



**CFA Society
Melbourne**

ANNUAL REPORT &

FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2018



Table of Contents

About Us	2
Message from Managing Director, CFA Institute Asia Pacific.....	3
Message from President, CFA Society of Melbourne	4
Message from CFA Presidents Council Representative	5
Key Statistics - CFA Society of Melbourne	6
CFA Society of Melbourne Warmly Welcomes.....	9
News Flash.....	11
Advocacy.....	14
Global Investment Performance Standards.....	15
Member Education	17
Membership	18
Candidate Education	19
University Outreach	20
Social Events.....	22
Website, Social Media and Newsletter	23
CFASM Initiative – International Women’s Day	25
Special Events.....	26
Global Passport Program	28
The Asia-Pacific Research Exchange (ARX)	28
Treasurer’s Report	30

About Us

CFA Society of Melbourne represents the interests of more than 700 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 155,000 members with 152 societies, 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>	Leila Lee, CFA	<u>Member Education</u>
Linda Trusler, CFA	<u>Secretary</u>	Nick Gill, CFA	<u>Membership</u>
William Nigro, 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>
		Elaine Xu, 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

Graeme Miller	<u>Executive Director, CFASM</u>	Emma Philips	<u>Events & Marketing Manager</u>
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Message from Managing Director, CFA Institute Asia Pacific



Dear Members,

This year has seen some diligent advocacy work on the part of CFA Societies Australia, which has stood strong in its commitment to ethical behaviour amid the turbulence that has buffeted the country's financial industry. While ethical issues have prompted fair questions about the industry's professionalism and conduct, the situation also represents an opportunity for CFA Institute and CFA Societies Australia to, in the words of an old children's fable, "spin straw into gold," as it were.

The society's exemplary work this year with the Hayne Royal Commission and the Financial Adviser Standards and Ethics Authority reinforces our mission to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society. The submissions we made to these organisations complemented well our work throughout Asia-Pacific this year to support that mission.

Among our accomplishments, we issued our third trust survey report in April entitled "The Next Generation of Trust", based on a global survey of retail investors and institutional investors. One of the markets surveyed was Australia. This was followed by our Ethics Survey, done in collaboration with CFA societies across the region. The societies surveyed their members to uncover ethical issues, noting instances of questionable product suitability and lack of conflict of interest disclosures within the investment management community.

A quick glance at C-suite behaviour among large companies and financial institutions around the world reveals that Australia hardly has a monopoly on corporate misconduct. But the fact remains that 2018 has seen the emergence of troubling patterns among some of the nation's most previously trusted companies.

Thus, CFA Societies Australia, supported by CFA Institute, has a unique opportunity to: advance and promote policies that serve investor protection over commercial interests, improve market structure, transparency and fairness for all investors, and support the creation and adoption of rules and standards, which improve and expand investment industry professionalism.

Spinning straw into gold, or transforming challenges into opportunity, when it comes to leading the way in demonstrating true professionalism and ethics, this is what we do. Clearly, there is much work to be done and the future of our industry depends on righting wrongs, earning investors trust and putting clients first. Finance is a noble profession, and if we uphold the standards that we hold dear, we can indeed contribute to solving some of the world's most intractable problems. Thank you all for your work, dedication and commitment to our mission.

Nick Pollard

Managing Director Asia Pacific

CFA Institute

Message from President, CFA Society of Melbourne



I'd like to acknowledge the significant work that the CFA Society Melbourne Board, committee members and volunteers have put in during the 2018 financial year. We have also had significant support from CFA Institute with these local initiatives. Together we are preparing for an even more productive 2019 year ahead building on our efforts in 2018 as you will see from the reports of our Committee Chairs.

Some major accomplishments this year have been to hire additional support to deliver more effective programs for you. For CFA Melbourne locally, we have hired a new Executive Director Graeme Miller, to help deliver local programs supporting the Board and Committee strategies. At a national level, we have contributed to the hire of a new CEO of CFA Societies Australia, Lisa Carroll, who will coordinate our national activities including advocacy and outreach, working with our local society staff, boards and committees. Additional support for these roles has come from CFA Institute, both in the form of funding contribution and in contributing to the governance of the CEO role.

There is a consensus amongst Australian CFA Societies to develop a strengthened partnership with CFA Institute which will deliver more benefits to our members, candidates and local industry stakeholders. This has been discussed as Societies 2.0, which will be an evolving conversation and about how to develop this partnership to help raise professional standards and how we can develop more trust of our profession in the broader community.

With technology, our profession can improve by embracing change that benefits clients and our community, whether it be through enhanced advice delivery through robo-advice or facilitating more robust securities transactions with blockchain. The CFA curriculum provides an important introduction to these new technologies in finance. This is complemented with our local seminars on green bonds, high frequency trading, peer to peer lending and cryptocurrencies, which help keep our members and candidates current.

Regulation must also respond to both technology and the expectations of investors in the community. ASIC's regulatory sandbox is one such approach. This is a way to test new products or services without a license. While this may enable faster development, we must also ensure that consumers of financial products and services are protected.

CFA Societies of Australia and CFA Institute made a submission to the Royal Commission which is discussed more in the Advocacy report later in this Annual Report. There is also opportunity to have a once in a generation open conversation with the financial profession and community to strongly advocate for putting the end client first ahead of organisational and personal interest. How we do this effectively as a profession and industry is our challenge to take up on behalf of the ultimate investor communities that we serve. If we do not, then we risk never regaining the trust that has been clearly lost, gradually at first and then quickly with this heightened scrutiny.

In conclusion, I encourage you all to engage with your local CFA Society in Melbourne, across Australia and around the world with the support of CFA Institute. Together we can raise professional standards, ethics and the standing of the investment profession to bring back trust to our industry and communities that we serve.

Graeme Bibby, CFA

President, CFA Society of Melbourne

Message from CFA Presidents Council Representative



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 19% globally last year, of which a significant proportion are in the Asian region (with China growing the fastest). In Australia, over 10,300 candidates sat exams in 2017/18, up strongly over the previous year. Meanwhile, total membership in Australia has risen to 3,300 at the time of writing.

As PCR, 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.

It is members and societies that are the lifeblood of the CFA organisation. In our region, one notable development was the establishment of another new society in Chengdu, China, during the year. Globally there are now 152 societies (and growing) around the world, with over 155,000 members.

The Asia Pacific region continues to grow strongly, with 54% of global candidates now coming from this region. This strong growth is being led by China, with not just Chinese nationals but Chinese passport holders in other countries (including Australia) increasingly taking the CFA exams. As it takes time for candidates to become members, membership breakdown remains dominated by the Americas (60%), followed by EMEA (22%) and APAC (18%).

Over the past year, CFA Australia has been active in advocacy on behalf of members, making submissions to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, and to the newly established Financial Adviser Standards and Ethics Authority (FASEA).

One of the major developments in Australia has been the appointment of a CEO for CFA Australia. It was pleasing to see the appointment of Lisa Carroll to that position in August 2018. Furthermore, Graeme Miller has been appointed as Executive Director for the Melbourne society to help manage local matters. Both these appointments will significantly improve the ability of the CFA Australia and CFA Melbourne to contribute to meeting the CFA Institute mission.

Other matters of importance include the continuation of the global brand campaign, which has continued under the latest campaign "Let's Step Up". This will be an ongoing project, so expect to see further advertising in the next year.

Finally, I would like to also highlight to local members that one of our own members, Maria Wilton CFA, was appointed to the Board of Governors of the CFA Institute effective February 2018. Maria's extensive investment and management experience puts her in a great position to provide a local and regional input to the Board. More parochially, it is wonderful to see a Melbourne local on the global Board of Governors. It also keeps an Australian presence on the Board, following the expiry of CFA Sydney member Mark Lazberger's term in August 2018.

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 mission, and to improving the outcomes for investors world-wide.

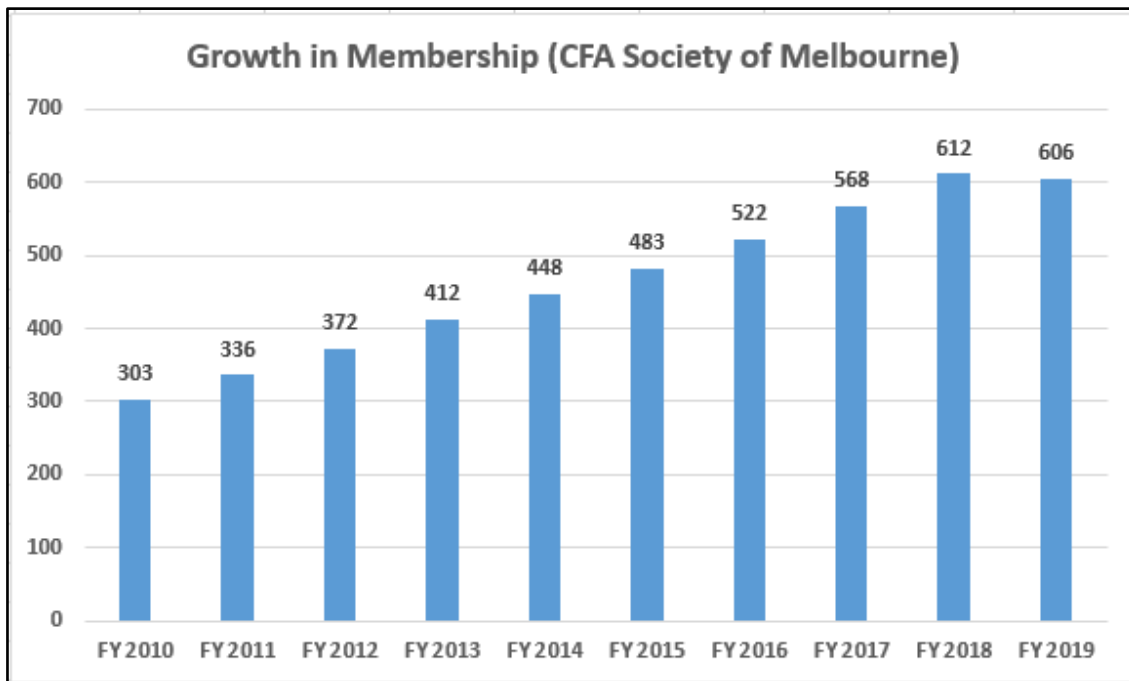
Phil Graham

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

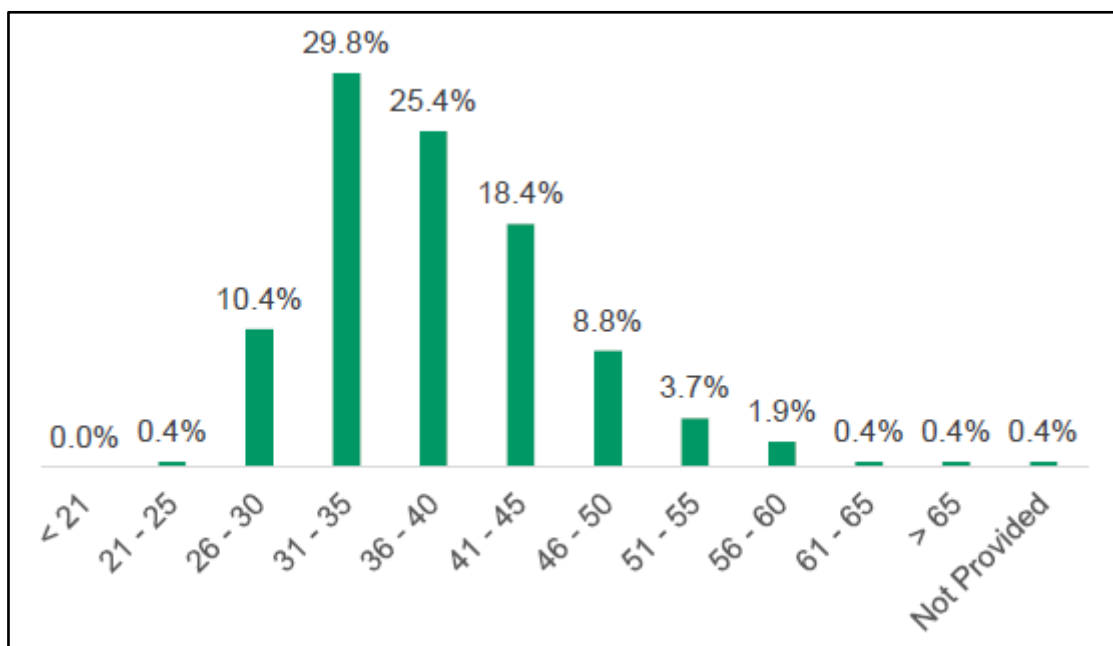
Key Statistics - CFA Society of Melbourne

(data as of 31 August 2018 unless otherwise stated)

Growth in Membership (FY 2010 – FYTD 2019)



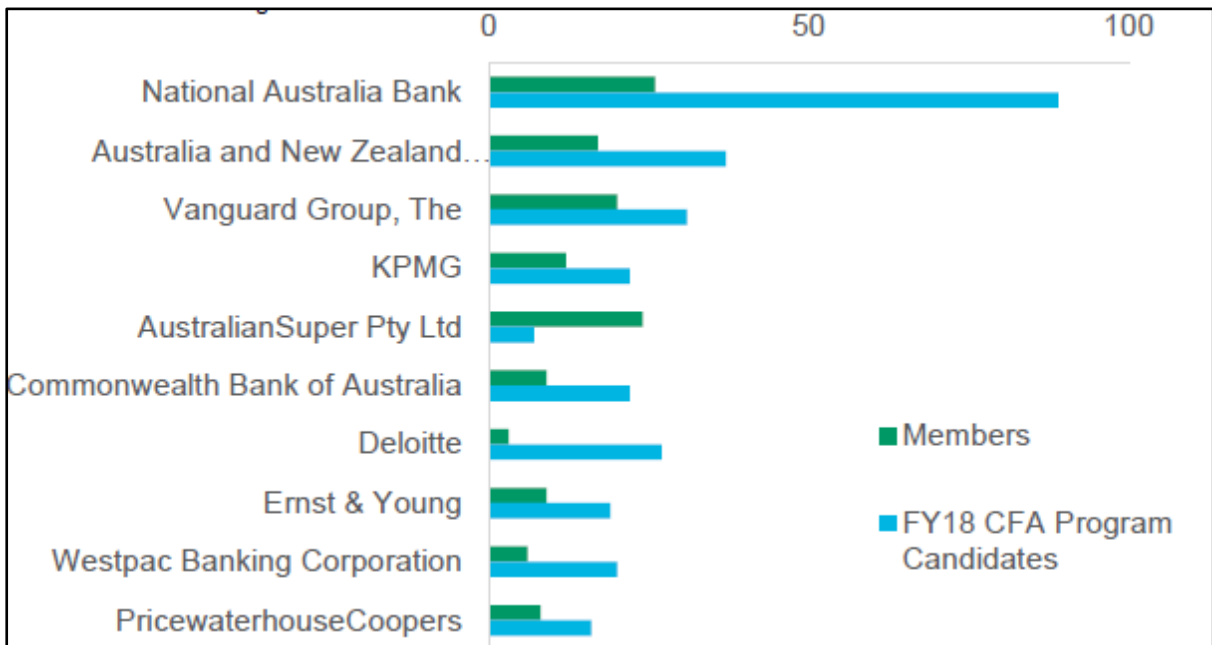
Membership Age Distribution



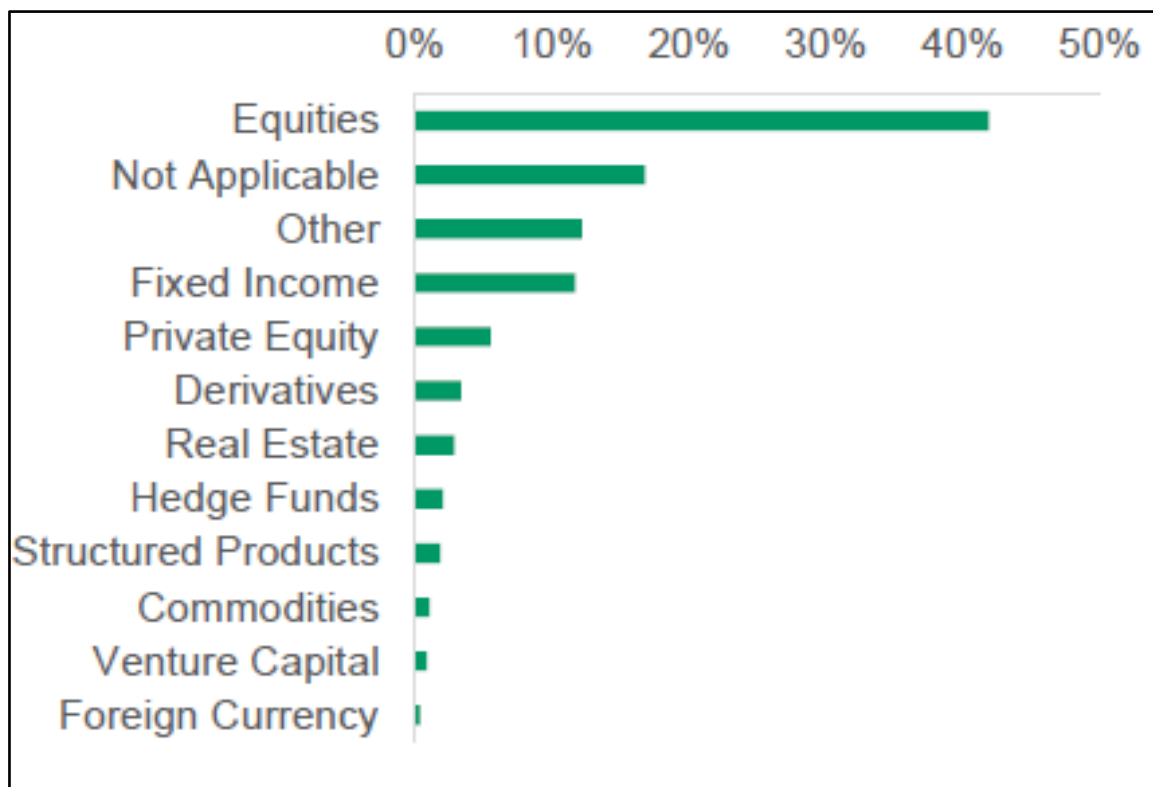
Member Job Functions



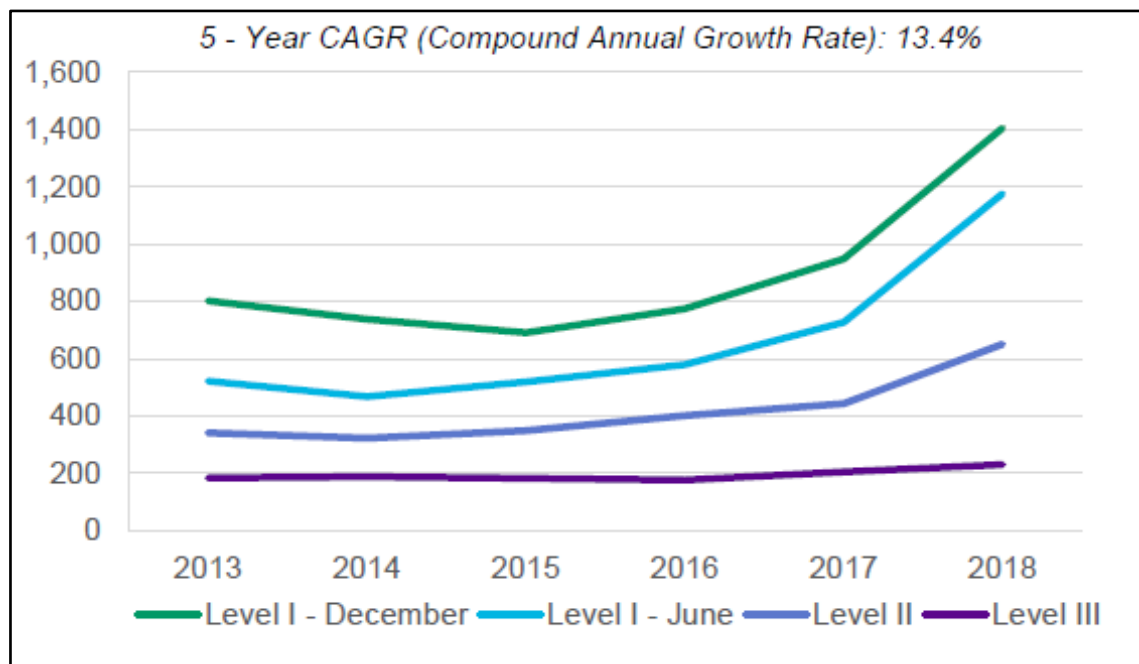
Top Employers



Members' Primary Investment Practice



Growth in Exam Registrations



Data as of 30 June 2018

CFA Society of Melbourne Warmly Welcomes...

Lisa Carrol - CEO, CFA Societies Australia

Lisa joins CFA Societies Australia from Good Shepherd Microfinance where she was the Chief Operating Officer responsible for improving the delivery of financial inclusion products and affordable financial programs to people on low incomes. As part of this role, she managed the finance, legal, IT, learning and development, quality assurance and core program delivery teams within her organisation, and led the strategic planning process. In her previous roles, she also gained extensive experience in digital communications, content, publishing, IT and marketing.

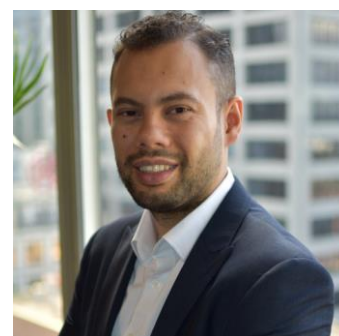


Originally with a background in publishing in the education and financial sectors, Lisa spent many years in large membership associations. She has led large-scale certification programs, member communications, content and publishing across print, online and social channels, as well as member resources, research, policy and advocacy functions. She has led the development and implementation of digital and engagement strategies designed to better serve a worldwide membership base.

Lisa says: "I'm pleased to play a role in taking CFA Societies Australia to a new level of engagement, brand awareness and recognition of the CFA designation. This is a pivotal time for the investment management industry and the importance of education, ethics, professional excellence and a strong focus on the rights of the investor cannot be overstated. I look forward to connecting with members across Australia and ensuring we provide member value, ongoing learning and career opportunities for members and candidates, and represent the profession with a strong voice."

Graeme Miller - Executive Director, CFA Society of Melbourne

Graeme Miller, CFA joins CFA Society Melbourne from the Centre for Investor Education, where he was the Head of Research, overseeing the analysis and development of investment forum agendas. Over his career, Graeme has gained extensive experience in managed fund research and market analysis, as well as working with a wide range of industry stakeholders in producing investment content and educational programs. Graeme's role with CFA Society Melbourne is to provide support to the board and committees in achieving our strategic goals.



Graeme says: "I'm delighted to have joined CFA Society Melbourne in a key stage of its evolution. Melbourne continues to expand as a financial and investment hub, which is also leading to increasing numbers of CFA Candidates and Members – creating a talent pool that is highly skilled, diverse, and globally connected. It is important that our local society, through initiatives in advocacy, professional development, and networking, ensures this growth is on a solid foundation. Underpinned by the energy and leadership of our dedicated board and committee members, CFA Society Melbourne is well placed to support our members in striving for the highest standards of ethics, education, and professional excellence in our industry".

Candidate Spotlight

Shining the spotlight on CFA candidate, **Campbell Stanley**

What does your day look like?

I currently work in asset servicing operations at NAB. I work in the domestic settlements team, which is primarily responsible for processing equity and fixed interest trades for Australia. In the mornings, the focus is on trying to get our clients trades out for the 10:30am CHESSE cut off. In the afternoons we focus on getting the fixed interest trades out for the Austraclear cut off at 4:28pm.

Every day is different. The volume of transactions vary greatly which keeps the job interesting, and it has been a great introduction for me into the Australian market and has also complemented my studies in the CFA material.



Why are you pursuing the CFA Charter?

I decided to do the CFA charter after working with a CFA charter holder at my previous job, who told me about all the benefits of being a CFA charterholder and how this could aide me in the future with my career. I also admired how knowledgeable he was about markets and everything, so he really inspired me to take the charter.

After doing some research into what the CFA programme offers, I also discovered how highly regarded it was by employers and thought it would be a good decision for my future.

What has your experience been so far?

I have had a mixed experience with the CFA. In the beginning, seeing all the textbooks and material, I felt quite overwhelmed, but with the CFA society of Melbourne's help I was able to meet people and create a study group, which I found very helpful.

How has being a CFASM member benefited you?

Being a member of the CFA Society of Melbourne has benefitted me because I have been able to meet other people who have a passion for financial markets and I have managed to make good friends through the programme as well as being able to increase my knowledge, all of which has benefitted me in my work.

What do you hope the CFA charter will do for you?

I hope that the CFA charter will provide me with the building blocks and knowledge so that I can have a wonderful career in the financial industry.

News Flash

Reporter: Kevin Heng - Assistant Secretary, CFA Society of Melbourne

CFA Institute CEO Paul Smith, CFA, Visits Melbourne

On the 8th of October 2018, the CFA Society of Melbourne board and committee members were delighted to host an informal gathering with the CEO of the CFA Institute, Paul Smith, at the InterContinental Melbourne. It was a great opportunity for our volunteers to receive recognition for their contributions from the highest level. The meeting was an insightful gathering as Paul Smith delivered his plans for the society, moving forward.

There was great emphasis on the new strategic approach known as Society 2.0 where the CFA Institute aims to push societies as the forefront leaders in representing the local presence of the CFA Institute. Smith revelled in the prospect that local societies were to receive more funding, greater support and recognition from the CFA Institute than ever before as the Institute shies away from its prominence.

Smith also provided an insight into the challenges surrounding the Institute's global positioning. With the varied emergence and development of countries, the Institute aims to challenge, facilitate and oversee the ethical development as well as position itself as the leading professional body.

With great uncertainty amongst the global market, Smith foresees a vision where the societies will ultimately represent the professional bodies for the industry and work alongside with government regulators to achieve the ultimate goal of benefitting and protecting the public. Smith finalised the meeting by requesting for greater involvement from the local society to continue targeting university relations and pursuing stronger advocacy.



Let's Measure Up!



**YOU PUT
INVESTORS FIRST.
WE PUT
YOU FIRST.
LET'S
MEASURE UP.**



COMMITTEE REPORTS



Advocacy

It's been an eventful year in the advocacy space with a particular emphasis on ethical behaviour given the significant industry events including the Royal Commission into Financial Services as well as the onset of Mifid II from the beginning of this year that brings about greater transparency and accountability over investment research.

You may have noticed as well the increasing presence of the CFA designation over the past 12 months in both online and print media. This was part of a worldwide brand campaign, a targeted initiative aligned to our objective of raising the awareness and recognition of the CFA designation.

The campaign yielded some success with Australia coming in the top end of the global benchmark for Top of Mind Awareness. Furthermore, we found that more than half of the survey participants in Australia were much more likely to hire a CFA charterholder, again above the global average. It was also pleasing that our advocacy efforts locally and nationally have us been seen as thought leaders, ethical and investor focused.

In collaboration with the Advocacy Council of CFA Societies Australia and CFA Institute we've continued our multifaceted approach in engaging with key stakeholders on topics that make a difference. In this regard, key initiatives over the year include discussions with regulators including ASIC and submissions to the Royal Commission and Financial Adviser Standards and Ethics Authority (FASEA) and the Open Letter initiative.

Our submission to the Royal Commission sought to address the root cause of the issue which stems from unethical conduct. As such, our recommendations focused on requiring institutions to adopt and implement a code of ethics and professional standards that embraces the ethical principles espoused by the CFA Institute as well as provide ongoing ethics training to staff.

In respect to our engagements with FASEA, we share a similar mission in setting the education, training and ethical standards for financial services practitioners. Consequently, it made sense for us to provide the FASEA with a number of detailed submissions to assist with their establishment of a Code of Ethics for Financial Advisers, Guidance on Education Pathways for Existing Advisers as well as Financial Adviser Examinations.

Furthermore, through our Open Letter initiative, we received support from six Australian Superannuation Funds who support higher ethical standards and are asking their asset managers to adhere to the standards set out within the Asset Manager Code. In short, the code asks the asset managers to act in a professional and ethical manner for the best interest of their clients.

With the heavy focus on ethical conduct this year, it was also pleasing to see from the ethics survey that 75% of you felt that the investment profession in Australia was either very ethical or somewhat ethical. You also highlighted the most common unethical conducts that occur in our industry are not considering product suitability, not disclosing fees and costs and conflicts of interest. We will look to find ways to improve the standards within these areas.

Finally, we will continue to focus on delivering value to you by increasing the awareness and the recognition of the CFA designation. To that end, we believe the recent appointment of an executive director and a Chief Executive Officer will greatly assist in furthering this cause.

Committee Chair

Thomas Tam, CFA

UniSuper

Global Investment Performance Standards

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 an active role in the standards through participation in various GIPS® Subcommittees.

Kate Mistic, CFA is chair 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

An update on the 2020 GIPS® Standards

GIPS® is evolving and the CFA Institute is ensuring that it remains relevant to all asset classes and types of investment managers. In late August the CFA Institute released for public comment the 2020 GIPS® Standards Exposure Draft. The latest update of the Standards represents a significant shift that will ensure practical, investment industry relevance while maintaining their core purpose: ensuring performance transparency and comparability.

A fundamental change designed to make the standards more relevant was the inclusion of guidance for alternative managers, asset owners and managers of broadly distributed pooled funds. Historically these firms have found it difficult to claim compliance with the standards as composites were not always appropriate for all investment products, guidance was limited to certain asset classes and numerous guidance statements designed to assist asset owners needed to be consolidated.

Also included in the Exposure Draft was the choice for certain firms to present money-weighted or time-weighted returns, updated advertising guidance with fewer requirements and the introduction of sunset provisions, allowing firms to remove certain disclosures considered no longer relevant after one year.

I'm sure you'll agree the proposed changes will remove unnecessary barriers and encourage more asset managers and owners to claim compliance. In fact, in a recent survey¹ 94% of consultants & investors believed more pension funds, foundations, endowments and other asset owners will claim compliance with the updated standards when released.

The public comment period is currently open and will close on 31 December 2018. The CFA Institute will release the final version in the 2nd half of 2019 and the standards will come into effect on 1 January 2020.

¹ ACA Performance Services & eVestment "The Value of GIPS® Compliance: 2018 Manager and Consultant Survey" August 2018

GIPS® in Australia

Currently the Financial Services Council is the country sponsor for GIPS® in Australia and is responsible for promoting GIPS®. One of the first country sponsors of the Standards, Australia has always been in mix when it comes to GIPS® however, it's estimated that only 30%² of Australian investment managers claim compliance.

Following up on work completed by our committee members, the Society has chosen to take a more active role within the local market and has set a goal of increasing the claim compliance across local manager and owners.

To promote and build awareness of the Standards, the Society is looking to connect locals to a pool of GIPS® technical experts. One event taking place in November is an information night that will involve Carl Bacon. A founding member of the Standards, Carl will update the Society on the latest changes and what it means for firms that are currently or potentially are looking to claim compliance with the Standards.

The Society has also engaged the local regulator (ASIC) and has asked that they provide feedback on the updated Standards. It is hoped that by building awareness amongst local stakeholders, there will be a greater claim of compliance across local asset managers and owners.

Committee Chair

Sheunesu Juru, CFA

Committee Member

Kate Mistic, CFA

Damien Damiano, CIPM

Telstra Super

Martin Currie Australia

² Ibid.

Member Education

The Member Education Committee is responsible for planning and organising a thoughtful program of education sessions throughout the year that provide CFA Society of Melbourne (CFASM) members with ongoing professional development to enhance their ability to put investors first. We strive to have a mix of events that are relevant for our broad member base or more targeted to a specific topic or asset class. This gives members the opportunity to hear from world-class thought leaders across investment markets and to facilitate networking with other members. These sessions also provide members the ability to fulfil their Continuing Education (CE) obligations. Typically, sessions are held at lunchtime at various Melbourne CBD locations, or where appropriate, we also organise sessions over breakfast or after work.

Over the 2018 financial year we held 16 sessions with high-quality presenters from Australia and around the world on a variety of topics. Please refer below for highlights from the program:

- Prof. Keith Black presented on 'Opportunities in Private Credit Investing'. This was a joint event with Chartered Alternative Investment Analysts (CAIA) and was held at the Future Fund's offices.
- International Women's Day breakfast session with leaders in Melbourne's finance industry sharing their career insights and lessons in leadership. The panellists were Kasia Gascoigne (AustralianSuper, Operations Risk Manager), Kate Temby (AIM, Partner Client Engagement) and Shikha Gupta (Future Fund, Manager of Debt & Alternatives). Refer page 26 for further detail on this session.
- Environment, Social and Governance (ESG) workshop as part of the CFA Institute and PRI's of workshops across the globe to share best practice on ESG integration. The workshop was facilitated by Justin Sloggett, CFA from PRI.
- Chris Siniakov and Josh Rout from Franklin Templeton presented on 'Inflation in a World of imbalances'.
- Henrik Andersson, CFA on 'The Emerging World of Crypto Assets: From Bitcoin to ICO Tokens'.
- Matt McGilton (Kaizen Recruitment, founder) and Robyn Robertson (HESTA, Human Resources Business Partner) presented for a session on 'Career Advice from Recruitment Experts'.

The objective continues to be enhancing our program of sessions and we seek member feedback on how we can improve the content going forward.

Committee Chair

Leila Lee, CFA

Square Peg Capital

Committee Member

Paul Kessell, CFA

Membership

As at 23 October 2018 the CFA Society of Melbourne had 673 members, of which 668 were regular and 5 were affiliate members of the CFA Institute.

659 (98%) of the regular and affiliate members are Charterholders.

Memberships were due on 15 July and the numbers above exclude 103 (representing approximately 13%) members that had not renewed at the time of writing. There are typically a number of late renewals generated by the CFA Institute's process to advise members that their memberships will lapse, at the time of writing this process had not yet begun. In-line with prior year trends we would expect to recover approximately 60 of these members.

The Society has consistently had a retention rate of circa 92%. For the 2017/18 year there were 97 new members up from 82 last year. To date there have been a further 67 new members during the 2018/19 year. The numbers of members leaving the society is not yet available, however if we recover 60 of these members as expected the retention rate will be circa 93%.

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:

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Opening Balance	303	336	372	412	448	483	522	568	612	606
Add: New members	63	68	67	71	64	74	86	82	97	67
Less: Transferred to other society	(7)	(12)	(10)	(6)	(5)	(14)	(10)	(9)	-	-
Less: Not a society member	(9)	(9)	(7)	(10)	(13)	(10)	(11)	(14)	-	-
Less: Left institute	(14)	(11)	(10)	(19)	(11)	(11)	(19)	(15)	-	-
Less: Not renewed at October 2018									(103)	
Closing Balance	336	372	412	448	483	522	568	612	606	673
<i>Loss rate</i>	(9.9%)	(9.5%)	(7.3%)	(8.5%)	(6.5%)	(7.2%)	(7.7%)	(6.7%)	(16.8%)	-
<i>Loss rate (society only)</i>	(3.0%)	(2.7%)	(1.9%)	(2.4%)	(2.9%)	(2.1%)	(2.1%)	(2.5%)	-	-
<i>Retention rate</i>	90.1%	90.5%	92.7%	91.5%	93.5%	92.8%	92.3%	93.3%	83.2%	100.0%
<i>Net increase</i>	10.9%	10.7%	10.8%	8.7%	7.8%	8.1%	8.8%	7.7%	(1.0%)	11.1%

During the 2017/18 fiscal year, membership has focused on supporting members in joining the Society. This included:

- Answering questions from potential members on how to join and work experience requirements
- Contacting lapsed and charter pending members inviting them to join and
- Contacting members during the renewal period outlining the benefits of renewing their membership, these emails markedly improved the renewal rates.

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 FY2018

- Strengthened partnership with Kaplan Education to run the CFA Society of Melbourne's review course. The course and practice exam sessions are held at Kaplan's Docklands office.
- Strong interest in the June 2018 exam courses with 66 enrolments and 98 registrations for the practice exams across all three levels.
- Introduction of a Level 3 review course for the Portfolio Management module. This was attended by 21 candidates.
- Overall, feedback for the June 2018 courses was positive. However, candidates suggested that a greater proportion of the course content focus more towards worked examples. We have worked with Kaplan to implement this approach for the December 2018 courses.
- For the December 2018 exam course, there were 22 enrolments and 34 registrations for the practice exams.
- Co-ordinated candidate study groups for all CFA Levels in June 2018 and for the Level 1 December 2018 exam.

Upcoming Initiatives in FY2019

- Increase interest in the course to raise attendances and practice exam registrations
- Improve candidate feedback through the implementation of the new approach focusing more on worked examples

Committee Chair

Huey Miin Lim, CFA

Victorian Funds Management Corporation

Committee Members

Kelechi Achara, CFA

Ernst & Young

Sergio Bonnici, CFP

Meritum Financial Group

University Outreach

The local University Research Challenge is conducted annually between July and October. In this annual report, we will provide information on both the 2017 and 2018 competitions.

	2017	2018
Subject Company	Melbourne IT	Redhill Education Pty Ltd
Participating Universities	University of Melbourne Monash University Adelaide University Victoria University (2 teams) Deakin University	University of Melbourne (2 teams) Monash University Adelaide University (2 teams) Victoria University
Winning team	Adelaide University	University of Melbourne

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	Adam Dellaverde – Taylor Collison Sean O’Neill, CFA – Nash Advisory Ciara Wen – AustralianSuper Chris Schodde, CFA – AustralianSuper Linda Trusler, CFA – DMP Asset Management Sean Juru, CFA - Vanguard	Adam Dellaverde – Taylor Collison Sean O’Neill, CFA – Nash Advisory Yen Koh, CFA – DNA Funds Winston Chong, CFA – Gandel Sean Juru, CFA – Vanguard Boon Leong Ong, CFA – Somerset Capital
Judges	Michael Slack, CFA – Martin Currie Australia Peter Wilmshurst, CFA – Franklin Templeton James Harman, CFA - Hesta	Michael Slack, CFA – Martin Currie Australia Peter Wilmshurst, CFA – Franklin Templeton Christine Montgomery - AustralianSuper
Graders	Winston Chong – Gandel Trent Brandie, CFA – AustralianSuper Claire Thornton, CFA - AustralianSuper	Rudy Soobaroyen, CFA Claire Thornton, CFA – AustralianSuper Linda Trusler, CFA – DMP Asset Management

Skills Sessions lecturers

- Rion van zyl Smit, CFA – Department of Treasury & Finance
- Matthew Ryland, Greencape Capital

The focus over the last few years has been to increase the breadth of participating universities and university relationships. This has been achieved, however increased engagement in the coming years to help to better support faculty and lift the standing of the competition in the local market is required. We have also managed to align the competition with sponsors graduate recruitment and internship programs which is an exciting development for participating students. We hope to expand this connection to local employers in coming years.

Committee Chair

Claire Thornton, CFA AustralianSuper

Research Challenge



Candidate Review Course



Class of CFA Level 1 Candidates (December 2018)

Social Events

The objectives of the Social Events Committee include providing a friendly environment for personal and professional development opportunities, supporting the goals of CFA Society of Melbourne, and upholding the values of the CFA Institute.

The team responsible for organising Social Events in Melbourne is well-resourced, diverse, and full of energy and ideas. Bei, Lee, Akash, and Juan work behind the scenes to ensure the events are delivering value to members, candidates and the investment community in general. Our aim is to create a relaxed and friendly environment where ideas can be discussed and personal connections can be made.

The main objective in the FY18 year was to increase the number of members and candidates attending the events and to make events a more diverse and friendly environment.

Although this is just a work in progress, we have seen a marked increase in attendance for our last events and the feedback has been very positive from male and female members and candidates alike.

Going forward, our intention is to continue with the work we have been doing over the last couple of years striving for better attended, more diverse and inclusive events.

	Date	Event	Venue	Sponsor	Attendance	Entry
1	8/11/2016	Annual General Meeting	Harley House	No	35	Free for Members -\$15 non Members
2	29/11/2016	End of Year Drinks	Harley House	No	75	Free for Members -\$20 non Members
3	15/05/2017	CFAM reaching 600 members	Harley House	FactSet	60	Free for Members -\$20 non Members
4	9/08/2017	CFA exam results	Collin's Quarter	FactSet	70	Free for Members -\$20 non Members
5	5/12/2017	End of Year Drinks	AER	No	145	Free for Members -\$10 non Members
6	2/05/2018	Quarterly Drinks	WhiteHart	FactSet	140	Free for Members -\$15 non Members
7	5/07/2018	Post-Exam Drinks	Randy Dragon	No	102	Free for Members -\$15 non Members
8	4/10/2018	Quarterly Drinks	Lanai Bar	FactSet	157	Free for Members -\$15 non Members

Committee Chair

Juan Dosio, CFA

AustralianSuper

Committee Members

Bei Cao, CFA

National Australia Bank

Lee Platek, CFA

Platek Analytics

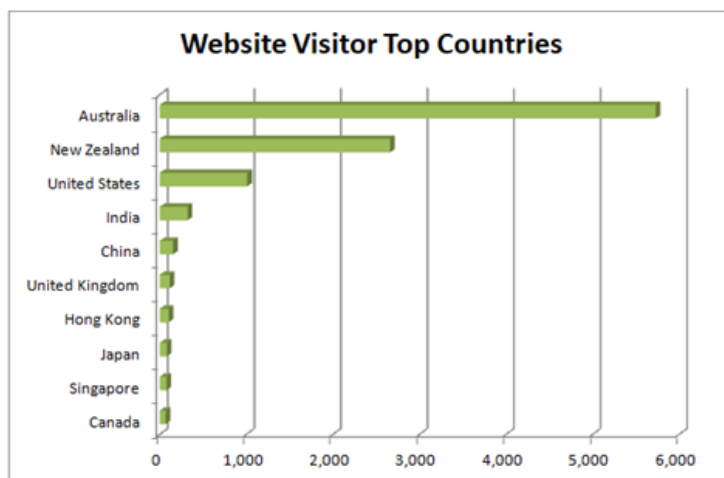
Akash Punjabi, CFA

KPMG

Website, Social Media and Newsletter

Our big achievement for the year was the successful launch of the new website for CFA Societies Australia & CFA Society New Zealand.

The launch of this central hub represented the culmination of a joint effort between society leaders across each Australian and New Zealand society and paves the way for a new era of collaboration through a united, single gateway to more effectively deliver content to our members and to external stakeholders.



Since launching in late June, the site has received more than 14,000 unique visitors from over 100 countries. Other achievements for the period included increasing our Twitter following by 25% to 1,159 in the last 12 months, and establishing our national presence on Instagram under the handle @CFASocietiesAUS which has since attracted 128 followers.

Areas of focus for 2018/2019 include upgrading our jobs board (currently in progress). The board, already one of the top visited pages on our website will be integrated into the CFA Institute Career Center, effectively expanding the reach of the number of employment opportunities available to members and provide a platform to enhance our employer outreach efforts

The monthly CFA Society Melbourne Newsletter aims to connect CFA members, candidates and subscribers with relevant Society and investment industry news. From July 2017 - June 2018 there were 23,232 successful deliveries and 10,115 total Newsletter opens.

Some highlights include:

- Popular news items related to job posts and careers, as well as a focus on exam prep for candidates.
- An increase in candidate education updates such as notification of scholarship opportunities
- The recent offer of complimentary CFA Institute Investment Foundations Program vouchers prompted a strong response rate, which indicates the interest in the investment management industry from our readers.

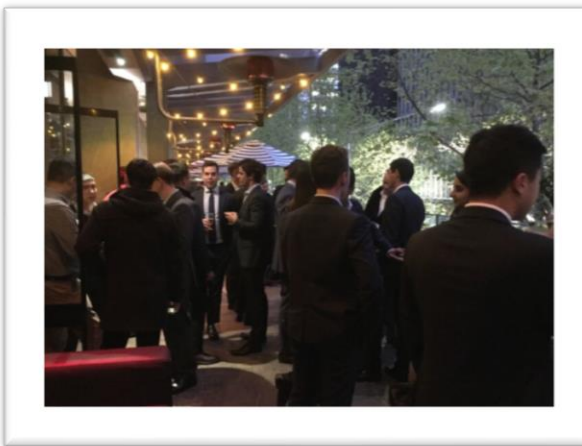
Many thanks go to all the contributors, subscribers, readers, and CFAM Board Members for contributing great content that makes the Newsletter what it is, and of course their continual support and encouragement.

We are always keen to hear feedback about what you would like to see more of in the Newsletter and any areas of improvement, so please feel free to contact us on newsletter@cfa-melbourne.com.au.

Committee Chairs

Benjamin Listokin, CFA
Melissa Mun, CFA

Dimensional Fund Advisors



CFASM Initiative – International Women’s Day

Reporter: Leila Lee, CFA – Committee Chair, Member Education

Melbourne hosted a terrific breakfast event to celebrate International Women’s Day and honour its 2018 theme #PressforProgress.

We heard from top leaders in finance - Kasia Gascoigne (AustralianSuper, Operations Risk Manager), Kate Temby (AIM, Partner Client Engagement) and Shikha Gupta (Future Fund, Manager of Debt & Alternatives) - who all generously shared their career insights and lessons in leadership.

Topics covered included how to advocate for yourself and foster strong sponsorship relationships, examples of how to progress diversity and daily habits that help with success. Question time ran to its time limit as attendees had many questions for the panellists. Most attendees stayed after the panel concluded to network with each other and ask follow up questions of the panellists.



The event had a vibrant atmosphere and we have received great feedback; will certainly be doing a similar event next year. BNP Paribas kindly sponsored the event.



Special Events

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).

The Special Functions Committee spent this financial year focused on delivering the 2017 CFA Australia Investment Conference, which was held on 1 November 2017 at the Park Hyatt Melbourne with just over 300 delegates in attendance. The conference is held every two years, alternating between Sydney and Melbourne, and represents the product of close collaboration across CFA Australia societies and the CFA Institute in the APAC region. With a program designed around the theme "Best and Fairest: Innovation and Integrity on Capital Markets", the conference was designed to align with the CFA mission along all three major dimensions of ethics, education, and professional excellence. The 2017 Conference also built on the local society objective of building and maintaining the reputation of the CFA designation and organization within Australia.

CFA Melbourne was pleased with the strong attendance and overall outcome of the conference, and was also pleased to see the conference covered in the press. This included coverage in the Australian Financial Review and The Age, particularly of remarks made by Paul Smith, CFA Institute Global President and CEO, as well as those from keynote speaker Dr. Randall Kroszner, University of Chicago professor and former Governor of the U.S. Federal Reserve and member of George W. Bush's Council of Economic Advisors.

The remainder of the year ended June 2018 was spent in early planning for the October 2018 Forecasting Dinner, which returned to the CFA Melbourne calendar after a hiatus during the Investment Conference year in 2017. The Forecasting Dinner provides an opportunity for the CFA Melbourne community to come together to hear from an interesting speaker and to engage in some friendly competition, with our annual forecasting competition to see who will best predict a group of financial and economic variables over the coming year.

Committee Chair

Allison Miller, CFA
Elaine Xu, CFA

Victorian Funds Management Corporation
NAB

Committee Members

Boon Long Ong, CFA



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 155,000 CFA Institute members representing 160 countries and 152 societies.

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](#).

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. 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.

It is worthwhile noting that the CFA Society of Melbourne was presented with an award for its contribution to the ARX, at the 2017 APAC CFA Societies Leadership Conference in Taiwan (award pictured in the page above).

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).



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 CFA Society of Melbourne remains in a strong financial position, with net assets increasing \$109k over the year to \$398k as at 30 June 2018. The Net Profit of \$109k is an increase of \$34k compared to 2017.

Income increased by \$92k, mainly due to the Conference being held in 2018 and the Forecasting dinner being held in 2017. These event alternate year on year, with the Conference generating significantly more income (and associated costs) Excluding the Forecasting Dinner and Conference, Income was broadly flat over the year, with the main sources being funding from the CFA Institute and membership dues.

Expenses were impacted by the timing of the Forecasting Dinner and the Conference, noting Conference expenses were \$153k more than the Forecasting Dinner. Excluding these two items, expenses were down \$95k, driven by a reduction in staff costs of Advocacy (the position was only filled for 6 months of the year) and a reversal of \$73k 2017 accruals for website and administration costs that did not eventuate in 2018.

The strong financial position of the CFA Society of Melbourne supports the ongoing of services provided to members and candidates.

William Nigro, CFA

Treasurer, CFA Society of Melbourne

Financial Statements

CFA Society of Melbourne Inc Balance Sheet As at 30 June 2018

	Note	2018 \$	2017 \$
Current Assets			
Cash and Cash Equivalents	6	359,090	230,155
Trade and Other Receivables	7	<u>158,249</u>	<u>153,346</u>
Total Current Assets		<u>517,339</u>	<u>383,501</u>
Total Assets		<u>517,339</u>	<u>383,501</u>
Current Liabilities			
Trade and Other Payables	8	<u>119,664</u>	<u>94,368</u>
Total Current Liabilities		<u>119,664</u>	<u>94,368</u>
Total Liabilities		<u>119,664</u>	<u>94,368</u>
Net Assets		<u>397,675</u>	<u>289,133</u>
Equity			
Retained Profits	9	397,675	289,133
Total Equity		<u>397,675</u>	<u>289,133</u>

CFA Society of Melbourne Inc
Profit and Loss Statement
For the Year ended 30 June 2018

	2018	2017
	\$	\$
Income		
CFAI Funding	90,873	99,356
Forecasting Dinner	-	24,855
Membership Dues	53,665	53,931
Practice Exam	2,789	2,967
Review Courses	22,509	38,946
Interest Received	3,662	3,904
Conference	138,465	-
Seminar Income	11,181	7,202
	<u>323,144</u>	<u>231,161</u>
Expenditure		
Accountancy Fees	4,985	5,765
Administration Costs	(9,898)	12,636
Advertising	7,254	6,902
Advocacy	19,167	54,614
Bank and Merchant Fees	100	80
Board Expenses	2,550	3,704
Bookkeeping	-	200
Conference	179,294	-
Filing Fees	-	80
Forecasting Dinner	-	26,010
Graduation Dinner	2,727	-
Insurance	-	2,427
Interest Paid	44	134
Legal Costs	620	-
Member/Candidate Drinks	6,589	3,900
Practice Exam Expenses	-	629
Printing & Stationery	1,368	197
Review Course	7,662	9,189
Seminars	1,225	-
Sponsorships	4,282	-
Subscriptions	-	136
Travelling Expenses	1,361	608
Website Expenses	(14,728)	29,107
	<u>214,602</u>	<u>156,318</u>
Profit before Income Tax	<u><u>108,542</u></u>	<u><u>74,843</u></u>

CFA Society of Melbourne Inc
Notes to the Financial Statements
For the Year ended 30 June 2018

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 2018

(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 2018

	2018	2017
	\$	\$
2. Revenue		
Sales Revenue		
Rendering Services	147,327	181,109
	<u>147,327</u>	<u>181,109</u>
Other Income		
Review Courses	22,509	38,946
Interest Received	3,662	3,904
Conference	138,465	-
Seminar Income	11,181	7,202
	<u>175,817</u>	<u>50,052</u>
	<u><u>323,144</u></u>	<u><u>231,161</u></u>
3. Expenses		
Advertising	7,254	6,902
Bank and Merchant Fees	100	80
Insurance	-	2,427
Printing & Stationery	1,368	197
Other Expenses	205,836	146,578
	<u>214,558</u>	<u>156,184</u>
4. Finance Costs		
Interest Paid		
- General	44	134
	<u>44</u>	<u>134</u>
5. Profit for the Year		
Profit before income tax expense from continuing operations includes the following specific expenses:		
Charging as Expense		
Finance Costs	44	134
Research and Development Costs	7,662	9,189

CFA Society of Melbourne Inc
Notes to the Financial Statements
For the Year ended 30 June 2018

	2018	2017
	\$	\$
6. Cash and Cash Equivalents		
Cash at Bank - Westpac CMA	13,604	38,762
Cash at Bank - Westpac Maxi	338,214	184,122
Cash at Bank - Westpac Cash Reserve #2	7,272	7,271
	<u>359,090</u>	<u>230,155</u>
7. Trade and Other Receivables		
Current		
Short-term Deposits	156,924	153,346
Provision for GST	1,325	-
	<u>158,249</u>	<u>153,346</u>
Total Trade and Other Receivables	<u>158,249</u>	<u>153,346</u>
8. Trade and Other Payables		
Current		
Accrued Charges	4,500	77,337
Credit Card	1,360	(7,053)
Prepaid Income	113,804	21,456
Provision for GST	-	2,628
	<u>119,664</u>	<u>94,368</u>
Total Trade and Other Payables	<u>119,664</u>	<u>94,368</u>
9. Retained Earnings		
Retained Earnings at the Beginning of the Financial Year	289,133	214,290
Add		
Net profit attributable to members of the company	108,542	74,843
Retained Earnings at the End of the Financial Year	<u>397,675</u>	<u>289,133</u>



**CFA Society
Melbourne**

cfas.org.au/melbourne