

SASF QUARTERLY

SPRING 2006



A Member Society
of CFA Institute

Security Analysts
of San Francisco

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THE RESULTS ARE IN!

This will be our last issue of the newsletter as 'Security Analysts of San Francisco'. By significant majority, the society members have voted in favor of changing our name to CFA SOCIETY OF SAN FRANCISCO. Watch for changes to our website and publications soon!

A New Home For Our Society!

Bob Thompson, CFA, Past President

The Board of Directors has, after almost three years of discussions, searches, (intense) debates, and running multiple scenario analyses, leased classroom / meeting facilities in the Society's name at 300 Montgomery Street, Suite 1130. This was no small undertaking for a volunteer board, and, in addition to a great deal of work by numerous board members, we had excellent legal and real estate professional input. The result should be professional space that will provide stability and flexibility to the numerous events conducted in downtown San Francisco.

This will finally give our acclaimed CFA Study program, under the tutelage of Professor John Veitch and Linda Lam, a stable and dependable location to conduct its classes. Additionally, the board envisions lunchtime and afternoon programs being conducted away from the expensive lunch environment of the various downtown hotels, as well as a venue to conduct newer, perhaps more innovative undertakings that were in want of "space". Additionally, there will be meeting space available for our various (and increasingly active) committees.

The location at 300 Montgomery is a wonderfully renovated building that harks back to an era of grand design. The details of the space's finish, furnishings, and equipment are currently being defined by a Board subcommittee consisting of our Executive Director, Tina Marchetti, Linda Lam, and Board



300 Montgomery Street, new home of
CFA Society of San Francisco!

members Rick Smyth (Chair), Mary Garrison, Dan Kern, and John Veitch. These are extraordinarily dedicated individuals who continue to serve the rest of us; if you have any thoughts, ideas, or resources to share with them, please let them know (see their contact information on the following page).

This decision is a manifestation of a Society that has grown to over 2,500 members, is increasingly cosmopolitan, and which appears to become engaged when the appropriate events and venues are presented. When the facility becomes available, I encourage you to partake of activities offered there ... often!

SASF promotes high standards of competence and ethics as embodied in the CFA® designation, and encourages the professional development of its members through continuing education, social interaction, and the exchange of investment ideas & information.

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Society Programs

Thursday June 1st

Corporate Program: The PMI Group

12:30 to 2:00 PM (Luncheon)
Palace Hotel

*No charge for SASF members,
\$25 for non-members*

Thursday, June 15th

Gifts & Gratuities: Who Says I Can't Go To The Ball Game? Soft Dollars: Hard Decisions

Speakers Elaine Lindenmayer
and Mark Perlow

3:00 to 5:00 PM

SF State Downtown Center

*No charge for SASF members,
\$20 for non-members*

Thursday June 22nd

Annual Career Panel

2:00 to 5:00 PM

San Francisco - location TBA

*\$15 for SASF members,
\$45 for non-members*

PRESIDENT'S LETTER



Dear SASF Members,

It is a very exciting time for the Security Analysts of San Francisco and most probably the busiest in the society's 76 years of existence. The Board has been hard at work on a number of important initiatives, most of which I've outlined in prior quarterly letters.

First, I am happy to report that the membership voted by a clear majority in favor of changing the society's name to "CFA Society of San Francisco." We were pleased to see that nearly 40% of members voted. The name change will become effective at or before our fiscal year end, June 30th, depending on the timing of certain legal, tax and state documents that need to be filed. While there were a moderate amount of votes against the name change, I want to thank the membership for making your voices heard and urge you to continue taking an active role in the society as we go forward. The "CFASF" will now rank as one of the largest societies globally to incorporate the CFA name and align itself with the CFA Institute. We will be rolling out a new logo and an enhanced website in the next month or so.

The other initiative that has occupied much of our time lately is real estate. In the Winter newsletter, I discussed how the Board had signed a non-binding letter of intent to occupy office and classroom space in downtown San Francisco. Since then, we have spent a significant amount of time and effort negotiating lease terms, refining internal projections, and making sure the location fits our needs. I am very happy to report that at the March Board Meeting, we unanimously voted to formally approve the lease. In a few months, after the build-out, the society will have a physical downtown presence which will greatly enhance our programming efforts, overall visibility, and member value. By virtue of the Board's continued persistence and fortitude, what was once a vision and idea 3 years ago from Bob Thompson's presidency, is now taking shape.

Also, effective July 1st, the Board voted and approved a dues increase from \$100 to \$125/year. We look forward to bringing additional benefits and value to your membership as the Board continues to focus on the core missions and vision of the Society. Despite this increase, our dues structure continues to remain below the average of peer extra-large societies globally. Additionally, beginning with the new fiscal year, the Board passed a resolution to split the officer role of Secretary/Treasurer into 2 positions, in order to create a deeper officer pool and leadership track as we

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SASF has partnered with AMAZON.COM and will receive a portion of the profits from any sales generated through our portal. It's easy! Just use the link on SASF.ORG to get to Amazon and any purchases you make will automatically generate revenue for SASF. And don't forget, Amazon offers much more than books!

potentially expand to a maximum of 15 members.

The Board's standing committee chairs and volunteers continue to be very productive, with a full slate of events being planned for 2006. Thank you to the Professional Development Committee and our Executive Director, Tina Marchetti, for hosting a memorable 1st Annual Forecast Dinner on January 19th, where we had a sold-out event of over 250 members and guests. Finally, on behalf of the Board, I'd like to extend my sincerest thanks to Bob Thompson, Director and Past President, as he rotates off the Board next month. We wholeheartedly appreciate his dedication, commitment, vision and many years of service to the Society.

This will be my last newsletter update as President, as my term concludes on June 30th. It has been an honor and a privilege to represent the SASF as well as to work with such a committed group of volunteer professionals and staff within this organization.

Sincerely,

Philip Levy, CFA, CPA
President

First Annual Forecast Dinner

We were very excited to host our First Annual Forecast Dinner on January 19th to a capacity audience of 250, high atop the St. Francis Hotel at Alexandra's. It was an enjoyable evening filled with opportunities to reconnect with fellow investment professionals as well as the opportunity to hear from four outstanding investment professionals, Richard Bernstein, Ed Yardeni, Kevin Fong and Richard Lyons who comprised our panelists. Everyone enjoyed the panelists informed comments as well as the lively questions and answer session. We would like to acknowledge and thank our five corporate sponsors whose generous contributions helped to make the event possible: Bloomberg, Capital IQ, FactSet, MarketAxess and State Street Analytics. We look forward to our next Forecast Dinner in January of 2007 and hope to see more of our members participate in this marquee event for the investment community.



Thank you to our photographer,
Newton Don, CFA



Summary of Comments by Forecast Dinner Panelists

by Dan Brady

The forecasting panel was comprised of luminaries from the fields of investment strategy (Richard Bernstein and Ed Yardeni, Chief Investment Strategist at Merrill Lynch and Oak Associates), venture capital (Kevin Fong of the Mayfield Fund) and economics (Richard Lyons, Professor of Finance at the Berkeley Haas School of Business). Phil Fortuna of Legato Capital Management moderated the evening's affairs.

The overall mood could be described as neutral, with Bernstein playing the role of bear and Yardeni the bull, and Fong and Lyon agnostic. The panelists cited common variables on which the economy and market will turn, most prominently the height and length of the Fed tightening cycle. Other wild cards were the price of oil, the resilience of the Chinese economy, and the value of the US dollar.

Ironically, each of the speakers disparaged the very activity of the evening, forecasting. One recommended that investors should take all the forecasts and then average them. Another made the point that Doppler radar still can't tell you whether you can have a picnic next Sunday. Nonetheless, none were shy about putting their chips on the table. Following is a summary of the evening's discussion.

Bernstein

Richard Bernstein led off the proceedings mocking the notion that he was known as the "big bear." He insists that this is a default categorization because "everyone else is more bullish." In point of fact,



Bernstein is merely predicting a flat market, but that is rather bearish in the context of a one year risk free return of over 4%.

His greatest concern is the Fed raising rates more than the consensus expectation, and considering that financial stocks are trading at the second highest multiple of the last 15 years, the expectation is that they are almost done. "I would argue that they [the Fed] are going to tighten more than people think."

The problem with the consensus view, according to Bernstein, is the tremendous amount of excess liquidity in the monetary system that needs to be mopped up. "There is no asset class that is starved for capital. There is no money manager out there who is saying, 'I just can't raise money'," Bernstein says. While this has not been very well reflected in the government inflation numbers, it is evidence of a need for more tightening.

The flattened/inverted yield curve is another concern. Many strategists have marginalized the significance of this historical recession indicator, saying "It is different this time," according to Bernstein. While there have been two occasions in the post-War period where an inversion was not followed by a recession, every other inversion has presaged a profits recession. This worries Bernstein: current market P/E's are not historically low, and likely will not be able to endure a diminution of the "E".

Secondly, Bernstein says, "The quality of earnings is the poorest in my career." Companies can add and subtract charges "willy-nilly" under the guise of special charges, or one-time items, he says. "GAAP doesn't work anymore," says Bernstein, and there needs to be more standardization and consistency in revenue and expense reporting to fix it. The end result is that low quality companies are overstating their earnings by 10% to 15% and high quality companies are understating their earnings as they are in valuation troughs and want future earnings to be judged against an artificially low base.

Bernstein is reluctant to recommend specific sectors to invest in, saying, "You want to be the guy to lend [invest] money where no one else will." Since there are not many sectors where this is true, it would be advantageous for the average investor to diversify more widely than normal.

The one sector that Bernstein does like is the utilities. "If I'm right [about the Fed cycle], this time next year growth managers are going to be overweight utilities stocks" [Laughter] "And if last year I said everyone was going to be overweight energy stocks in the growth sector [which many managers are] you would have laughed then too." He expects high-beta and technology stocks to underperform in the coming year.

Bernstein concluded, "If Bernanke really is a raving dove . . . if Bernanke becomes 'helicopter Ben', then this will be the wrong strategy." But Bernstein thinks investors are "confusing the end of Greenspan's term with the end of the tightening cycle."

*First Annual Forecast Dinner***Kevin Fong**

Fong picked up on the excess liquidity topic. After giving an evolutionary history of the venture capital business in general and the Mayfield Fund in particular, he bemoaned the decreasing returns available in a venture capital market that is no longer lacking in financing or savvy investors.

"I'm in the business of building new companies, new sectors that need non-traditional sources of funding . . . [sectors] where banks won't go. If I am doing my job right, I'm doing things that other people aren't doing."

In the early days of the venture capital business, back in the late 1960's and early 1970's, it was a "quiet cottage industry" where deals were small and collegial and no more than \$500,000 was expected to be invested. The



dynamics of the industry began to change in the late 1970's with the boom of the microprocessor industry, accelerated in the 1980's with the introduction of the personal computer, and veritably exploded in the 1990's with the spread of the internet. It is a cottage industry no more.

In 1989, the venture capital industry as a whole raised more than \$1.1 billion. In 2000, Mayfield's 11th fund raised \$1 billion in a week. This year over \$20 billion is expected to be invested in venture funds.

With the succession of successes in the late 1990's—including mind-boggling returns on early stage investments in Amazon, Yahoo, and Ebay—money and talent have flooded the industry. The very paradigm that Fong lives by—investing where others are afraid to tread—has been, to some extent, undermined by past success. The industry is a victim of its own success and the returns are succumbing to the law of large numbers.

"The worst thing that could happen in venture capital is to get another 'hot trend,'" says Fong. "If that happened, I would run for the hills. The money would flow in and the returns would diminish . . . capitalism would work."

The industry is also under pressure from public companies that heretofore did not finance start-ups

and were often naive purchasers of small companies nurtured (and owned) by venture capitalists. Larger companies, having hired many former VC's, are not only savvier and more discriminating purchasers of VC-funded companies, but they often finance start-ups as part of joint ventures.

In the coming years, Fong expects China to be the hot area for VC's. Many large western firms have begun to outsource their research and development to India where technical professionals command \$25,000 a year. The going rate for this work in China is around \$15,000 and Fong looks to take advantage of that discrepancy by investing in mainland China. "The dynamism [in Shainghai and Szechwan province] is equal to what it was in the heyday of Silicon Valley," Fong says. The Chinese will continue to challenge the West for resources and investments and this competition will become more pronounced as the economy continues to liberalize.

"Other [VC investors] don't appreciate this. They are scared of China, and that is why we are there."



*First Annual Forecast Dinner***Richard Lyons**

Academics have probably contributed the most to debunk the field of financial and economic forecasting--look no further than the scads of research supporting the efficient market theory (EMT). However, Richard Lyons authored a seminal paper on the predicative power of currency trading patterns. In a paper entitled, "The Microstructure Approach to Exchange Rates", Lyons explained how order flow in a market makers' trading book could predict movements in the currency several weeks hence. This predictive information is either slowly assimilated by the trading desk or it takes several weeks to actually be imparted into the market as a whole.

There are several caveats to the study: the data is from a period ending in 1989, the order flow information was not publicly available, and the pattern-discerning power of computing has increased exponentially in the interim. Nevertheless, his findings were a rare contravention of the EMT and it has inspired further research into the quantitative mechanisms (aka "microstructure") of market making and trading.

So what is Lyons forecast for the dollar? Since he is not on the Citibank currency desk,

he has to apply some broader academic heuristics. He agrees with the consensus that a trade deficit standing at 6% of GDP is unsustainable and that the dollar will eventually weaken. So he predicts that the dollar will fall? Not exactly. "Let me rephrase the question: Can the [imbalances] last five years? Yes. Can they last 20 years? No."

Lyons categorizes currency influences as high and low frequency forces. In his view, the trade deficit is a low frequency force that, while influential, can persist for years before having an effect on exchange rates. Interest rate differentials, on the other hand, are high frequency forces that have stronger predictive power. "Ever since Bretton Woods [the end of the gold standard] owning the higher returning currency has been a winning proposition . . . you get the [interest rate] differential and sometimes your currency even appreciates," Lyons said.

With the dollar solidly yielding over 3% more than the yen, and with the differential expected to widen into the summer, Lyons expects the dollar exchange rate to remain firm. In a year's time, Lyons expects the ECB and the Bank of Japan to begin tightening, and with the US having stopped tightening--or even loosening--he sees the dollar ending the year weak.

Lyons noted that exchange rates often don't move . . . until they do. In October of 1998, the dollar/yen appreciated 10% in one day as hedge funds rushed to unwind their carry trades (borrowing in yen at low rates to finance higher return trades). Lyons thinks the much anticipated dollar depreciation could happen in similar fashion as investors head for the exit at the same time.

Lyons is more reluctant to forecast Fed Funds rates. He has personally spent a lot of time with Fed Governors and says, "These people on the Board of Governors don't even know what they are going to do [about interest rates], how is a forecaster supposed to know?" The Governors are "real people", not the caricatures of "doves and hawks" that the media makes them out to be, Lyons says. "They read the same newspapers, they watch the same news as us . . . and if it [economy] gets spooky, they are going to pull back, otherwise they are going to keep tightening."



*First Annual Forecast Dinner***Ed Yardeni**

By way of explaining his optimism, Ed Yardeni started his speech with a confession: "I had a happy childhood." He finds misguided the rampant anxiety over interest rates, energy and housing prices.

Yardeni said he feels a little bit like Phil Connors in the film *Groundhog Day* as the first decade of the 21st century is shaping up very similar to the last of the 20th: the 1990's began



with a mild recession followed by a jobless recovery; commodities prices rose causing an inflationary scare that never materialized; and the stock market stormed ahead. We have shadowed the last decade in every respect except for the bull market, but Yardeni predicts that it just around the corner.

And if it doesn't transpire this way, the ever jocular Yardeni quips, "Before it ends badly we could always have another round of irrational exuberance!"

On inflation Yardeni observes, "If we couldn't get core inflation above 2% with low interest rates and rising oil prices, we will be worrying about deflation sooner rather than later." Because of this concern, Yardeni expects Bernanke to raise rates more aggressively than otherwise so that he will have more room to ease when consumer prices begin to fall later in the year.

"We are living in an unprecedented period of global prosperity that started after we won the Cold War," Yardeni says. And as China and India begin to share in this prosperity, it behooves investors to invest in the products and assets that prosperous people demand. Specifically, Yardeni recommends exposure to the following sectors: aviation (travel), semiconductors (consumer electronics), asset management (retirement savings), investment banks (internationalization of finance), and managed care (aging of the western populations).

Yardeni also addressed the concerns of those who, according to him, had unhappy childhoods:

He doesn't think there is a housing bubble. "It's a market. Prices got too high and now they are coming down." He sees housing as a long term growth story and finds the P/E ratios on housing stocks exceptionally low at 6 and 7 times earnings.

He doesn't think the consumer has a savings problem. He notes that, while the stated personal saving rate is flat to negative, it is distorted because it doesn't treat capital gains as income, and retirement benefits in pension plans computed based on the price at contribution. He remarks that the Chinese save 40% of their income which totaled some 1.7 trillion dollars in recent years. During that same time, "we saved nothing [according to government statistics] in the US and our assets went up by over \$5 trillion."

He doesn't think the Chinese economy will cool anytime soon. He observes that 8 million new workers must be absorbed into the economy in order to keep employment flat. In Yardeni's mind, the communist leadership cannot afford a recession and will provide the liquidity to keep the economy growing. He does make the point that things could abruptly change in September of 2008. That will be when the summer Olympics conclude in Beijing, and the Chinese may have to do some considerable belt tightening thereafter, including a possible revaluation of their currency to correct imbalances. Japan did exactly that shortly after the end of the 1964 Olympics in Tokyo.



Officer Interview

Philip Levy, SASF President & Jim Keene, SASF Vice President, sat down recently to go into further detail about the Society's core initiatives and strategic direction.

First, let's discuss the Society's mission & vision going forward and how it relates to adding value to members:

The Board of Directors of SASF, now renamed CFA Society of San Francisco, closely focuses on aligning itself to the society mission statement of promoting high standards of competence and ethics, at the same time, encouraging professional development of its members. Compared to 4 or 5 years ago, the breadth, depth and quality of our programming has significantly increased. We continue to host high profile speakers and programs that other smaller societies would find more difficult in securing. Looking forward, we expect to make maximum use of the new real estate space for an even greater array of member programs, social events and other related member activities. This also includes joint programming with other Bay Area non-profit professional organizations and member networking opportunities that would have been much harder and cost prohibitive in the past. The Board of Directors is charged with not only overseeing the programming and operational aspect of the Society, but also creating strategic objectives and a clear vision as we continue to mature. For example, securing a quality real estate space was a vision which took 3 years to evolve. The Board was also successful in realizing the vision of hosting an annual Forecast Dinner, and we are now positioning it to be a major San Francisco investment professional event that the membership and investment community look forward to each January. As we go forward, we plan to create additional value to members by raising awareness of the CFA designation locally, both from the name change and our new physical space, toward expanding our outreach efforts to Bay Area universities, major employers and others. We envision creating a Strategic Advisory Council comprised of long-standing Bay Area investment professionals and executives as well as cultivating the idea of a non-profit society foundation to benefit our philanthropic endeavors in the future. Also, seeing that the CFA Institute and member

Forecast Contest for Dinner Attendees

As part of the Annual Forecast Dinner, a contest is being held to see which attendees are the best at forecasting in 2006. Entries were submitted with forecasts for 12/31/06 on various investment and economic criteria. After tabulating the entries, we wanted to share with our members the results of the attendees. You will see that there are substantially differing opinions on several of the items. The winners of the contest (least variance amongst all categories) will be announced at the Forecast Dinner next January, and will receive free admission to the Dinner. ***See the results on the back page!***

societies are now collaborating together much closer than in the past, one idea is to create a standing board position with the vision of developing a long-term relationship with the CFA Institute. This could potentially evolve into a role as Presidents Council Representative or Board of Governors position at the CFA Institute down the line.

Explain how the real estate idea evolved and background related to supporting the CFA Review Program:

We continue to have a high quality and profitable SASF CFA Review Program, only 1 of 3 programs globally not to partner with a 3rd party provider. Securing rental space for the program became increasingly more prohibitive, beginning in 2004, both cost-wise and availability-wise. Last year, it got to the point where the cost of rental for the review program was approaching the annualized cost of leased space - and what we got for the marginal increase in cost was controlled space for the CFA Review program and some other programming, board meeting and office space that we could grow into on a full time basis. Thus, the challenge to get committed and affordable space

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Planning For Success

By Jennifer Winn

Quick! If I were to ask you to write down the top five skills that make you a uniquely valuable employee, could you? How about the specific skills you should be developing over the next year in order to advance in your career? Chances are you, like most of us, are too busy with your day-to-day job to spend much time thinking about your career from a broader perspective.

So what happens when your career hits a stumbling block, such as a downsizing or reorganization, and you're suddenly scrambling to find a new job? Or you're scheduled to be promoted when a new manager arrives and brings in his own team? While you can't control the events around you, you can significantly mitigate the stress they create by planning for the unexpected, especially when it comes to your career.

Most people, unless they're actively job searching, will tell you their resume is out of date or even that they haven't looked at it in years. That's no problem, but what is a problem is how much time it can take to re-construct several years' worth of accomplishments, along with the "who, what, when, where and why" of those accomplishments. That's why I recommend clients keep a "Success File" where they regularly store notes on every project they work on.

Here's how it works. For each project, write a 1-2 page summary that starts with the basic logistical information such as: the company; the timeframe; your official title and role; your general job responsibilities; and the names and titles of other key players. Once that's done, write a concise summary of (1) the business problem the project addressed; (2) the specific actions you took; and (3) the business outcome. As much as possible, focus on the financial, measurable outcomes, such as how the project made money, saved money or saved time for the company.

Once you've captured all of the above, go through and identify the specific skills you

demonstrated in each project and list them near the top of the summary page. Now, when you tell someone you are "great at building effective teams" you have a concrete example to illustrate your point. In addition to the project summaries, be sure to include in your Success File copies of customer letters, congratulatory emails, press clipping, etc. that lend credibility and provide proof of the positive impact of the project.

While no one can guarantee you a completely smooth ride ahead in your career, as author Alan Lakein puts it, "Planning is bringing the future into the present so that you can do something about it now."

Jennifer Winn, founder of Winn Performance Partners, is an executive consultant and career strategist. She can be reached at (925) 314-9660 or online at www.winnperformance.com.

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IMPORTANT NOTICE TO SASF MEMBERS

Yellow Meeting Tickets Expire at June 30, 2006

The society will conclude its five-year grace period to honor the yellow tickets sold during the 90s on June 30, 2006. If you still have yellow tickets, please use them before they expire!

To use yellow tickets, register for a program as paying by "check" and present your tickets at the door along with any balance due. Face value of ticket will be honored prior to expiration at June 30, 2006. If you have any questions, please email info@sasf.org

Interview...continued from page 9

for the program gradually evolved into carrying out our longer-term vision on a much broader scale. The 300 Montgomery St. location was the 3rd serious site we have evaluated, and the Board recently entered into a 5-year lease commitment with a probable move-in date of September 1st. In pursuing committed real estate space, we saw this as an opportunity to control our own destiny, while creating an opportunity to experiment with programming and events that otherwise would have been too costly to sponsor.

How will the space be funded and what is the financial position of the Society?

The Society is in strong financial shape, with nearly \$750k in reserves, invested in a balanced portfolio with short-term funds earmarked for real estate build-out costs. The lion's share of the reserve was built up from the success of the CFA Review Program dating from the mid-1990's and has acted as a cushion since that time. While operating costs have inevitably risen, the 2006 dues increase will manifest itself going forward with increased programming and added member benefits. To put the dues in perspective, the Society's dues will still be at or below our direct large society peers. New York charges \$200/year, Los Angeles and Chicago \$150/year and Boston \$125/year.

Discuss the name change, alignment with the CFA Institute and how the Society is raising visibility in the Bay Area:

As mentioned before, the name change to CFA Society of San Francisco aligns us with the CFA Institute and the CFA Examination. The former name, The Security Analysts of San Francisco no longer reflected the overall breadth of the membership and the time had come for the members to decide on aligning the society name more closely with the designation. Longer-term, the society will benefit from taking advantage of this clear branding effort. In other words, there will be no confusion over any differences between what the CFA Institute is trying to accomplish and what we represent on the local level. It adds more branding value to the CFA Charter and may result in more income for Charterholders in all businesses. We continue to operate as a totally separate organization from the CFA Institute with

a Board that makes decisions for the benefit of our local members. The CFA Institute leadership has recognized the benefit of effective partnership with the local societies and this has been clearly evident during Jeff Diermeier's tenure as CEO. His leadership and accessibility at the local level has created positive change. For instance, he has met with major Bay Area employers creating visibility for the Society and Institute, cultivated relationships at the executive level and participated as the keynote speaker at the 2005 Career Day. The CFA Institute staff, including Mr. Diermeier, the Western Regional PCR, Marla Harkness and West Regional Society Representative, Melissa Mawyer, are much more in lockstep with the Board on the local level compared to 5 years ago and that can only help raise visibility for the CFA Designation.

How has the Board evolved over the past several years?

The board has been able to deal with challenging decisions regarding the direction of the society over the last several years. We have grown to become much more of a high-functioning board in terms of making decisions and moving forward as a group. As the membership base grows in the Bay Area, we hope to evolve into more of a governance and strategic board rather than an operations and tactics board, with the goal of having staff and our committee volunteers drive specific programs. We've achieved this to some extent, but have farther to go. We are always looking for member involvement, both at the Board of Director level and committee level as the diversity of the membership base continues to grow.

What are the key takeaways for Society members?

There are lots of positive changes happening within the Society and the Board leadership is solid going forward. This is a wonderful member-driven organization with opportunities for professional connections and enhancement, networking and the development of leadership skills to use in the work place. By becoming more active, you can give back to the Bay Area investment community, have a say in driving initiatives and the overall direction of the society, whether it be related to media relations, continuing education, charity-focused events, forecast events, financial literacy programs, employee relations or university outreach. We have a lot to be proud of.

Book Forum

We recently held two events as part of our new Book Forum, and plan to offer more of these sessions in the future. We are pleased to be able to bring to our members the opportunity to hear directly from the authors of the books. We would encourage attendees to read the books prior to the meetings in order to have an more in-depth Q & A session. For those of you seeking professional development credit, log your time reading the book in your on-line diary and the Society will submit additional credit to your diary for attending the meeting. Also, if ordering the books from Amazon, don't forget to help benefit our Society by linking to Amazon from the SASF website so that we may share in a small portion of the revenue. If you have additional ideas for a "must read" book and would like to see it added to the Book Forum, please contact the society.

Forecasting Contest Results				
	12/31/05	Average	Hi	Low
	Value	of Entries	Entry	Entry
S&P 500 Index	1248.29	1325.34	1543.4	1100
Federal Funds Rate	4.25%	4.62%	6.0%	3.75%
10 Year Treasury	4.39%	4.88%	7.0%	3.96%
Dollar-Euro Exchange	1.185	1.19	1.40	.85
WTI Crude Oil Spot Price	\$61.04	\$63.03	\$85	\$40
Google Stock Price	\$414.86	\$412.99	\$800	\$60

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