



## The Competitive Dynamics along the Drug Supply Chain

by Matt Coffina and Damien Conover, CFA

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## Real Estate Portfolio Allocation and Today's Marketplace: While Private Real Estate Struggles, Listed Real Estate Begins to Rebound

by Jerry Moskowitz, Director of Business Development, FTSE Americas

*In cooperation with the National Association of Real Estate Investment Trusts (NAREIT)*

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## Where to Place Resume Keywords

by Alice Ain Rich

Keywords are important in on-line resumes. A resume that lacks the proper keywords will yield little chance of an interview if it's evaluated in digital form. The trickier question is: Where is the best place to put the keywords in your resume?

## Madoff Trustee Speaks to The Investment Professional<sup>®</sup>

Excerpted from "Picking Up the Pieces: Stephen Harbeck and Irving Picard on the Lehman and Madoff Cases"

by Lori Pizzani

Forthcoming in *The Investment Professional, The Journal of the New York Society of Security Analysts<sup>®</sup>*, Vol. 2, No. 4, Fall 2009



**Irving Picard**

**Pizzani:** Mr. Picard, you were appointed trustee of the Bernard Madoff case on December 15, 2008. What's the role of the court-appointed, SIPC (Securities Investor Protection Corporation), trustee?

**Picard:** The role and duties of the trustee are outlined in the statute [the Securities Investor Protection Act of 1970]. My job has lots of parts. I collect assets. I was running a business for awhile in the Madoff case ... We even kept the employees on for four or five months because we were trying to sell that business, and we felt there was more value to it with its people. In April we sold that business. [Madoff's market-making business was auctioned off and sold to Castor Pollux for \$1 million plus up to \$24.5 million in deferred compensation.]

# NYSSA NEWS

October 6, 2009

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## **Committee Spotlight**

### **Institutional Asset Management**

The Institutional Asset Management Committee provides a forum for discussion on current issues of interest to investment professionals engaged in or contributing to asset management. Our rapidly changing investment climate offers an abundance of topical issues worthy of C-level, portfolio manager, and analyst attention as both specialists and management in the asset management field, in addition to those professionals who are not currently involved but who wish to be.

### **Best Practices in Hedge Fund Management**

*by Martin Rosenburgh, Esq.*

With so much uncertainty and a great deal at stake regarding the future of hedge funds and what constitutes “best practices” in management, NYSSA’s Alternative Investments and Institutional Asset Management Committees recently held an event to address such issues, bringing together representatives from every corner of the industry.

### **NYSSA Seeks Volunteers to Help with CFA® Study Groups**

NYSSA is currently seeking a member volunteer to help coordinate CFA study groups beginning with the June 2010 exam.

### **New Members**

Welcome NYSSA’s newest members!

## **Entrepreneurial Tip Corner**

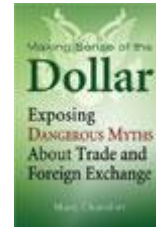
### **Act Fast on Stimulus Act Tax Planning Opportunities**

*by Michael Herz, CPA, MBA*

Certain tax breaks were enacted through Congress as part of the Stimulus bill, but are temporary and will be gone or significantly reduced at the end of 2009. Since I annually subscribe and utilize Lacerte Tax Preparation Software, they have been kind enough to provide their subscribers a “Twenty-Two Last-Chance Opportunities for Tax Savings” list. They suggest that subscribers share the list with clients and prospective clients. The end of 2009 is fast approaching so act and act fast!

### **Book Review**

*by William A. Hayes*



***Making Sense of the Dollar: Exposing Dangerous Myths about Trade and Foreign Exchange* by Marc Chandler. Bloomberg Press. 2009.**

The possible impact of our escalating budget deficits, heavily financed by overseas money, has created concern about the future of the dollar.

This concern has not been matched by education and knowledge on foreign exchange, even among financial professionals.

### **Federal Grant Money Available for CFA® and Professional Development Courses**

If you are registered as an unemployed NYSSA member and were employed by one of the 31 companies listed, you may qualify to have your tuition for a NYSSA professional development and/or CFA preparatory course paid by the National Emergency Grant (NEG) through the New York State Department of Labor.

### **Why SEMI: A Former SEMI Participant Discusses the Experience**

Like most finance and investments undergraduate students in Baruch College’s Zicklin School of Business, I was preparing to land a job at one of the major financial firms. But virtually no one anticipated the global financial meltdown that began in the summer of 2007 and led to the demise of many of the world’s largest financial firms. This made an already competitive job market more competitive.

## **The Competitive Dynamics along the Drug Supply Chain**

*by Matt Coffina and Damien Conover, CFA, Morningstar*



*For more information on the drug supply chain and related companies, please go to <http://healthcare.morningstar.com/> for a subscription to the Healthcare Observer, where our health-care team presents a detailed analysis of which industries in the drug supply chain hold the strongest position.*

### **What is the Drug Supply Chain**

Surprisingly, drugs change hands several times from the original manufacturers to the patients. Along this path, several industries serve as middlemen offering both physical distribution and financing for the drugs. The major players include drug companies, distributors, retail pharmacies, pharmacy benefit managers (PBMs), payors and patients. Each of these players strives to negotiate deals from suppliers and customers in order to maximize their profits.

### **Economic Moats and Competitive Advantages within the Drug Supply Chain**

At Morningstar, we analyze the economic moats of companies to help determine valuation. When we think about the pharmaceutical supply chain, we see a relatively fixed amount of value between manufacturing facilities and patients. Innovation and demographic trends do provide a strong tailwind for the entire sector, but above-market growth within the supply chain can generally only come to one middleman at the expense of another. Thinking about competitive advantages, and how they are changing over time, is critical to understanding where the value of the supply chain will accrue over time, and which companies will flourish while others decline.

We conclude that the PBM industry is the most likely to be experiencing widening moats, while the distributors are the most likely to be experiencing declining moats. Of course, valuation is the factor that matters the most when making investment decisions. Interestingly, our valuation assessment is the exact opposite of our opinion on moat trends. We currently think the distributors represent the most attractive valuations while the PBMs look the least attractive to us.

### **PBMs Growing in Power**

We currently assign no economic moat to the independent PBMs, Medco and Express Scripts. We have long been skeptical of their competitive advantages. However, the sale of WellPoint's PBM seems to be a clear indication that MCOs do not represent a meaningful competitive threat to PBMs over the next five to ten years. Scale advantages are apparently significant, and pharmacy benefit management expertise not easily replicable. We think the PBM industry is headed in the direction of a three-firm oligopoly over the long run, and we would generally view PBMs' competitive advantages as at least stable, and likely increasing. However, as of this writing both stocks carry our 3-star rating, indicating that we think the PBMs are about fairly valued by the market.

### **Retailers Offer Stability**

We think CVS Caremark and Walgreen both have stable, narrow moats. Competitive dynamics for the Caremark PBM business are similar to those for the independent PBMs. The narrow moats derive primarily from the retail business, where recognizable brand names, purchasing scale, and extensive, established store bases provide a sustainable competitive advantage for both companies, in our opinion. Both companies face significant threats, such as reimbursement pressure and growing competition (increasingly based on price) from Wal-Mart, mail-order pharmacies, and pharmacies embedded in

grocery stores and other big-box retailers. However, CVC Caremark and Walgreen also benefit from slow-changing consumer behavior patterns, secular growth trends such as the generics wave and changing demographics, new opportunities in clinics and related services, and their ability to steal market share from less efficient independent pharmacies. For now, we think these factors balance to result in a stable moat trend. We think these leading retail pharmacies are marginally undervalued.

## **Distributors Losing Steam**

Finally, we are most concerned about the narrow moats of pharmaceutical distributors, which we think are in decline. Mail-order facilities and large chains are gaining market share at the expense of independent and small-chain pharmacies. These larger customers generally source their own generics and often handle the final leg of distribution to individual stores on their own. As they continue to build scale, their need for distributors declines, allowing them to either bring distribution in-house or extract ever more favorable terms from distributors. Inevitably, distributors' higher-margin small customers are being replaced by lower-margin large customers.

Distributors still have the most scale, which gives them highly efficient cost structures. We also expect the decline of independent pharmacies to continue gradually over ten years or more. The generics wave and secular tailwinds also help to cushion the blow. These factors lead us to believe that distributors will continue to earn excess returns for a significant number of years into the future, even as we declare that their economic moats will eventually fade. AmerisourceBergen ABC remains one of our top picks in the distributor industry.

## **Where to Place Resume Keywords**

*by Alice Ain Rich, eFinancialCareers*



Keywords are important in on-line resumes. A resume that lacks the proper keywords will yield little chance of an interview if it's evaluated in digital form. The trickier question is: Where is the best place to put the keywords in your resume?

The possibilities are daunting. You can sprinkle keywords throughout. You can have a separate keyword section. You can put keywords in your profile or professional summary. Or you can use a combination approach. The paradox of choice!

Placing keywords at the very beginning is a good idea. Keywords represent the important, industry specific language and "insider talk" that will get immediate attention from a hiring decision-maker. I like resumes that start with a profile or professional summary. Including keywords in that section is always a powerful approach.

### **Should Keywords Get Their Own Section?**

Should you list keywords in a separate section? Yes and no. Keyword summary sections give you an opportunity to include modifications of a keyword that will not easily integrate into the resume. Repetition makes for a keyword-rich resume, which is a good thing. Keywords sprinkled throughout your resume usually take the form of nouns coupled with action verbs, such as: "managed the trading desk." Keyword sections, on the other hand, are usually just a list of nouns. Having both can give you the flexibility to say something important two different ways for impact.

However, don't sacrifice other sections to include a separate keyword section. I strongly prefer resumes with an "Interests" section, for example, because it gives the interviewer a non-business point of conversation which may work in a positive way for the applicant. Who knows, you may both love football, or music. Don't underestimate the importance of chemistry. While an automated resume scanner won't care about football, the hiring manager might. I would not include a separate keyword section if it means leaving out your interests. But if you do have room, go ahead and have the section in addition to the words scattered throughout.

### **Where Can You Find Them?**

Because keywords represent skills and experience an employer is looking for in an applicant, the best places to find words that reflect those skills are in job postings, job descriptions, industry blogs, newsletters and Web sites. Track the words you see over and over—those are most likely keywords.

Keeping common industry acronyms is a good idea too. If a word or acronym is not easily recognizable to someone outside the industry but completely familiar to an insider, include that word. The Boston College career center advises: "The best source of keywords is the actual job listing, which is likely to contain many, if not all, of the keywords that an employer will use to search the resume database."

Summing up, a job-seeker has some freedom of choice about placement of keywords, how often and in what form. If you keep in mind that keywords are an integral part of an excellent resume that will get you noticed, you'll be able to use that leeway to your advantage.

## **Real Estate Portfolio Allocation and Today's Marketplace:**

While Private Real Estate Struggles, Listed Real Estate Begins to Rebound  
*by Jerry Moskowitz, Director of Business Development, FTSE Americas*

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After a rocky end to 2008 and a tumultuous market environment through first quarter 2009, individual and institutional investors worldwide are closely examining their portfolios—assessing losses, identifying opportunities, and looking for signals from the marketplace as to what may be next. Despite the looming credit crisis, equity markets have improved, and there have been optimistic whispers that the worst may be behind us. But what is going on in the real estate market?

## **Commercial Real Estate: Private and Public Markets**

When referring to real estate for portfolio allocation purposes, it is safe to assume that one is talking about commercial, or income-producing, real estate as opposed to the residential housing market. There are two markets for commercial real estate—the private market and the public market. The private commercial real estate market is much larger than the public market and involves the purchase of commercial property through direct investment or private equity pools on the equity side, or the purchase of credit derivatives such as commercial mortgage backed securities (CMBS) on the debt side.

Unfortunately, the performance of private commercial real estate is still rather dismal as fundamentals across all property types remain poor. With high levels of unemployment and weakening demand from consumers, income from rentals has been declining and vacancy rates have been increasing. Hotel properties have also experienced significant pressure on revenues with record low occupancy rates. The current credit crisis, with banks unwilling to lend and the CMBS market basically closed, has made financing (and refinancing) of real estate properties nearly impossible. As debts mature this illiquidity has forced distressed sales and hurt property values.

Publicly listed commercial real estate consists of real estate companies that own and manage properties and list on public stock exchanges. Real Estate Investment Trusts (REITs) are the most common example of this type of real estate. As in the private real estate market, investors can gain exposure through debt and/or equity. They can purchase these companies' stocks or bonds directly or through mutual funds. It is relatively easy for investors move in and out of such holdings because they are tradeable, whereas private property investments are highly illiquid. Because of listed real estate's inherent liquidity, its performance tends to lead private real estate both on the way down and in recovery.

## **The "Lead/Lag" Relationship**

This is what is often referred to as the "lead/lag" relationship between public and private commercial real estate. According to Meredith Despina, Vice President of Investment Affairs and Investor Education at the National Association of Real Estate Investment Trusts (NAREIT), "Returns in the private real estate market lag behind returns in the publicly traded REIT market by an average of 15-18 months, although the lag is not constant at all phases of the market cycle. REITs tend to complete their downturns very quickly and recover quickly, while private property values take a long time to reach their bottoms and a long time to recover from them." Specifically, Despina explains that the private market tends to reach its peaks roughly 12 months after the REIT market, but tends not to reach its troughs until about 30 months after the REIT market has bottomed out. For example, during the last major commercial real estate recession, Equity REIT prices peaked in August 1989, troughed in October 1990, and had recovered fully by March 1991. Meanwhile, private prices peaked in the third quarter of 1990, didn't trough until the fourth quarter of 1992, and didn't recover fully until the second quarter of 1995.

There are four reasons for the lead-lag relationship. First, REIT investors anticipate future developments in the underlying real estate market, just as the stock market anticipates future developments in the general economy. Second, even after buyers and sellers in the private market negotiate a transaction price for a property (on the basis of their current information about the real estate market) it is generally several months before the transaction is finalized. Third, after transactions close there is another lag of several months before data on comparables are incorporated into appraised values of non-transacting properties. There is also a final reporting lag: the NCREIF Property Index (NPI), for example, doesn't appear until roughly six weeks after the end of the quarter that it values.

## **Positive Performance**

What is happening now may very well be the beginning of a recovery for the REIT market. Listed real estate stock prices are currently rising and have shown dramatic improvement after having lost 73% in total returns since their previous peak on February 7, 2007. As of market close on June 23, 2009, U.S. equity REITs have gained almost 51% from hitting their trough on March 6, 2009. Across all major geographic regions, including Europe, the Middle East, Africa, Asia-Pacific, and most notably North America, share price of public real estate companies have risen over 25% since March. The FTSE EPRA/NAREIT Americas Index, which includes Canadian and U.S. REIT giants such as Riocan REIT, Brookfield Properties Corporation, Simon Property Group and PublicStorage among its top constituents, posted a 33% recovery since the second quarter. Listed properties in the Asian region have realized close to 27% increases on average since the beginning of the year.

Another positive signal beyond stock price recovery has been the \$18.6 billion in new capital raised this year by REITs. This includes fifty secondary equity offerings totaling \$15.7 billion and two new REIT IPOs. The market is rewarding these equity offerings, as REIT gains have totaled 1.25 percentage points on average in stock price on the day of secondary equity offerings, relative to what the rest of the publicly traded REIT market did on the same day. This recapitalization means that REITs have been able to tap the public equity markets and use the funds to pay off debt and strengthen their balance sheets. It also puts them in a good position to take advantage of the sale of distressed properties, something the private side of the market cannot easily do. So while it may be too soon to say "comeback," there are encouraging signals from the publicly listed real estate market.

## **Institutional Investors' Perspectives**

The average allocation to real estate in an institutional portfolio ranges from about 8% to 15%. The size of these allocations is enough to suggest that real estate, although often thought of as an "alternative" investment is actually treated as a core asset class in these portfolios. Of this average 8% to 15% allocation, about 6% is currently allocated to public real estate globally.

Many of the larger institutional plan sponsors view commercial real estate as a core asset class and one that has historically contributed diversification and solid long term investment returns to their portfolio. Jean-Louis Ponce, the director of risk management and quantitative analysis in the Pension Asset Management Group at Quebec-based Bombardier, Inc. is among these. He uses REITs to access the global real estate market and measures their performance against the FTSE EPRA/NAREIT Global Real Estate index benchmark. The purpose, he says, is diversification—to improve the risk/return ratio by adding an asset class that protects against long-term inflation.

Ryan Kuruliak, a vice president with Proteus Performance Management in Toronto, says that of his clients who invest in real estate, the majority use pooled (private) vehicles. "We have seen some concerns from plan sponsors regarding the drying up of liquidity in some investment products which have direct holdings of real estate," he says. "On the other hand, although publicly listed real estate may be more transparent and liquid in comparison, it also has a high correlation to the overall equity market, which can diminish its diversification benefits." He advises that pension plan sponsors and endowment and foundation investment committees considering real estate investment become educated about the

unique characteristics and constraints of the asset class, including the fundamental difference between public and private real estate.

## **Cautious Optimism**

News of the private market will most likely continue to include weakening fundamentals, illiquidity and distressed property sales. However, public market real estate companies are in a unique position to lead future recovery. The ability to raise equity capital and access U.S. Government relief programs such as the Term Asset-Backed Securities Loan Facility (TALF), will allow listed real estate companies to improve their balance sheets and to take advantage of growth opportunities in the market.

As investors review their asset allocations in light of the current difficult economic environment, real estate will continue to provoke attention. Many investors have taken time to consider how their portfolios should be repositioned based on lessons learned from the credit crisis, including how to tactically capture new opportunities owing to financial market dislocations. Recent industry news has indicated that a number of plan sponsors have increased their allocations to commercial real estate from a strategic standpoint, and also to capitalize on current values in the marketplace. Of the \$600 million in new investment mandates awarded in the first quarter, 15% were allocated to public REIT strategies. Even among those with capital to invest, however, a cautious “wait and see” approach has been the norm.

*For further information about FTSE and the FTSE EPRA/NAREIT Real Estate Index Series, please visit [www.ftse.com/realestate](http://www.ftse.com/realestate).*

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## Madoff Trustee Speaks to The Investment Professional®

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Irving Picard

**Pizzani:** Mr. Picard, you were appointed trustee of the Bernard Madoff case on December 15, 2008. What's the role of the court-appointed, SIPC (Securities Investor Protection Corporation), trustee?

**Picard:** The role and duties of the trustee are outlined in the statute [the Securities Investor Protection Act of 1970]. My job has lots of parts. I collect assets. I was running a business for awhile in the Madoff case. . . . We even kept the employees on for four or five months because we were trying to sell that business, and we felt there was more value to it with its people. In April we sold that business. [Madoff's market-making

business was auctioned off and sold to Castor Pollux for \$1 million plus up to \$24.5 million in deferred compensation.]

We conducted an investigation of the case. In July I filed a report with the bankruptcy court on our progress. There will be another report in November. We still have ERISA [Employee Retirement Income Security Act] problems, healthcare issues. . . . I'm also in charge of customer claims and what our decision is on each of those claims. We have gotten sixteen thousand claims that we are reviewing.

**Pizzani:** Must everything you do be approved through the bankruptcy court?

**Picard:** No. A lot of what we do doesn't require bankruptcy court approval. However, a lot requires the approval of the SIPC.

**Pizzani:** How is the Madoff case different from other, previous cases?

**Picard:** Most liquidations under the Securities Investors Protection Act involve firms that ran into financial difficulty. This is not one of those. This is not a business reversal, not a company that made a bad bet in the market or made a trade for a customer who reneged.

There have been cases such as A.R. Baron and Co. or Stratton Oakmont Inc. that involved market manipulation. In one case there were principals who stole \$7.5 million from customers. But in those cases, unlike Mr. Madoff, they were introducing brokers, and they had a clearing firm that was responsible for the investments. In Mr. Madoff's case he was self-clearing. If another company would have cleared his firm's trades, we would not have this problem.

**Pizzani:** How is the Madoff liquidation different from other liquidations you've handled in the past?

**Picard:** As I tell people, here every day is Groundhog Day. By that I mean every day is different. I'm not Bill Murray . . . but you can think of me that way. It's never easy. It's not every day we're putting out fires, but every day is very different. That's what makes this case very challenging.

*The Investment Professional*, published quarterly by the New York Society of Security Analysts, educates readers in the finance and banking sectors on the forces that shape their business. For more information or to subscribe, visit [www.theinvestmentprofessional.com](http://www.theinvestmentprofessional.com).

## Committee Spotlight

### Institutional Asset Management Committee

The Institutional Asset Management Committee provides a forum for discussion on current issues of interest to investment professionals engaged in or contributing to asset management. Our rapidly changing investment climate offers an abundance of topical issues worthy of C-level, portfolio manager, and analyst attention as both specialists and management in the asset management field, in addition to those professionals who are not currently involved but who wish to be.

Our mission is straightforward: to identify and illuminate timely and relevant issues, and to bring key industry executives and informed leaders in their field to our membership. The Institutional Asset Management Committee is one of the largest committees at NYSSA. We encourage members to bring their investing topic to the committee chair so that it can be brought to fruition. We sponsor conferences, panel discussions, and half-day and full-day events and conferences.

The Committee has had a great year so far; we've sponsored four events with more on the way! But it doesn't stop there. We need your input to identify those issues in asset management that are of concern to you right now. Whether it's proposed regulation, asset allocation, what's up in Washington, the direction of interest rates, or the influence of fiscal policy on exchange rates—we want to know. Best of all, we encourage members to take the lead, organize and design the event, and draw upon the resources at NYSSA to bring your event to a successful conclusion. There's nothing more satisfying than being the chair of an event and meeting new industry professionals that may or may not be in your field of expertise!

Recent events include a panel discussion on the future of independent research titled "Independent Research Uncovered", a global panel speaking to the emerging issues in global financial regulation titled "Best Practices in Hedge Fund Management", and a practical discussion of asset valuation under FASB 157. Additional panels have covered the NRSRO's, or securities rating agencies, and future panels will discuss the outlook for the municipal bond industry in 2010, and asset allocation strategies for LDI portfolios.

Looking ahead, we think additional topics around asset valuation, credit quality, company valuation, allocation strategies, and asset class will be of interest to the membership. In addition, the tools of the trade may become more important as staffing remains thin. As you can see, IAM Committee members and non-members are encouraged to suggest programming ideas. If you are not an IAM Committee member, and wish to be, or just want more information about the committee, contact committee chair **Rick Grubbs, CFA** at [rgrubbs@theacaciagr.com](mailto:rgrubbs@theacaciagr.com). Once again, the Institutional Asset Management Committee welcomes all members that have an interest in enriching the asset management profession.

## Entrepreneurial Tip Corner

Act Fast on Stimulus Act Tax Planning Opportunities

by Michael Herz, CPA, MBA

Certain tax breaks were enacted through Congress as part of the Stimulus bill, but are temporary and will be gone or significantly reduced at the end of 2009. Since I annually subscribe and utilize Lacerte Tax Preparation Software, they have been kind enough to provide their subscribers a "Twenty-Two Last-Chance Opportunities for Tax Savings" list. They suggest that subscribers share the list with clients and prospective clients. The end of 2009 is fast approaching so act and act fast! Here are 22 tax planning opportunities:

1. **Income.** Up to \$2,400 of unemployment compensation benefits are excluded from gross income by the recipient. However, the exclusion is not available for benefits received in tax years beginning after 2009 [IRC Sec. 85(c)].
2. **Personal deductions.** Taxpayers can claim a deduction (whether they itemize or claim the standard deduction) for sales or excises taxes paid on the purchase of a new vehicle. The deduction (phased out at higher income levels) does not apply to purchases after December 31, 2009 [IRC Sec. 164(b)(6)(G)].
3. **Personal deductions.** Taxpayers who claim the standard deduction can take an additional deduction for state and local property taxes, up to a maximum of \$500 (\$1,000 for joint return filers). The deduction is not available for tax years beginning after 2009 [IRC Sec. 63(c)(7)].
4. **Personal deductions.** A taxpayer can elect to take an itemized deduction for state and local general sales taxes instead of an itemized deduction for state and local income taxes, but the election is available only for tax years beginning before January 1, 2010 [IRC Sec. 164(b)(5)(I)].
5. **Personal deductions.** A taxpayer may claim an above-the-line deduction for "qualified tuition and related expenses" paid for the enrollment or attendance of the taxpayer, the taxpayer's spouse, or a dependent at an eligible institution of higher education. The deduction cannot exceed \$4,000 (phased out at higher income levels) and applies only to tax years beginning before January 1, 2010 [IRC Sec. 222(e)].
6. **Personal deductions.** The maximum deduction allowed annually for charitable donations is increased in the case of "qualified conservation contributions." The increased deduction is not available for donations after December 31, 2009 [IRC Sec. 170(b)(1)(E)].
7. **Business deductions.** For tax years beginning before 2010, teachers in grades K-12 and other eligible educators can claim an above-the-line deduction for up to \$250 of their out-of-pocket expenses for books and supplies used in the classroom [IRC Sec. 62(d)(1)].
8. **Business deductions.** A taxpayer can claim an additional 50% depreciation allowance for qualifying business machinery and equipment placed in service before January 1, 2010 [IRC Sec. 168(k)(2)(A)].
9. **Business deductions.** A taxpayer can claim a Section 179 expensing deduction for the first \$250,000 of qualifying equipment and machinery placed in service during the year, subject to a phase out if more than \$800,000 of eligible property is placed in service during the year. For tax years beginning after December 31, 2009, the maximum Section 179 deduction drops to \$125,000 (adjusted for inflation) with the phase-out starting at the \$500,000 level [IRC Sec. 179(b)(7)].
10. **Business deductions.** The cost of qualified leasehold improvement property, restaurant property, and retail space improvement property can be written off over 15 years. The 15-year write-off period is not available for property placed in service after December 31, 2009 [IRC Sec. 168(e)(3)(E)].

**11. Business deductions.** Business taxpayers may claim enhanced deductions for donations of food inventory to a charitable organization if the organization uses the property solely for the care of the ill, the needy, or infants. The enhanced deduction does not apply to donations after December 31, 2009 [IRC Sec. 170(e)(3)(C)].

**12. Business deductions.** The maximum first-year depreciation deduction for passenger automobiles used for business purposes is increased by \$8,000 for automobiles placed in service before 2010 [IRC Sec. 68(e)(3)(B)].

**13. Business deductions.** Certain qualifying machinery and equipment used in a farming business may be written off over a five-year cost recovery period. The original use of the property must begin with the taxpayer and the property must be placed in service before January 1, 2010 [IRC Sec. 168(e)(3)(B)].

**14. Personal tax credits.** A taxpayer who hasn't owned a home during the previous three years can claim a first-time homebuyer credit of up to \$8,000 (phased out at higher income levels) for the purchase of a principal residence. The credit can be claimed only for homes purchased before December 1, 2009 [IRC Sec. 36].

**15. Business credits.** Employers may claim a 20% income tax credit for qualifying differential pay paid to employees on active military duty. The credit expires for payments made after December 31, 2009 [IRC Sec. 45P].

**16. Business credits.** An eligible contractor may claim a credit of up to \$2,000 for each qualified new energy efficient home that the contractor constructs and that is acquired from the contractor for use as a residence. The credit does not apply to homes acquired after December 31, 2009 [IRC Sec. 45L].

**17. Alternative minimum tax.** Taxpayers can offset nonrefundable personal tax credits, such as the child and dependent care credit and the Lifetime Learning credit, against their alternative minimum liability. The offset will not be available for tax years beginning after 2009 [IRC Sec. 26(a)(2)].

**18. Alternative minimum tax.** For tax years beginning in 2009, the exemption amounts used in calculating a taxpayer's alternative minimum taxable income of \$70,950 for married couples filing a joint return and \$46,700 for singles and heads of households. For tax years beginning after 2009, these amounts are scheduled to drop to \$45,000 and \$33,750, respectively [IRC Sec. 55(d)(1)].

**19. Estimated taxes.** For small business owners with adjusted gross income of \$500,000 or less, the "required annual payment" of 2009 estimated taxes is the lesser of (1) 90% of the current year's tax or (2) 90% of the prior year's tax. For 2010, the prior-year's-tax threshold rises to 100% (or 110% for clients with adjusted gross income of \$150,000 or more) [IRC Sec. 6654(d)(1)].

**20. Retirement plans.** The requirement that an IRA owner age 70½ or over must receive a minimum distribution annually is suspended for 2009, but is reinstated in 2010 [IRC Sec. 401(a)(9)(H)].

**21. Retirement plans.** An IRA may exclude from income distributions of up to \$100,000 annually if paid directly by the IRA trustee to charitable organization. The exclusion expires in tax years beginning after 2009 [IRC Sec. 408(d)(8)].

**22. Employee benefits.** Taxpayers who are covered by employer-sponsored health plans and are laid off before January 1, 2010 can qualify for subsidized plan continuation (COBRA) coverage for up to nine months. Employers can claim a credit against employment taxes for the subsidies provided to employees [IRC Sec. 6432].

## **Best Practices in Hedge Fund Management**

*by Martin Rosenburgh, Esq.*

With so much uncertainty and a great deal at stake regarding the future of hedge funds and what constitutes “best practices” in management, NYSSA’s Alternative Investments and Institutional Asset Management Committees recently held an event to address such issues, bringing together representatives from every corner of the industry.

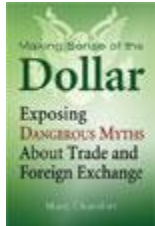
The heavily attended program, [Best Practices in Hedge Fund Management](#), was held on September 14th and featured a panel of industry veterans, including: **Robert Aitken**, head of group compliance, Man Group plc; **Anna Chefter**, chief risk officer, Fortress Liquid Markets, Fortress Investment Group LLC; **Todd Groome**, chairman, The Alternative Investment Management Association Limited (AIMA); **Steven B. Nadel**, partner, Seward & Kissel; **Peter W. Testaverde, Jr.**, CPA, partner, Eisner LLP and **Paul Zummo**, chief investment officer, J.P. Morgan Alternative Asset Management.

Topics covered included current trends in best practices as well as recent developments and initiatives toward greater oversight of investment advisers. The panel discussed the current state of SEC hedge fund oversight as well as how changes which could occur on the state, federal and international G-20 levels could be expected to impact both hedge funds and investors. All aspects of fund management were discussed, along with several key challenges facing fund managers, including: the current overall state of fund governance, current subscription terms and fee practices, conflicts of interest regarding fund use of bundled service providers, compliance issues unique to small firms, calls for greater transparency and risk disclosures, and the impact of “gates” as well as other liquidity controls and fund structural features. Stay tuned to [NYSSA On-Demand](#) for the event podcast.

## Book Review

by William A. Hayes

***Making Sense of the Dollar: Exposing Dangerous Myths about Trade and Foreign Exchange* by Marc Chandler. Bloomberg Press. 2009.**



The possible impact of our escalating budget deficits, heavily financed by overseas money, has created concern about the future of the dollar. This concern has not been matched by education and knowledge on foreign exchange, even among financial professionals.

In *Making Sense of the Dollar*, author Marc Chandler debunks the myth that the dollar is no longer considered the finest currency. Chandler is well qualified to educate us on this subject matter as he is chief foreign exchange strategist at Brown Brothers Harriman.

His approach is to take conventional wisdom, show why it is wrong, and why this world is more complicated than we think. Each chapter addresses a myth on the dollar such as: The Trade Deficit Reflects U.S. Competitiveness, The Current Account Deficit Drives the Dollar, and The Dollar's Privileged Place in the World Is Lost. His conclusion is that the dollar will remain the premier currency far into the future. Whether or not readers agree with this conclusion, they will come away with a far more informed and sophisticated understanding of how to analyze the future of the dollar.

Meet the author! [Click here](#) to register for [Author Series: Making Sense of the Dollar](#) now!

## NYSSA Seeks Volunteers to Help with CFA® Study Groups

***NYSSA is currently seeking a member volunteer to help coordinate CFA study groups beginning with the June 2010 exam.***

NYSSA organizes study groups as a service to New York area CFA® candidates, providing vital learning opportunities to more than 400 CFA exam registrants each year. Helping new candidates has been a long-standing tradition at NYSSA and this valuable, free service has assisted thousands of candidates over many years. In this high-visibility position, two or three coordinators group registrants according to exam level, location, and availability and also seek to recruit and support individuals interested in leading a study group. Please email [education@nyssa.org](mailto:education@nyssa.org) for further details.

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## **Federal Grant Money Available for CFA® and Professional Development Courses**

If you are registered as an unemployed NYSSA member and were employed by one of the 31 companies below, you may qualify to have your tuition for a NYSSA professional development and/or CFA preparatory course paid by the National Emergency Grant (NEG) through the New York State Department of Labor.

Only individuals who were dislocated from one of the 31 employers after May 31, 2008 may be eligible for assistance under this federal grant. Anyone interested in learning more should email [neg.survey@labor.state.ny.us](mailto:neg.survey@labor.state.ny.us) or stop by one of the [NEG One-Stop Career Centers](#) to speak with a counselor.

You must obtain approval from the counselor and be issued a voucher for the course you wish to attend before registering for the course. The voucher and the registration form must be turned in at the same time to NYSSA's Education Department.

Contact NYSSA's Education Department for registration details at [education@nyssa.org](mailto:education@nyssa.org) or 646-871-3407.

### **Eligible Companies**

- Alliance Bernstein LP
- Bank Hapoalim
- Bank of America NA
- Bank of New York
- Barclays Capital, Inc.
- Bear Stearns & Co. Inc.
- Capital One National Assoc.
- Citibank NA
- Citigroup Global Markets
- Commerce Bank
- Countrywide Funding Corporation
- Credit Suisse Securities
- Financial Guaranty Insurance Company
- GE Capital Corporation/Citi Capital
- Goldman, Sachs & Company
- HSBC Bank USA National Assoc.
- Indymac Bank
- JP Morgan Chase
- JP Morgan Chase Bank NA
- JP Morgan Securities, Inc.
- Lehman Brothers, Inc.
- McGraw Hill Company
- Merrill Lynch
- Merrill Lynch, Pierce, Fenner & Smith
- Morgan Stanley
- Radian Asset Assurance, Inc.
- Teachers Insurance & Annuity Assoc.
- UBS Investment Bank (Municipal Securities Group)
- UBS Securities
- UniCredit Banca di Roma
- Washington Mutual Bank

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## New Members

### 51 Tabor Road

Timothy J. Pickett

### The Abernathy Group

Robert Malloy Spivey

### Alcatel-Lucent

Lauren M. Titus

### AllianceBernstein LP

Petter Stensland

### Amba Research Frente a Cenada

Miriam C. Manrique

### Ariel Capital Management, Inc.

Paul M. Welch

### Ashford Consulting Group, Inc.

Emily Ann Hickman

### Athilon Structured Insurance A

Kushal M Choksi

### AXA Investment Managers

Michael Paul Graham

### Barclays Capital

Jacob B. Gamerman

Bengt Sven Redlinger

### Bear Stearns

George Juscsak

### BlackRock

Joe D. Jacobs

Madhavi Sehgal

### The Blackstone Group LP

Kristin E. Kasunich

### CBS

David W. Sullivan

### Citi

Michael Charles Bridger

### JP Morgan

Edward Koo

Melanie Vangopoulos

Jeffrey D. Wimmer

### JP Morgan Asset Management

James M. Connors

### JP Morgan Chase & Co

Andrew Houston Atha

Ruchira Patel

John Thomas Sweeney

Michael Anthony Taormina

### Jupiter Advisors

John H. Kim

### Katonah Capital LLC

Sean Kadden

### KPMG L.L.P.

Matthew Edward Gugino

### Lazard Asset Management

Stephen M. Marra

### Legg Mason

Brendan W. Tully

Michael Webber

### Lehman Brothers

Christine Cho

Gleb A. Chuvpilo

### LEÓN, MAYER & Co.

Neil DeSilva, CFA

### Markov Processes International

Rahul Rauniyar

### Merrill Lynch Insurance Group Inc

Janan Rebecca Hatem

Yanping Ming

### Merrill Lynch Investment Managers

Danny I. Arnouk

### SLSB LLC

Christian H. Kaplan

### Southpaw LLC

Jacob Andrew Wheeler

### Standard & Poor's Corporation

Gabriel Samuel Wieder

### Towers Perrin

Mathieu Charest, FSA

### Tweedy Browne Company LLC

Sean Murray McDonald, CFA

### Victory Capital Management

Tiffany Kuo

### Watson Wyatt & Co.

Jonathan D. Pliner

### Yuk Hong Lee

Chi Wai Fung

### Zilkha Investments, LP

Gregory Zolman

### Zurich North American Insurance Company

Kenneth C. Li

### Unaffiliated

Matthew Joseph Amer

Brian Christopher Anderson

Felipe Arguello

Jason George Argyris

Joseph Berbari

Jeffrey Steven Berman

Dermot Patrick Bermingham

Zaineb Bokhari

Marshall Burchard

Kerry G Campbell

Simina Kristin Cana

Fengyun Cao

Kevin J. Cavolo

Hyun Myung Chin

Ethan Clary

Christopher A. Condelles

Tobias F Crabtree

Fabien Delattre

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Artem Korenyuk

**Citigroup**  
Siqi Tang

**Credit Suisse (USA), Inc.**  
Lynne A. Josefowicz

**Credit Suisse**  
Kristin Marie Boyd

**Davis/Dinsmore Management Company**  
James Dinsmore

**Five Mile Capital Partners, LLC**  
Michael Joseph Franco

**Fortress Investment Group LLC**  
Matthew E. Biczak

**Franklin Templeton**  
Claire Estelle Marie Husson, CFA

**Fred Alger Management, Inc.**  
Jonathan Tyler Foster

**FSI Capital**  
John Semrai, III

**FTI Consulting, Inc.**  
Peter M. Decaro

**Galleon Group**  
Ankur Desai

**Goldin Associates**  
Jia Ou-Yang

**Goldman Sachs & Co.**  
Robert Augusto Camacho

**Goldman Sachs**  
Kathleen A. Baker  
Dimitry Dayen  
Alberto Gallo  
Matthew A. Greer

**GRAMERCY ADVISORS**

**Merrill Lynch Pierce Fenner & Smith Inc**  
Philip A Murphy

**Met Life**  
Harold Thomas Myers

**Moore Capital Management Inc.**  
Ryan C. Bathan

**Morgan Stanley**  
Mitchell McCartney Schorr  
Sam James Clarendon Whittle

**Natexis Banques Populaires**  
Juliette Baviere

**Natixis North America**  
Andre Romain

**New Century Asset Management Inc**  
Robert M. Calhoun

**Nomura Securities International**  
John J. Noonan, Jr.

**Oppenheimer & Co.**  
Mariya Slavin

**Pinnacle Associates Ltd.**  
Irina R. Vitani

**PricewaterhouseCoopers**  
Christopher Andrew Bray, CFA  
Richard E. Kus

**Prudential Capital Group**  
Eric Robert Seward

**Rasini & C Inc**  
Wilder H. Harvard

**Raymond James & Assoc.**  
Jeffrey D. Campbell

**RBS**  
Colby N. Griffith

**Rocaton Investment Advisors**

Joseph E. Drangula  
Gabriel J. Feghali  
Jonathan Bradley Feske  
Raymond Geisler  
Preston William Heller  
Cari Howard  
Matthew T. Howell  
Camas Hunter  
Ian D. Kleinfield  
Sandy Harris Klugman  
Udaya K. Kolli, Cfa  
Christopher C. Liu  
Wenyang Lu  
Daniel J. Lucey  
Peter Lyons  
Matthew G. Malouin  
Brian C. McNamara  
Conor McNamara  
Christopher Chance Moreland  
Sean Edmund Morgan  
Chun Wai Mui  
John T. Murphy  
Tom Nikic  
Sanjay Pamnani  
Nisha M. Patel  
Ming Qin  
Jose Rodriguez  
Nathan Rozof  
Hemant K. Sahu  
Reed W. Schwandt, CFA  
Dhvani D. Shah  
Peter William Sicher  
Brian Matthew Silver  
Olivier Smolarz  
George A. Spritzer  
Michael S. Sussman  
Teodor Tocan  
James Totino  
Paul E. Trussell  
Erika J. Tsang  
Benjamin Luke Wang  
Joy Vivian Wang  
Matt E. Wong  
Steven D. Wood  
Brian X. Ye  
Henry Yeh  
Maria A. Zaheer  
Michael J. Zwerner

**Student Members**  
Tiffany Bryant  
Kim Byung  
Lester Chan



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Brian Matthew Nunes

**HSBC Bank**

Allam N. Ganly

**HSBC Securities (USA) Inc**

Vivek Channamsetty

**Hastings Funds Management**

Christopher James Hudson, CFA

**JP Morgan Fleming Asset  
Management**

Esther Cho

**LLC**

J. Andrew Seidel

**Salomon Smith Barney**

Chander Bansal

**Sanders Morris Harris, Inc**

Russell J Steward

**Sanford C. Bernstein**

Lawrence Jay Olson

**Sidoti & Company, LLC**

Herman Cooley May

Nita Kaur DenHoy

Eric M. Hagemann

Patricia A. Hall

Edward Leach

Suy Anne Martins

Angela Mondragon

Severin Ndagano

Uyen Ruettinger

Bhawani P. Singh

Derek Edwin Taff

David A. Wachsstock

## **Why SEMI**

A Former SEMI Participant Discusses the Experience

by *Liljana Xheka*

Like most finance and investments undergraduate students in Baruch College's Zicklin School of Business, I was preparing to land a job at one of the major financial firms. But virtually no one anticipated the global financial meltdown that began in the summer of 2007 and led to the demise of many of the world's largest financial firms. This made an already competitive job market more competitive.

I believe it's essential for anyone to broaden their skill set and knowledge beyond their college curriculum, and for finance students especially to enforce and enrich their understanding of the financial markets through internship programs like NYSSA's [SEMI program](#). I was fortunate to participate in SEMI program, which has the right blend of resources available to achieve this. The benefits of the SEMI program are multifaceted, but I would like to highlight just a few: informational seminars, mentor program, NYSSA resources, and internship opportunities.

Initially what got me really interested in the SEMI program was the fact that participants are exposed to an elite group of successful business professionals that are willing to go the extra mile to coach, motivate and inspire the next generation of financial professionals. The educational breakfast seminars are thought-experimental sessions, where you get a feel for what industry leaders are discussing such as changes in policies and regulations that are reshaping the economy. The most inspirational presentation for me was Diane Garnick's discussion on the futures markets. Garnick is an investment manager and investment strategist featured on Bloomberg News and highly quoted for her knowledge in quantitative finance.

Some other topics covered were sustainable investing by Goldman Sachs' senior research management where we learned what some of the hot emerging markets were and what kind of investment strategies should be explored in the current environment. After the session, we were given the speakers' presentation and were able to contact them with any questions after digesting the material. I cannot emphasize enough how important it is to get these research reports and connect the dots between what you have learned in your advanced finance courses and their applications in the real business world. There are also some things that I learned in SEMI that were not covered in my undergraduate studies. Complex fixed-income products such as TRS, CDS, CDX, ABS, CMBS, SPV's weren't covered and it was eye opening to actually have an ex-Bear Stearns trader within the structured derivatives desk explain the ins and outs of these products in complete detail.

The ability to network and build strong relationships that will extend throughout your career is crucial in this ever-changing environment. My mentor took the time to walk me through the process of pricing and risk analysis for CDS's, bonds, structure hedges and develop P&L for specific transactions. I was able to experience a day in the life of a trader and understand some of the things that he has to closely monitor. I have always been interested in structured products, given that I have interned within the credit derivatives desk and wanted to reinforce and learn new things.

I believe that one of the main reasons why my group won the Steeplechase Competition was the fact that I met with Amit who conducted the steeplechase overview to discuss the investment strategy and how to incorporate new forces—drivers that influence the markets and how to better react to these changes. To make the most of this experience you cannot limit yourself to just the mentor you have been paired with but reach out to as many people as you can. The SEMI program has professionals working in different areas of the finance industry and as college graduates we have to choose a business role we believe we can excel and enjoy working in.

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Equally important is the fact that by joining the SEMI program you also become a member of the New York Society of Security Analysts. You are able to constantly expand your network by attending different events hosted by NYSSA such as financial modeling, Bloomberg training classes, seminars, and career chats. Additionally, to help you out with any fundamental research for your classes or stock picks you have access to the Bloomberg, Reuters, FactSet, and Capital IQ terminals. I also attended a resume review with NYSSA's instructor Hamilton Lin after which I completely changed my resume-writing techniques. Throughout my college career I have signed up for a handful of resume review workshops and have never received such direct, constructive criticism on my resume. Before the SEMI program starts, your resume is posted online on NYSSA's website. Last May I was working for Coleman Research Group and wasn't searching for an internship at the time but I received a phone call from Edgar who found my resume through NYSSA's website. I interviewed with them and was hired the following week!

What sets the SEMI program apart from others are the mentors', speakers' and instructors' complete willingness to help the participants. Whenever I encountered a problem at my internship and was unclear on how to approach it, I knew exactly who to speak to. I reached out for advice regarding a lot of different financial modeling issues that I encountered at my summer internship and my mentors were more than ready to help.

The other day I was reading an article in *Business Week* and this is what caught my attention: "In real estate, it's location, location, location. In business it's differentiate, differentiate, differentiate." Let the SEMI experience be that differentiating factor that sets you apart from the rest of your peers.

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## Members Only Programs

All programs will be held at NYSSA (1177 Avenue of the Americas, 2nd Floor, NYC) unless otherwise indicated.

### Bloomberg's Managing Diversification

**Date/Time:** October 13, 2009 | 4:30 p.m.–6:00 p.m.

**Location:** Bloomberg, 731 Lexington Avenue, NYC

**Fee:** Members Only | Free

**Registration deadline:** October 8, 2009

We propose a unified, fully general methodology to analyze and act on diversification in any environment, including long-short trades in highly correlated markets.

### Bloomberg's Fundamental Analysis, Common Red Flags in the Financial Statements & Industry Analysis

**Date/Time:** October 20, 2009 | 5:00 p.m.–6:30 p.m.

**Location:** Bloomberg, 731 Lexington Avenue, NYC

**Fee:** Members Only | Free

**Registration deadline:** October 15, 2009

Bloomberg will showcase the latest fundamental analysis techniques from traditional fundamental analysis based on balance sheet, income statements, cash flow and ratios to the most advanced industry specific ratios and key drivers.

### Toastmasters

**Date/Time:** October 14, 2009 | 6:00 p.m.–7:00 p.m.

**Fees:** Members Only | Free

**Registration Deadline:** October 13, 2009

Do you have to give presentations for work? Participate in a fun and supportive Toastmasters group to learn how to make presentations that capture attention.

*NYSSA's Career Development Committee presents*

### Federal Careers Day II: Opportunities for Financial Professionals

**Date/Time:** October 30, 2009 | [Click here](#) for session breakdown.

**Fees:** Members Only | \$25

**Registration deadline:** October 27, 2009

Treasury's new Office of Financial Stability, the Federal Deposit Insurance Corporation, and even the Federal Bureau of Investigation are actively recruiting financial professionals. At this seminar, meet recruiters that regulate or analyze financial activities or investigate financial crimes.

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## Upcoming Presentations

All programs will be held at NYSSA (1177 Avenue of the Americas, 2nd Floor, NYC) unless otherwise indicated.

*NYSSA's Career Development Committee*

*presents*

### **Friday Career Coffees: Tried and True with A Twist of the Unique**

**Date/Time:** October 16, 2009 | 8:00 a.m.–9:00 a.m.

**Fee:** Member Free | Nonmember \$25

**Registration deadline:** October 13, 2009

In this day of guerilla marketing measures and recession panic, people are concerned about how to brand their way to a career. Paloma Bowland and Joshua Persky will show you how to stay true to your values and understand what makes you stand out in today's market.

*NYSSA's Career Development Committee*

*presents*

### **Federal Careers Day II: Opportunities for Financial Professionals**

**Date/Time:** October 30, 2009 | [Click here](#) for session breakdown.

**Fees:** Members Only | \$25

**Registration deadline:** October 27, 2009

Treasury's new Office of Financial Stability, the Federal Deposit Insurance Corporation, and even the Federal Bureau of Investigation are actively recruiting financial professionals. At this seminar, meet recruiters that regulate or analyze financial activities or investigate financial crimes.

*NYSSA's Career Development Committee*

*presents*

### **Career Chat: Opportunities in Fixed Income**

**Date/Time:** November 16, 2009 | 6:00 p.m.–8:00 p.m.

**Fee:** Member Free | Nonmember \$25

**Registration deadline:** November 12, 2009

Join us as the distinguished market practitioners on our panel share their perspectives on trends, concerns, opportunities and challenges in investments and employment in this essential

*NYSSA's Career Development Committee*

*presents*

### **Friday Career Coffees: Regaining Momentum and Developing New Targets in Your Job Search**

**Date/Time:** November 20, 2009 | 8:00 a.m.–9:00 a.m.

**Fee:** Member Free | Nonmember \$25

**Registration deadline:** November 17, 2009

If you're feeling frustrated with the progress in your job search then it is time to re-evaluate your campaign and make some adjustments. Join this highly interactive discussion to learn some of the common mistakes made during the job search process and how to re-invigorate your campaign.

*NYSSA's Career Development Committee*

*presents*

### **Author Series: Making Sense of the Dollar**

**Date/Time:** November 23, 2009 | 5:30 p.m.–8:00 p.m.

**Fees:** Member Free | Nonmember \$25

**Registration deadline:** November 18, 2009

Marc Chandler explains how the Chinese are buying U.S. government bonds which results in support for the dollar with an underlying sense of possible catastrophe that would be larger than the recent financial crisis. The foreign exchange markets have been given little attention in the training of financial professionals, most of whom view these markets with a very limited understanding. All of this makes Marc Chandler's presentation and book especially important.

*NYSSA's Career Development*

*Committee presents*

### **Friday Career Coffee: Career Plans That Lead to Successful Futures**

**Date/Time:** December 4, 2009 | 8:00 a.m.–9:00 a.m.

**Price:** Member Free | Nonmember \$25

**Registration Deadline:** December 1, 2009

Successful careers are not a matter of luck but a matter of careful career planning. Every successful career professional needs to create a strategic career plan (short-term and long-term).

asset class.

*NYSSA's Institutional Asset Management Committee presents*

**Asset Allocation in a Time of Crisis**

**Date/Time:** November 18, 2009 | 5:30 p.m.–8:00 p.m.

**Price:** Member \$75 | Nonmember \$115

**Registration Deadline:** November 13, 2009

**Credit:** 1 CE/CPE

Institutional investors, just like the rest of us, have suffered through one of the worst periods in the markets in modern financial times. How has this affected their asset allocation outlook and decision-making process on a look-forward basis? Join us as our panel of institutional investors and consultants address topics such as portable alpha and LDI, and strategic vs. tactical allocation.

*NYSSA's Value Investing Committee presents*

**Think Twice: Harnessing the Power of Counterintuition**

**Date/Time:** November 19, 2009 | 5:30 p.m.–8:00 p.m.

**Price:** Member \$75 | Nonmember \$115

**Registration Deadline:** November 16, 2009

**Credit:** 1 CE/CPE

In this compelling book, Michael Mauboussin outlines a disciplined approach to decision-making that will significantly reduce costly mistakes. It involves preparing to encounter common mental traps, recognizing these mistakes in context, and applying the right mental tools to shape better decisions. With practice, you'll begin to catch poor decision-making—both yours and others'—as it unfolds in front of you.

*Think Twice* gives you a mental toolkit for spotting dangerous decision traps—and making smarter choices in your professional and personal life.

In these current “employee at will” and “chaotic job market” conditions, we are all the captains of our own career fate. All attendees will have the opportunity to work together and with career expert Beverly Daniel, MS, MBA, on making certain that we proactively plan and manage our own careers, so that six months, a year, or five years from now, each one of us will be empowered to take charge of our own career plan to become more successful!

*NYSSA's Career Development and Private Wealth Management Committees present*

**Author Series: The Myth of the Rational Market**

**Date/Time:** December 9, 2009 | 5:30 p.m.–7:45 p.m.

**Fees:** Member Free | Nonmember \$25

**Registration deadline:** December 7, 2009

From the randomness of price movements to arbitrage induced equilibrium models, author Justin Fox lays the groundwork for the ascendancy of the efficient market hypothesis. Throughout this highly readable book, a cast of characters is introduced, including their eccentricities, which brings dry statistics alive and make it a worthy addition to your bookshelf.

*NYSSA's Career Development Committee presents*

**Career Chat: Perspectives on a Tumultuous Year from Wall Street Vets**

**Date/Time:** December 10, 2009 | 6:00 p.m.–8:00 p.m.

**Fees:** Member Free | Nonmember \$25

**Registration deadline:** December 8, 2009

The year 2009 will go down in financial market history as one of the most tumultuous and will likely be compared with 1987, 1973, 1937 and 1929. Where do we go from here and what are the prospects for Wall Street employment? This Career Chat will feature a panel of Wall Street veterans who are well versed in financial markets history and can put recent events into perspective.

## Upcoming Professional Development Courses

### **Special Discount Offer**

Register for any two professional development courses and save \$50! Register for three or more professional development courses and save \$75! To be eligible for the discount, the registration form must contain all courses to which the discount will be applied, and faxed to NYSSA Education at (212) 541-4677. This offer pertains to professional development courses only and cannot be combined with any other offer or coupon.

All programs will be held at NYSSA (1177 Avenue of the Americas, 2nd Floor, NYC) unless otherwise indicated.

### **Credit Derivatives**

**Date/Time:** October 14, 2009 | 1:00 p.m.–4:30 p.m.

**Price:** Member \$225 | Nonmember \$295

**Credits:** 3 CE/CPE

Compare and contrast credit risk measurement approaches, identify collateralized debt obligations mechanics, and get up-to-date on the current offerings of credit derivatives products, applications, and strategies in the market.

### **Discounted Cash Flow Analysis**

**Date/Time:** October 27, 2009 | 9:00 a.m.–5:00 p.m.

**Tuition:** Member \$520 | Nonmember \$620

**Credits:** 7 CE/CPE

Develop projected free cash flow models to compute the weighted average cost of capital (WACC), calculate the value of options using intrinsic and treasury models, and work with the major approaches to calculate terminal value. Conclude with discounted cash flow practice applications using data tables to analyze a broad range of market scenarios with different assumptions.

### **Investing in Distressed and Defaulted Debt**

**Date/Time:** October 15, 2009 | 1:00 p.m.–4:30 p.m.

**Price:**

*Without book*

Member \$225 | Nonmember \$295

*With book (Stephen G. Moyer's Distressed Debt Analysis)*

Member \$280 | Nonmember \$350

**Credits:** 3 CE/CPE

Review the linkage between the causes of a firm's financial distress and potential post-reorganization values, the basics of the bankruptcy process, the dynamics of the reorganization negotiation process, and recent trends in reorganization outcomes.

### **New! Top Tips for Great Research Reports—**

#### **Part I: How and When to Communicate Research**

**Date/Time:** October 28, 2009 | 9:00 a.m.–12:00 p.m.

**Tuition:** Member \$225 | Nonmember \$295

**Credits:** 3 CE/CPE

Get an insider's look at the nuances of research report writing from a former research analyst with over 20 years of experience. Work through the mechanics of how and when to produce the research so that it grabs attention "right up front"—whether it's the morning call presentation, the client call/voicemail, or the research report.

### **New! Securities Analysis with Technical Analysis**

**Date/Time:** Monday, October 19 & 26, 2009 | 6:00 p.m.–8:30 p.m.

### **Top Tips for Great Research Reports—Part II: Writing for Impact**

**Date/Time:** October 28, 2009 | 1:00 p.m.–4:30 p.m.  
**Tuition:** Member \$225 | Nonmember \$295

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**Price:** Member \$350 | Nonmember \$450

**Credits:** 5 CE/CPE

Technical analysis can be used in stock and sector selection, in the timing of purchases and sales and, perhaps most importantly in today's environment, as a risk management tool. Explore the intricacies of uses for technical analysis in the securities analysis process and discover how it differs from, yet complements, fundamental analysis.

## **Advanced Financial Modeling—Core Model**

**Date/Time:** October 20, 2009 | 9:00 a.m.–5:00 p.m.

**Tuition:** Member \$545 | Nonmember \$645

**Credits:** 7 CE/CPE

Build a fully integrated financial statement projection model with income statement projections, self-balancing balance sheet, automated cash flow statement, and the balancing debt sweep schedule. Leave with a fully constructed model that can be customized and applied to other companies.

## **New! Advanced Segment Build-up and Sensitivity Financial Modeling**

**Date/Time:** October 21, 2009 | 10:00 a.m.–5:00 p.m.

**Tuition:** Member \$545 | Nonmember \$645

**Credits:** 7 CE/CPE

Integrate detailed revenue and segment build-up into your larger financial model. Examine various approaches to true, bottoms-up, fundamental analysis, from both an "account-by-account" and "business segment" basis. Delve into detailed business segment build-up and operating and division segment build-up.

**Credits:** 3 CE/CPE

To succeed as an analyst in today's job market, you must know how to write reports that are clear, concise, and convincing. Improve readability with plain, hard-hitting language. Design a document that's easy to skim, immediately understandable and easily accessible.

## **Real Estate Investment and Income Analysis (2-Evening Course)**

**Date/Time:** Monday, November 2 & 9, 2009 | 6:00 p.m.–8:30 p.m.

**Tuition:** Member \$325 | Nonmember \$425

**Credits:** 5 CE/CPE

This comprehensive program is a must if you are contemplating entering into real estate or broadening your real estate investment portfolio for clients or for yourself. Examine the calculations and measurements employed in the quantitative real estate investment and income property analysis, including computer spreadsheet analysis and lease-by-lease analysis.

## **Evaluating Credit Risk of Emerging Markets**

**Date/Time:** November 3, 2009 | 9:00 a.m.–5:00 p.m.

**Tuition:** Member \$495 | Nonmember \$595

**Credits:** 7 CE/CPE

Create qualitative and quantitative frameworks to analyze credit risk in emerging markets through interactive exercises and case studies. Use market indicators such as commodity prices, macro indicators, ratings, and equity and debt prices to understand risk of emerging market borrowers.

## Upcoming Conferences

All programs will be held at NYSSA (1177 Avenue of the Americas, 2nd Floor, NYC) unless otherwise indicated.

### Industry Conferences

#### **3rd Annual Investing in Brazil Conference**

**Date/Time:** October 22, 2009 | 8:30 a.m.–4:45 p.m.  
Cocktail reception sponsored by Itaú Securities from 4:45 p.m.–5:45 p.m.

#### **Registration/Fees:**

**Early Registration by October 8**

Member \$195 | Nonmember \$295

#### **Registration October 9–15**

Member \$265 | Nonmember \$365

**Credit:** 1 CE/CPE

Despite the global economic crisis, Brazil's outlook remains relatively strong. Brazil's real may strengthen to 1.8 per dollar by the end of the year as faster economic growth attracts foreign investment and higher demand for commodities boosts exports according to JPMorgan Chase & Co. The real has gained 23 percent so far in 2009, which is the best performance against the dollar among the 16 most-traded currencies tracked by Bloomberg.

#### Sponsor



#### Media Partners



Agenda now available on the website.

### Topical Conferences



The New York Society of Security Analysts and Wealth Management Exchange present

#### **Alternative Investments and Other Wealth Imperatives for 2010 & Beyond**

**Date/Time:** November 5–6, 2009

Day One | 8:15 a.m.–5:00 p.m.

Day Two | 8:15 a.m.–12:45 p.m.

**Registration/Fees:**

#### **Early Registration by October 23**

Member \$850 | Nonmember \$1150

#### **Registration October 30**

Member \$950 | Nonmember \$1250

**Credits:** 7 CE/CPE

It's time to unveil the new thinking and strategic conventional and alternative investments. See how some of the most important investment firms—Goldman Sachs, BlackRock, JP Morgan, UBS, Standard & Poor's, PriceWaterhouseCoopers, and others—are preparing new approaches for their portfolios. Evaluate the prospects for your most important assets—hedge funds, real estate, equity fixed income, private equity and more. Reap benefits from the hot investment trends including emerging markets and clean tech investing.

#### ***The outstanding list of speakers includes several premier thought leaders as:***

**Abby Joseph Cohen**, Senior Investment Strategist, Goldman Sachs

**Robert Doll**, Chief Investment Officer, BlackRock

**Joel Greenblatt**, Author of bestseller *The Little Book That Beats the Market*

#### Media Sponsors



Agenda now available on the website.

## **Upcoming CFA Courses**

All programs will be held at NYSSA (1177 Avenue of the Americas, 2nd Floor, NYC) unless otherwise indicated.

### **Foundational Courses**

#### **Equity Analysis**

**Date/Time:** Mondays, October 19–November 9, 2009 (4 weeks) | 6:00 p.m.–8:30 p.m.

**Tuition:** Member \$650 | Nonmember \$750

Look into, through, and behind the financial results of selected high-growth and value-oriented companies to understand the principles of equity analysis. Review core equity valuation methodologies such as discounted cash flows, comparables, and residual income, and discuss industry analysis including Michael Porter's five forces and three generic strategies.

#### **Financial Accounting**

**Date/Time:** Mondays, October 19–November 9, 2009 (4 weeks) | 6:00 p.m.–8:30 p.m.

**Tuition:** Member \$675 | Nonmember \$775

Accounting is a basic foundation for the CFA exam. If you have not taken a college accounting course, or need a refresher, taking NYSSA's Financial Accounting is a must. Cover the basic concepts of accounting and financial statements by way of a "bottom-up" understanding of the individual components of the income statement and balance sheet. Key accounting principles, cash flow statement analysis, and basic ratio analysis will all be covered.

#### **Financial Statement Analysis**

**Date/Time:** November 7, 2009 | 9:00 a.m.–5:00 p.m.

**Tuition:** Member \$450 | Nonmember \$550

Financial statement analysis represents a significant portion of the CFA® Level I exam, and is among the most difficult areas of the test. You need to know what financial reports contain, as well as what and why accountants use certain assumptions and concepts to prepare them. This course shows you how accounting theory, standards, and principles are applied. Topics include: construction of cash flow statements, capital and operating leases, deferred income tax assets and liabilities, accounting for long-term projects, and more!

### **June 2010 Exam**

#### **CFA® Level I Orientation 2009 | June 2010 Exam**

**Date/Time:** October 15, 2009 | 6:00 p.m.–8:00 p.m.

**Fee:** Free to Members and Nonmembers (You must register in advance to attend.) Receive an overview of the CFA Program curriculum, preparatory courses offered by NYSSA, and study groups. Experts will be on hand to answer questions about the CFA Program.

#### **CFA® Level I Free Sample Class**

**Date/Time:** January 5, 2010 | 5:45 p.m.–7:45 p.m.

**Location:** NYSSA, 1540 Broadway, 10th floor, NYC

**(New headquarters beginning January 2010.)**

Attend a complimentary sample class and gain a better understanding of how a NYSSA review course can enhance your study efforts. Get all your questions answered while observing your instructor work through actual problems.

#### **CFA® Level II Free Sample Class**

**Date/Time:** January 6, 2010 | 5:45 p.m.–7:45 p.m.

**Location:** NYSSA, 1540 Broadway, 10th floor, NYC

**(New headquarters beginning January 2010.)**

Attend a complimentary sample class and gain a better understanding of how a NYSSA review course can enhance your study efforts. Get all your questions answered while observing your instructor work through actual problems.

## December 2009 Exam

### **CFA® Level I Schweser 3-Day Intensive Review**

**Date/Time:** November 13–15, 2009 | 8:30 a.m.–5:00 p.m.

**Tuition:** Member \$675 | Nonmember \$775

Designed to fit the needs of the working professional, this seminar helps bring your study efforts into focus. Schweser's enhanced technical presentation will hold your attention and improve your retention. An experienced instructor will guide you through the challenging CFA® Program curriculum, provide important insights, and impart valuable exam tips and strategies.

### **CFA® Level I Weekly Review | Session A**

**Date/Time:** Wednesdays, January 13–May 5, 2010 | 5:45 p.m.–8:45 p.m.

**Location:** Kaplan Financial, 61 Broadway, Suite 700, NYC

**Tuition:**

**Early registration by December 23, 2009**

Member \$1,350 | Nonmember \$1,525

**After December 23, 2009**

Member \$1,450 | Nonmember \$1,625

### **CFA® Level I Weekly Review | Session B**

**Date/Time:** Tuesdays, January 26–May 18, 2010 | 5:45 p.m.–8:45 p.m.

**Location:** NYSSA, 1540 Broadway, 10th floor, NYC

*(New headquarters beginning January 2010.)*

**Tuition:**

**Early registration by January 5, 2010**

Member \$1,350 | Nonmember \$1,525

**After January 5, 2010**

Member \$1,450 | Nonmember \$1,625

### **CFA® Level II Weekly Review | Session A**

**Date/Time:** Mondays, January 11–May 17, 2010 | 5:45 p.m.–8:45 p.m.

**Location:** NYSSA, 1540 Broadway, 10th floor, NYC

*(New headquarters beginning January 2010.)*

**Tuition:**

**Early registration by December 21, 2009**

Member \$1,350 | Nonmember \$1,525

**After December 21, 2009**

Member \$1,450 | Nonmember \$1,625

### **CFA® Level II Weekly Review | Session B**

**Date/Time:** Wednesdays, January 27–May 19, 2010 | 5:45 p.m.–8:45 p.m.

**Location:** NYSSA, 1540 Broadway, 10th floor, NYC

*(New headquarters beginning January 2010.)*

**Tuition:**

**Early registration by January 6, 2010**

Member \$1,350 | Nonmember \$1,525

**After January 6, 2010**

Member \$1,450 | Nonmember \$1,625

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## **CFA® Level III Weekly Review**

**Date/Time:** Tuesdays, January 12–May 11, 2010 |  
5:45 p.m.–8:45 p.m.

**Location:** Practising Law Institute, 810 7th Avenue  
at 53rd Street, NYC

### **Tuition:**

**Early registration by December 22, 2009**

Member \$1,350 | Nonmember \$1,525

**After December 22, 2009**

Member \$1,450 | Nonmember \$1,625

[Click here](#) for the complete Fall course listing.