

ASNA Conference
Toronto
2008/01/05

Keith Sharp PhD FSA CFA
'CFA for Actuarial Students'



About CFA Institute

CFA Institute is the global, non-profit professional association that administers the CFA curriculum and examination program worldwide and, through its CFA Centre for Financial Market Integrity, sets voluntary, ethics-based professional and performance-reporting standards for the investment industry. CFA Institute has nearly 80,000 members in 124 countries. Its membership includes the world's 68,000 CFA charterholders, as well as 131 affiliated professional societies in 52 countries and territories. CFA Institute is headquartered in Charlottesville, Va., USA, with regional offices in New York, London and Hong Kong. CFA Institute was known as AIMR (Association for Investment Management and Research) from 1990 to early 2004, and before that was two separate organizations whose roots go back to 1947. More information can be found at www.cfainstitute.org or by calling toll free at 00-800-8228-8820.

Individuals

More than 96,000 investment professionals, including the world's 83,000 CFA charterholders, in 133 countries and territories:

- 86% are charterholders; 14% are noncharterholders.
 - *30% work for investment companies/ mutual funds*
 - *6% work for hedge funds/ funds of hedge funds*
 - *7% work for commercial retail or mortgage banks*
 - *4% work for insurance companies*
 - *2% work for pensions and foundations*
 - *11% work as private client wealth managers/ advisers*
- 16% are employed by investment banks/ broker dealers.
- 24% work for other organizations, such as consultancy, government/regulatory, academic or research firms.

Conference Events

January 2008



Advanced Valuation

21 - 23 January 2008
Jumeirah Emirates Towers
Dubai, UAE

February 2008



Alternative Investments

20 February 2008
Stamford Marriott Hotel & Spa
Stamford, Connecticut, USA



GIPS® Standards Interactive Workshop

21 February 2008
Stamford Marriott Hotel & Spa
Stamford, Connecticut, USA

March 2008



20th SAAJ-CFA Institute/CFAJ Joint Seminar

12 - 14 March 2008
Tokyo Conference Center, Shinagawa
Tokyo, Japan



Hedge Funds

17 - 19 March 2008
London Business School
London, United Kingdom

CFA Institute membership includes societies in countries and territories around the world.

Dallas Ft. Worth
Dayton
Detroit

Montreal
Naples
Nashville

Salt Lake City
San Antonio
San Diego

ASIA PACIFIC

Hong Kong
India
Indonesia
Japan

Korea
Malaysia
Melbourne
New Zealand

Pakistan
Philippines
Singapore
Sri Lanka

Sydney
Taiwan
Thailand

EUROPE/MIDDLE EAST/AFRICA

Austria
Bahrain

Egypt
Finland

Jordan
Lebanon

Saudi Arabia
South Africa

*Largest Concentration of Members
by Country or Territory*

United States	53,785
Canada	12,246
United Kingdom	6,509
Hong Kong	4,404
Singapore	2,484
Switzerland	1,824

Societies

135 affiliated professional societies in 56 countries

LARGEST MEMBER SOCIETIES

New York Society of Security Analysts, Inc.

Toronto CFA Society

CFA Society of the United Kingdom

The Hong Kong Society of Financial Analysts

Boston Security Analysts Society, Inc.

CFA Society of Chicago

CFA CHARTERHOLDERS IN CHINA NEARLY DOUBLE TO 465 THIS YEAR

“Gold Standard” Qualification Ensures Chinese Investment Professionals Achieve International Standards

Beijing, December 9, 2005 — CFA Institute awarded 16 Chinese professionals the Chartered Financial Analyst® (CFA®) designation — the global “gold standard” in professional financial qualifications — at a ceremony here yesterday evening. This brings to 465 the number of CFA charterholders in China this year, nearly doubling that at the end of last year.

GROWTH

More than fivefold since 1990, when membership was 15,000, including 10,000 charterholders



The third annual "Most Issue" of *CFA Magazine* pays tribute to charterholders who have scaled mountains, to candidates who have overcome obstacles, and to members who started their careers as pop stars and cheerleaders. These stories will surprise and inspire you.

Is the CFA Program Right for You?

There isn't one path to the CFA charter. These charterholders and their different experiences prove that point.

(Need help with Flash?)



Paris

Sarah Campbell, CFA, got a job at a large investment bank with just a bachelor's degree in Japanese studies. She earned her charter despite failing each level multiple times. Proof that **perseverance** can pay off.

Montreal

Earning the CFA charter exposes you to a **wide variety of subjects** that you cover in depth, even if they're not your specialty, says Vincent Fournier, CFA, who says he benefited from the CFA Program's coverage of **behavioral finance**. "Earning the CFA designation makes you **better at your job**," he says.





Dubai

After starting his career as an auditor, Zafeer Hussain, CFA, decided he wanted the chance to contribute to the decision-making process at his firm. The CFA charter brought him credibility. “The CFA Program gives you the **global perspective** which may be missing in your career if you are not working in a major financial center like London or New York,” he says.

São Paulo

Liliane Lintz, CFA, an investment counselor, holds an MBA and a PhD in business administration, but she felt the CFA charter was crucial to her career success. “The CFA [charter] is much more **applicable to the day by day**, rather than a master’s degree,” she says.





Liliane Lintz, CFA
INVESTMENT COUNSELOR
CITIGROUP PRIVATE BANK

OSCAR FREIRE STREET,
SAO PAULO

Deeply rooted in the city of Sao Paulo, Brazil, where she has lived her entire life, Liliane Lintz, CFA, smiles broadly as she explains her penchant for self-improvement.

"It's very important to keep studying, keep learning," she says. "You cannot stop the times. The professional has to focus on being at the state of the art in terms of knowledge."

Fulfill the entrance requirements. You must:

- Have a U.S. bachelor's (or equivalent) degree, be in the final year of your bachelor's degree program, or have four years of qualified, professional work experience or a combination of work and college experience that totals at least four years
- Meet the professional conduct admission criteria (during the application process, you will be asked to sign statements of Professional Conduct and Candidate Responsibility)
- Be prepared to take the exams in English

By topic:

- Alternative Investments
- Assets (Valuation/Allocation)
- Behavioral Finance
- Corporate Finance
- Derivative Instruments
- Economics
- Equity Investments
- Ethics and Professional Standards
- Financial Statement Analysis
- Fixed Income Investments
- Portfolio Management
- Private Wealth Management
- Quantitative Methods
- Risk Management

Topic Overview

Derivative Investments

"Derivative Markets and Instruments"

Ch. 1, *Analysis of Derivatives for the CFA® Program*, Don Chance (AIMR, 2003)

"Forward Markets and Contracts"

Ch. 2, pp. 25-37, *Analysis of Derivatives for the CFA® Program*, Don Chance (AIMR, 2003)

"Futures Markets and Contracts"

Ch. 3, pp. 81-103, *Analysis of Derivatives for the CFA® Program*, Don Chance (AIMR, 2003)

"Option Markets and Contracts"

Ch. 4, pp. 159-194, *Analysis of Derivatives for the CFA® Program*, Don Chance (AIMR, 2003)

"Swap Markets and Contracts"

Ch. 5, pp. 269-285, *Analysis of Derivatives for the CFA® Program*, Don Chance (AIMR, 2003)

"Risk Management Applications of Option Strategies"

Ch. 7, pp. 411-429, *Analysis of Derivatives for the CFA® Program*, Don Chance (AIMR, 2003)

Quantitative Methods: Study Session 3

New Readings from the 2008 CFA Program

“Time-Series Analysis”

Ch. 10, *Quantitative Investment Analysis*, 2nd edition, Richard A. DeFusco, Dennis W. McLeavey, Jerald E. Pinto, David E. Runkle, and Mark J.P. Anson (Wiley, 2007)

[Member download \(PDF\)](#)

Complete List of CFA Program Readings

“Correlation and Regression”

Ch. 8, pp.405–440, *Quantitative Investment Analysis*, 2nd edition, Richard A. DeFusco, Dennis W. McLeavey, Jerald E. Pinto, David E. Runkle, and Mark J.P. Anson (Wiley, 2007)

“Multiple Regression and Issues in Regression Analysis”

Ch. 9, *Quantitative Investment Analysis*, 2nd edition, Richard A. DeFusco, Dennis W. McLeavey, Jerald E. Pinto, David E. Runkle, and Mark J.P. Anson (Wiley, 2007)

“Time-Series Analysis”

Ch. 10, *Quantitative Investment Analysis*, 2nd edition, Richard A. DeFusco, Dennis W. McLeavey, Jerald E. Pinto, David E. Runkle, and Mark J.P. Anson (Wiley, 2007)

[Member download \(PDF\)](#)

Become a charterholder

1. **Pass each of the Level I, II, and III exams.** Requires a minimum of 250 hours of study with substantially more depending on individual circumstances.
2. **Meet the work experience requirements.**
3. **Become a regular member of CFA Institute.**

Comments for Actuarial Students

- A few CFA charterholders (maybe 10%) are actuarial students or actuaries.
- The Level I and Level II exams have pass rates similar to some actuarial professional exams: 30% for example.
- The great increase in the number of financial analysts with the CFA charter has somewhat dimmed employment prospects for those relying only on the CFA qualification.

Comments for Actuarial Students

- Also, financial analysis is vulnerable to outsourcing, e.g. to India: compete by working on your interpersonal/communication/marketing skills
- However, CFA is a potentially useful and widely-understood addition to other qualifications and enhances anyone's resume.
- CFA exams not too tough, and can be fun, for a good, numerate, actuarial student
- For an actuarial student the time commitment might be 30% less than others because of overlaps

Overlap Actuarial/CFA

Considering portions (in italics) of the CFA syllabus:

Ethical and Professional Standards: This is 10%-15% of each of the three Levels and has little or no overlap with actuarial courses or Society of Actuaries exams.

Economics: This is up to 10% of Levels I and II. An actuarial student with Society of Actuaries VEE credit for economics might find that they are more than 50% prepared for this component of the CFA exams.

Quantitative Analysis: This is 0%-12% the CFA exams. Actuarial students who are strong in t-tests, F-tests, ANOVA, regression and time series analysis will find this component to be mostly familiar

Overlap Actuarial/CFA (Cont)

Financial Statement Analysis: This is 25% to 35% of the CFA exams, Actuarial students who have taken an accounting course, or preferably two, will find portions of this material to be familiar. Take some accounting courses, please!

Asset Valuation: Is 30%-45% of each of Levels I, II and III. The actuarial principles of taking present values, the knowledge of derivatives and the VEE finance background provide a strong grounding for the Asset Valuation portion. An actuarial student might find that he or she needs only half the preparation time of someone from another quantitative discipline.

Portfolio Management: 5%-15% of the CFA exams. Much of this material will be new to an actuarial student,

Keith Sharp's Not-Guaranteed Guesses

- Likely get hired if:
 - Flexible on job and location (less fun cities? NAFTA TN1 US visa)
 - Good progress on ASA and on CFA
 - At least a few months of office work experience
 - Effective written and verbal communication (can be learned!)
 - E.g. A Toastmaster certificate (ten speeches of 8 minutes each)
(Google 'Toastmasters Montreal' or your location)
 - Prepare for and be on time for the interviews
 - Have decent university grades: they help at initial career stage
 - Give the impression that you will regard your job as the most important thing in your life
- More info: www.cfainstitute.org, and my original slides from today are at www.utstat.utoronto.ca/sharp

GOOD LUCK TO YOU!