



FALL ISSUE 2010

Letter from the President—Dave Wiley, CFA



It is my pleasure to serve as your CFA-DFW Society President for the 2010-2011 fiscal year. The new year is well underway and we have a lot to report and share with you as we are striving to make this the best year yet for CFA-DFW Society!

As the markets continue to improve, we coined this year a “Strive for Excellence” year as your Board attempts to set the highest standards of ethics, education, and professional experience for its membership. Along with our theme and in order for our organization to better serve you, we always welcome your feedback and suggestions.

CFA-DFW Society has developed partnerships that have enabled us to further our educational goals and outreach to the community. Some of these partnerships include the QS World MBA Tour, Texas Wall Street Women, GARP and the SMU finance department.

The Program Committee, chaired by Lisa McDaniel, has one of the most critical functions and involves the highest participation for the members. This Committee is taking steps to diversify our events. Diversity within our organization is wide, and as such, various programs from many areas of our industry are on tap this year. Program locations will also vary according to topic in an attempt to best serve all of our membership, including those in Fort Worth.

Our fall annual Golf Tournament was held September 20, 2010 at Castle Hills Golf Club. Thank you to our sponsors and the golfers that came out to support CFA-DFW Society. We are looking forward to introducing the new Charterholders at the Annual Charterholder Dinner that is scheduled for November 17, 2010 at Arlington Hall.

Lastly, concerning programs, we have several special interest areas including a continuation of the Quant Working Group, a special Woman’s Initiative Group, social networking and new educational programs.

The CFA-DFW Society Review Course and Study Program continues to grow as it enters its 22nd year. We hold classes at three universities: University of Texas at Dallas, Texas Christian University, and University of Dallas.

A very special thanks goes to our Strategic Advisory Board for its continuing guidance and leadership and to all our membership and to the Board. As you will see from the updates that follow, a lot of enthusiastic volunteer support is what keeps our group moving forward so effectively.

Growth in membership has continued as we begin the year with 1,107 members. We are ranked the 17th largest CFA Society in the World. We have laid the foundation for further growth by recently approving a special student membership option.

As we are trying to reach out to various audiences, our website is undergoing a makeover this Fall.

In closing, I would like to offer a special thanks to the Board for its tireless work. I look forward to seeing you at one of our exciting line-up of events planned for the rest of the year. Participation in programs is a way to continue to build on your education while expanding your network. Please check out the Society’s website at www.cfadfw.org for more details on events, volunteer opportunities and vast other member resources. ■

Inside this issue:

◆ Editors Note	
◆ CFA/DFW Board of Directors	2
◆ View from the Board	
◆ Website Redesign—A Fresh Look for the CFA/DFW	3
◆ CFA/DFW Vital Statistics	
◆ Upcoming Programs	4
◆ Achieving Success as Women in Private Wealth Management	5
◆ CFA/DFW Annual Golf Tournament	
◆ Investment Research Challenge—Texas 2010-11	6
◆ 2009-10 Scholarship Recipients	
◆ CFA Exam Pass Rate	7
◆ Exam Graph	
◆ Preparing for the Successful Interview	8

CFA Society of Dallas-Fort Worth

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Editor's Note

Written By: Jason Safran, CFA

The Fall 2010 issue kicks-off a new season of the CFA-DFW newsletter. The leadership team at our local society has coined the 2010-2011 fiscal year a "Strive for Excellence" year. With that guiding theme in mind we are seeking to enhance communication with our members in various ways. One such way is by providing timely and pertinent information through our newsletter. We are making changes and this issue begins what will be a bi-annual publication that we hope will inform you of the issues, events, and accomplishments happening right here at our society. Another way we are striving to improve communication is through our website redesign which will expedite news and announcements; you can read more about this initiative in the current issue.

The interaction of our membership is ultimately what enhances the value of this local society for everyone. We want to hear from you to better serve you and ensure the success of this publication. Your feedback will most certainly help our society grow and improve. Please inform us of the topics you would like to be addressed in future publications by sending your suggestions to info@cfadfw.org. ■

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View from the Board

Written by: Dan Meader, CFA, CPA

As a member of the CFA Institute Board of Governors one of my many challenges is to work with my colleagues to set the strategic direction for the organization. We have the tradition of developing 5 year strategic plans (the current plan is called Vision 2012) and we hold ourselves accountable to the execution of this plan. As a global organization with 135 member societies in 58 countries, and a professional organization that now counts 375 full time employees and a \$200m annual budget, this task can become quite a challenge.

One of our current strategic goals is to raise our advocacy efforts worldwide. One of the realities of the recent capital market crisis has been the decay of trust between the investment management community and its clients. This reality makes our goal of raising awareness to the ideals of the CFA Institute on behalf of its membership all the more difficult. Now, more than ever, our core ideals of ethical behavior and standards of professional conduct should be a guiding light for disillusioned investors. As members of the CFA Institute, each of us has committed ourselves to ethical conduct, and we annually re-commit to the Standards of Professional conduct. Do our regulators know this? More importantly – do our clients and prospects know this? How do we best send the message of our commitment to ethics and professional conduct to our key constituencies? With a global membership of almost 100,000 – and members representing all areas of the capital markets – can we still speak with one voice? I believe that we can.

The key element to raising awareness for what we believe is to reach out and communicate directly with decision makers in our local markets. This is a task best met by our member societies – and our membership at large. Let me give you an example. One of our own – Sharon Criswell, CFA – is currently serving as the President's Council Representative for our region. She has taken the leadership role to work with all of the Texas CFA societies (DFW; Houston; Austin; San Antonio) to gather leaders from all of these societies and meet with state regulators. This CFA Texas 'team' is taking our message to the state capitol for the first time as a direct way to raise awareness of who we are and what we believe. At least here in Texas - we are learning to speak with one voice. Way to go Sharon!

More of our societies – and membership – need to take the time to tell the story of what we believe. I would encourage each of you to take a moment to educate your clients and prospects about the CFA Institute – and our ideals of ethical behavior and professional conduct. Even as we continue to expand as a global organization – the key element to our continued success is still you – the member.

Feel free to contact me with any of your thoughts or concerns regarding the CFA Institute at dan@trinitypeg.com. ■

Website Redesign - A Fresh Look for the CFA/DFW

Written by: Ben Friedman, CFA

We live in a fast paced environment where the financial markets and the financial services business changes rapidly. With the market meltdown of 2008 – 2009, our industry has changed significantly. It is debatable whether it is for good or detriment. One thing we have realized as Board of Directors of the CFA Society of Dallas-Fort Worth is we have to be pro-active in communicating to our members. With this in mind, we are undergoing an update to our website.

The primary goal of the website re-design is to make the CFA/DFW website more user-friendly and professional. It is imperative that our organization has a website that communicates to our members in a timely fashion, provide extensive educational resources and is easy to navigate.

We have engaged our consultant, MOJ Consulting, to assist us in this endeavor. MOJ Consulting conducted extensive research, including reaching out to service providers, other CFA societies and the CFA Institute in order to come up with a plan for implementation. Based upon this research, it is in CFA-DFW's best interest to redesign the current site with our existing webhost. The key factor is to maintain control of the website with the CFA/DFW society, enabling any issues or announcements that are time sensitive to be expedited to our members. In addition, our consultant and current webhost are very capable of completing the project.

Visit our web site early and often (www.cfadfw.org). There are timely

news and announcements on our site including: programs, local and national announcements, CFA Institute news, a job bank for both employers and employees, information on the CFA exam and much more. The re-design is in process. Although we do not anticipate glitches please bear with us if there are any during the transition period. In the end, I think you will enjoy the new look and "feel" of the website.

Visit www.cfadfw.org to view the design. ■

C F A / D F W V i t a l S t a t i s t i c s

The CFA-DFW by the numbers:

- ◆ Inception Date: 1951
- ◆ Current Members: 1,125 (as of 9/20/10)
- ◆ Members in 1994: 388
- ◆ Current Exams taken: 1,324
- ◆ Exams Taken 1994: 328
- ◆ 12% Female / 88% Male
- ◆ 58% have BAs or equivalent
- ◆ 45% MBAs or equivalent or higher education
- ◆ Most have over 6 years industry experience
- ◆ Most participate in equities (38%) or fixed income (14%)
- ◆ Members with additional designations tend to have CPA (57%) or CFP (20%)

U p c o m i n g P r o g r a m s

Fixed Income Asset Flows, Trends and New Investment Opportunities utilizing ETFs and ETNs

Wednesday, October 6th

Breakfast—Ft. Worth Club

Lunch—Park Cities Club

According to a news release from State Street at the end of July, fixed income ETFs saw growth in assets of 78% in 2009 and an additional 21% in the first 6 months of 2010. Wes Urick, from Blackrock's iShares, and Tim Edwards, from Barclays Capital, will be discussing new tools available in the Exchange Traded Fund/ Exchange Traded Note universe that deal specifically with fixed income investments. Come find out why these funds have exploded in popularity, how they can be used to fulfill, complement or replace an individual invested bond portfolio and how they compare to actively managed fixed income mutual fund portfolios. Also come to find out how they can be used to bet against a "bond bubble."

Cemex Presentation

Wednesday, October 27th

Crescent Hotel

From its roots in Mexico, Cemex has grown to become the third largest cement company in the world with operations on five continents and in over 50 countries. In addition, CEMEX is the largest ready mix concrete manufacturers and one of the largest aggregates producers in the world. CEMEX has a market capitalization of approximately \$12 billion and trades on the New York Stock Exchange (CX-NYSE). From homes to hospitals to highways, they are helping clients to build their future, serving thousands of customers every day. Industry expertise, acquisition experience and leading-edge technology have made Cemex a dominant player in the industry and a true growth story. Over the last ten years, their EBITDA has grown at a compound annual growth rate of 11% while Free Cash Flow has expanded at a rate of 17% per annum for the period. Over the next few years, CEMEX is posed to benefit from the infrastructure spending under the \$1.1 trillion in economic stimulus packages announced by governments of the key countries in which CEMEX operates.

Long Duration Common Stock Investing: A Contrarian Manifesto with William Smead, Smead Capital

Thursday, November 4th

Location TBD

Smead Capital Management (SCM) has argued for nearly two years that long duration common stocks are undervalued in relation to shorter duration stocks. Academic research has shown repeatedly that long time periods allow value to get recognized in the marketplace. Smead's presentation will focus on holding periods, the academic importance of fundamentals and the duration of a business and will cover the following topics:

- ◆ Passive vs. Active Investing
- ◆ Valuation Matters
- ◆ Long Duration and High Quality
- ◆ Why extend duration now?

Dodd-Frank and the Challenge of Regulating Derivatives with Jeffrey H. Harris

Thursday, November 18th

SMU Campus - Collins Center

Derivatives were the centerpiece of the financial crisis of 2008. How to properly regulate derivatives and avoid another worldwide financial calamity without placing undue burden on financial markets and corporate risk management is a major challenge for regulators and the financial community. Dr. Jeffrey Harris, Collins Chair of Finance at the Cox School of Business at SMU will discuss this topic, combining his expertise in the derivatives field with his recent tenure as the Chief Economist at the U.S. Commodity Futures Trading Commission. ■

Please visit www.cfadfw.org for registration and more information.

Achieving Success as Women in Private Wealth Management

Rosewood Crescent Hotel, September 14, 2010

Over 50 CFA-DFW and Texas Wall Street Women members and guests gathered at the Rosewood Crescent Hotel to hear four distinguished women reveal their wealth management experiences and perspectives.



Panelists included Jeannie Wyatt of South Texas Money Management (seated left), Margaret Franklin of Kinsdale Private Wealth (seated center) and Susan Hicks of J.P. Morgan Private Bank (seated right)

The evening began with cocktails and a networking opportunity for attendees. Lisa McDaniel, programs chair, then provided an opportunity for all the attendees to introduce themselves so that they could get to know each other. While the event focused on the role of women in wealth management, it was good to see several men in attendance for the discussion.

We were privileged to hear from a fantastic group of panelists that included Margaret Franklin of Kinsdale Private Wealth, Susan Hicks of J.P. Morgan Private Bank, and Jeannie Wyatt of South Texas Money Management. Kay Booth, a member of the CFA Institute Board of Governors, moderated the discussion which focused on how volunteerism helped shape their career,

the utilization of technology in running a business, and paths to success on Wall Street. The panelists concluded by offering their insights on how they believe private wealth management will evolve over the next 5 years.

Common themes during the evening were:

- a) deep listening is essential with clients,
- b) nothing beats hard work,
- c) understand where you're most skilled,
- d) learn how to balance the use technology, and
- e) be honest with your values.

It was an inspirational evening for all of us! ■

CFA/DFW Annual Golf Tournament

Castle Hills Golf Course, September 20, 2010

A sign that your week is off to a good start is when you find yourself on the golf course. We were fortunate to have nice playing conditions for this year's CFA/DFW Golf Tournament. The event was held at Castle Hills Golf Course in Lewisville on Monday, September 20th and we had 36 participants tee it up.



Donald Capone, CFA (left), John Kvale, CFA (center), and Ben Friedman, CFA (right) are ready to hit approach shots on the 17th hole

Employers should have good reason to feel secure; it seems unlikely that our participants will be quitting their day jobs to join a professional golf tour. No matter the score, each team had fun and the golf setting provided an opportunity to catch up with fellow society members. The tournament concluded in the clubhouse with good BBQ and an awards presentation. Until we tee it up again next year.... ■



Golfers prepare for the "shotgun" start at Castle Hills Golf Course

We would like to thank our 2010 Sponsors: Bank of Texas Private Bank, Capital IQ, Cavanal Hills Investment Management and Columbia Management.



Investment Research Challenge – Texas (2010-2011)

Written by: Sharon Criswell, CFA

In 2006, the CFA Society of Dallas/Fort Worth and the CFA Society of Houston teamed up to launch an exciting new initiative, Investment Research Challenge – Texas. In the initial year of the Challenge, student teams from Rice, A&M, TCU and SMU competed with each other on analyzing, writing, and presenting a report recommending a “Buy”, “Sell”, or “Hold” position on a publicly traded company. The societies assisted in providing education tools; the goal being to provide a value-added real-world application for these students. The teams were then assigned the company to analyze with access to the CEO. Teams were given a template to follow in completing their written analysis/report. All four Texas societies, Austin, Dallas-Fort Worth, Houston and San Antonio provided mentors for the teams, judges or graders. Finalist teams competed before an oral panel made up of leaders in our investment community at the Texas Investment Portfolio Symposium (TIPS). The winning team went on to compete regionally against other winners hosted by CFA Institute in New York City.



Each year the local challenge has grown. This year a total of 13 teams are competing; LSU, Northwest Louisiana, Rice, SMU, TCU, Texas A&M, Texas Tech, Tulane, U of H, UNT, UT, UTD, UTSA and possibly OSU. The Texas company for 2011 has yet to be selected. The competition will kick off late in November and 4 finalist teams will compete at TIPS which will be held on February 19, 2011 this year at Rice University. Once again, the winning team will get to compete in the “America’s Challenge” held on April 7, 2011. This competition will include all local challenge winners across Canada, Latin America and the U.S. The winner of the Americas will then go on to compete against the winner in Europe, Middle East and Africa and the winner in Asia Pacific. From the beginning of the Challenge, 8 years ago it has grown from 4 local regions (NYC, Northeast US, Hong Kong and Texas) to nearly 100 member societies hosting local competitions with almost 2,000 students from over 425 universities globally in 2010.

Benefits of the Global Investment Research Challenge:

- ◆ Student receive real-world training in equity analysis
- ◆ Investment professionals make an impact on the profession
- ◆ Public companies promote education and analyst independence
- ◆ Universities gain global exposure
- ◆ Corporate sponsors reach universities, students, and finance professionals

The Global Investment Research Challenge is managed and supported by CFA Institute. Volunteers interested in assisting as mentors, graders, liaisons, and/or judges for the IRC – Texas, please contact Leah Bennett (lbennett@kingadvisors.com) or Sharon Criswell (scriswell@almfirst.com). ■

2009 - 2010 Scholarship Recipients

CONGRATULATIONS!!!

Exam Scholarships:

- ◆ Justin Comrie, Tech
- ◆ Ala Alsaleh, TCU
- ◆ Robert Strong, TCU
- ◆ Ryan McCrory, TCU
- ◆ Gonzalo Ferrer, TCU

Review Course Scholarships:

- ◆ Sailesh Saxena, Kaplan
- ◆ Luiz Rizental, SMU
- ◆ Jenny Perng, UTD
- ◆ Jianling Wang, UTD
- ◆ Xuening Fang, UTD

Exam and Review Course Scholarships:

- ◆ John Irish, Kaplan
- ◆ Angi Li, UTD
- ◆ Rohan Nilekani, UTD
- ◆ Sudhansho Jain, UTD
- ◆ Shailendra Agrawal, UNT

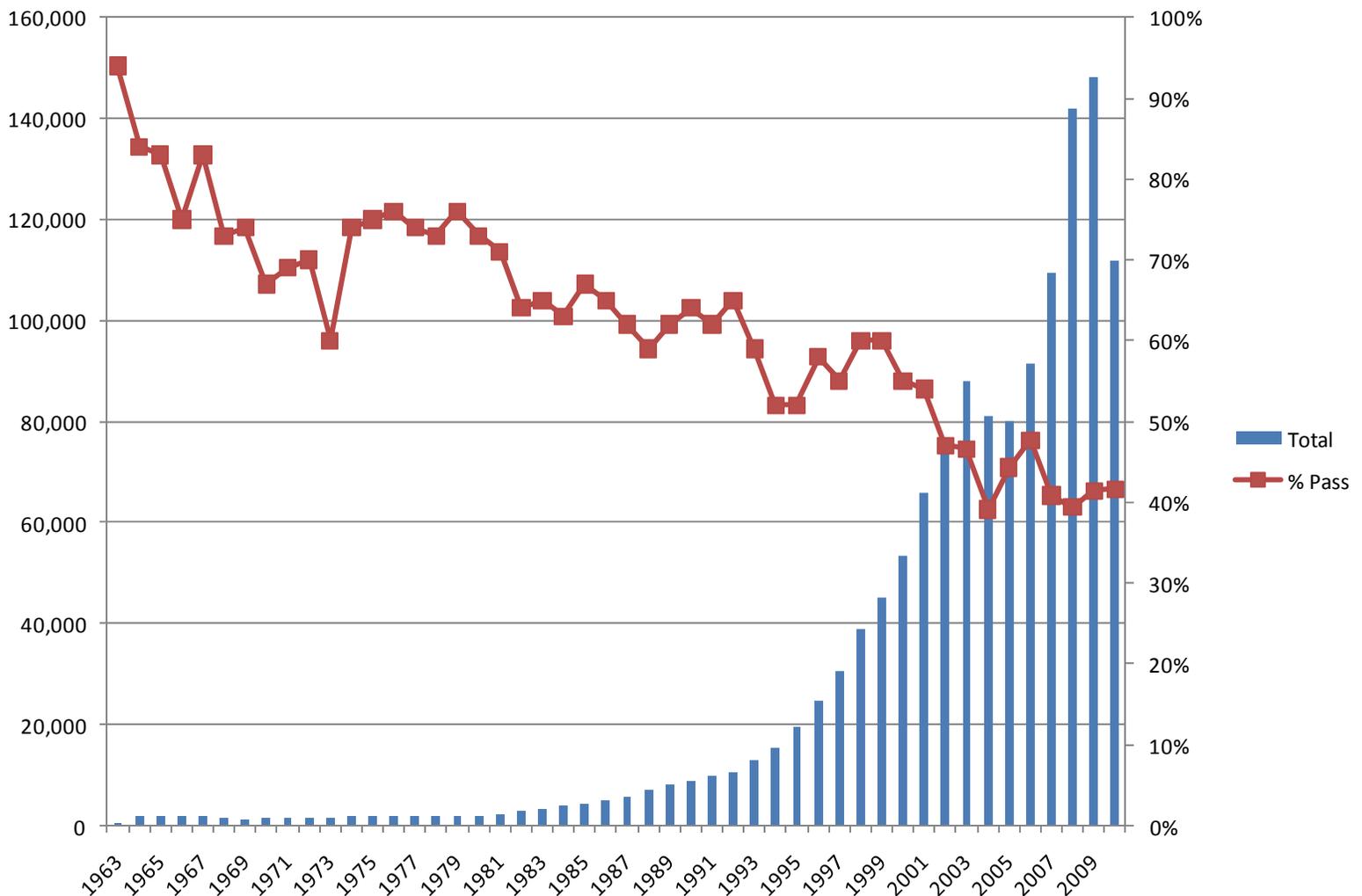
C F A Exam Pass Rates

Written by: Dave Wiley, CFA

CFA Exam pass rates are widely discussed among candidates, members, and Charterholders. Historically, the minimum passing score for each exam was determined as seventy-percent of the score of the top one-percent. This has since changed, and the minimum passing score is now determined by the CFA Institute Board of Governors with the input coming from the standard setting process. The pass rate is then a function of number of candidates with scores exceeding the minimum passing score.

The graph below contains the total number of candidates by year and the combined pass rates for all three levels. The data for 2010 represent only the June 2010 exam as the December results are not yet available. What we can see from the data is that the candidate population has seen exponential growth since the start of the program, while the combined pass rate has steadily declined from over 90% to just over 40%.

Data Source: www.cfainstitute.org, Keyword: Pass Rates



Preparing for the Successful Interview

Written By: Paul Olschwanger

This article first appeared in the CFA-DFW Fall/Winter 2005 issue. Paul was kind enough to refresh his article given the current environment of our industry and share a recent interview experience.

Too often, investment professionals walk into an interview assuming that their resume and appearance will win over the individual sitting across the table. Unfortunately, far too many candidates do not understand the importance of preparation and are confused and angry when they receive negative or limited feedback after the interview. And in today's difficult environment, one cannot afford to make these types of mistakes.

Preparing for a "successful" interview is all about control and knowledge. First of all, let's define what a successful interview or outcome is before we discuss the proper approach for due diligence. You actually do not want the dialogue to be a formal interview but rather an engaging conversation about the dynamics of the business, strategic initiatives, company culture and core values, positive and negative challenges and understanding how the position fits within the company's strategy and your own personal goals. An engaging interview is more desirable and less formal for both sides and less dependant on explaining each job off the resume.

First impressions are very critical whenever two people meet and this is no different in an interview. You can control in advance all aspects of grooming, including clothing, hair and facial hair. If ever in doubt what to wear, dress up and go conservative, especially when going on the first interview. Your smile, sense of humor, humility, listening skills, intelligence and sincerity are all quickly evaluated so come to the interview awake and ready to impress in the first quarter. Be prepared to explain every detail of your resume; however, do not spend more than three minutes justifying employment gaps, reasons for leaving each previous job or even why you are interested in the current opportunity. Practice your responses in advance to anticipated questions and concerns. Know everything about the individual you will be meeting with (i.e. personality, position at the firm, education, personal interests, ect.) and prepare "great" questions but do not bring a list of questions with you. After all, these are your questions. Once you whip out a tablet of questions, it creates more of a formal environment and may threaten the person interviewing (i.e. who is interviewing who?). Do not be afraid to address concerns and be honest about your own weaknesses. Remember, there is no such thing as a perfect job or a perfect candidate.

What went wrong when the candidate and interviewer had conflicting feedback? More than likely, the candidate came in with his/her own agenda, talked too much and did not take the time to listen and observe the interviewer's body language. The candidate probably made a bad first impression and was never able to gain a significant amount of credibility. It would be nice if we had a success meter on the table of every interview so that both parties would know if they needed to make adjustments.

So before your next interview, make sure that you prepare, control and understand.

"Preparing for a 'successful' interview is all about control and knowledge".

September 2010 update: In March of this year, I began talking to a client who originally hired our firm in mid-2007 to recruit a senior-level professional to lead its marketing and sales effort. Although I was unsuccessful in completing the search for various reasons, I continued to stay in touch with the CEO and COO and eventually served as a strategic consultant until March when the talks turned to me possibly joining the firm as its head of business development. For the next three months, I had numerous conversations with potential colleagues involved in marketing, sales, operations, portfolio management and compliance and traveled on four different occasions to the company's home office. Each side was conducting its due diligence and put all issues on the table, positive and negative. There were many interviews and opportunities to sell myself; however, I was very careful not to over promise which can easily happen because 1) we tend to have unlimited confidence in our abilities, and 2) we want to put out best foot forward and convince people to hire us. In the end, I jumped into this new opportunity with excitement and hope that I can make a significant difference in raising the profile and asset base of my new employer. Chemistry and culture, two intangibles difficult to quantify, played a huge role in my decision as well.

Paul F. Olschwanger previously ran his own executive search and coaching firm, Olschwanger Partners, LLC and just recently joined a long-time client and friend as head of business development at Adelante Capital Management LLC, an institutional money manager specializing in real estate securities. He is a current CFA-DFW board member and has spoken to several analyst societies around the country on the topic of career development. ■

The CFA Society of Dallas-Fort Worth (formally the Dallas Society of Financial Analysts and prior to that, the Dallas Association of Investment Analysts) was founded in 1951 to:

- ◆ Provide interchange between investment and portfolio managers
- ◆ Promote good fellowship among those whose primary occupation is investment and securities analysis
- ◆ Improve analytical procedures and techniques
- ◆ Promote our membership to the investing public. The Society plays a vital role within the Dallas and Fort Worth area promoting a better understanding of the investment management profession
- ◆ To encourage, strengthen and support the Chartered Financial Analysts professional and to assist those candidates working toward achieving the CFA Charter.

Of equal importance has been the mission to promote high standards of professional and ethical conduct among its members. For more than 50 years, these objectives have guided the Society and the local investment community. The Society was the 15th formed worldwide and is currently one of the United State's largest member societies of the CFA Institute.

W h a t W e S t a n d F o r

Our Guiding Principles

For more than 40 years, CFA Institute has advocated for efficient capital markets that are ethical, transparent, and provide investor protections.

We believe:

- ◆ Investors come first. The interests of the investing client must always take precedence over the interests of investment professionals and their employers
- ◆ Investment professionals must act ethically and in accordance with the highest professional standards. They must:
 - ◆ Act with integrity in all their dealings
 - ◆ Maintain independence and objectivity
 - ◆ Continuously strive to maintain and improve their professional knowledge and competence
- ◆ Investors need complete, accurate, timely and transparent information from securities issuers
- ◆ Financial statements should be reported from the perspective of the shareholder who bears the ultimate risk, and with the shareholder's best interests held paramount
 - ◆ Financial statements should be fully transparent and report the fair values of all assets, liabilities, exchanges and transactions that could potentially impact the investor
 - ◆ All assets and liabilities should be included in the balance sheet, with no hidden assets, hidden debt or hidden obligations
- ◆ Markets should move toward one set of global, high-quality standards for reporting financial information
- ◆ Self-regulation is generally the preferred method for promoting fair and efficient markets. However, we recognize that some circumstances require additional regulation in order to ensure adequate investor protection

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