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PHOTO: Jeff Lowe

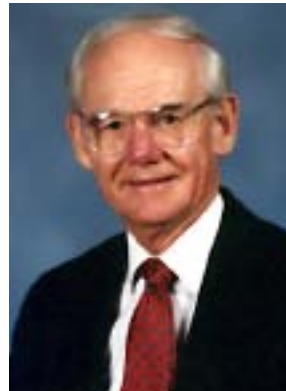
CFALA-USC Review Program Has Stressed Ethics and Professional Standards for Last 25 Years

At a time when the professionalism and ethics of the investment industry are under fire, an innovative educational partnership that teaches and stresses both qualities is celebrating its 25th anniversary in 2010.

Since its inception, an estimated 2,500 investment industry executives have gone through the Chartered Financial Analysts Review Program offered by the CFA Society of Los Angeles (CFALA) in conjunction with USC's Marshall School of Business. The Review Program is a rigorous, three-year course of study that is held on the campus at USC. It utilizes curriculum and study materials developed by the Charlottesville, VA-based CFA Institute (CFI). Its goal is to help enrollees prepare for a three-year series of exams that are held annually for Levels I, II and III.

Study materials include economics, financial reporting and analysis, corporate finance, equity investments, fixed income, derivatives, ethical and professional standards, quantitative methods, portfolio management and wealth planning. Passing these exams is a requirement for a CFA® Charterholder.

This Charter is widely regarded as the gold standard of professional credentials within the global investment community, said Bill Krantz, CFA,



Bob Hardaway



Guil Babcock

who currently shares responsibility for directing the CFA review program with Dr. Larry Harris, Director of the Center for Investment Studies at Marshall.

"The review program has definitely been a force for good," Krantz said. "The cornerstones of the entire program are ethics and professional standards of conduct,

(continued on next page)

Forecast Dinner Set for Feb. 25 at Omni

Save the date! CFALA will present its 2010 Economic and Investment Forecast Dinner on Feb. 25 at the Omni Hotel in downtown Los Angeles. After a tumultuous past two years, the prospects for a continuing economic recovery, the possibility of higher interest rates and the direction of the markets are front and center in the minds of investors. Addressing those topics and more will be a panel of distinguished investment strategists and economists, including:

- Komal Sri-Kumar, Ph.D. Managing Director, Chief Global Strategist and Chairman - Comprehensive Asset Allocation Committee, Trust Company of the West (Los Angeles). Dr. Sri-Kumar has been associated with the Allocation strategy since its inception in 1991, and has been Chairman since 1997. This strategy allocates assets across a broad array of global asset classes including U.S. and foreign equities and fixed income, private equity, energy and real estate. Dr. Sri-Kumar has the responsibility for advising portfolio managers and has been instrumental in raising assets for a number of TCW strategies from Sovereign Wealth Funds, international agencies, corporate and public pension funds, and retail investors. His arti-

cles and interviews have been published in the Wall Street Journal, the New York Times and the Financial Times. He frequently explains his views on the global outlook and their investment implications on CNBC, Bloomberg TV and the Fox Business Network.

- Thomas Higgins, Ph.D. Chief Economist at Payden & Rygel Investment Counsel, which manages \$50 billion in assets. Higgins is responsible for developing views on the U.S. and global economies. Before joining Payden, he was The Conference Board's International Economist, producing reports on the global outlook as well as maintaining the exchange rate models for the U.S. economic forecast. He began his career at a subsidiary of the Economist magazine known as The Journal of Commerce. Dr. Higgins has been quoted in the Los Angeles Times and Wall Street Journal and has also appeared on CNBC, Bloomberg Television, and Fox Business News. He is a

(continued on page 3)

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MEDIA

Review Program *(continued)*

which means that there are many hundreds of people now in the investment business who received strong doses of ethical instruction on the way to whatever positions they hold today.”

Both Krantz and Harris are quick to credit Guil Babcock, a former professor of finance at USC, and Bob Hardaway, former president of CFALA’s predecessor organization, the Los Angeles Society of Financial Analysts (LASFA), for creating the program. The two men acted as co-founders and co-directors in its early years and both were later honored with Outstanding Member Awards from LASFA.

“USC and the Los Angeles financial analyst community are deeply indebted to Bob Hardaway and Guil Babcock for their foresight in establishing our joint CFA review program,” Harris said. “At a time when the CFA designation was not nearly as strong as it is today, they saw how important it could be to our students and to the members of the investment management community. They established a program of enduring high quality that has since served thousands of students.”

Although other regions had review programs, Southern California did not when Babcock brought up the idea to Hardaway. “I called Bob and suggested that USC and LASFA set up a program,” Babcock recalled. “Bob took the ball and ran with it. He put together a business plan and a marketing plan, secured the approval of the LASFA Board and established the liaison with the ICFA in Charlottesville. I lined up faculty and classrooms from USC and Bob got professionals from LASFA to teach the different courses. That first year we worried about attracting the 20 students we needed to break even with a Level I class. We added Levels II and III in subsequent years and never looked back. Now there are a couple hundred people going through every year.”

Hardaway, who remains very active in CFAI affairs, noted that the Southern California program was modeled on what the Boston Society of Financial Analysts and Northeastern University were then offering CFA candidates.



The Marshall School - USC

PHOTO: WWW.MARSHALL.USC.EDU/ABOUT

“One of the things that has always distinguished this program is that our classes are taught by professors and by investment professionals who are there to help students learn conceptually.”

“We decided early on that for the program to be successful it had to be a quality program with paid, not pro bono, instructors,” he said. “Guil lined up USC professors for the accounting, economics and quantitative analysis sessions and I got practitioners from the L.A. investment community for the equity analysis, fixed income analysis, portfolio management and ethics sessions. Our wonderful colleague, the late Stan Ryals, led the first ethics sessions and added a strong ethical dimension to the program that has endured to this day.”

The program, which began as a once-a-week session on the USC campus, is today a multifaceted operation that currently provides multiple classes as well as online lessons used by a number of other CFA societies in the U.S. and abroad for their review programs. About 200 candidates go through the program annually, with five or six classes a week taught by some 30 different instructors throughout the year. In 2008, CFALA and Marshall also pioneered an innovative free program that streams classes over the Internet to members of the U.S. Armed Forces on active duty all over the world. More than 20 soldiers and sailors enrolled in the initial online program, including several in

Iraq and other hot spots, and the free program was recently extended for another year.

Much of the credit for using technology to leverage the reach of the program should go to Marshall’s Terri Lichvar, said Babcock and Frank Dohn, CFA, a Newport Beach investment executive who took over administration of the review program in the early 1990s. “Terri had a real bent for video and the technological side of things,” Dohn said. “USC happened to have a dedicated video line that enabled us to beam live classes down to Orange County. That got us thinking about how to reach out and we realized that USC had the ability to tape professors in class. So we developed a way for other CFA societies to buy videos of our classes, and that’s been very successful. Now, of course, it’s done over the Internet.”

Like others who have directed the program, Dohn stresses that it’s intended to impart real knowledge that enrollees can use for a lifetime, not just on exam day.

“One of the things that has always distinguished this program is that our classes are taught by professors and by investment professionals who are there to help students learn conceptually,” Dohn said. “There are other courses that teach how to take the CFA exams, but although our students do quite well on the exams, our primary goal is for them to absorb knowledge that will serve them - and their clients - throughout their careers.”

Jim Lyon, CFA, who took over as director from Dohn in 1997, notes that the program’s emphasis on professionalism and ethics was in place long before the current public skepticism towards the investment industry.

“One of the things that always made our program as important and relevant as it has been is the material on ethics and standards of professional conduct,” Lyon said. “The CFA Institute and those of us who are charterholders have always taken a lot of pride that as an organization and as individuals we hold ourselves to higher standards. And now, in light of what has transpired in our industry, the CFA designation is more important than ever.”

Forecast Dinner *(continued)*

member of both the American Economics Association and the National Association of Business Economics (NABE).

• Robert Arnott, Chairman, Research Affiliates. Over his 30-year career, Arnott has successfully endeavored to bridge two disparate worlds; the theoretical academy and the practical marketplace. Regarded as one of the world's most provocative and respected financial analysts, Arnott has been a leading theorist and innovator of portfolio strategies that include tactical asset allocation, global tactical asset allocation, tax-advantaged equity management, and the Fundamental Index® approach to indexation. He has published more than 100 refereed journal articles in the Financial Analysts Journal, the Journal of Portfolio Management and the Harvard Business Review. The former chairman of

First Quadrant, LP, and a global equity strategist at Salomon Brothers, Arnott established Research Affiliates in 2002 as a research intensive asset management firm that focuses on innovative products that add value for the global investment community.

The panel discussion will be moderated by Donald H. Straszheim, Senior Managing Director and head of China Research for ISI Group, an independent economics and financial markets research firm. George Dennis is chair and Kerry Gawne is vice chair of CFALA's 2010 Forecast Dinner.



Komal Sri-Kumar, Ph.D



Donald H. Straszheim



Thomas Higgins



Robert Arnott

Volunteers are what makes CFALA work, and the society is now honoring one member every month for the contributions they have made. Here are three recent honorees

Vera Lin

In recognition of her efforts as chair of the recently-formed Asia Pacific Community of Interest (APCoI) within CFALA, Vera Lin, CFA, was named Volunteer of the Month for October, 2009. Vera, who is originally from Taiwan, is a Portfolio Analyst with Payden & Rygel Investment Management in Los Angeles.

The APCoI was formed in response to a survey done last September that indicated a high level of interest among CFALA's members for a group that would focus on financial markets and career opportunities in Asian and Pacific countries. Some 58 responses were received, with more than 30 members expressing an interest in joining the APCoI. Vera, Jean Li and Mark Harbour worked on the survey and were instrumental in forming the group.

"We have a number of goals for Asia Pacific Community of Interest," Vera said. "We hope to form closer ties between CFALA

and CFA societies in Asian and Pacific countries by engaging in a dialogue and sharing resources with them. There is also significant interest among CFALA members in job opportunities in the Asian Pacific region and in learning more about how financial markets operate in those countries."

Roxanne Cheng

Roxanne Cheng, CFA, was named Volunteer of the Month for November, 2009 in recognition of her many years of work as chair of the Career Development Committee. A society member since 1993, she is a Consulting Services Director with RSM McGladrey's Western Regional Business Valuations practice in Pasadena.



Volunteers *(continued)*

Roxanne, who recently produced her 12th Career Development Expo for CFALA, has been the driving force behind the successful annual events.

“We do a lot of do a lot of outr each to schools, basically giving students who are considering the CFA program, as well as those who have already started it, a chance to learn about the wide range of car eer options in the industry and how to gain entry to those jobs”, she said.

Being an active member of CFALA and volunteering to manage the Expo has turned out to be personally rewarding for Roxanne on the career front.

“I’ve had a couple of career changes that came about primarily because of people I met while I was arranging the E xpo,” she said. “I encourage people to volunteer because you never know where it’s going to lead you. The career changes I made turned out to be some of best things that ev er happened to me.”

Danny Blater



Danny Blater, CFA, moved to Southern California from Tampa, FL about 18 months ago and immediately got involved in CFALA as Chair of the Social Committee, which organizes events for members and their guests. He was Volunteer of the Month for December, 2009.

Danny has been busy. Among the well-received events he has organized were a hockey night at an L.A. Kings game, a “March Madness” get-together with cocktails, networking and raffle at the Santa Monica Promenade, a jazz night at the Hollywood Bowl featuring musician Herbie Hancock and, most recently, a cocktail party at the Disney Center in downtown L.A.

“We’ve had some good success so far and we’re going to keep things going in 2010,” said D anny, who was a business development director and relationship manager at two prominent investment firms and is looking for a similar position here.

“I’m working on some events for the New Year and we’ll be announcing them as we get closer to the dates. It’s great to be doing this in L.A. because there are so many interesting and historical venues to choose from.”

CFALA Experts Are Quick Resources For Reporters

CFALA members with expertise in a wide variety of subjects are available to speak with members of the of the S outhern California media by going to the experts page of the CFALA newsroom. —

The CFALA experts list includes respected analysts, portfolio managers and researchers who are willing to respond to reporters on short notice to provide quotes, perspective and useful background information on developing stories.

Among the many topics covered by CFALA experts are behavioral finance, defined contribution investing, distressed assets investing, U.S. equities, international equities, forensic economic analysis, hedge funds and alternative investments, hedge fund and investment adviser compliance, investing for non-profits, investment management, mortgage and asset-backed securities, mutual fund investing for individuals and 401(k) plans, neuro-economics, retirement plan investing, single stock exposure solutions, valuation for tax and financial reporting, value investing, and wealth management.

EXPERTS

Why the CFA Designation Matters

When you place the CFA designation after an investment professional’s name, your audience knows that this person is an expert in the field of financial analysis and investment decision-making. Using the CFA designation means that you’re quoting a professional who has passed the industry’s most rigorous exams and has made a personal commitment to always put the interests of investors first.