67
Lunch/Breakfast Cost $26,195.72
Market Outlook $12,420.77
Movie Night $4,900.83
Miscellaneous
CFA Education Session $2,475.00
Information Technology $399.54
Newsletter $584.40
Other Miscellaneous $506.28

TOTAL EXPENSES $102,760.17

ENDING BALANCE $ 99,749.89

Total Revenue $131,891.14
Total Expenses $102,760.17
Net Cashflow ($6,228.60)

Notes to Financial Statements:

Operating Funds
As a member society of the CFA Institute, CFA Society Pittsburgh receives operational funding provided by CFAI through their CFAI funding model. This operational funding is available to all societies to assist in attaining the Society Membership Service Standards (SMSS).

Revenues for the Endowments & Foundations conference are inclusive of sponsorships.

As the society uses cash basis accounting, the society has a $2,500 unpaid liability associated with a contest award related to the Endowments & Foundations conference which will be paid in 2016.

FINANCIAL LITERACY ACCOUNT
Statement of Revenue & Expense
For the Fiscal Year Ended June 30, 2016

BEGINNING BALANCE $ 12,628.78

Deposits
Growth Funding $14,350.00
Sponsorships $6,500.00

TOTAL DEPOSITS $20,850.00

Withdrawals
Financial Plan Prize Money $3,550.00
Curriculum Books $16,500.00
Bank Charge $25.00

TOTAL WITHDRAWALS $20,075.00

ENDING BALANCE $12,913.78
Greg Filbeck holds the Samuel P. Black III Professor of Finance and Risk Management at Penn State Erie, the Behrend College and serves as Associate Director for the Black School of Business and Department Chair for Finance & Business Economics. Before joining the Faculty at Penn State Erie in 2006, he served as Senior Vice-President of Kaplan Schweser from 1999 to 2006 where he was in charge of all content and curriculum. He also held academic appointments at Miami University (Ohio) and the University of Toledo, where he also served as the Associate Director of the Center for Family Business.


Professor Filbeck conducts consulting and training worldwide for candidates for the Chartered Financial Analyst (CFA), Financial Risk Manager (FRM®), and Chartered Alternative Investment Adviser (CAIA®) designations as well as holding all three designations. He has conducted training for Goldman Sachs and the New York Society of Financial Analysts as well as numerous public, online, and video-based programs. He currently serves as President of the Board of Directors for the CFA Society of Pittsburgh and was the President of the CFA Society of Toledo from 1996 to 1999.

Professor Filbeck currently teaches the capstone course on financial decision making in Penn State’s iMBA program as well as graduate and undergraduate courses in corporate finance and derivatives. He received the outstanding teaching award among iMBA faculty in 2010 and 2012, received the Penn State Behrend Regents award for Outstanding Researcher in 2011, and is the 2013 recipient of the Penn State Behrend Outstanding Outreach Award.

He received his BS (engineering physics) from Murray State University; attended the MBA program at Owen Graduate School of Management at Vanderbilt University; and holds an MS in Applied Statistics from Penn State University and a DBA (finance) from the University of Kentucky. Besides his work in finance, Professor Filbeck is a Registered Parliamentarian, is a qualified administrator of the Myers-Briggs Type Indicator, and has 12 years of experience in radio broadcasting. He holds leadership roles in numerous community organizations.

George Emanuele, CFA
Vice President
Elected 2014

George Emanuele, CFA is Senior Director—Wealth Manager at BNY Mellon. As wealth manager, George Emanuele develops, communicates and executes tailored investment strategies for clients. He is responsible for managing complex fiduciary, agency and individual retirement accounts, as well as alternative investment products. Emanuele also works with a team of experts in financial and estate planning, banking services, and trust to help clients achieve their financial objectives. Emanuele has worked in the Wealth Management field for over 10 years and has been with BNY since 2016.

He holds a BS from Pennsylvania State University and a BS in Business from the University of Pittsburgh. Emanuele earned his Chartered Financial Analyst designation in 2006.
Joe Lantz, CFA, CAIA is currently Vice President/Senior Manager of Institutional and Alternatives Market Research at Federated Investors and holds both the CFA and CAIA Charter Holder designations. He has over 20 years of investment industry experience including Investment Consulting, Investment Advisory, Relationship Management, and Investment and Market Research. His prior employment experiences include Vice President/Institutional Relationship Manager with Allegiant Asset Management, Portfolio Manager with PNC Advisors Institutional Investment Group, Research Analyst with Mellon Institutional Asset Management, and Institutional Investment Consultant with Yanni-Bilkey Investment Consulting.

Joe’s academic credentials include a B.S.B.A. from Duquesne University and an MBA from the University of Pittsburgh. He serves as the Treasurer of CFA Society Pittsburgh, developed the society’s inaugural Endowments & Foundations conference and currently serves as Co-Chair of the program, is chair of the society’s Marketing & Communications committee and also developed the society’s Sponsorship Program. Additionally, he sits on the investment committee of the United Way of Allegheny County.

Jim is currently the Private and Public Equity Investment Officer at the West Virginia Investment Management Board, the state’s $13 billion pension fund. He is the Head of Public Equity, a position which involves manager selection and monitoring. And, he is the Head of Private Equity, with direct responsibility for building the private equity portfolio, a new program when Jim joined in 2008.

Mr. Herrington started his investment management career in 1985, and graduated from business school in 1992. In his professional discipline, he has worked as a securities analyst, exclusively for the first seven years, a corporate credit analyst for a then top-ten international bank, as well as a private client and corporate portfolio design manager for a then billion dollar AUM Registered Investment Advisory firm in New York City. In April 2002, he created his own company, Herrington Investment Solutions, Inc., which serves the individual needs of his clients, offering them strategic solutions, portfolio management, and financial planning.

Jim earned his B.A. from Emory University, with full double majors in Economics and Political Science and his M.B.A. from Georgia Tech, majoring in Investments. Mr. Herrington holds the CFA and the CAIA designations. Originally from Pittsburgh, he graduated from Shady Side Academy. He also holds a Paralegal Certificate from the University of Pittsburgh, and has graduated from the ILPA Institute.

Mr. Herrington volunteers some of his time to the Institutional Limited Partners Association, specifically the Education Committee. This group produces the curriculum and content for the annual conference, webcasts, and the ILPA Institute. He also currently serves as the co-leader of the CFA Society of Pittsburgh’s Endowments and Foundations Conference.

As a CFA Charterholder, he is a member of the CFA Institute and its local society in Pittsburgh. Prior to that, he had been a member of the CFA societies in Los Angeles, Orange County, and was among the founding members of, and board member for, what was then known as the Southern Nevada society. Jim was a member of the New York (City) Society of Securities Analysts for over ten years, beginning right after business school.

Jim is an Eagle Scout, and has been an Assistant Scoutmaster. Since joining Scouting in 1973, he has earned numerous awards and recognitions, is a merit badge counselor six times over, and completed "Woodbadge". In his other principal hobby, Jim enjoys trains and model railroading. He is a licensed operator of historic trolley cars, and serves the Pennsylvania Trolley Museum in that capacity, as well as a tour guide, and a member of their Board of Trustees. He is married, almost twenty years now, and is the proud father of a young adult son.
Christopher Wiles, CFA
Programs Chair/Media Relations
Elected 2014

Chris Wiles has over 30 years of diversified experience in the investment management industry, including extensive experience in securities analysis and portfolio management.

He is currently the Founder and Chief Investment Officer of Rockhaven Capital Management. Prior to founding Rockhaven Capital Management he and his team had several corporate affiliations (National City Bank, Strong Capital Management, and AmSouth Bank). Prior to his Rockhaven years Mr. Wiles was a Senior Portfolio Manager at Federated Investors, and Senior Trust Investment Officer at Mellon Bank.

Mr. Wiles holds a BS in Finance from Youngstown State University, and an MBA from Cleveland State University. He earned his Chartered Financial Analyst designation in 1987.

Cale Grove, CFA
Membership Outreach Chair
Elected 2014

Cale Grove is an MBA Candidate at The Wharton School of the University of Pennsylvania. Previously, Cale was an Associate at Incline Equity Partners, a Pittsburgh-based private equity firm that has raised over $750 million in commitments and invested over $425 million through 115 platform and add-on acquisitions.

Prior to joining Incline in 2012, Cale was an investment banking analyst in the Syndicated and Leveraged Finance group of J.P. Morgan, focusing on originating leveraged loans and high yield bonds. While at J.P. Morgan, Cale completed transactions raising over $12 billion in aggregate capital for a variety of projects, including resort construction, LBOs and M&As, acquisitions, dividend recapitalizations. At J.P. Morgan, Cale was responsible for structuring and underwriting new securities, drafting information memoranda, financial modeling, and working with private investors through diligence processes.

Cale graduated magna cum laude from Washington & Lee University in 2010 with degrees in Mathematics and Business. He received the CFA designation in December 2013, and is expected to receive his MBA in May 2017.

Mancharal Sukhwani PhD, CFA
CFASP University Outreach Chair
Elected 2008

Dr Sukhwani, a charter holder since 2001, is currently retired. He was a faculty member at the University of Pittsburgh's Joseph Katz Graduate School of Business. He serves as faculty advisor to the University of Pittsburgh's CFA Investment Research Challenge team. Previously, he was a faculty member at Duquesne University's A. J. Palumbo School of Business Administration. Dr Sukhwani earned his doctoral degree in Finance from the University of Pittsburgh.

Ryan Bend, CFA
Special Events Chair
Elected 2012

Ryan Bend is a senior portfolio manager at Federated Investors in Pittsburgh. He joined Federated in 2008 as part of the company's acquisition of the Prudent Bear Fund after serving as research coordinator and as an equity analyst for David W. Tice & Assoc. Inc. since 2004. Bend earned his MBA from Indiana University and his undergraduate business degree from the University of Western Ontario, Canada. He is a CFA charterholder and a member of the board of directors for the CFA Society of Pittsburgh.
David Zawadski is a vice president and senior portfolio manager for the central region of Wealth Management. David works with ultra-high net worth trust and investment clients on complicated trust and estate planning arrangements. He works with clients, and/or their advisors in developing investment goals and the strategies to meet them.

David has been with BNY Mellon since 1993, having worked in the core trust and investment area as a senior relationship manager and team leader, as well as spending time in the family office division. He has worked with other large financial institutions in similar roles since 1980.

David holds a BBA in Finance from Cleveland State University and is a CFA charterholder, and former President of the CFA Society of Pittsburgh, as well as the current chairman of the society’s financial literacy committee.

Caryn Loehr is the Executive Administrator with the CFA Society Pittsburgh since 2009. In addition to her role with the Pittsburgh Society, she also is the Administrator of both the CFA Society Rochester and the CFA Society Arkansas.

Prior to her work with the Society, Caryn worked as a Software Engineer and Team Leader with PNC Treasury Management and an Information Analyst with Eli Lilly Pharmaceuticals. Caryn received her BS degree in Information Science from the University of Pittsburgh.

In her spare time, Caryn is an active volunteer in numerous community and church organizations. She leads the Orphan Care team, and volunteers in the Welcome Center and the Women’s Ministry teams at her church. She is also the team manager of the Butler Valley Dawgs Mite hockey team, the Treasurer of the Pine Richland Youth Wrestling team, and holds various other roles with the PTO.