

CFA SOCIETY FINLAND

BOARD REPORT 30.6.2020

FINANCIAL YEAR 2020

Board Report FY2020

This financial year 2020 was our 18th year of operation. The global pandemic made this year challenging in many ways, and we were forced to cancel planned events after mid-March. Hence the expenses were clearly lower, and we made an actual profit of EUR 20,929. The profit of the previous financial year was EUR 20,226. As in previous financial years, we had several financing sources, including CFA Institute operational funding and sponsorship income to fulfil our strategic goals. More detailed information on the Society's financials can be found in the Financial Report.

Our Board of Directors consisted of nine members. **Miia Hukari, CFA** served as President with **Antti Raappana, CFA** (Advocacy, Public Awareness & Employer Outreach Chair), **Lassi Simola CFA** (Membership, Education, Scholarships & University Liaison Chair) and **Tiina Smolander, CFA** (Treasurer) as Vice-Presidents. **Jaana Kero, CIPM** (Programs & professional Development Chair), **Miikka Hautamäki, CFA** (Technology Chair/Research Challenge Chair), **Niina Arkko, CFA** (Communication Chair), **Peter Lindström, CFA** and **Matti Ilmanen, CFA** served as board members. For operational activities, The Board held 9 (9) meetings during the financial year with 89% (79%) attendance, producing meeting minutes from every meeting. In conjunction with the November meeting, the Board held a strategy workshop to update its Strategic Objectives for FY 2020-22.



The Board 2019/20: (from left) Peter Lindström, Niina Arkko, Miikka Hautamäki, Antti Raappana, Miia Hukari, Lassi Simola, Tiina Smolander, Matti Ilmanen And Jaana Kero

CFA Society Finland made big changes to its administrative structure in the past year by acquiring a part-time staff person to assist in the operative functions. **Satu Hautamäki** has served as a Communication and Office Manager from October 2019 onwards. Tasks include acting as secretary in the board meetings, updating the website and social media and carrying out other communication, assisting with event management and administrative duties, and handling relations to the CFA Institute society operations. This development has enabled the board work to be more strategic and

for the board effectively implement its mission strategy. Acquiring staff enabled CFA Society Finland to withdraw from the Society Operations Consulting Agreement in March.

As of 30 June 2020, we had 167 (147) fee-paying members, showing 14 % (11%) growth in our member base. Member loyalty has been consistently high in our society, and we continued to show one of the highest retention rates (95,2% in 2019/20) among CFA societies both in the EMEA region and globally. As a manifestation of this great achievement, CFA Society Finland was awarded **“The Highest Retention Rate 2018-2019”** - award at the EMEA Society Leader Conference Istanbul in October. In addition, *Connexions* raised our Society in spotlight last August as a “small society: mighty impact”. The article raised CFA Society Finland as an example of successful succession planning and governance practices.



CFA Society Finland awarded at SLC Istanbul 2019

We were happy to congratulate 21 (14) new Charterholders in our Charter Ceremony in November 2019. Due to the challenging circumstances with social distancing regulations the June 2020 CFA exams were postponed to December 2020. This applies to all three levels of the exams. At the beginning of July 2020 there were 67 registered candidates in Finland for the December Exam.

Events

CFA Society Finland organized several educational events in FY 2020 but also events geared at networking, both for members and candidates. With the increased resources, we have been able to promote and follow up on our events actively through our new website and social media channels.

During the financial year we organized altogether nine educational or networking events until the beginning of March 2020. In March, the social distancing regulations were enforced, and two planned events had to be cancelled.

The autumn term 2019 started with **“Financial Advice Breakfast Event”** featuring **Juhani Linnainmaa**, a finance professor at Dartmouth and a partner at Research Affiliates. Juhani presented his paper on financial advisors’ behaviour and portfolio performance, which was followed up with a thorough discussion on ethics in finance.

The Annual General Meeting 2019 was hosted at Hotel Lilla Roberts at the end of August and was followed by a dinner.

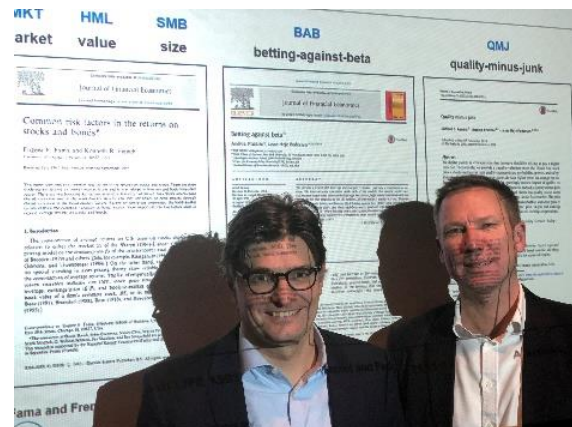
CFA Society Finland contributed to organizing the first **Nordic Investment Conference** in Denmark in September. Our Society is committed to continue the series by hosting the Nordic seminar in Finland in 2022.



In October we hosted **Autumn Networking Dinner**, a new event format, with a good group of members and candidates socialising in a relaxed atmosphere at restaurant Brasserie & Pub Alexanderplats in central Helsinki. At this event we recapped plans for the coming year and gave a small presentation on the trial exams of the new CFA UK Certificate in ESG Investing.

In November it was time again for our annual **Charter Awards Ceremony and Christmas Party**, and we were thrilled to celebrate with our new Charterholders at Klaus K. The evening featured a guest speaker from CFA Institute, **Sviatoslav Rosov, PhD, CFA**, who spoke on “The Evolving Role of Public and Private Markets”.

In December 2019 we welcomed **Lasse H. Pedersen**, a finance professor from Copenhagen and a partner at AQR. Lasse presented his award-winning analysis on **Buffett’s Alpha**, reminding us that smart thinking usually pays off in the long run.



Lasse H. Pedersen with Matti Ilmanen

Our year 2020 started with “**Is Value Dead**”, a morning seminar presented by **Vitali Kalesnik PhD**, a partner at Research Affiliates. Mr. Kalesnik’s research won the Graham-Dodd award in 2019. Investment world has been caught with the lacklustre performance of value investing, but Vitali was able to convince the audience to trust in metrics and to be patient in our investments.



Vitali Kalesnik presenting his research.



Forecast Dinner was held in February, at Restaurant Sipuli, featuring Finnish Finance Ministry's Permanent Under-Secretary for Governance Policy **Päivi Nerg**, who spoke on the ethical considerations of AI and the use of technology today, especially in the public sector. Swedbank's Chief Economist **Heidi Schauman** and CFA Society Finland's Board Member **Matti Ilmanen** recapped last year's main financial events as well as the outlook for the year 2020 with a new

format in presenting the forecasts. **Markku Leppälä**, CFA was awarded with the Forecaster of the Year 2019. CFA Society Finland Volunteer of the Year Award was given to board member **Miikka Hautamäki**, CFA, for leading the work on creating and putting up a new website for CFA Society Finland.

Beginning of March, the flagship seminar of the year, **Next Steps in ESG**, was hosted by board members **Peter Lindström** and **Niina Arkko**. This event featured a much-appreciated presentation by **Dr. Ulf Erlandsson**, CIO from Deem Green credit. His keynote presentation was followed by an interactive panel discussion with **Annu Nieminen**, founder and CEO of The Upright Project, **Mikael Lehto**, CFA, customer success manager at Refinitiv, **Antti Malava**, Chief ESG analyst from Danske Bank, and as moderator, Niina Arkko, responsible investment analyst at Ilmarinen.



Altogether these events attracted 283 attendees: on average 35 attendees per event. We are thrilled that the attendance has been steadily rising throughout the years. We are very pleased that there has been a lot of positive feedback with the selection of topical subjects at our events. It is a pivotal goal for us to continue with this positive flow.

During the spring and summer, we have actively promoted CFA Institute hosted webinars and the virtual offerings of other CFA Societies around the world. The webinar selection has been plentiful, and we hope that everyone has found topics of interest during this time.

Research Challenge and candidate engagement

CFA Society Finland arranged the 10th local competition of **CFA Research Challenge**. This year we had teams from eight Finnish and Estonian universities: Aalto University, Estonian Business School, Hanken School of Economics, Lappeenranta University of Technology, Tallinn University of Technology, University of Eastern Finland, University of Turku, and University of Vaasa. The competitors made an investment analysis on F-Secure. Judges this year were **Jutta Rahikainen** (SEB), **Markku Leppälä**, CFA (Elo Mutual Pension Insurance Fund), **Mikko Moilanen**, CFA (Access Capital Partners Finland Oy) and

Kari Vatanen, CFA (Veritas Pension Insurance). Turku University won the local competition, and advanced to the EMEA semi-finals and with great success the team made their way to the EMEA finals. Due to the pandemic the regional and global finals were held virtually.

Research Challenge is the cornerstone of our university engagement strategy. It is our great pleasure to host the competition for such motivated and talented students. We continuously receive feedback from participants that Research Challenge has been the highlight of the academic year. The participating students also become increasingly interested towards the CFA designation. Indeed, a significant amount of our society's current members are Research Challenge alumni. As before, Research Challenge required a considerable amount of volunteer engagement in the form of judges, graders, mentors, faculty advisers, employees at F-Secure as well as from our dedicated RC team. A big thank you to everyone who took part in making Research Challenge Finland possible this year!



University of Turku team 2020



Research Challenge judges 2020

For CFA Society Finland, it is of utmost importance to engage actively among CFA candidates and potential future candidates. Our **Candidate engagement** has been greatly affected by the pandemic regulations and we have not been able to organize mock exams or candidate networking events this spring. As exams for all three levels have been postponed from June to December 2020, we hope to offer support for candidates next fall.

We got four applications for **Access Scholarships** for 2020. One applicant was granted the Scholarship.

We have engaged regularly with students and meet with student organizations and exchange views. Through our long-standing co-operation with several finance faculties and **University Affiliates**, such as Aalto University and University of Vaasa, we have promoted our scholarships, events, and Research Challenge.

Communication and Advocacy

CFA Society Finland has been actively pursuing a visible online presence and one of our Society's main targets has been to improve the recognition and the awareness of CFA Program in the Finnish finance industry. In line with our recently created communication strategy, our objective has been to link, where natural, our social media and member communication to CFA Society Finland's key communication themes: professionalism and value to broader society, ethical conduct, and international credentials. We have also improved our resources in external communication by creating

a new website, which was launched in November 2019. The communication goals have been aided by our part-time communication and office manager.

A larger **Ethics workshop** for members and university students together with three workshops at asset managers/asset owners was scheduled for March 2020 but we had to cancel it due to COVID-19 restrictions. We plan to organize Ethics-themed workshops, either physically or virtually, or through combining both, soon.

GIPS Standards 2020 - themed event was planned for May, and a CFA Institute representative would have briefed the audience on new standards followed by a panel discussion with key stakeholders (asset owner, asset manager and regulator). We see this type of event as a great way to build market integrity and international standards within the Finnish finance industry and a way to interact with non-members and key stakeholders within the industry. We still look for opportunities to organise the event later this year.

CFA Society Finland has actively implemented the **Ambassador Program**, where society volunteers - at major financial asset managers or asset owners - advocate CFA and facilitate a dialogue between the company and the society. Our society has been in contact with HR partners in different stakeholders with the help of Ambassadors.

CFA Society Finland took an active part in international CFA Institute events this past year. **EMEA Regional Society Leadership Conference** was organized in Istanbul October of 2019. Board members Miia Hukari, Niina Arkko and Lassi Simola and staff member Satu Hautamäki took part in the conference. Board member Antti Raappana took part in the **CFA Institute European Investment Conference** and **CFA Institute Advocacy Conference** held in Madrid last November.

The CFA UK Certification in ESG Investing

CFA Society Finland has been fortunate to be one of the pilot societies, where Certificate in ESG Investing by CFA Society UK has been offered to investment professionals. The Certificate will enable practitioners to expand their ESG knowledge and stay ahead in their field. The examination has been possible in Finland since February. We have promoted the certification actively through social media, blog postings as well as at in-person events such as "Next Steps in ESG Investing" seminar held in March. We have also distributed marketing material through our ambassadors at key employers. Interest towards this new certificate has been tangible. We are excited if the heightened interest converts to test takers and certified professionals. As of now there has been 14 registrations for the certification. Most likely the pandemic has influenced the examination opportunities during the spring and summer.

Sponsorship and Accounting

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. Unfortunately, since the continuing uncertain circumstances Refinitiv is not able to sponsor CFA Society Finland from September 2020 onwards until the rest of the year. We are hopeful that the rewarding relationship with Refinitiv will continue in the year 2021.



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

As CFA Society Finland has grown and expanded its operations, the board decided that it was best to hire an accounting firm to carry out a formal tax return and for CFA Society Finland to establish officially a non-profit tax status for possible future needs on taxation and other governance. **Töölön Laskenta Oy** was chosen as the accounting firm for this task.

The board is extremely grateful to all members for the confidence and support during this past year, especially with the global challenges in social distancing and uncertainty. We believe now is especially important to stay connected and focused on our universal mission and values that keep us on the right path as we steer through these turbulent times. We will continue our work delivering member value through high quality events and professional learning, increasing impact by engaging with employers, universities, media and regulators and fulfill our mission of being advocates for ethics, professionalism, and education in the financial industry.

Financial Report FY2020

Income

The total income for the financial year 2020 amounted to EUR 79,981. The income exceeded the budget by EUR 1,681 due to higher than expected sponsorship income and strong increase in membership. The number of paid members increased to 167 from 147. Society Dues (i.e. membership fees) contributed to EUR 14,174. We had sponsorship income from our Annual Sponsor, Refinitiv (EUR 8,626), as well as Research Challenge sponsorship with Refinitiv (EUR 2,000) and via CFA Institute (EUR 6,804). The income from the latter was used to cover expenses related to the Research Challenge.

In the fall 2018 CFA Institute revised its operational funding model. There was a significant increase in form of Incremental Operational Funding to be used to further professionalize the Society's operations by e.g. hiring staff. The total Operational Funding was EUR 32,865. In addition, the Society received Project Funding (EUR 14,110) to help with staffing costs.

Expenses

Our total expenses of EUR 59,052 were below the budget by EUR 19,598. The Covid-19 Pandemic forced us to change the way we operate.

The largest cost item was Operational support services (EUR 27,475). In October 2019, we started buying local support staff services totalling EUR 21,688. The Society also paid CFA Institute for Operational Support (EUR 5,787). The Operational support agreement with the CFA Institute was terminated in March 2020.

Events were the second largest cost item (EUR 26,209). We were forced to cancel several events in the spring which lead to lower than budgeted expenses.

The Board Operating Expenses include travel costs to CFA Institute's regional Society Leadership Conference and Nordic Investment Forum and Board meeting expenses. The CFA Institute's Global Society Leadership Conference was held virtually this year which reduced the expenses below budgeted.

Balance sheet

At the end of June 2020, our assets were EUR 78,543 and liabilities EUR 8,517. Assets comprised almost entirely of cash. Liabilities comprised solely of current liabilities. The profit of the financial year 2020 amounted to EUR 20,929. It will be added to the retained profit/loss account.

Budget

The Covid-19 pandemic places considerable uncertainty to Society's operating environment. Sponsors are currently reluctant to sponsor live in-person events. Physical events with under 500 participants can be organised in Finland at this moment and we have budgeted accordingly. We propose a budget deficit of EUR 6,800. Income is expected to be lower than in the previous financial year due to reduced income from sponsorships. Expenses are expected to rise from the previous financial year due to restarting activities after shutdown and higher infrastructure/governance expenditures, i.e. staff related costs.

The retained earnings from past years have given the Society financial resources to cope during these extraordinary times.

Profit and Loss Account

	<u>1.7.2019 – 30.6.2020</u>		<u>1.7.2018 – 30.6.2019</u>	
ORDINARY INCOME				
Income				
CFA Institute, Operational Funding	32 865,24		31 410,49	
CFA Institute, Project Funding	14 110,22		16 916,83	
Events	595,00		675,00	
Sponsorship	17 429,71		13 500,00	
Interest Income	0,00		0,00	
Other Income	806,40	65 806,57	73,12	62 575,44
Expenses				
Events	-26 208,65		-30 218,92	
Board Operating Expenses	-3 368,22		-4 381,23	
Operational Support Services	-27 072,32			
Other Expenses	-2 133,56	-58 782,75	-20 768, 73	-55 368,88
OPERATING PROFIT (LOSS) BEFORE FUNDRAISING		7 023,82		7 206, 56
FUNDRAISING				
Society Dues		14 174,12		13 019,07
OPERATING PROFIT (LOSS) BEFORE INVESTMENTS AND FINANCIAL ACTIVITIES		21 197,94		20 225,63
INVESTMENTS AND FINANCIAL ACTIVITIES				
Expenses		-268,93		0,00
OPERATING PROFIT (LOSS)		20 929,01		20 225,63
ROFIT (LOSS) FOR FINANCIAL YEAR		<u>20 929,01</u>		<u>20 225,63</u>

Balance Sheet

	<u>30.6.2020</u>		<u>30.6.2019</u>	
Assets				
CURRENT ASSETS				
Cash in bank		76 622,44		51 365,52
Other receivables		1 920,54		4 899,08
Total Assets		78 542,98		56 264,60
Equity and Liabilities				
EQUITY				
Retained earnings	49 097,21		28 871,58	
Profit (loss) for the financial year	20 929,01	70 026,22	20 225,63	49 097,21
LIABILITIES				
Current liabilities				
Prepayments		892,50		3 124,08
Accrued expenses	7 624,26	8 516,76	4 043,31	7 167,39
Total Assets		78 542,98		52 264,60

Board Action Plan 2021

For CFA Society Finland, 2021 will be the 19th 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 local 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.

In late 2018, our three-year Strategic Plan for 2020-2022 was drafted to support our mission. This plan forms the basis for the action plan for 2021. The plan was complemented with a strategic workshop in 2019 to review the plan and to form Action Plan and focus areas for our 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 professional learning (PL)
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, timely and interesting. We will continue to enhance co-operation with societies and organizations both locally and elsewhere and leverage our partners expertise and networks in pursuit of providing top of the class events and member value. Examples of this have been co-operation with **FinSIF** in organizing joint ESG events and with other Nordic CFA Societies in conjunction with organizing the **Nordic Investment Conference** in Copenhagen in September 2019 and upcoming Nordic Investment Conference in Oslo in 2021. Improving communication and our social media presence further in conjunction with our events as well as webinars offered by CFA Institute, other CFA Societies and our partners will continue to remain one of our focus areas.

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, soft- and hard skills-improving workshops. Contingent of COVID-19 outbreak, we will test a hybrid event format, mixing physical and virtual presence, and continue to offer webinars to our members. As before, we welcome any ideas of event themes, speakers, and co-operation ideas.

Increasing awareness, visibility and knowledge of CFA locally continues to be one of our key priorities. We will focus on this through working actively on our **Ambassador Program** towards employers and continuing our Ethics Training sessions at companies, universities, and other key stakeholders. We hope that the increased visibility and knowledge of CFA Charter will increase the number of members and candidates in the coming years. **Research Challenge** has proven to be efficient way to increase



CFA visibility at Finnish and Estonian universities. We will also increase activity towards CFA University Affiliates as well as other local universities.

Professional Learning (PL) and the possibility of making professional learning credit (PL Credit) registration mandatory for CFA Charterholders is one of the key discussion areas within CFA Institute. CFA Society Finland welcomes the discussion and the development of online tools for improved PL experience as well as easier registration of PL credits. We continue to monitor the developments on this front and keep our members informed of potential new requirements.

Our action plan is supported by contracted part time staff, for which we receive targeted funding from the CFA Institute. With Satu's valuable input and help, our communication and social media presence has visibly improved, board administrative and event management burden has reduced significantly, and we trust this operational efficiency has been also noted by our members and candidates.

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 Financial Year 2021

	Budget 2019/20	Actual 2019/20	Budget 2020/21
Income - Tuotot, EUR:	78 300	79 981	73 700
Membership fee	13 500	14 174	14 600
Operational funding	17 600	18 665	18 300
Additional operational funding	14 200	14 200	14 500
Project funding	16 000	14 110	24 000
Event income	1 000	595	1 000
Other income		806	
Sponsorship income	16 000	17 430	1 300
Expenses - Kulut, EUR:	-78 650	-59 052	-80 500
Engagement	-33 500	-26 209	-33 500
Flagship events	-10 500	-10 235	-10 500
Educational events	-10 000	-7 663	-10 000
Networking events	-4 000	-1 665	-4 000
RC	-4 500	-6 646	-4 500
Candidate engagement	-4 500	0	-4 500
Branding /Advocacy	-2 000	0	-500
Infrastructure&governance	-43 150	-32 843	-46 500
Board expenses	-5 500	-3 434	-5 000
Travelling	-3 500	-2 281	-3 500
Other	-2 000	-1 153	-1 500
Staff services	-26 000	-21 688	-37 200
Ongoing expenses	-24 000	-21 688	-35 200
Staff other	-2 000	0	-2 000
Operations support	-8 800	-5 787	0
Audit & Accounting	-650	-632	-2 000
Banking	-200	-269	-300
Other expenses	-2 000	-1 033	-2 000
Profit / Loss, EUR	-350	20 929	-6 800