SMU wins Asia-Pacific Research Challenge
Dear Members,

2017 is a milestone year for CFA Singapore as it marks our 30th year of founding. We are one of the most active and largest societies of CFA Institute worldwide with about 3,500 members.

In 1987, the former Monetary Authority of Singapore Deputy Managing Director Koh Beng Seng approached George Teo, who was at that time Deputy Chairman of the Stock Exchange of Singapore, to assist in the development of a financial analyst society in Singapore in collaboration with the Institute of Chartered Financial Analysts and Financial Analysts Federation in USA. These two associations based in the US eventually merged and became CFA Institute as we know it today.

CFA Singapore was the first local CFA society outside North America. The local chapters of CFA societies in Asia tend to be young. But having been around for 30 years, CFA Singapore members tend to be older and are more likely to be at the top of their profession. Having a sizable fraternity of senior members has given the Society diverse strengths.

It has enabled us to be an invaluable stakeholder when contributing to industry dialogues in the course of developing practices that affect Singapore’s growth as a financial hub. One such example is the SGX industry dialogue on introducing dual-class share structures (see article on page 20).

It has privileged us with a member base that is sizable enough to attract excellent speakers for a broad range of topics at our professional development talks. In 1Q2017, we had a talk by a former anti-fraud enforcement officer from the Singapore government who provided insights into how investment banks hire private investigators to conduct background checks before committing on deals (see article on page 4).

Members were also updated on how close the human race is to finding the cure for cancer, made possible by funding (see article on page 7).

Our volunteers brought their well-honed industry experience into preparing students for the CFA Institute University Investment Research Challenge. This year, students from Singapore Management University did us proud by clinching the championship title at the Asia-Pacific rounds of the competition in Bangkok. The team will contend for the global championship title in Prague on 28 April. (See article SMU wins Asia-Pacific Research Challenge on page 10.)

Having a sizable fraternity of senior members has also enriched our Mentoring Programme which was officially launched at the beginning of last year. A survey of mentees that completed the inaugural programme showed that all of them recommend it to their peers. The mentees formed valuable relationships with their mentors and came away with better ability to plan their own career over the long term. (See article Being a Mentor on page 14.)

In addition to 12 senior members who volunteer as office bearers on the CFA Singapore Board, many members volunteer on our 11 committees: Advocacy, Asset Management, Audit, Candidate Programmes, Career Development, Investment, Membership, Networking, Nominating, Professional Development, and University Outreach. It is unanimously acknowledged that the talks, programmes, and events that our volunteers have organized add immense value to our members.

We are planning a gala dinner that will take place later this year to celebrate the Society’s growth and milestones, and to show appreciation to these volunteers who work so hard to make us such a vibrant Society.

See you there.

Jan M. Richards
President of CFA Singapore
Dual-class share structures

SGX industry dialogue

L-R: David Smith, CFA, Head of Corporate Governance, Aberdeen Asset Management Asia | Mak Yuen Teen, Associate Professor at National University of Singapore | Tan Boon Gin, Chief Regulatory Officer, SGX | Ang Hao Yao, CFA, Management Committee Member, NUS Business School | Maurice Teo, CFA, Vice-President, Compliance, Citibank | Stefanie Yuen Thio, Joint Managing Director, TSMP Law Corporation

Commercial due Diligence

Richard Ang, Hill & Associates

biotech investment and the Cure for Cancer

Brad Loncar, Loncar Investments

SMU wins Asia-Pacific Research Challenge

Simon Ng, CFA, Chair of University Outreach Committee

being a Mentor

George Lee, CFA | Lee Yue Jer, CFA | Jessie Yim, CFA | Tan Mae Shen, CFA
Private equity and hedge fund organisations sometimes hire private investigators to assess the validity of an investment thesis.

Hill & Associates has been in corporate investigation for over 20 years. Its Singapore country head, Richard Ang, shared with CFA Singapore members what could go wrong when deal making in unfamiliar territory and what commercial due diligence can uncover.

The lunch time talk was organized by the Professional Development Committee and took place on 7 March 2017. This article is an excerpt of the discussion on commercial due diligence by Mr Ang.

**Mafia controlled key route**

Singapore's economy is transparent. That is often not the case in developing countries such as Myanmar, Bangladesh, Pakistan, Indonesia, and the Philippines. That's where investors often go in based on assumptions on how things work.

Not too long ago, when the mining sector was hot, we had this case: Somebody acquired a mine in Kalimantan on the assumption that they can easily reach the port to ship the ores to China. As things turned out, the route to the port was controlled by the local mafia and triads. How do you use this route? The business would not work unless the roadblocks were first dealt with.

In commercial due diligence, we help you to understand the local ecosystem and environment — who is there, who you cannot step on, who you need to pay respect to, and how to mitigate risks and circumvent obstacles.
Power of political factions in India

Before we go into a partnership or a business deal, we want to know if we can trust the person we will be working with.

In a contractual dispute in India, it doesn’t always work to sue the offending party. Many businesses there that are affiliated with political parties are favoured for their hefty financial contributions to political campaigns over the years. Whether a court case can be won or can swing in one’s favour depends on which political party is in power.

A Hill & Associate customer had a court case in India that didn’t move for 13 years. It is unlikely to move at all because the government changes every 5 years in that state. When party A comes into power, they will look for all the affiliates of party B and take them to court on charges of corruption such as preferential land sales. Five years later when party B comes into power, all these cases will be dismissed on lack of evidence. Then, party B will take action against all the affiliates of party A for the same offences.

From the court’s perspective, it doesn’t make sense for the case to move.

Counterfeit German machine

Many German companies are hundreds of years old. We had a German customer that manufactured precision tooling machines and had been supplying only to the European Union. When the company wanted to expand into Asia, it participated in a trade show in Beijing. At the trade show, a prospective buyer of their product said, “Your machine has been selling here for the past 2 years at half the price that you’re quoting. The seller has a call centre and an outbound sales service in Korea.”

The German company looked at the other exhibitor and found a machine that was exactly the same as their own, right down to the brand name. It was a counterfeit.

It is not easy to trace counterfeiters as they usually incorporate businesses in offshore havens such as the Cayman Islands. As the counterfeiter was Chinese, we began probing by activating our team of investigators in Shanghai. That did not work. The Chinese manufacturer’s guard was up when approached by mainlanders for a product that cost half a million dollars. The product did not have a market in China. Thing went quiet while we conducted market intelligence work, business enquiries, and site visits.

Richard Ang has worked in risk management in the last 22 years. He joined Hill & Associates in 2010 as Vice President, Business Intelligence, and took over as Country Head for Singapore in 2013.

In the last 6 years, Richard and his team in Singapore has worked on and delivered more than 500 commercial due diligence and investigation cases for financial institutions and global multinationals, outbound local enterprises, including several government agencies in Singapore, Malaysia and China.

Prior to this, Richard was part of the Group Compliance Office and led group risk management efforts at Fraser and Neave and Asia Pacific Breweries. In this role, he travelled regionally to assess, develop and test enterprise risk management system, emergency response and crisis planning processes and procedures, and operational diligence. Before this, Richard managed the fraud management and revenue assurance unit at StarHub, where his team of risk analysts and fraud investigators studied transactions and usage patterns to safeguard the company’s revenue streams against syndicated fraud and revenue leakages due to control weaknesses or lapses.
After a few months, we activated our Australian investigators. When the counterfeiter was approached by Australians who asked for quotations, specifications, and expressed interest in a plant visit, things moved. The seller believed that was a sales opportunity for exporting the product out of China. When our proposition made sense, we began to get more leads and found out who was behind the counterfeit.

We are now into the second phase of this case. That is when our customer provided us with the funds to do a test-buy. The counterfeit machine’s specifications and brand packaging have the same appearance as the genuine one, but there were quality issues in terms of energy conversion rate and precision.

**Who hires investigators**

Most of the time, we work for investment banks that front deals. We do the background checks and commercial due diligence behind the scenes. The principal (such as the end buyer or seller in an M&A deal) does not know we do this because he doesn’t pay us. We hide behind banks and law firms. Only some of the multinational companies will know us.

We deal with banks, investment firms, family offices, and casinos. Family offices often want checks on sources of wealth. Hill & Associates is one of the few corporate investigation services providers with a gaming unit. The unit is based in Macau with a key market that includes Hong Kong. It helps customers to establish the source of funds, source of wealth, credibility, background of junkets, and triad links.

In recent years, we gained acceptance with government linked companies. Nowadays, GLCs operate like MNCs, building power and water treatment infrastructure in emerging markets like Myanmar, Cambodia, and Bangladesh. In the past, people used to hire private investigators to check on companies in China. In the past 2 years, we are seeing more and more PRC state-owned companies venturing overseas that want background checks on Bangladeshis, Indonesians, Vietnamese, and Filipinos.

People come to us when they have a deal with someone who claims, “Just leave it to me, I’ll get all the rights and concessions sorted out.” Our investigators are former policemen, military officers, journalists, and fund managers.

Richard Ang

*Country Head*

*Hill & Associates Risk Consulting (Singapore) Pte Ltd*
1. Immunotherapy and the Cure for Cancer

Over the past few years, immunotherapy has been making headlines around the world.

Scientists now know the cancer mutations in the body that they can focus efforts on. Immunotherapy is a treatment that redirects the cells in a patient’s body to recognize the cancer. It is an agent that alters the cells in a patient’s body so that the immune system can discern the difference between cancer and normal tissue just as it naturally does between a virally infected cell and a healthy cell.

Immunotherapy is expected to become a foundational treatment for cancer over the next ten years.

At a Professional Development talk on 15 March 2017, noted biotechnology investor and commentator Brad Loncar shared about breakthroughs in this field and who has been investing in it.

Game-changing science is affecting many areas of the biotech industry through medical breakthroughs.

In biotech investing, we hear about important developments through medical journals. Immunotherapies began to take off five or six years ago, when *Science* journal called it the breakthrough of the year. Now, we are seeing reports about this even in the mainstream media such as the Wall Street Journal, the New York Times, on public television in the US, and even in investment magazines such as Barron’s.

The traditional way of treating cancer is through chemotherapy and radiation, which affect the patient’s entire body and in many cases can be very toxic. In recent years, scientists have discovered how to use medicine to destroy cancer cells through the immune system. Immunotherapies are natural, and help the patient’s own body to adapt and learn to fight cancer.

**Jimmy Carter’s Cancer Remission**

Immunotherapy hit the big news in the US when it was successfully used to treat former President Jimmy Carter. In August 2015, he was diagnosed with late stage melanoma, a type of skin cancer. His cancer had metastasized, which means it had travelled to other parts of his body. The cancer had spread to his liver and brain. That is when one’s prognosis is most serious. He had a dire situation of a few weeks, or at most months, to live. His doctors put him on Merck’s immunotherapy drug Keytruda in September 2015. Amazingly, by December 2015, scans on his metastasis no longer detected cancer. In a further sign of recovery in March 2016, his doctors said he no longer needed cancer treatments.

Carter was already 90 when he was diagnosed with late stage melanoma. At that age, chemotherapy is an unlikely option as it is so debilitating. In Carter’s case, he was able to lead a reasonably active and normal life while on a treatment that included
Keytruda. Not only are these drugs highly efficacious, they also deliver a higher quality of life during treatment relative to chemotherapy. That is very important to cancer patients, especially those in the late stage.

Keytruda is an example of immunotherapy that takes the brakes off the immune system by inhibiting the stop sign that cancer cells usually present to immune cells. Known as checkpoint inhibitor, this therapy could well become a foundational care for cancer and have a huge impact on society. Checkpoint inhibitors are already approved in 7 unique cancers: melanoma, non-small cell lung cancer, kidney, bladder, Hodgkin lymphoma, head and neck cancer, as well as Merkel cell carcinoma.

We are very used to seeing incremental improvements in the results of cancer research. One drug may come out and extend a patient’s life by a couple of months and another drug may come out and extend a patient’s life by a couple of months more. It took a long period of time of research before there was significant improvement. With Keytruda, 40% of advanced melanoma patients on the treatment were still alive after 3 years. That compares to about 10% to 20% of patients on standard chemotherapy treatments. It is very meaningful (and not merely an incremental improvement) when one drug can double or quadruple the survival of patients with conditions that are very difficult to treat.

The same is happening with Bristol Myers drug Opdivo, another checkpoint inhibitor used in the treatment of lung cancer. 39% of recurrent non-small cell lung cancer patients taking Opdivo were alive after 18 months compared to 23% for those treated with the standard chemotherapy drug Docetaxel. We are seeing similar results when kidney cancer patients were treated with Opdivo.

Immunotherapy is not just one thing. There are dozens of approaches to immunotherapy: checkpoint inhibitors, oncolytic viruses, bi-specific antibodies, cancer vaccines, which have been approved by FDA for use in manufacturing drugs. Other approaches include CAR-T, natural killer cell, T-cell receptors, DART, STING, cytotoxic T-cells, tumor infiltrating lymphocytes, etc. Not all of them work today, but more and more of them will make a difference over time.

Cellular Therapies
When taking medication, one usually thinks of swallowing a pill or taking an infusion. Today, some companies are developing treatments that involve reprogramming a patient’s cells to seek for and destroy cancer cells.

Cellular therapy has shown meaningful results in blood cancer. Novartis, Kite Pharma, and Cellectis are leading companies for such treatments.

CAR-T is the most advanced cellular therapy today. The patient’s T-cells, which are the main attack cells from the immune system, can be engineered to express a Chimeric Antigen Receptor (CAR), a molecule that enables them to recognize specific antigens that are present on the surface of cancer cells. By targeting a protein expressed by tumoral cells, the CAR leads the immune system towards cancer, which is recognized as harmful. The immune system is then able to attack cancer cells.

In one early study using the CAR-T technology, researchers at Seattle Children’s Research Hospital treated 22 children who had untreatable leukemia using a product called JCAR017. Usually something new like this is used only on a group of patients who have sadly failed all other treatments. Amazingly, 20 out of the 22 children (91%) initially had a complete remission of their cancer. I had never seen anything like that in all my career as a biotech investor.

Who is Investing
This approach to drug research has been producing unprecedented results. The first generation of immunotherapy drugs are already on the market helping patients today. These drugs are mostly being commercialized by big companies like Merck and Bristol Myers Squibb.

There are smaller drug research companies working on second and third generation immunotherapies that hopefully will come to market in the coming years. This is a trend that is going to play out over many years because drug development takes a long time. Even though this is only being approved in select groups of cancers today, it’s something that is going to change the impact of cancer as we know it today over the next 10 to 20 years.

There are 3 main groups of stakeholders who are focused on investing in cancer immunotherapy.

1. Government
In December 2016, the US Congress authorised US$1.8 billion in funding
Brad Loncar is a US-based independent biotech investor and analyst, and has managed a biotech-focused family office since 2008. Through Loncar Investments LLC, he uses his research of biotech companies and technologies to develop thematic biotech investment indexes.

The Loncar Cancer Immunotherapy Index was launched in 2015. It is the only of its kind and consists of 30 companies leading the way in the emerging field of cancer immunotherapy.

Brad previously worked at Franklin Templeton Investments and served in a Senior Advisor role at the U.S. Department of the Treasury.

He is one of the most followed biotech commentators on social media (Twitter: @BradLoncar). He writes biotech commentary at www.LoncarBlog.com. He holds a BA in Finance from the University of Miami.

for the Cancer Moonshot program over 7 years. A key component of this program revolves around immunotherapy because it is the most important technology right now. This technology is so important that they want to make sure there is no bureaucracy that stands in the way of it.

2. Philanthropists

The Bloomberg-Kimmel Institute for Cancer Immunotherapy was founded in March 2016 with two US$50 million gifts: One from Michael R. Bloomberg, philanthropist, entrepreneur, and three-term mayor of New York City; and the other from philanthropist Sidney Kimmel, founder of Jones Apparel Group. An additional US$25 million for the centre was contributed by other supporters.

In April 2016, Sean Parker, the billionaire founder of Napster and Facebook, donated US$250 million to create a research institute that will focus on cancer and immunotherapy. The Parker Institute for Cancer Immunotherapy is a consortium of universities in the US that facilitates and accelerates cutting-edge cancer research with a model that shares resources, research, and technology among top scientists in cancer and immunotherapy.

3. Private Companies

The third group of stakeholders consists of companies developing the drugs and investors like you and I who invest in these drug companies.

Biotechnology is very technical. It is hard to understand. It helps to know a lot about medicine and science. It is a very difficult thing to invest in. It is the riskiest sector to invest in if you want to pick individual stocks. Everyone who has invested in biotech stocks has a horror story about a stock that blew up when a trial result was bad.

To make biotech investing more approachable and diversified for a larger group of investors, I created an exchange traded fund focusing on biotech companies involved in cancer immunotherapy research and treatment. The 30 composite companies on the Loncar Cancer Immunotherapy ETF range from large companies like Bristol and Merck that have the drugs that are on the market today to the smaller biotech drug companies.

The ETF trades on the NASDAQ stock exchange.
SMU wins Asia-Pacific Research Challenge

Each August, CFA Singapore starts a new season of reaching out to universities for participation in the CFA Institute Research Challenge. The entire competition season lasts a good 10 months, culminating in the global competition finals in April the following year.

This year, students from Singapore Management University did us proud by emerging as the champion team at the CFA Institute Asia-Pacific Research Challenge held in Bangkok on 15 March 2017.

In this article, Simon Ng, CFA, shares how the Society and its volunteers provide a head-start for students who aspire towards a career in finance.

Mr Ng was a judge for the regional finals of the CFA Institute Research Challenge in 2014, a Singapore local finals judge in 2015, and a mentor for Singapore Institute of Technology for the 2015-2016 season. He became Chairperson of the University Outreach Committee in 2016.

"The last time Singapore had a terrific performance at the CFA Institute Research Challenge was 8 years ago in 2009, when the team from Nanyang Technological University (NTU) won both the Asia-Pacific regional finals as well as the global finals.

Improvement across the board

At the local finals in Singapore this year, competition was fierce. The performance gap between universities was marginal. We witnessed much improvement by universities like the Singapore University of Technology and Design, SIM Global Education, SIM University, and Singapore Institute of Technology that are relatively new to the competition.

This year, National University of Singapore won the presentation award. NTU won the best research report award. Singapore Management University (SMU) won the best overall award because the team had the best combination of scores.

SMU had a good combination of skill sets: Understanding the company, the most coherent presentation on conviction of their recommendation, a strong argument in their recommendation to sell Cordlife. They were able..."
to deliver a clear message to the judges on why they believed in their conviction. They also performed well during the Q&A, especially during the regional finals. It was a very difficult Q&A session.

At the regional finals in Bangkok, the 3 judges from Thailand, Hong Kong, and Japan didn’t give the contestants an easy time during the Q&A. The questions were tough and really challenged the team’s knowledge of the subject company. The audience were very impressed by the SMU team’s ability to tackle the very difficult Q&A in a composed manner.

**Head-start in investment career**

The competition puts participating teams through the entire life cycle of research on a company that practicing investment analysts conduct. The students conduct research on a real company listed on a stock exchange of their respective countries. They interact with the management of the company to come up with the research report and recommendation.

To employers, participants of the Research Challenge will have been exposed to the necessary steps behind writing investment research reports and how to make a recommendation on a stock. This includes going through the financials, the corporate governance, and the risk analysis of a company.

Most employers, including myself, appreciate job applicants who are either CFA charterholders, CFA programme candidates, or have gone through such research competitions, especially one that is organised by CFA Institute. We understand the stringent criteria that competition participants would have gone through. Participation in the CFA Institute Research Challenge gives a job applicant strong resume credentials. Most participants in the competition go on to enrol in the CFA programme.

**Volunteers made Research Challenge a success**

The local research challenge in Singapore is jointly organized by CFA Singapore volunteers on the University Outreach Committee and the Society’s full-time staff. As there is a lot of logistical and administrative work involved, much collaboration between the Committee members and the Society’s full-time staff is needed. Coincidentally,

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Mr Ng joined CCB International (Singapore) in 2016 as CEO/Managing Director. CCB International (Singapore) is the Singapore capital markets services arm of China Construction Bank. Prior to this, he was with Shanda Group, a private investment holding company with US$8 billion of assets under management, where he headed multi-asset investment activities.

Prior to Shanda Group, Mr Ng was Pan Asia Deputy Chief Investment Officer of AXA Rosenberg Investment Management, which is 100% owned by AXA Investment Managers, where he started his Investment Management career in 2001. He has served in Singapore, the US, and Japan in his 15 years of service in the firm.

Mr Ng is a Board member of CFA Singapore and an Independent Director of Arts Theatre of Singapore Ltd.
the Committee members are experienced mentors of previous Research Challenge competitions. Most of them have also served as judges.

Much passion and commitment came from the Committee volunteers to make the Research Challenge successful. Industry practitioners served as mentors, report graders, presentation judges, and trainers. For example, each mentor is committed to spending six hours guiding their team. It is through this mentorship that students get to learn a lot more. That is when they get to polish up their research and presentation skills.

David Leow, CFA, who is Managing Director of Thaler Group, mentored the SMU team that took the championship title in Bangkok. He was also a panelist at the technical training session that prepared the participating students prior to the local rounds of the competition.

The main function of the University Outreach Committee is to reach out to the faculty of tertiary educational institutions in Singapore and to connect with their students. The Committee conducts career panels for university faculty members and students to help them understand practices and opportunities in the finance industry.

We invite finance industry practitioners to speak at these career panel events. They give advice on a pro bono basis to students regarding the roles and responsibilities of prospective jobs. Students get to understand what day-to-day work life is like for these job roles. This gives students a better sense of what they will be doing when they start work.

I would like to express my appreciation of the volunteers, the management of the research subject companies, the participating university faculty, and the full-time staff of the Society for making this possible.

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Poh Kian Yong (left) from NUS was the Best Presenter at the local finals in Singapore. To his right is Simon Deng Jiewen, CFA, who is from the CFA Singapore University Outreach Committee.

- Best Research Report Award: NTU
- Best Presentation Award: NUS
- Best Team 1st Runner Up: NTU
- Team Champion: SMU
Students from Singapore Management University emerged as champions of the Asia Pacific Regional CFA Institute Research Challenge in Bangkok on 15 March 2017.

L-R: Ion Chua | John Lim | Zhong Yingyi | Vedant Daga | Haruki Chua

Jumping for Joy

CFA Singapore University Outreach Committee
1. Simon Ng, CFA
2. Simon Deng Jiewen, CFA
3. Andy Yeo, CFA
4. David Leow, CFA
5. Jack Wang, CFA
6. Kevin Gin, CFA
7. Lee Yue Jer, CFA
8. Melvin Tan Teck Jin, CFA
9. Mitchell Van der Zahn, CFA
10. Tan Chee How, CFA
11. Terence Lim, CFA
12. Teoh Kek Yee, CFA

Research Report Graders
1. Hwang Nian Huei, CFA
2. Koh Boon Pin, CFA
3. Phuah Keng Keat, CFA

Presentation Judges
1. Ashish Goyal, CFA
2. Chong Yoon Chou, CFA
3. Tan Mae Shen, CFA

Research Companies
1. Cordlife Group
2. Sheng Siong Group

Trainers and Speakers
1. Chen Ziyang
2. David Leow, CFA
3. Lee Yue Jer, CFA
4. Noel Neo, CFA
5. Maurice Teo, CFA
6. Melvin Tan Teck Jin, CFA
7. Mitchell Van Der Zahn, CFA
8. Seow Shin Horng, CFA
9. Simon Ng, CFA
10. Subhajit Mandal, CFA
11. Tan Mae Shen, CFA
12. Terence Lim, CFA
13. Richard Ngo
After the successful launch of CFA Singapore’s Mentoring Programme officially at the beginning of 2016, the programme is now onto its second batch of mentor-mentee pairs.

In this article, three mentors and a mentee share why they have become passionate about this career development platform.

Mentor: George Lee, CFA

George Lee, CFA, was OCBC’s Head of Global Corporate Banking prior to his retirement on 15 April 2016. It was a role that required him to oversee the bank’s Real Estate, Wholesale Corporate Marketing, Global Industries divisions and overseas branches. He is now Advisor to OCBC Malaysia on a part-time basis.

I firmly believe that the sharing of my working experiences will make it less of a trial and error for those going through their working life. I have strong passion in wanting to help others succeed. Hopefully, my sharing will enable others to learn from my mistakes and avoid them.

In my working career of close to 40 years, I have benefited significantly from the career guidance given by my seniors as well as my superiors’ willingness to take chances by giving me opportunities for roles in job situations that I may not be fully equipped for. I believe a willingness to take up whatever challenges that are thrown at me had been one reason I was given such opportunities.

An eagerness to learn and experiment with new ways of doing things and deciding to try out new concepts was another important success factor.

My career reached its high point when I became the youngest general manager of a full licensed bank in Singapore in the late eighties when I was only in my mid thirties. Four years later, I hit the low point when the same foreign bank I worked for was acquired. I was retrenched and became unemployed for 6 months.

It was at this time that I learnt to pick myself up and started re-establishing my career again. I learnt the important lesson that success can turn into failure very quickly. A person has to be on his guard against being complacent.
Increase job exposure

When I first joined the job market in the late seventies, banking jobs were plentiful and it was my ambition to have a career in banking. Yet, I decided to not take up any of the job offers that I received from banks even though they paid higher salaries. Instead, I joined the newly established Treasury Department of Keppel Shipyard. I felt that joining a bank led me on a career path that was specialised too early. At that stage of my career, I needed to have as broad based exposures as possible and the Keppel job offered such opportunities.

Another major decision that I made was in 1999 when the banking industry was abuzz with government measures that called for local banks to consolidate and upgrade. I left Credit Suisse First Boston to join OCBC with a 25% pay cut. I felt that after working for many foreign banks, I had learnt sufficiently and it was time to focus on career development and not just higher compensation.

Sharing experiences

I volunteered as a mentor in CFA Singapore’s inaugural Mentoring Programme in 2016. Through a series of personality and career analysis workshops, I was matched with an investment analyst, Lee Yue Jer. Yue Jer is level headed, intelligent and showed strong interest to learn.

At this stage of his career, he needs to gain exposure to more job roles by broadening his work experience. I believe Yue Jer did the right thing to make the leap from research after 5 years to try out being on the buy side of the business.

I advised him to continue working in the financial services industry and seek for exposure to more broad based job roles so as to build a solid foundation for his career.

George’s advice

To be a good mentor, one needs the following qualities:

- Be a good listener.
- Do not have preconceived ideas about life.
- Willingness to share experiences.
- A strong passion to help others succeed.

It was satisfying to know that the sharing of my life experiences benefited someone else who appreciated that sharing.

Mentees need to understand that a mentorship programme is not only about widening contacts or helping them change their career path but more about learning life experiences from those who have gone through the journey.
being a Mentor

Mentee: Lee Yue Jer, CFA

I enjoyed the open sharing with my mentor who gave me a different perspective on career options by sharing his life decisions with me. The highlight, for me, was getting to know George as a person and knowing that he is looking out for me.

I actually found a new job before the mentorship programme, moved into my new house in the mean time, and decided to start a business after! I think we can agree that it's been an interesting year.

Instead of starting out at a bank, George actually began his career with Keppel in its new Treasuries division decades ago even though it was the lowest-paying option at that time. He was very clear about wanting to be in a position to learn from all the banks that were seeking to do business with Keppel. Sure enough, that paid off quickly and he became the youngest person in Singapore to head a commercial bank.

George is a good listener, and he is direct in his speech. He is quite soft-spoken but his words carry an immense amount of weight. Yet, he manages to be measured in his responses to issues. I hope to achieve his level of emotional maturity and stability. He taught me the importance of being in the right position to learn on how to handle interpersonal relationships. The benefits of his counsel are clear to see. Beyond a deeper relationship, we had some fantastic drinks!

Last year, I took on two undergraduate teams as mentees and added another team this year. This gave me a sense of personal satisfaction and fulfilment that I realized had been lacking at work. I resolved that I would make mentorship and teaching an integral part of my life. I am also starting a new business that will focus on helping people in a very direct way and with a lifelong impact.

During the first mentorship programme, I noticed that many mentees were there trying to find their next job role. That, to me, was not the point of the mentorship programme. As the year went by, CFA Singapore did a great job in highlighting the importance of self-development and other key learning goals that are so much more important than the next step. The current batch of mentees appears to be more focused on these important goals.
Mentor: Jessie Yim, CFA

Ms Yim has been Head of Global Subsidiaries of ANZ Singapore since February 2015. Prior to that, she was Head of MNC at the Royal Bank of Scotland where she rose through the ranks over the course of 15 years, including one year based in Sydney, Australia.

I have been both mentee and mentor in the course of my career. At the start of my career, I was privileged to have had several good and supportive mentors who encouraged me and made a difference to my progress. Without this support, I will not likely be where I am today. I think it is only right that I give back what I have had the privilege to receive.

Mentoring is a two way street. I have always been able to learn something from the mentees.

I am a keen supporter of gender diversity in the workplace. I know of many wonderful ladies who are great performers but just lack confidence. I have always been keen to share my story with them to give them the confidence to reach for their dreams and not be inhibited by personal fear.

A listening ear

At the beginning of my career, a mentor provided me with a sounding board as I was trying to understand how to transverse the organisation and grow in my career. The one piece of advice that I still remember today addressed my overly cautious approach back then: Ask for forgiveness, not for permission.

My previous mentee (under the 2016 programme) was in the midst of changing his job and needed a sounding board on how to manage the transition as well as his career growth. He is a very bright individual, very hardworking, very humble and very resourceful. He actually does know what he needs to do.

I recall a Saturday when he sent me a text message and asked if we could have a quick chat. He wanted to bounce his decision making process off me. Actually, he already knew what was the right thing to do but just needed someone to bounce it off.

Viewpoint from another lens

To be a good mentor, one needs to have an open mindset and the willingness to commit time to this volunteer work.

It is more than about helping someone else. I have found myself benefiting from the process as I am also seeing things from another
viewpoint, especially from someone who is usually younger than myself. We live in a very dynamic world today and I certainly think that I can learn things from someone who is seemingly less experienced but at the same time, gives me viewpoints through a different lens.

Well-organised programme

The programme is rewarding as I am able to help someone, give back to society, and at the same time learn through the process. It also gives me the opportunity to know more people and to be more active in CFA Singapore.

I found it really helpful and well organised. CFA Singapore took great pains to pair up the mentees and mentors. It organised workshops to ensure that the mentors and mentees are prepared at the beginning of the mentorship journey and conducted interim events to check on our progress.

Whether each mentorship is successful really depends on how proactive the mentee is in reaching out. The mentor also has to ensure that he or she sets aside sufficient time to spend with the mentee.

Mentor: Tan Mae Shen, CFA, CAIA

After enjoying various roles at J.P. Morgan in New York and Singapore, Ms Tan left to join a family office as Chief Investments Officer. She has married her community interests with finance to create several successful funding partnerships for healthcare and animal welfare causes.

Ms Tan graduated from the University of Texas at Austin with a Masters in Professional Accounting, a Bachelor of Business Administration (Business Honors Program), and a Bachelor of Arts (Drama).

In my first job out of university, the firm had a formal mentorship program.

I was matched to a very senior manager in a different department and was always appreciative and somewhat in awe that she made time for me! In fact, she came in especially early as she otherwise had no time. We met at 6:30 am! At that time, this mentor was invaluable in helping me navigate what was to me at that time a corporate maze. She never gave me any easy answers which was frustrating initially. Instead, she always found a way to challenge me to see things from a different perspective and to find my own answers. On hindsight, I realise that took much more effort on her part. It would have been far easier for her to have given me a to-do or to-read list.

During the time when I was a mentee, I happened to be offered an opportunity to take on a more technical role. I wasn't initially keen on the new role as I wanted to continue working on my weaknesses — that is, “soft skills”. My mentor helped me see that careers are built on strengths, not weaknesses. That move ended up being the best for me as I developed credibility in the organisation much earlier in my career. Fortuitously, my new boss also became a champion for me, even after many years.
In for the long haul

To me, mentoring is an easy way to give back to society when I’ve benefited from having mentors and sponsors. As a mentor, I’ve actually benefited from insights that came in the course of interacting with persons who were at different stages of their careers.

I was roped into the CFA Singapore Mentoring Programme by my favourite ex boss. At that time, I was already mentoring the less senior staff at my workplace but haven’t had formal training in mentoring.

The Society engaged the services of a successful professional career coach, Louise Tagliante, who brought in a well-structured programme customised for our industry. This presented an opportunity to improve my mentoring skills from an excellent coach.

The programme matched me with a brilliant and ambitious mentee. I took away many lessons and new perspectives. Serving as a mentor was time well spent and thoroughly energising. I enjoyed the experience so much, I’m planning to become a permanent fixture.

Tips for good mentoring

- Keep an open mind.
- Commit to the entire programme.
- Follow Louise’s instructions.
- Do your homework.
- Respect your mentee. Mentoring is not a pedagogical exercise.
A survey in February 2017 found that CFA Singapore members had the following responses to SGX’s consultation on dual-class shares.

1. Nearly two-thirds of all respondents did not agree that SGX should introduce a dual-class or weighted voting class share structure.
2. Less than 5% of all respondents worked at asset management companies that officially supported dual-class structures.
3. None of the respondents worked at asset management companies that managed or advised funds that are prohibited from investing in listed companies with such structures.
4. The proportion of respondents who would personally consider investing in companies with such structures was the same as the proportion of respondents who would not.

This article is an excerpt of the discussion.

SGX position

SGX has launched a public consultation to seek feedback on whether to allow dual-class share structures on the stock exchange. If it were to allow this, what concepts can be applied to a working model and what changes need to be made to the SGX Listing Rules?

There are a few key principles to the consultation. Firstly, the one-share one-vote structure will remain
the default structure. We expect dual-class share structures to be in the minority. In the US, where dual-class share structures are well established, 15% of emerging high-growth IPOs have such structures.

Secondly, we will only allow dual-class share structures for new IPOs. In other words, there is no chance that an investor who has invested in a one-share one-vote company will suddenly find that company he has invested in has turned into a dual-class share company.

After consultation with our key stakeholders, we have established that the two key risks associated with dual-class shares are as follows:

- Entrenchment of the controlling shareholder in management such that he is difficult to remove.
- Expropriation of private benefits by controlling shareholders at the expense of the company and at the expense of the non-controlling shareholders.

It is necessary to highlight the different risks of investing in a company with a dual-class share structure compared to a one-share one-vote structure. This could be via investor education as well as through disclosure in the IPO prospectus.

### Investors dislike dual-class shares

A few years ago, Hong Kong Stock Exchange considered introducing weighted voting rights. An overwhelming proportion of long-term fund managers surveyed did not support the concept. Separately, the Council of Institutional Investors in the US has actively lobbied for companies to remove multiple class voting right shares. In general, investors clearly do not like dual-class voting right shares.

A consultation paper pointed out the dual-class shares lead to a lower efficiency of cash resources by a company, less successful acquisitions in terms of returns on capex, and a higher correlation with lower share prices in the US.

Some of the most successful tech companies in the US like Apple and Microsoft have succeeded with a single class of shares. Another poster child, Amazon, has a single class of shares and Jeff Bezos is still there, investing for the long term potentially to the detriment of short term profits.

We don’t see the benefits of dual-class shares. We think that if the management does well in its vision, has a strategy with a three-to-five-year payoff, and communicates that well, they will get the support of long term shareholders. A January 2017 study from McKinsey about how the management can defend themselves from short-termism cited that 75% of shareholder registers in the US comprises of long term, “intrinsic” investors.
Mrs Thio was key in setting up TSMP Law Corporation in 1998. She heads its Transactional Practice. Her areas of expertise include mergers & acquisitions, equity capital markets and corporate transactions. She is a member of the Corporate Governance Council formed by MAS to review the Code of Corporate Governance.

Don’t compromise Singapore’s reputation for good governance

On a regional scale, Singapore is a trendsetter for governance. SGX may risk that reputation by allowing dual-class share structures that disenfranchise shareholders.

We may think that allowing dual-class share structures may encourage companies to come here to list and therefore there will be more business for everyone. But in the long term, by making SGX a more speculative stock exchange than it is today, you may be risking the ongoing recurring revenue that may have come.

The long-term gain for SGX may not be material if some investors shun the market because of the increased speculative risk.

Allow dual-class shares only for firms that need it

To allow dual-class share structures does not mean we throw open the doors to every company wanting to entrench its shareholders. It should only be permitted where there are good business reasons to allow special rights, and then only with the appropriate safeguards. For example, Facebook and Google have listed successfully with dual class shares. If there is a home grown tech company wanting to IPO, we do not want Singapore to be an unwelcoming venue because we do not allow dual-class structures. For some of these companies, the ability to write an equity cheque is key to their expansion and thus their survival. Dual-class shares facilitates that.

We should also not be equate dual-class shares with lousy corporate governance. There are some very well-managed companies with dual-class shares just as single-class share companies have been rocked by corporate scandals. If we go all out to protect the man-on-the-street investor, we may end up downsizing our market and lose our relevance as an international exchange.

Professor Mak is an associate professor of accounting at the NUS Business School where he teaches corporate governance. He has served on key committees that developed and revised the code of corporate governance in Singapore and is a regular commentator on corporate governance issues in the local and regional media.
Reduce innovation risk with safeguards

From a governance perspective, I agree with David that it would be ideal to have everybody on a level playing field. But the risks of dual-class shares can be reduced with good safeguards, and Singapore, as a relatively small market, needs to stay competitive. Today, we are known as a pre-eminent REIT market, but imagine if we hadn’t wanted to try something new back in the day, and had not brought REITs into Singapore. If we had not been at the forefront of financial innovation, we would be an even smaller market today.

Carefully define those allowed to invest in dual-class shares

Do the survey respondents include the venture capitalists and private equity investors? I think venture capitalists and private equity investors would support dual-class shares because they exit at the IPO stage.

When venture capitalists invest in a company, they like to ensure protection for themselves. This protection may include rights such as board representation, and rights to approve decisions such as appointment of key management and expenditure beyond certain amounts, which are essentially veto rights. They have these rights even if they hold only about 10% in the company. The survey respondents who said they would personally invest in dual-class shares may include short-term speculators.

We need to be careful about defining the sophisticated investors allowed to invest in dual-class shares. Sophisticated investors who are venture capitalists and private equity investors may be prepared to hang on to their shares after the IPO because they would have had a considerable return on their shares by that time.

Stay focused on attractive firms

We are no longer talking about large companies having dual-class share structures. The Committee on the Future Economy report says: “The dual-class share structure affords companies flexibility in capital management. The dual-class share structure may potentially support the growth of companies by providing an alternative funding channel for start-ups. The dual-class share structure allows entrepreneurs to maintain greater control while raising equity capital during an incubation period.”

To me, venture capitalists are the best people to provide funding for start-ups during the incubation period. My worry is that if you allow dual-class shares for the big
Ms Leung joined the CFA Institute in 2016. She oversees the promotion and development of CFA Institute professional standards in the Asia-Pacific region. Prior to this, she was from Coutts & Co, where she was Director of Business Development and Management for North Asia.

Mr Teo joined Citibank in October 2016. Prior to that, he was Associate Director at KPMG Singapore’s Financial Services Regulatory Compliance division from 2012 to 2016. He was Assistant Director, Capital Markets Intermediaries at MAS from 2006 to 2009.

companies, smaller companies including start-ups will eventually also be allowed to have dual-class share structures. If that happens, the group of companies that we are targeting to attract has shifted.

**Don’t allow dual-class shares for SMEs**

Recently, Chew’s Group put out a circular proposing to introduce a dual-class share structure. As a shareholder, when I received the circular, I wanted to vote against the motion because I don’t want small and medium enterprises to have a dual-class share structures. However, I found it difficult to articulate a reason to support my vote because being an existing shareholder, there is no disadvantage to me if the company issued shares with less voting rights.

I am not against having dual-class shares listed here. However if we were to have it, I will be in favour of strengthening the legal safeguards.

**One-share one-vote does not preclude management entrenchment**

Having an entrenched member of the management team is nothing new to retail investors, be it in common shares, REITs or business trusts. S-chips had a one-share one-vote structure. But that did not prevent many of them ending in corporate governance failures. In the end, investors will price the stock to reflect these merits or demerits of a dual class structure.
Dr. Nelson Lacey, CFA, Director of Examinations at CAIA Association, discussed alternative investment products made available in recent years in a ‘liquid’ form (3 March at Lee Kong Chian School of Business).

S K Selvan, CFA, Fund Manager, Multi-Asset Strategies, Lion Global Investors discussed how disruptive trends offer exciting investment opportunities (8 March at Capital Tower).
Daryl Liew, CFA, Chair of Advocacy Committee, heads the table at a networking lunch between CFA Singapore and Singapore Press Holdings reporters (24 February).

Vineet K. Vohra, CFA, Practice Leader, Wealth Management, Arete Financial Partners who heads the wealth management practice for Arete Financial Partners, a management consulting boutique, discussed seven trends in wealth management that impact wealth managers around the world (13 March at Capital Tower).
We began the new year with Lo Hei on 20 January for a CNY networking lunch at Outback Steakhouse @ Millenia Walk.

Networking Chair Seow Hock Hin, CFA, (centre) presents Sun Moon Abalone to the lucky draw winner for the CNY lunch.

Networking drinks in February was at FOO’D by Davide Oldani and the lucky draw prize a bottle of wine.
Presentation judges debating on the final score for each team at the local finals in Singapore held on 11 February.

**UNIVERSITY INVESTMENT RESEARCH CHALLENGE**

Presentation judge Chong Yoon Chou, CFA (left) with organizer Simon Deng, CFA.

Presentation judge Ashish Goyal, CFA (left) with Mr Deng.

Faculty Advisor, Dr Lee Hon Sing (far right), goes through a final rehearsal with the NUS team as his students await their turn.