

**CFA SOCIETY FINLAND**

**BOARD REPORT**

**FINANCIAL YEAR 2018-19**

## Board Report FY 2018/19

2018/19 was our 17th financial year. We made a larger-than-budgeted profit of EUR 20,226 mainly as our expenses were lower than expected. The profit of the previous financial year was EUR 8,773. As in previous financial years, we used several financing sources, including CFA Institute operational funding and sponsorship income in order to fulfil our strategic initiatives. More detailed information on the Society's financials can be found in the Financial Report.

Our Board of Directors consisted of 9 members. **Miia Hukari, CFA** served as President (Programs & Professional Development Chair) with **Antti Raappana, CFA** (Advocacy, Public Awareness & Employer Outreach Chair) and **Mikko Moilanen, CFA** (Membership, Education, Scholarships & University Liaison Chair) as Vice-Presidents, and **Matias Möttölä, CFA** as Past President. **Henna Mikkonen, CFA, Jaana Kero, CIPM** (Secretary), **Miikka Hautamäki, CFA** (Technology Chair), **Tiina Smolander, CFA** (Treasurer) and **Lassi Simola, CFA** (Research Challenge Chair) served as board members. **Vesa Ollikainen, CFA** served as non-board member in the Advocacy, Public Awareness & Employer Outreach Committee. The Board held 10 (9) meetings during the financial year with 94% (79%) attendance, producing meeting minutes from every meeting. In conjunction with December meeting, the Board held a strategy workshop in order to update its Strategic Objectives for FY2020-22.

As of 30 June 2019, the Society had 147 (133) fee-paying members, showing 11% (5%) growth in the member base. Member loyalty has consistently been high in our society, and we continued to show one of the highest retention rates (97%) among CFA societies both in EMEA region and globally. During FY2018/19 there were 119 (97) registered candidates for the June exam and another 26 (22) for the December Exam. We were happy to welcome 14 (7) new Charterholders in our Charter Ceremony in December.

During the financial year the Society organized altogether 14 educational or networking events to its members and candidates. Altogether these events attracted 459 attendees; on average 33 attendees per event. This was a clear rise from the previous years.

We started with the events in September by organizing **The Future of Capital Markets Union in the EU** seminar together with Aalto University. The list of guest speakers was impressive, including **Anneli Tuominen** (FIN-FSA), **Olli Rehn** (Bank of Finland), **Risto Murto** (Varma) and **Sirpa Pietikäinen** (MEP). The panel discussion was moderated by **Josina Kamerling** (CFA Institute).

We were also active in CFA Institute's annual **EMEA Society Leadership Conference** that took place in Helsinki in October. The conference attracted over 200 Society Board members from EMEA region and CFA Institute top leaders and staff. During the conference, we organized an educational event **Future of Investment Profession**, where the Institute leaders **Bjorn Forfang** and **Gary Baker** presented and discussed the Institute's recent research on the theme with our members. In conjunction with the SLC we organized a social media campaign along the lines of CFA Institute's "Let's Measure Up" – in Finnish "On aika ryhdistäytyä". The campaign was viewed by 12,000 persons in Twitter and LinkedIn.

Our large-scale member events continued in February with the **Forecast Dinner** in Restaurant Sipuli. Our guest speakers focused on topical themes in the financial industry: **Katja Keitaanniemi** from OP told about the new operating environment within OP and Finnish financial industry, and **Paras Anand** from Fidelity about the role of Alternative Intelligence in investment process. **Anssi Pakarinen, CFA** was awarded as the Forecaster of the Year.

As a new tradition, we also gave the Volunteer of the Year Award, where **Petri Serenius, CFA** was recognized for his volunteer work during the EMEA SLC.

Finally, in June, we partnered up with Finsif and Demos Helsinki and hosted a seminar on **Sustainable Finance**. The seminar focused on the EU's Sustainable Finance regulation and green bonds. Guest speakers and panelists included **Sipa Pietikäinen** (MEP), **Leena Mörntinen** (Ministry of Finance), **Aila Aho** (Nordea) and **Esko Kivisaari** (EK), among others. The sessions were moderated by **Jukka Honkaniemi** (Finsif) and **Peter Lindström** (Demos Helsinki).

In addition to the large seminars, we organized several smaller-scale events. "Soft skills" were improved in two workshops: **Presentation skills workshop for specialists** by Mika Pesonen and **Improving your Executive Presence** event by **John Hoggarth** (RADA, the Royal Academy of Dramatic Art). "Hard skills" were sharpened in **Risk Premia Investing** workshop held by **Kari Vatanen, CFA** (Varma) and by **Applications for Behavioral Finance** presentation by **Emily Haisley** (BlackRock). These more focused workshops have been very much wished by our members and we plan to continue with them in the future.

As before, we also held our traditional networking events, such as **Oktoberfest, Christmas Party** in conjunction with the Charter Awards, as well as the **Summer Kick-off**.

CFA Society Finland also arranged the 9<sup>th</sup> local competition of **CFA Research Challenge**. This year we had teams from six Finnish universities: Aalto University, University of Turku, Jyväskylä School of Business and Economics, University of Eastern Finland, Lappeenranta University of Technology and Hanken. The competitors made an investment analysis on Cargotec. Judges were **Jutta Rahikainen** (SEB), **Hanna-Maria Heikkinen** (Cargotec) and **Harri Taittonen** (Nordea). Turku University won the local competition, and advanced to the EMEA Finals in Zürich. Unfortunately, the team did not advance to the global finals. As before, RC required a considerable amount of volunteer engagement in the form of judges, graders, mentors, faculty advisers, employees at Cargotec as well as from our dedicated RC team. Many thanks to them all!

Along our **Candidate engagement**, we organized the Schweser **Mock CFA Exams** for all three levels in June. We supported the Candidates on the June exam date by giving out sandwiches and wishing good luck to the exam takers. Our candidate activities included also a **Candidate Event** before June Exam in order to increase candidates' awareness on CFA Society Finland, give last minute tips and facilitate forming study groups among the candidates.

We got 4 applications for **Access Scholarships** for 2019. The Scholarships were granted to 1 (4) applicants.

We were extremely happy to welcome **University of Vaasa** as our new **University Affiliate** member in spring.

One of our Society's main targets is to improve the recognition and the awareness of CFA in the Finnish finance industry. Therefore, the Board, with the support from Milton Group, created a new **communication strategy** for the society. The Board participated in three strategic and practical communication workshops facilitated by Milton Group during autumn and winter. In addition, Milton interviewed CFA Society Finland external stakeholders to test our brand awareness and receive feedback. In the communication strategy work, we defined our main messages, target groups and channels. This new communication framework helps current and future boards to engage in a more strategic communication and to link CFA messages to broader themes in the Financial Industry.

Another important target for our Society is Advocacy and Employer Outreach. This financial year, we exercised this activity by organizing **Ethical Decision-Making Workshops** in major banks and asset managers. The workshops were held by **Sonia Gandhi, CFA**, the Director on Ethics Education & Professional Standards at CFA Institute, with



the help of our local Ethics Trainer, **Mikko Niskanen, CFA**. We carried out a similar workshop also at our University Affiliate member Aalto University, as a part of the University Affiliate co-operation and at Finsif in conjunction of Finsif AGM.

During the year, we also held one introduction/advocacy meeting with FIN-FSA and one with Ministry of Finance to increase awareness of CFA Institute, CFA Programs and CFA Society Finland. Introduction to CFA Programs, Institute and Society Finland was organized at Nordea by our active members employed by the company.

In 2018 CFA Institute launched a new strategy, "**Society 2.0**". The strategy gives more responsibility and visibility to local CFA Societies. The strategy has profound implications also to CFA Society Finland. To facilitate the increased responsibilities of the local societies, the Institute increased the operational funding considerably. To enable the increased work, CFA Society Finland initiated the process of recruiting a part-timer communication and office manager. The work is still undergoing, and we hope to finalize the recruitment process during autumn. In order to inform our members about the new strategy and to get an approval for a revised budget, we organized and **Extra General Meeting** in conjunction with the Forecast Dinner. The revised budget was approved by the members.

CFA Society Finland took active part in international CFA Institute events. Past President **Kati Eriksson, CFA** continued to serve as the Presidents' Council Representative for EMEA West. The entire Board participated in the EMEA Regional Leadership Conference in Helsinki in October. The main theme of the Regional SLC was Professionalism: How the financial industry can raise its standards and become a well-recognized profession, and how the CFA Charterholders can ensure professionalism through Continuous Professional Development (CPD) that CFA Institute Offers. Jaana Kero, Miia Hukari and Miikka Hautamäki participated in the Global Society Leadership Conference in London in May. In the Global Conference, the Professionalism remained as one of the key focus areas, together with ESG and Credentialing: how to co-operate with local authorities to facilitate the credentialing requirements to asset managers, investment advice etc. posed by EU regulation. CFA Society Finland maintained a seat in the EMEA Standards and Advocacy Society Council (SAASC), where the Society was represented by Vesa Ollikainen.

**Refinitiv** (former Thomson Reuters) continued as the Annual Sponsor, including Research Challenge sponsorship for CFA Society Finland. As before, we are very thankful for the highly engaging partnership we have been able to develop with Refinitiv.

**Hill Audit** and KHT Päivi Rönkkö continued to serve as Auditors for CFA Society Finland.

As before, operational support in organizing events and communicating with Members and Candidates during the year was provided by CFA Institute's Society Support team.

Finally, the board would like to thank all our members for the confidence and support during the past year. We will continue our work to deliver value for our members, increase awareness and fulfill our mission of being advocates for ethics, professionalism and education in financial industry.

**Financial Report FY2018/19****Income**

The total income for the financial year 2018/19 amounted to EUR 75,594. The income exceeded the revised budget by EUR 5,972 due to higher than expected sponsorship income. The number of paid members increased to 147 from 133. Society Dues (i.e. Membership fees) contributed to EUR 13,019. We had sponsorship income from our Annual Sponsor, Refinitiv (EUR 8,000), as well as Research Challenge sponsorship with Refinitiv (EUR 1,500) and via CFA Institute (EUR 6,635). The income from the latter was used to cover expenses related to the Research Challenge. There was a BlackRock sponsored breakfast event in May (EUR 4,000).

In the fall 2018 CFA Institute revised its operational funding model. In addition to the Operational Funding (EUR 17,155), the Society received Incremental Operational Funding (EUR 14,256). The Incremental Operational Funding is intended to be used to further professionalize the Society's operations by e.g. hiring staff. The Society received Project Funding (EUR 10,282) for its branding campaign.

**Expenses**

Our total expenses of EUR 55,369 were below the revised budget by EUR 12,430. There were no Staff expenses as the hiring was postponed. The events remained the largest cost item totaling EUR 30,219. In addition, there were branding cost (EUR 11,882) for the campaign in conjunction with the CFA Society Leadership Conference organized in Helsinki and the development of Communication Strategy with Miltton.

The largest cost item within the Board Operating Expenses were the costs associated with participation in CFA Institute's global and regional Society Leadership Conferences. This was in line with our strategic decision to send three delegates to each conference when possible. Other board expenses included costs associated with board strategic planning and lunch meetings with Past Presidents. The Society also paid for Operational Support to CFA Institute (EUR 2,197).

**Balance sheet**

At the end of June 2019, our assets were EUR 56,265 and liabilities EUR 7,167. Assets comprised almost entirely of cash. Liabilities comprised solely of current liabilities, largely of 2019/20 membership fees for the financial year received in advance. The profit of the financial year 2018/19 amounted to EUR 20,226. It will be added to the retained profit/loss account.

**Budget**

We propose a modest budget deficit of EUR 350. Income is expected to be higher than in the previous financial year due to higher expected project funding and sponsorship.

Expenses are expected to rise from the previous financial year due to higher infrastructure/governance expenditures, ie. staff related costs.

**Profit and Loss Account**

	<u>1.7.2018 – 30.6.2019</u>		<u>1.7.2017 – 30.6.2018</u>	
<b>ORDINARY INCOME</b>				
Income				
CFA Institute, Operational Funding	31 410,49		16 490,68	
CFA Institute, Project Funding (RC)	16 916,83		6 141,98	
Events	675,00		575,00	
Sponsorship	13 500,00		8 000,00	
Interest Income	0,00		0,00	
Other Income	73,12	62 575,44	901,56	32 109,22
Expenses				
Events	-30 218,92		-24 751,19	
Board Operating Expenses	-4 381,23		-6 294,05	
Other Expenses	-20 768,73	-55 368,88	-4 201,47	-35 246,71
OPERATING PROFIT (LOSS) BEFORE FUNDRAISING		7 206,56		-3 137,49
<b>FUNDRAISING</b>				
Society Dues		13 019,07		11 910,87
OPERATING PROFIT (LOSS)		20 225,63		8 773,38
<b>PROFIT (LOSS)</b>		20 225,63		8 773,38
<b>PROFIT (LOSS) FOR FINANCIAL YEAR</b>		<u>20 225,63</u>		<u>8 773,38</u>

**Balance Sheet**

	<b>30.6.2019</b>		<b>30.6.2018</b>	
<b>Assets</b>				
<b>CURRENT ASSETS</b>				
Cash in bank		51 365,52		35 068,99
Other receivables		4 899,08		1 059,49
<b>Total Assets</b>		<b>56 264,60</b>		<b>36 128,48</b>
<b>Equity and Liabilities</b>				
<b>EQUITY</b>				
Retained earnings	28 871,58		20 098,20	
Profit (loss) for the financial year	20 225,63	49 097,21	8 773,38	28 871,58
<b>LIABILITIES</b>				
Current liabilities				
Prepayments	3 124,08		3 361,83	
Accrued expenses	4 043,31	7 167,39	3 895,07	7 256,90
<b>Total Assets</b>		<b>52 264,60</b>		<b>36 128,48</b>

## **Board Action Plan 2019/20**

For CFA Society Finland, FY2019/20 will be the 18th year of fulfilling our mission to advocate for ethics, education, and professionalism in financial industry, together with CFA Institute. We strive to make the CFA charter a well-recognized and highly valued asset in the Finnish financial community, and to ensure that the membership of CFA Society Finland is regarded as a valuable continuum for the CFA Program, providing excellent networking opportunities for investment professionals.

The Board spent considerable effort in November-December to review our three-year Strategic Plan. The plan was complemented with one-year Action Plan and focus areas for Committees.

Our **Strategic Objectives for FY2020-22** are as follows:

1. Continue to engage with members and candidates and **deliver member value** through high quality events and continuous professional development (CPD)
2. **Increase impact** of CFA Society Finland and the CFA Program and Standards through a structured program of engagement with employers, universities, the media and the regulator
3. **Increase the number of members and candidates** by delivering value, increasing awareness and promoting advocacy

Member value will be delivered by high-quality events that are relevant, topical and interesting. We will continue to seek partners and enhance co-operation with societies and organizations in Finland and elsewhere. Examples of this were the co-operation with Finsif and Demos Helsinki in conjunction with the Sustainability Seminar in spring and other Nordic CFA Societies in conjunction with the Nordic Investment Conference in Copenhagen in September 2019. Improving our social media presence in our events is also one of our focus areas.

Continuous professional development (CPD) in order to ensure that CFA Charter remains relevant for its members and attracts new members is one of the focus areas within CFA Institute and the Finnish Society. For CFA Institute, this includes developing the CPD program, online tools and content significantly in the coming years.

Our event calendar for the upcoming financial year is already well-established. We will continue with our Flagship Events (AGM & Dinner, Charter Award Ceremony & Christmas Party and Forecast Dinner), together with larger-scale educational and networking events completed by smaller-scale, skills-improving workshops. As before, we welcome any ideas of event themes, speakers and co-operation possibilities.

For advocacy activities, increasing awareness, visibility and recognition of CFA in Finland continues to be one of our key areas. We will focus in this by implementing our new communication strategy, increasing social media visibility, working actively on our Ambassador Program towards employers and continuing our Ethics Training sessions at companies, universities and other key stakeholders.

We trust that the increased visibility and recognition of CFA Charter will increase the number of members and candidates in the coming years. We will also be more active towards universities in form of university visits, activity around Research Challenge, media visibility and increased activity with our University Affiliates.



We plan to facilitate the increased operational and administrative work with hired staff. We hope this to become visible in the form of better social media visibility, increased and fluent communication and information sharing with our members and candidates, as well as increased resources in our event management.

#### **MISSION**

CFA Society Finland, together with CFA Institute, is an advocate for ethics, education, and professionalism in financial industry.

#### **VISION**

The CFA charter is well recognized and highly valued within community. CFA Society Finland membership is regarded as a valuable continuum for the CFA Program and excellent network for investment professionals.

**Budget for the Financial Year 2019 / 2020**

	Rev. Budget 2018/19	Actual 2018-/19	Difference	Budget 2019/20
<b>Income</b>	<b>69 623</b>	<b>75 595</b>	<b>5 972</b>	<b>78 300</b>
Membership fee	12 930	13 019	89	13 500
Operational funding	17 155	17 155	0	17 600
Additional operational funding	14 256	14 256	0	14 200
Project funding	10 282	10 282	0	16 000
Event income	1 000	675	-325	1 000
Sponsorship income	14 000	20 208	6 208	16 000
<b>Expenses</b>	<b>-67 489</b>	<b>-55 369</b>	<b>12 120</b>	<b>-78 650</b>
<b>Engagement</b>	<b>-34 500</b>	<b>-35 351</b>	<b>-851</b>	<b>-33 500</b>
Flagship events	-11 500	-9 864	1 636	-10 500
Educational events	-10 000	-10 829	-829	-10 000
Networking events	-4 000	-5 901	-1 901	-4 000
RC	-4 500	-3 624	876	-4 500
Candidate engagement	-4 500	-5 132	-632	-4 500
<b>Branding</b>	<b>-13 110</b>	<b>-11 882</b>	<b>1 228</b>	<b>-2 000</b>
<b>Infrastructure &amp; governance</b>	<b>-19 879</b>	<b>-8 136</b>	<b>11 743</b>	<b>-43 150</b>
<b>Board expenses</b>	<b>-5 089</b>	<b>-4 381</b>	<b>708</b>	<b>-5 500</b>
Travelling	-3 000	-1 837	1 163	-3 500
Society fee reimbursement	-89	-89	0	0
Other	-2 000	-2 455	-455	-2 000
<b>Staff &amp; Services</b>	<b>-11 000</b>	<b>-349</b>	<b>10 651</b>	<b>-26 000</b>
Ongoing expenses (salary, other costs)	-9 000	0	9 000	-24 000
Set up costs	-2 000	-349	1 651	-2 000
<b>Operations support</b>	<b>-2 000</b>	<b>-2 197</b>	<b>-197</b>	<b>-8 800</b>
<b>Audit</b>	<b>-620</b>	<b>-620</b>	<b>0</b>	<b>-650</b>
<b>Banking</b>	<b>-170</b>	<b>-180</b>	<b>-10</b>	<b>-200</b>
<b>Other expenses</b>	<b>-1 000</b>	<b>-410</b>	<b>590</b>	<b>-2 000</b>
<b>Profit / Loss, EUR</b>	<b>2 134</b>	<b>20 226</b>	<b>18 092</b>	<b>-350</b>