

SPRING 2016

A MESSAGE FROM PRESIDENT JEREMY BACH, CFA



Dear Members,

In my last letter, I explained that a primary focus of the CFAP Board of Directors is to strengthen its governance practices. The overarching goal is to become a more strategic board in both thinking and action. To this end, the CFAP Board of Directors recently convened a board retreat to update the organization's Strategic Plan.

The retreat was a full day event in which the members of the board took a day off of work to think about and plan for the future of our Society. While the retreat generated both long-term and short term ideas to be implemented, the preeminent theme throughout the day was that we are a Society of members with the goal of serving our members. So starting at the highest possible level, the board is proud to announce that we adopted the following mission and vision statement:

CFAP Mission:

To lead a preeminent community of investment and finance professionals who promote the highest standards of ethics, education and professional excellence.

Our Vision:

We aspire to be a Society that:

- ***Serves our members and other financial professionals who seek education, knowledge, professional development, connection and inspiration;***

- ***Sets the standard among Philadelphia-area investment and financial professionals on the topics of ethics and excellence of practice.***

We will be using these statements as guideposts as we continue to ensure that our Society meets the needs of our members.

One other notable outcome of the retreat was the active acknowledgment that technology will play an increasingly large role in serving our members. With this in mind, we are assembling a technology task force to evaluate and address our technology needs. We are actively seeking volunteers to help guide us in this area. Our hope is to get a cross section of members who have different technological experiences and competencies (we want both experts and novices!) so we can develop a plan for the Society's technological future. Please contact Pete Conners at the CFAP office if you are interested in volunteering or learning more.

Finally, as the Society's June fiscal year-end approaches, our CFAP Annual Meeting will take place on Thursday, June 16 at the Racquet Club of Philadelphia. The Annual Meeting is a great opportunity to learn more about the Society's activities/events over the year, strategic direction, and of course, mingle with fellow Society members and Board of Directors. And, most importantly, we will announce the new slate of officers and directors for the coming fiscal year.

On behalf of the CFAP Board of Directors, thank you for your membership in CFAP, and I look forward to seeing you at an upcoming event!

Jeremy Bach, CFA

CFAP WOMEN'S ADVISORY COMMITTEE

CFAP hosted its inaugural CFA Society of Philadelphia Women's Advisory Committee (WAC) event on Thursday April 7. The event was well received with twenty-five guests in attendance. The Committee has recently established two task forces to further the mission of promoting women in investment management:

- **Outreach** - Christy Watkins will lead the Outreach Task Force to work on connecting with universities, peer associations and companies on the subject of gender diversity in our industry;
- **Events** - Karen Bater, Lucy Momjian and Jasmine Richards will lead the planning and production of events and educational programs for our initiative.

If you are interested in serving on one of these task forces, please e-mail Pete Conners.

The committee is busy planning events for rest of the calendar year. Stay tuned for these upcoming event announcements.



CFAP WAS WELL REPRESENTED AT THE 10TH ANNUAL CFA INVESTMENT RESEARCH CHALLENGE FINALS IN CHICAGO

Sean Heberling, CFA
Co-Chair, CFAP Local Investment Research Challenge
Director of Research
Valdes & Moreno

On Tuesday, April 12, two CFAP members and four [Ursinus College](#) students boarded flights headed for Chicago, the site of the CFA Institute's Regional and Global Finals for the Investment Research Challenge. I had agreed to judge the Americas' A Regional Final the following afternoon. Eric Parnell, CFA and his four Ursinus students were heading to Chicago to compete in the Americas' B Semifinal, and they were hoping to advance to the Americas' B Final and perhaps the Global Final. All six were staying at the Hilton Chicago, located downtown on the waterfront at Michigan Avenue, and the site of the competition.



The Hilton Chicago

At 10:15am on Wednesday the 13th, the four students from Ursinus ascended onto the stage at the front of the Hilton's Astoria room, where they presented to a panel of three judges on [Toll Brothers](#), an \$8 billion public company headquartered in Horsham, PA. The Ursinus presentation was the final presentation of the Americas' B Semifinal round, following those of Grand Valley State University (representing the CFA Society of West Michigan), San Diego State University (CFA San Diego), Millsaps College (CFA Mid-South US), and the University of Missouri-Columbia (CFA St. Louis). After Ursinus concluded its presentation, the judges tallied their score sheets and announced that the University of Missouri-Columbia would be advancing to the Americas' B Final. Although Ursinus was disappointed with the result, fellow CFAP Member and Ursinus Faculty Advisor, Eric Parnell, CFA, had this to say about his team's experience with the local and regional competition:

"We had a tremendous experience at the regional/global finals in Chicago. I know the students enjoyed it a great deal, and from my perspective it was one of my most favorite things that I have been a part of in my more than a decade of teaching at the college level.

We also had an outstanding experience at the local challenge. The chance to come to the Union League in February to present in a competitive setting against our college/university peers in the Greater Philadelphia area was exciting to say the least. And the time that we were able to spend with the CFA Philly team and the judges was truly interesting and educational for both the students and me. The meal was excellent too.

The biggest difference between the two was the magnitude of the event. The CFA Philly local event had a smaller and more intimate feel as would be expected, which allowed for greater interaction

between the students, faculty, CFA Philly members and sponsors. The CFA regional/global finals in Chicago were more grand in size, which made it fun and impressive but made personal interaction between students and faculty a bit more challenging."

- Eric Parnell, CFA
Faculty Advisor
Ursinus College

As Team Ursinus decompressed from months of preparation, they thought about what they might do in Chicago ahead of the Global Final on Thursday night, and I headed to the Regional Final Judges' Orientation. Brian Stype, the CFA Institute's Director of the Research Challenge, greeted me, seated me at a table with my three fellow judges for the Americas' A Final, and he gave us a few suggestions as to how to proceed. My panel consisted entirely of first-time judges, and we had less than 90 minutes to prepare. The Institute provided us Kindle Fires on which we could view each of the four finalists' presentations and written reports for the first time. My panel decided to absorb as much of the material as we could, jot down some potential questions for each team, briefly discuss our strategy, and then do the best we could.

At 4pm, we proceeded to another meeting room for the Americas' A Regional Final, and we witnessed presentations from Penn State Behrend (CFA Pittsburgh), Canisius (CFA Western NY and defending Global Champion), University of Wisconsin-Milwaukee (CFA Milwaukee), University of Waterloo (CFA Toronto), and Brandeis University (CFA Boston). The presentations were excellent, the students were prepared and engaged, and the judges were captivated. My panel asked tough but fair questions, and after all of the teams had presented, we left the room to complete our score sheets and to debate the outcome. Three of us agreed that the University of Waterloo should win. The lone dissenter thought the defending champions, Canisius, should advance. The deciding factor was how well the teams handled our questions about company valuation and investment risks. After the Institute tallied our score sheets, we returned to the meeting room to hear that the [University of Waterloo](#) would advance to the Global Final.



Judges' Panel from the Americas' A Regional Final. I'm on the left.

On Thursday the 14th, I attended part of the CFA Institute's [Engage Symposium](#) which preceded the Global Final, and where I heard Bob Doll, CFA, Anthony Scaramucci, Stephanie Link and Bill Miller, CFA discuss current investment opportunities and trends. That evening, I attended the Global Final, where I watched the University of Waterloo compete against teams from the Philippines, Italy and the University of Georgia. Readers can watch the full 2.5 hour recorded event [here](#).

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CFAP WAS WELL REPRESENTED AT IRC (CONTINUED)

Italy and Waterloo were the standouts, and I was pleasantly surprised to see Waterloo crowned Champion. Craig Geoffrey (Faculty Advisor, Waterloo) and Steve Balaban (Industry Mentor, Waterloo) said the following about their experiences:

"The Regional and Global finals were unprecedented opportunities for our team to work under intense competitive pressure. While under stress, our team learned to deliver a professional presentation and think on their feet during the Q&A, which produces a seasoned group of students better prepared to handle the vicissitudes of their upcoming careers. Having been through this experience, the team is noticeably different from their peers in terms of confidence, poise, and maturity."

Our program is co-op, which gives our students experience in a professional work environment. They can see the rewards for outperformance and I think having witnessed first-hand how a meritocracy works is a prime motivator for them - they see that there is a payoff from the many hours of hard work, and whether they win or lose they know that developing their skill set will benefit them in the future."

- Craig Geoffrey

Faculty Advisor
University of Waterloo

"I would never be where I am today without the guidance and advice of numerous mentors that have helped me along the way. I am blessed to be in a position where I can act as an industry mentor to the bright, financial minds of the future."

- Steve Balaban, CFA

Mink Capital, Inc.
Industry Mentor to University of Waterloo



University of Waterloo Team During the Global Final

The Finals concluded with a catered ceremony where students danced to a band playing covers. Eric Stype described the current scale of the 10th Anniversary of the competition:

"In this our 10th season of the Research Challenge we saw participation from nearly 5000 students from 1000 universities in 75 countries. 138 CFA societies helped organize local challenges with the help of over 3000 volunteers. This was by far our largest competition and you can really see the growth by comparing these to year 1: 19 universities, 91 students, and 5 local CFA societies. In Chicago for the regional and global events we had 500+ students from 106 universities, 85 judges and over 40 staff members in

attendance. It was a great year and only made possible by the hard work of the countless volunteers and local societies that put in the time and effort at the local level. CFA Institute is so grateful for their support and so proud of the finished product."

- Brian Stype

Director, Research Challenge
CFA Institute



Group Photo of Teams who Competed in Chicago

On Friday the 15th, Team Ursinus returned to Philadelphia, and they reflected on their long journey through the Research Challenge this year. In October of last year, they learned that they would be researching Toll Brothers with the intent to present a written investment recommendation report to the CFAP in January. In early February, they learned that they were one of four teams selected to compete at the CFAP Local Final in February, where they would present a slide show concerning their investment recommendation to a panel of three judges at the Union League. On February 17th, Ursinus outperformed two teams from Elizabethtown College and one from the University of Delaware to win the Local Final. Event Co-Chairs Kenn Lamson, CFA and Nimrit Kang, CFA described their experiences with the Local Challenge:

"My time as coordinator has been uniformly positive. I've especially enjoyed working with faculty and mentors who are dedicated to offering the students an excellent experience. Setting and working towards the goal of expanding the CFAP Challenge towards 20 schools, with representation from small, minority and women's colleges has been a particularly enjoyable challenge."

- Kenn Lamson, CFA

CFAP Board Member
Co-Chair, CFAP Investment Research Challenge
Head of Nonprofit Relationship Management
Vanguard Institutional Investor Group

"The best part is seeing so many talented students and teams participate from our local area every year. I love the energy and enthusiasm of the students and it is always impressive to see the breadth and depth of the work."

- Nimrit Kang, CFA

CFAP Board Member
Co-Chair, CFAP Investment Research Challenge
Senior Equity Analyst – International Equities
DuPont Capital Management

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ECONOMIC UPDATE

The US economy softened in the first quarter of 2016 as GDP increased at a 0.5% annual rate (initial estimate), the weakest since the first quarter of 2014. Weakness was seen in consumer spending, a continued strong dollar affecting exports and decreasing inventories. In the fourth quarter of 2015, the US GDP rose 1.4% (third estimate), which was 0.4% higher than the second estimate of 1.0% in the same quarter.

The first quarter of 2016 ended with a March unemployment rate of 5.0%. The rate was unchanged from the December 2015 figure but down for the March 2015 figure of 5.5%. Total nonfarm payroll employment rose by 215,000 in March with increases seen in retail trade, construction, and health care. The participation rate increased to 63.0% in March from the December 2015 rate of 62.6%.

U.S. home resales rebounded more than expected in March 2016 as existing home sales surged 5.1 % to an annual rate of 5.33 million units in March. Sales were up 1.5 % from a year ago. February's sales pace was revised down to 5.07 million units from the previous estimate of 5.08 million units. According to Freddie Mac, the average 30-year mortgage rate for March was 3.69%. The rate experienced a 0.27% decrease from December 2015. The 2016 March rate was 0.08% lower than the rate in March 2015.

The Consumer Confidence Index improved in March to 96.2 up from 94.0 in February. The Conference Board noted that "consumers' assessment of current conditions posted a moderate decline, while expectations regarding the short-term turned more favorable as last month's turmoil in the financial markets appears to have abated."

After raising the target range (December 2015) for the federal funds rate by 0.25%, the FED announced in March that the target range would remain at 0.25 to 0.50%. The FED noted that "recent indicators, including strong job gains, points to additional strengthening of the labor market. Inflation picked up in recent months; however,

it continued to run below the Committee's 2 % longer-run objective, partly reflecting declines in energy prices and in prices of non-energy imports." The FED also commented that the "stance of monetary policy remains accommodative, thereby supporting further improvement in labor market conditions and a return to 2% inflation."

The markets experienced considerable volatility in the first quarter of 2016. As measured by the S&P 500, the markets fell about 9% in early February (low of 1810) before rebounding to end the quarter up 1.35% with a reading of 2059.74. The S&P 500 ended 2015 with a reading of 2043. The DJIA out-performed the S&P with quarterly return of 2.20% while the NASDAQ Composite experienced a loss -2.75%. Of the 9 sectors represented in the S&P, 7 sectors saw positive performance for the quarter, as measured by the SPDR sector ETFs." The best performing sector was Utilities (15.47%) followed by Consumer Staples (5.60%), Industrials (5.19%), Technology (4.02%), Materials (3.45%), Energy (3.37%), and Consumer Discretionary (1.55%). Underperforming sectors included Financials (-5.08%) and Health Care (-5.55%)

In Fixed Income, the Barclays U.S. Aggregate Bond Index ended the first quarter up 3.03% after finishing down 0.57% for the fourth quarter of 2015 but up 0.55% for all of 2015. The long end of the yield curve flattened as U.S. Treasury yields fell with the 10-year note decreasing by about 49 basis points while the 30-year bond fell by 40 basis points, ending the quarter at 1.78% and 2.61%, respectively. The 10-year note and the 30-year bond ended 2015 at 2.27% and 3.01%, respectively.

Inflation pressures increased in the first quarter, reflected in gold futures prices experiencing gains from the prior quarter of about \$172.70 with a March 31 closing price of about \$1232.70 per ounce. Oil prices moderated through the quarter, falling \$0.19/bbl to end the first quarter at about \$36.94/bbl. The WSJ Dollar Index after strengthening in the fourth quarter of 2015 fell by about 3.58 to 86.59.

CFAP WAS WELL REPRESENTED AT IRC (CONTINUED)



Sean Heberling, CFA with CFAP Local Challenge Champion Ursinus College

CFAP congratulates Team Ursinus on a job well done, and the Society commends all involved with this year's Challenge. We have solicited feedback from those who participated, and the Society aims to both grow the competition and improve upon the Challenge in the years to come. More photos from the Chicago event can be viewed [here](#).

CFAP has compiled a Resume Book containing resumes of some of the student participants in the Research Challenge. Click [here](#) to view the Resume Book.

Karen Fox, from Vanguard in Malvern, attended the Local Finals, and she indicated,

"Participating in the CFA Challenge is a differentiator for students. The entire process provides learning beyond the classroom and elevates students' exposure with employers, often leading to exceptional job opportunities."

- Karen Fox
Manager, University Relations and Recruiting Partnerships
Vanguard Human Resources

UPCOMING EVENTS

Special Event: Seventh Annual Endowment, Foundation and Philanthropy Conference

6/2/2016 8:30 AM - 5:00 PM

Hub Cira Center (adjacent to the 30th Street Train Station)

2929 Arch Street

Philadelphia, PA 19103

CFAP is proud to host its annual program focused on endowments, foundations, and philanthropy. This day-long conference will feature panel discussions and speakers from leading asset managers, non-profits, and subject matter experts in non-profit law and governance. The conference will address many of the pressing issues facing endowments, foundations and other philanthropic concerns.

This year's topics include:

- Smart Beta for Institutional Investors: Pros and Cons;
- Current and Future Trends in ESG/SRI investing;
- The Outlook for Outsourced CIO's;
- Innovations in Philanthropy;
- Opportunities in Private Equity.

Click [here](#) to view the conference agenda.

The event will be held at The Hub at Cira Centre from 8:30 AM to 5:00 PM. A cocktail reception will be held immediately following the conference.

We expect approximately 175 professionals to attend the conference, representing over 80+ organizations. The audience is a mix of investment management professionals, non-profit executives, attorneys and other professionals who are passionate about mission-driven work.

A number of corporate sponsorship opportunities are available for the conference. Click here to view a Sponsor Sheet with sponsor levels and benefits.

The conference includes breakfast, lunch, morning and afternoon coffee breaks, and a networking cocktail reception.

Registration:

CFAP Members: \$110.00

Non-Members: \$195.00

Non-Profits: \$110.00 (register using the member rate)

Click [here](#) to register.

Thank you to our conference sponsors:

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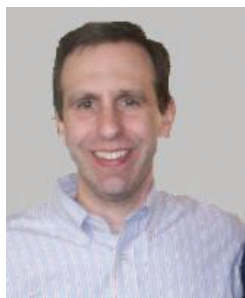
Foundation // **Source**

UPCOMING EVENTS (CONTINUED)

Member to Member Discussion: The Impact of Automation on Employment

6/7/2016 5:00 PM - 6:30 PM
Offices of Fernley & Fernley
100 North 20th Street, Suite 400
Philadelphia, PA

A recent Oxford University study claims that 47 percent of current American jobs are at “high risk” of being automated within the next 20 years. The study looked at 702 occupations, using data from the Department of Labor, and assigned a probability of automation to each one, according to nine variables. The conclusions made it clear that this was no longer just the familiar story of robots replacing factory and warehouse employees. Now software is increasingly doing the work that has been the province of educated people sitting in desk chairs. The vulnerability of these jobs is due, in large part, to the easy availability and rapidly declining price of computing power, as well as the rise of “machine learning” software that gathers and assimilates new information on its own.



Leading our discussion on this critical topic is CFAP members Peter Maher, CFA and Frank Grunseich, CFA.

Frank Grunseich is the Director of Investments at Swarthmore College. Reporting to the Chief Investment Officer, he provides investment support for the oversight of a diversified endowment portfolio. He is involved in all aspects of endowment management, includ-

ing identifying, evaluating, and recommending external investment managers and related ongoing monitoring. Swarthmore’s endowment is approximately \$1.9 billion.



Pete Maher is a Research & Investment Strategist at The Board of Pensions PC (USA). He is responsible for reviews on over 20 U.S. and international equity managers totaling \$5 billion. The Board of Pensions administers pension, healthcare, death and disability, and other benefits to over 20,000 pensioners and survivors. Pete is a member of the board of directors of the CFA Society of Philadelphia. He currently serves as the board’s treasurer.

CFAP encourages its members to share ideas in an informal setting. The Member to Member program allows for members to make presentations to fellow members on a topic related to the investment management industry. CFAP Member to Member events are held in a conference room setting that encourages dialogue and lively discussion.

If you have an idea for a Member to Member Event, we would like to hear about it. Visit www.cfaphil.org and click on the “Get Involved” tab on the top navigation bar.

Please note that this is a CFAP Members only event.

Seating is limited to twenty spaces. This event is free of charge.

Click [here](#) to register.

CFA SOCIETY OF PHILADELPHIA CONDUCT FINANCIAL EDUCATION DAYS OF SERVICE

During the month of May, twenty volunteers from CFAP conducted financial education classes for high school students in Philadelphia. Volunteers spent the day teaching students the basics of consumer finance. The first event was held at Kensington High School. The second event was held at Julia R. Masterman School.

“This is the fourth straight year that our volunteers have had the opportunity to work with the students and faculty in our city schools.” stated Andrew D’Amico, CFAP Community Outreach Committee Chair. “The volunteers did an outstanding job of teaching important lessons on how to manage individual finances. The kids were really engaged and interested in the subject matter.”



Thank you to CFAP’s Community Outreach Partner, Operation Hope, and its Banking on Our Future initiative, for helping to coordinate the events at Kensington High School and Masterman School.

The CFAP Financial Literacy Days of Service are produced each May in support of the CFA Institute’s Putting Investors First initiative. Each May, CFA Institute members join together to build awareness around the importance of putting clients first. By supporting Putting Investors First Month, we want to inspire our community to make a real impact and foster a market environment where both investment professionals and investors can thrive.

Click [here](#) to view more information on Putting Investors First Month activities around the globe.

Interested in volunteering to teach financial literacy? Contact the Society to find out more. E-mail us at info@cfaphil.org.

PAST EVENT AND LUNCHEON SUMMARIES

Wilmington Luncheon: Delaware Economic Outlook 2/23/16

The Wilmington Luncheon held on February 23, 2016 at the Hotel DuPont featured a panel discussion on the outlook for the Delaware economy in 2016. Members of the panel included Keith Aleardi, CFA, EVP & Chief Investment Officer of Fulton Financial Advisors, Dace Blaskovitz, President of Wealth Advisors, LLC, and Rodger Levenson, CFO of WSFS Financial Corporation and WSFS Bank. David Shepherd, CFA, served as moderator.

The panel discussion centered on three main themes, Delaware's macroeconomic and structural environment, the state of public finance and the prospects for future private sector growth.

The session began with a discussion of the state's macroeconomic environment and the impact of structural elements on the economy. Keith expects Delaware to fair slightly better relative to the national growth rate forecast of 2.5%. The energy states are in recession which brings down the national average by 10-15 bps. The strength of the US dollar is also hurting manufacturing nationally. In contrast, the finance industry, so important to the Delaware economy, is recovering and has already largely absorbed the increased regulatory costs. Rodger was also generally optimistic about the current macroeconomic environment. He is expecting a slow growth recovery, with Delaware well positioned to invest and weather soft patches going forward.

Dace sees structural issues in the Delaware economy which will challenge overall economic health. Dace quoted the long term forecast growth rate per the state budget office is expected to be only 1%. Challenges include some of the highest marginal personal and corporate tax rates in the country and a struggling public school system. On the manufacturing side, Dace says Delaware will have trouble attracting auto industry jobs because there is no "right to work" law.

David asked whether the panel thought Delaware should participate in "public welfare" deals for corporations. Rodger believes those deals have worked well for Philadelphia, although the impact is hard to measure. Keith added that New Jersey is an example of a state that hasn't done well, and hasn't provided incentives to attract new businesses. Keith warned against incentives that subsidize creation of lower paying service jobs rather than attracting high paying professional jobs.

Regarding the State's fiscal health, on the positive side, Keith noted that during the financial crisis Delaware was able to keep education and social services running without any major cuts. Dace raised the point that the government budget is not diversified enough, with half of the budgeted revenue derived from corporate franchise taxes. Another concern is that people who work in Delaware choose not to live in the state due to the poor public schools, which further hurts tax revenue. Dace expects that tax increases will have to fill the revenue gaps in the future. In terms of public finance, Keith expects budget pressures as the abandoned property component of the state's budget will likely decline.

In terms of business growth prospects, Keith commented that the private sector is in good shape, loan growth is up and asset management volumes are increasing. Rodger sees small business lending growing at a relatively high rate of 8-9% annually. Rodger observes a growth in commitments of real estate in the finance and banking sectors. He is also seeing growth in Sussex county real estate development as it is becoming an attractive second tier retirement community due to the low cost of living. Keith added that southern New Jersey real estate prices have recovered well, which makes Delaware relatively more attractive. Keith is optimistic about the prospects for recovery in the banking system, which is an important sector for the state. He added

that Delaware known for being "bank friendly" and that JP Morgan is creating jobs in the banking technology sector.

Panelists agreed that the state's economy is fairly well diversified by industry. David asked about the likely impact of the Dow/DuPont merger on the economy of the first state. Rodger noted that in the 1980's, one in ten residents worked for DuPont, whereas now the figure is one in 100. Jonathan added that DuPont jobs have been replaced with jobs in banking and financial services. The impact of the merger to the overall economy will be proportionately lower as a result.

Downtown Luncheon: Venture Capital Update 3/10/2016 12:00 PM - 1:30 PM



Bruce Luehrs, Managing Partner and Founder of Rittenhouse Ventures, presented on the topic of early stage venture investing to members and guests of the CFA Society of Philadelphia at the Hub Commerce Square in Philadelphia, PA. The presentation began with the history of venture capital when in 1959 the first venture backed startup, Fairchild Semiconductor, was funded by Venrock Associates. Venture capital reached a peak in 2000 where \$105 billion was invested but in 2015 venture capital invested was \$59 billion representing a significant decrease from the peak.

The stages of investing include early stage investors and later stage investors. Early stage investors typically include friends and family, angel and angel groups, and early stage venture groups while later stage investors include expansion, mezzanine debt, and private equity. As investing moves through the stages, there tends to be decreasing risk and returns. Early stage venture capital funds typically have professional management and operate in a limited partnership structure. While many companies may seek funding with investors seeking abnormal returns, the probability of strong returns is not as prevalent with 33% of investments becoming a total loss, 22% returning capital, 23% providing solid returns, and large returns occurring 22% of the time. The time devoted to investments is typically 5 years in a good market and 7 years in a bad market.

Venture capital investing by industry sector is varied but in 2015 the largest investment by dollar was made to software making up 40% of the total dollars invested followed by biotechnology at 13% of total dollars invested. Investments by stage in 2015 were made up of 2% seed, 34% early stage, 37% expansion, and 27% later stage. Investment size has been trending higher with deals ranging from \$1 million to \$25+ million making up over 40% of the deals in 2014.

Local groups involved in venture capital with emphasis on angel groups include Robin Hood, Keiretsu Forum, Investors Circle, Delaware Crossing, Jumpstart NJ Angel Network, and Ben Franklin Technology Partners of Southeast PA. Local Early stage venture capital funds include Osage, Originate, Rittenhouse, MentorTech, NextStage, and Seventy Six Capital.

Downtown Luncheon: Puerto Rico Debt Panel 3/23/2016



Sean Heberling, CFA, moderated a conversation between a trio of distinguished panelists, including David Hitchcock, Senior Director at Standard and Poor's Corporation, John Mousseau, CFA, Executive Vice President & Director of Fixed Income at Cumberland Advisors, and Alan Schankel, Managing Director, Municipal Bond Strategist at Janney Montgomery Scott. They covered how Puerto Rico's debt grew to its current levels, why investors should care about a small commonwealth, upcoming dates of importance and potential solutions to the problem. Much of the conversation focused on the commonwealth's reluctance to take the steps necessary to reduce spending. With its economy stalling and population declining at more than 1% per year, Puerto Rico has refused to reduce salaries or eliminate redundant employees. This problem is compounded by large pension and health fund deficits. July 1 was identified as a date to watch when approximately \$800 million in general obligation bonds mature. The panel agreed that how Puerto Rico deals with its inability to service its debt is important because it will set precedent for other troubled municipal borrowers. Following the moderated portion of the luncheon, Mr. Heberling opened up the conversation to a lively question and answer session.

Downtown Luncheon: Matthews Asia 5/5/2016

The CFAP welcomed Teresa Kong, CFA and David Dali from Matthews Asia for a sponsored luncheon. Matthews Asia is the largest dedicated Asia-only investment specialist in the United States with multiple equity and fixed income strategies and approximately \$26 billion in assets under management. Much of the conversation focused on the rapid economic expansion and shifting demographics of Southeast Asia, which includes frontier, emerging and developed markets. This region contains approximately half of the world's population, has a median age of 30 years old and is experiencing the largest rural to urban migration in history.

Ms. Kong is the portfolio manager for Matthews Asia Strategic Income Fund and the Matthews Asia Credit Opportunities Fund. Much of her presentation focused on the differences between credit investing in Asia and credit investing in the United States or Europe. She promoted active management by pointing out that fixed income benchmarks overweight the countries most indebted rather than those that are most creditworthy. Mr. Dali, a Client Portfolio Strategist, focused his portion of the presentation on the firm's approach to Asian equities. He also advocated for active management and pointed out that many of the countries with the fastest growing economies, like Bangladesh, Vietnam and the Philippines, are insignificant portions of Emerging Markets indexes. Both Ms. Kong and Mr. Dali made strong arguments that Asia's growth will continue to outpace other regions, which will create the potential for better risk-adjusted returns.

Princeton Happy Hour 5/12/2016

On May 12 CFAP hosted a happy hour for CFAP members who live and work in the Princeton, NJ region. The event was held at the Brick House Tap and Tavern on Route 1, a few miles south of downtown Princeton. More than twenty members attended the happy hour. It was a great opportunity for CFAP members to gather in a relaxed setting to see colleagues and to meet new acquaintances. CFAP has over 200 members from the northern reaches of its geographic footprint.

This event is the first of many events we plan to host in the Princeton/Bucks County area. If you have program ideas, or if you would like to volunteer for an event in the Princeton area, please contact Pete Conners, Executive Director at info@cfaphil.org.



THANK YOU VOLUNTEERS!

The volunteers of the CFA Society of Philadelphia are a great resource to the Society and its members. Their efforts have proven to be invaluable in all activities conducted by the Society. The board members would like to take the opportunity to thank the following volunteers for their assistance on recent events:

Alvin Divers	Jasmine Richards	Mark Hoffman
Andrew Dugery	Jeffrey Lauterbach	Mark Schlegel
Angelo Vacirca	John Grimes	Michael Cosaxck
Bill Jansen	Jordan Barnett	Ratika Kapoor
Brittany Flaherty	Julius Coursey	Robby Boyd
Bruce Self	Karen Bater	Sam Omolewu
Christy Marshall	Katherine Robins	Sean Heberling
Danielle Manley	Laura Hunt	Stan Lingren
Floyd Simpson	Laura Solomon	Tom Chapin
James Messner	Mark Frombach	Tom Miller


We are currently looking for additional volunteers to assist with future events and activities. There are openings within committees that may be of interest to you. Feel free to contact Peter Connors or logon to the CFA Society of Philadelphia website for information.

NEW MEMBERS

Welcome New Members!


The following individuals joined the Society during the quarter:

Adam Grant Fraser
Borgman Skyler Timothy
Brazier Robert Charles II
Brent Cameron Campbell
Bryce Jacob Nathaniel Istvan
Daniel Campion La Sorte
Daniel M. Melski
Devin Richard Cassels
Garrett A Norman
Gueorgui Hristov Ivanov
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CALL FOR VOLUNTEERS: TECHNOLOGY TASK FORCE

Do you consider yourself tech savvy? Do you use social media in your personal and professional lives? CFAP is forming a Technology Task Force, and we are in need of member volunteers.

The Technology Task Force was created by the CFA board of directors to assess how the Society can better utilize technology in fulfilling its mission. The Task Force will identify specific areas in which technology can be used; assess the Society's current technology capabilities; and make recommendations for upgrades and enhancements to our technology.

If you are interested in volunteering for the Technology Task Force, please e-mail info@cfaphil.org.

RECOMMENDED READING AND CONTINUING EDUCATION

Video/Audio Interviews

The Howard Marks Investor Series at The Wharton School: A Conversation with Stephen A. Schwarzman

<https://www.youtube.com/watch?v=6PZziZjlUmM>

Real Estate Investing with James Hanson

<http://www.strategicinvestorradio.com/e/real-estate-investing-with-james-hanson/?token=7136642c1b0223d2fb07293f2367cf89>

Markets/Investing

Mark Spitznagel – “Markets Have No Purpose Anymore”

<http://www.zerohedge.com/news/2016-05-16/markets-have-no-purpose-any-more-mark-spitznagel-warns-biggest-collapse-history-inev>

Jeffrey Gundlach Calls End of Risk-Market Rally

<http://blogs.wsj.com/moneybeat/2016/03/08/jeffrey-gundlach-calls-end-of-risk-market-rally/>

Buffett and Bogle Unite against Hedge Funds

<http://www.ft.com/intl/cms/s/0/6f04eb52-1141-11e6-839f-2922947098fo.html#axzz491uq2vCX>

Fidelity Expands Access to Private Equity Funds

<http://dailyalts.com/fidelity-expands-access-to-private-equity-funds/>

From the Enterprising Investor Blog:

CFA Institute President & CEO Paul Smith, CFA - Remarks from 69th CFA Institute Annual Conference

<https://blogs.cfainstitute.org/investor/2016/05/12/paul-smith-cfa-lets-make-the-world-a-better-place-for-investors-everywhere/>

<https://blogs.cfainstitute.org/investor/2016/05/18/book-review-wall-street-potholes/>

<https://blogs.cfainstitute.org/investor/2016/05/02/top-five-articles-from-april-sell-in-may-and-high-impact-resumes/>

Continuing Education (CE) Content:

The Asset Manager's Dilemma: How Smart Beta Is Disrupting the Investment Management Industry (0.5 CE)

<https://www.cfainstitute.org/learning/products/publications/faj/Pages/faj.v72.n1.1.aspx?WPID=AlsoViewedProducts>

The Shiller CAPE Ratio: A New Look (0.5 CE)

<https://www.cfainstitute.org/learning/products/publications/faj/Pages/faj.v72.n3.1.aspx?WPID=BrowseProducts>

Understanding Behavioral Biases (1.5 CE)

<https://www.cfainstitute.org/learning/products/onlinelearning/Pages/128064.aspx?WPID=BrowseProducts>

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