



**CFA Society
Melbourne**

ANNUAL REPORT &

FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2016





Table of Contents

About Us.....	5
Message from Managing Director, CFA Institute Asia Pacific.....	6
Message from President, CFA Society of Melbourne	7
Message from CFA Presidents Council Representative for the CFA Institute Asia Pacific North and Oceania Region	9
Key Statistics - CFA Society of Melbourne	10
Advocacy.....	14
Ethical Map.....	15
Global Investment Performance Standards.....	16
Member Education	18
Global Passport Program.....	20
Membership.....	21
Candidate Education.....	22
The Asia-Pacific Research Exchange (ARX)	23
University Outreach.....	24
Special Functions.....	26
Social Events.....	28
Website, Social Media and Newsletter.....	30
Treasurer’s Report	34
Financial Statements.....	36



About Us

CFA Society of Melbourne represents the interests of approximately 600 members of the investment profession.

“Our mission is to serve members of the society and enhance the reputation of the CFA designation in Australia by promoting ethics, integrity and professional excellence; and to improve the competency and standards of the investment profession in Australia. Our independent voice aims to ensure the integrity and efficiency of the capital markets that underpin our profession and the broader economy.

Our vision is to make the CFA Society of Melbourne an indispensable part of the investment profession in Australia.”

The society, which was founded in 2000, is a leading member society of CFA Institute (CFA Institute has over 135,000 members in 150 countries and territories, making it the world’s largest association of investment professionals) and serves members’ best interests through the education of investment professionals, by informing policy-makers and the public about the profession and through the promotion of high professional and ethical standards.

Being an association of local investment professionals, encompassing portfolio managers, security analysts, investment advisors, and other financial professionals, we promote:

- ethical and professional standards within the investment industry,
- professional development through the CFA Program and continuing education,
- exchange of information and opinions among people within the local investment community and beyond, and;
- public recognition of the CFA designation.

Board of Directors

Graeme Bibby, CFA	<u>President</u>	Thomas Tam, CFA	<u>Advocacy</u>
Wendy Fergie, CFA	<u>Vice-President</u>	Paul Kessell, CFA	<u>Member Education</u>
Inna Zorina, CFA	<u>Secretary</u>	Stratton Bell, CFA	<u>Membership</u>
Desmond Goh, CFA	<u>Treasurer</u>	Huey Miin Lim, CFA	<u>Candidate Education</u>
Kate Mistic, CFA	<u>Immediate Past President</u>	Claire Thornton, CFA	<u>University Outreach</u>
		Allison Miller, CFA	<u>Special Functions</u>

Executive Staff

Susan Morey	<u>Head of Advocacy, Australia & New Zealand</u>	Emma Philips	<u>Events & Marketing Manager</u>
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Message from Managing Director, CFA Institute Asia Pacific Nick Pollard



Dear Colleagues,

It is with great pleasure I write to congratulate CFA Melbourne Society on a highly successful year. Since joining the organization this past April, it has been a privilege getting to know the people within and connected to CFA Institute. Our work is meaningful and the Melbourne society exemplifies the difference we can make.

My first impressions travelling throughout the region have been striking. At every meeting, at every speech, at every society event, and in speaking individually with members like you, the enthusiasm our stakeholders have in being part of something bigger is contagious. Beyond a commitment to your job and serving your clients in an ethical manner, being part of a profession that has a greater purpose is deeply meaningful. Your commitment to our mission is genuine and at every turn it seems, you want to do more.

We are very pleased with the local take-up of important initiatives, including Women in Investment Management (and a new Women's Scholarship program) and for the next generation of financial talent, the Research Challenge. Programming locally included some of the hottest topics that CFA Institute tracks, including ESG investing, and as part of our Future of Finance initiative, the publication of a Trust to Loyalty survey. We were pleased the survey resulted in a lively panel discussion in Melbourne on the ethics of 'who's money is it' given Australia's unique compulsory investment scheme.

We continue to work closely on a national level with societies in Australia on advocacy efforts. This past year the Advocacy Council of Australia and New Zealand was launched and we are engaged with APRA and ASIC on ethics and culture issues in the industry.

Early responses to the global brand campaign in Asia Pacific, and at a more local level in Australia, have exceeded expectations. Leila Lee, CFA, executive director at Goldman Sachs graciously volunteered her time and has been present not only on Swanston Street, but also in print and digital media. The campaign directly responds to member feedback and will help increase awareness of the CFA charter with employers and regulators, a top priority for our members globally.

As I look ahead to the coming fiscal year, there continues to be tremendous opportunity to do more: to serve our members better and help enable what societies do locally. As CFA Society Melbourne continues to grow its membership base, the roles of the society board and other volunteers become more important and significant. We encourage members in Melbourne to actively participate not just in the activities organized by the society, but also to get involved as volunteers to generate value to the investment professional network in Melbourne and Australia as a whole.

Thank you for your continued support and commitment to our mission.

Sincerely,

Nick Pollard

Managing Director Asia Pacific

CFA Institute

Message from President, CFA Society of Melbourne

Graeme Bibby, CFA



As part of the global network of CFA we aim

To lead the investment profession globally by setting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.

On a local level we seek to bring this to life through the activities of the CFA Society of Melbourne. This involves you, our members, volunteers and candidates, continuing to be involved with the Society, not just through your connection with the CFA designation but also via CIPM and Claritas. Our activities are focussed on continuing education opportunities, raising the brand awareness of all the designations we represent with employers, regulators and universities, and also providing social and networking opportunities. Together we deliver a unique impact within financial services towards the development of markets and professions that we represent through the mission by striving to set the highest standards of ethics, education and professional excellence. We believe that our contribution to influence and enhance these high standards combined with investment market development provides many benefits to society. These benefits including putting the end investor first, encouraging transparent and easy access to investment markets and products, and being able to guide investors towards better outcomes for their financial well-being and retirement. In this endeavour I am happy to report that we have again seen a year in which we have demonstrably developed and delivered in all these areas summarised below and reported in detail in the pages to follow.

The CFA Brand Campaign was launched in Australia in July following collaboration between representatives from CFA Societies Australia and marketing specialists from the CFA Institute Asia Pacific.

Advocacy efforts were improved with the commencement of the Advocacy Council comprising representatives from CFA Societies Australia and financial sector employers.

Further outreach was undertaken with employers, regulators and universities to promote the recognition of the CFA designation, CIPM and Claritas and standards such as GIPS and the Asset Manager Code of Conduct.

Social Media activities are undertaken through the CFA Melbourne and CFA Societies of Australia website, facebook and twitter presences. Monthly newsletter provided a snapshot of past and upcoming initiatives.

Continuing education is provided through the lunchtime seminar programs, and candidate education through review courses.

Special Events include the annual Forecasting Dinner and preparations for the CFA Australia Conference in 2017.

The Research Challenge engages university students to research and present a stock research case.

The Asia Research Exchange (ARX) website was launched as a way to encourage research connections between universities and industry practitioners.

Social events include the quarterly networking drinks, with some including candidates after exams or results.

Many thanks for the work of the CFA Society of Melbourne Board members and volunteers for the successful execution of the above activities. We also acknowledge the support from the staff that we share with CFA Society of Sydney, the executive director, administration, events and marketing officer, head of advocacy. I would also like to thank Kate Mistic for her role as President for most of the last financial year.

Graeme Bibby, CFA

President, CFA Society of Melbourne



Message from CFA Presidents Council Representative for the CFA Institute Asia Pacific North and Oceania Region Phil Graham, CFA



In 2015, having served as a board member and president, I was fortunate to be elected as the Presidents Council Representative (PCR) for the Asia Pacific North and Oceania region. As such I appreciate the opportunity to contribute to the CFA Society of Melbourne annual report for 2015/16.

Members and societies are the lifeblood of the CFA organisation. With 147 societies (and growing) around the world, effective communication between the CFA Institute Board and staff is a challenge. The role of the PCR is to help bridge that gap, by acting as the representative of the societies in their respective region with the CFA Board and staff.

Nick Pollard and Graeme Bibby have provided an excellent update of many developments within the CFA at regional and local society levels, respectively. As a PCR I attend CFA Institute Board meetings and participate in discussions with CFA Institute staff on the direction of the CFA organisation. I am pleased to report back on some key initiatives that have been occurring at a global level, which are of interest to members.

The main initiative undertaken in fiscal 2016 was the much-awaited launch of the global brand campaign “A World of Difference” which started in North America, the UK, Germany, India and China, and then expanded to other countries, including Australia. Locally, members may have noticed a coordinated series of advertisements (notably over the famous Young & Jacksons Hotel in the Melbourne CBD and in some key trade magazines). The brand campaign aims to raise awareness amongst groups that may not fully understand what the CFA stands for, such as regulators, employers and universities. It is expected that member value will be created through a broader appreciation that the CFA, as a member-driven not-for-profit organisation, stands for an improved outcome for investors, whether that be through a higher level of education, improved standard of ethics or better financial structures. Look for this effort to continue and expand this year.

Internally, over the past year the CFA Board has undertaken a review of its own governance, which has resulted in a plan to reduce the number of Board members, and to increase the diversity of the Board. In addition, to show it practices what it preaches, the Board has made the decision to adopt public company reporting standards. Improved governance has also been a focus of the PCRs. Societies have been given added attention in this structure by establishing a Society Partnership Advisory Council which brings members of Board of Governors, CFA Institute Leadership Team and PCR volunteers together in a deliberate way in order to address the needs and future of our existing relationship with the Institute.

Over the period I have been PCR I have witnessed a significant increase in financial commitment by the CFA Board to support individual societies to achieve their goals. Across the region this funding is being used by societies to improve operational infrastructure and to undertake new initiatives that create member value. For its part, the Melbourne society continues to provide valuable assistance to its members, as outlined by Graeme Bibby. I would like to echo the thanks to the Melbourne society volunteers who give their time freely to contribute towards the CFA achieving its objectives.

Phil Graham

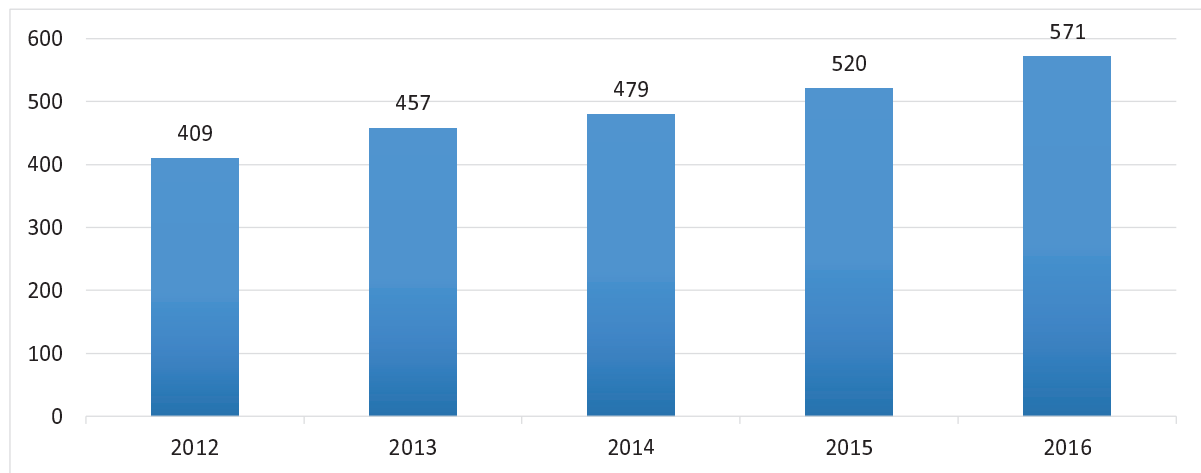
Presidents Council Representative

Asia Pacific North and Oceania Region

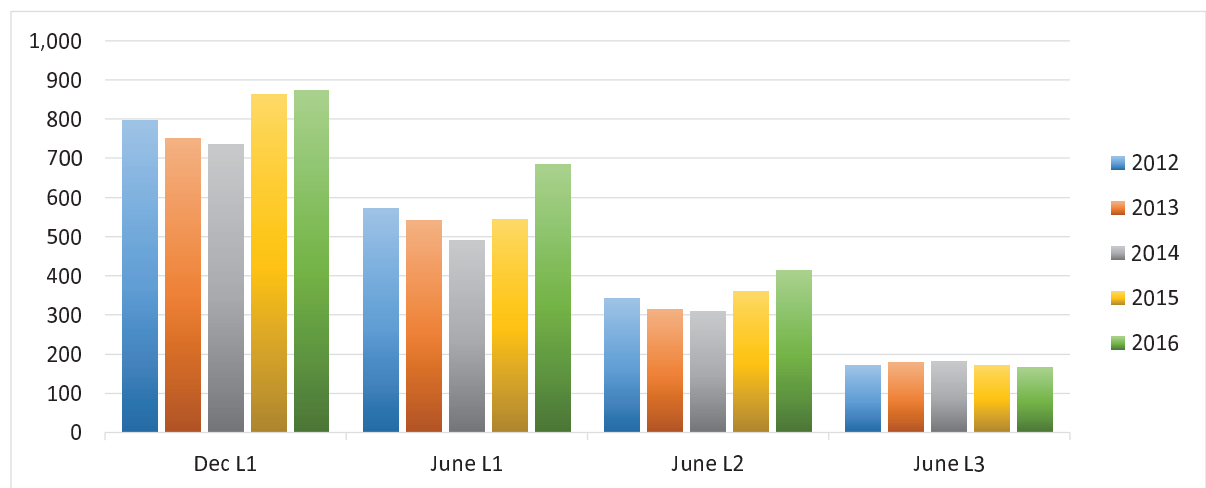
CFA Institute

Key Statistics - CFA Society of Melbourne

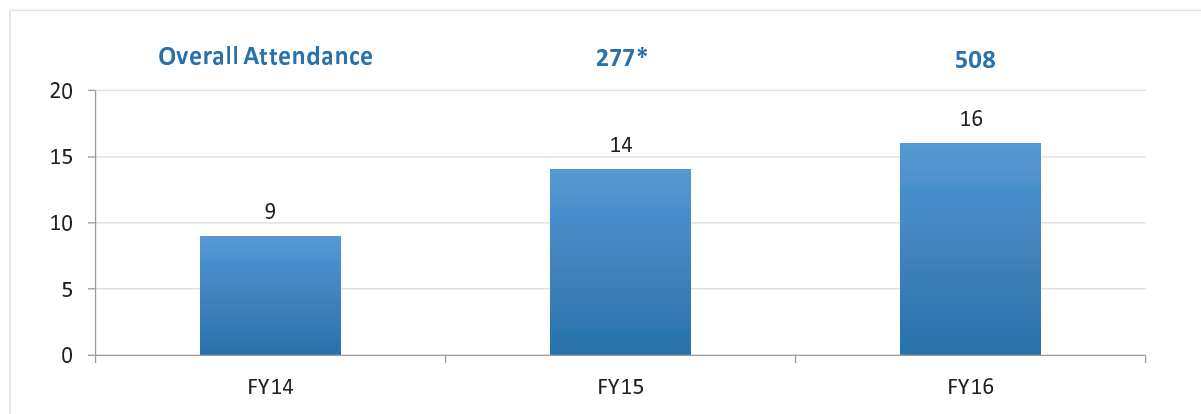
Growth in Membership (2012 – 2016)



Candidates by Exam Level (2012 – 2016)

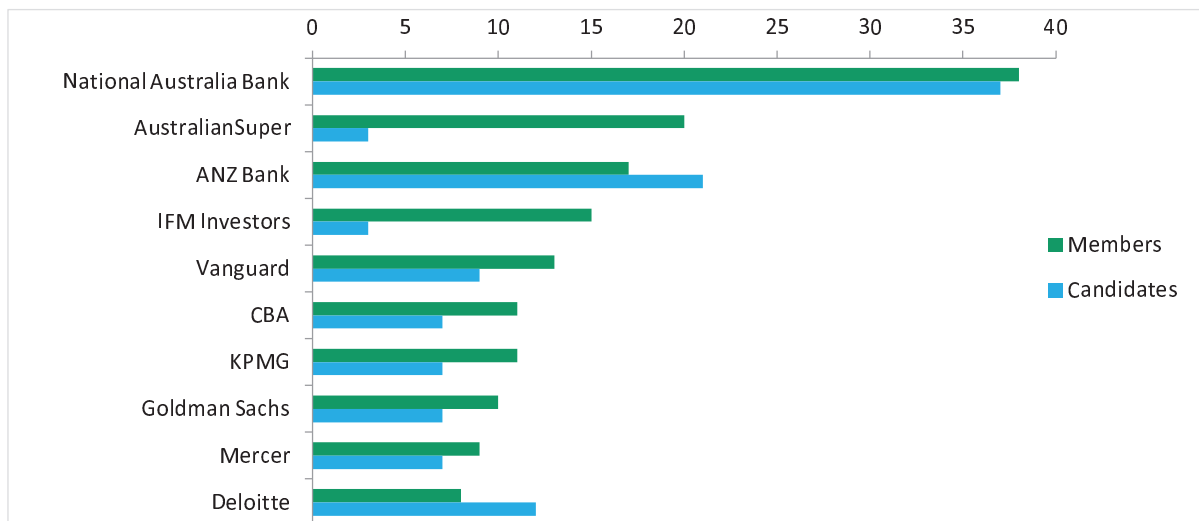


Number of Educational Seminars / Webinars / Career Events and Attendance by Year

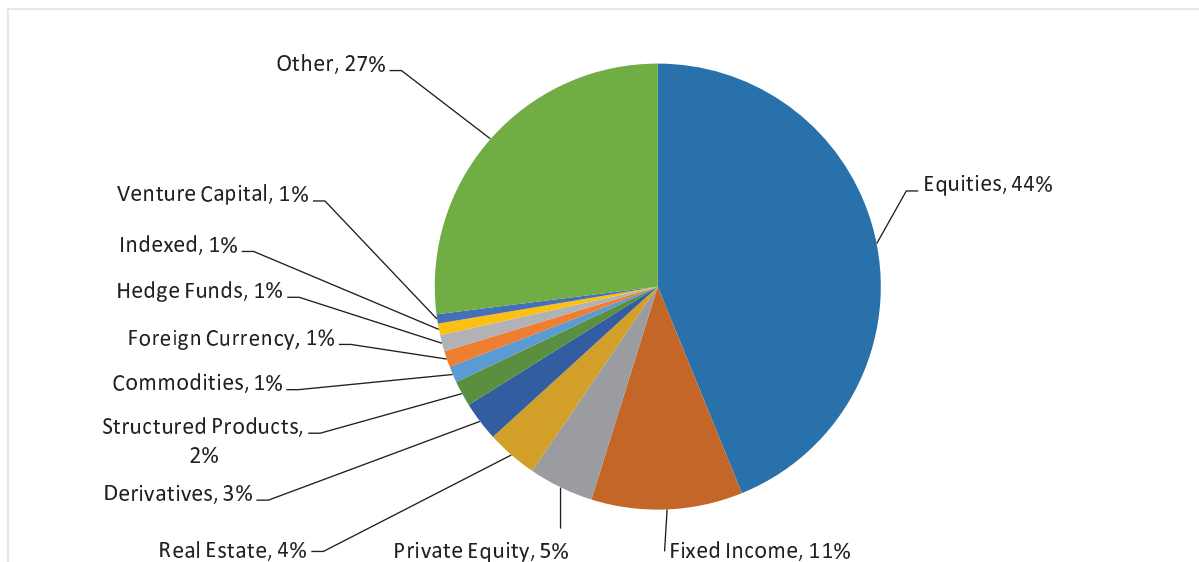


* Attendance data is available from 2H FY15 only

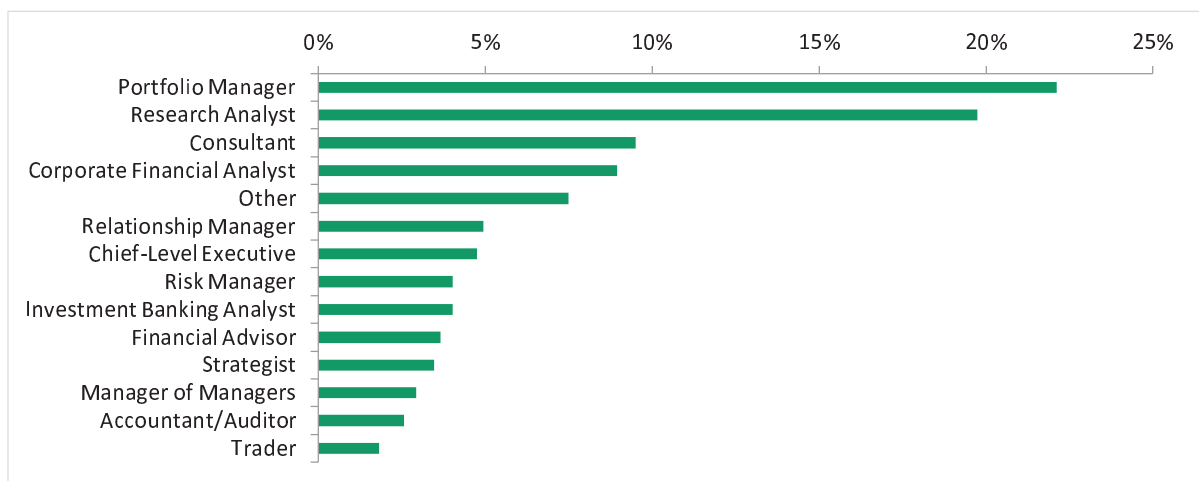
Top Employers



Members' Primary Investment Practice



Members' Job Functions







COMMITTEE REPORTS



Advocacy

It's been a busy and exciting year in Advocacy as we continue to build on the value of the CFA brand by demonstrating our commitment to ethical behaviour and market integrity as well as being at the forefront of thought leadership.

To that end, we adopted a multifaceted approach in engaging our key stakeholders as illustrated below:

- **Regulators:** we provided a submission to the Treasury in relation to the Corporations Amendment Bill 2015 (relating to the Professional Standards of Financial Advisers). Our key recommendations included adopting Level 1 as the standard accreditation for all financial advisors and appointing a CFA representative to the new Standards Body fulfilling the role of an ethics expert.
- **Media:** throughout the year, we have released a number of influential pieces of research in mainstream publications including the AFR, The Age, Financial Standard, Financial Observer etc.. Of note, was the study of "An Ideal Retirement System Report". The study focused on the different pension systems in the world and the common principles leading to better retirement outcomes. The paper received strong media coverage and positive brand awareness.
- **Members:** for our most important constituent (our members) we hosted thought provoking sessions with Professor John Kay on "Managing Other People's Money" and a panel session with key industry heavy weights on "A global survey of what investors want". These sessions received good media attention promoting the depth of talent within the CFA community.
- **Broader community:** the CFA society of Melbourne was part of a Global Brand Campaign titled 'A Difference that Matters'. The campaign sought to promote the professionalism of the CFA designation by upholding the highest standard of ethics, education and professional excellence for the benefit of the community. Advertising were strategically placed in print media (such as the AFR) as well as mainstream channels such as the electronic billboard above the Young and Jackson Hotel.

Finally, the Advocacy Council for Australia and New Zealand was formed this year with the ultimate goal to improve the recognition and the value of the CFA designation. Members of the council were drawn from a talented and influential pool across different sectors as shown below:

Paula Allen, CFA	Accounting Member
Graeme Bibby, CFA	Insurance Member
Mark Delaney, CFA	Superannuation Member
Grant Gardner, CFA	Family Office / Foundations Member
Gerhard Hambusch, CFA	Academia Member
Claire Mortoni, CFA	CFA Society Perth Member
Catherine Savage, CFA	Banking (NZ) Member
Anthony Serhan, CFA	CFA Society Sydney Member and Acting Chair
Dean Spicer, CFA	CFA Society New Zealand Member
Thomas Tam, CFA	CFA Society Melbourne Member
Maria Wilton, CFA	Funds Member

The task of the council will be to identify opportunities and challenges within our industry and take action that will lead to better outcomes for all stakeholders. This will involve drawing on the expertise of the council members and the CFA community to provide solutions and partner with stakeholders to produce beneficial results.

Committee Chair

Thomas Tam, CFA

UniSuper

Ethical Map



**PERSONAL
COMMITMENT**



**PARTNERING WITH
THE INDUSTRY**



Global Investment Performance Standards

The Global Investment Performance Standards (GIPS®) are voluntary standards based on the fundamental principles of full disclosure and fair representation of investment performance results. A global standard for investment performance reporting gives investors around the world the additional transparency they need to compare and evaluate investment managers. CFA Society of Melbourne in partnership with CFA Institute promote the use of GIPS® by achieving universal demand for compliance by asset owners, adoption by asset managers, and support from regulators for the ultimate benefit of the global investment community.

A number of meetings on the Global Investment Performance Standards (GIPS®) took place in the 2015/16 financial year. Meetings have been arranged and attended by:

- Annie Lo (Director, Investment Performance Standards, CFA Institute Asia Pacific),
- Richard McGillivray (Director, Industry Relations, CFA Institute Asia Pacific),
- Kate Mistic (Past President, CFA Society of Melbourne) and
- Sheunesu Juru (GIPS® Advocacy, CFA Society of Melbourne).

The main purpose of the meetings was to raise GIPS® awareness, giving a brief overview of how GIPS® has evolved since inception and why it would be beneficial for organisations, both Asset Owners and Asset Managers, to consider claiming GIPS® compliance going forward.

The group has met with the following entities that currently do not claim GIPS® compliance:

- AustralianSuper (Large industry superannuation fund),
- UniSuper (Large non-government superannuation fund),
- Future Fund (Sovereign wealth fund),
- Cooper Investors (Large boutique equity fund manager),
- IFM Investors (Large fund manager managing alternative and traditional asset classes), and
- Vanguard (Mutual fund manager).

Asset managers were generally supportive of establishing a group for Performance Analysts in Australia that is inclusive of Performance Analysts working within custodians, asset owners, institutional asset managers and retail asset managers. Upon following up this initiative it was confirmed Australia's GIPS® Country Sponsor, Financial Services Council (FSC), operates the Performance Analyst Group (P Group). The P Group has been in existence for over 20 years and is open to investment performance professionals across fund managers (retail and institutional), custodians, superannuation funds, GIPS® verifiers, software firms and asset consultants. The FSC welcomes assistance from CFA Society of Melbourne to build a presence in Melbourne and to expand their geographical reach to investment performance professionals nationally.

Asset owners rely on independently calculated performance reporting from their custodians for monitoring their existing managers thereby placing less value on having their managers claim GIPS® compliance or with claiming GIPS® compliance themselves. There is more work required to demonstrate the benefit of GIPS® compliance in this context. The issue of consolidating multiple private market performance presentation standards being developed by different industry bodies seems recurrently important to asset owners, and the possibility of some future work with ILPA should be considered and possibly included in future planning. To follow up with this initiative, individuals from ILPA and CFA Institute have been introduced to each other.

Committee Chair

Sheunesu Juru, CFA

Vanguard

Committee Member

Kate Mistic, CFA

Telstra Super



Member Education

The objective of the Member Education Committee is to facilitate each CFAM member's ability to fulfill their Continuing Education (CE) credits, to expand their knowledge base and stay updated with latest market developments and current research. The main focus of the Member Education Committee is organising all aspects of the annual education program events with access to high-quality presenters from around the world, which are held at lunchtime at various CBD locations. Importantly, it encourages ongoing active participation by members in CFAM events. Our goal is to enhance the professional development of our members by ensuring they receive a quality program, which we believe puts Australian investors first.

To achieve this objective the Member Education Committee focuses on two areas:

- An overarching principle that the program events are general in nature, and add value to all members of the society; and
- Targeting specific groups of members to provide an education experience that adds value to that membership group.

For the 2015/2016 financial year there were 16 program events that covered a breadth of topics and themes. These included specific asset class presentations as well as contemporary topics, such as impact investing, ESG and peer-to-peer lending.

The most well attended session was for the 'Putting Investors First Awareness Month' in May 2016, which showcased a panel of key industry representatives, providing a meaningful way for the CFAM to build awareness on the importance of putting clients first and inspiring professionalism in the industry. As well, there was a strongly attended event in August 2015 on the topic of operational due diligence presentation by Craig Roodt at APRA, joined by a panel of practitioners. It is pleasing to report that total attendance at these events for the financial year was well in excess of 500, many of whom were first-time attendees. While the feedback to our events is overwhelmingly positive, we always endeavour to develop and enrich the content.

We continue to actively build brand awareness of the CFA Institute and the CFA Society of Melbourne by encourage members of other financial services associations, including the Chartered Alternative Investment Analysts (CAIA), Actuaries Institute and the Q-Group, to attend CFAM education sessions. There is a small charge to attend the sessions that cover the cost of the catering.

Committee Chair

Paul Kessell, CFA

Kinetic Super

Committee Member

Leila Lee, CFA

Goldman Sachs



Global Passport Program

The Global Passport Program allows members of participating CFA Institute Societies to attend other societies' events at the local member price.

CFA Society of Melbourne has joined the Global Passport Program to support your career and to bring you educational resources and networking opportunities.

As a member of CFA Society Melbourne, you are part of a community of over 135,000 CFA Institute members representing 150 countries and 143 societies in 70 countries.

Benefits of the Global Passport Program include:

- extended global networking; and
- access to global professional development.

These events will improve understanding of local markets and provide a good platform for networking and career development.

If you are interested in attending another society's program or event, look for the Global Passport Program logo on the event's announcement. For a full list of participating CFA Institute societies, please visit the [CFA Institute website](#).



Membership

Membership is responsible for promoting the advantages of membership amongst current and prospective members, managing membership and renewal communications and assisting potential members through the application process.

Our membership base continues to grow year-on-year with strong Society membership renewal rates indicative of support for local Society activities and acknowledging the value for money that Society membership represents.

During 2015/16 the focus has been on embedding process changes around society membership choice, ensuring that we are communicating membership benefits effectively and that both existing and potential members are aware of the value contribution of CFA Melbourne membership.

Movement in regular and affiliate membership numbers

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Start of the year	254	292	302	335	368	407	438	469	499	585
Add: New members	56	39	63	68	67	71	64	74	86	9
Less: Cancelled	(9)	(9)	(3)	-	(1)	-	-	(2)		
Less: Lapsed	(9)	(20)	(27)	(35)	(27)	(40)	(33)	(42)		
End of the year	292	302	335	368	407	438	469	499	585	594
<i>Retention rate</i>	92.9%	90.1%	90.1%	89.6%	92.4%	90.2%	92.5%	90.6%		
<i>Net increase</i>	15.0%	3.4%	10.9%	9.9%	10.6%	7.6%	7.1%	6.4%		

Upcoming initiatives

Membership initiatives for the 2016/17 year will include:

- Understanding what members want from their membership and communicating how the Society can support members
- Education amongst prospective members (candidates and non-member charter holders) of the benefits of membership and the process to join
- Formalising the program of membership communications to maximise engagement and
- Aligning membership categories with the CFA Institute and ensuring local by-laws are adhered to or updated to reflect current practice.

Committee Chair

Stratton Bell, CFA

Victorian Funds Management Corporation

Committee Members

Nick Gill, CFA

KordaMentha

Prageeth Kariyawasam, CFA

National Australia Bank

Candidate Education

The Candidate Education committee is responsible for providing support for candidates sitting for the CFA examinations. The Committee provides review course offerings, practice exams, study groups as well as other education and networking initiatives for candidates.

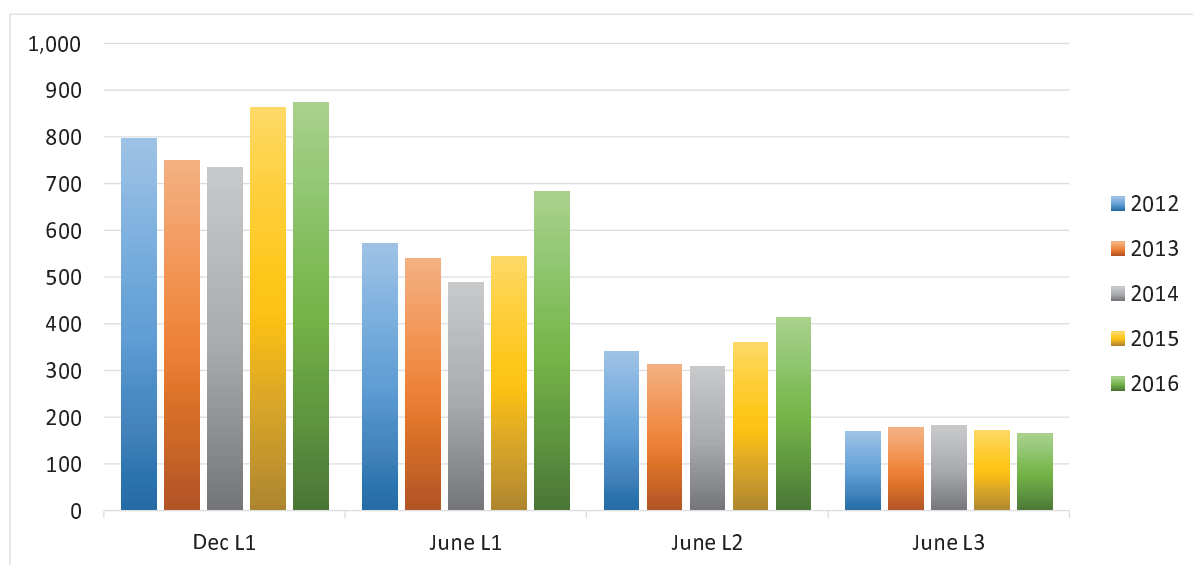
Activities and Achievements in 2016

- Strong attendance for the mid-year review course, with over 70 enrolments for the 2 day course. There was also strong participation in the practice exam program. Numbers for both offerings were high and overall student feedback was positive.
- Coordinated candidate study groups for all levels of the CFA exam.

Upcoming initiatives for 2017

- Research being undertaken into significant expansion of the review course program, based on candidate feedback.
- Exploring corporate partnership opportunities to enhance the existing and proposed additional review course programs.
- Organisation of a networking event focused on candidates with presentations from a panel of CFA Charter holders to be held on 11 August.

Candidates by Exam Level (2012 – 2016)



Committee Chair

Huey Miin Lim, CFA

Victorian Funds Management Corporation

Committee Member

Megan Talmage, CFA

IFM Investors

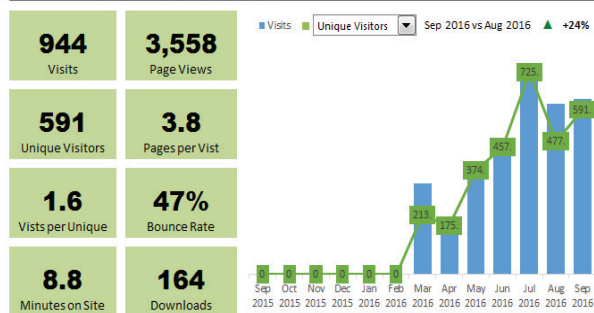
The Asia-Pacific Research Exchange (ARX)

In March 2016 CFA Institute launched the Asia-Pacific Research Exchange (ARX), a new platform for sharing, engaging with and learning about academic and practitioner-oriented research specifically relevant to the Asia-Pacific region. The Asia-Pacific Research Exchange supports an “open access” format: contributions to the site are free, and there is no charge to users for the downloading and reviewing of material.

The ARX (<https://www.arx.cfa/>) is a Society-focused and Society-supported initiative and since its launch has gone from strength to strength. As of September 2016, there were around 800 articles on the platform and the ARX was well on track on reaching the milestone of 1,000 articles before the end of October 2016. The tables below show some key metrics as of September 2016. Not only has there been a significant upward trend in traffic to the website since its launch but that traffic has originated from beyond the Asia-Pacific region.

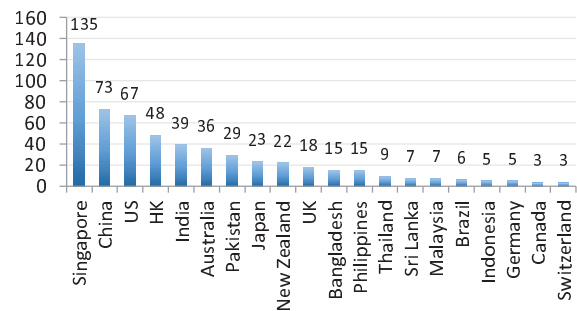
ARX Website Top Level Metrics - September 2016

Key Monthly Metrics with 13 Month Trends



As at September 2016

ARX web traffic by country



To date, the ARX has signed on 15 corporate/institutional contributors, with several others in the pipeline. In addition to engaging with corporate/institutional contributors, the ARX is also in the process of establishing partnerships with other institutions in the Asia-Pacific region. One example of this is the establishment of a best paper award at the Australasian Finance and Banking Conference (AFBC) to be held in Sydney in December 2016. A criterion for the best paper award is that applicants submit their research papers to the ARX. There are also plans underway to sponsor similar prizes at other conferences in this region.

In addition to signing on new corporate/institutional contributors, the ARX is also seeking thought leadership material in the form of journal articles, research papers, presentations, opinion pieces, research critiques, etc. The scope is broad in the sense that we’re looking for material that is relevant to the Asia-Pacific community, even if the material itself may be related to a market/area outside this region.

Creating an account on the ARX is as straightforward as uploading content. Any material uploaded is considered as being “posted”, rather than “published” so its copyright remains with you. A minor caveat applies to uploading published papers for which you would need to check the relevant journal’s copyright policy.

For additional information or any assistance with the ARX platform please contact CFA Society of Melbourne’s representative on the ARX Committee Asjeet S. Lamba, PhD, CFA (asjeet@unimelb.edu.au).

Committee Chair

Asjeet S. Lamba, PhD, CFA

The University of Melbourne

University Outreach

The University Outreach Committee is responsible for the management of the Melbourne Final of the CFA Institute Research Challenge and to promote the benefits of both the CFA Program Partnership and CFA University Recognition Programme to universities within Victoria.

Activities and Achievements in 2016

- Four universities participated in the Melbourne final of the research challenge
- The University of Melbourne represented Melbourne at the Research Challenge Asia Pacific Regional Final held in Manila, Philippines in April 2015.
- Conducted a faculty lunch with representatives from Monash University to further strengthen ties and determine avenues for improved engagement.

Areas of focus for 2017

- Reviewing the University engagement model to improve breadth and depth.
- Review timing of Research challenge to improve depth of available subject companies.
- Increase Research Challenge team participation in Victoria, Tasmania and South Australia.

We would also like to thank the Universities that participated in the CFA Institute Research Challenge:

- The University of Melbourne
- Swinburne University of Technology
- Monash University
- University of Adelaide

Special note of thanks to James Harman (HESTA), Wendy Fergie (Emprevo) and Stratton Bell (Victorian Funds Management Corporation) who have organised the 2015 Melbourne Final of the CFA Institute Research Challenge.

2015 Research Challenge Judges and Mentors

We would like to thank the following volunteers for their work as Mentors and Judges

Tina Yu, CFA ²	Invesco	Sean O'Neill, CFA ²	Toro Liberty
Adam Dellaverde ²	Taylor Collison	Vikrant Gupta ²	Antares
Andrea Chong, CFA ¹	Goldman Sachs	Reece Birtles, CFA ¹	Martin Currie Australia
Jennifer Lam ¹	Antares		

1. 2015 Research Challenge Judge
2. 2015 Research Challenge Mentor

Committee Chair

Claire Thornton, CFA AustralianSuper



Special Functions

The objective of the Special Functions Committee is to continue building the profile of the CFA charter, CFA societies and members, and CFA Institute in Australia through specific, high profile events. These events should uphold the CFA Institute's mission to promote the highest standards of ethics, education and professional excellence; and, where possible, link back to strategic initiatives of CFA Institute such as the Future of Finance, the Asset Manager Code of Conduct and the "CFA Difference" campaign. Specifically, the Committee is responsible for delivering the annual CFA Forecasting Dinner, a well regarded annual flagship event in Melbourne, as well as the CFA Australia Investment Conference to be held in Melbourne every four years (alternating with Sydney, so that the conference is held every second year).

Additionally, the Special Functions Committee aims to work in partnership with the Advocacy and Member Education committees to support their objectives - to further improve the CFA profile with industry, regulators, employers and the public; to increase press coverage at events; and to continuously provide a positive and enlightening membership experience.

In 2015, the Special Functions Committee was responsible for the Forecasting Dinner, held in September at the Sofitel. A significant cross section of Melbourne's investor community gathered to hear from Charles Yang, CFA, CIO at T&D Asset Management in Tokyo. Charles shared his thoughts on the Japanese economy, and both the progress that has been made to date and the problems encountered in implementing structural reforms necessary to revitalize Japanese corporations over the long term. The Forecasting Dinner also provides an opportunity to compete with peers to see who will best predict economic variables over the upcoming year, with the results announced at the next year's dinner.

In the upcoming year, the Committee will again be focused on the 2016 Forecasting Dinner in September, as well as planning for the 2017 CFA Australia Investment Conference. The 2015 Conference in Sydney was a great success, and we hope to continue to uphold the strong reputation of this conference. Advance planning is well underway for this major event, with help from CFA Societies around Australia. We also hope to expand our efforts beyond these two signature events, to assist in delivering roundtables and high profile speaker events where opportunities arise.

Committee Chair

Allison Miller, CFA

Victorian Funds Management Corporation



Social Events

The objectives of the Social Events Committee include providing opportunities for personal and professional growth through networking events, supporting CFA Society of Melbourne goals and upholding the values of the CFA Institute.

To this end, a number of Social events have been rostered into the annual schedule of CFA Society of Melbourne including the Quarterly Socials and Post-Exam Drinks held at Papa Goose and Collins Quarter. A key achievement in 2015-16 was increase in number of attendees at social events which is currently holding steady at ~70 attendees per event (a peak of ~100 people). Social Events Committee also provides support to other activities of CFA Society of Melbourne (e.g. the Research Challenge and the Annual General Meeting).



Key areas of focus in the upcoming year include:

- Further engagement with members.
- Streamlining the sign-up and membership process for social events.
- Seek partnerships with other organizations that share similar values and can provide benefits to the members of CFA Society of Melbourne.

Committee Chair

Shi Ong

National Australia Bank



Website, Social Media and Newsletter

We are continually looking at better ways of engaging with our members through technology. Over the past few years we have focused on making it easier for members and candidates to access the information they need through the channels they are most familiar with - be it via email and through our website, or on social media platforms such as Twitter and Facebook.

As many of you are aware, we are an independent organisation predominantly run by volunteers to service you: our members. From a technology perspective, we want the content and services we provide you with to be timely and relevant – so if you had any feedback around things that you like or areas for improvement, we would love to hear from you at <http://www.cfa-melbourne.com.au/> or newsletter@cfa-melbourne.com.au

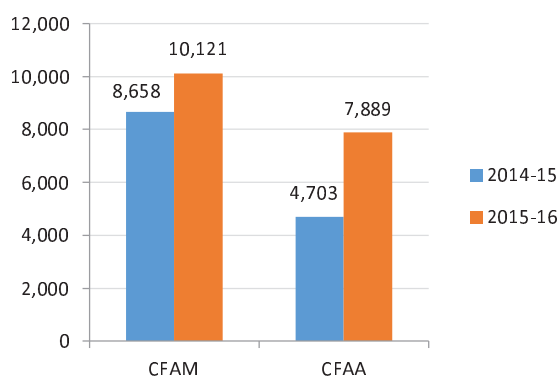
Activities and Achievements in 2016

- 135% increase in the number of followers of the CFA Societies Australia Twitter account as a result of an active drive to increase tweet frequency. This medium is used to deliver topical and CFA related news as well as promote our local Melbourne social and educational events.
- 19% increase in unique visitors to our CFA Society Melbourne website. Information about the CFA Program and our Candidates page were the areas which attracted most of the increase in site visitors.

Areas of focus for 2017

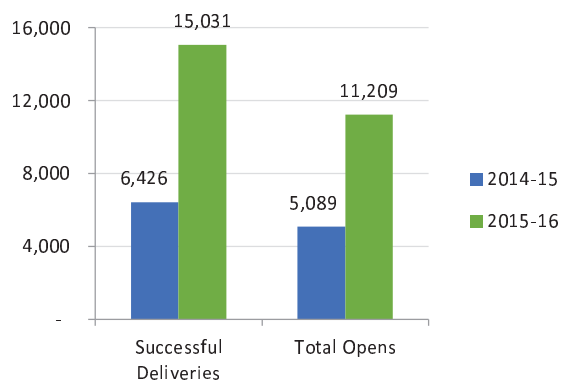
- Over the coming year, we will continue to look for ways to improve the content we provide to our members and our candidates. This will primarily focus on getting more relevant and timely content distributed via all of the above channels.
- One of the unique benefits of the CFA program is its commitment to ongoing education & research. So one specific area of focus for technology in 2017 will be around providing a portal to access this research more effectively.

Website Users Growth



CFAM: CFA Society of Melbourne
CFAA: CFA Societies Australia

Newsletter Growth



Note: Newsletter Subscription have been expanded to the CFA Society of Melbourne Candidates in April 2016

Committee Members

Benjamin Listokin
Melissa Mun
Ling Jin

Dimensional Fund Advisors
Treasury Wine Estates





TREASURER'S REPORT & FINANCIAL STATEMENTS



Treasurer's Report

The Treasury portfolio is concerned with all aspects of the Society's financial operations, including the Society's annual budgeting process, financial reporting, taxation and regulatory reporting, payments and cash flow and governance of the Society's pool of invested capital. The Treasurer of the Society is primarily responsible for these aspects of the Society.

The Society ended the year with a healthy balance of \$214,290 in net assets. Over the past few years the society has had an emphasis on reducing costs whilst increasing the number and quality of activities provided to members and candidates. This coupled with the significant uplift in operational funding by the CFA Institute places our accounts in a strong position. The table below outlines CFA Society of Melbourne's net assets and net income before tax over the past 5 years.

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Total Assets	281,996	215,569	200,863	235,784	267,816
Total Liabilities	67,706	27,951	25,743	26,446	35,824
Net Assets	214,290	187,618	175,120	209,338	231,993
Income	155,507	129,899	296,571	135,257	129,033
Expenses	128,835	117,401	330,789	154,806	138,280
Profit before Tax	26,672	12,498	-34,218	-19,549	-9,247

The Society made a profit before income tax of \$26,672 for the 2016 financial year. This was a result of total income for the year being up 20% whilst total expenses only increasing by 10% versus the previous year. Key highlights are noted as follows:

Income:

- **CFAI Funding:** This is the main source of funding for the Society. Operational funding rose significantly by over \$24,000 as part of the CFA Institute's ongoing support for CFA societies to run impactful initiatives.
- **Membership Dues:** Dues increased by \$9,105 and is a reflection of the Society's growing membership base.
- **Seminar Income and Practice Exam:** Seminar and Practice Exam income rose by \$5,213 and \$957 respectively
- **Review Course and Forecasting Dinner:** Both initiatives had slight reductions in income versus previous years

Expenses:

Most expenses were in line with last year's expenses with the exception of the following:

- **Advocacy:** Advocacy expenses increased by \$23,367 relative to last year and is due to capturing a full year of advocacy costs. The advocacy cost is supplemented by the increase in operational funding by the CFA Institute. Advocacy is a combined initiative with CFA Societies Australia and New Zealand to improve and progress the recognition of the CFA brand in the region and to address important issues affecting the financial industry.

- **Administration costs:** Administration costs increased by \$9,072 and is a result of the 2015 financial year non-accrual of \$4,500 in expenses that were subsequently captured in the 2016 financial year.
- **Practice Exam and Review Course:** These initiatives had slight increases in expenses relative to prior year and is due to the 2016 financial year capturing a number of expenses incurred in the 2015 financial year.
- **Travelling Expenses:** These expenses reduced by \$9,758 versus the prior year.

Summary:

As the additional funding from the CFA Institute (an increase of \$24,000) was effectively used to supplement the advocacy initiative (an increase of \$23,367), for the 2016 financial year net profit was predominantly driven by the increase in membership dues, reduced travel expenses and the profitability of seminar, practice exam and the review course. CFA Society of Melbourne view this positively as not only do these initiatives provide members and candidates with a wide variety of educational and networking activities, they also contribute positively to the Society's financial position.

Given this and the results for 2016, the board is comfortable with the financial position of the Society. With the current available reserves and strong growth in membership, the Society is in a sound position to continue to deploy financial resources to promote the mission and values of the CFA Society of Melbourne and the CFA Institute.

Desmond Goh, CFA

Treasurer, CFA Society of Melbourne

CFA Society of Melbourne Inc
Annual Report
for the Year Ended 30 June 2016

<i>Contents</i>	<i>Page</i>
Balance Sheet	1
Profit & Loss Statement	2
Notes to the Accounts	3
Directors' Declaration	8
Compilation Report	9

CFA Society of Melbourne Inc
Balance Sheet
As at 30 June 2016

	Note	2016 \$	2015 \$
Current Assets			
Cash and Cash Equivalents	6	122,163	65,709
Trade and Other Receivables	7	159,833	149,053
Current Tax Assets	8	-	807
Total Current Assets		<u>281,996</u>	<u>215,569</u>
Total Assets		<u>281,996</u>	<u>215,569</u>
Current Liabilities			
Trade and Other Payables	9	<u>67,706</u>	<u>27,951</u>
Total Current Liabilities		<u>67,706</u>	<u>27,951</u>
Total Liabilities		<u>67,706</u>	<u>27,951</u>
Net Assets		<u>214,290</u>	<u>187,618</u>
Equity			
Retained Profits	10	214,290	187,618
Total Equity		<u>214,290</u>	<u>187,618</u>

*The accompanying notes form part of these financial statements.
These financial statements have not been subject to audit or review and should be read in conjunction with the attached Compilation Report.*

CFA Society of Melbourne Inc
Profit and Loss Statement
For the Year ended 30 June 2016

	2016	2015
	\$	\$
Income		
CFAI Funding	54,101	29,897
Forecasting Dinner	11,569	19,049
Investment Research Challenge	5,895	5,451
Membership Dues	43,453	34,348
Practice Exam	8,151	7,194
Review Course	16,667	18,011
Interest Received	4,780	6,049
Schweser Notes Sales	1,574	1,574
Putting Investors First	-	4,222
Seminar Income	9,317	4,104
	155,507	129,899
Expenditure		
Accountancy Fees	5,680	8,130
Administration Costs	15,641	6,569
Advertising	3,504	3,224
Advocacy	36,673	13,306
Bank and Merchant Fees	227	247
Board Expenses	3,276	6,675
Bookkeeping	863	298
Conference	407	10,714
Forecasting Dinner	21,672	18,311
Insurance	2,410	2,403
Interest Paid	8	-
Investment Research Challenge	653	4,551
Marketing	-	565
Member/Candidate Drinks	7,282	9,042
Practice Exam Expenses	5,105	995
Printing & Stationery	158	-
Putting Investors First	-	(1,867)
Review Course	19,680	19,493
Seminars	1,119	541
Sundry Expenses	-	121
Travelling Expenses	1,866	11,624
Website Expenses	2,611	749
Workcover	-	1,710
	128,835	117,401
Profit before Income Tax	26,672	12,498

*The accompanying notes form part of these financial statements.
These financial statements have not been subject to audit or review and should be read in conjunction with the attached Compilation Report.*

CFA Society of Melbourne Inc
Notes to the Financial Statements
For the Year ended 30 June 2016

1. Summary of Significant Accounting Policies

(a) Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

(b) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents and presented within current liabilities on the balance sheet.

(c) Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Sale of Goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Interest Revenue

Interest is recognised using the effective interest method.

Rendering of Services

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

The accompanying notes form part of these financial statements.
These financial statements have not been subject to audit or review and should be read in conjunction with the attached Compilation Report.

CFA Society of Melbourne Inc
Notes to the Financial Statements
For the Year ended 30 June 2016

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

CFA Society of Melbourne Inc
Notes to the Financial Statements
For the Year ended 30 June 2016

	2016	2015
	\$	\$
2. Revenue		
Sales Revenue		
Rendering Services	123,169	95,939
	<u>123,169</u>	<u>95,939</u>
Other Income		
Review Course	16,667	18,011
Interest Received	4,780	6,049
Schweser Notes Sales	1,574	1,574
Profit on Disposal of Investments	-	4,222
Capital Gain on Sale of Non-Current Assets	9,317	4,104
	<u>32,338</u>	<u>33,960</u>
	<u>155,507</u>	<u>129,899</u>
3. Expenses		
Advertising	3,504	3,224
Bank and Merchant Fees	227	247
Insurance	2,410	2,403
Printing & Stationery	158	-
Other Expenses	122,528	111,527
	<u>128,827</u>	<u>117,401</u>
4. Finance Costs		
Interest Paid		
- General	8	-
	<u>8</u>	<u>-</u>
5. Profit for the Year		
Profit before income tax expense from continuing operations includes the following specific expenses:		
Charging as Expense		
Finance Costs	8	-
Research and Development Costs	19,680	19,493

*The accompanying notes form part of these financial statements.
These financial statements have not been subject to audit or review and should be read in conjunction with the attached Compilation Report.*

CFA Society of Melbourne Inc
Notes to the Financial Statements
For the Year ended 30 June 2016

	2016	2015
	\$	\$
6. Cash and Cash Equivalents		
Cash at Bank - Westpac CMA	11,745	6,248
Cash at Bank - Westpac Maxi	66,247	7,511
Cash at Bank - Westpac Cash Reserve #2	44,171	51,950
	<u>122,163</u>	<u>65,709</u>
7. Trade and Other Receivables		
Current		
Short-term Deposits	149,592	145,394
Accrued Income	7,118	1,732
Provision for GST	3,123	1,927
	<u>159,833</u>	<u>149,053</u>
Total Trade and Other Receivables	<u>159,833</u>	<u>149,053</u>
8. Tax Assets and Liabilities		
Current		
Assets		
Current Tax Liability	-	807
	-	807
Net Tax Assets	<u>-</u>	<u>(807)</u>
9. Trade and Other Payables		
Current		
Accrued Charges	60,511	27,406
Credit Card	7,195	545
Total Trade and Other Payables	<u>67,706</u>	<u>27,951</u>

*The accompanying notes form part of these financial statements.
These financial statements have not been subject to audit or review and should be read in conjunction with the attached Compilation Report.*

CFA Society of Melbourne Inc
Notes to the Financial Statements
For the Year ended 30 June 2016

	2016	2015
	\$	\$
10. Retained Earnings		
Retained Earnings at the Beginning of the Financial Year	187,618	175,120
Add		
Net profit attributable to members of the company	26,672	12,498
Retained Earnings at the End of the Financial Year	<u>214,290</u>	<u>187,618</u>

The accompanying notes form part of these financial statements.
These financial statements have not been subject to audit or review and should be read in conjunction with the attached Compilation Report.

**CFA Society of Melbourne Inc
Directors' Declaration
for the Year Ended 30 June 2016**

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. the financial statements and notes for the year ended 30 June 2016 are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards as stated in Note 1; and
 - b. give a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Graeme Bibby
Director

Desmond Goh
Director

Dated this.....day of..... 2016

CFA Society of Melbourne Inc
Compilation Report To CFA Society of Melbourne Inc

We have compiled the accompanying special purpose financial statements of CFA Society of Melbourne Inc, which comprise the balance sheet as at 30 June 2016, the income statement for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

The Responsibility of the Directors

The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

Pendleburys

Chartered Accountants
21 Burwood Road, Hawthorn

Phillip McGinnes

..... / / 2016