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PHOTO: Jeff Lowe

2009 FORECAST DINNER:

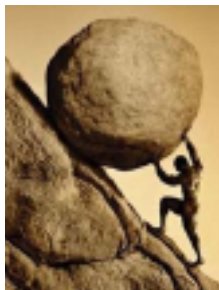
Top Economists, Portfolio Manager Predict Long Period of Slower Economic Growth

The U.S. and global economies are transitioning from a long period of credit-fueled prosperity to a new era in which both economic growth and investment returns are likely to be lower, three highly respected experts told attendees at CFALA's 2009 Economic and Investment Forecast Dinner.

"We are in the process of de-leveraging after a 15-year period of gradually increasing borrowing by consumers and others," said Paul Donovan, Managing Director and Global Economist for UBS. "Policymakers can work to speed up the process of de-leveraging but they cannot stop it. They can try to prevent things from getting worse, and may be able to bring forward the time when we can look forward to a resumption of growth, but what they are doing is not directly stimulating growth at this stage."

American banks are going to need substantial additional help before they will begin lending again, said Dr. Sung Won Sohn, former Chief Economist for Wells Fargo Bank and now Professor of Economics and Finance at Cal State Channel Islands.

"First of all, banks need additional capital and although the government has made some efforts there, more will have to be done," he said. "Second, bad loans will have to be

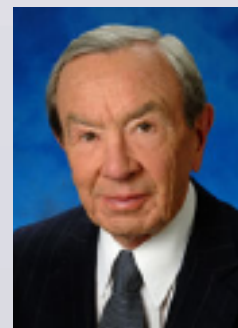


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CFALA Hosts Warren Christopher In Discussion of World Affairs

Former Secretary of State Warren Christopher offered a wide-ranging view of world affairs during an enlightening session hosted by the CFALA March 17 at the Omni Hotel in downtown Los Angeles.

Surveying the most pressing issues facing the Obama Administration, Christopher said he thought Iran should not be allowed to obtain a nuclear weapon. Christopher, who was awarded the Medal



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Roosevelt High's Javier Cid Is CFALA Teacher of the Year

Javier Cid, whose student team won the stock trading portion of CFALA's 2008 Capital Markets Contest, was honored with the society's Teacher of the Year award for his work in promoting economic and financial literacy.

Cid, who teaches at Roosevelt High School in East Los Angeles, received his award and a check for \$500 at CFALA's 2009 Economic and Investment Forecast Dinner. Also present was Carlos Ibarra, captain of the champion stock-picking team.

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Winning Team - Javier Cid was named CFALA's Teacher of the Year after guiding a team of Roosevelt High School students to top honors in the stock trading portion of the 2008 Capital Markets Contest. Also shown is Carlos Ibarra, captain of the winning team, which achieved a 30% gain on a simulated portfolio in just 10 weeks.

Why the CFA Designation Matters

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Teacher of the Year *(continued)*

“Most of my students are from lower-income families that live paycheck to paycheck,” Cid said. “They don’t know anything at all about investing, and whenever



they see something about the stock market on TV they just change the channel. One of my goals was to get them to not change the channel and to understand what the person on the TV is saying.”

Cid’s students seem to have learned quite a bit. The winning team’s simulated portfolio gained about 30% over a ten-week period, fueled by winning picks such as Apple, American Steel and JP Morgan.

“The stock market isn’t usually something that’s presented to us,” said Ibarra, who is now a freshman at East Los Angeles College. “Javier didn’t force it on us, but he kept us focused. He gave me more determination.”

Cid, who is also the head football coach at Roosevelt, gave most of the credit to his students.

“I won the CFALA award because of students like Carlos,” he said. “They made me look good. At one point, Carlos wanted to quit because their portfolio was down so much, but I told him to stay with it and they did and they got better. Even though it was fake money, they took their losses really hard and cheered when they gained. They got emotional about it, and when students can attach emotion to something that increases learning.”

Forecast Dinner *(continued)*

extricated from the banks. That hasn’t even begun yet. The third thing that has to happen is the government guaranteeing individual bank loans to small and medium-sized businesses. Things have to go in those three stages. We’re in the middle of the first stage.”

Efforts thus far by Washington policymakers to deal with the financial crisis got failing grades from Robert L. Rodriguez, CEO of First Pacific Advisors, LLC, who oversees some \$6.2 billion in investor assets and was recently named Fixed Income Manager of the Year by Morningstar Research. Rodriguez is particularly concerned about mounting government debt.

“Excess debt creation led to asset inflation and over-consumption, culminating in this credit crisis mess. A cleansing of the credit system and a reprioritization of economic initiatives are required.”

“Our ratio of debt to GDP is skyrocketing,” he said. “How we finance that expansion in our debt is a very important question. Do we finance it by printing money or by selling bonds? If the answer is bonds, who is going to purchase them? Excess debt creation led to asset inflation and over-consumption, culminating in this credit crisis mess. A cleansing of the credit system and a reprioritization of economic initiatives are required.”

Despite the grim economic outlook, Dr. Sohn and Donovan said there was a possibility for stock market gains this year.

“We’re not likely to see the kind of equity gains we’ve seen in the past,” Dr. Sohn said. “But equity markets over-react, and stocks have clearly over-reacted on the downside. Even in the middle of long recession or depression, we have seen equities jumping 40% to 50%. It can happen. We may be in a secular bear market, which can last 12 to 15 years, in this case dating from 2000. But you can have significant bear market rallies within that time frame.”

The panel discussion at the Omni Hotel in downtown Los Angeles was moderated by Bloomberg TV Anchor Kathleen Hays.

Christopher *(continued)*

of Freedom, the nation’s highest civilian award, by President Carter for his role in negotiating the release of American hostages held by Iran, recalled that period as the most stressful time in his life. He described himself as obsessed with getting the hostages released. They eventually were freed on the day of President Reagan’s inauguration, in what Christopher believes may have been an intentional slight towards Carter.

The U.S. will probably have a presence in Iraq for a long time, Christopher said, noting that one change in the Middle east equation is a willingness on the part of Syria’s new leader to hold peace discussions. He branded existing U.S. policy towards Cuba a failure and said things there were likely to change in coming years. He also noted that the situation in Pakistan is quite dangerous.

Christopher’s long and distinguished career includes top-level positions in the Johnson, Carter and Clinton administrations. He is the author of several books and has long been active in Los Angeles civic affairs. Christopher was interviewed by Holmes Osborne III, CFA, a private money manager and CFALA member who is the host of Money Confidential on Santa Monica 16 and Los Angeles 36 public television.

CFALA Experts Are Quick Resources For Reporters

CFALA members with expertise in everything from behavioral finance to hedge funds to distressed assets investing are available to members of the Southern California media at www.cfala.org/i4a/pages/index.cfm?pageid=3419.

The CFALA experts list, which is organized by areas of expertise, include respected analysts, portfolio managers and researchers who are willing to respond to reporters on short notice to provide quotes, perspective and useful background information for developing stories

For additional information on resources available through the CFALA or for assistance with a specific story, members of the media are welcome to contact Steve Fox directly at (805) 647-8225 or steve@silverfoxco.com