

## **Board of Governors Meeting**

### **Open Session Minutes**

24-25 July 2014  
Charlottesville

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#### **Board of Governors Present:**

Giuseppe Balocchi, CFA	Robert Jenkins, FSIP	Jane Shao, CFA
Heather Brilliant, CFA	Mark Lazberger, CFA	Sunil Singhania, CFA
Dwight Churchill, CFA	Frederic Lebel, CFA	Roger Urwin
Beth Hamilton-Keen, CFA	Aaron Low, CFA	Charles Yang, CFA (Meeting Chair)
James Jones, CFA	Colin McLean, FSIP	
Attila Koksai, CFA	Alan Meder, CFA	

#### **Incoming Board of Governors Present:**

Scott Proctor, CFA	Michael Trotsky, CFA ☎	Hua Yu, CFA
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#### **Board of Governors Absent:**

Saeed Al-Hajeri, CFA	Matthew Scanlan, CFA
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#### **Presidents Council Representatives Present:**

Leah Bennett, CFA	Marla Harkness, CFA	Kathy O'Connor, CFA
Aaron Brown, CFA	Christian Heuer, CFA	Arthur Thompson, CFA
Sharon Craggs, CFA	Leyla Kassem, CFA	Ken Yee, CFA
Daniel Fasciano, CFA	Anne-Katrin Scherer, CFA	

#### **Incoming Presidents Council Representatives Present:**

Lamees Al-Baharna, CFA

#### **Leadership Team Members Present:**

John Bowman, CFA	Donna Marshall	Kurt Schacht, CFA
Elaine Cheng	Timothy McLaughlin, CFA	Randy Shepard
Raymond DeAngelo	Nitin Mehta, CFA	Paul Smith, CFA
Stephen Horan, CFA	Thomas Robinson, CFA	Jan Squires, CFA

#### **Others Present:**

Joe Clift	Rahul Keshap	Melissa Looney
Nancy Dudley	Joseph Lange (Meeting Secretary)	Lynn Mentzer
Emily Dunbar	Craig Lindqvist	Guy Williams

#### **Materials Provided**

Primary Meeting Pack	Reference Meeting Pack
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**THURSDAY, 24 JULY**  
**2:30 P.M. TO 5:30 P.M.**

**OPENING REMARKS**

*Presenter: Charles Yang, Board of Governors Chair*

Everyone was welcomed to the meeting in Charlottesville. It was noted that incoming PCR, Lamees Al-Baharna, CFA, was in attendance as well as incoming governors Hua Yu, CFA; Scott Proctor, CFA; and, Michael Trotsky (via phone). The Interim President and CEO, Dwight Churchill, CFA, was also recognized at the start of the meeting.

**CEO REPORT / FY2015 WORK PLAN AND BUDGET**

*Presenters: Dwight Churchill, President and CEO at CFA Institute  
Tim McLaughlin, Chief Administrative Officer and Chief Financial Officer  
Guy Williams, Head of Finance and Risk Management  
Craig Lindqvist, Head of Business Planning and Reporting*

*Fiscal Year-To-Date 2014 Market Update and Financial Performance*

It was reported that the CFA Program exceeded budget expectations in FY2014 despite the original forecast of a 7% decrease. The organization had used this positive trajectory, which included strong increases from China, Canada, and the US, to help build the FY2015 budget.

While the CFA Program had done well, it was noted that the forecasts for Claritas and India had underperformed. The organization was looking into both items carefully. In addition, by bundling the price of the digital curriculum into the CFA Program, the demand for the print version of the curriculum had decreased at a faster rate than anticipated for FY2014. Though CFA Institute had achieved the desired behavior modification, the budget had seen a reduction in revenue due to fewer purchases of the print curriculum.

Fortunately, the organization also experienced fewer expenses in FY2014 and expected a final operating margin of \$3M as opposed to the \$200K forecasted originally. Moreover, CFA Institute's reserves had grown favorably with better interest and dividends than expected. With over \$20M in favorable gains, the organization's total cash flow had reached a net of \$27M from both operations and investments going into its reserves. It was mentioned that these figures had provided the basis for planning the FY2015 budget.

It was highlighted that the budget process for FY2015 began at the end of January. Since then, the organization had considered gaps in the current strategic plan, worked on next year's strategic plan, and developed a forecast from the revenue standpoint. A manageable and sustainable operating tempo was also built into the budget to create a more balanced approach throughout the year. There was a modest increase in volume added and an anticipated favorable operating margin of about \$1M by year's end, mainly to provide the new CEO with the opportunity to make some changes if necessary.

As usual, the Planning Committee was heavily involved in the process and had two occasions to review the FY2015 budget strategy thoroughly. The committee held very interactive discussions with

management and felt strongly that the budget was reasonable given the kinds of constraints and issues the organization was facing going into FY2015, including the transition to a new CEO, the expectations of limited growth in the CFA Program, and the need to focus on the organization's already broad list of objectives. The Planning Committee unanimously endorsed the recommendation that the full Board vote to approve the proposed FY2015 budget.

There were five central areas of focus for the organization in FY2015: opening offices in China and India, improving institutional relationships and business-to-business (B2B) services, the society partnership initiative, integrating the Future of Finance into CFA Institute's business model, and increasing brand awareness of the CFA designation.

The following resolution was approved unanimously:

**RESOLVED, that the Board of Governors accept and approve the fiscal year 2015 CFA Institute Operating and Capital Budget substantially in the form presented.**

#### *FY2015 Operating Plan and Budget* China and India

The China and India Project was going well and had reportedly spent \$1.6M of its \$2M budget for the current fiscal year. It was noted that the budget for FY2015 was \$2.9M with roughly 60% set aside for China and 40% for India due to the staff salary differential.

The group was reminded that the organization was establishing offices in China and India to address the membership concerns in both regions. These two countries ranked among the most populated in terms of CFA Program candidates, and it was therefore paramount to enhance member value there in partnership with the local societies.

It was reported that the company in India had been officially approved and was expected to open by the first of September. The organization had signed an office lease for a property in Mumbai, secured a country head, Mr. Vidhu Shekhar, and would soon be extending offers to three additional staff members. The India office would also look to add two more staff members later in the year.

It was reported that the company in China was taking longer to form and would likely be up and running by the end of September. The organization had signed an office lease for a property in Beijing and had a potential country head as well as two staff members lined up. Similar to the company structure in India, the China office was projected to have a total of six staff members by the end of year.

The biggest challenge would be creating stability in both offices over the next three years and integrating them into the organization. While they would be supported closely by the Hong Kong office, their functional responsibilities would be global and therefore relevant to all locations.

The China and India Project continued to make consistent progress, and the organization was confident it would have well-staffed offices with high quality people in both countries by the end of October.

#### Institutional Relations B2B

In FY2014, the organization had conducted a great deal of research on best practices in the industry with regards to institutional relationships B2B services. While the organization had learned much in one year, it still had more analysis, customer research, and data collection to complete to better understand what

was needed to set up and support these functions at CFA Institute and to determine what would be the appropriate outcomes and goals going forward.

In terms of the next steps, management planned to finish its research and then present options to the Planning Committee and Board in order to assess their level of investment on institutional relationships B2B services, and discuss ways to achieve a return on mission.

#### Future of Finance

FY2014 was a strong year for the Future of Finance (FoF), especially in terms of advocacy and the Bolder Voice initiative. Society advocacy engagement, for example, had hit a nice turning point and become much more involved in the messaging around ethics through the FoF. The acceptance and recognition of CFA Institute as a policy player had grown in key places, such as Washington and Brussels, in the last year. The combined resources of the FoF, standards of financial market integrity (SFMI), and marketing and communications had all worked together to promote the best content and increase awareness.

Looking to FY2015, the FoF endeavored to continue these positive developments with a budget that supported its staffing needs, outreach meetings, Advisory Council, and associated travel. There were also additional operating funds to commission project research on any potential gap issues identified throughout the year. It was felt that the FoF had a good level of resources to develop and organize content going forward.

The main challenge for the FoF would be to create a process for prioritizing ideas stemming from the six themes and funneling them down into a couple workable projects. Moreover, it would be important to maintain the awareness messaging with the marketing and communications, public relations, social media and event groups.

#### Society Partnership

Of the \$11.6M budgeted for the society partnership initiative in FY2015, 49% was allocated to society funding, 32% to conferences and training, and 19% to support. It was explained that society funding enabled the activity, training built the capacity, and support led to the actual implementation.

The nearly 30% budget increase from \$8.8M in FY2014 to \$11.6M in FY2015 was attributed to the more expensive venue for the Society Leadership Conference, which was set to take place in London, as well as the extra society funding.

The society partnership initiative had five major priorities for FY2015: to align strategies with the societies and have increased participation from the society leaders on the planning process; to make more joint decisions guided by the newly created engagement framework; to build capacity at key societies through extra funding; to establish a framework for structure training and development for society leaders; and, to integrate part of the technology platform and functionality.

On a final note, it was mentioned that ERVIC had recently approved a new society, CFA Society Liechtenstein. The committee was thanked for their efforts.

#### Brand Development and Awareness

Since the organization sought to extend its current progress on brand development and awareness, there was little change to this portion of the budget for FY2015.

It was noted that the marketing and communications division had already undergone a substantial reorganization and, in some cases, repurposing, and would look much different one year from now. The team size, however, would remain relatively flat with the addition of only one staff member.

The brand development and awareness initiative was focused on four main themes. The primary theme was to continue advertising and promotion activities and campaigns, which consisted of market conditioning, more specific product brand building, and targeted regional planning for FY2015. Another theme was to leverage FoF content, which was being accomplished by integrating what was previously called the FoF impact team into the marketing and communications operations. The third theme was to resume the trend of using social media for promotional purposes, and the fourth was to systematically involve societies in the organization's brand awareness activities by seeking their input and guidance, especially in their local markets.

**Questions, Comments and Resulting Discussions from the Board:**

*Fiscal Year-To-Date 2014 Market Update and Financial Performance*

In response to a question about an unchanged Internal Audit budget for FY2015, the CEO stated that he believed Internal Audit was appropriate for an organization of this size, and that he was quite impressed with the function which he thought quite robust.

While CFA Institute was endeavoring to modify behavior to reduce demand for the print version of the curriculum, it was clarified that the impact on the budget did not drive pricing considerations for the CFA Program as this function fell under the purview of the exam development group.

It was explained that the majority of the headcount increase in the FY2015 budget was to staff the new offices in China and India. The remaining five positions would be spread out across the organization. In total, the headcount total went up no more than the volume increase for the business. There was a concerted effort to keep the headcount stable, but the organization was also committed to remaining as agile as possible throughout the year.

*FY2015 Operating Plan and Budget*

China and India

The \$1.6M spent in China and India consisted of consulting salaries, legal fees, and efforts to increase society membership activity.

While both offices needed government approval to initiate their operations, they did not require approval on the more granular scale (i.e. ministry approval). The organization had been especially careful in China, where the education market was closely regulated, to construct the company function in thorough consultation with its legal and tax advisors to ensure it did not fall into the category of a regulated activity. As such, the company would primarily focus on local outreach activities by strengthening relationships with regulators, universities and employers, and holding conferences, seminars and other events. It was emphasized that neither office would offer the CFA exam nor candidate support services as these would be considered regulated activities. While not tasked with boosting candidate numbers, the offices could impact candidate growth indirectly by providing enhanced membership services.

It was clarified that each office would be a taxable entity in its respective country. As a result, revenue generated from holding conferences, seminars or other events would be taxable in country. Since the

CFA exam would not be offered from the China or India office, the organization did not place its examination revenue under any taxable construct.

Within the next month, the organization endeavored to appear before the licensing authority in Beijing in an effort to finally have Claritas approved for sale. The group was reminded that the CFA Program had been licensed in China by the Occupational Scheme Testing Authority (OSTA) for well over a decade.

#### Institutional Relationships B2B

It was explained that while the organization had a CRM platform to leverage business-to-client (B2C) relationships, this was not adaptable to building business or institutional relationships. CFA Institute was therefore looking at investing in a new system to track relationships with regulators, universities, and others. The platform would be used to share information internally at first, but could be leveraged externally to coordinate with societies in the future. The group was reminded, however, that this new platform was not part of the strategic plan for FY2015.

The FY2015 budget for institutional relationships B2B services was approximately \$350K, which would be used to create an informed strategic plan through research and analytics.

It was noted that the Planning Committee had discussed institutional relationships and business development, and encouraged the organization to separate B2B from Claritas and to conduct more research to address the demand side of institutions and businesses. Management agreed that the B2B conversation went well beyond Claritas and could change how the organization defined itself over the next five to ten years.

#### Future of Finance

The relationship between the FoF and SFMI would continue to evolve over the next year with the primary purpose of leveraging and sharing knowledge. It was added that much content was already available through SFMI, the Research Foundation and other parts of the organization for the FoF to promote. As such, there was an opportunity to identify additional issues that would fall outside the purview of these groups. Over time, it was likely that the organization would need to reshape how the FoF and its counterparts fit back into the functional areas of CFA Institute.

The Planning Committee discussed the FoF and its tremendous success, especially with the societies, but also its concerns in continuing to drive this momentum forward. The priority would be to further involve the organization's internal and external constituents, and to help the latter, such as the Advisory Council members, coordinate their activities as leading ambassadors of the initiative.

It was noted that the organization understood the importance and urgency around the FoF. It would be essential to prioritize the six themes to ensure there was a real, focused impact.

#### Society Partnership

It was stated that the society relations team was now more fully staffed, particularly in the APAC and Americas regions, which meant that societies could expect a lot more support going forward. With an increased budget and new staff, the society relations team would be able to catch up on last year's plans and execute.

With regards to the scope of society funding, it was explained that there were three different levels. Level one funding was determined by a formula based on a society's total member count; level two

funding was determined by growth based on a society's application for certain projects to further their mission; and, level three funding was determined by longer term initiatives to increase capacity at key societies. These three levels were now referred to as operational funding, growth funding, and partnership funding.

#### Brand Awareness and Development

It was clarified that there were ways to measure the impact of advertising, such as the method of conversion. In other words, the organization could track its prospecting activities, which were partly driven by advertising and promotional releases, through to new registrants. It was early in the data gathering process, and the organization would continue to report frequently to ERVIC on these types of activities via the Brand Awareness Tracker. Additionally, moving into the digital space would ultimately make it easier to measure progress and provide more real time reporting of the brand awareness activities.

At the moment, resource, capacity, and funding were factors limiting the organization from conducting a pre and post awareness assessment on every single campaign. Moreover, internal and external constituents had advised CFA Institute to spend its energy on the communications piece to promote brand awareness in the market place at this stage.

#### **FY2014 AMERICAS REGION REPORT**

*Presenters: Tom Robinson, Managing Director of the Americas Region  
Lynn Mentzer, Director of the Americas Engagement*

It was noted that the Americas team had been formed one year ago. Since then, the department had focused on developing a 17-member cross-functional engagement team and strengthening its infrastructure.

The group was very proud to have instituted a travel tracking and stakeholder engagement system, which had enabled them to share information across the different functional units. With members of the Americas team traveling quite frequently, the new system now allowed them to inform and coordinate with their stakeholders well in advance. It was remarked that the increased collaborative efforts had also resulted in some operational efficiencies.

In addition, the team had imposed protocols for stakeholder engagement to improve communication between CFA Institute and the societies, which much preferred knowing when the organization was in a particular area and what they were doing. Through partnerships with the PCRs, the Americas region was better able to articulate to the societies its purpose in every region in a timely manner.

The data in the report showed that the growth rate in Latin America was very high despite having smaller membership numbers. This was largely due to the added support in five key markets to build relationships with regulators, universities, formed societies and pending societies.

Most importantly, the team had endeavored to understand the Americas region as a whole by taking a very analytical approach to the data. The needs within the region had been identified, and the group had come away with nine major opportunities, two of which were highlighted for the Board. One opportunity was to increase society partnerships within the Americas region, and the second was to broaden awareness of the CFA designation in the Americas region, particularly vis-à-vis the

organization's primary competition in the US, the CFP designation. The team planned to use data from the society satisfaction survey and membership gap analysis, and to work with the functional units throughout to move forward on these opportunities in FY2015. It was expected that these nine priorities would remain consistent over the next few years, but would be analyzed every year to identify changes and any new potential trends.

It was emphasized that there was a large gap between CFA Institute membership and the membership at the local society level. While the gap was about 15-16% globally, it was near 17-18% in the Americas, and roughly 20% in the US alone, which meant that local societies in the US were only capturing 80% of CFA Institute's members. A substantial percentage of individuals were missing out on the CFA experience by not belonging to a local society, and the Americas team believed there was an opportunity to partner with the local societies to learn how to help narrow the gap. In Canada, for example, the societies only experienced a 5% gap and captured 95% of CFA Institute's members as local members.

**Questions, Comments and Resulting Discussions from the Board:**

CFA Institute had been in existence about ten years longer than the CFP, which had started in the 1970s in the insurance area. It was noted that while the CFP had fewer candidates, it took less time to earn the designation and had substantially higher pass rates. As a result, there were more CFP certificates in circulation than there were CFA charterholders. Of the CFA charterholders in the US, for example, about 32% were practicing in the private wealth area whereas three times as many CFP participants were doing the same. Other than the CFP designation, the organization did not face any other competitors for its membership.

It was reported that the CFP Board had embarked on a huge public awareness campaign a couple years ago and had recently extended this initiative for another two years. At the end of four years, the CFP Board was expected to spend a total of \$40M on what was widely considered to be a very successful campaign. It was not suggested that CFA Institute replicate this model as there were many opportunities through social media, investor relations, and the FoF, such as the Statement of Investor Rights and *Putting Investors First Month*. However, the organization needed to pay attention and make some tactical opportunity shifts to ensure its members practicing in the private wealth industry were well served.

The huge content difference in the CFP and CFA bodies of knowledge was recognized. While the CFP only touched on very high level investment topics, including budgeting, tax planning, retirement planning, and insurance planning, the CFA Program had a much greater range and depth of investment knowledge and better prepared individuals to serve their future clients. It was emphasized that the investor might not understand the difference, and CFA Institute needed to make individual investors aware that the CFA designation was paramount to managing portfolios.

There were now 23 separate CFP Boards around the world. The body of knowledge in each country was slightly different, and there was more competition in some areas than others. However, outside of the Americas region, the CFP was largely in its infancy stage and had not reached the level of maturity it had achieved in the US and Canada.

It was explained that one society leader from each society completed the membership satisfaction survey on an annual basis. Since this leader was typically the president, a role that changed every year,



the results tended to be more volatile unless viewed from a time series standpoint. In FY2013, for instance, an all-time low was reached when 36% of societies in the Americas region agreed with the statement that “CFA Institute understands the needs of my society.” It was suggested that the survey results were impacted by the timing of the society membership resolution as the same question received a 46% approval and 15% disapproval rating in FY2014, leaving 39% of individuals feeling indifferent. In FY2015, the Americas region was aiming for a 60% approval rating and hoped to above 70% the year after.

For the majority of FY2014, the Americas region had undergone multiple staffing transitions in the society relations department, which could also help explain the performance levels on the membership satisfaction survey. The team was now fully staffed in the Americas, and looked to create improvements over the next few years.

Well received even by the larger societies, the tracking and stakeholder engagement system had been a positive experience overall.

Regarding B2B relations in the Americas region, the team was coordinating meetings and events that brought employers, the local societies, and the IPart team together to talk about various topics, such as the FoF, current activities at the local society level, Claritas, and the CFA Program. These discussions were an essential component of the Americas strategy; and, with the new tracking system, all functional units were encouraged to speak with the local societies before making any travel plans to better leverage these trips.

The Americas Engagement Team had representatives from all the functional units who met on a biweekly basis to discuss and deal with real time society issues. It was added that communications were consistently maintained between the different functional units, and there was a strong interest in coordinating more the PCRs on various topics.

#### **FY2014 CFA INSTITUTE GLOBAL BRAND TRACKER**

*Presenters: Jan Squires, Managing Director, Strategic Products and Technology at CFA Institute  
Joe Clift, Chief Marketing and Communications Officer at CFA Institute*

The FY2014 CFA Institute Global Brand Tracker was created to begin the process of better understanding the organization’s brand and how it was being perceived in the international market place. It was noted that experienced marketers conducted similar research every two to three years, making this study the first in a times series of data that would ultimately help the organization manage its brand awareness over time. While the study was grounded in sound marketing methodologies, the initial findings were intended to establish a baseline against which the organization could measure its progress in many different areas going forward. As such, it was emphasized that the results of one survey did not inherently translate into good or bad data, and the organization was determined not to react significantly to its preliminary benchmarks.

The marketing team had worked with GFK, a very well respected global market research firm, to conduct the survey in a total of twelve markets, two in the Americas region and five in the APAC and EMEA regions respectively. The coverage and depth of the research was sizeable, using respondent bases of 100-200 depending on the organization’s market size and a relevant member sample proportionate to

CFA Institute's member penetration. From all aspects – the choice of vendor, methodology, and techniques applied – the marketing team was pleased overall with the survey process.

There were three key lessons learned from the FY2014 Global Brand Tracker. First, the survey suggested there was a need to focus on further engaging existing members in the Americas region, where the member base was sizable but less likely to attend conferences or consume content than in other countries. Second, the survey suggested there was a need to build awareness in the EMEA region, particularly in France and the United Kingdom, where engagement levels were higher and awareness levels were lower among members than in other regions. Third, the survey suggested there was a need to drive relevance in the APAC region, where engagement and familiarity were high but relevance was proportionally lower than in other regions. It was mentioned that these internal comparisons from region to region were enlightening as they showed how differently the brand was being perceived in country.

A visual map showed where CFA Institute and its competitors stood in relation to key attributes. The data showed that while CFA Institute was uniquely viewed as a strong global community in eight markets, it was more strongly associated with leadership in the investment profession in most of the Americas and EMEA markets. Furthermore, the organization was uniquely regarded as responsible for building trust in the industry in the Americas region. The marketing team suggested that these findings were a testament to the work being conducted on advocacy and ethics, such as the FoF, in this particular market.

It was explained that GFK used a "funnel" approach to look at and delve into four categories from the top down: awareness, relevance, claimed use, and engagement. This method started with probing the unaided and unprompted awareness of the brand at CFA Institute, then gauged its perceived relevance and claimed use (i.e. those claiming to currently belong as a member), and ultimately ended with measurements of stated engagement (i.e. working towards any CFA credential or certificate, attending a conference or visiting the website within the last 6 months).

Participants were first asked to provide background information on their employer, job description, and function within the investment industry. Beyond a general introduction to and understanding of the study, these individuals did not know anything else about the survey, especially CFA Institute's role in administering it.

In terms of top of mind awareness, it was found that CFA Institute ranked highest in the Americas region and among larger business in the EMEA region. These results were based on respondents answering very high level questions, such as *When thinking about several organizations or trade associations that support the Financial Services Industry, what organizations come to mind for you?* The data also showed how the top competitor in each region was ranked in comparison to the organization. In the US, for example, CFA Institute was identified two times more than its top competitor, the CFP Board, whereas the organization did not fare as well against its top competitor in China, the SAC.

In addition, the study showed the unaided awareness of members vs. non-members broken out by region. As expected, members were much more aware of the organization across the globe than non-members, with the exception of the Americas region, which exhibited higher levels than those in the EMEA or APAC regions.

With regards to relevance, the survey examined the extent to which CFA Institute was perceived as relevant with reasonably demanding questions, such as *With reference to your current professional responsibilities, how relevant do you perceive the services that these organizations provide?* In this instance, participants were asked to rate organizations on a scale from 1 to 10, with 10 being the most favorable rating. The results showed there was an opportunity to increase the perception of relevance, particularly in the EMEA and APAC regions. Once again, as expected, a higher perceived relevance from members vs. non-members was found.

As part of the data analysis, conversion rates were used and would be used going forward to measure the proportion of respondents moving from one stage to the next in the GFK funnel over time. A visual diagram showed the conversion rates from awareness to familiarity to relevance to usage to engagement from both a global (i.e. total) and regional standpoint. The chart illustrated, for example, that 35% of all respondents globally were aware of, familiar with, and found CFA Institute relevant.

The variation of conversion rates from market to market was informative, suggesting that the organization should focus on engagement in the Americas region, building awareness in the EMEA region, and relevance in the APAC region.

At the conclusion of the survey, there was an overall assessment of the strengths and opportunities in all three regions. Based on the strengths in the Americas region, there were opportunities to increase engagement among existing members by continuing to promote relevant learning and other opportunities, particularly among newer members and smaller companies. Similarly, there were opportunities to increase awareness concentrated in smaller companies in the EMEA region and to increase relevance in China and India with companies of all sizes in the APAC region.

**Questions, Comments and Resulting Discussions from the Board:**

It was clarified that CFA Institute did provide a list of top competitors to GFK for the purpose of this study. In addition, GFK had retained the full list of organizations identified by the survey participants. There was a comment that it would be interesting to see a cross referencing of the competitor analysis in the future.

In terms of the perceived relevance rankings, it was noted that a non-member analyst could be someone aware of the organization who found its free public content relevant to his or her role as an investment professional.

GFK had conducted a thorough screening process in order to identify a fairly broad sample population for this study. To qualify, participants needed to have an active professional status, and were asked to identify their level of responsibility in various categories associated with the investment industry.

On a regional basis, it was agreed that there was a systematic variation in the definition of the investment professional as it pertained to the FY2014 Global Brand Tracker, and could be an additional factor, other than geography, impacting the results. However, as the first of many surveys to come, it was determined that the definition should not be narrowed until there was a richness and depth of information to more appropriately shape it over time.

The brand attribution maps for Hong Kong, the US, and the UK were directionally useful and surprising in that traits CFA Institute deemed it represented well were instead being attributed to its competitors.

In the U.K., for instance, it was highlighted that while CFA Institute was identified as having a strong global community of investment professionals, it was the Association of Chartered Certified Accountants (ACCA) that was most attributed to being an organization individuals were proud to associate with and one that served the interests of investors and of society. The marketing team stated that pulling these types of attributes toward CFA Institute and away from its competitors was a top priority in the future.

There was a great amount of data on how the organization was delivering on the Bolder Voice initiative, which showed the CFA Society UK as an identified leader in the investment profession. It was recommended that looking forward, CFA Institute endeavor to have more global consistency in this area and consider conducting a gap analysis.

As indicated in its shift chart, the organization endeavored to bring each charterholder and member of CFA Institute a similar experience across the globe. Although the survey results did not suggest otherwise, it was recognized that the organization could not rely solely on brand awareness to achieve this goal. It would be important to create a commonality of experience with CFA Institute in order to drive a common perception. The complete customer journey from pre-candidacy to society volunteer needed to be considered as perceptions of CFA Institute were built both directly and indirectly.

Even with a globally consistent message, it was remarked that different cultures would interpret its significance in their own way and develop unique associations with CFA Institute. Over the past two year, the marketing team had worked closely with advertising agents and media planners to reasonably and deliberately modify its language to become more relevant and resonant at the local level. Although the survey results could not fully speak to this cultural component, it was recognized as an important part of the brand awareness initiative that needed to be explored further. Market entry into China and India, for instance, was expected to be a prime opportunity for the organization to learn much in country.

It was noted that Latin America was not included in the survey scope due to its smaller market size in terms of the organization.

Members were often interested to learn what CFA Institute was doing to improve brand awareness for the organization and the CFA designation, and the Board was also very engaged from the perspective of a return on mission. The survey findings showed that aided awareness of the charter was higher in the Americas and APAC regions than in the EMEA region, particularly in France and the UK, whereas the perceived value of the charter was slightly higher in the Americas and EMEA regions than in the APAC region. Looking forward, the marketing team would recommend using the same core set of countries, questions, and methodologies to track the data and establish a time series. These measures would be critical over time, especially when considering whether the organization needed to focus on the CFA Institute brand, the charter designation or both on a regional basis.

The brand awareness campaign in China and India would be discussed regularly and reflect a greater focus on employers, not just candidates, to increase the demand for CFA credentialing and everything else associated with being a charterholder and member of CFA Institute.

**MEMBERSHIP AS PART OF THE BIGGER COMMUNITY**

*Presenters: Nancy Dudley, Head, Key Stakeholder Services*

*Craig Lindqvist, Head of Business Planning and Reporting*

The research findings from phase two of the membership project were presented to the group. It was remarked that the organization had used the outcomes from the planning session with the Board in May 2013 to develop various discussion guides, which were then used to lead a number of listening sessions with a broad range of stakeholders. The common themes and opportunities learned from these sessions were summarized, and the Board was asked to share their input on the findings and ultimately which opportunities to pursue going forward.

The third phase of the project would assess the current dues structure, which could change depending on the results of the membership structure discussion. However, opportunities identified in the report suggested that modifications, if any, to the dues structure would be relatively limited. It was noted that while these opportunities had not been fully analyzed yet, they would give the organization an idea of what was possible to accomplish in the future.

Lastly, the phase two report also touched on the idea of using vouchers as a way of subsidizing societies rather than fully bundling CFA Institute membership with society membership. As part of the society partnership effort, the organization would be looking at its resourcing structure and, if warranted by the Board, the pros and cons of implementing a voucher system.

**Questions, Comments and Resulting Discussions from the Board:**

The report showed that there was a general assumption that all members of CFA Institute were charterholders. However, once explained, the organization found that there was little or no opposition to regular members who were non-charterholders being part of CFA Institute membership. In most cases, stakeholders were simply unaware this was in fact permitted. With regards to CIPM, for instance, it was agreed that those with CIPM designations belonged in the core membership body, which was oriented around professionals in the industry.

The societies were aware of the 41 different definitions for an affiliate member. While many had indicated a desire to come together under one definition others felt very passionately about theirs and what it helped them achieve at the local level. There was agreement, however, that standardizing the structure of membership types at the local level would be very beneficial. A passport program whereby members of one society could qualify for member benefits or pricing at another society, for example, could be facilitated by a more uniform approach. It was reasoned that the 41 different definitions of an affiliate member could be reduced to a more manageable number through discussions led and supported by the societies.

Many societies, especially the smaller ones, currently lacked the infrastructure to manage membership transactions and therefore depended on CFA Institute for support. In developing a standardized, more well-defined set of membership categories at the local level, the organization could help a wider population of societies manage this process on their own.

ERVIC supported the move for CIPM to be incorporated into the regular membership and felt the exploratory discussion on vouchers was interesting and worth continuing in FY2015. It was emphasized

that no recommendations had been made on the voucher idea, which had yet to be discussed with the societies.

In terms of the next steps, the organization sought to move forward on the bigger conversation regarding partnership and resources.

**BOARD COMMITTEE REPORTS**

*Presenter: Charles Yang, Board of Governors Chair*

**Search Team**

The Search Team had selected the outside consulting firm, Russell Reynolds, to conduct the executive search for the permanent CEO. It was announced that the position description had been finalized and shared with the Board.

As part of the process, Russell Reynolds had interviewed roughly 80% of the Board, PCRs, and Leadership Team, and reported back on the consistent themes, opportunities and challenges, and areas of great dissension for further consideration by the group. Russell Reynolds and the Search Team members were also reviewing and assessing potential candidates, and had targeted the end of the year for completion.

Those interested in the position should be directed to Russell Reynolds as the primary point of contact.

**Nominating Committee**

A draft version of the guidance to Nominating Committee was reviewed. While the Board had been represented well by exam, society, and education backgrounds in the past, the latter would need to be restored to ensure diversity in FY2015.

The current matrix of the Board's service terms showed that it had become slightly unbalanced over the years, especially with five governors departing at the end of this fiscal year. To ultimately reach the ideal 20% annual turnover rate, it was recommended that the Board increase to its maximum size of 19 members next year.

The Nominating Committee was still open to feedback on the draft guidance and encouraged additional input from the Board.

The members for FY2015 were then announced:

*Charles Yang, CFA (NC Chair)  
Aaron Brown, CFA  
Leyla Kassem, CFA*

*Attila Koksai, CFA  
Aaron Low, CFA*

*Jane Shao, CFA  
Adam Thurgood, CFA*

**FRIDAY, 25 JULY**  
**8:30 A.M. TO 10:15 A.M.**

**BOARD COMMITTEE REPORTS**

*Presenters: Giuseppe Balocchi, Audit and Risk Committee Chair  
Colin McLean, External Relations and Volunteer Involvement Committee Chair  
Frederic Lebel, Planning Committee Chair  
Aaron Low, Compensation and Governance Committee Chair*

**Audit and Risk Committee**

It was reported that the external audit had gone well and was supported by the new interim General Counsel, Mr. Randall Shepard, who had nearly 30 years of experience running the Indiana Supreme Court and overseeing thousands of professional conduct cases involving judges and lawyers. The Audit and Risk Committee (ARC) was pleased to have him managing legal and reputational risk matters at CFA Institute, particularly with regards to its global operations.

In terms of financial information and risk, ARC had stressed the need of providing the Board with longitudinally consistent and thorough figures on the organization's projects. ARC had examined the direct and indirect costs of Claritas, for instance, and even requested to see cumulative figures since the beginning of the initiative in order to have all of the information going forward.

While the Risk Management Committee had received positive feedback from PricewaterhouseCoopers on the organization's existing enterprise and risk management program, it also realized that there were always opportunities for improvement and therefore engaged the help of an outside consulting firm, McGladrey LLP. After performing a current and future state gap analysis on the enterprise and risk management program, the firm proposed that CFA Institute move to the international standard, ISO 31000, to more globally reflect best practices in risk governance. Perhaps the most significant change was ARC's decision to implement a risk appetite statement for the organization. This statement would formalize the Board's risk preferences and inform the decision making process of the Planning Committee (PC) in terms of balancing the risk and return of different projects as well as the overall strategy. It was noted that the Leadership Team and ARC had reviewed and approved the risk appetite statement now being presented to the Board.

It was emphasized that developing an official risk appetite statement was very significant, especially when considering the annual turnover rate of the Board. Although an established risk appetite statement could be reevaluated over time, it would provide guidance from one Board or Risk Management Committee to the next in the context of the three-year strategic plan and provide clarity on what was approved at any given time during the organization's history.

Based on historically demonstrated risk appetite by management, PC, ARC, and the Board, the statement was meant to be profoundly important for the planning and risk management process at CFA Institute. The Board, for example, could convey a high or low risk appetite depending on the project and ultimately compare this measure to the outcome. However, if risk were to materialize, it would be important for the organization to empower more transparent communications between management and the Board.

As part of the audit manual prepared every year, management always included a detail report that addressed all dimensions of risk – such as financial, operational, reputation and relational – at a more granular level across the organization.

In terms of tracking the cost of Claritas over time, the organization was trying to implement the best method possible. While direct expenses were easy to report, indirect expenses were currently being apportioned based on the percentage of self-reported time staff had spent on Claritas as well as the percentage of conferences and travel costs since last year. CFA Institute was aiming to keep this information current for future reporting purposes.

#### **External Relations and Volunteer Involvement Committee**

The External Relations and Volunteer Involvement Committee (ERVIC) provided a summary of its activities in FY2014. Most recently, the group had discussed digitizing content and other areas of the organization, such as investor education, to reach a much broader community.

It was reported that society relations had been good overall throughout the year with society satisfaction measurably improved. In addition, ERVIC had admitted CFA Society Norway, CFA Society Peru, CFA Society Qatar, CFA Society East Africa, and CFA Society Liechtenstein in FY2014.

ERVIC had also examined the underlying risks associated with implementing the volunteer principles and program, particularly ensuring that many of our detailed practices were maintained. The gaps in the process, including a more seamless method for obtaining and tracking signed conflict statements, had been identified, and there was a plan in place to address these over the next three years. It was stated that the volunteer program, which consisted of at least 1800 volunteers, would undergo an internal audit sometime in FY2016.

In various reports received throughout the year, ERVIC had covered education, such as candidate surveys and the like, but found it difficult to appropriately address CFA Institute's growing and increasingly complex portfolio of products.

It was mentioned that ERVIC was aided by a very active group of governors and staff in FY2014.

#### **Planning Committee**

It was reported that the Planning Committee (PC) had looked at the execution plan with instrumental support from CFA institute staff during the year.

PC examined CIPM, which had been somewhat disappointing in terms of overall growth, and made several changes to make the product easier to provide to the market in the future. The group was hopeful that these modifications would have a positive impact.

It was noted that curriculum delivery had improved over the years and become increasingly convenient for candidates. At the same time, it had also provided more data on the quality and depth of information for the organization to track.

PC questioned, reviewed and addressed the elements of institutional relationships and business development at CFA Institute and reasoned that the organization should separate its approach from Claritas and start anew. The committee realized that the demand for institutional relationships was



greatly differentiated across all markets, which had varying interests, cultures and mindsets. In addition, it would be more challenging, at least initially, for the organization to increase the adoption of its newer certifications and designations (i.e. CIPM, Claritas). The CFA charter, after all, had started as a B2B offering before the demand from individual clients increased. It was recognized that while Claritas had not achieved its target for FY2014, it was a strong product and therefore had ample opportunities for growth in the future.

There was a discussion on stakeholder analysis with the purpose of first identifying as many stakeholders as possible and then determining their level of importance. PC acknowledged that it would be impossible to satisfy all stakeholders at the same level given the varying interests from one group to the next. However, the committee came to the conclusion that every interest ultimately linked back to one of the four E's (education, ethics, engagement and enablers).

### **Compensation and Governance Committee**

The Compensation and Governance Committee (CGC) generally agreed with the current incentive and merit structure and had made a few, small improvements to the process.

It was announced that the CGC had created a Board Evaluation Survey to gather input from the governors on an annual basis. The responses would provide the committee with key insights and recommendations on how to proceed from one year to the next. The Board's thoughts on moving to a three-meeting format in FY2014, for example, would be collected and reviewed through the survey function.

The FY2015 Board assignments were then announced:

#### **ARC**

*Colin, McLean (Chair)*  
*James Jones, CFA*  
*Scott Proctor, CFA*  
*Michael Trotsky, CFA*  
*Charles Yang, CFA*

#### **PC**

*Robert Jenkins, FSIP (Chair)*  
*Giuseppe Ballocci, CFA*  
*Heather Brilliant, CFA*  
*Dwight Churchill, CFA*  
*Beth Hamilton-Keen, CFA*  
*Frederic Lebel, CFA*  
*Aaron Low, CFA*

#### **ERVIC**

*Attila Koksai, CFA (Chair)*  
*Dwight Churchill, CFA*  
*Mark Lazberger, CFA*  
*Sunil Singhanian, CFA*  
*Lynn Stout*  
*Hua Yu, CFA*

It was noted that the committee had taken individual preferences into consideration and also appointed a mentor for each of the four incoming governors.

Finally, the CGC had discussed a proposal for the addition of an Education Committee. It was argued that since education defined CFA Institute's identity, represented the majority of its revenue stream, and directly influenced its reputational value; it should receive more strategic guidance at the Board level. ERVIC already had ample responsibilities and was finding it difficult to exercise adequate oversight of education in all of its many facets, including formal programs, conferences, publications, and university relations. With an increasingly complex and broader portfolio of educational products and delivery methods, the organization needed to improve its oversight of these activities.

Moreover, an Education Committee would identify synergies between and also elevate the profiles of the different CFA Institute committees, such as the Council of Examiners, Education Advisory

Committee, and Conference Advisory Committee, by giving them greater ease of access to the Board. The new committee would also foster knowledge and facilitate conversations between the Board and management.

It was explained that there was limited risk associated with the creation of the Education Committee. The draft terms of reference included a two-year sunset clause, giving the CGC an opportunity to review and potentially remove this new committee, if necessary. Regardless of the committee's success, it would move the organization to take a more holistic view in identifying the organization's specific education needs.

The governors were encouraged to provide further feedback to the Board leadership on this matter and it was stated that the draft terms of reference would be discussed further by the Executive Committee. The objective was to have the Education Committee established by the Istanbul meetings.

**Questions, Comments and Resulting Discussions from the Board:**

While it was inherently sensible to create an Education Committee, the Board was advised not to make this decision in isolation as it presented a significant opportunity to review the overall oversight committee process and structure, neither of which had changed much in the last ten years. By assessing the specific responsibilities of each committee, the CGC would ensure that the governors' time was used effectively and efficiently.

It was explained that six years ago, the majority of the Board came from the education side and had one governor act as a liaison to all of the education groups, a model that was eventually discontinued. Last year, the Nominating Committee made a concerted effort to increase diversity and would continue to do so going forward.

In addition to an Education Committee, the CGC should commit to a governance review of the oversight committee terms of reference to maintain Board effectiveness. It was agreed that the function of the Education Committee would not be to manage any part of the education process, but rather to oversee a wide range of activities on behalf of the Board. The committee would ask the strategic questions and consider how they fit into the overall governance process.

Reviewing the entire oversight committee structure, especially as the organization continued to broaden its global reach, was an excellent suggestion; however, the Board was advised to evolve in incremental steps so as to reduce the degree of potential risk. It would be optimal for the Education Committee to generate great strategic input while managing the participating governors' time appropriately.

It was clarified that there would be no new oversight with the introduction of an Education Committee, but rather a transition of certain responsibilities from the other committees, particularly ERVIC, to this new independent structure. There would be a CGC meeting in August to discuss the specifics.

Regarding the day-to-day oversight of educational activities, it was argued this task could not be absorbed by the general Board agenda. The strategic elements, however, would continue to gravitate up to the Board level.

As it would be difficult to establish a clean line of responsibility for each committee, the Board was cautioned against overloading the Education Committee and encouraged to look for synergies between

the various structures. The CGC welcomed feedback on the draft terms of reference for the proposed Education Committee.

Even with the introduction of an Education Committee, the organization's educational portfolio would still receive a Board level of focus as they were core to its mission.

**PRESIDENTS COUNCIL REPRESENTATIVES**

*Presenter: Dan Fasciano, Incoming Presidents Council Chair*

The purpose of the Presidents Council Representatives (PCR) report was to summarize the key regional activities and provide a macro perspective about priorities for the end of FY2014 and start of FY2015.

In the APAC region, the focus was on retention and engagement at the society level as well as pursuing career development initiatives. On the growth funding side, it was stated that thousands of people participated in a CFA Society Philippines held Financial Fitness Run, which was sponsored by CFA Institute. There was also recognition that business and institutional partnerships in APAC had a different dynamic than those in the US.

In the EMEA West region, the total number of societies had increased to 18 in FY2014. It was also noted that CFA Society Netherlands had submitted a growth funding application to translate the Investor Bill of Rights, and CFA Society Italy had partnered with CFA Institute on a media campaign.

In the EMEA East region, raising the international stature of the Middle East Investment Conference and Central European Investment Conference had been paramount. In addition, there had been growth funding applications to support a local initiative by which society leaders had increased their partnership and dialogue with CFA Institute staff on strategic elements.

In the Eastern US region, the society relations team had been traveling a great deal to facilitate strategic offsite discussions with the local societies. With regards to the Future of Finance, the Boston Security Analysts Society, Inc. had embarked on a yearlong financial literacy effort to educate its stakeholders on numerous topics, including savings plans, financial statements, and credit card applications. It was also announced that the New York region had agreed to join the Eastern US, which would be led by Ms. Kathy O'Connor, CFA, in FY2015, and that an additional PCR would eventually be assigned to represent the Americas South region.

In the Southeastern US region, the five Florida societies had held a joint Research Challenge with participation from 28 universities, and CFA Society Tennessee had aggressively pursued and implemented an Investors First Month with the help from US senator, Mr. Bob Corker.

In the Midwestern US region, the societies had been working to start an Investors First Month throughout the year. Furthermore, CFA Institute staff and eight societies had met in Chicago to discuss advocacy efforts.

In the Canadian region, the society presidents had held a meeting in Montreal to focus on key topics, such as multi-year international awareness, governance, and increased collaboration. On the partnership side, the region had been elevating its staff members to become more strategic and expected them to be more involved going forward.

In the South Central US, Latin American and South American region, Texas, Louisiana, and Oklahoma had held a successful regional conference with participation from many societies and universities, and were planning to host another one at Rice University. CFA Society Mexico was also partnering with the four Texas societies to do some joint programming, particularly on the energy side.

In the Western US region, there were plans to hold a sub-regional meeting with all of the societies to discuss strategy and resources.

From the macro perspective, the PCRs and CFA Institute staff had been preparing for the upcoming Society Leadership Conference in London from 4-6 September 2014 and encouraged the governors to attend. The PCRs had also been making the words, “partnership” and “collaboration,” actionable with support from the societies, and were eager to share the PCR Allocation Work Group’s paper, which was still receiving outside input and guidance, with the full Board.

The PCRs had recently engaged in an offsite meeting to discuss their priorities for the coming year. There was agreement that governance, partnerships, and helping societies were major objectives as well as serving as trusted advisor to the societies and the Board.

**INCOMING CHAIR REMARKS**

*Presenter: Aaron Low, Board of Governors Vice-Chair*

It was explained that the focus for FY2015 would be to ensure the CEO transition goes as smoothly as possible, continue to work on current initiatives, and reasonably limit the number of new projects.

FoF, B2B, Claritas, and the China and India Project were all connected in some sense and very important to the organization’s mission. The incoming chair hoped to provide an open-minded and fresh perspective, to continue to pursue a global platform, and to fulfill the great work initiated by the Board and CFA Institute staff.

**OUTGOING GOVERNOR AND PRESIDENTS COUNCIL REPRESENTATIVES REMARKS**

*Presenter: Charles Yang, Board of Governors Chair*

*Marla Harkness, Presidents Council Chair*

The outgoing Presidents Council Chair, Ms. Marla L. Harkness, CFA, outgoing PCR for the EMEA East region, Mr. Arthur Thompson, CFA, and outgoing PCR for the Eastern US region, Mr. Daniel Fasciano, CFA, were recognized with awards for their many years of service. The outgoing PCRS were both given an opportunity to speak, and then the Board thanked them for their outstanding contributions.

The outgoing governors, Mr. Saeed Al-Hajeri, CFA; Alan Meder, CFA; Matthew Scanlan, CFA; Jane Shao, CFA; and Roger Urwin, were also given opportunities to speak to the Board, in which they expressed their gratitude and aspirations for the organization in the years to come.

**CONSENT ITEMS**

Consent items consist of recurring and procedural matters that come before the Board. These matters require Board action. A single request for approving all the consent items was provided to the Board for ease of handling.

The following resolutions were approved unanimously:

#### **FY2015 Board Oversight Committee Chairs Appointments**

**RESOLVED, that the Board of Governors accept and approve the appointment of the following governors to serve as oversight committee chairs for a one year term commencing 1 September 2014 and until their successors are chosen and qualified:**

**Audit and Risk Committee**

**Chair: Colin McLean, FSIP**

**External Relations and Volunteer Involvement Committee**

**Chair: Attila Koksai, CFA**

**Planning Committee**

**Chair: Robert Jenkins, FSIP**

#### **FY2015 CFO and Corporate Secretary Appointments**

**RESOLVED, that pursuant to Article 6, section 6.6(a)(ii) of the CFA Institute Bylaws, Timothy G. McLaughlin, CFA, and Joseph P. Lange are elected CFO and Corporate Secretary, respectively, to each serve a one year term commencing 1 September 2014 and until their successors are chosen and qualified.**

#### **Research Foundation Board of Trustee Appointments**

**RESOLVED, that Charles J. Yang, CFA, is authorized to vote on the behalf of CFA Institute as the sole Voting Member of the Research Foundation at its annual meeting of members;**

**FURTHER RESOLVED, that Charles J. Yang, CFA, is authorized to vote for the approval of John T. Grier, CFA, to serve as Chair for a two year term commencing 1 September 2014;**

**FURTHER RESOLVED, that Charles J. Yang, CFA, is authorized to vote for the approval of Joachim Klement, CFA, to serve as Elected Trustee for a three year term commencing 1 September 2014;**

**FURTHER RESOLVED, that Charles J. Yang, CFA, is authorized to vote for the approval of Bill Fung to serve as Emeritus Trustee for a three year term commencing 1 September 2014; and**

**FURTHER RESOLVED, that Charles J. Yang, CFA, is authorized to vote on such other matters that may be presented at the above noted meeting, and to waive any notice of meeting requirements.**

#### Bios

**John T. Grier, CFA**, is the Director of Internal Equity Management for the Virginia Retirement System where his responsibilities include managing the program's overall structure, risk exposures, portfolio implementation, trading, and research efforts. He has over 18 years of experience developing portfolio strategies, asset allocation tools, risk analytics, and a high performing professional staff. JT expanded VRS' capabilities from being large cap domestically focused to include small cap investing, a specialized REIT strategy, low volatility US and international strategies, large cap non-US active and passive mandates, and derivative-based hedges and strategic tilts. In addition, he is a member of the VRS Investment Management Committee, which provides oversight for all major fund decisions. Prior to joining the Virginia Retirement System in 1995, he was an Investment Officer with Crestar Securities Corporation consulting downstream correspondent banks on their investment portfolios, asset/liability management, and strategic marketing position. JT earned an MA in Financial Economics from Virginia Commonwealth University, a BS in Economics from James Madison University, and is a Chartered

Financial Analyst charterholder. He frequently attends Q-Group seminars, is a member of the Chicago Quantitative Alliance, and serves on several volunteer boards.

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**Joachim Klement, CFA**, is founding partner and Chief Investment Officer at Wellershoff & Partners, a consultancy firm for the wealth management industry in Zurich, Switzerland. He specializes in investment management, asset allocation advice and the impact of personal values and investor psychology on investment decisions. In his current role he helps family offices, asset management firms and private banks develop adequate investment strategies and processes for private investors. Before joining Wellershoff & Partners, Joachim Klement spent six years at UBS Wealth Management in Zurich, first as an investment consultant for institutional clients and then as Head Asset Allocation Strategy and Head Equity Strategy. Throughout his career he focused on the integration of behavioral finance in the investment and advisory process for private investors. He frequently publishes in the Journal of Wealth Management, the Journal of Financial Planning and the Journal of Investing. He graduated from the Swiss Federal Institute of Technology (ETH Zürich) with a degree in Mathematics and from the University of Hagen, Germany with a degree in Finance. Additionally, he is a CFA charter holder and a CFP® certificant.

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**Bill Fung** is currently chairman of the Board of Directors of the Maple Financial Group in Toronto, Canada and a member of the Supervisory Board of Maple Bank GmbH, Frankfurt, Germany. A member of the Editorial of the Financial Analysts Journal, Bill also serves on the Index Committee of Credit Suisse's Liquid Alternative Beta indices and the investment committees of private alternative investment funds. Bill has published numerous papers on hedge funds and dynamic trading strategies. His publications with David Hsieh have won awards from the European Finance Association, the Financial Analysts Journal and the Fischer Black Memorial Foundation. A graduate of Mathematics in London University, Bill holds doctorate degrees in Mathematics from London University and separately in Finance from Manchester University. He held academic positions at the London Business School, the London School of Economics and Manchester Business School in the UK as well as New York University and Rutgers University in the US.

#### **Research Foundation Alternate Ex Officio Appointment**

**RESOLVED, that the Board of Governors appoint Charles J. Yang, CFA, to serve in place of the Chair of CFA Institute as an Ex Officio Trustee on the Research Foundation assuming all responsibilities and duties of that position through fiscal year 2015.**

#### **Volunteer Committee Chair Appointments**

**RESOLVED, that the following individuals are appointed to serve as committee chairs for the terms indicated commencing 1 September 2014 and until their successors are chosen and qualified:**

- **Asset Manager Code Advisory Committee (one year term)**
  - **Ronald D. Peyton**
- **Council of Examiners Chair (one year term)**
  - **Adam Thurgood, CFA**
- **Education Advisory Committee Chair (one year term)**
  - **Julio Cardozo, CFA**
- **Standards of Practice Council Chair (one year term)**
  - **James E. Hollis, CFA**

- **United States Investment Performance Committee (one year term)**
  - Justin Guthrie, CFA
- **Future of Finance Advisory Council (one year term)**
  - John Kay
- **Claritas Advisory Committee (one year term)**
  - Jennifer Johnson
- **CIPM Advisory Council (one year term)**
  - Timothy P. Ryan, CIPM
- **Disciplinary Review Committee (one year term)**
  - Matthew S. Andrade, CFA

### Bios

**Ronald D. Peyton** is Chairman and Chief Executive Officer for Callan Associates Inc., a privately held, employee-owned firm whose mission is to deliver superior consulting solutions that help clients achieve their investment and business objectives.

Ron joined Callan Associates in 1974 and became CEO in 1990. Since that time, he has worked with many large institutional investors to effectively plan, structure, and evaluate investment programs, products and organizations. He is a frequent speaker at industry investment conferences and client meetings.

Ron serves on the Board of the United Way Bay Area where he is the Development Committee Chair. He was previously a member of the Kelley School of Business Dean's Council at Indiana University, and currently serves as a Dean's Council "Counselor." He was past President of the Governing Board of the Filoli Center (a National Trust for historic preservation property) where he still serves on the Executive and Audit Committees. Ron is a former member of the Advisory Board of the University of California at Berkeley Extension and The Castilleja School Investment Committee. From 1990 to 1999, he served on the AIMR Performance Standards Implementation Committee (now known as GIPS). Currently he serves on The Asset Manager Code of Professional Conduct Advisory Committee for the CFA Institute and the Strategic Advisory Committee for the San Francisco CFA Society. He is an advocate for the Vista Center for the Blind and Visually Impaired where Callan Associates has been a fundraising sponsor for over 20 years.

Ron is Chairman of Callan's Management Committee. He is Chairman of the Board of Directors and a shareholder of the firm.

Prior to joining Callan Associates, Ron worked with Marathon Oil Company's pension investments, in addition to handling other financial responsibilities. Ron earned a B.S. degree in Accounting and an M.B.A. degree in Finance at Indiana University.

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**Adam Thurgood, CFA**, is currently serving as COE Vice-Chair leading the CFA Level I exam development. He has been a member of the Level I team since its inception in 2007 and has also contributed to item set and essay development as a reviewer. Adam has been instrumental in developing the Level I team. He has worked closely with staff to develop team structure and processes.

In his professional career, he is a Managing Director and Partner at HighTower where he manages client portfolios and leads his team's proprietary research and investment management process. He also serves on the firm's Enterprise Risk Committee and Global Investment Solutions committee. Previously, he spent ten years at Merrill Lynch where he was a Vice President and Senior Portfolio Manager in the firm's PIA program. Adam is a regular guest on CNBC and is frequently quoted in the financial press. In addition, Adam serves as an adjunct finance professor at the University of Nevada, Las Vegas.

Adam is an active volunteer in CFA Institute and Nevada society activities. He is also active in his community as a board member of Junior Achievement of Southern Nevada and chair of the finance/funding committee. He received his charter in 2003.

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**Julio Cardozo, CFA**, Managing Director, Banco Cooperativo Sicredi.

Julio oversees the management of USD 6 billion of assets invested in Equities, Fixed Income and Hedge Funds. He is also responsible for the firm's market and liquidity risk management. Prior to joining Sicredi, Julio was investment director at Vitoria Asset Management. Julio has been working as a portfolio manager for over 19 years where he has managed the proprietary trading for two banking institutions and for 5 years has been managing portfolios for mutual/hedge funds.

Julio was a member of the COE from 2006 – 2010 and a CFA exam grader for ten years. He has served on the CCC working body and participated in Standard Setting. Julio received his CFA charter in 1999 and is an active member of the CFA Society of Brazil.

Julio earned his MBA (with Distinction) at the Ross Business School, University of Michigan, in 2001 and graduated from Instituto Tecnológico de Aeronáutica in 1994 with a degree in Electronics Engineering.

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**James E. Hollis, CFA**, has more than 25 years' experience in the asset management business as a portfolio manager, investment analyst, Director of Operations & Technology, and senior executive in mutual fund and brokerage operations, combining extensive knowledge of the investment industry and investment systems and operations. Mr. Hollis's recent consulting engagements for Cutter clients include portfolio manufacturing and relationship management system search and evaluation assignments as well as research on portfolio accounting, manufacturing, and performance measurement systems.

Prior to joining Cutter, Mr. Hollis was a Partner at Standish, Ayer & Wood, Inc. where he served in a number of capacities in his 22 years there including Executive Vice President of Standish Mutual Funds and Director of Operations and Technology. At Standish he created and managed the operations infrastructure to support Standish's complex investment products as assets under management grew by a factor of 22. He was instrumental in designing and managing the development of sophisticated portfolio accounting and performance systems that were developed and deployed in the 1980s and is still in use today.

Mr. Hollis is widely recognized in the investment industry. He has been active in CFA Institute / AIMR for over 17 years and used to be a member of the CFA Institute Board of Governors and formerly the Chairman of the Global Investment Performance Standards ("GIPS") Council. He has spoken at numerous conferences in America, Asia, and Europe on Performance Measurement and Reporting. He is former President of Investment Council Association of America ("ICAA"), now known as The Investment Advisors Association ("IAA").



Mr. Hollis received a BA from St. Lawrence University. He also completed his CFA designation.

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**Justin Guthrie, CFA, CPA, Partner, ACA Compliance Group**  
**CFA Society: CFA Society of Chattanooga**

Justin is a partner at ACA Compliance Group and the Managing Director of its verification services, assisting clients in the initial and on-going verification of GIPS Compliance.

Prior to joining ACA, Justin spent two years with Ernst & Young servicing clients in the financial and healthcare industries.

He is a member of the CFA Institute, and resides on the board of the Chattanooga Society of Financial Analysts. Justin graduated from the University of Tennessee with a B.S. in Business Administration/Accounting, where he also completed his Masters degree in Accountancy.

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**John Kay** is a distinguished academic, economist, and businessman, an adviser to companies and governments around the world, and an acclaimed columnist. His work has been mostly concerned with the application of economics to changes in industrial structure and the competitive advantage of individual firms. Professor Kay writes a weekly column for the Financial Times and is a visiting professor at the London School of Economics. Previously, he served as research director and as director at the Institute for Fiscal Studies, director of Saïd Business School at the University of Oxford, professor at the London Business School and the University of Oxford, founder of London Economics International, and director at Halifax Plc. Professor Kay is the author of several books, including *The Long and the Short of It* and *Obliquity*. In 2013 he was made a Commander of the Order of the British Empire for his contribution to economics. He was educated at Edinburgh University and at Nuffield College, University of Oxford, and was awarded an honorary DLitt degree by Heriot-Watt University.

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**Jennifer Johnson** is an Executive Vice President and Chief Operating Officer for Franklin Resources, Inc. In this role, Ms. Johnson oversees the Global Transfer Agency operations, Investment Management Services, Franklin's banking subsidiaries, Global HR and Compensation, and has global responsibilities for software development and infrastructure/systems support. She is an officer of Franklin Resources, Inc. and serves as a director of Fiduciary Trust Company International, Franklin Capital Corporation, Franklin Templeton Bank & Trust, and additionally serves as a director for several subsidiaries of Franklin Resources, Inc. Ms. Johnson was named "E-commerce Executive of the Year" in 2002 by mutual fund industry newsletter, Fund Action. Ms. Johnson is a graduate of the American Banker's Association's Stonier Graduate School of Banking. She earned her B.A.s in economics and physical education from the University of California at Davis. Ms. Johnson is a board member of Riva Financial Systems and Keynote Systems, Inc. She is also a board member of the Juvenile Diabetes Research Foundation.

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**Timothy P. Ryan, CIPM**, is a Vice President and Head of Performance Measurement at Hartford Investment Management Company. In this role, Mr. Ryan is department head responsible for GIPS® compliance, return calculation, composite maintenance, peer ranking, and performance attribution support for this \$100 Billion plus asset manager.

Previously, Mr. Ryan spent seven plus years at Fidelity Management and Research Co. in Boston, culminating in the role of Director of Attribution Analysis following stints as Manager of Attribution Analysis and Fixed Income Performance Attribution Analyst. He is a frequent speaker and author on performance topics, experienced in performance, attribution, and business intelligence reporting

systems implementation, serves on the editorial advisory board of the Journal of Performance Measurement, also serves on the CIPM Association Advisory Council, is the 2004 recipient of the Dietz Award for Performance Measurement Literature, and editor of the book Portfolio Analysis.

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**Matthew Andrade, CFA**, is Director, Investments, for Werklund Capital, Calgary, Canada. His previous work experience includes Chief Investment Officer for Canadian Family Futures, Inc. and Director, Investment Analysis at Kinnear Financial both located in Calgary, Canada. As Director, Investment Analysis he provided financial, economic and capital market analysis for investment initiatives. Mr. Andrade also was Vice President, Transaction Advisory Services at Ernst & Young, having spent over five years with the firm including two and a half years in Aberdeen, UK. He has worked with clients in the oil and gas, oilfield services and mining sectors across the Middle East, Europe, and North America and has presented to several industry and private equity groups on industry and transaction matters as well as having been published in the media. He is also a member of the Board of Directors of the Calgary CFA Society.

#### **Risk Appetite Statement Approval**

**RESOLVED, that the Board of Governors accept and approve the Risk Appetite Statement substantially in the form presented.**

#### **Recognition of Retiring Governors and PCRs**

**RESOLVED, that the Board of Governors for CFA Institute expresses its most sincere appreciation to Saeed Al-Hajeri, CFA, Alan Meder, CFA, Matthew Scanlan, CFA, Jane Shao, CFA and Roger Urwin for outstanding leadership, significant sacrifice of time and effort, and exemplary spirit of dedication and purpose in advancing the profession during their terms as governors on the CFA Institute Board.**

**RESOLVED, that the Board of Governors for CFA Institute expresses its most sincere appreciation to Marla Harkness, CFA, and Arthur Thompson, CFA, for outstanding leadership, significant sacrifice of time and effort, and exemplary spirit of dedication and purpose in advancing the profession during their terms as Presidents Council Representatives.**

The Board went into a scheduled Executive Session with and without the CEO.