

BUILDING THE INVESTMENT MANAGEMENT PROFESSION

John Bowman, CFA, Managing Director, Americas
CFA Institute

15, June 2016

Austin CFA Society event



CFA Institute



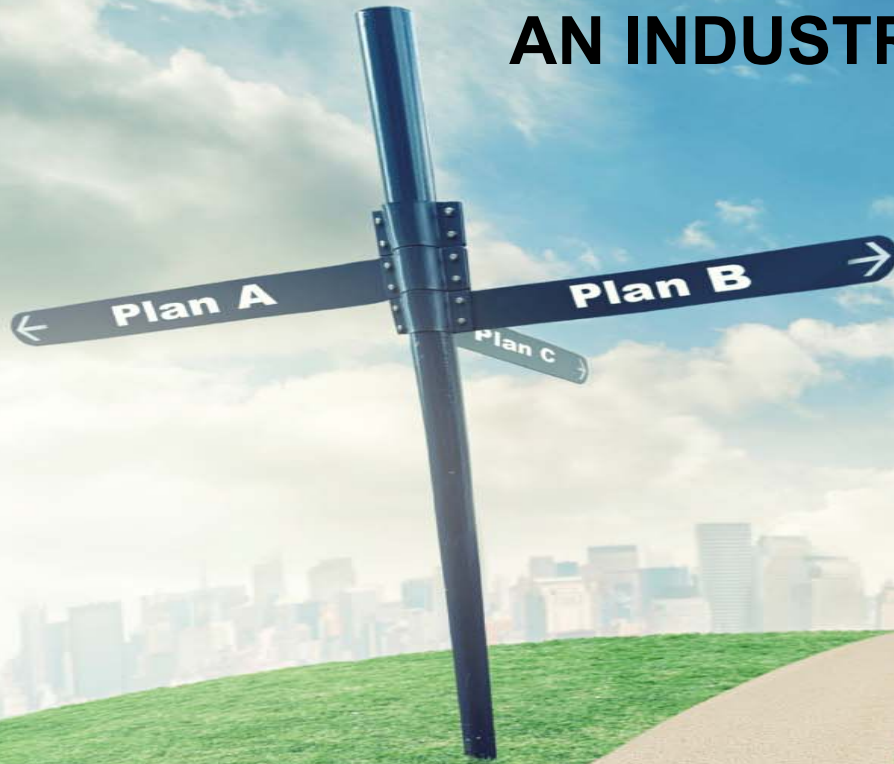
THE GOOD NEWS

Middle class to grow 180% by 2040

Global investable assets to increase to more than \$100t by 2020

Source: PwC Asset Management 2020: A Brave New World

AN INDUSTRY AT A CROSSROADS...



- Exploding investable assets, but...
- Technological disruption
- Affluent preferences and demographics
- Trust deficit
- Tighter regulation

“You’re a kite dancing in a hurricane, Mr. Bond.”

-Mr. White to James Bond, Spectre

THREE-POINT ACTION PLAN

**Set high
standards
of entry and
transform
talent**



THERE IS A WORLD OF DIFFERENCE

#CFADifference

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I'M AN INVESTMENT MANAGER

RAISING THE STANDARDS OF MY INDUSTRY.

Christine Phillpotts, CFA

Ask firms why they employ investment managers with the CFA® designation and they'll tell you that those letters represent a proven understanding of investment management, commitment to ethics, and always putting clients' interests first. All of which contribute to the integrity and credibility of their organizations. Because, for our charterholders and their employers, those three letters are making a real difference every day.

Learn more at cfainstitute.org

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ONE OF ANY NUMBER OF INVESTMENT MANAGERS WORLDWIDE

ONE OF ONLY 125,000 CFA CHARTERHOLDERS.

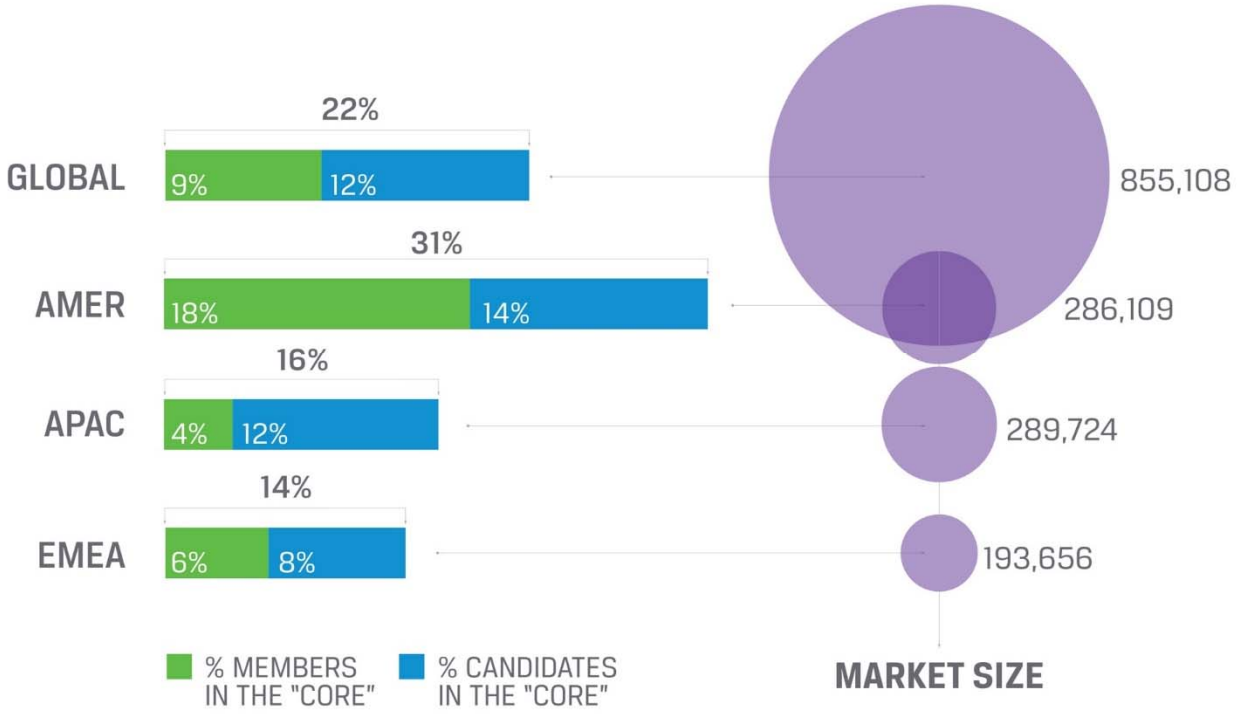
Idris Alimi-Omidiora, CFA

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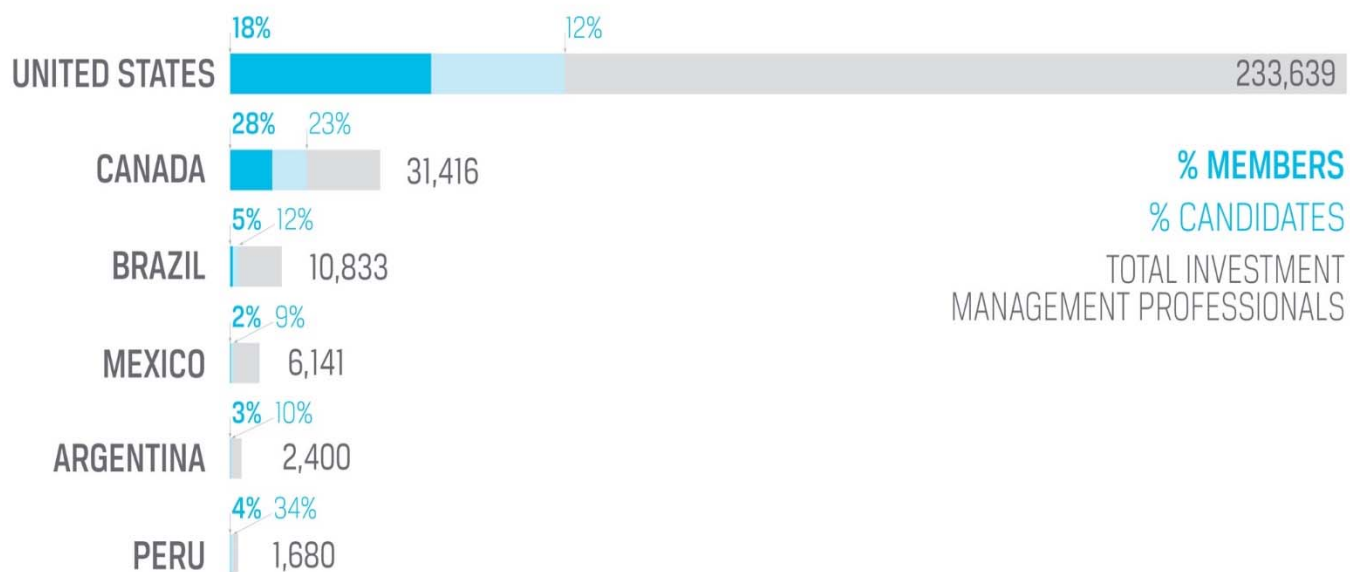
CFA Institute | A Difference That Matters

CFA CHARTER MARKET PENETRATION BY REGION

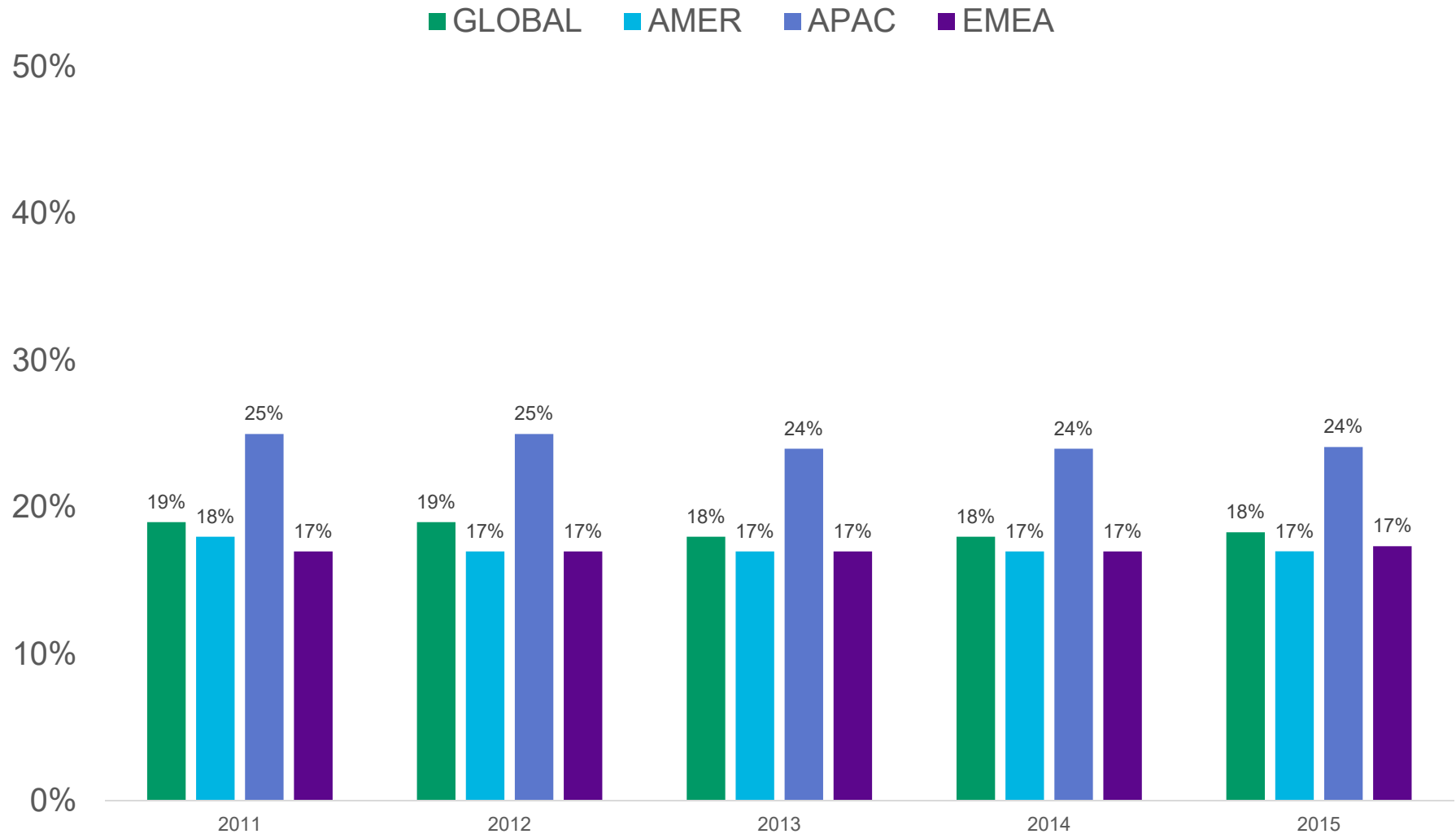


Source: Mercer Market Sizing Study

AMERICAS MARKET PENETRATION



WOMEN AS A PERCENTAGE OF CFA INSTITUTE MEMBERS



INVESTOR OUTCOMES

Homogeneity is counter to investment performance

- *Companies with the highest share of women outperform* companies with no women – the top-quartile group has a 41% higher return-on-equity than the group with no women (McKinsey 2014)
- *Mixed gender teams bring much needed diversity of thinking* to the investment process and improve investment outcomes. Once a critical mass is reached – about one-third women – team outcomes improve (Catalyst 2007)
- Research indicates that *investors aren't aware of the value mixed gender teams bring to performance*. Only 25% of surveyed individual and institutional investors indicated gender diverse teams would positively impact performance results (Edelman Trust Survey, 2015)



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**Create
business
models
geared
toward
achieving
investor
outcomes**

WE MUST CHANGE THE CONVERSATION

- Stop competing on relative performance
- We need goals based, holistic performance that redefines the advisory value proposition and delivers performance that is personal
- Shift from product to solutions investing

Only 53% of U.S. investors believe their investment providers are acting in investors' best interest

Despite their best intentions, many advisors have been justifying their worth based on market and investment product returns in the short term rather than performance that is personal to the client over the long term.

Nearly two-thirds of investors express no particular loyalty to their current investment providers

Source: The Performance Paradox, State Street Center for Applied Research

STATEMENT OF INVESTOR RIGHTS

- Honest and competent conduct
- Independent and objective advice
- Client interests come first
- Fair treatment amongst clients
- Disclosure of conflicts
- Understanding my circumstances; suitable advice
- Clear, accurate, complete, timely communications
- An explanation of all fees and costs
- Confidentiality of information
- Proper record keeping



Source: CFA Institute, *Statement of Investor Rights*

OVER 1200 FIRMS IN 35+ COUNTRIES NOW CLAIM ASSET MANAGER CODE COMPLIANCE

- Opportunity to build or strengthen a **reputation** for integrity
- Objective standard to help **identify and address gaps**
- A **simple way to communicate** your ethical commitment to clients
- **Competitive advantage** as awareness of the Code increases

www.cfainstitute.org/assetcode



Countries in blue have compliant firms

Sample firms:

BNP Paribas	BlackRock
CIBC	Duff & Phelps
Morgan Stanley	Pictet
Prudential RE	T&D Life Group
TD Asset Management	

THREE-POINT ACTION PLAN



WHAT IS A FIDUCIARY?

“A fiduciary is someone who has undertaken to act for and on behalf of another in a particular matter in circumstances which give rise to a relationship of trust and confidence.”

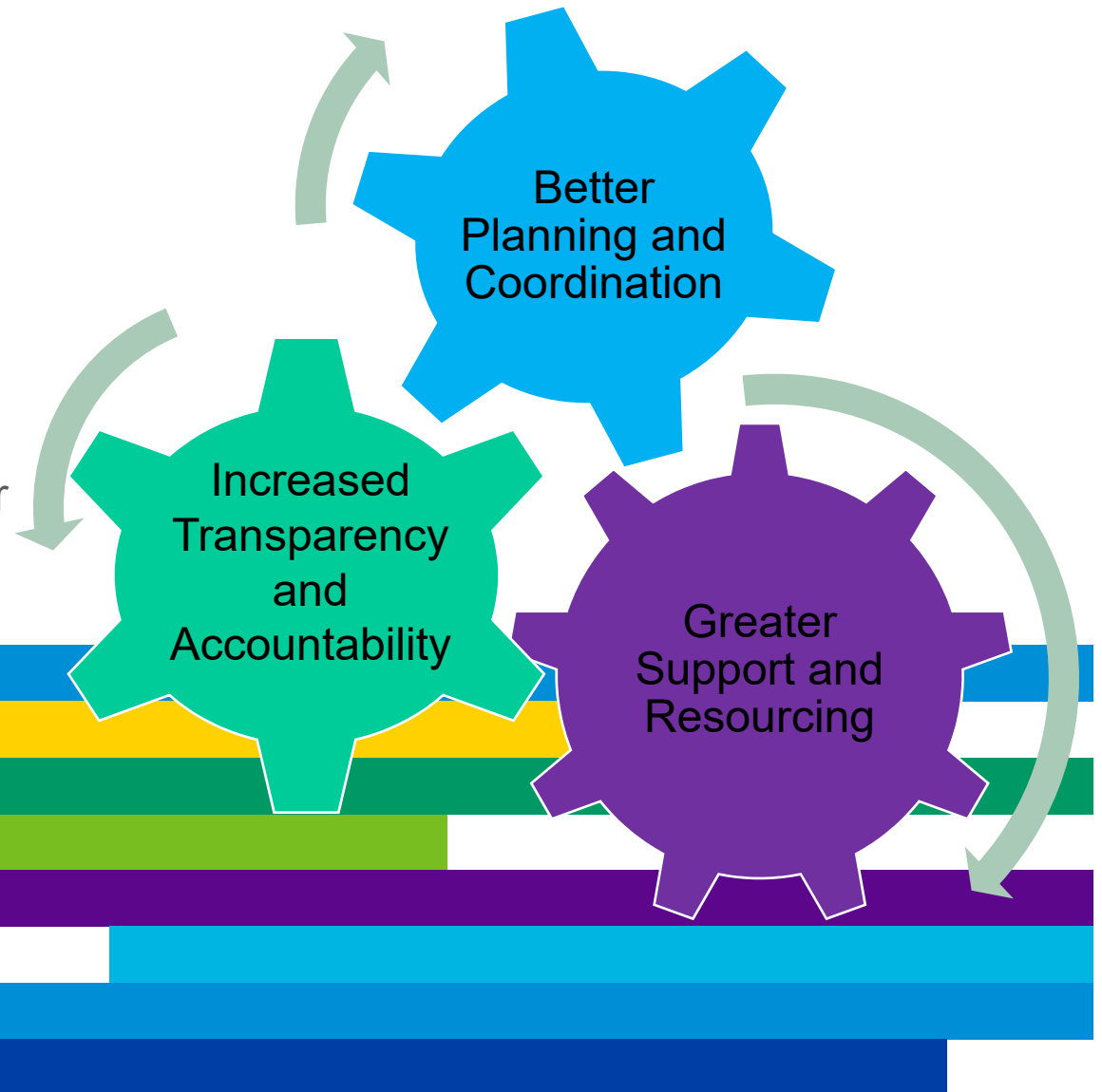
- Lord Millett, *Bristol and West Building Society v Mothew*

CULTIVATING A PROFESSION

- A common body of knowledge that is widely accepted
- Certification that individuals possess such knowledge before practicing
- A code of ethics, with compliance monitoring and enforcement
- Continuing professional development
- ***Seal of approval from Society—A public warranty***

YOUR AMERICAS TEAM

- Americas Management Team
- ~40 Americas team members dedicated to the region
- In-kind resources
- Here to make your lives easier



FY2017 – FY2019 AMERICAS PRIORITIES

Become the leading standards setting and membership body for the investment management profession globally.

Gain recognition for CFA charterholders as the go-to advisors in PWM among HNW investors

Advocate for professional standards resulting in an investment profession deemed trustworthy and competent by the public

Better empower member societies to strategic and proactive action

Increase demand for investment management professionalism in Brazil and Mexico

THANK YOU.

QUESTIONS?



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