



CFA Society
Melbourne

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2017



Table of Contents

About Us	3
Message from President and CEO, CFA Institute	4
Message from Managing Director, CFA Institute Asia Pacific.....	5
Message from President, CFA Society of Melbourne	6
Message from CFA Presidents Council Representative for the CFA Institute Asia Pacific North and Oceania.....	7
Key Statistics - CFA Society of Melbourne	8
Professional Integrity Framework	12
Advocacy.....	13
Global Investment Performance Standards.....	14
Member Education	17
Global Passport Program	19
Membership	21
The Asia-Pacific Research Exchange (ARX)	23
University Outreach	25
Special Functions.....	27
Social Events.....	29
Website, Social Media and Newsletter	31
Treasurer’s Report	33
Financial Statements.....	35

About Us

CFA Society of Melbourne represents the interests of more than 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 147,000 members in 159 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>
Inna Zorina, CFA	<u>Vice-President</u>	Paul Kessell, CFA	<u>Member Education</u>
Linda Trusler, CFA	<u>Secretary</u>	Nick Gill, CFA	<u>Membership</u>
Desmond Goh, CFA	<u>Treasurer</u>	Huey Miin Lim, CFA	<u>Candidate Education</u>
Kate Misic, CFA	<u>Immediate Past President</u>	Claire Thornton, CFA	<u>University Outreach</u>
		Allison Miller, CFA	<u>Special Functions</u>
		Juan Dosio, CFA	<u>Social Events</u>
		Benjamin Listokin, CFA	<u>Website & Social Media</u>
		Melissa Mun	<u>Newsletter</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 President and CEO, CFA Institute



As I visit with members around the world, I remind them that CFA Institute is the child of member societies. The original constitution, created 70 years ago by five founding societies, outlined these two objectives:

- To exchange ideas and information, and discuss mutual problems;
- To promote the welfare of the profession and its members.

Today, our objectives remain the same. Our shared mission is to raise standards in the profession by serving our members in ways that benefit society. To promote the welfare of our members and provide a clear return on membership, societies are the best mechanism we have to deliver important messages and products on the ground. It is our job to support and resource your society so you can drive initiatives that matter locally.

This work is not an exact science. It is difficult to develop a view of member value that resonates equally with all members. Responding to the demands of very different markets, geographies, and even sectors of the profession, is a great challenge. There is no such thing as a one-size-fits-all solution and this is why we are moving toward a more regionalized approach to our work – so societies everywhere can better respond to the needs of their local members.

Last year, CFA Institute made the strategic decision to increase financial support to societies around the world and invest in additional training and technology infrastructure. This process will continue into the future. Our shared ultimate goal is to help you become the most trusted and successful professional you can be. By supporting your society to deliver valuable member services to you we believe the more you will want to be engaged with your society and the better CFA Society Melbourne can lead the profession in Australia.

I encourage you to make your voice heard because your feedback forms the basis for actions. CFA Society Melbourne and CFA Institute look to you more than ever to help create the path forward. We are one family working towards common goals. Above all else, we encourage you to volunteer your time, working alongside your colleagues to make our profession one of which we can all be proud.

Paul Smith

President and CEO

CFA Institute

Message from Managing Director, CFA Institute Asia Pacific



Dear Members,

Globally powerful. Locally connected.

The tagline of CFA Societies in Australia captures the essence of what as organizations, and we as individuals, can do together. We are a global network, regionally influential, and locally connected to members and our communities. We are mission-driven and working to build an industry in which investors' interests come first, financial markets function at their best, and economies grow.

This past year, Asia Pacific has been in the spotlight. As the organization's fastest growing region of CFA Program candidates, 50% of global candidates are here. Regional candidates are younger and there are more women than the global average. Our region is defined by diversity across developed, emerging, and frontier markets.

Across the region, we are making inroads across our five strategic objectives. The global brand campaign contributed to higher recognition from employers, and all 20 regional societies took advantage of funding available for society-specific programs. The launch of Asia-Pacific Research Exchange was a success because of society participation. Regional participation has grown in global practice analysis, and more volunteers from Asia Pacific are CFA exam graders and CFA Program authors and reviewers. And for the first time, planning sessions took place with CFA Institute and Australia and New Zealand societies to better understand and align your priorities and our support.

Progress in Australia is very exciting. You have set a high bar with the Advocacy Council and 'one advocate, one voice' plan. By assuming a broader and deeper role on ethics and the ethical framework, you set an example for your global peers. Industry engagement and member value that will come from the Australia Investment Conference this November and the LinkedIn campaign that precedes it, will elevate visibility of CFA Society Melbourne and your reputation and influence in the industry.

Nick Pollard

Managing Director Asia Pacific

CFA Institute

Message from President, CFA Society of Melbourne

Friends, Colleagues and Members of CFA Society of Melbourne,

Thank you for your support of membership to your local CFA society.

The Board, committee members, volunteers and staff have worked hard to deliver to you a range of activities and initiatives that hopefully you have had a chance to participate in. There is much more detail over the following pages from our chairs of committees on these activities including: brand campaigns, advocacy, outreach to companies, universities and corporates, the research challenge, special events such as our upcoming conference, lunchtime seminars and special topic round tables. Our highlight this year is the CFA Australia Conference in Melbourne on the 1st of November. There is also opportunity to relax and network with friends and colleagues at our social events.



It is a very interesting and challenging time to be part of our investment profession. The challenges facing us are many and varied, from the unusual structure of markets, the questioning of active management, increasing technological disruption and social dislocations. We have seen the rise of geopolitics and environmental, social, and governance to become integrated into many investment processes.

We have also seen shifts in candidates and member demographics, reflecting some good and concerning features of our industry and society. Why is it that we have half of candidates sitting level 1 that are women, and then much less than half completing the program. With other societies, CFA Melbourne has set up a Women in Investment Management initiative, and working with other societies to promote a more gender balanced profession and encouraging diversity in general. CFA Institute studies have shown that there are many benefits to having more diversity in background and thinking in the investment management process. CFA Institute is very supportive of both the initiative and further research into gender balance and diversity.

My view is that the investment profession needs to modernise to respond to the external challenges. The traditional role of the securities analyst and the investment firm are being threatened by automation, passive management, and broader use of investment management tools by more empowered self-directed investors. The common refrain from robo-advisors is the 'democratisation of investment advice'. CFA Institute has lead the charge with many articles on artificial intelligence, robo-advice, big data, geopolitics and investment process design in CFA Magazine, the Financial Analysts Journal, Research Foundation monographs other publications. In terms of how we think of ourselves, investment decisions are not the exclusive domain of security analysts and asset managers any more. Investment issues reach into corporate strategy decision making, accounting firms, banks, corporate advisors, insurance companies, family offices, technology providers, investment platforms and a range of financial advisory firms.

To be a more viable profession, we all need to illustrate a broader range of interesting career paths that can build more resilient and diversely experienced individuals. Some of those career options are yet to be created and some are just not that widely known to candidates and students. We plan to address both early stage and middle stage career path awareness and development in future initiatives.

The Future State of the Investment Profession study launched this year helps to brings together many of these influences in a major study. This provides a welcome focus on these influences on our profession, our roles within the profession, and the potential benefits to society. We hope to be more relevant with activities in the coming year to address these themes and have a positive impact.

I would encourage you to make the most of your membership, get involved in CFA Melbourne society events and use your membership to attend events and meet people locally and in the Asia Pacific region. Please check in with our Melbourne society website for the events, get on the email notification list, follow us on twitter and Linked In, and utilise the very deep research, standards and guidelines that are available on the CFA Institute website. Thanks again to the energy and hard work from all of our Board, committee members volunteers and staff, ably supported by CFA Institute's APAC team in Hong Kong and head office in Charlottesville.

Graeme Bibby, CFA

President, CFA Society of Melbourne

Message from CFA Presidents Council Representative for the CFA Institute Asia Pacific North and Oceania



As the CFA Presidents Council Representative (PCR) for the Asia Pacific North and Oceania region, I am pleased to be able to provide an update on developments in the region for Melbourne society members. The CFA organisation continues to grow at a healthy rate, with candidates sitting for the CFA exams up by 11% globally last year, of which a significant proportion are in the Asian region (with China growing the fastest). In Australia, over 3,600 candidates sat exams. Meanwhile total membership in Australia has risen to 2,844 at the time of writing. However it is members and societies that are the lifeblood of the CFA organisation. In our region, one notable development was the establishment of a new society in Shenzhen, China, during the year. Globally there are now 149 societies (and growing) around the world, with over 147,000 members. Effective communication between the CFA Institute Board and staff and the societies is a challenge, so 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 and regional level, which are of interest to members.

One key global initiative that started in 2016 and has continued into 2017 is the global brand campaign. The campaign has evolved from the initial “A World of Difference” to “A Difference That Matters”, and has been implemented across a range of major markets, including Australia. Locally, members may have noticed a coordinated series of print and media 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. This is a multi-year program, so watch for this to continue over the year.

There are two other regional developments I would like to highlight to Melbourne society members. The first is the expansion of the CFA Global Passport program to cover all societies in the Asia Pacific region (as well as many others in the rest of the world). This program allows members of any participating society to attend events in other countries – look for the global passport logo, and look online for events in countries you may be visiting, or would like to attend. Of note, in 2017 every country in the Asia Pacific North and Oceania region held major conferences during the year – a first for the region! Second, a recent initiative has been the creation of the Asia-Pacific Research Exchange (ARX). ARX is a research hub that brings together like-minded finance and investment professionals to share, learn and engage on industry topics and trends specific to the Asia-Pacific region. It is user-driven and accepts contributions from finance and investment professionals, government regulators, academia and CFA charter holders and candidates. Look on the CFA website for more details.

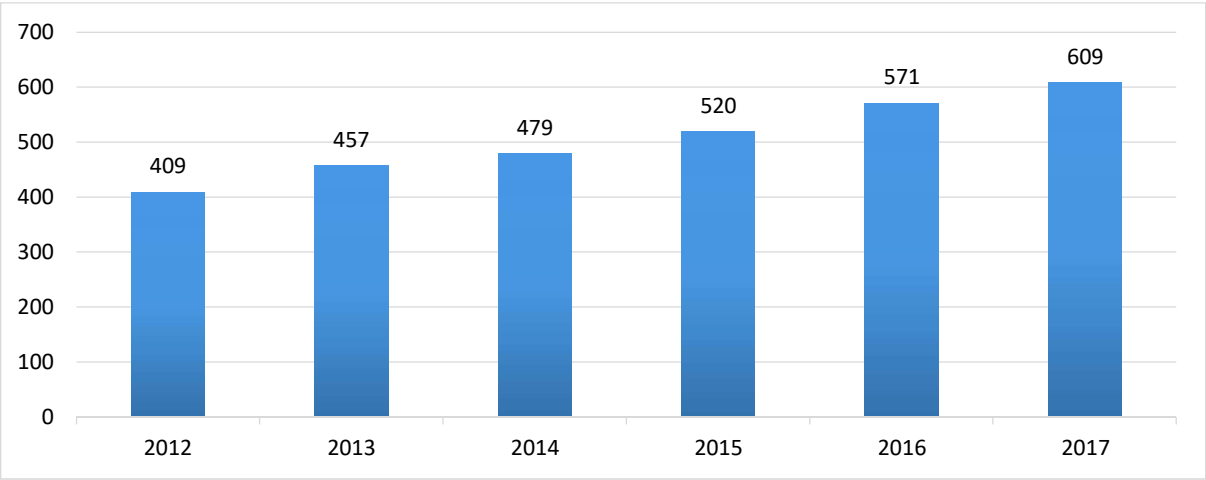
Another important initiative has been a significant increase in financial commitment by the CFA Institute to support individual societies to achieve their goals. Across the region this funding is being used by societies to improve operational infrastructure and to undertake new initiatives that create 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 also make a big vote of thanks to the Melbourne society volunteers who give their time freely to contribute towards the CFA achieving its objectives, and to improving the outcomes for investors world-wide.

Phil Graham

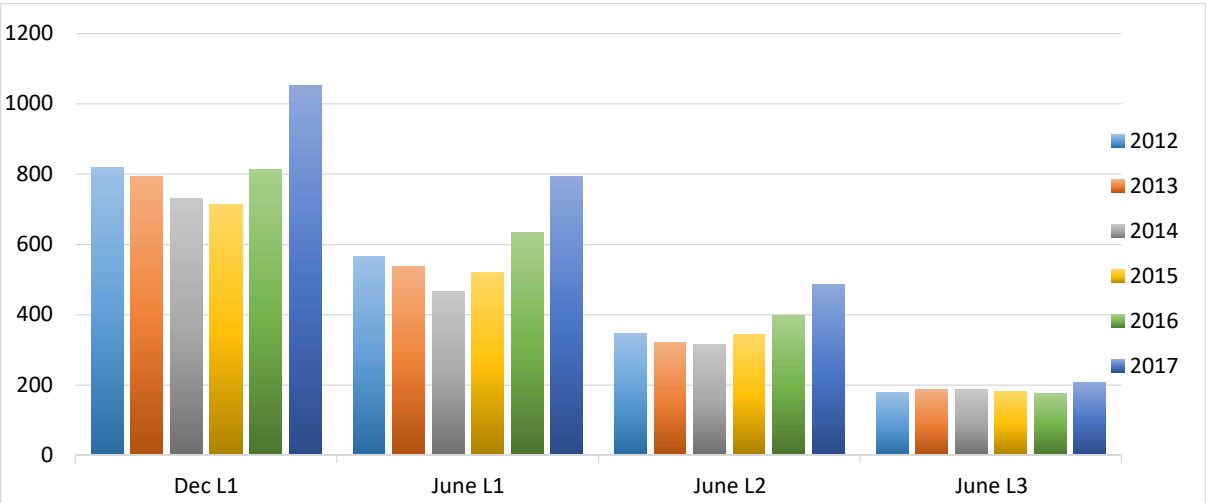
Presidents Council Representative, Asia Pacific North and Oceania Region CFA Institute

Key Statistics - CFA Society of Melbourne

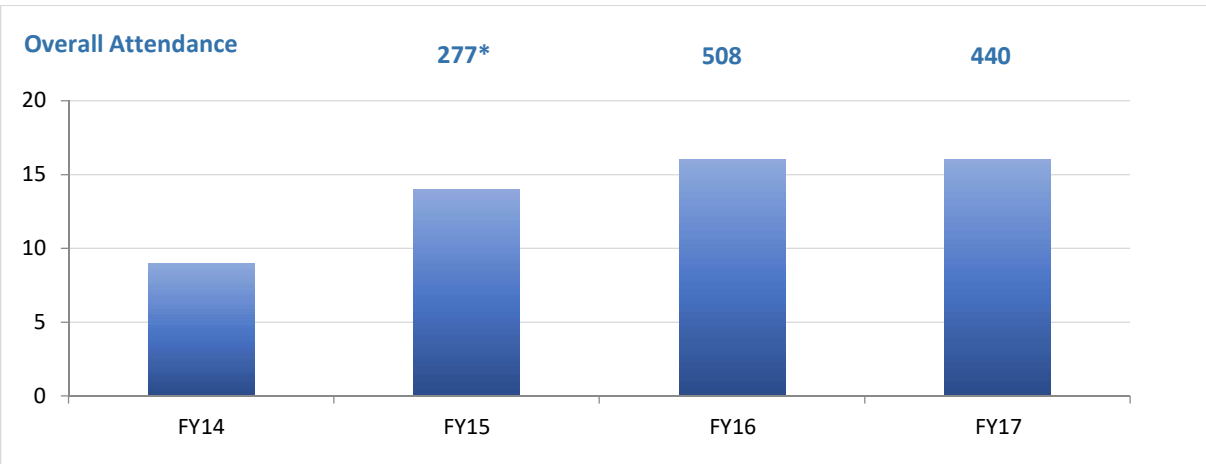
Growth in Membership (2012 – 2017)



Candidates by Exam Level (2012 – 2017)

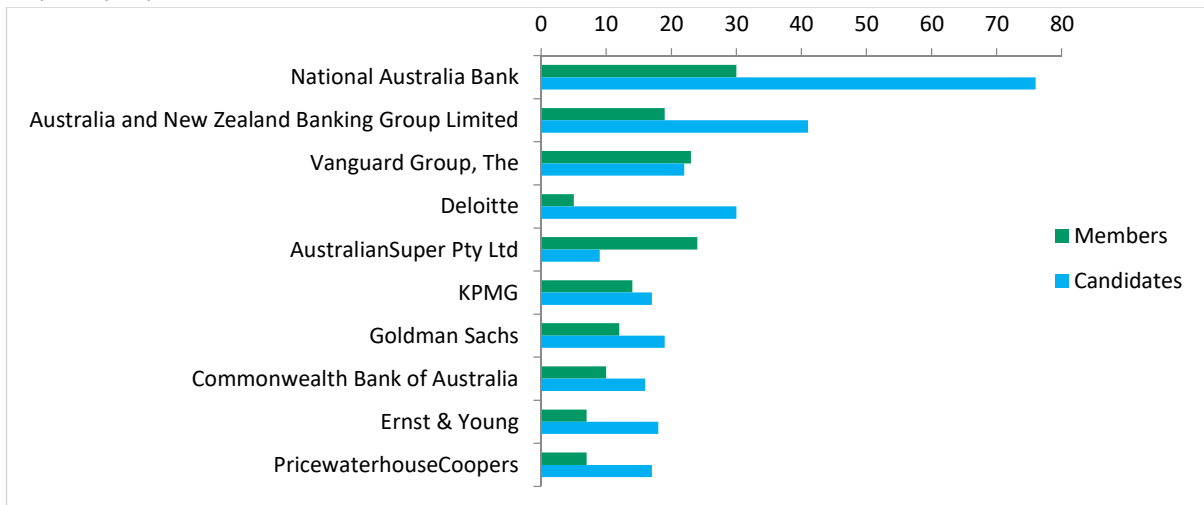


Number of Educational Seminars / Webinars / Career Events and Attendance by Year

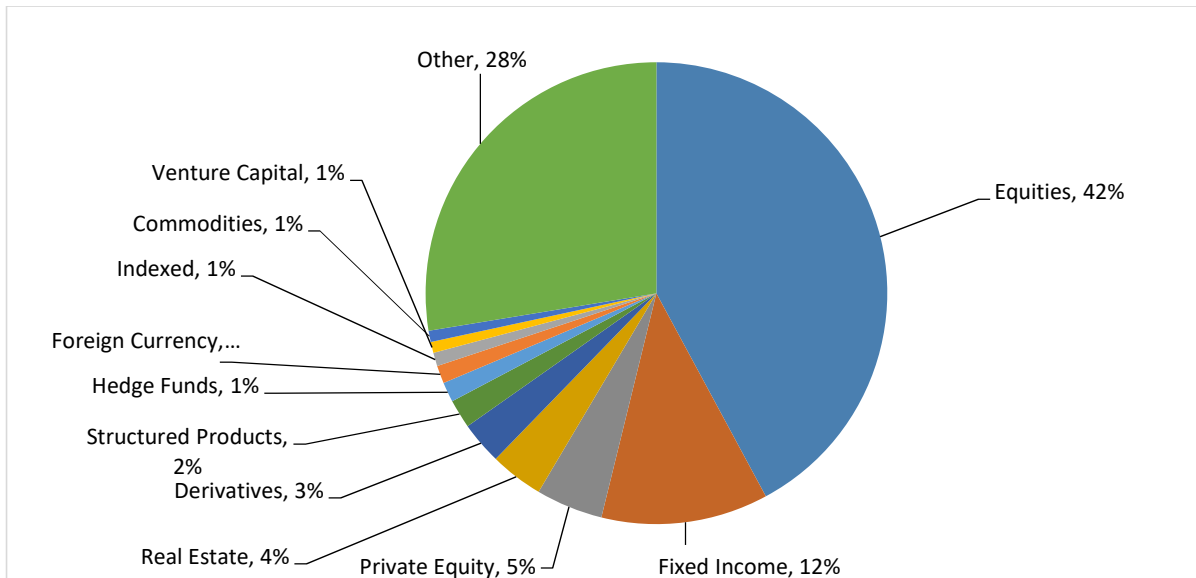


* Attendance data is available from 2H FY15 only

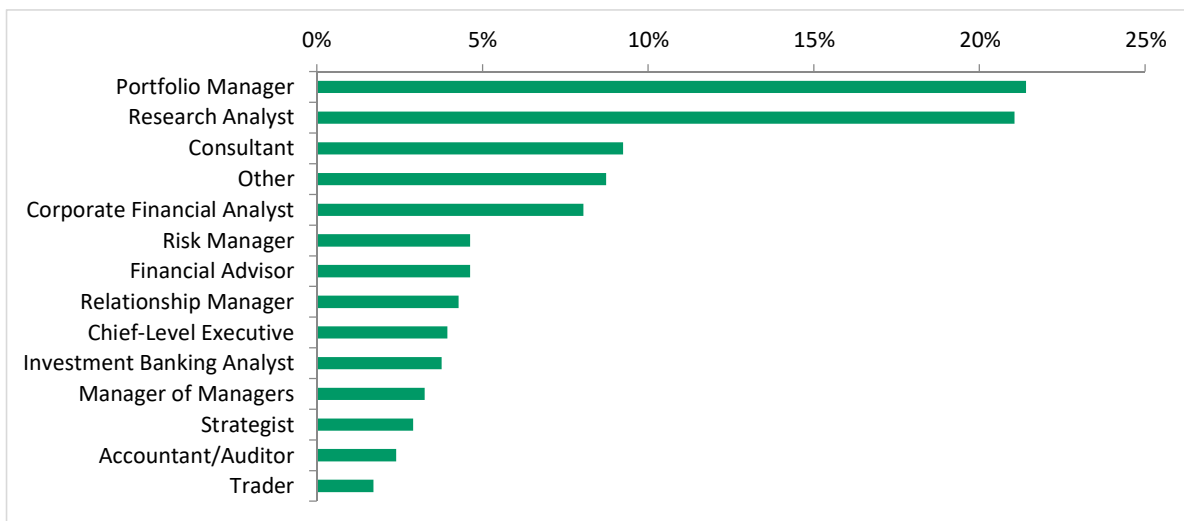
Top Employers



Members' Primary Investment Practice



Members' Job Functions





COMMITTEE REPORTS



Professional Integrity Framework



Advocacy

It's been a productive year on the advocacy front as we continue to find ways to deliver value to you by strengthening the CFA brand. Our underlying objective has always been to further raise brand awareness and recognition of the CFA designation. To that end the focus this year has been to build market integrity for the benefit of the broader community and establish the concept of industry professionalism.

Our approach has been multifaceted engaging key stakeholders on key topics and issues that make a difference. As a follow on from our submission for the Corporations Amendment Bill 2015 (relating to the Professional Standards of Financial Advisers), we met with the Assistant Treasurer's office to discuss the key recommendations from our submission. These included adoption of the CFA Level 1 as standard accreditation for financial advisers in Australia, use of our Code of Ethics and Standards of Professional Conduct to the development of equivalent codes for financial advisers, and to have a CFA representative on the new standards body.

In engaging with the **media**, we published a number of thought provoking pieces of research that found its way into publications including the AFR, Financial Standard, and Money Management. Of note, was a paper by Richard Brandweiner, CFA and Susan Morey (Head of Advocacy) on 'Implementing ethical culture across the Australian financial landscape' which explores the issue of cultural integrity in the context of being stewards of other people's money.

The paper corresponded with our objective in **building market integrity** and putting investors first. In this regard, we invited Professor John Kay back to talk about 'Professionalism, cultural integrity and the stewardship of other people's money'. Professor Kay has a high profile as an advocate for ethics and community rights. This meant he was in a position to share his insights with you through his presentation as well as with CEO/CIOs through roundtables as to how these issues are addressed in other countries

Other initiatives in reaching out to you our **members** and the broader **industry** included a series of **Ethics Training sessions**. These sessions were tailored to you, as well as our corporate partners and regulators across Australia. Dr Michael McMillan, the facilitator for these sessions focused on strengthening ethical decision-making competencies, including the ability to identify reliable principles upon which to base decision-making and to apply a process with which to systematically evaluate options for action.

Finally the Advocacy Council of CFA Societies Australia has identified two areas related to industry professionalism and systematic risk that it will advocate on. Advocating these areas will ultimately assist in rebuilding society's trust in financial professionals as responsible fiduciaries of other people's money. In doing so, it will help to raise the awareness and recognition of the CFA designation.

Committee Chair

Thomas Tam, CFA

UniSuper

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. Melbourne based volunteers are playing a role in standards setting through participation in GIPS® Subcommittees.

Kate Misis, CFA is a member of the GIPS® Asset Owner Subcommittee which acts as a forum for understanding the important issues facing investors (and those representing investors) when evaluating investment performance information. This perspective will be shared with the GIPS® Technical Committee in order to contribute to the GIPS® standards. During the year this subcommittee contributed to the issuance of [the Guidance Statement on the application of the GIPS® Standards to Asset Owners](#)

Sean Juru, CFA is a member of the GIPS® Investment Manager Subcommittee which acts as a forum for understanding application issues investment management firms' face when complying with the GIPS® standards. This perspective will be shared with the GIPS® Technical Committee in order to improve the quality of the GIPS® standards and to ensure a consistency of approach and objectives among investment management firms globally. During the year this subcommittee contributed to the issuance of [the Guidance Statement on Broadly Distributed Pooled Funds](#)

For GIPS®, the most significant update this year was the commencement of project GIPS 20/20. In June the CFA Institute released the GIPS 20/20 Consultation Paper for public comment. The paper outlined big picture changes we are considering making to the GIPS® standards for the 2020 edition. Although part or all of 85 out of the top 100 asset managers in the world are GIPS® compliant, there has not been widespread adoption among alternative investment managers and managers of pooled funds. We believe the current GIPS standards can be improved to facilitate such adoption. We must, therefore, examine the underlying causes for not adopting the Standards among these types of managers and respond by updating, revising, and reimagining the GIPS standards. We are calling this project GIPS 20/20 to reflect that not only do we hope to have the project completed by 2020 but, more importantly, that it is our vision for the future. The GIPS 20/20 project offered an opportunity for the industry to reflect and provide input on how the GIPS® standards can better support the industry for the benefit of investors. It was also an opportunity to learn about challenging issues that investment managers and asset owners are facing that we should consider as we look forward to 2020. The GIPS 20/20 Consultation Paper represented the first time we have sought this type of feedback. Opportunity to provide further input will be provided according to the timetable below.

Document	Release Date: For Public Comment or Final	End of Public Comment Period
GIPS 20/20 Consultation Paper	17/5/2017	16/7/2017
Risk Guidance Statement – Exposure Draft	28/6/2017	26/9/2017
Verifier Independence Guidance Statement – Exposure Draft	28/7/2017	26/10/2017
Asset Owner Guidance Statement - Final	16/8/2017	completed
Overlay Guidance Statement – Exposure Draft	29/8/2017	27/11/2017
Supplemental Information - Final	14/9/2017	completed
Benchmarks – Exposure Draft	28/9/2017	27/12/2017
GIPS 2020 Edition – Exposure Draft	Q1 2018	Q2 2018
GIPS 2020 Edition - Final	Q1 2019	completed

This year we are celebrating the 30th Anniversary of GIPS®

A Bit of GIPS® History

The Global Investment Performance Standards were formally endorsed by AIMR's (predecessor to CFA Institute) Board of Governors in February 1999. The Vision Statement for the standards was that "A global investment performance standard leads to readily accepted presentations of investment performance that (1) present performance results that are readily comparable among investment managers, without regard to geographic location, and (2) facilitate a dialogue between investment managers and their prospective clients about the critical issues of how the manager achieved performance results and future investment strategies." And that Vision Statement remains the foundation of the GIPS® standards today and will continue to be as we move toward GIPS 2020.

Did You Know?

The GIPS standards universe today:

1. There are 41 endorsed GIPS® Country Sponsors: 4 in the Americas, 13 in Asia Pacific, and 24 in Europe, the Middle East, and Africa.
2. More than 150 industry volunteers actively contribute to the development and promotion of the GIPS standards by serving on various GIPS committees, subcommittees and working groups.
3. More than 1,600 firms globally claim compliance with the GIPS standards.

Every GIPS volunteer, Country Sponsor, and firm that claims GIPS® compliance have contributed to the many successful milestones that we celebrate on this 30th anniversary of the GIPS® standards!

GIPS® in Australia

Financial Services Council Global Investment Performance Standards (GIPS®) Survey

The Financial Services Council is the country sponsor for GIPS® in Australia and is responsible for promoting GIPS in the market. This year a GIPS® Board was formed to undertake this work and develop a strategy for Australia.

In order to undertake this work, the FSC would like to gain some insights about the perceptions of GIPS® in Australia from a broad range of stakeholders. The FSC invites you to participate in [this survey](#).

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 CFA Society of Melbourne (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.

Over the 2017 financial year there were 17 program events that covered a breadth of topics and themes. These included specific asset class and broader asset allocation presentations as well as contemporary topics such as how the future of work and education might look and a panel on diversity. The most well attended sessions were the panel on diversity, during which industry experts shared their perspectives on diversity and inclusion in the workplace, and the session on global real estate market perspectives. Total attendance at these events for the financial year was 440 which is slightly down on the previous financial year. The feedback to our events is positive and we always endeavour to develop and enrich the content.

We continue to actively build awareness of the CFA Institute and the CFA Society of Melbourne brands 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. We apply a nominal charge to attend the sessions, which covers the cost of the catering and encourages a higher level of attendance from registering members.

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 147,000 CFA Institute members representing 159 countries and 148 societies in 73 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](https://www.cfainstitute.org/en/societies).





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.

As at 7 August 2017 the CFA Society of Melbourne had 704 members, of which 646 were regular or affiliate members of the CFA Institute and 58 were candidate members. 623 (96%) of the regular and affiliate members are Charterholders. Memberships were due on 15 July and the numbers above include 127 (representing approximately 20%) members that are still to renew. There are typically a number of late renewals and this number is lower than at the same time last year, also the renewal rate has been higher this year than last year. This year the Society has been more proactive in contacting members during the renewal period which may account for the improved renewal rate.

The Society has consistently had a retention rate of circa 90%. For the 2016 year there was a net increase of 32 members, made up as 86 new members, 12 members leaving the society, 31 leaving the institute and 11 transferring to another society. The strong retention rate and growth in membership numbers is indicative of the support for the activities of the Society and the value the Society provides to members. In the coming year we will survey members that chose to leave the Society, as well as Charterholders that have never joined, to better understand their reasons and how we can improve value added by the Society. The table below shows the movement in membership numbers for the last ten years:

Movement in regular and affiliate members

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Opening Balance	292	302	335	370	410	446	480	516	548	630
Add: New members	39	63	68	67	71	64	74	86	82	16
Less: Transferred to other society	(6)	(7)	(14)	(10)	(8)	(7)	(16)	(11)	-	-
Less: Not a society member	(3)	(9)	(7)	(9)	(12)	(12)	(11)	(12)	-	-
Less: Left institute	(20)	(14)	(12)	(8)	(15)	(11)	(11)	(31)	-	-
Closing Balance	302	335	370	410	446	480	516	548	630	646
<i>Retention rate</i>	<i>90.1%</i>	<i>90.1%</i>	<i>90.1%</i>	<i>92.7%</i>	<i>91.5%</i>	<i>93.3%</i>	<i>92.1%</i>	<i>89.5%</i>		
<i>Net increase</i>	<i>3.4%</i>	<i>10.9%</i>	<i>10.4%</i>	<i>10.8%</i>	<i>8.8%</i>	<i>7.6%</i>	<i>7.5%</i>	<i>6.2%</i>		

Actions during the year

During the 2016/17 year membership has focused on simplifying membership options and demonstrating the benefits of membership. This included:

- Simplifying the membership options and providing better access to CFA Institute benefits by changing Candidate membership to Level 1 candidates only and expanding the number of members eligible for Affiliate membership. We encourage all Level 2 and above candidates to become Affiliate members to access benefits provided by CFA Institute
- Updating the website to provide more information on how to become a member

Committee Chair

Nick Gill, CFA

KordaMentha

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.

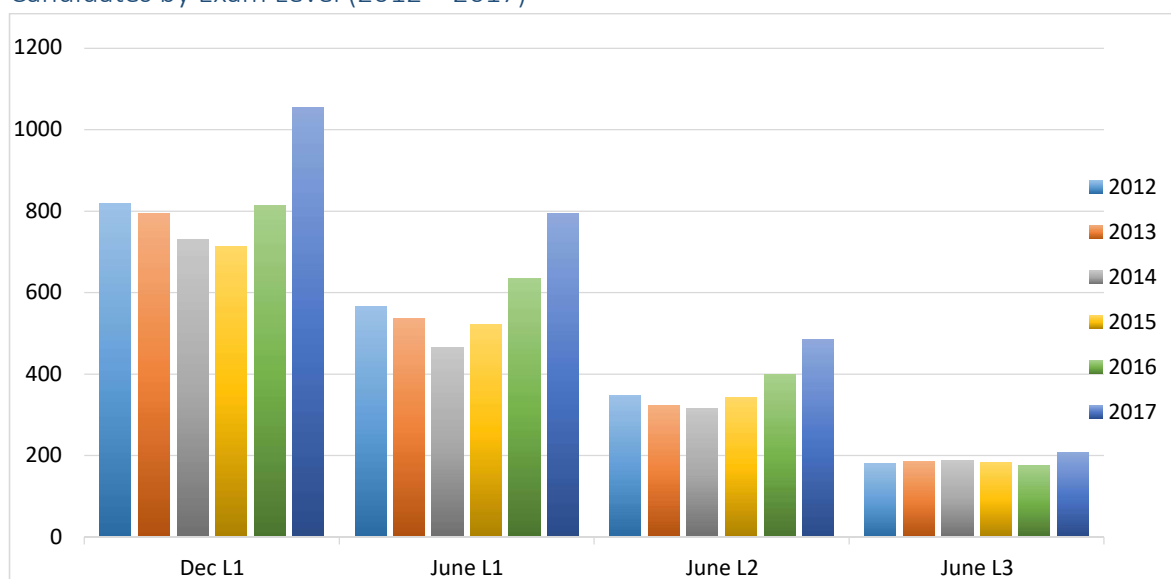
Activities and Achievements in 2017

- Established partnership with Kaplan to run the CFA Society of Melbourne’s review course and expanded the review course program from two to three days.
- Strong attendance for the Apr-May 2017 review course, with over 60 enrolments for the 3 day course. There was also strong participation in the practice exam program. Numbers for both offerings were high and overall student feedback was positive.
- Strong attendance for the Nov 2016 review course, with over 60 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.
- Organisation of a third party hosted networking event focused on candidates, with presentations from a panel of CFA Charterholders in 11 August 2017.
- Coordinated candidate study groups for all levels of the CFA exam.

Upcoming initiatives for 2018

- Exploring corporate partnership opportunities to enhance the existing and proposed additional review course programmes.

Candidates by Exam Level (2012 – 2017)



Committee Chair

Huey Miin Lim, CFA

Victorian Funds Management Corporation

Committee Member

Megan Talmage, CFA

IFM Investors

The Asia-Pacific Research Exchange (ARX)

The Asia-Pacific Research Exchange (ARX) is a 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. The ARX is continually attracting and encouraging content contributions on a wide array of investment topics from trusted sources to keep the site dynamic and relevant. The ARX has shown growth in all areas, including increasing its content, engagement, activity and visibility. There are now over 1,500 articles on the platform with contributions from individuals, corporate partners and academic institutions. Here is a summary of some of the highlights over the FY17.

New Corporate Partners: ARX has welcomed several new corporate contributors this quarter, including: Ethixbase, Investment Moats, Richard Duncan, and Think Asia (the quasi-Asia Development Bank Institute research depository.) These partners join the 20 corporate contributors that have already joined ARX, adding to the calibre and range of content.

Academic Partners: ARX has been pursuing partnerships with academic institutions to widen the breadth and depth of available content. One way of achieving this objective has been by sponsoring research prize awards at academic conferences. A recent example is the Australasian Finance and Banking Conference (AFBC) in December 2016. In Melbourne, the ARX and the Melbourne Society are jointly sponsoring a research prize award at the Finance Down Under (FDU) conference in March 2018 along with sponsoring the keynote address at that conference by the 2016 Nobel Laureate Professor Oliver Hart from Harvard.

Growth and Momentum: Since March 2016, the ARX website has been active and trending up in all areas of research. Users are reading and downloading articles as well as actively searching for specific topics and content. The ratio of new to returning visitors is evenly split, as new investment professionals are continuing to learn about the website and others are coming back for more information. Visitors are coming to the site from all over the world, with most visits from the US, India, China, Hong Kong, Australia and Singapore.

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.

The local 2016 University Research Challenge was conducted between July and October. Four universities participated in the Melbourne final of the Research Challenge, presenting their research on Nufarm Pty Ltd:

- University of Melbourne
- Monash University
- Swinburne University
- Adelaide University

The Monash University were the winning team and represented Melbourne at the Research Challenge regional final held in Bangkok, Thailand in March 2017.

The committee would like to thank the following sponsors and volunteers, whose assistance and efforts were essential for the successful running of the Research Challenge:

Major sponsor: S&P Capital IQ

Industry mentors:

Tina Yu, CFA	Invesco	Sean O'Neill, CFA	Toro Liberty
Adam Dellaverde	Taylor Collison	Vikrant Gupta	Antares

Judges

Peter Wilmshurst, CFA	Franklin Templeton	Reece Birtles, CFA	Martin Currie Australia
Ciara Wen	AustralianSuper		

Graders

Stephen Fallet	AustralianSuper	Sheunesu Juru, CFA	Vanguard
Claire Thornton, CFA	AustralianSuper		

Skills Sessions lecturers

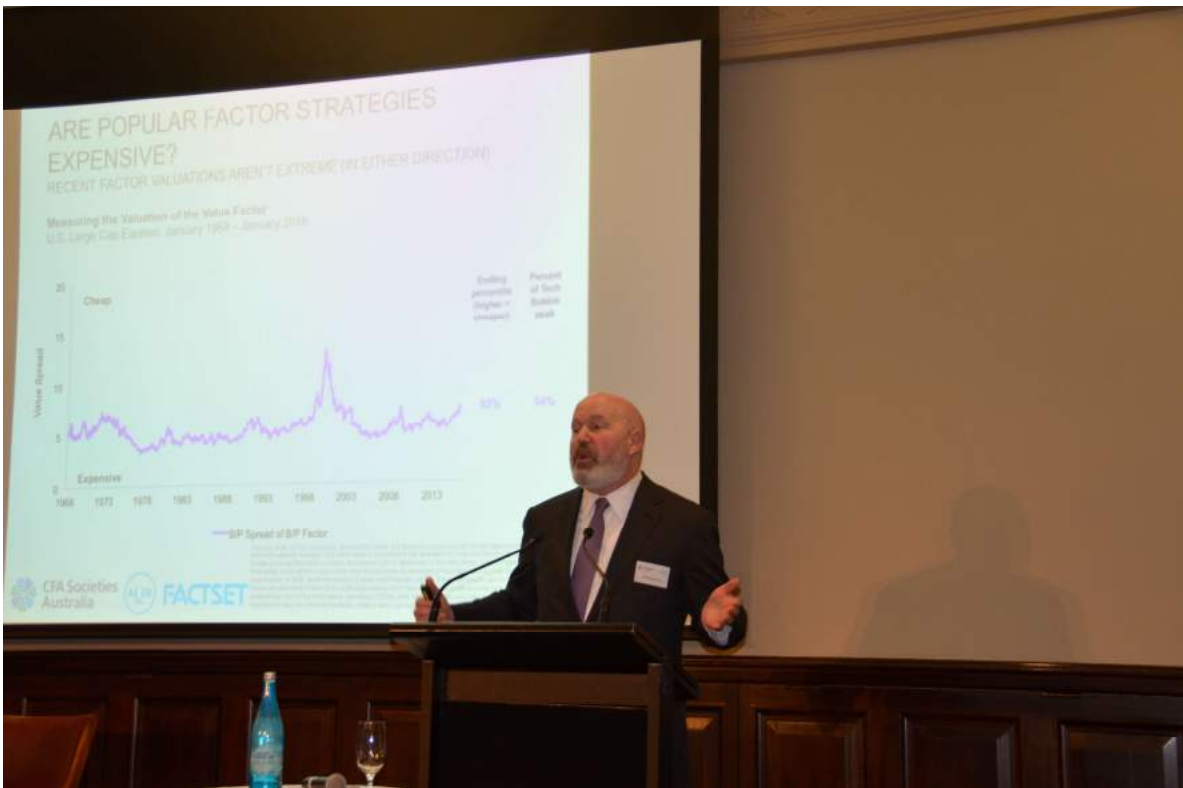
Rion van zyl Smit, CFA – Department of Treasury & Finance

Matthew Ryland, Greencap Capital

The focus for the beginning of the 2017 season has been to expand the number of participating universities, with 7 universities expressing interest in participating in the 2017 Challenge.

Committee Chair

Claire Thornton, CFA	AustralianSuper
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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 standard of ethics, education and professional excellence, and, where possible, link back to strategic initiatives of the 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, such that the conference is held every second year).

In November 2016, over 120 investment professionals braved a rainy night to gather at the historic Melbourne Town Hall to mingle with their peers and hear from Cliff Asness, Founder, Managing Principal and Chief Investment Officer at AQR Capital Management. Cliff delivered an engaging and insightful presentation entitled "What's Value Got to Do With It", wherein he discussed whether information on factors becoming cheaper or more expensive than their long run averages can be used to build a better style portfolio. He compared value timing to strategic diversification for style investors and looked at the style landscape in the market, evaluating the extent to which concerns regarding expensiveness and crowding actually show up in prices.

The Forecasting Dinner also provides an opportunity for friendly competition among the investment community, with our annual forecasting competition to see who will best predict a group of economic variables over the coming year. In 2016, AustralianSuper had a strong showing, represented by both second runner up Jonathan Tay and fifth runner up Ken Chory. However, they were narrowly edged out by UniSuper's (and hardworking CFA Melbourne Board member) Thomas Tam.

The remainder of the financial year was spent hard at work planning the 2017 Australia Investment Conference, taking place on November 1, 2017 at the Park Hyatt, Melbourne. CFA Melbourne is optimistic that the high standards set by previous conferences, most recently the 2015 conference in Sydney, will continue to be upheld. CFA Melbourne is also fortunate to have strong collaboration with CFA Societies across Australia and New Zealand, as well as from CFA Institute globally, in delivering this major event.

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.

This has been a busy year for the Social Events Team with a number of events held throughout the year. Ling, Lee, and Juan organised four events over the last 12 months to celebrate some of the Society's main occasions. Harley House, a venue previously used in 2014, was the main hosting venue with three events held at this location.

Our last event, to celebrate 2017 CFA exam results, was held at Collin's Quarter in August of this year and had 70 members and candidates in attendance.

A major development in 2017 was the support provided by FactSet as the main event sponsor. External sponsors reduce considerably the Society expenses related to the organisation of social events and add to the networking value of the event. One of next year's objectives is to increase the number of sponsors to ensure optionally and increase the number of relationships with external organisations.

Another major objective is to increase the diversity of attendees, thus allowing our membership to interact with people from other industries and societies. To this end we are currently reviewing the opportunity of a joint event with 3TOM (Women in Funds Management) at the end of the year.

	Date	Event	Venue	Sponsor	Attendance	Entry
1	8/11/2016	Annual General Meeting	Harley House	No	35	Free Members -\$15 non Members
2	29/11/2016	End of Year Drinks	Harley House	No	75	Free Members -\$20 non Members
3	15/05/2017	CFAM reaching 600 members	Harley House	FactSet	60	Free Members -\$20 non Members
4	9/08/2017	CFA exam results	Collin's Quarter	FactSet	70	Free Members -\$20 non Members

Committee Chair

Juan Dosio, CFA

AustralianSuper

Committee Members

Ling Jin

Australia Post

Lee Platek, CFA

Platek Analytics



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.

Our main focus this year has been on leading the effort to plan, design and build our amalgamated website for CFA Societies Australia and the CFA Society New Zealand. The initial wireframe concepts have now been designed and presented to the board for approval. Content analysis and development of the back end will soon be underway and we are hopeful for the site to be launched in early 2018. We are always keen to hear feedback about what you would like to see more of in the Website, Social Media and Newsletter, so please feel free to contact us on <http://www.cfa-melbourne.com.au/> or newsletter@cfa-melbourne.com.au.

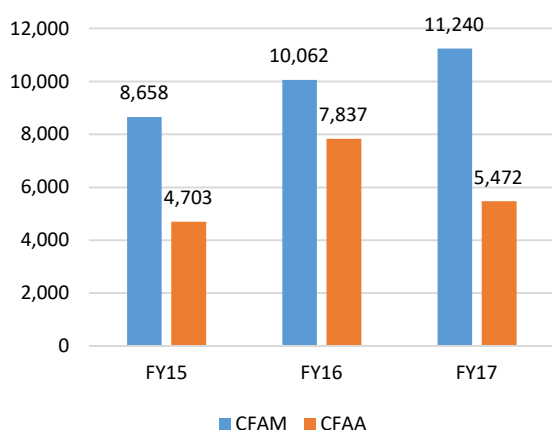
Activities and Achievements in 2016

- 60% increase in the number of followers of the CFA Societies Australia Twitter account. Initiatives to place a stronger emphasis on content curation and the implementation of a Tweet scheduling strategy contributed to this growth in followers.
- 12% increase in unique visitors to our CFA Society Melbourne website. Our most popular page, information about the CFA Program, attracted a 62% increase in visitors over the year.

Areas of focus for 2017

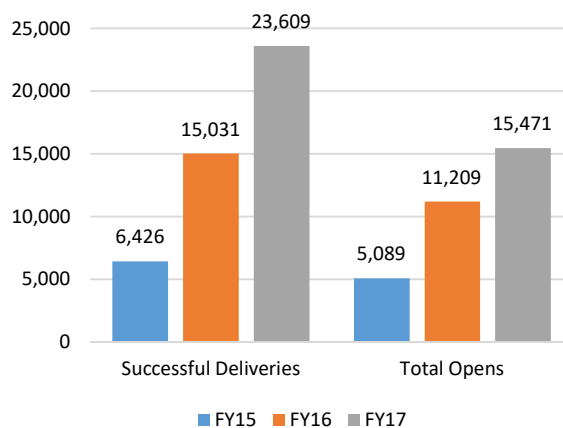
- The website project for CFA Societies Australia and CFA Society New Zealand continues to progress on schedule and is expected to rollout in Q1 2018
- Our goal for the coming year is to continue informing our subscribers about CFA education updates, as well as CFAM and CFAI-related conferences, lunchtime presentations, social events, and advocacy initiatives. In addition, we hope to bring more focus on the insightful research occurring within the investment industry.

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, CFA

Melissa Mun

Dimensional Fund Advisors



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 in a strong position, with net assets of \$289k, an increase of \$75k from 2016. The Society continues to focus on providing valuable services for members and candidates, while being mindful of overall costs of the Society. Services provided over the year have continued to improve, and have come with increased sources of revenue, leading to a profit before income tax of \$75k. The below table details the net asset position and net income over the past 5 years:

A\$	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Total Assets	383,501	281,996	215,569	200,863	235,784
Total Liabilities	94,368	67,706	27,951	25,743	26,446
Net Assets	289,133	214,290	187,618	175,120	209,338
Income	231,161	155,507	129,899	296,571	135,257
Expenses	156,318	128,835	117,401	330,789	154,806
Profit before Tax	74,843	26,672	12498	-34,218	-19,549

The increase in profit before tax of ~\$48k in FY 2017 (relative to FY16) was driven by a material increases in revenues (49%) that were slightly offset by an increase in expenses (22%). Particular items of note were as follows:

Revenue:

- **CFAI Funding** - Overall funding was up \$45k in FY 2017 and partly due to a number of project funding initiatives run by CFAM including increasing the awareness of the CFA and the website development project. CFAI Funding is our main source of funding for the Society and is part of the ongoing support from the CFAI to continue to provide services for members and run impactful initiatives.
- **Review Course and Schweser Note sales** – Through marketing the review course early and creating a 'Review Course and Practice Exam' package, these initiatives led to an uplift in sales. These two activities combined had a \$20k increase in revenue from prior year.
- **Membership Dues** – This increased by \$10k due to the increased membership base and cost of society dues.

Expenses:

- **Advocacy** – These costs increased by \$18k. The advocacy cost is supplemented by the increase in operational funding by the CFA Institute. Advocacy is a combined initiative with other societies of 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.
- **Website** – The increase in costs are for the development of a CFA Australia website. Similar to Advocacy, these costs were supplemented by an increase in CFAI Funding.

- **Review Course and Practice Exam** – Reduced by \$10k. These expenses have been reduced through leveraging the partnership with Kaplan including savings from room hire, facility resources and systems.
- **Member / Candidate drinks** – These expenses decreased by \$3.5k through sponsorship of events throughout the year.

Aside from these highlights in FY2017, we also note that in early November the CFA Investment conference will occur. This is a major event for the Society and is expected to run at a \$50k loss. This loss will be shared 50:50 between the Melbourne Society and the CFAI, and the Society is well placed to cover this loss.

Overall, the Board is comfortable with the financial position of the society. The strong initiatives put together by all teams has been an excellent result and been a strong driver behind our profitability for the year. Given this we believe the Society is in a strong position to continue to promote the CFA Society of Melbourne agenda and the CFA Institute's mission and goal over FY 2018 and into the foreseeable future.

Desmond Goh, CFA

Treasurer, CFA Society of Melbourne

CFA Society of Melbourne Inc
Balance Sheet
As at 30 June 2017

	Note	2017 \$	2016 \$
Current Assets			
Cash and Cash Equivalents	6	230,155	122,163
Trade and Other Receivables	7	<u>153,346</u>	<u>159,833</u>
Total Current Assets		<u>383,501</u>	<u>281,996</u>
Total Assets		<u>383,501</u>	<u>281,996</u>
Current Liabilities			
Trade and Other Payables	8	<u>94,368</u>	<u>67,706</u>
Total Current Liabilities		<u>94,368</u>	<u>67,706</u>
Total Liabilities		<u>94,368</u>	<u>67,706</u>
Net Assets		<u>289,133</u>	<u>214,290</u>
Equity			
Retained Profits	9	<u>289,133</u>	<u>214,290</u>
Total Equity		<u>289,133</u>	<u>214,290</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 2017

	2017 \$	2016 \$
Income		
CFAI Funding	99,356	54,101
Forecasting Dinner	24,855	11,569
Investment Research Challenge	-	5,895
Membership Dues	53,931	43,453
Practice Exam	2,967	8,151
Review Course	30,928	16,667
Interest Received	3,904	4,780
Schweser Notes Sales	8,018	1,574
Seminar Income	7,202	9,317
	<u>231,161</u>	<u>155,507</u>
Expenditure		
Accountancy Fees	5,765	5,680
Administration Costs	12,636	15,641
Advertising	6,902	3,504
Advocacy	54,614	36,673
Bank and Merchant Fees	80	227
Board Expenses	3,704	3,276
Bookkeeping	200	863
Conference	-	407
Filing Fees	80	-
Forecasting Dinner	26,010	21,672
Insurance	2,427	2,410
Interest Paid	134	8
Investment Research Challenge	-	653
Member/Candidate Drinks	3,900	7,282
Practice Exam Expenses	629	5,105
Printing & Stationery	197	158
Review Course	9,189	19,680
Seminars	-	1,119
Subscriptions	136	-
Travelling Expenses	608	1,866
Website Expenses	29,107	2,611
	<u>156,318</u>	<u>128,835</u>
Profit before Income Tax	<u><u>74,843</u></u>	<u><u>26,672</u></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 2017

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 2017

(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 2017

	2017 \$	2016 \$
2. Revenue		
Sales Revenue		
Rendering Services	<u>181,109</u>	<u>123,169</u>
	181,109	123,169
Other Income		
Review Course	30,928	16,667
Interest Received	3,904	4,780
Schweser Notes Sales	8,018	1,574
Capital Gain on Sale of Non-Current Assets	<u>7,202</u>	<u>9,317</u>
	50,052	32,338
	<u>231,161</u>	<u>155,507</u>
3. Expenses		
Advertising	6,902	3,504
Bank and Merchant Fees	80	227
Insurance	2,427	2,410
Printing & Stationery	197	158
Other Expenses	<u>146,578</u>	<u>122,528</u>
	<u>156,184</u>	<u>128,827</u>
4. Finance Costs		
Interest Paid		
- General	<u>134</u>	<u>8</u>
	<u>134</u>	<u>8</u>
5. Profit for the Year		
Profit before income tax expense from continuing operations includes the following specific expenses:		
Charging as Expense		
Finance Costs	134	8
Research and Development Costs	9,189	19,680

*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 2017

	2017 \$	2016 \$
6. Cash and Cash Equivalents		
Cash at Bank - Westpac CMA	38,762	11,745
Cash at Bank - Westpac Maxi	184,122	66,247
Cash at Bank - Westpac Cash Reserve #2	7,271	44,171
	<u>230,155</u>	<u>122,163</u>
7. Trade and Other Receivables		
Current		
Short-term Deposits	153,346	149,592
Accrued Income	-	7,118
Provision for GST	-	3,123
	<u>153,346</u>	<u>159,833</u>
Total Trade and Other Receivables	<u>153,346</u>	<u>159,833</u>
8. Trade and Other Payables		
Current		
Accrued Charges	77,337	60,511
Credit Card	(7,053)	7,195
Prepaid Conference Income	21,456	-
Provision for GST	2,628	-
	<u>94,368</u>	<u>67,706</u>
Total Trade and Other Payables	<u>94,368</u>	<u>67,706</u>
9. Retained Earnings		
Retained Earnings at the Beginning of the Financial Year	214,290	187,618
Add		
Net profit attributable to members of the company	74,843	26,672
Retained Earnings at the End of the Financial Year	<u>289,133</u>	<u>214,290</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 2017**

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 2017 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 2017 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 19 day of September 2017

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 2017, 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

..... / / 2017

