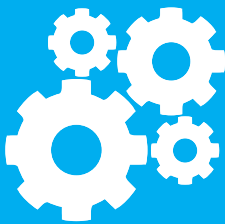




CFA Society
Los Angeles

e-Newsletter

October 2023



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Original Content

CFALA Hosts Premier Investment Conference

By Tom Derse, CFA

On Thursday, October 26, CFA Society Los Angeles (CFALA) hosted the West Coast's premier investment conference, PORTFOLIO, at the Omni Hotel in Los Angeles. It was an all-day event that featured leaders in several asset classes, investment trends, economic concepts, and world politics.

The conference had over 300 registrants and over 40 speakers. The conference has gone through several iterations over its life which started in 2019. It has been live and online, masked and unmasked. It has been held both in May and October. No matter the venue or the date, the conference continues to be a premier event for both education and networking for investment professionals from states across the country.

The day started with Former U.S. Ambassador to the Republic of Singapore Ambassador David Adelman, in a conversation with Jane Leung, CFA, sharing his experience in Asia and how China fits in the world both economically and politically. A thoughtful sit-down with a world leader discussing China without somebody trying to score political points is not something you see on television, and the presentation was incredibly insightful. Adelman noted that the relationship with China is not a Soviet-style cold war, but rather two competitors in the same system with each country having an interest in each other's success.

Adelman said China approaches events worldwide carefully. He also emphasized that China's leadership wakes up every day and says to themselves, "Give me stability." When considering monetary policy, real estate, and other economic approaches, it is all about obtaining stability. This may be peculiar to us in the West, because we assume stability. Ultimately, he said, "The world needs China and the U.S. to get along."

Regarding investing in China, Adelman believes investors should have an allocation to the second largest, and fastest growing economy in the world. He also noted that post COVID, large China cities are mostly back to normal despite the late reopening.

The conference allowed plenty of time between breakout sessions to network. This may be one of the true benefits of the in-person conference. Dozens of conversations were taking place with attendees sharing ideas on the current state of the market and economy, opportunities in investing and employment, and very often simply rekindling old relationships. You can tell how important the networking is when event organizers are ringing the bell to move to the next session and people are slow to break it up.

Original Content

CFALA Hosts Premier Investment Conference (Cont.)

By Tom Derse, CFA

The conference included several breakout sessions during the day where moderators led discussions on topics ranging from international equities, to fixed income, to portfolio management and active ETFs.

The lunch session was a presentation by Harvard Business School Professor of Finance and Banking Robin Greenwood about the disappearing index effect. Greenwood demonstrated how the alleged abnormal excess return enjoyed by securities as they are added to an index is largely a myth. The result of his research and the disappearance of the index effect almost drove him to rename his work “The Triumph of Market Efficiency.”

The day concluded with a local flavor and a fireside chat dubbed “The Decade of Opportunity.” Los Angeles is hosting almost every major sporting event over this decade – the Super Bowl, the College Football Playoff National Championship, the U.S. Open (Men’s Golf), the FIFA World Cup and the Olympic & Paralympic Games. Clearly the next ten years will showcase Southern California as a leader in sports and entertainment. Even non-sports fans will be affected by the commerce, construction, and transportation opportunities and headaches these events will bring.

To learn more about the organizations that are contributing to the success of these sporting events and the impacts they have on the local community, you can follow them here: www.angelcity.com, www.la84.org and playequityfund.org.

It took over twelve months of planning PORTFOLIO to assemble the speakers, venue, and marketing. The sponsors were recognized as key contributors to the event, not only by supporting the event, which allows members to attend at a very low cost, but also providing conversations about their firms in the sponsor showcase and maybe even offering a little swag to take with you.

The conference would not be possible without the efforts of CFALA volunteers and staff. Particularly the PORTFOLIO work group consisting of Pete Stutz, CFA; Nate Palmer, CFA; Suehyun Kim; Alfredo Gomez, CFA; Brian Haskin; and Alan Snyder.

Curated Content

Curators: Stuart Fujiyama, CFA
Sona Shahinian



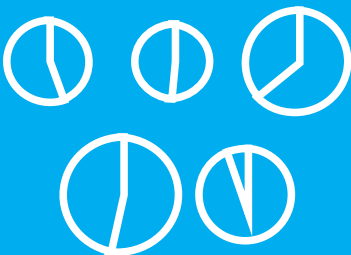
Dr. William Bernstein on TIPS, Asset Allocation, and Four Deep Risks

The recent release of the second edition of his book, *The Four Pillars of Investing*, sets the stage for Dr. William Bernstein to “discuss Treasury Inflation Protected Securities (TIPS), asset allocation in today’s uncertain world, four deep risks, and the cost of income inequality.”

Bernstein, a co-founder of Efficient Frontier Advisors, is a retired neurologist, author, investment adviser, and financial historian. [Read More...](#) [And More...](#)

Biography: William J. Bernstein

Bernstein has written eight books and numerous articles for national and peer-reviewed publications. He won the CFA Institute’s James R. Vertin Award in 2017. [Read More...](#) [And More...](#)



Deep Risk

In this short 2013 e-book, Bernstein differentiates between “shallow” and “deep” risk and provides an insurance framework for dealing with both types of risk. Shallow risk is a loss of real (inflation-adjusted) capital that recovers relatively quickly, while deep risk is a permanent loss of real capital.

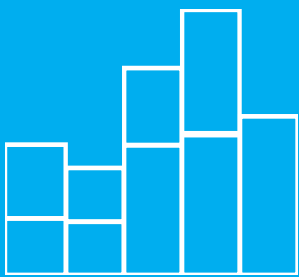
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Curated Content

Curators: Stuart Fujiyama, CFA
Sona Shahinian

Bill Bernstein on Financial History, Star Managers & The 4 Pillars of Investing

Bernstein's July appearance on The Meb Faber Show, shortly after the release of his updated book. [Read More...](#) [And More...](#)



The Myth of Dynastic Wealth: The Rich Get Poorer

In this 2015 Cato Journal article, Bernstein and Research Affiliates' Robert Arnott and Lillian Wu critique Thomas Piketty's thesis that wealthy families grow ever richer over future generations. Arnott is founder and chair of Research Affiliates, and, at time of publication, Wu was a research analyst at the firm.

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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 CEO Laura Carney at laura@cfala.org.

Please note that the content of this e-newsletter should not be construed as investment advice, nor do the opinions expressed necessarily reflect the views of CFA Society Los Angeles.