

THE POWER TO MAKE A DIFFERENCE

Botswana Pension Society

Annual Conference

February 2019



CFA Institute

THE MISSION

**Lead the investment profession globally by promoting
the highest standards of ethics, education, and professional excellence
for the ultimate benefit of society**



**Educated,
ethical investment
professionals**

+



**Financial markets
that reflect
CFA Institute beliefs**

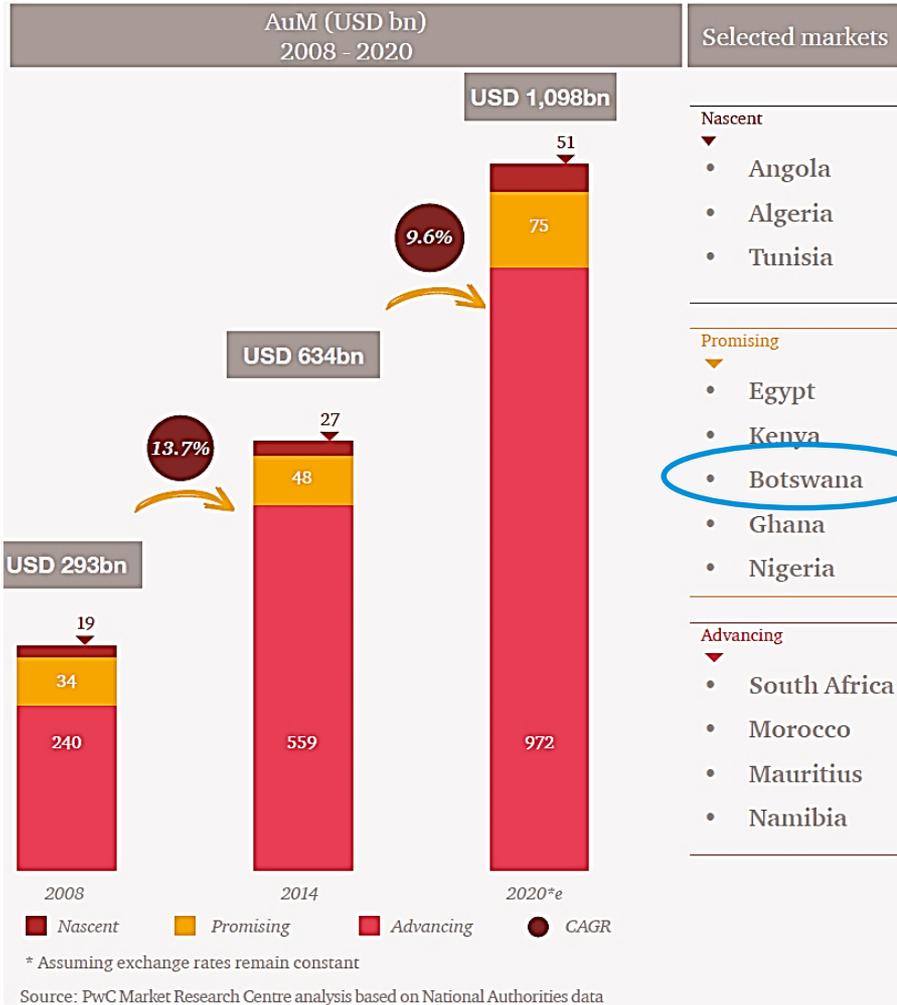
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**Global financial
markets that serve
the public interest**

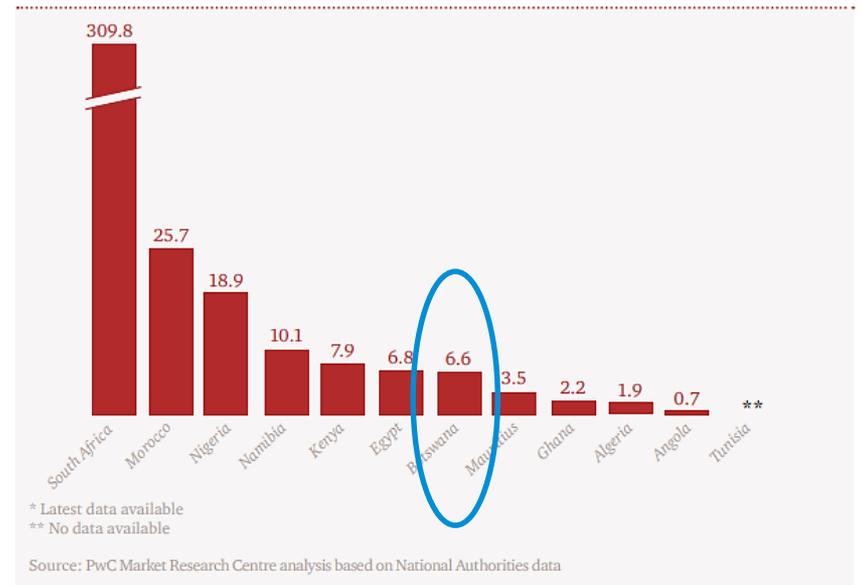
INVESTMENT MANAGEMENT GROWTH

INVESTMENT MANAGEMENT



“All parts of the financial sector are expected to continue to expand to 2020 and beyond, but bank assets will grow at a slower pace than those of other industries. Pension and insurance markets will mature as their products become more significant and the savings culture is established.”

Figure 7: Total Assets of Pension Funds per Country* (USD bn)



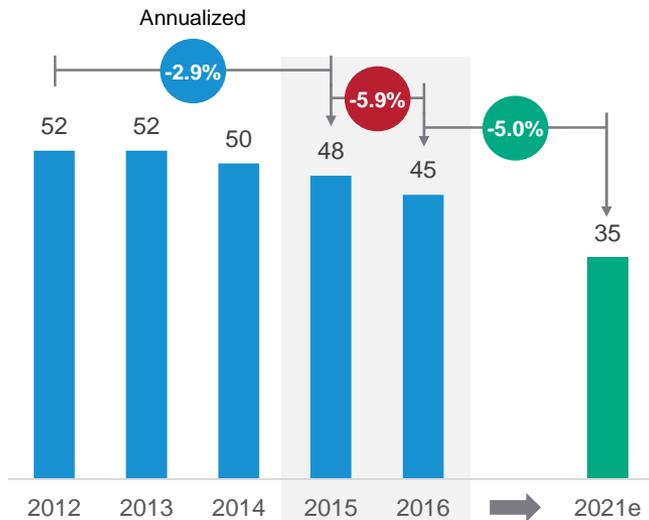
REVISING OUR BUSINESS MODELS

IT'S BEEN A GOOD RUN, BUT...

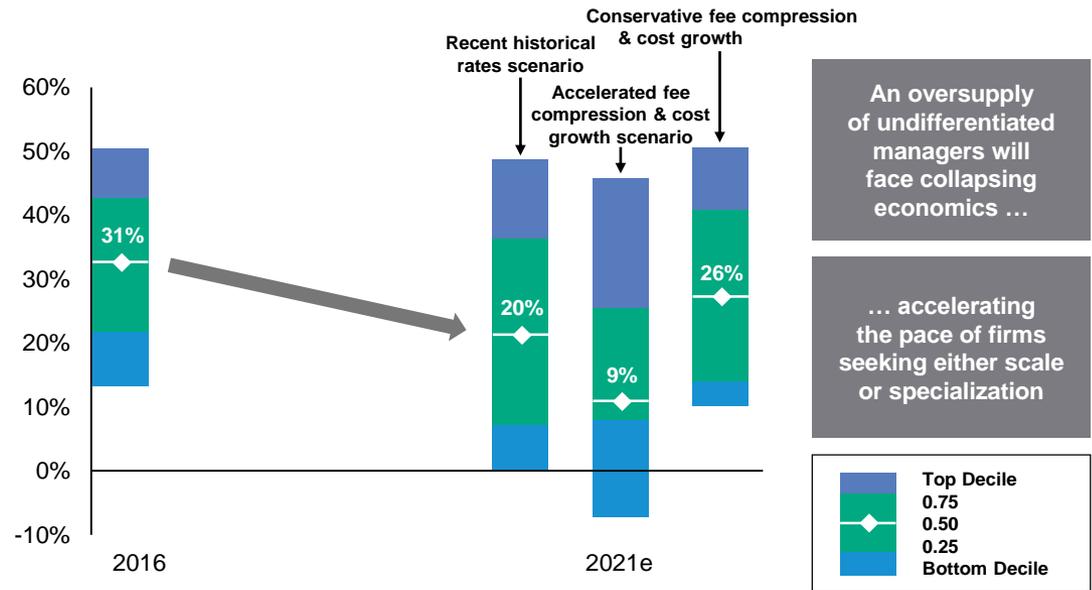
FEE PRESSURE ACCELERATES

Global Implied Industry Fees

bps, 2012–2016



5-Year Operating Margin Scenario Analysis



An oversupply of undifferentiated managers will face collapsing economics ...

... accelerating the pace of firms seeking either scale or specialization

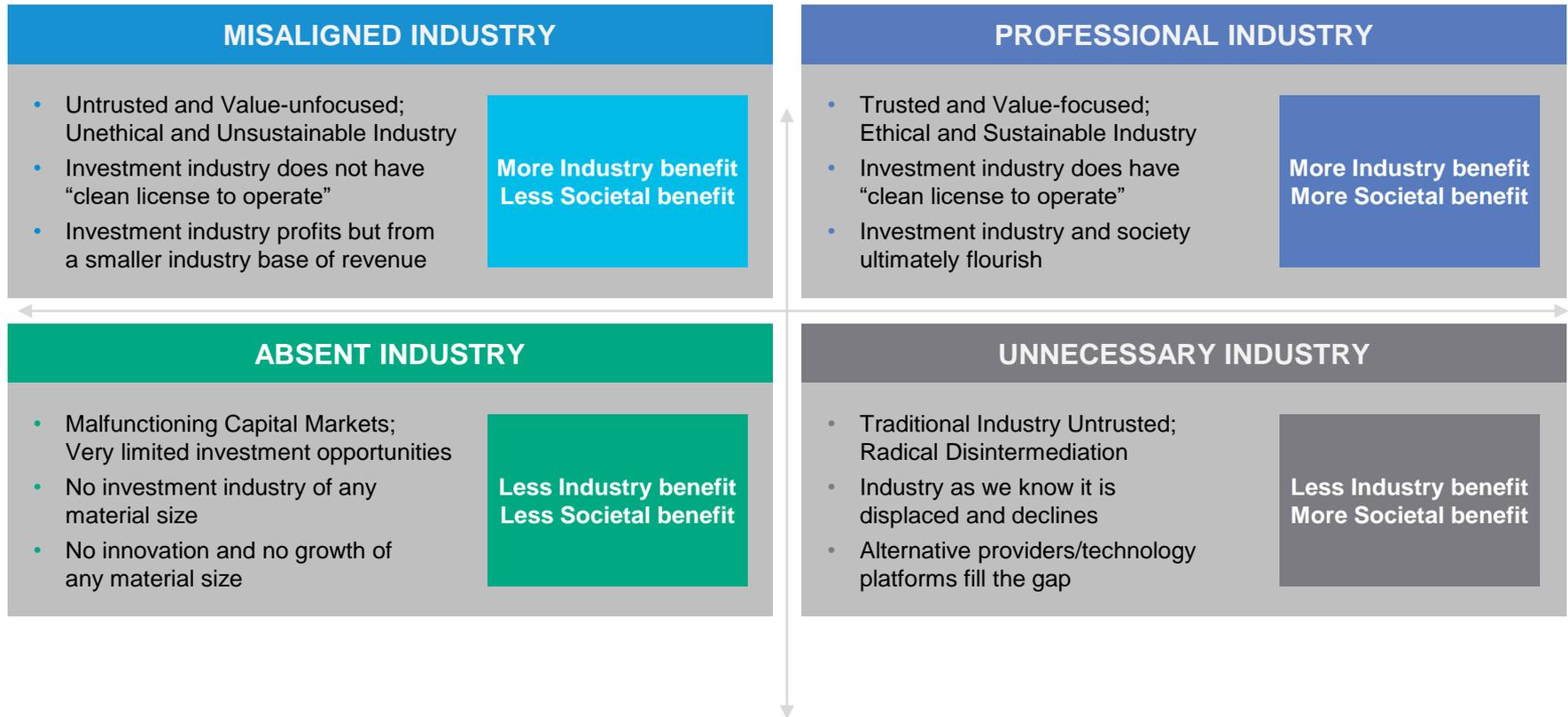
Source: Casey Quirk, Deloitte

Source: U.S. Institute/Casey Quirk/McLagan Performance Intelligence Study, CQ Public Firms Analysis, Casey Quirk analysis

TAKE THE LEAD

WHICH FUTURE WILL WE CHOOSE?

GREATER INDUSTRY BENEFIT



Source: Future State of the Investment Profession, April 2017

HIRE THE RIGHT PEOPLE

CHALLENGES AND OPPORTUNITIES FOR FINANCIAL CAREERS



FINTECH – AND THE ROLE OF HUMANS



TALENT DEVELOPMENT



EMPLOYEE RETENTION – HIGH TURNOVER



CORPORATE CULTURES



CAREER PATHS



INTERNATIONAL EXPERIENCE



COMPENSATION



DIVERSITY AND INCLUSION



ESG AND GREEN FINANCE

EMBRACE CHANGE

...THE INDUSTRY FACES SIGNIFICANT DISRUPTION

ACTIVE VS. PASSIVE

CONSOLIDATION

QUANTITATIVE PRODUCTS

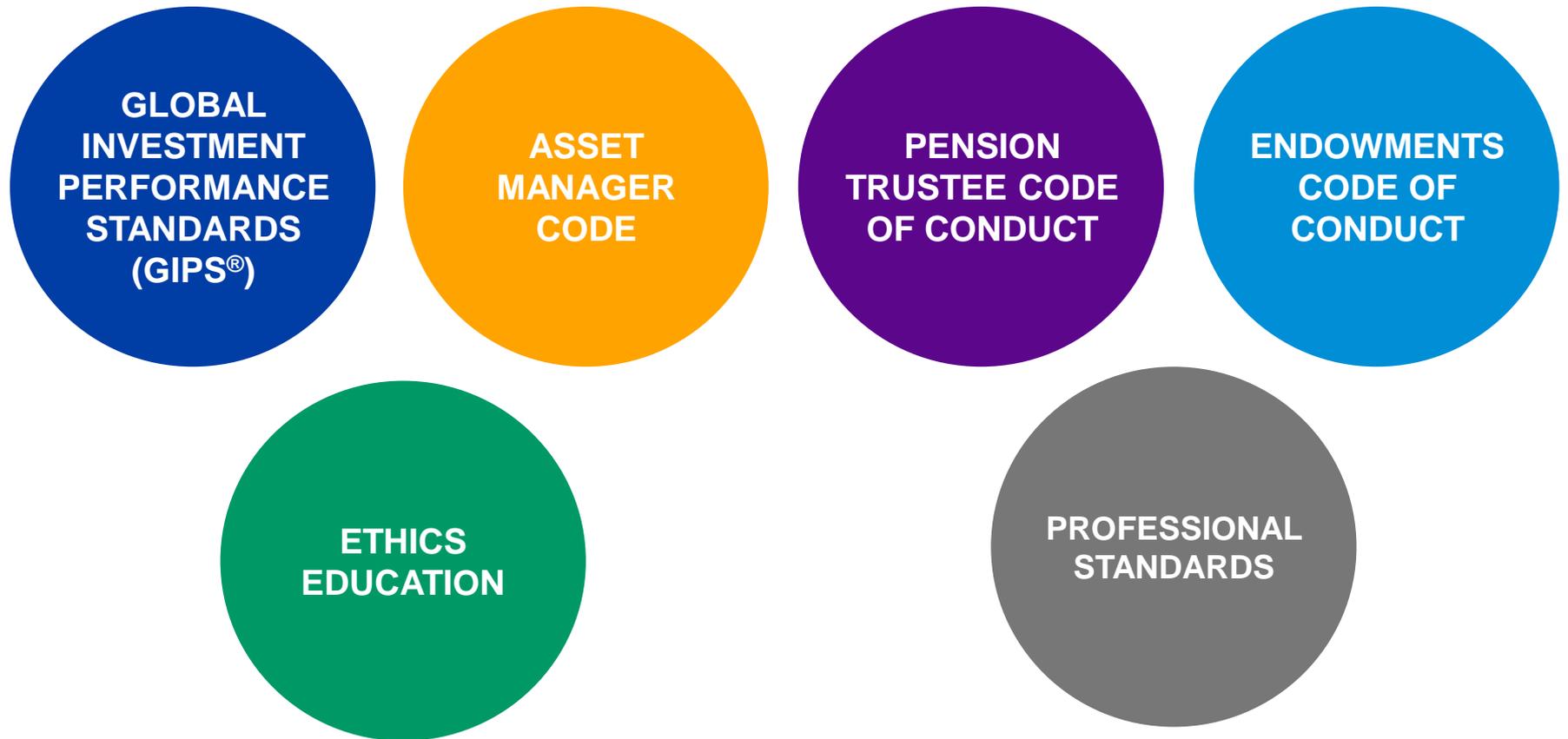
FINTECH

MARGIN PRESSURE

REGULATIONS

HOW CAN WE HELP?

ETHICS, STANDARDS, AND PROFESSIONAL CONDUCT



PREMIER GLOBAL INVESTMENT PERFORMANCE STANDARD

The GIPS® standards provide a common framework for investors to compare a firm's investment performance

Compliance is voluntary and fosters industry self-regulation on a global basis

Compliance has become a de facto requirement for institutional money managers

Allow firms to demonstrate that their investment performance reporting meets globally accepted best practices

Serve as the performance benchmark in 45 markets globally

84 of the top 100 asset managers worldwide claim compliance with the Standards for all or part of their business, representing more than US\$50 trillion of assets under management

A GLOBAL CODE FOR ASSET MANAGERS

Outlines ethical and professional responsibilities of firms that manage assets on behalf of clients

Standardizes an asset manager's code of conduct, which allows clients to compare and identify key differences between firms

Allows clients to quickly identify firms that commit to common ethical principles

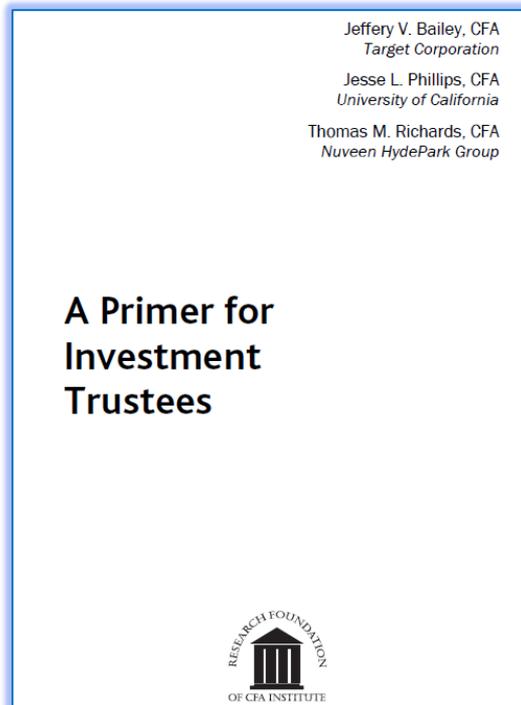
PENSION TRUSTEE CODE – AN ETHICAL FRAMEWORK FOR GOVERNING BOARD MEMBERS

The conduct of those who govern pensions impacts millions of people globally who depend on pensions for retirement income

It is critical that pensions are overseen by a strong, well-functioning governing body in accordance with fundamental ethical principles

By adopting the code, pensions establish an ethical framework for governing board members and commit to the best interests of pension participants and beneficiaries

PENSION TRUSTEE RESOURCES



PENSION TRUSTEE CODE OF CONDUCT

FIDUCIARY

Act in good faith
in best interest of
the Plan

Act with prudence
and reasonable
Care

Act with skill,
competence, and
diligence

CONFLICT

Maintain
independence
and objectivity,
avoiding conflict
of interest

Abide by
applicable laws

Deal fairly,
objectively, and
impartially with
participants

DUTY

Actions consistent
with mission and
policies

Review Plan's
success of meeting
goals

Maintain
confidentiality

Communicate with
participants in a
timely, accurate,
and transparent
manner

ENDOWMENTS CODE OF CONDUCT

Establishes an ethical framework for members of the endowment governing body to show their commitment to the best interests of stakeholders and beneficiaries

Act with loyalty and proper purpose

Act with skill, competence, prudence, and reasonable care

Abide by all laws, rules, regulations, and founding documents

Show respect for all stakeholders

Review investment strategy and practices regularly

For the operations of: Charitable Trust, Endowments, Independent Foundations, Non-Governmental Organizations, Philanthropies, and Public Funds

BUILDING AND REINFORCING ETHICAL AWARENESS AND DECISION MAKING

Ethics Education and Professional Standards

Case studies present real-world ethical situations to resolve using the CFA Institute Ethical Decision-Making Framework

**Live, in-person
training for your firm
or university**

**Ethical Decision-
Making
Case Studies**

**Ethical
Decision-Making
Webinars**

RESOURCES

- Global Investment Performance Standards: <https://www.gipsstandards.org>
- Asset Manager Code: <https://www.cfainstitute.org/en/ethics/codes/asset-manager-code>
- Pension Trustee Code: <https://www.cfainstitute.org/ethics/codes/pension-trustee-code>
- Endowments Code of Conduct: <https://www.cfainstitute.org/ethics/codes/endowments-code>
- Ethics Education: <https://www.cfainstitute.org/en/ethics/ethical-decision-making>
- Questions? Leilani Hall, CFA, CIPM at leilani.hall@cfainstitute.org

THANK YOU