



**CFA Society
Brazil**

NEWSLETTER FOURTH QUARTER

December 2013

WELCOME TO ALL NEW CHARTERHOLDERS

2013 was a record year in terms of new CFA Charters awarded by the CFASB, with 89 Charters awarded.

More than becoming a CFA Charterholder, we hope that these new members will participate in the CFASB and help strengthen the local CFA community in Brazil, joining in with other experienced professional CFA Charterholders to make the most of the activities organized by the Society.

New Charterholders

Paulo Cesar Alferes Romero Filho, CFA
Andre Ali Mere Szasz, CFA
Bruno Oliveira Amorim, CFA
Mariana de Oliveira C. Aversa, CFA
Fernando Fischer Barbedo, CFA
Antonio Costa Barreto Jr., CFA
George Edward Barros Karam, CFA
Frederico Prestes Bernardes, CFA
Steven Brooker Mathieson, CFA
Vitor Grunpeter Correa, CFA
Pablo Henrique P. Camargo, CFA
Tiago Carvalho M. Marques, CFA
Paulo Mauro Castro, CFA
Ricardo Tardelli Catelli, CFA
Ricardo Fonseca Couto, CFA
Luiz Fernando Pereira Cunha, CFA
Odecio Curci Neto, CFA
Bruno Rondelli Djanikian, CFA
Felipe de Souza Nogueira, CFA

Pedro Henrique N. Baltazar, CFA
Daniel Duarte Utsch Sr., CFA
Eduardo R. Fontenelle Dumans, CFA
Mariana Eugenia B. Rios, CFA
Marcus Vinicius Franca Barboza, CFA
Mario Lucio Lobato Campos Ferreira, CFA
Joao Carlos Ferreira Reis, CFA
Luiz Ferrua Neto, CFA
Danilo Fillipini Vitti, CFA
Michel Fleck, CFA
Fabio Camarinha B. Fonseca, CFA
Francisco Hime Funari, CFA
Bruno Bozon Furlan, CFA
Humberto Fonseca de Barros, CFA
Rafael Gartner, CFA
Carlos Eduardo Dias Gomes, CFA
Pedro Gustavo Silveira, CFA
Beni Hess akstein, CFA
Erica Lais Hoeveler, CFA
Kristian Schneider Huber, CFA
Guilherme Teruo Takeo Ishihara, CFA
Gustavo Jorio Brotto, CFA
Thiago de Toledo Kodicek, CFA
Marcel Mitsuo Kussaba, CFA
Richard Messeca Laterman, CFA
Tomoharu Maeda Junior, CFA
Rodrigo Q. Ferreira Magalhães, CFA
Marco Antonio Marques Bismarchi, CFA
Theo Cotrim Martins, CFA
Vitor Mattos Martins, CFA
Bruno Sousa Mauad, CFA
McClure Patrick Norman, CFA
Cristian Andres Melej Gesche, CFA
Samuel Monteiro de Castro Neto, CFA
Flavio Luiz Montini, CFA

Bruno do Nascimento Morier Sr., CFA
Diogo M.R. Nagado, CFA
Rafael Mendonca Nascimento, CFA
Andrea Rodrigues D. Nogueira, CFA
Celso Yukio Nozema, CFA
Dante Nutini, CFA
Yuehui Pan, CFA
Felipe Perigo, CFA
Leonardo Cezar De Santanna Pinto, CFA
Ligia Maria Porchat de Assis, CFA
Ricardo Vidal Renno, CFA
Romolo Ricci, CFA
Roberto J. F. F. Rodrigues dos Reis, CFA
Demetrius Rota, CFA
Marcia Sadzevicius, CFA
Maria Fernanda S. do Amaral, CFA
Marcelo de Freitas Lapa Santos, CFA
Daniel Sasson Wunsch, CFA
Raphael Monaco Shiratori, CFA
Ariane Jaremciuc Silva, CFA
Giovana Campanelli Spada, CFA
Gustavo Tarifa Coelho, CFA
Arthur Teixeira Mendes, CFA
Thiago Tassarolo Souza, CFA
Rafael Nanni Trape, CFA
Miguel Raiola Vitale, CFA
Luciano de Almeida Lucenti, CFA
Gustavo de Castro Araujo, CFA
Carolina de Oliveira Lamas, CFA
Martha de Sá Pessóá, CFA
Oswaldo Sakai, CFA
Bernardo Gusmao Cavalcanti, CFA
Maria Cecilia C. de Andrade, CFA
Eduardo B. Arraes C Oliveira, CFA
Rodrigo Maggi Martin, CFA

EVENTS CFA SOCIETY OF BRAZIL

CFA INSTITUTE RESEARCH CHALLENGE 2013

In the fourth quarter of 2013, the CFA Society of Brazil organized 3 events: Panel final of the CFA Institute Research Challenge competition, Charter Ceremony and the last Member Lunch of the year, exclusively for members of the Society.

The CFA Institute Research Challenge is a global competition between academic institutions, organized locally in Brazil by the CFA Society of Brazil. The 6th edition of the local challenge took place from August to November of 2013, with participation of 13 universities from all around Brazil: from São Paulo, we had the presence of FEA-USP SP and FEA-USP Ribeirão Preto, Esalq, Unicamp, Insper, EAESP-FGV and Mackenzie; from Rio de Janeiro, we had Ibmecc, PUC-Rio and Universidade Federal do Rio de Janeiro; from Rio Grande do Sul, we had Universidade Federal do Rio Grande do Sul and Unisinos; and from Santa Catarina, we had Universidade Federal de Santa Catarina.

Each one of these academic institutions was represented by a team of 3 to 5 students. These teams, under the supervision of a faculty advisor, prepared an investment recommendation report about Randon S.A., which is listed on the Bovespa and was chosen by the CFA Society of Brazil.

Each one of the 13 teams also had the help of a Mentor, who are volunteer CFA Charterholders that give part of their time to help the teams in the competition. Our thanks goes to the 13 mentors of the 6^a edition of the CFA Institute Research Challenge, who were:

- Gustavo Oliveira
- Luiz Otávio Campos
- Gustavo Moreira
- Marcelo de Brisac
- Márcio Brito
- André Sobreira
- Alex Sciacio
- Rodolfo Angele
- André Baggio
- Bruno Quinto
- Ignácio Fravega
- Francisco Kops
- E Thiago Queiroz

When the teams handed in their reports, we had the help of another group of CFA Charterholder volunteers, the Graders. This year our Graders were Bruno Pereira, Ricardo Couto, Rafael Frade, Luiz Fernando Araujo, Allemander Pereira Neto and Guto Saab.

From the report grading process, four finalists were chosen – FGV, Insper, Unicamp and Universidade Federal de Santa Catarina, which presented their analysis and conclusions before a Panel of

Judges, the last group of volunteers who we would like to thank: Rafael Campos, João Braga, Bernardo Carneiro, Joel Kos and Reginaldo Alexandre.

The winning team of the 6th edition of the CFA Institute Research Challenge, who will be travelling to Denver, Colorado, in the week of 18 March 2014 to compete in the regional final of the CFA Institute Research Challenge, was the Insper team.



Insper team



Judges and guests CFA Institute Final Panel

CHARTER CEREMONY

The Charter Ceremony was held on 4 December 2013 and was, once again, organized in partnership with Inesper, who offered their auditorium, an outstanding facility for the event.

The Ceremony started with a welcome coffee and an introduction of our Honorary Member, 2013 Mr. Antonio Zoratto Sanvicente.

The keynote speakers were Mr. Marcio Verri, founder and partner-director of Kinea Investments and volunteer member of the Advisory Board Committee of the CFA Society of Brazil and, for the second consecutive year, we also had the opportunity to receive Leah Bennett, CFA, South Texas Money Management co-Chief Investment Officer, and PCR President Council of CFA Institute. We would like to thank them for sharing their experience as CFA Charterholders.

After the Ceremony we had a Cocktail.



New CFA Charterholders 2013



Susan Hawkins, CFA volunteer of CFA Society of Brazil, women's New CFA Charterholders and Leah Bennett, CFA PCR of CFA Institute



Participants of Charter Ceremony Event at Inesper University

Charter Ceremony pictures



Cocktail Charter Ceremony at Insper



Rafael Campos, CFA President of CFA Society of Brazil, two new CFA Charterholders, Marcio Verri, CFA partner-director of Kinea Investments and Mr. Antonio Sanvicente honorary Member of CFA Institute and Teacher of Insper.

CFA SOCIETY OF BRAZIL LAST MEMBER LUNCH OF THE YEAR

In the fourth quarter of 2013, the CFA Society Brazil organized in partnership with our sponsors Thomson Reuters, Ned Davis Research and FactSet, the last Member Lunch of the year at the Radisson Hotel, exclusively for members of the Society.

The event was held on 11 December 2013 and our Speaker, Ms. Kline, Vice President, Product Strategist at FactSet, discussed the subject: "Is 2014 the year of oil?". Oil is competing with several economic drivers to shape 2014 and in this presentation we investigated commodity, country, and economic data to predict global oil trends for the year ahead. The event was interesting and informative and 27 members participated.



Speaker Lauren Kline - FactSet and Members CFA Radisson Hotel



Speaker Lauren Kline - FactSet and Members CFA Radisson Hotel



Board Member CFASB - Luis Affonso, CFA and Lauren Kline

ADVOCACY

CFA SOCIETY BRAZIL STRENGTHENS RELATIONSHIP WITH CVM

On 13 October 2013, CFA Society of Brazil representatives held the second conference call of the year with Commissioner Ana Novaes (also a CFA Charterholder). We presented the initiatives that took place on the advocacy front in 2013, emphasizing our participation in the CVM's public consultation processes.

In turn, Ana Novaes highlighted the main legislative changes that the CVM is analyzing and which will be made public in the next 12 – 18 months. Ana also praised the CFA Society of Brazil for the important and analytical contributions we have sent to the CVM in recent public consultation processes. She mentioned that our participation is very highly regarded by the CVM Board.

CVM'S PUBLIC CONSULTATION ABOUT STOCK REPURCHASE PROGRAM

CVM issued public consultation No. 11 regarding enhancements in the legislation in relation to Stock Repurchase Programs of Public Companies. The deadline for submitting market comments and suggestions is 02 January 2014 and the CFA Society of Brazil invites its members to share their opinion with the Society's Advisory Board, which will elaborate a comments document to send to the CVM. Please send your comments to representacao@cfasociety.org.br.

CFA SOCIETY'S ACCOUNTING COMMITTEE LAUNCHES ITS FIRST PAPER

The Accounting Committee of the CFA Society of Brazil, coordinated by Jorge Saab, launched its first paper named "Reporte de Informações Financeiras Ajustadas por Companhias Abertas" (Disclosure of Adjusted Financial Information by Public Companies). A further 3 papers are being elaborated by the Committee to be released in the next 12 months.

This initiative aims to spread the CFASB's message of transparency and adoption of best practices as fuel for the development of the Brazilian Capital Markets.

CFA GLOBAL ADVOCACY SUMMIT MEETING

On 5-7 November 2013, the CFA Institute hosted its second annual global policy summit. The conference brought together the CFAI's five major policy councils: the Corporate Disclosure Policy Council, the Capital Markets Policy Council, the GIPS Executive Committee, the Standards of Practice Council, and the Asset Manager Code Advisory Council. It also included society leaders from a few of our key societies – typically where local policy work is being conducted.

Rafael Campos, President of the CFA Society of Brazil, was invited to participate and presented the successful advocacy initiatives of our local Society in the last 18 months as well as learnt about successful initiatives from other Societies around the globe. According to Rafael, the CFA Institute considers Brazil a key market and will continue to strengthen its relationship with our Society and help us to have a stronger presence in our market.

INTERVIEW

Our volunteer Fabio Goulart, CFA interviewed Sonia Villalobos, CFA**1) By analyzing your career, before and after the CFA Charterholder, what would be the most relevant contribution to your professional growth?**

I believe the CFA charter had a different impact because I became a Charterholder right at the beginning of my career and, therefore, in my case there were no before and after. Instead, there were significant changes in the way we, sell-side analysts, better understood more mature markets from a technical stand point. Financial terms, such as EBITDA, Diluted and Non-Diluted earnings per share due mainly to stock options, Indirect Method Cash Flow Statements, and many others were concepts that we were not used to applying in our financial models. Nowadays there is a much different perspective and those financial terms are well-known across the investment community. Also, back in those days there was some sort of mistrust regarding professionals from Emerging Markets and their associated knowledge. With the CFA Charter it has become possible to guarantee that each professional has or had the knowledge and ethical standards and principals needed to work in the industry. In 1994, the year when I received the CFA Charter, I was working at Banco Garantia, which was still at that time the largest broker for foreign investors in Brazil. The CFA charter brought not only financial knowledge but also credibility to improve the service provided to the foreign investors overall. Since 1989 there was already the so-called country funds but they were very restrictive. When the market finally opened in 1991, we could use the CFA as a tool to show credibility to foreign investors and, thus, boost the business even more.

2) In your opinion, what can be considered the main changes the CFA Charter has experienced throughout the years?

I think the CFA has changed considerably since the beginning of the nineties. At that time, as usually happens in any emerging market, it was more important to improve your knowledge of financial terms and technical skills. Today, the focus has switched to ethics and, in the investment industry in Brazil the same has happened. The focus today, as happens in any mature market, is to ensure that ethics play a much bigger role than in the past.

3) How important you think is the CFA Charter for any professional that wants to follow his or her career in the Brazilian investment industry? Do you think the Brazilian market rewards the CFA Charterholder after all the effort and time spent to get the certificate?

There are many different points to be addressed in this question. First of all, the professional, in my opinion, must work or intend to work in a position closely related to a subject covered in the CFA curriculum because it is much more specific in terms of finance linked to asset management than the MBA curriculums. Thus, you may work in any field, such as fixed income, equities, derivatives and so on but it must be related to the CFA curriculum to drive all the value the Charter can add to your career. In addition, if you do not plan to spend two years abroad pursuing an MBA on a top school, maybe the CFA is also a good strategy to boost your resume. Lastly, you must take the exam when you actually need to learn what is included in the curriculum. The CFA Charter is not cheap and you must also take this fact into consideration. On the other hand, if the points depicted above are not in place, that is, if a person is sure that he or she will not work in the investment industry, wants to pursue an MBA abroad anyway and already has a lot of career knowledge then the CFA Charter isn't worth it.

Nowadays, people are becoming CFA Charterholder increasingly younger, which means they are taking the first levels of the exam while they are still in college. They may take Levels I and II or only Level I but still, they are still college students. As the person responsible for University Relations at the CFA Society Brazil, I incentivize the students to take the Levels I and II exams while they are still in college and then, they can take Level III after a few years of work down the road. The candidates are turning younger year after year and I

believe this trend is here to stay: young candidates looking for a job in the investment industry early in his or her career, or even still studying, and, at the same time, working to become a CFA Charterholder.

Bottom line, if you look for a job in the investment industry then the Charter is very well-known and recognized as a differential, otherwise it may not be worth pursuing. Even in the investor relations area, where we find a few CFA Charterholders, the certificate does not bring as much value as it does in the research and asset management side. However, at the same time, being part of the CFA community might increase one's chances of being hired because CFA Charterholders tend to look for professionals inside the community in the first place.

4) With the increasing globalization of the Brazilian market, do you think the CFA charter helps in giving international acknowledgment?

In the US the CFA charter is very well-known and holding it is really differentiating. It is similar to what happened in the case of the CPA charter. In Europe I believe the certificate is much less relevant and known.. In Asia it is much harder for me to tell, as I don't travel there much to pitch my fund, but if I had to generalize, I would say that the CFA is much less recognized outside of the countries where English is the mother tongue.

5) In terms of the CFA Research Foundation, how useful is this tool?

In my opinion, the way the CFA Research Foundation is presented nowadays makes the tool not as useful as it could be. None of us has time to spend searching for articles or any kind of information in this extensive database. In a perfect world, we could select a board member to do that, that is, we could have one person focused on understanding the demand for information from our members and then finding that information in the CFA Research Foundation and making it easily available for the many different publics and needs. For instance, you could have a Member Lunch event where a webcast about a specific subject is streamed and afterwards have a discussion group on the topic. Talking about CFA Society members, there are many professionals who need specific answers because they are facing very specific issues. Some are macro managers, others are equity managers, long-only managers or long-short, and others still are analysts, either buy or sell side. To better explain what I am talking about, I once received a discussion by email about behavioral investment and I actually read the 120-page document. I had the time to read it because I knew it was important for both my career and my job at that moment. However, I do not have enough time to stop my day-to-day activities and search the CFA Research Foundation site hoping to find some information similar to the article I received.

I would say that the tool still has to be further developed. In the end, it is the word of mouth that works and not the members proactively using the research tool. We all know that you can find entire technical courses along with relevant articles and information. However, even if asked, members do not get involved to sign in and, fill out a form with personal interests in terms of financial knowledge, so that the CFA Institute can better connect the dots. Thus, it is difficult to transform that huge amount of data into actual useful information.

Also, I believe the CFA Institute is still too US centric. Today, with most of the candidates living outside the US, this reality is slowly changing.. Finally, I strongly believe the CFA Institute should not sponsor any sort of educational presencial event because this is not useful for the members globally. Everything should be available online. I am aware those conferences and other local events are made so as they can be taped and made available online. However, even in these cases the CFA institute should avoid producing a material that is too US centric.

6) In the recent past years, the World has been facing several financial crises which puts in question the credibility of many asset managers and institutions. What do you think should be the CFA Institute's contribution to mitigate this situation in the future and, thus, ensure the continuity of the investment management industry?

I believe in terms of the overall market the CFA Institute is working on the issue already. There are a lot of people working together as we speak.

On the other hand, within the CFA Society and its members there are many different topics we can tackle. It is extremely important that the CFA Society ensures no member is involved in any sort of fraud or financial felony. If anything happens, it is also paramount that either the institution or the CFA Charterholder, or even both, be accountable for any misconduct and suffer the consequent punishment. Or, at least, even in the case of no formal punishment, the problem must be discussed among the Board so as to make everybody aware of the problem. The main idea is “we cannot afford having scandals within the members of the Society as it might very likely jeopardize the value of the CFA Charter as a whole”.

As a member of the Board of the CFA Society Brazil, I once received an inquiry from a fellow CFA Charterholder on how to discuss an ethical issue with the CFA Institute. In general, there is no clear open line of communication to inform the CFA Institute or even the CFA Society of misbehavior. Nowadays, none of us knows for sure how to proceed in the case of suspicious activities. It is not clear to whom we should talk or send an email or even a formal mail letter.. Again, the greatest risk is having someone deeply involved in some sort of illegal scheme that directly affects the CFA Charter’s credibility, decreasing its value for the holders.

- 7) Many professionals and scholars question not only the CFA Curriculum but also the MBA’s in the top schools for being too focused on hard skills instead of being more focused on soft skills, such as leadership and ethics. In your opinion, do you believe ethics and behavioral finance have the right weight in the CFA curriculum? Any other comments on this issue?**

Ethics has always been relevant in the CFA curriculum because it is part of the core of the Program. However, the CFA Program itself is a very specific Body of Knowledge and people usually study alone. Therefore, I do not think the CFA Institute should increase the amount of soft skills subjects. We need also to consider that the candidates come from different cultures, making it difficult to incorporate those subjects. Bottom line, I believe the CFA curriculum is well balanced in that matter. The only thing I would try to change a bit, as I have also pointed out before, is the focus on the US market because it does not fit with the current global perspectives of the financial markets.

In any case, from the feedbacks I have been receiving from the candidates, along with what I personally see in terms of curriculum change, I strongly believe that the CFA Institute is always pursuing excellence in incorporating new topics and themes into the Program’s Body of Knowledge.

SPONSOR PACKAGES

CFA Society of Brazil has already prepared next year sponsorship packages. Feel free to contact us for additional information if you want to sponsor our events. This is an easy and targeted way of promoting your company to professionals in the finance world. For more information, please contact: staff@cfasociety.org.br.

We are grateful to our Sponsors

Platinum Sponsors



THOMSON REUTERS



Ned Davis
Research
Group

Gold Sponsor

FACTSET

Contact Information
Débora Fernandes
Tel: +55 (11) 98446-9646
CFA SOCIETY OF BRAZIL
staff@cfasociety.org.br