



The CFA Society San Diego proudly presents its

ANNUAL NEWSLETTER

August, 2014

Volume 6

PRESIDENT'S MESSAGE

Lu Yu, CFA, CIPM

When I assumed the role your President last summer, I had two goals in mind, to serve member interests and to improve communication. For guidance, I relied on the prior year's membership survey results, which were conducted in Spring 2012. I then met individually with the newly appointed board members to get their feedback, all of who were as determined and excited as I to making your interests our priority. This past year, with your strong support, we accomplished that goal by providing quality programs and networking events for you. We transitioned from one event to at least two events per month, while also hosting events in the morning and evening and moving away from the traditional lunch time slot. We varied our venues as well, ranging from new hotels to a baseball park and even a movie theatre. We brought in investment leaders, central bankers, and advisors to Federal Reserve officials to speak to you, pulling them from various parts of the world like New York, Japan and right here in San Diego. Instead of having one speaker present, we made a conscious effort to facilitate panel discussions, encouraging the exchange of different viewpoints.



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For example, James Meketa spoke about the finance industry in 30 years while Larry Speidell focused on an even longer outlook of 50 years. Some of the Forecast dinner attendees thoroughly enjoyed Keith McCullough's passionate speech, while others reflected on legendary investor Howard Marks' market forecast.

There were also a few "firsts" this past year. We hosted our first movie screening, which was a huge success! "Money for Nothing: Inside the Federal Reserve" encouraged us all to reflect on where monetary policy fell short. We also implemented a Level 2 review course and offered L2 and L3 mock exams to CFA candidates. Twenty new charter holders and many of our members enjoyed a world-class concert after the charter ceremony, a definite first for the society.

My second goal was to improve communication. You gave us feedback about our events calendar and we took it seriously. Now, not only do we ensure our events calendar is updated regularly, but we also

post our events on Facebook and LinkedIn and add any event presentations to our website. We also make a point to solicit feedback from each event. Members can either fill out a survey at the event or do so online.

This past year has clearly been an exciting one. I would like to thank our board members, our Executive Director, our Administrative Assistant, our technology support personnel and our volunteers for their unyielding support and commitment. I am so fortunate to be working with such a capable and diligent team.

Looking ahead, we will continue to champion ethics, promote best practices, and broaden and deepen our offerings to you, our faithful members. We welcome your continued support in the upcoming year and look forward to exceeding your expectations!

~Lu Yu, CFA, CIPM

**BETTER
INVESTMENT
PROFESSIONALS.
BETTER
MARKETS.
BETTER
WORLD.**

FINANCIAL REPORT FISCAL YEAR 2014

Larry Witt, CFA - Treasurer



CFA Society San Diego Balance Sheet As of June 30, 2014

	Total
ASSETS	
Cash	55,931
Investments	87,188
TOTAL ASSETS	\$143,119
LIABILITIES AND EQUITY	
Liabilities	0
Equity	
Opening Balance Equity	30,681
Retained Earnings	112,438
Total Equity	143,119
TOTAL LIABILITIES AND EQUITY	\$143,119

As of June 30, 2014, total assets for the society totaled \$143,119. Approximately 47% of the society's assets remain in cash and cash equivalents, 24% in short-term bonds, and 29% in equities. During the year, a portion of the equity investments were rebalanced to bonds to maintain a conservative investment posture. The Society generated \$8,773 in income from investments during fiscal year 2014 (unrealized gains/dividends/interest).

Total revenue was in-line with expectations for the year and was approximately \$14,000 higher than fiscal year 2013. The main driver of increased revenue was the addition of a second CFA exam prep class. Corporate sponsorships also increased from the prior year. We plan to build on the success of last year's Forecast Dinner and provide more sponsorship opportunities in the future. Total expenses came in higher than expected, primarily due to one-time items. Expenses for the Forecast Dinner and Charter Ceremony were higher than originally anticipated as well. However, both events received overwhelming positive feedback, justifying the extra cost. For fiscal year 2014, the Society generated a net loss of \$6,375. However, after adjusting for a few one-time items, the Society was approximately breakeven for the fiscal year.

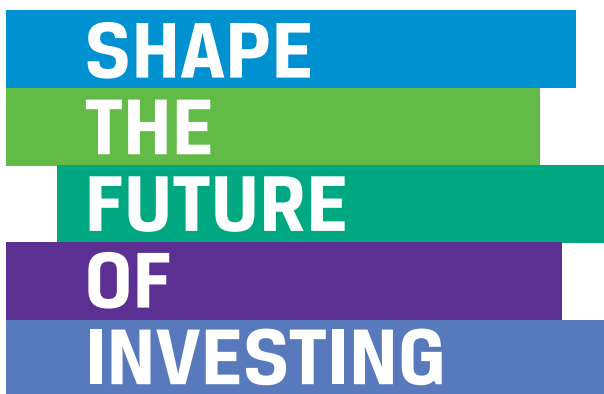
Given the relatively small size of our Society, a small number of income and expense line items can have a large impact on our financial situation in any given year. Therefore, we remain committed to controlling costs and striving to maximize the value of each dollar we spend on your behalf. As always, we welcome feedback from our members. Please reach out to any CFASDD Board Member with any suggestions.



CFA Society San Diego

**CFA Society San Diego - Income Statement
July 2013 - June 2014**

	Total		Total cont.
REVENUE		GENERAL & ADMINISTRATIVE:	
Dues:		Administrative Services	24,828
Regular Membership Dues	38,050	Office Expenses	347
Affiliate Membership Dues	2,300	Dues & Subscriptions	948
Student Membership Dues	178	Postage & Supplies	43
Total Membership Dues	40,528	Total General & Admin	26,166
Program Payments:		Board:	
Member Payments	8,257	Conference Travel	371
Non-Member Payments	28,680	Leadership Meetings	419
Student Member Payments	460	Gifts	1,308
Total Program Payments	37,396	Meetings	1,185
CFAI Reimbursement:	21,794	Total Board	3,283
Other:		Programs:	
Corporate Sponsorship	24,200	Forecast Dinner	41,228
CFA Prep Provider Revenue Share	4,539	Educational speaker luncheons	20,035
CFAI Research Challenge - Income	4,500	Charter Ceremony	19,488
CFAI Growth Funding - UCSD Programs	5,000	Annual Meeting	5,275
CFAI Growth Funding - Career Day Events	1,750	Networking Event	2,698
Dividend Income	1,609	Exam Day Event	2,614
Unrealized Gains on Investments	7,129	Volunteer Day	646
Interest Earned	36	CFA Exam Prep Class	18,679
Total Other	48,762	Investment Research Challenge	3,819
TOTAL REVENUE	148,480	Career Day	4,361
		Total Programs	118,841
		Other:	
		Public Awareness	930
		Tax Preparation Fees	3,175
		Technical/Website support	2,430
		Taxes & Licenses	30
		TOTAL OTHER	6,565
		TOTAL EXPENSE	154,855
		NET INCOME	(6,375)



PROGRAMS REPORT

Jeffrey Laberge, CFA – Programs Chair



The past year was a very active one for CFASDD Programs. My goal as Programs Chair this past year was to focus on elevating the quality of presentations that the CFASDD brings to its membership and also to diversify the scope of topics that were addressed. As such, I would like to take this opportunity to highlight a few key events:

FINDING OPPORTUNITIES IN AN AGING BULL MARKET

Our first event of the year was titled “Finding Opportunities In An Aging Bull Market” and featured Doug Ramsey, CIO of the Leuthold Group, an independent, quantitative and contrarian institutional research firm based in Minneapolis, MN. Using the Leuthold Group’s proprietary valuation, economic metrics and macro observations, Doug revealed the true health of the overall equity market and made a compelling case to continue buying US equities. It looks like he was right!

HINDSIGHT 20/50

In December, we were treated to a rare appearance from Jim Meketa, CEO of Meketa Investment Group, and Larry Speidell, Founding Partner and CEO of Frontier Market Asset Management, in our Hindsight 20/50 event.

Jim and Larry shared their respective outlooks on the global markets for the next 30 to 50 years, as well as the role that the “emerging” and “frontier” markets will play.

FACING ADVERSITY: EMERGING LEADERS

Our last event of the year was a co-sponsored event with the California Hedge Fund Association and the Chartered Alternative Investment Analyst Association (CAIA) at the Estancia Hotel in La Jolla. The event, titled Facing Adversity: Emerging Leaders, featured a panel of three emerging leaders in the hedge fund industry who provided us with valuable insight into the challenges, successes and innovative strategies they are implementing to grow and drive business in today’s environment.

We continued to foster our relationship with the UCSD Economic Roundtable, offering members free access to these high quality events. This relationship enables us to attract speakers from around the world that we would not be able to attract on our own and is one that we will continue to build upon. Notable events of this past year included a visits from:

- **John Williams – San Francisco Federal Reserve President**, where he provided us with some interesting insight into Fed policy and QE.
- **Masaaki Shirakawa – Former Governor of The Bank of Japan**, discussing how they shaped the monetary policy of the world’s third largest economy during the global financial crisis.

We are confident that we will be able to build on this momentum and continue to provide high quality programs for the membership over the next year.

CFASSD MEMBERSHIP

Greg Gleeson, CFA – Membership Chair



CFASSD is very pleased to see our membership number grew from 423 to 479 in the past year. After down/flat membership in 2011-2013, this 13% increase reflects the both increased interest in our local society and our efforts to work on lapsed members to rejoin our society. The majority of our growth came from charter holding regular members who have recently renewed. Of the 479 members, there are 435 Regular members, 22 Affiliate members, and 22 Retired members. 87% of society members are CFA charter holders, which is consistent with our history. In addition to our 40 “charter pending” candidates, there are 377 local candidates currently registered for upcoming exams, so CFASSD can rest assured our local membership will continue to grow over the coming years!

During the fiscal year, membership efforts including a sold-out “Day at Petco Park” where over 40 members came to cheer on our Padres and network. Almost 100 members attended our Annual Social and Charter Award Ceremony held at the University Club which honored over 20 members who received their charters, and was followed by a concert of the San Diego Symphony. Our final membership event of the year was a Career Development Day, where over 75 participants met with local employers and industry experts on career needs. We thank our members for all their support and we are looking forward to welcome new members in the future.

Member Year	Total	Annual Growth	Annual Growth Percentage	CFA Charter-holder	Annual Growth	Annual Growth Percentage	Non-CFA Charter-holder	Annual Growth	Annual Growth Percentage
2014	479	56	13.24%	419	47	12.63%	60	9	17.65%
2013	423	-3	-0.7%	372	-4	-1.30%	51	2	0.40%
2012	426	17	4.2%	377	24	6.8%	49	-8	-14.0%
2011	409	-12	-2.9%	352	-1	-0.3%	57	-11	-28.9%
2010	421	21	5.3%	353	19	5.7%	68	2	3.0%
2009	402	4	1.0%	335	10	3.1%	67	-6	-8.2%
2008	398	5	1.3%	325	11	3.5%	73	-6	-7.6%
2007	393	34	9.5%	314	40	14.6%	79	-6	-7.1%
2006	359	26	7.8%	274	15	5.8%	85	11	14.9%
2005	333	25	8.1%	259	30	13.1%	74	-5	-6.3%
2004	308	14	4.8%	229	17	8.0%	79	-3	-3.7%
2003	294	24	8.9%	212	15	7.6%	82	9	12.3%
2002	270	41	17.9%	197	39	24.7%	73	2	2.8%
2001	229	42	22.5%	158	34	27.4%	71	8	12.7%
2000	187	19	11.3%	124	20	19.2%	63	-1	-1.6%
1999	168	22	15.1%	104	24	30.0%	64	-2	-3.0%
1998	146	10	7.4%	80	13	19.4%	66	-3	-4.3%
1997	136	13	10.6%	67	9	15.5%	69	4	6.2%
1996	123	2	1.7%	58	3	5.5%	65	-1	-1.5%
1995	121	10	9.0%	55	5	10.0%	66	5	8.2%
1994	111	0	0.0%	50	0	0.0%	61	0	0.0%

EDUCATION REPORT

Carl Wiese, CFA – Education Chair



The Society was engaged in a number of education-related activities during the fiscal year.

CONTINUING EDUCATION

New CFA Prep Class

The CFA Society of San Diego with Kaplan Schweser and Chris Girand, CFA continued to offer a local live Level 1 Review Course and Study program and we also added a new Level 2 Review Course and Study program. Pass rates were above average. We are pleased to be able to offer an ongoing local prep class with an on-premise instructor for candidates in the San Diego area.

CFAEXAM SCHOLARSHIPS

We awarded 6 CFA Institute Scholarships for the December 2013 and June 2014 exams. These scholarships result in waiver of the program enrollment fee as well as reduced exam registration fees.

CANDIDATE RECEPTION

We organized an event last September that was attended by over 40 candidates. The candidates had an opportunity to meet with and receive exam tips and information from the following Exam Prep materials Providers - Kaplan Schweser, Kesdee, as well as our local instructor. The dinner event was held at Gordon Biersch in Mission Valley.

MOCK CFA EXAM

In partnership with Kaplan Schweser, we conducted 2 mock exams for candidates taking the December 2013 and June 2014 exams. The lecture hall was generously provided by UCSD. The Society proctored 2 six-hour exams in two parts with a break for lunch. The mock exam was designed to simulate the real exam, and it provided excellent preparation at all three levels. Over 50 candidates signed up for and attended the mock exam.

To spice things up, we held a competition for the three highest exam scores. The following three high scoring candidates will receive free admission to the next Annual CFA San Diego Forecast Dinner:

- Alisha Forgerson
- Noam Ganel
- Brandon Steele

POST-EXAM CELEBRATION

Once the CFA exams concluded on June 7, it was time to celebrate all the long hours and hard work that the candidates had expended in preparing for the exams. We held a happy hour at Stone Brewery that was attended by over 30 candidates.

UNIVERSITY RELATIONS REPORT

Tim Dooling, CFA – University Relations Chair



It was an exciting year for CFASSD's University Relations efforts and we made great strides in promoting the ideals of the CFA institute and fostering the development of top tier investment professionals within our local Universities.

NEW UNIVERSITY PARTNER

This year we welcomed the University of San Diego into the CFA Institute Partnership Program. This program closely aligns the University's investment curriculum with professional practice and helps students to be successful when taking the CFA exams. Dr. Pengcheng (Phil) Zhu, CFA was instrumental in driving this process for the University.

Our cooperation with other regional Universities also continues to increase with the fantastic support of Dr. Mike Willoughby, CFA at UCSD, Dan Bothe at Point Loma Nazarene and Dr. Badrinath at San Diego State among many others. These professors have been instrumental in supporting the collaborative efforts between our society and their Universities.

INVESTMENT RESEARCH CHALLENGE

This year's Investment Research Challenge proved once again to be a highlight with the level of competition continuing to scale new heights. We had full participation again from each of our local Universities, including defending champions SDSU, perennial powerhouse UCSD, as well as strong teams from Point Loma Nazarene and USD. Dr. Biljana Nikolic took over as faculty advisor at USD and her strong support paid off for the USD team who prepared an excellent report and presentation on this year's subject company, Callaway Golf. Team USD went on to compete in the regional finals which were held in Denver during April.

This competition is a real testament to the quality results which are produced by cooperation between local societies and Universities. Each and every report and presentation was insightful, succinct and clearly delivered. I know that I speak for each of our judges this year when I say that picking the best team to advance was extremely difficult. This year we had another top-notch panel of judges for the competition including Horacio Valeiras, CFA of HAV Capital, Machel Allen, CFA from Metis Global, John Sullivan from Relational Investors and Ken Little, CFA from Brandes. The judges represented a strong cross-section of our local investment community and we are very grateful for their continuing support.

NEW STUDENT MEMBERSHIP

This year CFASSD welcomed a number of new student members to our ranks. The student memberships are great ways to involve local students into the society's events and presents them with unrivaled networking opportunities. We are proud to continue to offer this resource to local students.

BETTER INVESTMENT PROFESSIONALS.

PUBLIC AWARENESS REPORT

Joel Weinstein, CFA – Public Awareness Chair



From a Public Awareness standpoint, CFA Society San Diego continued to promote the society's presence within the San Diego financial community with an increased emphasis toward networking and employer outreach. We continue to reach out to members via social media (Facebook and LinkedIn) and are looking into more ways to communicate with members via social media.

In the upcoming year we plan to host our second annual CFA Society San Diego Golf Outing. This event will take place in October is a great way to socialize with fellow CFA members while brushing up your golf game.

CFASDD BOOK CLUB

Book club is successfully meeting each quarter with a high quality group of diverse members. This past year we read Howard Marks' book "The Most Important Thing" before he spoke at our annual forecast dinner and were able to ask him questions from the group. We are looking forward to keeping the book club vibrant during our next fiscal year.

List of books we read together in the past year:

- July 23, 2013: Currency Wars: The Making of the Next Global Crisis, by James Richards
- Nov 12, 2013: On China, by Henry Kissinger
- Jan 28, 2014: The Most Important Thing, by Howard Marks
- April 22, 2014: Fooled by Randomness: The Hidden Role of Chance in Life and in the Markets, by Nassim Nicholas Taleb
- June 11, 2014: Flash Boys, by Michael Lewis
- Next One Sept. 18, 2014: How to Measure Anything: Finding the Value of Intangibles in Business, by Douglas W. Hubbard

MONEY FOR NOTHING

Hosting the documentary 'Money for Nothing' about the Federal Reserve at the ArcLight theater was a highlight of this past fiscal year. We were thrilled to have Dr. Harry Markowitz, Nobel Laureate Economist and Rob Arnott, Founder of Research Affiliates join us for a discussion post-screening. We hope to bring similarly unique events to our Society in the coming year.

BETTER MARKETS.



"A key goal for CFASDD is to develop its advocacy program directly to such a point that CFA charter holders and other CFA Society San Diego members may stand to gain a significant and more immediate reputational benefit from holding the CFA charter or being a CFASDD member..."

For CFA Society San Diego, 2013-2014 marked the inaugural year of its Advocacy efforts which this year was primarily composed of conducting research with advocacy cohorts to consider benchmarks, gathering ideas, deciding on best practices and formulating a long run advocacy game plan that makes good sense for our particular society. The decision to proceed carefully and diligently should pay dividends for us over the long run, as during the advocacy cohort reviews it became abundantly clear that there is a vast disparity between the focus areas and types of advocacy efforts utilized in the various societies across the country. Some societies focus on emails to local membership or on creating advocacy-related blogs that membership may read, while others have advanced formal communications with government officials.

Note that, Advocacy, in general, is a relatively new role to CFA societies and one which revolves around promoting ethical standards within the membership of the local society, reporting on CFAI advocacy and ethics positions to the society, and promoting those same positions, as well as CFA charter to those outside the society including the general public, and to regulators and policymakers. The prior statement conveys a synoptic general progression of initial advocacy programs to advanced advocacy programs, though there are intervening steps. The progression describes an evolution from inward-focused to outward-focused steps. A key goal for CFASDD is to develop its advocacy program directly to such a point that CFA charter holders and other CFA Society San Diego members may stand to gain a significant and more immediate reputational benefit from holding the CFA charter or being a CFASDD member than would otherwise be the case by a focus on advocating more exclusively to those same internal constituents. For that reason, we intend to develop our advocacy efforts over the coming year with a strong external focus. Promotion of all things "CFA" to policymakers and the general public should be of benefit to CFASDD members.

We expect a hub of our 2014-2015 advocacy efforts to be a "Putting Investors First" day or week, to take place sometime in May 2015. This event will involve CFASDD leadership, government officials and policy-makers and the general public, and should function to increase awareness of the CFA charter and CFASDD. These efforts will be combined with those of other, sister societies around the same time both in California and in other areas, thus fortifying our outward efforts. We will report back to CFASDD membership periodically as the plan around this key event is developed so that you are aware of the progress and how you can become involved.

BETTER WORLD.

CFA SOCIETY SAN DIEGO

2013-2014 Board of Directors

BOARD OF DIRECTORS



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