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Maryland CIO Departure Leaves Emerging Program Up In Air

Mansco Perry, the architect of a nearly \$1.5 billion emerging manager program at the Maryland State Retirement & Pension System, is leaving to join St. Paul, Minn.-based Macalester College as cio, Perry told EMM sister publication *fin|daily* over the weekend.

The departure comes while the plan is in the midst of expanding the emerging manager program into real estate, private equity and hedge funds. The plan issued RFIs for managers to develop programs in each of the asset classes earlier this year (EMM, 7/30; 7/15). It wasn't immediately clear how Perry's departure will affect the RFIs.

Perry, who joined the \$31.8 billion Maryland plan in March 2008 as cio from the Minnesota State Board of Investments, said his decision to oversee the college's \$587 million endowment in a city that is "close to his heart" was an opportunity he couldn't pass up. His last day at the Maryland plan will be Oct. 31.



Mansco Perry

Maryland Spokesman Michael Golden said the plan has begun discussions on a succession plan but nothing has been formalized at this point.

"There is no denying that Mansco's departure is a loss to all of us, but he leaves with a legacy of accomplishments over the last two and a half years that will continue to benefit the System," said State Treasurer Nancy Kopp, chair of the Maryland State Retirement and Pension System Board of Trustees, in a statement issued on Monday. "Thanks to his expertise and guidance, he helped this system ride out one of the most turbulent times in economic history. He leaves the system with a portfolio that is well-positioned to realize further gains and an investment team with a guide map to continue the upward trajectory he plotted for us post-crisis. We all appreciate the personal sacrifices Mansco and his family in Minnesota made over to past two years as he led us to this strong position, and wish them all the very best."

At Macalester, Perry will succeed CIO Craig Aase, who had previously said he would be retiring at the end of 2010 after serving with the college for 33 years, according to EMM sister publication *Nonprofit News*.

OBWC Approves Emerging Manager Program

The \$18 billion Ohio Bureau of Workers Compensation has approved creating a target 1% allocation to women- and minority-owned asset management firms and will hire a manager-of-managers to handle the portfolio, Spokeswoman Melissa Vince said.

The fund has not approved any sort of timeline for the search for a manager-of-managers to begin, however any search would involve an RFP that will be posted on the fund's Web site (www.ohiobwc.com).

The new investment policy statement approved last week includes a modification that allows women- and minority-owned asset management firms to be chosen through the manager-of-managers.

A board memo states that it is anticipated that at most two managers-of-managers

would be selected from the RFP process.

The eligible asset classes the board may consider manager-of-managers for are domestic large-, mid- and small-cap equities, non-U.S. equities and domestic core fixed-income. The plan has been eyeing discussing emerging managers since earlier this year (*fin|daily*, 4/7).

"The focus will be on the selection of the best MoM firm(s) who will in turn select top-tier MWBE managers that have delivered performance returns to clients that exceed benchmark targets in their chosen asset class..." board documents said.

The plan's general investment consultant is Mercer, which provided educational sessions into emerging managers in June and July.

Chicago Water To Make Emerging Fund

The \$975 million Metropolitan Water Reclamation District of Greater Chicago Retirement Fund will begin working on creating an emerging manager program with general investment consultant Gray & Co. before the end of the year, Executive Director Sue Boutin said.

Boutin said the plan decided last year when it created an emerging manager utilization policy to create a direct emerging manager program, with a policy target of 10% of plan assets to be allocated to women- and minority-owned asset managers.

The creation of the program will include public RFPs but emerging managers are encouraged to contact Gray & Co.

Bivium Capital Adds Senior Investment Strategist

Kai Hong has been named a managing director and senior investment strategist at emerging manager-of-managers Bivium Capital Partners, President and CEO Lawrence Bancroft said.

Hong, previously a managing director and head of investment management consulting at Thomas Weisel Partners, will be responsible for portfolio construction and optimization, manager search and due diligence and product development at Bivium.

At Thomas Weisel, Hong oversaw the outside manager investment platform for the firm's institutional and high-net-worth clients.

Hong joins Bivium following the departures of CEO Les Hollis and Director of Research Nancy Hollis for personal reasons related to the health of a family member (EMM, 8/3).

The firm has also added Olga Povolotsky as a compliance and operations associate.

She will assist with corporate and portfolio compliance administration, client reporting, database management and office and vendor management. She was previously on the international value fund team at Artisan Partners.

Callan Connects Heads To New Jersey Offices

Callan Associates will hold its next quarterly meeting for its emerging manager initiative on Oct. 21 in the firm's Florham Park, N.J. office, Spokeswoman Nancy Malinowski told EMM.

Registration for the Callan Connects meeting will open tomorrow at 9 a.m. Pacific Standard Time. Reservations are first come, first serve.

More information is available by contacting Lauren Etcheverry, Callan Connects' program leader, via e-mail at etcheverry@callan.com or on the firm's Web site (www.callan.com).

This is the firm's third Callan Connects event, following its July event held in Chicago and its May event held in its San Francisco offices (EMM, 6/29; 5/5).

The firm defines emerging managers as any firm with assets under management between \$10 million and \$3 billion and minority-, women- and disabled-owned firms with assets between \$10 million and \$10 billion.

Ewing Retires From NEPC

Doris Ewing, a member of the emerging manager advisory committee at investment consulting firm NEPC, has retired. Ewing, a partner and consultant at the firm, headed the firm's Detroit offices with Paul Kenney.

Her official last day was Sept. 30.

Ewing, who joined NEPC in 1995 from W.R. Lazard & Co., where she served as director of consultant relations, has already transitioned her responsibilities to other consultants within the firm.

Kristin Finney-Cooke, who joined the firm in September from Mercer, where she led the firm's emerging manager practice, has assumed a role on the emerging manager advisory committee at NEPC. President Michael Manning and CIO Eric Knutzen have not returned calls seeking comment on Ewing's departure or Finney-Cooke's addition.

Morgan Dempsey Adds To Board

Morgan Dempsey Capital Management has added Zephyr Associates Founder Steve Hardy to its advisory board, the firm announced. Hardy will provide experience and guidance to the firm as it works to expand its institutional capabilities.

Zephyr licenses its StyleAdvisor software program to over 1,000 institutional investor clients, including pension plan sponsors, money managers and consultants.

Also, Morgan Dempsey was recently hired by Callan Associates to handle a \$28 million small- and micro-cap equity portfolio in Callan's institutional manager-of-managers strategy.

"We are extremely pleased to have the opportunity to work with Callan," said David Durham, Co-principal of Morgan Dempsey, in a statement. "We believe we have a very unique investment strategy and adding a client like Callan Associates is an indication that our hard work and long-term results are getting noticed."

Visit www.findaily.com to get daily updates on the investment activities of public pension plans and breaking people and industry news.

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StepStone Acquires SilverBrook
Van Eck CIO Dies

Bogdahn Looks To Expand Into Texas; Adds CSG Senior Consultant

The Bogdahn Group is looking to expand its client base into Texas following the acquisition of Holbein Associates and the hiring of Ron Partain, a senior consultant at investment consulting firm Consulting Services Group, who worked with several Texas pension plans.

Joseph Bogdahn, principal and founder of the Orlando, Fla.-based investment consulting firm, said in an interview that the move into Texas was a natural progression for the firm, which offers independent consulting services and benefited from a move by public pension funds from consultant relationships with brokerage firms to independent advisors over the past five years.

"In Florida, when I first got into the business down here, it was dominated by the broker consultant model and as we have grown and that model has collapsed here in Florida...I understand that in the Texas market, the broker consultant model has a pretty strong handhold out there, so it made sense to us that people will get the level of education and understanding there that they did in Florida."

The firm has already been hired by the Dallas Fort Worth International Airport to advise its defined benefit pension plan and overall has about 250 clients.

Additionally, the firm has transitioned about 14 clients from Dallas-based Holbein Associates after Bogdahn acquired the firm



I understand that in the Texas market, the broker consultant model has a pretty strong handhold out there, so it made sense to us that people will get the level of education and understanding there that they did in Florida.

Joseph Bogdahn
Principal
The Bogdahn Group

in May.

Richard Holbein, founder of Holbein Associates, will work with Partain, who was added last month as a senior consultant, to grow and service institutional plan sponsors primarily in Texas and Louisiana.

At CSG, Partain led the analytical, manager research and special project effort for his client service team, according to his bio from CSG, which he initially joined in 1994 as a financial analyst.

Jennifer Murff, director of marketing at CSG, did not return a call seeking comment.

Bogdahn also has a newly-designed Web site accessible at www.bogdahngroup.com.

THEN: AMBS Investment Counsel has received its first dedicated emerging manager allocation from Attucks Asset Management, an important validation of the firm's long history, said Barbara DeMoor, president and ceo of the Western Michigan-based firm. DeMoor said she believes the firm's long history is an advantage as it markets to the emerging manager space. "Even though we are new from an institutional perspective, we have been around for a long time," she said. "We do have a long track record and the history of a process."

The firm was initially founded in 1982 by Keith Ambs, with DeMoor joining in 1988 as the firm's first full-time employee. Ambs retired in 1999, which is when DeMoor took over as president and ceo. In 1995, the firm sold a majority-ownership stake to Convergent Capital Management.

{Two Years Ago In EMM}

Currently, seven of the firm's 13 employees have a 25% ownership stake in the firm. The firm focused on its client base of private clients and local institutions until 2004, when DeMoor said the firm "decided it was time to see if we could take the product and process out into the institutional marketplace."

NOW: AMBS was hired earlier this year to handle a \$25 million domestic large-cap value equity portfolio for the \$4.5 billion Municipal Employees Retirement System of Michigan in the plan's emerging manager program and was also hired last year by the City of Pontiac (Mich.) Retirement Division to handle a large-cap value mandate.

Overall, the firm now has \$573 million in assets under management, as of June 30.

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Altura Analysis



EMM is proud to present a new feature brought to our readers by Altura Capital that will provide research and analysis into different asset classes and investment trends in the emerging manager space. Emerging managers can submit their data to Altura's emerging manager database at www.altruracap.com.

Asset Class Research Note: Small-Cap Growth

A review of Altura Capital's domestic small cap growth equity universe shows compelling opportunities to add value and validates expectations that emerging managers should perform well in this universe due to their asset flexibility and entrepreneurial nature, CIO Ravi Deo said.

The research, which included 49 products analyzed as of June 30, 2010 performance figures, found that all size quartiles of emerging small-cap products outperform the benchmark, with some evidence that the very smallest firms perform a little better.

"Performance of these products is generally attractive, and asset sizes allow for flexibility and resourcing for research and operations," Deo said.

"Differences in returns among managers over time also indicates opportunities for manager selection and diversification to meet specific client mandates."

Among the other findings was the high level of women- and minority-owned firms in the small-cap growth space, with 12 of the 49 products being managed by MWBE firms.

"Small Cap Growth managers are of particular interest in the emerging universe, due to the special opportunity to add value through their asset flexibility and entrepreneurial nature. In this universe where liquidity is at a premium due to the small capitalization of the stocks involved, as well as the compelling growth nature of the stories, smaller, emerging asset managers should theoretically have an advantage," Deo said.

The full research report is available in the Research Section at www.emergingmanagermonthly.com. Full footnotes are also included in the report.

Average Firm Size by Quartile	
Largest Quartile	1,552,896,779
2 nd Quartile	429,126,860
3 rd Quartile	147,816,039
4 th Quartile	41,421,422
Entire Small Cap Growth	534,754,066

Performance by Size				
	Last Quarter	Year to Date	Last year ²	Last 3 years ³
Largest Quartile	-8.47%	-1.73%	19.17%	-7.43%
2 nd Quartile	-6.68%	-0.63%	18.27%	-9.89%
3 rd Quartile	-8.66%	-1.90%	19.97%	-6.30%
4 th Quartile	-6.51%	0.36%	20.97%	-2.25%
All Small Cap Growth	-7.60%	-0.99%	19.60%	-6.90%
Russell 2000 Growth	-9.22%	-2.31%	17.96%	-7.54%
Universe Size	49	49	49	34

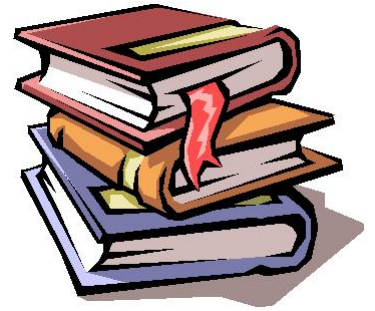
A product is counted if it meets all of the following criteria:

- The firm has picked one of the benchmarks listed above as the appropriate benchmark for the product.
- The firm has provided assets under management data (AUM) for the "as of date" of this analysis. In this case, the AUM is of June 30, 2010.
- The firm has provided at least 3 months (1 calendar quarter) of monthly performance data ending on the same "as of date" of June 30, 2010.

Research Center

All information from the research center is available for download at www.emergingmanagermonthly.com.

Submit your research by contacting Matthew McCue at mmccue@fin-news.com.



Perspectives On The Investment Industry

The investment management business lures talented, competitive professionals with its offer of a dynamic environment, intellectual challenge and lucrative financial potential. Not surprisingly, the industry is crowded, exerting pressure on managers to differentiate themselves from the pack. While investment performance is a key differentiator among investment firms, it's inherently cyclical. That's why managers that seek and seize opportunities in all aspects of their businesses achieve lasting success.

-www.margolisadvisory.com

Other Research:

Asset Class Research
Note: Small-Cap Growth
-*Altura Capital Group*

Smid-Cap Stocks: The Goldilocks Asset Class

Investors may at times empathize with Goldilocks and her dilemma of extremes. Some stock investments are too risky. Others produce returns that are too flat or volatile. Some companies go bankrupt. Others grow rapidly. So what is the "just right" investment, à la Goldilocks? We think the answer is a smid-cap portfolio, which blends the stocks of small- and mid-cap companies to ideally capitalize on the high growth rate of small firms and the above-average but more stable growth rate of mid-sized enterprises. We think a smid-cap portfolio, as part of a larger, diversified portfolio, may offer benefits that an investment with a more limited smaller or larger capitalization may not.

-www.turnerinvestments.com

Cerulli's Annual Market Sizing Validates Asset Managers' Focus on Institutions .
-*Cerulli Associates*

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Steven Rubenstein
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Healthcare Investment Portfolios Governance and Staffing

Healthcare's juggling act has become a risky one. Keeping the operations, finance and investment "balls" aloft just got harder. Now, healthcare is charged with juggling balls of fire where only the adept and the careful will avoid getting burnt. It is not enough that healthcare is dealing with a shifting operating environment and constrained access to capital. Healthcare now contends with increasingly complex investment portfolios and higher reporting hurdles. Until recently, healthcare's overall mission rarely integrated investment strategy and risk, despite the large investment assets.

-www.nepc.com

A Blueprint For Improving Equity Portfolios

Institutional investors are limiting returns and retaining unnecessary risks in their equity portfolios by continuing to bias investment towards developed economies, says Mercer. In its paper, A blueprint for improving equity portfolios, Mercer calls on institutional investors to carry out a fundamental review of their equity portfolios to ensure they remain "fit for purpose" in the economic landscape post the financial crisis. The continued strong growth in developing countries with favourable features such as young and expanding populations is not being captured adequately by many investors. A strong bias is still evident towards countries suffering from structural disadvantages such as excessive public debt burdens and weak bank lending. -www.mercer.com

Value Author Greenblatt Launches Institutional Asset Mgmt. Shop

Gotham Asset Management, headed by well-known value investor Joel Greenblatt, has been formed to target the institutional marketplace.

CEO K. Blake Darcy said the firm is the result of increased interest in the firm's value strategies by institutional investors since the launch of Formula Investing, a retail-focused online money management firm founded two years ago following the success of Greenblatt's book, *The Little Book That Beats the Market*.

Greenblatt, who launched hedge fund firm Gotham Capital in 1985 and managed outside money until returning it to investors in 1994, is best known for his book, which outlined his value investing philosophy.

The firm also has hired Kerra Marmelstein as its head of institutional sales. Marmelstein was previously a v.p. at J.P. Morgan Alternative Asset Management and has also worked as a senior consulting associate at investment consulting firm

Cambridge Associates. The firm will initially target foundations, endowments and family offices, Darcy said.

"Those are the areas that typically will look at what are typically considered to be newer managers," he said. "We think that it is more likely that we will get traction."

The firm has about 10 strategies it offers, including a domestic mid-cap strategy and an international value equity strategy that have received interest from institutions.

The firm's investment process is based on fundamental value investing in a quantitative framework. "Everything from the ranking of it comes from basically how Joel looks at companies from a value standpoint, but we do put this quantitative framework around it," Darcy said, adding that the strategy is not a black-box approach.

The firm has just under \$400 million in assets under management, with a "fairly big chunk" of institutional money, Darcy said.

New Consulting Firm Launched By Mercer Outsourcing Execs.

Three individuals from the outsourcing business at Mercer have launched a new institutional investment consulting firm, Gosselin Consulting Group.

The Braintree, Mass.-based firm was founded by Peter Gosselin, Shawn Charles and Julie Doran, who worked in the outsourcing arm of Mercer, not the firm's investment consulting business.

"Our mission is to provide prudent guidance, advice, education, and investment support to our clients, many of whom are charged

with executing the fiduciary oversight of their investment programs", said Peter Gosselin, in a statement. "Our core competencies, values, and service delivery model reflect the principles of independence, transparency, and objectivity."

The three founders have extensive experience in the defined contribution space, according to their Web site, with Gosselin serving as principal, senior director and manager of investment services at Mercer, while Charles served as principal and senior investment strategist and Duran was a principal and investment strategist.

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Hellman Jordan Sees Second Chance For All-Cap Interest

Jerry Jordan has been patient. Through the push into style boxes, private equity and hedge funds, the lead portfolio manager of domestic all-cap growth equity manager Hellman, Jordan Management Company has bided his time, establishing a strong long-term track record and building the firm's asset base through institutional emerging manager programs.

And now he believes his opportunity has arrived.

"The opportunity for a firm like ours presented itself eight years ago and instead people went the hedge fund route," Jordan said, explaining that the strategies have somewhat similar sales pitches of going where the opportunities are.

"I am a firm believer that before this is over, a lot of pensions are going to go back to stocks and bonds...and arguably, if you do the math and you adjust for liquidity and volatility, the average private equity fund does not do better than the average small-cap value manager and the average venture capital fund does no better than the average small-cap growth fund."

The Boston-based firm currently has \$450 million in assets under management, including \$180 million in the all-cap growth portfolio.

Hellman Jordan was founded by Jerry's father in 1978 and initially functioned as a boutique family office for a wealthy individual before expanding out in the late 80s and early 90s to take on outside investors.

Jordan stepped in to head the firm's all-cap growth equity portfolio in the late 1990s and has been running it ever since.

The strategy focuses on creating a concentrated portfolio in three to six investment themes that the firm believes have a secular nature to them.

"It has always been our belief that you make the most money for your clients by finding your biggest and best ideas and concentrating on them," Jordan said, adding that those themes make up about 85% of the portfolio, with the remaining 15% invested in interesting "one-off" opportunities. "What we present is something different where we say, these are our five best ideas, here is why we like them, here is where we think they can go, and here is where we think the marketing is going to go."

“

The opportunity for a firm like ours presented itself eight years ago and instead people went the hedge fund route...I am a firm believer that before this is over, a lot of pensions are going to go back to stocks and bonds.

Jerry Jordan

President

Hellman, Jordan Management Company

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The firm takes a 12-24 month outlook on its investments.

"What we try to do is we try to find those big opportunities where we think the valuations are lower than they should be, where earnings have been depressed for some reason," Jordan explained.

Currently, the firm's largest theme is media.

"It is our belief that the last 10 years was spent with media companies essentially giving away their business...same with cable companies...I think what they are finally figuring out is...they are the ones that are really in control," he said. "I think you are going to start seeing more and more of these content providers raising prices to all of those who distribute the product."

The firm has already garnered some traction in the emerging manager space, including winning a mandate from the Pennsylvania Public School Employees Retirement System in the third quarter of 2009.

"I view us as a great opportunity for investors because we are a firm with a reasonable size, with reasonable heft, with the experience in up and down markets and a long enough track record, but we are also small enough where size shouldn't restrict us in any way," Jordan said.

Simms Business Development Head Joins Third-Party Marketer



Claude Parenteau

Dennis Tracey, former director of business development at Simms Capital Management, has been named a senior v.p. of institutional marketing at third-party marketing firm Parenteau Associates, the firm announced.

Tracey served as director of business development at Simms since 2005, rejoining the firm he had worked with from 1998-2003.

Parenteau Associates is

headed by Claude Parenteau.

The firm's clients include BirdRock Asset Management, Glovista Investments, Runnymede Capital Management, WCM Investment Management and SeaCrest Investment Management.

The firm has had particular success this year garnering assets for Glovista's emerging markets equity portfolio from the City of New Haven Municipal Pension Fund and Texarkana Firefighters Relief & Retirement Fund and Seacrest's international sovereign fixed-income portfolio from the Texarkana Firefighters plan.

Simms was not immediately available for comment.

Redwood Ready To Grow With Addition Of Marketing Head

Redwood Investments has added John Schwartz as head of sales and marketing as the firm looks to build out its client base following a successful initial five years. The firm has also added Tony Sutton as a portfolio manager and analyst and promoted Ezra Samet, head trader at the firm, to analyst.

The Newton, Mass.-based firm, launched in July 2004, currently has approximately \$486 million in assets under management, including allocations through several emerging managers-of-managers and an investment through the California Public Employees Retirement System's Manager Development Program II.

"When we evaluated what we wanted the next five years to be, it became clear we didn't have the staff to get there," said Jennifer Silver, co-founder and managing partner at the firm. Schwartz joins the firm from State Street Global Markets, where he was most recently head of North American institutional equity sales, responsible for the equity sales-trading, research sales and commission management business.

"We think that John is a great fit for us because he has experience on institutional research and institutional sales, so he is very knowledgeable about stocks and fundamentals," Silver said.

The firm received the investment from CalPERS at the end of January 2008, which did not provide the firm much of an opportunity to leverage that relationship as the market environment did not lend itself to hiring activity, particularly for emerging firms.

"As we go back to more normal, we hope to gain some of the benefit of having such a well-regarded evaluator of us...we hope that will translate into confidence in others," Silver said.

Hovering near the \$500 million in assets under management mark also puts the firm near the minimum hurdles many investment consultants and plan sponsors use when screening man-

“ We reached the point where we really need to nurture the relationships that we have in the emerging manager space and also go further.

Jennifer Silver
Co-Founder
Redwood Investments

” agers.

"We reached the point where we really need to nurture the relationships that we have in the emerging manager space and also go further," she said.

Sutton joins Redwood as co-portfolio manager of the firm's small- to mid-cap growth strategy as well as an analyst on the firm's large-cap core and growth products. He will be primarily responsible for coverage of biotechnology, information technology, commercial services, internet software and medical equipment. He was previously a managing director and portfolio manager for the small-cap growth fund at Putnam Investments.

Samet will have primary research coverage responsibilities for consumer staples, media and energy. The firm also added Yuda Goodman as an operations and trading support associate.

"We've gone from three people in research and portfolio management to five," Silver said, noting that the additions not only on the marketing side but the research side are a "sign of our commitment to the future of the business...We are really committing the next five years to building on performance and furthering assets."

UCM Partners Branches Out As Mortgage Fund Hits 1-Year Mark

UCM Partners has launched a new core fixed-income strategy on the heels of the firm's Opportunistic Mortgage Strategy Fund reaching its one-year mark at the end of July.

The minority-owned fixed-income shop, which currently has approximately \$1.7 billion in assets under management, has undergone several changes over the last year, as Greg Parsons has taken over as ceo of the firm and the focus has shifted to institutional investors.

"It is a firm with a lot of history moving in a new direction," said Dana Reed, director of marketing at UCM, whom herself joined the firm this year.

The New York-based firm began its push into the hedge fund space in 2009 by leveraging its experience managing mortgages, which includes its work as a sub-advisor to BlackRock on the firm's Public Private Investment Fund initiated by the U.S. Treasury last year, providing securitized debt investment management services to BlackRock.

The firm was one of nine minority firms selected to partner with larger firms in the PPIP and is the only minority firm actually managing assets in the program.

The opportunistic strategy currently has approximately \$60 million in assets under management and is designed to capitalize on undervalued debt obligations, primarily within the residential mortgage-backed securities market.

The strategy has a quantitatively-based investment process for stress-testing and valuing mortgage-backed securities cash flows at the loan level.

The fund holds between 70 and 85 names and is currently 100% long based on the firm's bullish view on the market.

The strategy, managed by CIO Jay Menozzi and Portfolio Managers Boris Peresechensky and Vesta Marks, has a target rate of return of 12-18% and returned more than 30% in its first year without using leverage, Parsons said.

The new core fixed-income strategy, which launched with \$200 million in assets under management, is a direct sub-advisory relationship UCM has with BlackRock in which UCM is responsible for managing the securitized debt portion of the strategy and BlackRock is responsible for managing the government and credit portions of the strategy.

Appomattox Adds Two Marketers To Tap Institutional, Wealth Areas

Drienne Benner and Charles Hopper have joined Appomattox Advisory to lead the firm's marketing efforts. Benner will serve as head of institutional marketing, while Hopper is the head of wealth management marketing.

New York-based Appomattox was co-founded by Susan Webb and Oscar Gil Vollmer and currently has approximately \$750 million in assets under management through its customized and commingled hedge fund portfolios.

The women- and minority-owned firm, which became a registered investment advisor on July 1, now has a three-year audited track record in its fund-of-funds strategy.

Webb said the addition of Benner and Hopper is designed to grow the business without taking away from the management of the portfolio.

Benner was previously director of global marketing at Cadogan Management, a global hedge fund-of-funds manager, while Hopper was co-founder of investment consulting firm Graystone Partners and a former managing director at Lehman Brothers, where he was responsible for the development of the firm's private client asset management platform.

Hopper said he and Benner will work together to leverage their resources to identify channels and distribution where they

can enhance their sales efforts by "working in a very collaborative way to bring the same type of high-quality institutional message to each of our respective marketplaces."

Webb said the main differences in the firm's approach is its global view in the way the firm thinks and invests while also taking a tactical approach to how it adjusts its asset allocation.

She said the firm is always focused on being agile in its investment approach and forward thinking.

The fund-of-funds, which utilizes approximately 20 managers, is diversified across strategies, including credit, long/short equity, emerging markets, macro trading and arbitrage.

Each of the managers is typically between 3% and 6% of the portfolio. "We take a much more granular approach to our fund...because for us, liquidity isn't just what the managers state liquidity is, we think about what is the real liquidity of the underlying investments," she said.

The strategy has a few "household names," Vollmer said, however the fund-of-funds also invests in numerous smaller, developing funds. "We are always on the lookout for that type of manager who could really offer the non-correlated approach to markets," he said.

Metropolitan Capital Strategies Sees Opportunity In Risk Mgmt.

Metropolitan Capital Strategies, a women-owned asset management firm, has begun to market its tactical asset allocation strategy to the institutional asset management space.

To assist with the efforts, the firm has brought on Deborah George of Growing Emerging Manager Services as a marketer.

The firm was founded in 2007 by Sharon Snow and David Schombert, both formerly of the private client wealth management at Citigroup Global Markets, and has approximately \$85 million in assets under management.

"We have a different philosophy and approach in that our portfolios have two characteristics, we are either in the lowest risk asset class or we are fully invested in our ETF strategy and that is unusual for a retail shop," said Snow, ceo and cco of the firm.

The firm has a three-pronged process that that looks at six technical factors, 26 fundamental factors and 25 economic indicators. Based on those factors, the firm is able to identify opportunities it has an at least 90% confidence in. "All three [factors] are important but they all have to come to fruition to have the 90% confidence," Snow said.

The portfolio is typically made up of three to 12 exchange-traded funds, which due to the nature of ETFs provides a broadly diversified portfolio across market sectors and segments.

"This is not a new philosophy that we developed because of the downturn in the market," she said. "Risk management is one of the most important things that clients expect from us and value from our services. A lot of our clients understand that we are not just talking about that philosophy, we have actually safe-guarded, sheltered out clients' money."

“

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Sharon Snow

CEO & CCO

Metropolitan Capital Strategies

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The firm's goal is to provide 15% annualized returns, which it uses as its benchmark.

"We know that investors and The Street are very interested in asset allocation and diversification," Snow said. "Clients deserve a better solution and that solution is a tactical solution and while we believe we have great historical performance, our value is in the next five to ten years."

George has begun the process of introducing the firm to the various emerging manager programs and managers-of-managers.

"We are just a slightly different investment philosophy than most investors are used to, but it is not too difficult for them to get their arms around the strategy," Snow said.

Javelin Capital Launches Global Equity Strategies Fund

Javelin Capital has launched a global equity strategies fund with \$31 million in seed capital, the firm announced. The Javelin Capital Global Equities Strategy Fund, which will take long and short positions in equities globally, including emerging markets, was launched on Oct. 1. The strategy will be headed by CIO Victor Pina.

"The launch of the Javelin Capital Global Equity Strategies Fund sees the first of our funds being offered to the institutional market," said Gerry Aherne, ceo of Javelin Capital, in a statement. "This follows months of rigorous preparation by our highly experienced fund managers to ensure we are offering investors an attractive and superior investment vehicle."

London-based Javelin Capital was launched in September with the backing of Majedie Investments, which has an initial 70% holding.

Templeton Real Estate Advisors Adds To Real Assets Team

Philip Alfieri has been named a director of investments in the real assets team at Franklin Templeton Real Estate Advisors, according to an internal announcement sent out last month.

Alfieri will work with Joyce Shapiro, who was named managing director of real assets earlier this year.

He will be responsible for assisting in analyzing, selecting and investing in real asset fund opportunities globally, working with Shapiro and the group's management committee, which includes Jack Foster, Raymond Jacobs, Marc Weidner and Glenn Uren.

Alfieri was previously a managing director of Infrastructure Management Group, an infrastructure consulting group located in Bethesda, Md.

Franklin Templeton was unavailable to comment.

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ISBI Makes Emerging Manager Fixed-Income Hire

The \$10.1 billion Illinois State Board of Investment has hired Garcia Hamilton & Associates to handle a \$50 million emerging manager intermediate government credit fixed-income portfolio, Executive Director William Atwood said.

Atwood said Garcia Hamilton, formerly known as Davis Hamilton Jackson & Associates, was the only firm that presented to the plan at its Sept. 24 meeting.

The plan issued an RFP for emerging intermediate government credit fixed-income managers in July (EMM, 6/28). General investment consultant Marquette Associates assisted.

Additionally, emerging large-cap growth equity manager Buford, Dickson Harper & Sparrow, currently on the watch list for performance issues with its \$22 million portfolio, will be reviewed at the plan's January board meeting, Atwood said.

Lastly, the plan has added emerging transition manager Loop Capital Management to its transition manager pool.

Maryland Insurance Fund Hires For Equity Mandates

The \$300 million Maryland Automobile Insurance Fund completed its domestic large-cap growth and small-cap equity manager searches this month.

Director of Fiscal Department Betty Kay Hines said the plan hired Brown Advisory to handle \$10 million in large-cap growth equities and Brown Capital Management to manage \$5 million in small- to mid-cap equities. Both hires are subject to successful contract negotiations.

Hines was not able to provide information on the other finalists in the search. Funding will come from a rebalancing.

The fund issued a large-cap growth RFP in July and a small-cap equity RFP in June, with a focus on firms headquartered in the state of Maryland.

The fund's general investment consultant is U.S. Institutional Corp.

Connecticut Makes Manager Changes In Horizon Fund

The \$21.9 billion State of Connecticut Retirement Plans & Trust Funds has recently made several manager changes within its Horizon Fund, the plan's emerging manager program.

One of the plan's emerging manager-of-managers, FIS Group, terminated Fortaleza Asset Management, which handled domestic large-cap growth and small-cap growth equity mandates, and small-cap manager Paradigm Asset Management Company.

FIS replaced the firms with small-cap growth managers Crosswind Investments and Nichols Asset Management and value equity manager McClain Value Management.

The transaction occurred in June, according to the latest quarterly review by general investment consultant Rogerscasey.

Plan Spokeswoman Christine Shaw did not provide additional information.

Ohio Expands Emerging Policy

The \$65.7 billion Ohio Public Employees Retirement System has expanded its Ohio-qualified and minority manager policy to include all asset classes instead of just public markets, Spokesman Mike Pramik said.

The plan will also receive a more in-depth review of the implementation of the policy in the second quarter of 2011. He added that while the change in policy could allow for the plan to move into other asset classes beyond the public markets, the revisions were "minimal and mostly related to changing the language of the policy to conform to other recently updated investment policies."

The plan has allocations with Leading Edge Investment Advisors and Progress Investment Management Company.

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Search Roundup

The following directory includes search and hire activity for the last month, as well as previously reported ongoing searches. The chart also includes emerging managers hired for direct investments. All amounts are in \$ millions unless otherwise stated. To report manager hires and new searches, please call Gar Chung at 646-810-1073 or e-mail him at gchung@fin-news.com.

For further information on finsearches.com's daily search leads and mandates awarded and lost, please visit finsearches.com or contact Gar Chung at 646-810-1073 or gchung@fin-news.com

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FUND NAME	FUND SIZE (M)	INVESTMENT TYPE	COMMENTS
NEW			
Metropolitan Water Reclamation District of Greater Chicago Retirement Fund	975	Emerging Managers	Plan will begin working on creating an emerging manager program with general investment consultant Gray & Co. before the end of the year.
Ohio Bureau of Workers' Compensation	18,000	Emerging Managers	Plan has approved creating a 1% target allocation to women- and minority-owned asset management firms and will hire a manager-of-managers to handle the portfolio. No timeframe for when a search will be conducted.
Ohio Public Employees Retirement System	65,700	Emerging Managers	Plan has expanded its Ohio-qualified and minority manager policy to include all asset classes instead of just public markets.
HIRES			
Lake Worth Police Officers' Pension Fund	22	Large-Cap Growth	Police plan hired Brown Advisory as new domestic large-cap growth manager to handle approximately \$2 million at July 20 board meeting, replacing Rigel Capital, which closed.
Maryland Automobile Insurance Fund	300	Large-Cap Growth	Plan hired Brown Advisory to handle \$10 million in large-cap growth equities.
Maryland Automobile Insurance Fund	300	Small- to Mid-Cap	Plan hired Brown Capital Management to handle \$5 million in small- to mid-cap equities.
Public School Teachers' Pension & Retirement Fund of Chicago	9,400	Hedge Fund-of-Funds	Plan hired women-owned hedge fund-of-funds manager Pluscious Management to handle \$60 million at a board meeting last month. Other finalists were Rock Creek Group and Lasair Capital.
FIRMS ON WATCH			
San Francisco City & County Employees Retirement System	13,300	Emerging Manager-of-Managers	Plan placed emerging manager-of-managers Bivium Capital Partners on watch for personnel and performance concerns.
FIRMS TERMINATED			
State of Connecticut Retirement Plans & Trust Funds	21,900	Emerging Managers	The plan's emerging manager-of-managers, FIS Group, terminated Fortaleza Asset Management, which handled domestic large-cap growth and small-cap growth equity mandates, and small-cap manager Paradigm Asset Management Company. FIS replaced the firms with small-cap growth managers Crosswind Investments and Nichols Asset Management and value equity manager McClain Value Management.

Callan Adds Five To Staff

Callan has hired five new members to its investment team, most recently adding Elizabeth Hood from Chicago-based investment consultant Ellwood Associates, said Nancy Malinowski, a Callan spokeswoman.

Hood, who joined as a v.p. and consultant in September, will work with corporate defined benefit and defined contribution plans, public plans, multi-employer plans, endowments and foundations and will be based in the firm's San Francisco office. At Ellwood, Hood was responsible for working with defined benefit, defined contribution, endowment, foundation and health care clients.

Additionally, Callan hired Brett Cornwell in August as a fixed-income investment consultant in its Global Manager Research Group, Malinowski said. In his new position, Cornwell is responsible for research and analysis of fixed-income managers and performing manager searches. Prior to joining Callan, Cornwell was a senior research analyst at Wetherby Asset Management. He will be based in San Francisco.

Callan also hired Tom Shingler and Cody Chapman as associate consultants in July. Shingler joins from Orion Consultants, where he served as co-head of consulting at the firm, which consults to the fixed-income divisions at global investment banks. He will be based in the firm's Florham Park, N.J. offices. Chapman joins Callan from Atlanta-based investment advisor Broad Street Capital Advisors, where he was an analyst and responsible for manager searches, due diligence visits, asset allocation studies and performance measurement. He will be based in Callan's Atlanta office.

Lastly, Callan hired James O'Connor as an investment analyst in the firm's Chicago offices in July. In his new position, he will support the fund sponsor consulting and defined contribution groups with manager research and performance evaluation.

San Antonio F&P Hires CIO

The \$1.8 billion San Antonio Fire & Police Pension Fund has hired Matthew O'Reilly as its new cio, multiple sources confirmed. It is a new position for the plan.

O'Reilly is a co-founder of Aldus Equity Partners, which had previously managed private equity assets for the plan. Aldus, a private equity fund-of-funds, was charged by the Securities and Exchange Commission last year for its involvement in the multi-billion dollar kickback scheme involving the New York State Common Retirement Fund; Saul Meyer, a founding partner of Aldus, later pleaded guilty to his role in the scheme. The sources told *fin|daily* that O'Reilly has been cleared in the investigation and his name is "clean."

O'Reilly is expected to begin at the plan on Nov. 1. Investment Analyst A.C. Berry is expected to remain with the plan.

Executive Director Warren Schott and O'Reilly did not return calls seeking comment.

The plan began a cio search in May.

Black Departs Hewitt EnnisKnupp For CAIA

Keith Black, an associate and senior member of the opportunistic strategies investment management research group at Hewitt EnnisKnupp, is joining the Chartered Alternative Investment Analyst Association as associate director of curriculum.

Hewitt EnnisKnupp Spokesman Hank Hakewill confirmed that Black is leaving the investment consulting firm to join the association, which is based in Amherst, Mass.

Nina Berman, associate director of marketing at the CAIA Association, said Black will be responsible for the Level II exam.

Black joined then-Ennis Knupp + Associates in 2007 from the Illinois Institute of Technology, where he served as an assistant professor and senior lecturer.

Additionally, Associate Samuel Gallo and Senior Investment Analyst Amy Paris have also left Hewitt EnnisKnupp. Both were members of the opportunistic strategies investment management research group at the firm.

NM SIC Names Deputy CIO

The \$13 billion New Mexico State Investment Council named Robert "Vince" Smith as its new deputy state investment officer, the plan announced. His first day was Sept. 27.

Smith, most recently the cio of the \$11 billion Kansas Public Employees Retirement System, replaces Adam Levine, who left in June to join the Texas Treasury Safekeeping Trust Company.

"In Vince Smith we have a very seasoned and experienced investment professional, as well as the person best suited to work with our staff, constituents, investment managers and with our State Investment Council, as we restructure and reform our investment policies and portfolio," said State Investment Officer Steve Moise, in a statement. "Vince has an impressive track record in this area, and we know he can hit the ground running."

Executive search firm Hudepohl & Associates assisted.

Arlington County CIO Departs

Greg Samay, executive director and cio of the \$1.3 billion Arlington County (Va.) Employees Retirement System, resigned last month for "personal reasons," the plan announced.

Further details on his departure were not available, as Spokeswoman Diana Sun could not comment further, however in a statement, Mike Brunner, retirement board president, said "Greg has played a critical role over the last five years and we will greatly miss his contribution to the success of the System."

The plan is currently in the process of selecting a new cio.

Daniel Zito is the plan's assistant director and pension investment officer.

Survey Identifies Key Lessons Learned From Financial Crisis

Downside protection was the most common lesson learned by plan sponsors from the financial crisis of 2008 and 2009, according to a survey conducted by Pyramis Global Advisors.

According to the Pyramis Global Defined Benefit research survey, 62% of cios, treasurers and executive directors from the U.S., Canada and Europe polled learned they needed more downside protection in their portfolios, with 54% citing risk management and 49% citing assets and liabilities when asked to name the top three lessons. Additionally, 42% said they realized their portfolio was less diversified than they thought.

“Pension plan executives gained a new appreciation for risk management during the recent financial crisis,” said Young D. Chin, cio of Pyramis Global Advisors, in a statement. “Based on this survey and our own conversations with clients, there is a great deal of concern in the market today about how best to assess risk and address it. As a result of the many lessons learned, plans are implementing new investment strategies and risk measures designed to meet their long-term goals.”

Moving forward, funding status is the top concern of pension plan sponsors, with 23% citing the issue, followed by volatility, which was named by 21% of respondents.

Among U.S. public pensions, the top concern was funding status, while U.S. corporate plans cited the volatility of their funded status.

Overall, the study surveyed 466 corporate and public pension plans in the U.S., Canada and 11 European countries with cumulative assets of more than \$2 trillion.

Institutions Need To Overcome Developed Equity Bias: Mercer

Institutional investors should look beyond developed economies when constructing their equity portfolios, according to a paper by Mercer released.

The paper, *A Blueprint for Improving Equity Portfolios*, the firm says that institutions have a “strong bias” towards countries suffering from structural disadvantages while developing countries have shown continued strong growth with favorable features not being adequately captured by investors.

Terry Dennison, U.S. director of investment consulting at Mercer, advised in the release that U.S. clients begin with a global view. “Implementation of this model involves considering the equity portfolio first from a global perspective rather than from separate US and non-US allocations,” he said. “If it is felt that additional exposure to the US is required, beyond the approximately 50% the US represents in the global indices, it will be provided by a US ‘sidecar’ allocation.”

The full analysis is available on Mercer’s Web site (<http://www.mercer.com/equityportfolio>).

StepStone Group Acquires SilverBrook Private Equity

StepStone Group has acquired secondary fund investment and private equity advisory firm SilverBrook Private Equity, the firms announced. As part of the acquisition, SilverBrook partners Thomas Bradley, Mark Maruszewski and Michael McCabe will join StepStone’s New York City offices as managing directors.

The acquisition expands San Diego-based StepStone’s presence on the East Coast and enhances its investment and transaction sourcing capabilities, the firm said. StepStone also has offices in Beijing.

“The addition of Tom, Mark and Mike materially expands the successful secondary program and track record we have established,” said James Gamett, managing director of StepStone, in a statement. “Having worked closely with them on a variety of deals over the past several years, we know they share a similar investment philosophy, have demonstrated a strict investment discipline and have unique access and relationships.”

Bradley, Maruszewski and McCabe formed SilverBrook earlier this year, with Bradley and Maruszewski previously serving as partners at private equity firm Pomona Capital and McCabe previously running an independent fund advisory platform, Parkes Run, he had founded.

AllianceBernstein Acquires Alternatives Group

AllianceBernstein announced today is has acquired SunAmerica’s alternative investments group. The acquisition of the group is part of AllianceBernstein’s “strategy expansion of our alternative investment capabilities,” the firm said.

“We are pleased to add to our alternative investment capabilities this exceptional hedge fund and private equity fund investment team,” said AllianceBernstein Chairman and CEO Peter Kraus, in a statement. “Marc Gamsin and his SunAmerica Alternative Investments colleagues have built an outstanding platform, which we believe will provide valued investment opportunities for our clients.”

Van Eck CIO Dies

Derek van Eck, principal, director and cio of Van Eck Associates, died last night, the firm announced last week. He was 46 years old.

van Eck, whose father, John van Eck, founded the company in 1955, served as the portfolio manager of the Van Eck Global Hard Assets Fund, Van Eck VIP Global Hard Assets Fund and Van Eck’s long/short hard assets funds.

Shawn Reynolds and Charles Cameron have been named co-portfolio managers following van Eck’s death. Reynolds currently leads the energy investment team and Cameron is the director of trading at the firm.