

ON TRACK

The National Association of Securities Professionals—New York

Letter From the President



During my tenure as NASP-NY president, I have often thought about my years as a member of this wonderful organization. I am so thankful to have met so many clients, colleagues—and most importantly—friends. I also appreciate the unique and meaningful

experiences I have had.

One of my most memorable moments was at the first NASP N.Y. Trustee Education Seminar. I had the pleasure of introducing Denise Nappier the year before she was elected State Treasurer of Connecticut. It was the first time I had the opportunity to hear her give one of her many legendary speeches. At the same conference, I was honored to receive the “Distinguished Service Award.” When I stepped up to the podium to accept the award, I said that “being a part of this event, this chapter and this organization is not about rewards and/or awards. It is a gift.” I still deeply believe this.

Thank you to all of the members of NASP-NY for making this past year truly remarkable. In October 2006, we held the 10th Annual Trustee Education Seminar. The huge turnout, and the lively discussions and participation, made this milestone event very successful.

This past February, we held the 9th Annual

Wall Street Hall of Fame ceremony. We honored the contributions and pioneering spirit of four distinguished professionals: Fred Buenrostro, CEO, CalPERS; William M. Lewis, co-chairman of investment banking, Lazard Ltd.; Tina Byles-Williams, CEO, FIS Group, Inc.; and Kneeland Youngblood, co-founder, Pharos Capital Group, Inc.

We were also fortunate to have four distinguished individuals serve as presenters: New York City Comptroller Bill Thompson; Obie McKenzie, managing director, Black Rock Inc.; Carla Harris, managing director, Morgan Stanley; and Treasurer Nappier

We as a chapter are so thankful to have an opportunity to put these events together on behalf of our constituency. The accolades the chapter has received from our members, trustees and constituents for these events are not only a reward, but also a remarkable gift.

Moving forward, we are extremely excited about a few new initiatives. We have a revamped communications/newsletter committee with new, young and dedicated members who are filled with fresh ideas. In addition, there is an influx of new members who want to join our Board.

As we set our sights on the future, we look forward to continuing to work for all of you as best we can. This opportunity to serve as your president is not a reward but a gift.

I thank you!

Reginald Scantlebury

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What it Takes to Win on Wall Street

By Cionne Beatty and Carl Majette

Black Wall Street trailblazers enlightened industry professionals with a discussion on “What it Takes to Win on Wall Street,” the final event of the NASP New York’s 10th Annual Trustee Education Conference.

Panelists included: Ernest G. Green, managing director of public finance at Lehman Brothers; Edward E. Johnson, Jr., principal and chief operating officer of Advent Capital Management; Raymond J. McGuire, managing director and co-head

of Global Investment Banking at Citigroup; JoAnn H. Price, co-founder and partner at Fairview Capital Partners, Inc. and, Lauren M. Tyler, managing director of CCMP Capital Advisors, LLC.

All panelists were featured in *Black Enterprise* magazine’s “75 Most Powerful Blacks on Wall Street.” Derek Dingle, vice president and executive editor of *BE*, moderated this spirited discussion.

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(L to R) Mona Romain, Melvyn Aaronson and Sandra March, all trustees of the NYC Teachers Retirement System, receiving “Trustees of the Year” awards at the Gala Dinner.



Gwendolyn Butler and Jack Gastler chatting about potential investment solutions for underfunded public pension systems that were discussed in the Legislative session.

A Talk with Graduates of the Fast Track Program

By Douglas Scantlebury

The NASP Fast Track Program was created to give high school students the chance to get an inside look at the world of finance. The students are mentored by some of the brightest minds on Wall Street. They are also involved in workshops and projects that develop their public speaking and problem solving skills. The program also teaches a basic understanding of finance as well as other lessons. Most of these students continue on to successful endeavors in college and beyond.

Recently, I talked with Johannah Rogers, Brandon Barefield and Everon Smith, all graduates from the program. Johannah is a graduate of Duke University with a dual major in economics and theater. She currently employed with the NBA as a coordinator of the NBA developmental league. Brandon is currently a junior with majors in economics and business policy analysis at Emory University. Everon is currently a junior majoring in business administration at Alfred University in New York.

The trio recently shared their thoughts about their experiences with the program and how it has help them succeed.

On choosing a college major:

Johannah: The program had a great influence on my decision to major in economics. The Fast Track Program opened my eyes to how important it is to develop an understanding of how our economy works.

Brandon: The experience gave me a fresh perspective on how the world of business works. As a result, I focused more on my studies, especially on subjects such as mathematics. The program also helped me in my decision to major in economics and business policy analysis.

Evron: From the moment I started in the program, I began

to develop a greater interest in business. The program gave me a “leg up” in choosing my major which is business administration.

On developing professional skills:

Johannah: The program has given me a real head start because of the skills that I developed in the program. For me, the development of my communication and presentation skills really gave me the confidence to handle the current position I have with the NBA.

Everon: Networking, communication skills and having the ability to understand finance are all important. However, I have found that having a strong network is a key component in one’s professional career. The program has helped me secure some really good internships.

Brandon: Thanks to the program, I’ve developed a keen ability to think critically and communicate more effectively. These skills have helped me in my service as the secretary for my school’s organization, Brothers of African Men.

On the importance of mentoring:

Brandon: The mentoring that I received through the program was tremendous. I still rely on this guidance today. I still keep in contact with those individuals who have help me to get this far.

Everon: I can’t thank the individuals who guided me enough! The support I received while in the program has been very helpful. The mentors I have come in contact with have molded me into a more focused individual with very clear goals.

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What it Takes to Win on Wall Street

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He began by describing how in 1992, when the magazine was putting together its first list, they had difficulty finding just 25 African-Americans on Wall Street, period!

The discussion commenced with these executives candidly describing what initially attracted them to finance and how they got their start in the business. Responses among the five varied—from Lauren Tyler recalling that she had an interest in math, to Raymond McGuire proclaiming that he just wanted to make money.

Panelists also discussed their view on their firm's area of expertise, personal successes and failures and the difference between working in large corporate environments versus small entrepreneurial start-ups.

Ray McGuire said that one needs to be constantly be prepared and aware of competition. He also said that it was imperative to "watch your lunch money". He also made the analogy that the same competitive nature that drives one to get to the basketball court early in an attempt to "get game" is essentially what one needs to succeed in the industry.

McGuire also advised that an executive should let their employers know that their jobs are their top priority.

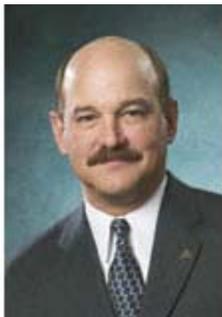
Ernest Green spoke of the persistence needed to succeed, even in the face of constant rejection. "In this industry, you only achieve about 10% of the deals you go after," he said. "But like Karl 'The Mailman' Malone, you are expected to deliver that 10%."

Lauren Taylor said that since she is often the only African-American woman in her meetings, when she speaks, she has everyone's attention. Rather than viewing this as added pressure, she takes advantage of her differences and prepares herself to be on point at any given moment. She also described that a road to success should not be a solitary journey and we should be dedicated to seeking guidance from mentors and networking with each other.

The words of wisdom to take away from this inspiring meeting are the following: At the end of the day all we have is our reputation. Stay focused and remember that failure is not being prepared.

Interview With Fred Buenrostro

By Gregory Bell



Fred Buenrostro has been the CalPERS CEO since 2002. A few days before he was inducted into the NASP-NY Hall of Fame, he took a few minutes to talk with *On Track* about his life and career.

On his childhood:

My family was a very tight unit and extremely focused on education. My mother was a school teacher and it seemed as if every conversation we had she said I was going to college. Those fundamentals of family and education, along with hard work, have stayed with me throughout my life and my professional career. And because both my parents were public servants, a career in government was an easy fit for me.

On his first job in government:

The path you take once you get out of school and start your career is never a straight line. I've had people throughout my career who have been very instrumental in helping me. I had people I didn't even know working to help me get a job and start a career.

About 30 years ago, I was trying to get a job with the State and was floating my resume around with a lot of the personnel offices. I got a call from someone with the California Department of General Services. I went in for an interview and the guy asked, "How do you know deputy director Camacho?" I said "Who? I don't know him." He

said "Well I think I'm supposed to give you a job." I got the job.

What had happened was that Julian Camacho, who was then the Deputy Director, took a chance based on a resume he saw to get a Latino into government. Without that little push or helping hand, I don't know what I would be doing today. That was how I got my first job in state government.

The importance of mentors:

There have been many people who have helped me get to where I am today. I didn't do it with good looks or brilliance! None of us get there by ourselves. We all have people who help us. A lot of my success comes from a lot of smart and hardworking people who surround me. Without them, I couldn't have achieved success at CalPERS.

When I joined the Board of CalPERS in 1988, there were two other Latinos on the Board: Lillian Rowett and Chuck Valdes. Chuck was a leader in promoting diversity. I was proud to follow his lead. We started an emerging managers program both in public equities and private equities and have tried very hard to continue and expand on those programs. I have been fortunate to follow some very talented people, and now it is my turn to show others what I have learned.

The Emerging Managers Database

Our database is a big step but it is an early step. It is a starting point for us to build on. We are proud that it has over 700 firms in it. We are using it all the time and making sure that all of our firms have this list and utilize it.

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(L to R) Obie McKenzie (BlackRock), Lesley D. Nettles (Fairview Capital Partners, Inc.), William G. Clark (State of New Jersey, CIO), and Reginald Scantlebury (Jackson Securities)



James Francis (Paradigm Asset Management) and Vicki Fuller (Alliance Bernstein) sat on a panel which discussed ways that plan sponsors could get more return from traditional investments. It was a well attended session, and a lively Q&A concluded their formal remarks.

FAST TRACK INTERVIEWS

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Johannah: The support I've received was great! I was grateful for the relationships that I built during the time I was in the program. Those relationships I forged are still valuable to me to this very day. I think every young professional needs someone to offer advice and share their experiences.

On recommending this program to others:

Everon: Without question I would recommend this program to every high school student. I can't tell you how thankful I am about having gone through this program.

The relationships I built, the skills I developed and the fun I had is an experience I think many students should have.

Johannah: I would absolutely recommend this program to high school students! The NASP Fast Track Program has been a tremendous asset to my career development. This program has had a profound effect on my personal and professional career, and like I said, it has given me a head start in preparation in my current career.

Brandon: I would definitely recommend this program to other high school students. This experience has proven invaluable to me personally and to the development of my career. One day, I hope to serve as a mentor in the NASP Fast Track Program

NASP: The Collegiate Experience

By Carl Majette

As the first member of my family to attend college, I have often found myself working toward a goal that I was never completely sure how I would accomplish.

My experiences with NASP have helped make my path to success clearer. I have been involved with this organization since March 2006, when I attended a mentor networking event.

It was at this event that I met Obie McKenzie, managing director at BlackRock. He gave one of the most moving speeches I have ever heard.

He described the achievements and progression of NASP, but also pointed out that recently, the organization may have lost sight of its original goals. He asked us, for a moment, to not think about our resumes, careers, and futures. Instead, he pointed to the table of Fast Track Students and asked us to think about the next generation. It is our investment in our young people that will ensure a prosperous future for us.

Since that night, I have had the privilege to be a mentor for these high school students. These kids are exceptionally impressive, eager to learn, and need our guidance.

I have also been very fortunate to have remained in contact with many Wall Street pioneers and professionals I have met at NASP events. I keep a notebook with insight from each them. I consider it to be more valuable than anything I have learned from a textbook or in the classroom. I implore other college students and professionals to attend a NASP event. You will not be disappointed.

NASP has presented for me a platform to develop myself in all aspects of my life. And this is essentially what NASP is about—the development of underrepresented cultures and communities. Although we have come a long way, we cannot afford to be content with our progress. Now, more than ever, we should demand of ourselves to contribute to this cause of opening opportunities and equality on Wall Street.

Interview With Tina Byles Williams

By Gregory Bell



Tina Byles Williams founded The FIS Group in 1996. In honor of her accomplishments, she was recently inducted into the NASP-NY Wall Street Hall of Fame. The day before the ceremony, Williams took time out of her busy schedule to talk about her career and larger issues in the industry.

How did you get involved in NASP?

TBW: I was introduced to NASP by former NASP board member and Connecticut State Treasurer Henry Parker, when I was the Chief Investment Officer of the City of Philadelphia's Pension Board. At the time, I had shared my frustration with Hank at the endless homogeneity of the firms recommended to the Board for investment. My first NASP meeting in Atlanta was a watershed moment which enabled me to find talented firms and professionals with which to do business and most importantly, cultivate life long friends.

What does the Hall of Fame award mean to you?

TBW: Being recognized by one's peers is always a treasured professional milestone. When those peers are of the caliber represented by NASP, and when one peruses the impressive class of current and prior honorees, the award becomes a hallmark event.

Looking back, what have been the keys to your success?

TBW: The overriding key to my success is an abiding faith in God's inexhaustible abundance that can be accessed through singularity of purpose, industriousness and disciplined execution of excellence. Along the way it is critical to treat people with kindness, honesty and value others' unique gifts and perspectives. Finally, I believe that lasting success is inextricably linked to our efforts to recycle our abundance and leave the world better off for us having passed through it.

BUENROSTRO

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But some conditions in the financial services industry still exist. You need a track record to get a job and a job to get a track record. It is like the old chicken or the egg dilemma. So, we are trying give qualified and talented people an opportunity to get their first assignment or their next big mandate that they need going forward.

The Importance of NASP

Groups like NASP and NAA are very important because they represent extended families and communities. They are critical for CalPERS to be successful. Without their support, their ideas or participation, it can be very lonely. CalPERS has had a history of trying to be innovative but in order to be successful, we need these groups to help support what we are doing.

How does the industry currently view emerging managers compared to when you started?

TBW: When the term "emerging manager" was first introduced to me at a Washington Hackett conference in the late 1980's, my impression was that it was essentially a euphemism for women and minority-owned firms. Unfortunately, the implicit or explicit social objectives of some of the early emerging manager "programs" resulted in a marginalized status where firms were hired, but had little opportunity to transfer into mainstream pension portfolios.

With the longer track records available today and the consequent ability to conduct more robust research, the concept has been validated as a means to add alpha to institutional portfolios. Emerging manager allocations provide an important "feeder" system for institutional investors to access talented managers that fall below their traditional size criteria, regardless of gender or race. Both developments are positive.

Looking forward, what are the biggest obstacles confronting emerging managers and how do we overcome them?

TBW: One significant challenge faced by emerging managers is the increasing operational cost of doing business. As a result of both September 11 and various financial scandals over the last five years (which, incidentally, have disproportionately plagued the behemoth investment firms), the costs of both compliance resources and insurance have increased to prohibitive levels for all but the most richly capitalized entrepreneurs. It would seem that more cooperative endeavors that pool insurance risk and compliance costs might help alleviate this challenge.

Additionally, some conventional large capitalization equity firms will face continuing difficulty in justifying and differentiating their product relative to other low cost methods of purchasing beta. Whereas large firms can modulate the revenue loss from this challenge through multiple product offerings, emerging firms don't always have that option. The key to long-term survival for single product large cap equity providers, is to have, and continually refine and clearly define, their particular competitive edge—be it capitalizing on inefficient sectors of the capital markets—security selection or process efficiency.

The Future

People ask us what are you going to next? We want to keep moving forward with our program for diversity. The future is something we are looking at and trying to plan for. We have a new external diversity coordinator. We are also trying to combine what the Toigo fellowship program does with something that reaches deeper into college and high schools. I think there is a real challenge of trying to replace all the baby bombers who will retire in the next few years. This is why it is so critical that we need to get young people from all backgrounds interested in the financial services industry.

The talent that will come through the high schools and colleges in the future will be more diverse than in the past. The demographics have proven that. So we have to get minorities to consider careers in financial services and other professional areas that they might not think about. We think it is critical for CALPERS. We think it is critical for the financial services industry.



(L to R) Dyice Ellis-Beckham (Lehman Brothers Asset Management), Arthur McClearin (Williams Capital Group), and Lesley Nettles (Fairview Capital Partners.)



Wale Adeosun (Rensselaer Polytechnic Institute) and Ladi Adebonojo (SBK Investment Corp.)

Legislative Update

By Gregory Bell

The Pension Protection Act of 2006 has been a major topic of discussion since being enacted last August. So it was no surprise that the act and other legislative issues would be points of discussion during NASP New York's 10th Annual Trustee Education Conference.

The session, which was included in the conference agenda at the suggestion of Jamir R. Couch, Chair of NASP-NY's legislative committee, featured Denise Outram, senior advisor, Barge Consultants; Joseph Haslip, assistant comptroller, Office of NYC Comptroller; Sidney Wigfall, Esq., managing attorney advisor, Barge Consultants; Illinois State Senator Kwame Raoul and Carl Andrews, former New York State Senator.

At the center of the debate was the issue of defined benefit versus defined contribution. Under DB plans, employers assume the investment risk in order to guarantee retirement for its workers. Under DC plans, the investment risk is on the participant and there is no guaranteed retirement amount.

The general consensus was that DB plans, which dominate public pension plans, are best because it is unfair to put the all the burdens on the worker.

However, panelists acknowledged that DC plans, particularly in the private industry, are becoming

increasingly popular.

Because of low interest rates and low investment returns from traditional investments, plans are paying sufficient returns to its retirees, so many are switching their strategies.

Meanwhile, Wigfall explained how the Act—which was designed to provide greater retirement security for Americans—was one of the most sweeping reforms of pension laws in over 30 years. Panelists debated if it would accelerate the current shift from DB to DC because, among the Act's many provisions, it will make it easier for automatic enrollment in defined contribution plans.

However, converting to DC plans is not the only way to solve underfunding. Haslip discussed the possibility of plans making riskier investments such as hedge funds, 130/30 strategies, infrastructure, commodities and other vehicles in order to generate greater returns. He discussed the need for plans to be managed by first class, experienced and capable money managers and consultants.

The lively discussion generated a lot of thought and a healthy exchange of ideas. As the industry continues to evolve and change, the Legislative Committee reminds members that it is open to everyone and encourages them to participate in its future initiatives.

Calendar of Events

April 26 NASP-NY Board Meeting
May 17 NASP-NY Membership Reception
June 27-29 NASP 18th Annual Conference

August NASP-NY Membership Reception
October NASP-NY Trustee Education Conference
December NASP-NY Christmas Party
Feb. 2008 NASP-NY Hall of Fame Gala

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Douglas Lawrence, from JP Morgan Asset Management – Real Estate, sharing with the audience why real estate has low correlation with other financial asset classes and aids diversification in building a portfolio.



Rita J. Sallis, chief investment officer, Office of the New York City Comptroller, poses with guest.

Contributions

If you have an interesting story or experience from a NASP-NY event and want to share it with the rest of the members, contact us to include it in an upcoming issue of *On Track*.

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