



CFA Society  
Los Angeles

# e-Newsletter

## April 2021



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## Original Content

# SUSTAINABLE AND ETHICAL INVESTING: THE CERTIFICATE IN ESG INVESTING

By Tom Derse, CFA

Environmental, social, and governance (ESG) refers to the three key factors in measuring the sustainability and ethical impact of an investment in a business or company. The popularity of the style and the impact it has on portfolio management decisions indicate it is here to stay, and will continue to have a real impact on how investments are analyzed. As ESG investing gains relevance, many investment firms are tracking its performance. JPMorgan Chase, Wells Fargo, and Goldman Sachs have published annual reports that extensively review their ESG approaches and the bottom-line results.

Jeff Kuhlman, CFA, co-chairman of the CFA Society Los Angeles ESG Member Community shared how interest in ESG has grown in recent years. "We started the ESG Member Community three years ago and interest amongst investors has been building over that time. Investors with a long-term focus are increasingly interested in the impact investments have on not only shareholders, but also a larger set of stakeholders such as employees, customers, suppliers, and communities. I think this interest was particularly elevated in a year like 2020 where health, environmental, and societal challenges escalated."

ESG investing is a relatively new class or style, so establishing standards, judging attributes and analyzing results can be difficult. CFA Institute notes that there is no standardized approach to the calculation or presentation of different ESG metrics.

CFA Institute regularly monitors key debates and evolving issues in the investment industry. In keeping with this, the organization addresses ESG investing in multiple ways. One is through a focus on the quality and comparability of the ESG information provided by corporate issuers and how to integrate various ESG factors into the investment selection process. CFA Institute developed a consultation paper and will produce an exposure draft, with plans to issue a standard in May 2021.

More importantly for CFA charterholders, CFA Institute also addresses ESG investing through its establishment of the Certificate in ESG Investing. Kuhlman said, "Having a common set of standards for ESG investing is one of the biggest challenges in the space right now. A CFA-led ESG certificate will help create a solid foundation for investors to understand ESG and put money to work in a manner that meets various ESG objectives. The fact that the CFA Institute is behind an ESG certificate also validates the interest and importance of ESG within the larger investment landscape."

The Certificate in ESG Investing was developed by CFA Society of the United Kingdom in consultation with leading firms and is recognized by the UN Principles for Responsible Investment (UN PRI). Since its launch in September 2019, industry enthusiasm for the certificate has been confirmed through its initial success within the UK and other Western European markets, where there have been a combined 5,000 registrations.

There are no formal entry criteria for this qualification, but it is strongly recommended that candidates have a solid grounding in the investment process, achieved via formal qualification or experience. The certificate costs approximately \$660 per candidate, and includes access to an online Official Training Manual and the first sitting for the exam. The estimated time needed to acquire the knowledge to pass the exam is approximately 120 hours, depending on prior experience and education.

The certificate is designed to meet the needs of practitioners in investment roles who want to learn how to analyze and integrate material ESG factors into their daily investment analysis practice. It is also suitable for anyone looking to improve their understanding of ESG issues in functions such as sales and distribution, wealth management, product development, financial advice, consulting and risk.

According to CFA Institute, two-thirds of institutional investors think that the growth of ESG investing has increased trust in the financial services industry, 76% of institutional investors and 69% of retail investors declare an interest in ESG, and 86% of people who earned the Certificate in ESG Investing have found it to be beneficial to their career.

Margaret Franklin, CFA, president and CEO of CFA Institute, added, "We are seeing a real acceleration of interest in ESG investing – a major development that will shape the future of finance – while increased demand from clients and investment management firms has fueled the need for education. This certificate is the first of its kind to be made available globally, and will equip practitioners with foundational knowledge and competencies, enabling them to better serve the needs of their clients and contribute to building trust within the industry."

CFA Society Los Angeles recognizes the increased interest in ESG and is offering its own programs to meet the demand. "Last year we created an ESG Advisory Council with the goal of expanding and improving ESG programming offered by CFA Society Los Angeles," Kuhlman said. "The council consists of investment professionals with an expertise in ESG and represent a variety of investor groups such as fund companies, pensions, consultants, insurance, and private wealth. We have presented two seminars this year with the goal of at least two more by the end of the year."

Keep an eye out for upcoming seminars on ESG. And for those interested in the ESG certificate, more information is available on the [CFA Institute's website](#).

Original Content

# CALIFORNIA STATE UNIVERSITY, FULLERTON WINS CFA INSTITUTE RESEARCH CHALLENGE IN LOS ANGELES

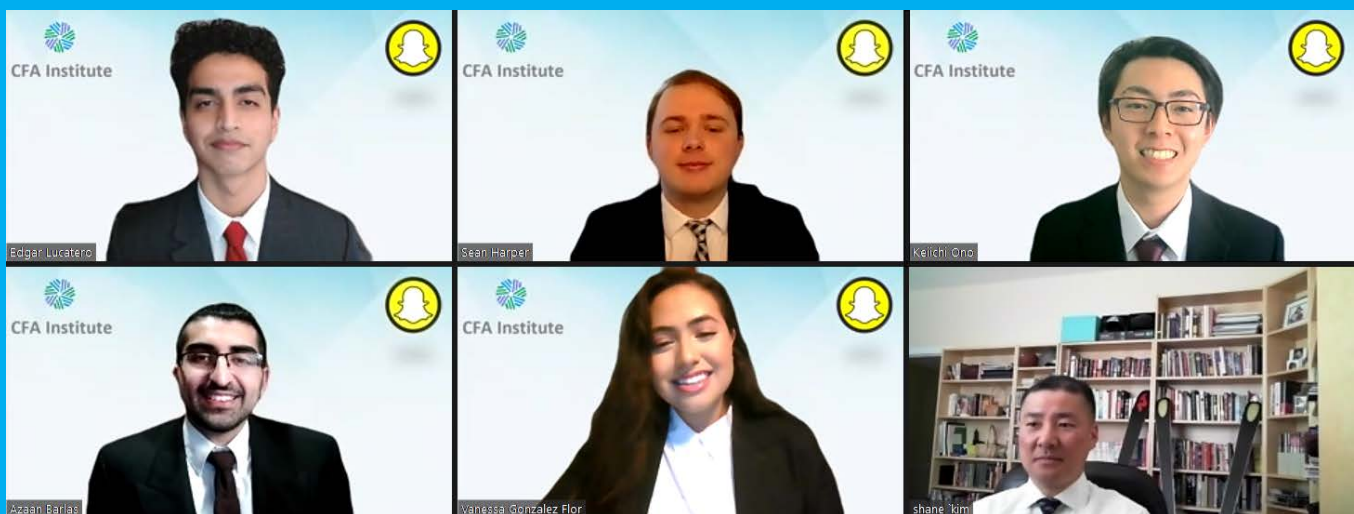
By CFA Society Los Angeles Staff

Congratulations to California State University, Fullerton for winning the CFA Institute Research Challenge in Los Angeles on February 26th, 2021. The winning students were Azaan Barlas, Vanessa Gonzalez Flor, Sean Harper, Edgar Lucatero, and Keiichi Ono. The professor for the winning team was Shane Kim.

The CFA Institute Research Challenge offers students the unique opportunity to learn from leading industry experts and compete with peers from the world's top finance programs. This annual educational initiative promotes best practices in equity research among the next generation of analysts through hands-on mentoring and intensive training in company analysis and presentation skills. The 2021 Subject Company for the local Los Angeles competition was Snap Inc. (NYSE: SNAP), "a camera company that believes that reinventing the camera represents their greatest opportunity to improve the way people live and communicate."

A total of seven universities participated in the local competition, including California State University, Dominguez Hills; California State University, Fullerton; California State University, Northridge; Loyola Marymount University; Pepperdine University; University of California, Los Angeles; and University of Southern California. The teams kicked off the competition on October 16th, 2020 before a call with Snap Inc. on November 20th to learn more about the company. Then, on January 19th, 2021, the students submitted their final written report. On February 26th, the teams gave their presentations to a virtual audience, which included judges, mentors, CFA charterholders, family, and friends, and the winner was announced following a virtual networking hour.

As the winner of the local Los Angeles competition, California State University, Fullerton will proceed to compete in the CFA Institute Research Challenge Semifinals.





Curated Content

Curators: Stuart Fujiyama, CFA  
Sona Shahinian



## Caruso Partners With Gemini In Industry First To Bring Blockchain Technology And Bitcoin To Caruso Properties Throughout Southern California

In the spirit of meeting customers where they are and where they are going, Caruso, one of the largest privately held real estate companies in the United States, partners with Gemini, a cryptocurrency exchange and custodian, to offer both residential and retail customers the option to pay rent in Bitcoin. Check out this Caruso press release announcing the partnership. [Read More...](#)

## Biden Team Eyes Potential Threat from China's Digital Yuan

According to this Bloomberg article by Saleha Mohsin, officials at the Treasury, State Department, Pentagon and National Security Council are stepping up scrutiny of China's plans for a digital yuan after The People's Bank of China rolled out trial issuance of the e-CNY, making it the first major central bank to issue a virtual currency. [Read More...](#)



## How Did the Non-Fungible Token (NFT) Wave Start?

In this Brookings Institution interview, venture capitalist and early Dapper Labs (NBA Topshot) funder Bill Tai explains what non-fungible tokens (NFTs) are and how they work. Tai cites economist and The Mystery of Capital author Hernando de Soto as a source of inspiration for his work on NFT architecture. Tai also discusses some of the regulatory challenges posed by NFTs and cryptocurrencies. [Read More...](#) [And More...](#)

## Curious Speculations: Collectibles & NFTs

In this Investor Amnesia Sunday Reads blog post, financial historian and O'Shaughnessy Asset Management Client Portfolio Associate Jamie Catherwood walks us through five historical examples of speculation in rarities and collectibles with relevance to the current interest in NFTs. Catherwood recently appeared on a segment of the Bogleheads on Investing Podcast series. [Read More...](#) [And More...](#)





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## Suez Canal Blockage By Ever Given To Cost More Than \$1bn, Say Canal Authorities

Although Suez Canal traffic resumed three hours after the massive container ship Ever Given was refloated, the six-day blockage of traffic through the key global trade route resulted in a disruption that cost Egypt \$12 million to \$15 million a day. An investigation will determine who will pick up the tab. Check out this Independent article by Akshita Jain to learn more about the incident's implications for global trade. [Read More... And More...](#)

## Ever Given Updates from the Ship Manager – Ship Arrest ‘Extremely Disappointing’

Mike Schuler, Editor and Chief Operating Officer of maritime professional website [gCaptain.com](#), relays ongoing post-refloat updates on the Ever Given grounding saga. [Read More... And More...](#)



## The Quiet King of Japanese Shipbuilding Expands Its Empire [2/11/2018]

In this 2018 article, Nikkei Asia Staff Writer Eiki Hayashi reviews the 100+ year history of Ever Given shipbuilder Imabari Shipbuilding and provides insights about the family that controls it. [Read More...](#)



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The CFA Society Los Angeles (CFALA) e-Newsletter is a periodic publication with stories about noteworthy events and programs sponsored or hosted by the society, guest articles by members, book reviews, and other items of interest to CFALA members. If you'd like to contribute a story suggestion or write an article, we'd love to hear from you. Please email Chief Executive Officer Laura Carney at [laura@cfala.org](mailto:laura@cfala.org).

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