

REPORT ON BUSINESS

S&P/TSX

ON THE WEEK:
+1.9%
FRIDAY CLOSE:
11,762.75

DJ Ind.

ON THE WEEK:
+1.2%
FRIDAY CLOSE:
11,278.61

Nasdaq

ON THE WEEK:
+0.8%
FRIDAY CLOSE:
2,210.37

Dollar

ON THE WEEK:
+1.2%
FRIDAY CLOSE:
90.31¢

Gold

ON THE WEEK:
-0.8%
FRIDAY CLOSE:
\$651.00



CUMBERLAND
PRIVATE WEALTH MANAGEMENT

99 Yorkville Ave., Ste. 300
Toronto, ON M5R 3K5
phone: 416-929-1090
www.cam.ca

FINANCIAL SERVICES

Can't find your adviser? Try the library, it's time for the CFA exam

BY RICHARD BLACKWELL

Dave Taylor is taking this week off work, but the 26-year-old associate portfolio manager won't be relaxing in the sun, reading a novel, or in a canoe up north.

Mr. Taylor, like 7,700 Canadians and more than 76,000 others

around the world, will be hunkering down in a final home stretch of studying for the dreaded Chartered Financial Analyst exam that takes place this coming weekend.

For more than 40 years the CFA exam ritual has been a rite of passage for those in the investment business who are looking for job

advancement and enrichment. The CFA designation, bestowed by the CFA institute in Charlottesville, Va., is increasingly a passport to a good job, just about anywhere in the world.

To get the CFA designation, candidates have to pass three levels of tests and work in the investment in-

dustry for at least three years.

This year, 55 per cent of those writing the three levels of tests are from outside Canada and the United States, a huge shift from 15 years ago when only 10 per cent of candidates were beyond those borders. Close to 6,000 people will be writing this weekend in China, more than

5,000 in Hong Kong, and 3,000 in India.

Preparing for the tests is a tough slog, wherever the location, and it is made harder by the fact that most people taking them also have full-time jobs.

See CFA on page B4

The CFA test is identical in 89 countries

CFA from page B1

"It is very nerve-wracking," said Mr. Taylor, who works at Toronto boutique investment firm Hanover Private Client Corp. "You have to stay very intense for it."

He started preparing five months ago, and has studied most weekends for the past two months, and spent 3½ hours each Thursday evening for 16 weeks in a CFA exam preparation course.

Mr. Taylor is taking level two of the program, so he's been through the exam ritual before: There's the early Saturday morning line up at the Canadian National Exhibition grounds with thousands of others. A three-hour morning exam session is followed by two hours for lunch, then three hours more in the afternoon. Then — perhaps the hardest part — the wait to see whether he passed.

A smaller proportion of exam writers have been getting that congratulatory letter in recent years. Pass rates for the CFA exams have plunged as the number of people taking the test has increased. Last spring, just over one-third of those who wrote the level one test were successful. Back in the 1960s, pass rates were in the 70-per-cent range.

The main reason for the drop? Candidates just aren't studying enough, says Bob Johnson, a managing director at the CFA Institute.

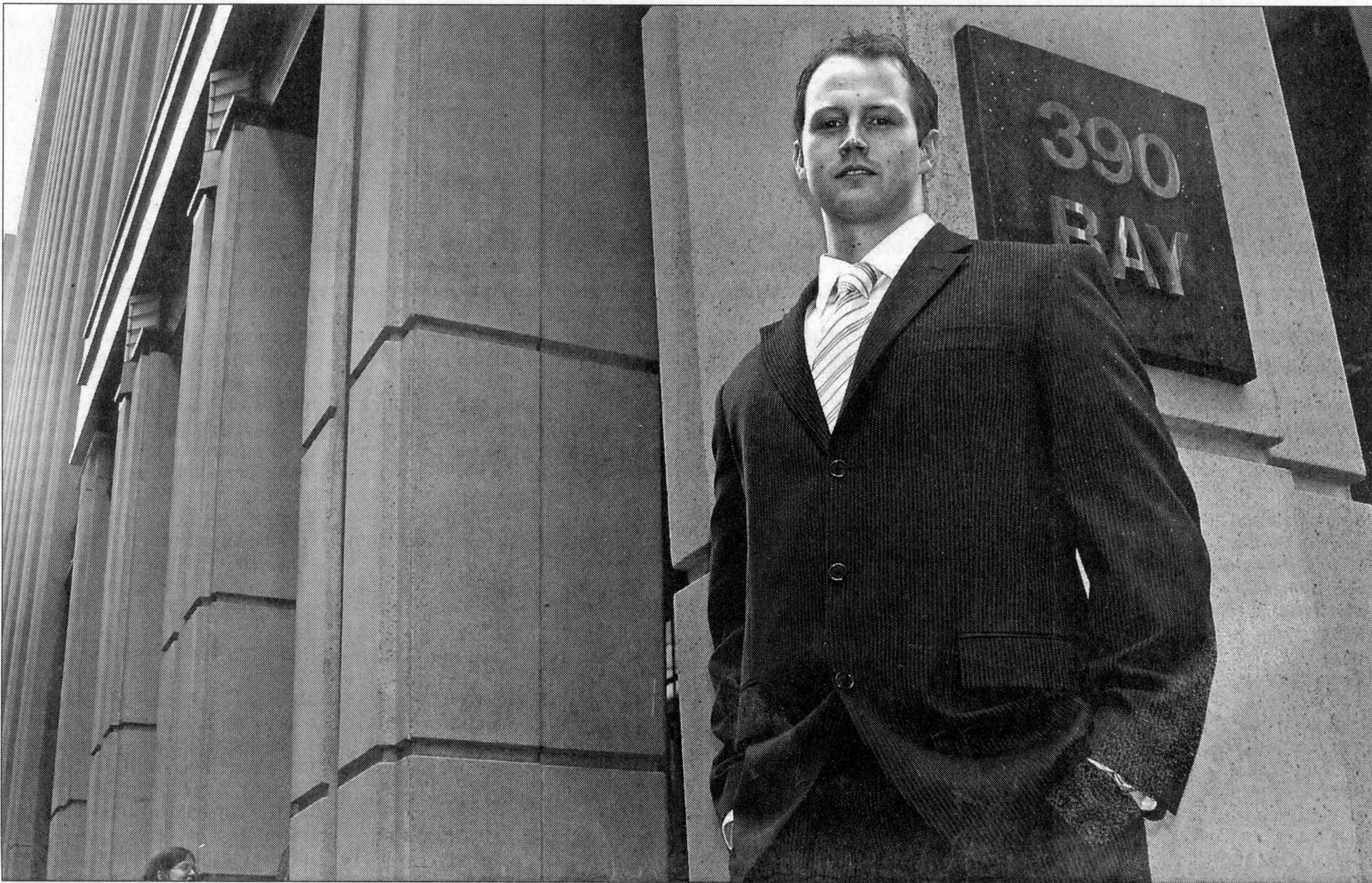
The institute recommends at least 250 hours of work for each level of the exam, but many people don't put in that much time, he said.

In some ways the exam is also tougher than it used to be — there is far more material covering complex derivatives than there was 15 or 20 years ago, for example. But candidates are also now given much better direction about how they will be expected to use the material presented in the text books, Mr. Johnson said, and that has provided some balance to the tougher material.

The CFA institute sets the pass score of the test each year, depending on how hard the questions are on that particular exam. CFA holders are brought in to go through the test ahead of time, and they decide what mark qualifies as a minimum pass grade.

Those who do pass all three exams are often first in line for the best jobs in the global investment sector.

Because the test is identical in all 89 countries where it is given, employers know those who hold the CFA have met a tough international



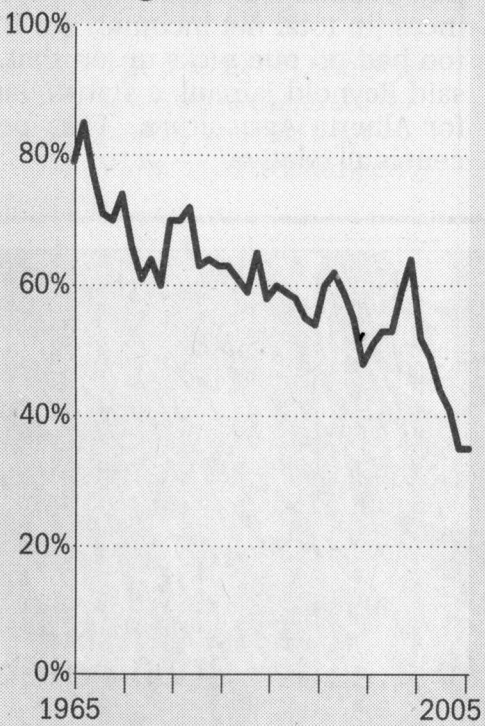
KEN ARMSTRONG/THE GLOBE AND MAIL

Dave Taylor, an associate portfolio manager at Hanover Private Client Corp., started preparing for the CFA exam five months ago.

Making the grade

People who pass

Percentage



SOURCE: CFA INSTITUTE

Chartered Financial Analyst level 1 examination results from 1964 to 2005

People taking the exam

Number of people



RICHARD JOHNSON/THE GLOBE AND MAIL

standard, Mr. Johnson said.

"Someone knows when they are talking to an individual in Beijing who has the letters CFA after their name, or in Toronto or in London, that they went through the identical program."

MBA programs, on the other hand, are much less standardized, sometimes leaving employers in the dark about the value of a degree from a university in another country, said John Simpson, president of wealth management at Mulvihill Capital Management Inc. in Toronto. Of 45 people work in his firm, 17 have CFAs, Mr. Simpson said. "When you get into our business, this is the designation that you have to have."

Still, while the CFA designation is crucial for those who want to be analysts, portfolio managers, or other investment positions, it is not a replacement for an MBA, said Bob Gorman, vice-president of the private client group at Toronto-Dominion Bank.

An MBA provides a much broad-

er education and is still the best bet for people who want to get into management beyond the finance area, he said. Of course, employees with both an MBA and the CFA are ideal promotion material.

One of the few places you can get both simultaneously is at Concordia University's Molson School of Business in Montreal.

The elite three-year MBA program covers the material from all three levels of the CFA. Students write the same CFA exams as everyone else, and usually complete the last, level three, in June, just after they graduate with their MBA.

About 30 people have completed the program in its first five years, said program director Ian Rakita, and "it has helped their careers tremendously." Mr. Rakita, who finished his last CFA exam in 2001, clearly recalls getting his final letter telling him he had completed the final level of the gruelling program. Seeing the word "congratulations" for the third time, he said, "the feeling of relief is beyond compare."