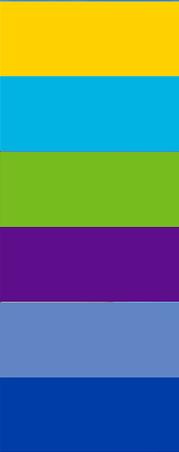




CFA Society
Brazil

NEWSLETTER
4Q 2016



PRESIDENT'S MESSAGE	PAGE 3-4
CFA INSTITUTE LEADERSHIP MESSAGE	PAGE 5-6
CFA SQUARE	PAGE 7-9
MARKETING & AWARENESS UPDATE	PAGE 10
ADVOCACY AND INSTITUTIONAL RELATIONS UPDATE	PAGE 10
PROGRAMMING AND EVENTS RECAP	PAGE 11
UNIVERSITY RELATIONS AND RESEARCH CHALLENGE UPDATE	PAGE 12
FEATURE ARTICLE:	PAGE 13
IS BRAZIL READY TO REBOUND?	
CFA SOCIETY BRAZIL'S OFFICIAL PREP COURSE	PAGE 14
WELCOME TO BRAZIL'S NEW CFA CHARTERHOLDERS	PAGE 15
CFA SOCIETY BRAZIL	PAGE 16

Cover Photo Credit:

James Harrison / Shutterstock.com



Mauro Miranda, CFA

PRESIDENT'S MESSAGE

Dear Fellow Members,

Let me start by thanking every one of you who have contributed to making 2016 the best year yet for CFA Society Brazil. Your participation in our annual activities—as events attendees and speakers, Research Challenge graders and mentors, Policy Briefs writers and reviewers, and in many other ways—is what pushes us forward and leads our Society to new heights.

At the start of another exciting year with great programming, it is time for us to take stock and reflect on the collective progress we have made in 2016, while glimpsing at what we have in store for 2017.

Our membership base grew by 15% this year, in line with our average annual growth rate since 2004. We are currently in the top 20% of all CFA Societies in the world in terms of number of members, and we have nowhere to go but up. In fact, in 2017 we are looking to add even more members and welcome future CFA charterholders into the Society. While we have virtually admitted only charterholders as members in recent years, we are keen to add candidates in the CFA program (who have at least passed Level I) as affiliate members with our new membership campaign. We believe this to be a great networking opportunity for both current and new members and we look forward to seeing new faces at our events during the year.

The Board and staff of CFA Society Brazil organized no less than 23 events this year. As you may have realized, these are rather elaborate affairs, and we consider this number to be a great achievement, considering how much emphasis we place on the quality of every aspect related to each of these events. Some of these events were very special to us. We were honored to host Paul Smith, CFA, CEO of CFA Institute, at some of these

events in May, including at the first Women in Investment Management Conference and at an exclusive luncheon for CFA charterholders who work for Banco Itaú. Also, we had the pleasure to hear John Bowman, CFA, Managing Director for the Americas at CFA Institute, speak at the Annual Conference in October, our flagship event.

While most of our activities are planned and developed in São Paulo—where almost three out of every four members live and work—we are making every effort to reach out to other cities where CFA charterholders are located. In 2016, we truly began to execute our National Integration initiative. We organized and supported a number of events in Rio de Janeiro (including a member luncheon hosted by Paul Smith), a member luncheon in Brasília (also hosted by Paul Smith), and a churrasco in Porto Alegre, which I had the pleasure to attend. In 2017, members can expect more of these activities and an increased presence of our Board Members and staff at events in Brazil's capital cities.

We had a busy year also in Standards & Advocacy, one of our three strategic functions (the other two being Credentialing and Member Value). First, we began publishing our Policy Briefs. Each Policy Brief consists of a monthly one-pager discussing a specific topic related to the Brazilian financial and capital markets, and each presents an opinion about how to improve outcomes for investors, market participants, regulators, and ultimately, society. Also, authors have been selected and work has started on a number of papers sponsored by CFA Society Brazil. Members should expect to see these papers start to be published during the second quarter of 2017. In addition, we have laid out the groundwork for the all-new CFA Society Brazil Award on Financial Innovation, a monograph award to be launched in January 2017. Finally, we responded to CVM's public hearings and request for comments, including a very elaborate response to the most recent hearing on crowdfunding.

An important part of our work is to reach out to universities and collaborate on a number of fronts to create awareness about the CFA Program and the principles that CFA Institute and CFA Society Brazil stand for. The most visible result of our interaction with universities is the annual Research Challenge, a competition amongst university students organized locally by CFA Society Brazil (and globally by CFA Institute). Teams of up to five students can show their analytical and presentation skills while making a recommendation to buy, sell, or hold a stock (this year's selected company was Localiza). Once again,

“...we recognize that nothing can be truly accomplished in this organization without the hard work of our volunteers.”

Inspere took first prize—congratulations to them! The team members won a trip to Seattle, WA, in April 2017 for the Americas regional final of the competition, with all expenses paid by CFA Institute. Should they win this next stage, the Inspere team will travel to Prague, Czech Republic, to compete in the global final, representing Brazil. We are rooting for Inspere!

Speaking of bringing more people closer to the CFA Program, we have relaunched the Preparatory Course for the CFA exams, with classes starting in late January. According to our work philosophy, all instructors in the prep course have always been, and always will be, CFA charterholders. We believe it takes one to teach one, so this is one of the pillars on which the prep course is built. In addition, apart from going over all the readings, the prep course will focus on practice questions, which will allow students to understand exactly what to expect on the day of the exam. We have chosen Wiley, one of the world's largest publisher of finance books and the publisher of the CFA Program official materials, to be our partner in this initiative. We view the prep course as a great opportunity for candidates to get the best preparation in Brazil while starting to take part in the day-to-day activities of CFA Society Brazil, and we look forward to starting this activity in the next few weeks.

The prep course will take place in the brand-new CFA Society Brazil office, located in the FL 4300 complex on Avenida Brigadeiro Faria Lima in São Paulo, between the neighborhoods of Itaim Bibi and Vila Olímpia. As our headquarters, the office is now the point from where all initiatives are launched and where our staff can comfortably work. In addition, it will also serve as a meeting point for CFA Society Brazil members, who can use the facilities to hold meetings, study, and even spend the day, for instance, for those members from other cities who are travelling to São Paulo for business. We will officially open this space on 10 January 2017, with the presence of both Paul Smith, CFA, and John Bowman, CFA.

None of these initiatives—events, prep course, new office, advocacy positions—could have happened without our partnership with CFA Institute. We rely on CFA Institute for advice, for human resources, and for funding, especially financial support for specific projects, such as the Governance Structure Project,

which has allowed us to build the office and meet some of its ongoing expenses. I am very grateful for all the support, incentive, and hard work provided by CFA Institute to the benefit of CFA Society Brazil and its members. Both CFA Institute leadership and staff have been tremendous partners throughout these years and we look forward to continue working with them for many years to come.

Part of the Governance Structure Project concerns hiring full-time staff for the Society, and we have done exactly that. Renilce Moretti, a professional with more than two decades of marketing and communications experience in financial institutions, has been appointed Executive Director, overseeing our daily activities and managing the staff. For our Member Value strategic function, Tally Kirschner, already a collaborator of CFA Society Brazil, was hired as a Specialist, responsible for initiatives involving member events, employer relations, and many more. Also a Specialist, Manuela Hissnauer was hired for our Credentialing strategic function, responsible for the prep course, scholarships, and other initiatives. Nádia Leite, our administrative assistant, completes the team that populates our office in this new phase of the Society.

While the funding and assistance of CFA Institute, as well as the work of our staff, have been of the utmost importance for our Society, we recognize that nothing can be truly accomplished in this organization without the hard work of our volunteers. They work tirelessly for our members and candidates on all of our activities, in all of our strategic functions. We thank these dedicated volunteers for their service and we hope to see many of them at our annual Volunteer Appreciation Event, an invitation-only function that will take place in March.

Although 2016 was the best year in the history of CFA Society Brazil, it can be only be considered a prelude to what 2017 will bring for our members, our volunteers, and other key stakeholders—candidates, students, university faculty members, regulators, and employers. Thank you all for your continued support and help in building a better CFA Society Brazil every day.

Success!

Mauro Miranda, CFA
President, CFA Society Brazil



Kurt Schacht, JD, CFA

CFA Institute Asset Manager Code: New Compliance Platform and Annual Notification

I'm excited to share with you improvements we have made to the CFA Institute Asset Manager Code (the Code) through a new compliance platform and moving to annual notification. Complying with the Code has become easier and more efficient than ever thanks to an exciting new resource for assisting firms seeking to become compliant with the Code. We are also instituting annual notification of compliance, a new initiative that will make compliance with the Code more rigorous and meaningful.

New Compliance Platform

In a joint effort between CFA Institute and the Regulatory Compliance Association (RCA), we developed the Compliance Transparency Platform for implementing the CFA Institute Asset Manager Code.

As described in a post on our *Market Integrity Insights* blog, the Asset Manager Code implementation platform offers 40 step-by-step tutorials and RCA's 350-page Model Compliance Manual to greatly reduce the time, effort, and expense of implementing the Code. Each tutorial covers a particular area of the Asset Manager Code. The tutorials bring together experts on the Code with representatives from firms that have already implemented the Code and who provide practitioner experience on its implementation. This resource is an exciting new educational tool

and an excellent way for firms to get practical advice on implementing the Asset Manager Code as well as greatly reduce any hurdles of coming into compliance with the Code. We believe that the implementation platform will go a long way toward increasing compliance with the Code among asset managers.

RCA is a nonprofit educational organization that supports a community of more than 80,000 compliance, legal, and operations executives from regulatory authorities, institutional investors, and alternative investment and asset management firms with a variety of educational programs. The implementation platform is part of RCA's Compliance Transparency program.

Promotion and Annual Notification

Our current promotion efforts, which include outreach to significant investors and asset owners, has led to the "Open Letter" campaign. Under this initiative, influential pension plan sponsors publicly signed a letter expressing their support for the Code, and the letter was published in the Wall Street Journal, Pensions & Investments, and other publications to coincide with the 2016 CFA Institute Annual Conference. The goal of this initiative is to raise awareness of the Code among investment managers by showing that distinguished asset owners are interested having their managers adhere to the standards set forth in the Code.

Finally, we announced at the Annual GIPS® Standards Conference in September 2016 that we are going to begin requiring firms to annually renew their claim of compliance with the Asset Manager Code. Currently, firms must notify CFA Institute of their claim of compliance only when they initially make the claim. In the early days when CFA Institute was introducing and promoting the Code, annual notification might have been perceived as a barrier to accepting the Code as a new standard. Now that the Code is well established, we believe annual notification will not be a deterrent to compliance. Moving to annual notification will strengthen the Code and provide several advantages. Annual notification furthers the goal of the Asset Manager Code being seen as industry best practice for professional conduct, and it signals to firms and investors that compliance with fundamental ethical standards is not a “check the box” or “one and done” proposition but an ongoing process of continual commitment to ethical practice and working for clients’ best interest. It is the next step in strengthening the meaning of compliance with the Code for both firms and investors.

Annual notification will ensure that the information CFA Institute has about firms that claim compliance is regularly updated and that firms who ceased operations, merged with other firms, or claimed compliance years ago but no longer do so (and did not notify us) are dropped from the list of complying firms. It will also regularly update our contact information for compliant firms, which will allow CFA Institute to easily reach firms when updates to the Code occur or to inform them of other CFA Institute initiatives (such as the Asset Manager Code implementation platform available from RCA) that might be of interest.

We are implementing changes to the online notification form to allow firms to easily provide updates to their information rather than fill out the form every year in order to increase convenience and improve the customer experience. We expect this process to be implemented in the first half of 2017, and claiming compliance will require annual notification thereafter.

Asset Manager Code in Brazil

One of the actions you can take, as a member and a CFA charterholder, is to urge your firm to comply with the CFA Institute Asset Manager Code, if they haven’t already done so.

Companies that comply with the Code demonstrate measurable commitment to sharing responsibility for building a profession that facilitates investor outcomes and to the highest ethical standards of safeguarding client interests.

To date, close to 1,400 firms have adopted the Asset Manager Code, which includes 35 firms, subsidiaries, or affiliates of firms, that are listed in the Top 100 global asset managers. Of the companies claiming compliance, 10 are in Brazil. You should be proud of those firms for stepping up, but we need more companies to take action. It’s a small step with the potential for big impact.

Compliance with the CFA Institute Asset Manager Code will show investors that you have their best interests at heart and have a high moral compass despite the nature of the activities happening around them.

I am both energized and proud to be part of a profession that’s raising its collective voice to influence change for the benefit of society and with public interest in mind.

THE CFA

SQUARE



Ana Novaes, CFA

Interview with Ana Novaes, CFA

By Flavio Papelbaum, CFA

I had the pleasure of having breakfast with Ana and acquiring a great amount of knowledge and experiences, not only professional ones, but mainly life experiences. Between bread and coffees, sitting at the Talho Café, located in the neighborhood of Gávea, in Rio de Janeiro, we spoke a lot about various subjects that I have compiled here on the CFA Square, so that all fellow CFA Charterholders can also enjoy.

Ana Dolores Moura Carneiro Novaes was born in Recife and from there went to the world in various academic and professional experiences. A graduate in Economics from UFPE, she holds a master's degree in Economics from PUC-RJ and a Ph.D. in Economics from the University of California, Berkeley. Ana became a CFA Charterholder in 1998, being one of the first 25 people to obtain the certification in Brazil. She worked at the World Bank from Oct/91 to Feb/95, when she returned to Brazil to work at Banco Garantia's equity research department, remaining there until 1997. That same year, she went to work at Pictet Modal Asset Management, where she worked on the buy side until 2003. From 2003 to 2007, while participating in several Boards of Directors, she obtained her law degree from PUC-RJ. In 2008, she became a partner of Dionísio Carneiro at Galanto Consultoria, remaining in the company until 2010. She founded Oitis Consultoria Econômica in 2010, focusing her work on valuation and corporate governance. In 2012, she became a member of the board of directors at the CVM (Brazilian SEC) with a mandate until 2014. Currently, in addition to her consulting firm, she works as a supervisory board member to the Fundo Garantidor de Créditos—FGC and CCR. At CCR, she served as an independent supervisory board member from 2002 to 2012 and since July 2015 she acts as a member indicated by one of the controlling shareholders. Further, she was nominated in 2015 to the Advisory Board of CFA Society Brazil, having worked on the development of the market with the regulators.

You were one of the first 25 CFA Charterholders in Brazil, how did you get to know the CFA Program and what motivated you to take the tests?

I got acquainted with CFA through my colleague Sonia Villalobos (former president of the CFA Society) when I returned from the United States in 1995 and went to work in São Paulo at Banco Garantia in the equity research department. Garantia encouraged all research workers to take the exams to obtain the certification. Although it seemed rather strange to me being encouraged by the bank to study for the CFA exams, as I had recently completed my PhD at Berkeley, I not only did it, but I also found it to be a great experience. When I went to take level 2, I was no longer at Garantia, but I continued since I saw in the certification a knowledge that was very important for the market and that, of course, I had not acquired by doing a PhD in economics.

Did the certification help you achieve your professional goals? What was the competitive advantage that the certification brought to your career?

After my experience as a sell-side analyst at Garantia, where I participated in an in-depth analysis of Telebras, which at that time represented 64% of the market cap of the stock exchange, I took a turn in life, going to work on the buy side of Pictet Modal in Rio de Janeiro. In the buy side I was no longer working with macroeconomics, which was my academic training from Berkeley and professional training from the World Bank. My PhD was important to help me have a macro

economical view, but I did not master more specific subjects of accounting, derivatives, asset allocation and portfolio management. In addition to all the knowledge I gained from studying to the exams, the big advantage was that, in dealing with foreign investors, through the CFA certification I had their acknowledgement that I possessed the skills to perform my job.

Could you tell us about your experience working with the World Bank in Washington and what brought you back to Brazil?

The experience with the World Bank was one of the richest of my life, because the organization itself is already complex and in my case I was working with countries either with serious macroeconomic problems or with extreme poverty. During the training of the Young Professionals program, my first six months were focused on Argentina, and after I spent another six months working with Bulgaria. After that first year of job rotation, I went on to work in Senegal, Gambia, French Guiana and Burkina Faso. One of the jobs that struck me a lot in Senegal was the analysis of the sugarcane industry, where we noticed that there was only one sugar mill that supplied the entire local economy. At the same time, the tariff for importing sugar was extremely high, which made it impossible to import the product. We proposed the reduction of this tariff, as sugar was the population's main source of nutrition, but we soon realized that political interests spoke louder. My return to Brazil was due to the long time I had been away, and with renewed hopes after the Real Plan. It was also an opportunity to do something different, so I did not think twice about accepting the job at Garantia.

During the period that you were director at the CVM, what were the main challenges and what do you consider to be regulator's focus for the upcoming years?

Working at CVM was the experience I lacked in my life, having already been through the buy side, sell side and board of companies. I had just finished law school and had just had a wonderful experience in corporate governance with the coordination of CCR's Independent Committee that evaluated the CCR's purchase of the airports held by the foreign controllers. A major challenge I faced there was the development of the new Instruction of Funds, the ICVM 555 (which replaced the ICVM 409), where I was fortunate to work with a very competent team and managed to make this reform in a year and a half. I tried to reduce

the costs of the industry and increase transparency for the investor. Financial education is a major concern for years to come. There are several studies that demonstrate that lifelong return is far superior for people who have financial education compared to those who do not. Investor protection is also a major challenge, in view of the need to bring transparency to the services offered to the market, such as the administration fees and the correct application of Suitability standards. From the point of view of supply, it is necessary to think of ways to increase the efficiency and reach of the distribution of the products to the market.

The regulator's challenge is precisely that of reconciling the interests of securities issuers, investors and industry intermediaries, with a focus on transparency and efficiency.

In 2009 you published an article about the cases that occurred in Brazil with speculation in currency exchange derivatives by non-financial companies, ending with the following conclusion: "There has to be more transparency and the information must arrive with quality to its final recipient: the investors". How do you currently see the quality of publicly-held companies' information, especially with respect to the Explanatory Notes?

Much has changed from the time of this article to today due to the process of adoption of the IFRS rules in Brazil. Sadia's derivatives, by the way, were duly registered, and there was no accounting fraud. The Brazilian GAAP, unlike the US GAAP, did not require the mark-to-market of derivatives. When the company had gains and didn't register them in the financials, there was (apparently) no problem, but since the losses were not being recorded in the financials due to the non-expiration of the derivatives, such losses were only present in the Explanatory Notes. Although not entirely clear, the Explanatory Notes included the Value at Risk (VaR), which increased quarter by quarter. At a certain point, the VaR reached approximately BRL 250 million, which meant that every 20 days there could be a loss in this amount. The external auditor was fulfilling its role, ensuring that the accounting rules were being respected. I believe that the market analysts could have been more attentive to the explanatory notes in detecting this risk that the company was taking. I understand that there was a failure of the gatekeepers in the market, including us sell side analysts who if had paid attention to it, at the time the Brazilian Real depreciated, should have already given a sell call.

However, the stock price only began to slide when the company released a Material Fact, showing that such fact was unknown by the market, although revealed in the Explanatory Notes. I understand that the Explanatory Notes ended up becoming too long, but this is principally due to the disclosure obligations, such as the table of derivatives, which for some companies has 3 to 4 pages. However, I certainly believe that many companies could be clearer in their Explanatory Notes, objectively presenting what is really happening. Generally speaking, publicly-held companies present Explanatory Notes that are much clearer than the privately-held ones. A company with good governance has this characteristic reflected in the quality of the disclosure of its financial statements.

In 2015 you became part of the Advisory Board of the CFA Society, which has been active in the relationship with regulators and market entities. Please share a little of the achievements and challenges for the next few years.

Dealing with regulators is always a challenge. Regulators, such as the CVM and Susep (Brazilian Insurance Regulator), are generally understaffed. Therefore, in the relationship with these entities, the CFA Society must always keep in mind that it needs to bring something to the regulator that can effectively add value. Because we are an independent entity with professionals from all over the market, this allows us to add value and achieve important results. The challenge of the CFA Society is to be heard by regulators in their market development mission.

In an important event in 2013 (Abrasca's award ceremony for Value Creation) you said that "Companies open for over 50 years and others recently formed are present here, and I know that it is not easy to create value in such a competitive environment, however many have achieved it". How do you consider the current environment and prospects for companies and the capital market?

The current environment is one of the most challenging. Companies have probably never operated in such a difficult environment both politically and economically. It is very difficult to imagine long-term investment in a country when you do not know what your tax burden will be in the future. The Government wants to concentrate efforts on the infrastructure sector due to the huge bottlenecks we have, the enormous job creation and the cascade effect for the economy that are characteristics of this sector. Nonetheless, we cannot repeat the mistakes of the previous auctions. A relevant question

is how the long-term financing of these projects will be treated in a scenario of contraction of banks, whether public or private. This, of course, will be a major challenge for the capital market. In other sectors, we observe retail companies suffering greatly from the enormous unemployment rate and falling real income, as well as export companies that are being forced to live with the great volatility of the exchange rate and the lack of competitiveness of our economy, with high costs and low labor productivity. The cost of doing business in Brazil is so high that it often raises the doubt if the worst is a bumpy road or the disproportionate number of people in the tax and labor departments of the companies. There are micro changes in labor and tax laws that could be made, with no fiscal impact, but with enormous impact on companies, especially regarding the time spent and personnel allocated to comply with these laws by companies.

Having participated in a few Boards of Directors, what is your opinion regarding the presence of women in the boards of Brazilian companies and their contribution to the diversity in the composition of these Collegiate?

I believe that the mere fact of having a woman present at a meeting where there were only men already changes the dynamics. I remember when I was participating in a Board of Directors and was presented with an advertisement that would be published in the media, in which there were only blond women. I questioned it by stating that it did not represent the Brazilian diversity and that it was extremely sexist. I realize that my generation is concerned about diversity, but I am sure that the younger generations are even more so, with a deeper-rooted concern. I believe that women, in general, are more concerned about risk than men, which brings benefits not only to the performance of the Collegiate, but also to the activity of portfolio management. In boards, pondering and confronting ideas, through diversity, allows for better decision-making. However, I understand that having only one woman on a given board is still ineffective, just like an independent advisor, because if you are just one voice, you may feel impaired.

What advice would you give to someone who is in any way involved in participating in the CFA exams, from those currently studying for Level I to this year's new CFA Charterholders?

My advice to all of you is that you always dedicate yourself to doing something that you really enjoy, that way you will certainly be successful!

During the year of 2016, CFA Society Brazil and CFA Institute launched a global marketing campaign that successfully rose the awareness of the Chartered Financial Analyst designation in Brazil. The process involved numerous meetings between our local society with a global marketing agency and a public relations company. It was an extensive job with both companies, backed by countless fine-tuning sessions and questions, that resulted in 183,000 clicks and 43 million prints in numerous vehicles strategically placed across the country. We are pleased with the initial results and will strive to achieve new levels by intensifying our branding efforts to create even more value to our members and candidates, we are currently looking for new ways to create a long-lasting impact on the broader society and expand this to other niches of the market.

Our efforts were not only restricted to media. Concurrently, we have been able to leverage on our ever-growing recognition as the gold standard among financial advisors and established an exclusive partnership in the country with Wiley, a global academic publisher. Additionally, we believe that the CFA charter is not only about the designation itself, but also about developing future professionals and delivering member value. In 2017, we will continue our marketing campaign and every member of our society will be able to use our new office and facilities for networking and educational events. Finally, and even more importantly, our efforts so far aim at disseminating the value our members see in the charter, which is paramount to us and the main driver for long-term growth and increasing market recognition.

ADVOCACY AND INSTITUTIONAL RELATIONS UPDATE | By Mauro Miranda, CFA

Now that 2016 has drawn to an end, we can reflect upon our achievements in Advocacy and Institutional Relations. As in other areas of CFA Society Brazil, we took a great step forward on this front. We held several meetings with high-level government officials at regulators and self-regulators, including the Central Bank of Brazil, CVM, PREVIC, and ANBIMA, and managed to interact with them more than ever before. We also created the monthly CFA Society Brazil Policy Brief Series, with 12 briefs now published on our website, presenting our opinions on a wide range of subjects, including Corporate Governance of State-Owned Enterprises, Qualification Standards for Institutional Investment Managers, Crowdfunding, ETFs, Infrastructure Debentures, Transaction Costs, and Novo Mercado's New Rules. We will continue this work in 2017 and we encourage all of our members to take a moment to check out these Policy Briefs at <http://cfasociety.org.br/index.php/cfasb-policy-briefs/>.

Also for 2017, two special projects will become a reality. First, we are working with academics and market practitioners to publish a series of papers sponsored by CFA Society Brazil. Topics will be related to the development of Brazil's financial and capital markets on many aspects—practices, products, regulation, and internationalization. Second, this January we will launch the CFA Society Brazil Award for Financial Innovation. It will consist in offering a cash prize to the authors of the three best monographs written specifically for this competition. Through this initiative, we intend to promote high-level thinking about how to innovate and develop Brazil's financial and capital markets. Overall, we are looking for yet another exciting year on the Advocacy front – and if you want to take part in these efforts, do not hesitate to drop us a line and let us know!

PROGRAMMING & EVENTS RECAP

PAST EVENTS



October 04, 2016 | Managed Volatility Strategies: Behavioral Finance

Ryan Taliaferro, Ph.D, Senior Vice President, Portfolio Manager and Researcher at Acadian presented to our members on the topic of behavioral finance at Bloomberg's office in São Paulo.

October 26, 2016 | Geopolitical Challenges and World Markets in 2017

During CFA Society Brazil's 6th Annual Conference, two remarkable professionals addressed the audience at our largest event of the year, held at Hotel Unique in São Paulo. Christopher Garman, Managing director at Eurasia Group, and Caio Megale, Economist at Itaú Unibanco, spoke to over 150 members and special guests.

November 08, 2016 | Block Chain vs. Bitcoins

Marcelo Miranda, Founder and CEO of FinChain, addressed our audience and presented about Block Chain and Bitcoins in our last event of the year in Rio de Janeiro.

November 24, 2016 | O Brasil Terá um Mercado de Ações em 2020? Desafios e Soluções para Nosso Mercado de Capitais

Mauro Cunha, CFA, CEO of AMEC (Associação de Investidores no Mercado de Capitais) closed our annual events calendar at Cantaloup restaurant.

You can find complete information about our events at www.cfasociety.org.br.

COMMENTS OR SUGGESTIONS?

Please send suggestions for events that would be of interest to you to eventos@cfasociety.org.br



On 19 November 2016, at Hotel Pullman Vila Olímpia, we hosted the final round of the 9th CFA Institute Research Challenge, Brazil local level, and Insper's team was this year's great winner! The team's organization, confidence and clear answers in the presentation panel amazed the audience and judges. The students excelled when presenting the case of Localiza Rent a Car to the judging panel, acting as real equity research analysts. FGV's team got second place, followed by FEA-USP in third place and Unicamp in fourth place.

This year we had fourteen teams competing with a total of 62 students participating, including newcomer teams such as Unicamp Limeira and FUCAPE Business School from the state of Espírito Santo. We were pleased to have 16 female students participating in the competition, a record high and a sign of increasing interest of women in investment management (please see CFA Institute WIM initiative) and to have FEA-USP among the four best teams. We appreciate the mentoring of Andre Baggio, Latin America Telecom & Media Analyst of JP Morgan, who guided FEA-USP and surely contributed to improve the quality of their research report.

For the final round we selected high caliber judges, all of whom are CFA charterholders and senior officers in the Brazilian investment area: Joel Kos, CFA, managing director at WTorre and former CFO of Locamerica, a leading car rental player in Brazil; Luiz Otavio Campos, CFA, partner at Onyx Equity Management and with past experience covering Localiza at Credit Suisse; Luiz Ribeiro, CFA, Senior Portfolio Manager at DWS Global Wealth Management; and Pedro Martins, CFA, Latin America Head of Research at JP Morgan.

All of the students presented for ten minutes in English, followed by another ten minutes of Q&A. We highlight the importance of having proficiency of the language, as the winner will compete in April 2017 in Seattle, WA, at the Americas Regional competition, with teams from US, Canada, Mexico and Peru, among others.

We would like to thank our staff, our platinum sponsors and volunteers who devoted their time and knowledge to coach, assist and evaluate the students over the past four months.

We wish Insper the best of luck in Seattle!



FEATURE ARTICLE

IS BRAZIL READY TO REBOUND?

By Ron Rimkus, CFA

The CFA Society Brazil, led by President Mauro Miranda, CFA, recently hosted its 6th annual conference in Sao Paulo, Brazil. With the Brazilian economy in recession, inflation running at 9% or so, a wave of corruption scandals, and the Brazilian currency (the real) down roughly 62% from its peak in July 2011 to its trough in September of 2015, I expected the mood to be downbeat. However, rather than expressing a tone of pessimism, the mood of the conference, though measured, was upbeat. As one of the fastest growing CFA Societies in the world, CFA Brazil's growth and success seems to reflect an underlying truth regarding the performance of the Brazilian economy overall. These days, Brazil is often seen as struggling extricate itself from high profile corruption scandals, economic malaise, weak commodity markets and a hobbled currency, just to name a few. Yet, guest speakers Caio Megale, Economist at Itaú Unibanco, and Christopher Garman, Managing Director of Eurasia Group, both struck a similar chord—while many developed markets are suffering from poor demand, Brazil is suffering from excess supply. Because Brazil's demand growth remains stable, they expect Brazil to grow out of its present challenges.

Caio Megale took the stage first and, for the sake of comparison, painted a picture of the global macroeconomic environment within which Brazil now operates. In focusing on Brazil, Caio noted that Brazil still has substantial commodity production, so its economy remains sensitive to commodity prices and volumes. With commodity markets still sluggish, this will act as a drag on growth. Amid the worst recession in Brazil's history, he also highlighted the fact that obstacles remain—falling retail sales, falling industrial production and fairly high inflation.

Nevertheless, Caio noted several reasons for optimism. For instance, the Brazilian real has appreciated roughly 25% year-to-date 2016. Also, the lower House recently passed a bill that limits federal government spending. This bill is also expected to pass the Upper house which will place a cap on government spending and potentially help reign in

their reliance on government debt. Business and consumer confidence are rebounding. Unit labor costs are falling quickly, having fallen from a level of 116 to about 101 in the past 12 months alone. Caio suggested that this fact more than any other bodes well for a Brazilian rebound in 2017. He also expects the Central Bank of Brazil to loosen monetary policy by dropping the benchmark SELIC rate from 14% today to about 10% by 2018, creating another powerful tailwind to potentially offset the present recession.

Like Caio, Chris Garman began with a discussion of the global landscape. In particular, he noted the wave of populism running through the US and Europe, indicating the middle class in both regions is angry. Chris suggested that Brazil's problems are the mirror image: a newly enfranchised middle class that is now looking to solve higher end problems like education and health care. He noted that the new Michel Temer government is enjoying a bit more public support than the recently disgraced Dilma Rousseff regime. In fact, Brazil is still recovering from a wave of scandals that has rocked the country: the Rousseff corruption scandal, the Petrobras scandal and the recent charges against former President Luiz Inacio Lula da Silva (or Lula for short). Nevertheless, the recent victory in the House on limiting government spending is being received well and bolstering support for the fledgling government. In fact, it was notable to me how often the subject of the spending cap came up in conversations with members of the CFA Society. Also, in early 2017, the government is set to tackle pension reform as well. So, the Temer government seems to be in a position to resolve some very large problems for the citizens of Brazil.

In the final analysis, it seems the harsh recession of the past two years is paving the way for much needed political reform and economic adjustments. Much progress has been made already and, with steady domestic demand growth, both Caio Megale and Chris Garman seemed optimistic that better days lie ahead. That assessment was also reflected in both the growth and optimistic perspective of the CFA Society Brazil.

PREPARATORY COURSE FOR THE CFA[®] EXAM

The CFA Society Brazil advantage:

Brand new classroom and easily accessible facilities

All instructors are CFA Charterholders

Classes are taught in Portuguese, with English textbooks

Educational support from Wiley, the official CFA Curriculum publishing company

Access to Wiley's CFA 2017 Test Bank,
including thousands of questions and mock exams

Maximum of 35 students per class

Classes begin end of January 2017

WILEY



CFA Society
Brazil



Scan to learn more.

CFA Society Brazil
FL 4300 Complex
Av. Brigadeiro Faria Lima, 4300
FL Office Tower – 8th floor
Vila Olimpia – São Paulo, SP



CONGRATULATIONS TO THE NEW CFA[®] CHARTERHOLDERS

CFA Society Brazil congratulates the 163 new CFA charterholders in Brazil! The journey is long, but the result is more than rewarding. All new charterholders will join our current members in promoting the highest standard of ethics, integrity, and professional excellence within the finance and investment profession.

Adriano Bittar de Balbina, CFA
Alan Marcel Cohen, CFA
Alan Pereira Sousa, CFA
Alexandre Gurfinkel Reda, CFA
Alvaro Humberto Pimentel Duarte de Figueiredo, CFA
Ana Luiza Abrão Roriz Soares de Carvalho, CFA
Andre Augusto Freitas, CFA
Andre Galvão de Campos Costa, CFA
André Silva Cruz Martins, CFA
Angelo Felix Conraad Edmond Leonie Lacroix, CFA
Antonio Luiz Taquechel da Rocha, CFA
Ariela Kiliinsky, CFA
Arthur Bichmacher, CFA
Artur Manoel Passos, CFA
Axel Ariel Mange, CFA
Beatriz França de Sousa Lima, CFA
Bernardo Castanon Santos Valle, CFA
Bruno Cinelli do Amaral, CFA
Bruno Codesseira Pires, CFA
Bruno Maueler da Cruz, CFA
Bruno Riccio Marzulli, CFA
Calvin Daniel de Oliveira Lee, CFA
Camila Helena Braga da Silva, CFA
Carlos Akira Furuya, CFA
Carlos Alexandre Ambrussezi Carvalhal, CFA
Carlos Manoel Simões Louro Filho, CFA
Carlos Roberto da Silva Machado Jr., CFA
Carolina Velasquez Zuluaga, CFA
Cesar dos Reis Rosa, CFA
Claudine Koide, CFA
Daniel Fachin Soares, CFA
Daniel Juchem Bermudez, CFA
Daniel Lins Mattos, CFA
Daniel Mathias Alves Pinto, CFA
Daniel Sasson Martinez de Mattos, CFA
Daniel Vidal de Almeida, CFA
Danilo Elias Goulart de Andrade, CFA
Danilo Fumagalli Marteleto, CFA
David Alejandro Mazo Palacio, CFA
Denis Fillipini Vitti, CFA
Diogo Aquino de Rezende Lopes, CFA
Diogo Mogadouro de Lucena, CFA
Diogo Reis Gitahy da Silva, CFA
Diogo Silvério Araújo Costa, CFA
Domenica Eisenstein Noronha, CFA
Eduardo Carneiro da Cunha Cintra, CFA
Eduardo Cubas Pereira, CFA
Ekaterina Kapoustinskaia, CFA
Eytan Veitzman, CFA
Felipe Abreu Morandi, CFA
Felipe Brandão Ache Annechino, CFA
Felipe Martins Greco, CFA
Felipe Nobre Barbosa, CFA
Felipe Saturnino Ikeda Pereira, CFA
Felipe Villar, CFA

Fernanda de Lima Crivelenti Adachi, CFA
Fernanda Pescarin Chamma, CFA
Fernanda Rando Ruman, CFA
Fernando Ceschin Rieche, CFA
Filipo Victorino Venditti, CFA
Flávio Augusto della Testa, CFA
Flavio Pinto, CFA
Francisco Enrique Carvalho da Silva, CFA
Frederico Tardin Vita, CFA
Gabriel Alejandro Micheloud, CFA
Gabriel Guimarães Groh, CFA
Gabriela Sabino de Britto Pereira, CFA
George Ohanian, CFA
Gilberto de Alencar Tonello, CFA
Gilberto José Della Volpe, CFA
Gilson Nascimento Maia, CFA
Giovanni Portilho Vescovi, CFA
Guilherme Acatauassu Xavier, CFA
Guilherme Carrilho de Quintal, CFA
Guilherme Cerqueira de Souza, CFA
Guilherme Rudge Valdetaro Simões, CFA
Guilherme Sá Nascimento de Paula Dondici, CFA
Guilherme Scotto Sassi, CFA
Gustavo de Oliveira Godoy Soares, CFA
Gustavo Luchese Unfer, CFA
Henrique Sousa Botelho, CFA
Henrique Tomaz de Aquino, CFA
Igor Vigna Percinio da Silva, CFA
Iuri Takeshi Nakamura Henrique, CFA
Ivens Gasparotto Filho, CFA
Jose Ermete Rabello Leite Filho, CFA
Julio Guimarães Kumai, CFA
Julio Sergio Camuce Lopes, CFA
Leandro Carlos de Matos Moraes, CFA
Leandro da Rocha Santos, CFA
Leonardo Melillo Garcia Pereira, CFA
Louise de Oliveira Pinto, CFA
Lucas Ceratti Ferrazza, CFA
Luciano Cerruti, CFA
Lucio Cezar da Silva Reboças, CFA
Luis Anibal Guerra Burgos, CFA
Luis Eduardo Costacurta Maluf, CFA
Luiz Augusto Vitoria Regis Filho, CFA
Luiz Fernando da Cunha Pereira, CFA
Luiz Fernando Portella Staub, CFA
Luiz Gustavo Cassilatti Furlani, CFA
Luiz Henrique Maimone Beatrice, CFA
Luiza Maniero, CFA
Manuel Barallat Martinez de Osaba, CFA
Marcelo Mckenzie Smith Rezende, CFA
Marco Antonio de Mello Franklin, CFA
Marco Marchiori da Luz, CFA
Marco Mordehachvili, CFA
Marcos Ayala da Fonseca, CFA

Marcus Felipe Brito Castro, CFA
Marcus Vinicius Bueno de Sena dos Santos, CFA
Mariana Villalba de Oliveira, CFA
Mario Candido de Avelar Fernandes Filho, CFA
Matheus Virgílio de Moura Lima e Almeida, CFA
Matheus Henrique Silva Santos, CFA
Matthew William Weightman, CFA
Maurício de Sousa Ferraz, CFA
Mauricio Vendruscolo, CFA
Mauro Andrade, CFA
Miguel Furian Campos, CFA
Murillo Bomfim Santos, CFA
Nabil Boukraa, CFA
Nickolas Abrarpour, CFA
Obede Davi de Camargo Rodrigues, CFA
Otávio Mendonça Barros, CFA
Patrick Pereira, CFA
Paulo Fernando Galvão de Oliveira Machado, CFA
Pedro Ramos de Siqueira, CFA
Philip Mark Casey, CFA
Pierre Jadoul, CFA
Plinio Kenzo Hida, CFA
Rafael Castello Branco Pastor D'Oliveira, CFA
Rafael de Souza Pereira, CFA
Rafael Quissak Pereira, CFA
Raphael Ferreira Sarmiento Castilho, CFA
Raphael Gonzalez Passos, CFA
Raphael Oliveira Costa, CFA
Renata Acatauassu Xavier, CFA
Renata Fornaziere Demarchi, CFA
Renato Assunção Campos, CFA
Renato de Azevedo Antunes, CFA
Renato Leitão da Cunha Jerusalmi, CFA
Ricardo Lafayette Stockler M. S. Porto, CFA
Ricardo Marques de Amorim, CFA
Ricardo Prado Soares, CFA
Rodrigo Anderson Koch, CFA
Rodrigo Luis Eboli, CFA
Rodrigo Potenza Terni, CFA
Rodrigo Sadao Nalesso Takaku, CFA
Silvio Cláudio Peixoto de Camargo, CFA
Steven Shieh, CFA
Thiago Lopes Muniz, CFA
Thiago Ribeiro Viçoso Barcellos, CFA
Thomas John Grimm, CFA
Urbano Carlos Ostermann Lorea, CFA
Victor Amá Stephan, CFA
Victor Bittar Haddad, CFA
Victor Sakimoto Shie, CFA
Vitor da Silva Gattai, CFA
Vitor Kobayashi Okuyama, CFA
Vitor Rangel Botelho Martins, CFA
Vladimir Pinto, CFA
Wagner Kladt, CFA



**CFA Society
Brazil**

www.cfasociety.org.br



LEADERSHIP 2016-2018

Mauro Miranda, CFA

President

mauro.miranda@cfasociety.org.br

Felipe Nogueira, CFA

Vice President

felipe.nogueira@cfasociety.org.br

Sonia Villalobos, CFA

Treasurer

sonia.villalobos@cfasociety.org.br

Luis Fernando Affonso, CFA

Institutional Relations and Advocacy

luis.affonso@cfasociety.org.br

Bernardo Carneiro, CFA

University Relations and Research Challenge

bernardo.carneiro@cfasociety.org.br

Lucas Corrêa, CFA

Employer Relations and Job Opportunities

lucas.correa@cfasociety.org.br

Eric Tsai, CFA

Marketing and Awareness

eric.tsai@cfasociety.org.br

STAFF

Renilce Moretti

Executive Director

renilce.moretti@cfasociety.org.br

Tally Kirschner

Member Value

tally.kirschner@cfasociety.org.br

Manuela Hissnauer

Credentialing

manuela.hissnauer@cfasociety.org.br

PLATINUM SPONSORS

**Bloomberg
Tradebook** **FACTSET**