



**REPORT OF THE INVESTMENT ANALYSTS SOCIETY OF SOUTHERN
AFRICA (IAS) TO THE INTERNATIONAL COUNCIL OF INVESTMENT
ASSOCIATES (ICIA) MEETING IN NEW YORK
MONDAY 30 APRIL 2007
Mike Brown, Chairman, IAS**

The IAS is an association which represents the investment professionals in Southern Africa. It has close association with, but is independent of, the CFA South Africa.

Membership at the end of December 2006 was 2004, a slight decline on the previous year. The Society suffers from natural attrition of numbers, but is able to attract over 200 new members each year.

The South African economy is currently in its eight year of uninterrupted economic growth and conditions in the stockmarkets and other investment markets are extremely favourable. This has led to an increase in employment numbers in the investment profession and the IAS is actively engaged in attracting new entrants to the industry as members of the Society.

During 2006, the Society hosted 160 corporate presentations to members, mainly representing annual and interim results, but the Society does encourage companies to do trading updates or general briefings to the investment community and to utilise the IAS member base for this purpose.

We have been increasingly successful in encouraging listed companies to do presentations to the Society, immediately after, or simultaneously with, the release of their financial reports. We often do this in conjuncture with the business media, including television stations, and encourage companies to make simultaneous web-casts of the IAS presentations available to investors both locally and abroad. In doing this we encourage the timeous dissemination of sensitive financial information to as broad an audience as possible and promote the concepts of transparency and good corporate governance by listed companies.

For the past number of years, the IAS has held an annual awards dinner for “Excellence in Financial Reporting and Investor Communications”. In June 2006, we held the 21st dinner in this series and, it was a great success, attended by over 360 business leaders and awards were handed out to over 20 deserving companies. We have gained increasing publicity for this Awards function, and it is now amongst the major events of its sort in South Africa.

The IAS has always focussed on education, providing scholarships for undergraduates studying investment related degrees, promoting study sessions for students undertaking the CFA course and hosting educational seminars for our members. This year we have taken the first steps in providing an educational course developed and operated entirely by the IAS.

The “IAS Certificate in Securities Investment Analysis” was launched in January 2007. It covers nearly a year of study, involving four interactive 3 day workshops, written assignments and a year-end exam. Successful candidates will be awarded the IAS Certificate only if they attend all the workshops and obtain passing grades in all written assignments and tests. The IAS course covers investment markets and regulations, financial modelling, investment analysis techniques and formulas, financial accounting and investment reporting.

The first intake of students was in January 2007 and we are currently considering a further course commencing in July 2007. The Society has outsourced the holding of the course to a recognised financial training institute and has had requests from a number of similar institutions to host the course in future. This would enable us to extend the course to other centres of South Africa.

Since 2005, South African listed companies have been encouraged to utilise International Financial Reporting Standards (IFRS) in compiling their annual financial statements and this became compulsory in 2006. The new IFRS regime has created a number of practical problems in accounting valuations and reporting and the IAS has been incorporated into a Study Group, including the JSE, the South African Accountants Association (SAICA), Financial Services Board (FSB) and the UK Accountants Association. A key area of this study has been the debate about the use of “headline earnings” as the measure of a company’s earnings, or whether other measurements of operating profits would be more representative.

The IAS publishes twice per annum the Investment Analysts Journal, which continues to attract outstanding contributions by academics and investment practitioners on investment theory and practice.

The Investment Analysts Society of Southern Africa redesigned and relaunched its logo during 2006, with the corporate industry of the squirrel and IAS incorporated in the logo. We have also updated and revised our website and have designed new marketing material and brochures, particularly for corporate presentations. These marketing efforts appear to have been well received in the local investment community.

The IAS remains in a comfortable future position. Our accumulated reserves now account for more than 2 years of current revenue and expenditure. We fund student scholarships from these reserves and would consider bursaries for needy students wishing to take the IAS Certificate in Securities Investment Analysis in future.