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NY State Insurance Fund Seeking Emerging MoMs

The \$12.1 billion New York State Insurance Fund is searching for an emerging manager-of-managers to handle an expected \$150 million portfolio. According to an RFP issued on Monday, the plan is seeking a firm to specialize in creating a discretionary program focused on active domestic equity managers.

The RFP is available on the fund's Web site (www.nysif.com) and proposals are due Aug. 12. Questions regarding the RFP should be directed to Michelle Gilchrist, procurement officer, at mgilchri@nysif.com by July 17. A selection is expected in October.

The plan's general consultant is R.V. Kuhns & Associates.

The fund considers emerging managers to be firms registered under the Investment Advisors Act of 1940 with total assets under management of less than \$2 billion at the time of the search and a "measurable track record for the product" or "a product with a similar investment philosophy and process" that will be determined by the manager-of-managers.

NYSIF has an established minimum goal of 20% Minority/Women-Owned Business Enterprises participation for investment manager services.

Maryland Recognized For Terra Maria Fund

NASP Honors Plan With 2009 Pacesetter Award

The Maryland State Retirement & Pension System was honored with the 2009 Pacesetter Award for its "vigorous support and promotion of minorities and women in the securities industry" by the National Association of Securities Professionals last month.

The award was presented during the association's 20th Annual Pension and Financial Services Conference on June 12 in Atlanta.

The award is in recognition of the plan's emerging manager program, the Terra Maria Fund, that has allocated to seven emerging managers-of-managers.

"The Board of Trustees for the System is extremely pleased by this recognition," said Maryland State Treasurer Nancy K. Kopp, board chairwoman, in a statement. "The Terra Maria Fund is another in the System's set of investment strategies designed to produce high, risk-adjusted returns for our members. At the same time, given the fact that so many of this country's smaller asset management firms are minority and women owned, the diversity of our asset managers is increased as well."

Maryland State Senator Catherine E. Pugh (pictured right) accepted the award on the plan's behalf.

Presently, the Terra Maria Fund employs the services of more than 70 asset management firms, implementing 100 investment strategies in domestic, international and global equities and fixed-income.



CalPERS MDP Senior Portfolio Manager Retires After 20+ Years

Mary Cottrill, senior portfolio manager for global equities at the California Public Employees Retirement System, has retired.

Cottrill, who departed on June 19, was most recently in charge of the plan's manager development programs and the plan's environmental program.

Previously, she had overseen all external equity managers.

Senior Portfolio Manager Kurt Silberstein has taken over responsibility for overseeing the programs for the time being, said Brad Pacheco, spokesman for the plan.

It is not clear at this point if he will permanently oversee the programs or if the plan will make another internal hire or seek an additional portfolio manager.

Cottrill spent over 20 years in the CalPERS investment office in various positions, including managing both domestic fixed-income and equity assets, and overseeing the plan's international fixed-income, currency overlay and corporate governance fund programs.

Manager Turnover May Reach 'Historic Highs': Greenwich

Investment manager turnover could reach historic highs over the next year if institutions follow through on their plans for managing hiring and firing, according to a report from Greenwich Associates. The report, *Managing Crisis: U.S. Institutions Roll Out Their Responses To Global Downturn*, found that two-thirds of institutions overall and more than 75% of all public pension funds plan to hire a new investment manager in the next year.

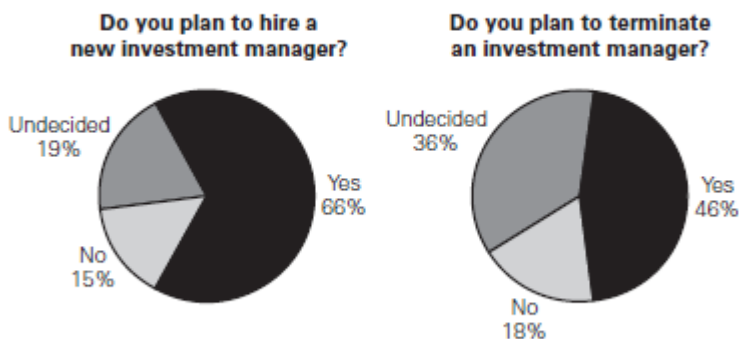
More than 45% of institutions said they plan to terminate a manager, with nearly 50% of public funds planning on terminating a manager. Just 28% of foundations and endowments said they plan to terminate a manager in the next year, however 45% said they have already reduced the number of external managers they use, compared to 11% of public funds. Also, 36% of institutions are still in the process of deciding whether to terminate a manager.

"Historically, our research shows that hiring rates have tended to average about 55% of institutions on an annual basis and terminations have averaged closer to one-third," said Goran Hagegard, a consultant at Greenwich Associates, in the report.

The report also found that 52% of institutional investors have reviewed or changed their investment policies in the past 12 months, with corporate pension funds most active in conducting the reviews and endowments and foundations "most content to adhere to existing policies without a major review."

There also appears to be some question in the study about the move toward passive investments and whether the shift from

Investment Manager Turnover



Source: 2009 Greenwich Associates Investment Policy Trends Study.
Note: Based on responses from 141 participants.

active to passive can be attributed to plan's temporarily parking assets that have been moved from underperforming active strategies or is a more permanent change. The survey found that 20% of survey respondents shifted assets from active to passive mandates over the past 12 months, with another 20% planning to implement the change in the next 12 months.

"It remains to be seen how much of the increase in passive allocations will prove part of a secular shift to low-cost 'beta providers' in response to disappointing performance on the part of active strategies last year or as part of a more general expansion of core/satellite portfolio models," the report said.

The report surveyed 152 U.S. institutions, including 97 corporate pension funds, 34 public funds and 21 endowments and foundations with more than \$1 billion in assets.

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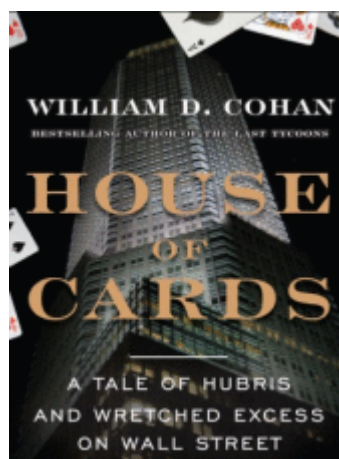
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What We're Reading

Over the summer months, we will profile a book the editorial staff at *Emerging Manager Monthly* is reading.



This month, staff is reading "House of Cards: A Tale of Hubris and Wretched Excess on Wall Street," by William Cohan.

Quick Review: Cohan's blow-by-blow account of the demise of Bear Stearns is a must read for anyone in the financial services industry, particularly for emerging managers looking for more ammunition as to why bigger isn't always better.

What are you reading this summer that you would recommend to other managers?

Send your recommendation to
mmccue@fin-news.com.

New Gardner Rich President Seeks To Expand Offerings

When minority-owned broker-dealer Gardner Rich came calling, Curtis Spears knew he was being presented with an opportunity that was too good to turn down. So now, instead of being a managing director in public funds for Fifth Third Asset Management, Spears is the president and chief operating officer of a broker-dealer best known from the movie adaptation of founder Christopher Gardner's life, "The Pursuit of Happyness."

"I don't think anybody would pass up a chance to run a business like this that is already successful and work for someone like Chris," said Spears, who began with the firm on June 22. "With that name behind you, that pretty much opens any door. That is something that you can definitely leverage."

The Chicago-based firm currently offers domestic fixed-income and equity brokerage services and Spears said his first priority is to add a few additional traders on the international side to help Gardner Rich gain a "bigger slice of the pie."

"I think my main priority now is to increase our international



Curtis Spears

capabilities, both on the fixed income and the equity side," he said, adding that he also plans begin offering research to clients in the future.

Spears said the 12-employee firm will also look to expand its presence on minority brokerage lists compiled by institutional investors, particularly at plans that require a specific amount of trades to be done through minority-owned firms.

"We are on a few lists right now, and that will definitely be the goal to be on every list we can discover," he said.

For emerging managers, Spears said the most important thing the firm can offer-besides quality service and execution-is experience and expertise.

"The things that a lot of the emerging firms are going through right now, we've already been through," he said.

Spears took over as president of Gardner Rich from Colleen Carlson, who will move her responsibilities to other projects under CEO Gardner.

Invesco Private Capital Tools for Success Forum 2009

Guest of Honor
Solange Brooks
Portfolio Manager, CalSTRS

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- Communicating Your Strategy Effectively
- Drafting the Offering Memorandum
- Preparing Diligence Materials
- General Partners' Success Stories

To register or to get more information, please contact Tracie Sheppard at 720 624 1902 or Natalie Jones at 404 439 3147.

9053-06/09



Illinois Municipal Retirement Fund Enhances Web Site

The Illinois Municipal Retirement Fund has created a new investment section on its Web site as required by P.A. 96-0006.

The new site includes detailed information the plan's investment managers, including its minority manager investments, emerging manager-of-managers programs and minority broker dealers.

Also included on the site are the plan's asset allocation breakdown, investment returns summary, investment and financial reports and emerging manager reports.

The site will also make public any future business opportunities with the plan, including investment manager RFPs.

The site also includes contact information for the plan's Director of Investments Walt Koziol and Investment Manager Edward Sambol, as well as details on the plan's investment analysts.

The main investment site can be visited at (http://www.imrf.org/portal/index.php?option=com_fjrelated&view=fjrelated&layout=blog&id=101&Itemid=30).

P.A. 96-0006 is the pension reform act signed into law by Gov. Pat Quinn on April 3.

{ One Year Ago In EMM }

THEN: Rachel Minard has been named president of multi-asset hedge fund-of-funds Cogo Wolf Asset Management.

Minard, most recently director of global marketing at hedge fund-of-funds Corbin Capital Partners, will also become a partner at Cogo Wolf with co-CIOs Giles Conway-Gordon and Christopher Wolf.

"We were very excited to have even met with Rachel, she is clearly one of the best fund-offunds marketers," said Wolf, adding that he, Conway-Gordon and Minard each share the same passion, vision and desire to build a "blue chip" firm. "We were all on the same wavelength from the get-go."

Minard said her institutional clients and consultants have been looking for thematic top-down funds-of-funds with a specialty in the emerging markets space and finding those characteristics in Cogo Wolf made joining the firm an easy decision.

"I spent 10 years going to institutions that basically said what Cogo Wolf does is just too hard," she said, explaining that the firm's 13-year track record proves the process is successful.

NOW: The plan announced this month the launch of the Cogo Wolf Trimaran Liquidity Fund, a "highly liquid" hedge fund-of-funds that offers complete transparency and targets net returns of 16-18% with expected volatility of 6-8% without the use of leverage.

"A forward-looking, global tactical asset allocation model will be necessary for investors to deliver profit in the new fund of hedge funds paradigm," said Giles Conway-Gordon, in a statement.

"Our top-down investment methodology, namely skating to where the puck is going to be, is paramount to nimbleness and adaptability. We are asset allocators first, talent scouts second."

CCM Reaches \$1 Billion AUM

Community Capital Management has surpassed \$1 billion in fixed-income assets under management, the firm announce last month.

"This milestone demonstrates a growing understanding among investors of all types that portfolios of government-related securities can produce competitive returns while also promoting community development and environmental sustainability," said Todd Cohen, president and cio of Community Capital Management, in a statement. "Thanks to these investors' increasing use of this strategy, our firm has been able to direct nearly \$3 billion toward vital community and economic development activities across the nation."

The firm, founded in 1998, says its ability to target specific community and environmental initiatives, predefined geographic areas and minority neighborhoods for investors has helped attract institutions such as The F.B. Heron Foundation, which was the firm's first separate account client in 2001.

"We work diligently on behalf of the Fund's shareholders and the firm's separate account clients to find the right bonds that meet our rigorous financial criteria and our clients' community, mission-related and geographically-targeted goals," said Barbara VanScoy, executive v.p. and senior portfolio manager, in a statement.

"This strategy provides added diversification during tumultuous markets while simultaneously having a positive impact on the community and environment."

EMERGING MANAGER-OF-MANAGERS

New York State Insurance Fund (NYSIF) is seeking investment management firms specializing in creating discretionary "emerging" manager of managers programs focused on active US domestic equity investment managers. For purposes of this RFP, the products must be benchmarked against a US equity index that is equivalent to any of the following: S&P 500 Index, Russell 1000 Index, Russell 3000 Index, or Wilshire 4500 Index. The products should have a track record of at least 3 years. Additional specifications and requirements are defined in the solicitation document.

The RFP will be posted on Monday, June 29, 2009 by 1:00 p.m. on NYSIF's website at: www.nysif.com/procurement. If you are unable to obtain a copy of the RFP from our website, please e-mail mgilchri@nysif.com to request a copy, with "2009-09-INV" in the subject line.

All amendments, clarifications and any announcements related to this procurement will be posted on the NYSIF's website at: www.nysif.com/procurement.

It is the responsibility of the Bidder to check the website for any amendments, clarifications or updates. All applicable amendment information must be incorporated into the Bidder's proposal. Failure to include this information in your proposal may result in the Bidder's proposal being deemed non-responsive.

NYSIF has established a minimum goal of 20% Minority/Women-Owned Business Enterprises (M/WBE) participation for investment manager services.

Please note, the due date for submission of proposals is August 12, 2009, 2:00 p.m. (Eastern).

Managers, Minority Leaders Gather For Conference, Gala

RG & Associates hosted its 6th Annual Plan Sponsor & Minority Manager Consortium in Los Angeles June 17-18. The conference was followed by the Robert Toigo Foundation Gala.



Managers and plan sponsors meet during a VIP Connection session.



Laurie Weir, real estate portfolio manager at CalPERS.



Sue Toigo and Toigo Alumnus Kevin Pleasant of AVP Partners.



James Mitchell, GE Capital trustee, presents Earvin 'Magic' Johnson with the 'Lifetime of Community Leadership' Award.



Tarrus Richardson received the 'Vision in Action' Award.



Lisa Mazzocco, cio of the Los Angeles County Employees Retirement Association (l), and Clare Murphy, executive director of the San Francisco City & County Retirement System (r), honored CalPERS CEO Anne Stausboll (center) with the 'Blazing Trails' Award.

Research Section: Willis Group Publishes White Paper

The Willis Group has published a 31-page white paper called "The Next Asset Managers: Consumption-based Fundamental Allocation." While the paper-as with all white papers-serves in the firm's best interest, firm founder Mike Willis said he took great steps to keep the paper focused on the ideology and not on The Willis Group.

"I am an academic and to be a real paper, I really tried to stay away from the marketing aspects," he said.

Willis said he decided to put together the paper to attempt to educate institutional investors and also to call out to investment professionals to take advantage of current opportunities.

"My blunt appraisal of the industry is given in hopes that enough industry transformers read this and respond to create something much better. There is a huge amount of talent on Wall Street and many of the smartest people in the world work there. This white paper is a call to those individuals to stand up and lead investors out of this crisis," he said.

Here is what Willis said regarding emerging managers:

We believe a large portion of the next leaders will come from this new demographic because they are not entrenched in layers of traditional Industrial Age processes and methodologies. Large pension funds and asset management firms will have difficulty shedding these layers of bureaucracy in time to help

them or their Investors. Pensions and institutions need to take proactive steps to ensure their portfolios remain relevant and perform well in the new global economy. New screening processes will be required to identify the new leaders and relevant asset allocation methodologies. Institutions that ignore this transformation and stay with their traditional screening processes will continue to hire traditional asset managers, and their portfolios will rapidly lose relevance.

New Research

Here are some of the new additions to our Research Section on EmergingManagerMonthly.com.

-View From The Grand

-AMBS Investment Counsel

-Is Age Just a Number: The Performance of Emerging Fixed-income Managers

-Xavier Capital Management

-The Case for Mid Cap Stocks

-Arete Asset Management

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Oklahoma Public Employees Retirement System

Chief Investment Officer

www.opers.ok.gov

Located in Oklahoma City, OK, the Oklahoma Public Employees Retirement System is a \$ 5.1 billion defined benefit pension plan serving over 76,000 active and retired members and their beneficiaries.

Responsibilities

As a member of the OPERS management team, the CIO reports to the Executive Director and works closely with the Board of Trustees and its Investment Committee. The CIO monitors and oversees OPERS' external investment managers, formulates, evaluates, recommends and implements investment policies and strategies, and proposes changes when necessary, for all of OPERS' assets.

Required Knowledge and Skills

The ideal candidate will have substantial experience in investment related duties within a complex financial organization and knowledge of laws, rules, regulations and professional standards regarding pension fund assets and investments. A bachelor's degree in a relevant field is required and a CFA designation is strongly preferred.

For more information, or to apply, contact:

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bschroeder@eflassociates.com



By: Bill Blase

Mail Bag: Twitter Following and Going Global

I'm sold on integrating social media into our overall marketing strategy, but I don't get how to develop a "following" on Twitter. Ideas?

As someone who is still relatively new to leveraging the potential of Twitter, I'd be remiss if I held myself out as an expert on this particular social media strategy. What I can tell you, though, is that success here has less to do with amassing large numbers of "followers" at any one time than it does with the quality of your followers.

Focus here is key. As with any marketing strategy, you want to make sure that you are associating yourself—and your firm—with "influencers" and "prospects" who are actually relevant to your business. And the more targeted and focused you are, the more efficient and greater the likelihood that you will see a return on the investment in time and commitment that you make to social media.

That means you should start by focusing on following and inviting followers who are like-minded or have similar business interests as you. That doesn't mean ruling out your friends, but it does mean avoiding a focus on trying to establish a mass following for the sake of numbers. So where to start? With your contact management database and an e-mail invitation to business associates, colleagues, industry experts, as well as current or prospective contacts that you think will have an interest in—or will be helpful in—developing your business.

That's the easy part. Then you need to give your followers a reason to keep coming back to read and pass on your "tweets" so you can build your network. One way of doing that is to shoot out recommendations on interesting and relevant news articles that you may have seen or perhaps book recommendations for a summer reading list. Be creative and remember to keep your audience in mind when tweeting. Try to be consistent in providing updates, but don't overdo it. One or two tweets, two or three times a week starting out, should be enough to keep you top of mind without being intrusive.

And that's the beauty of Twitter as a micro-blogging platform and viral marketing tool. At 140 characters per posting (and that includes spaces), it doesn't call for a particularly huge investment of time. A Twitter strategy is simple and can be a valuable and worthwhile marketing strategy.

We're going global. What do we need to know about dealing with international press?

Although some on the PR side of the desk may argue the point,

past experience in dealing with print, broadcast and dot-com media in the U.K., Europe and Asia, suggests that press abroad tend to be very similar to U.S. media, at least in one fundamental way: they want a good story. That means that they're not likely to be especially enthusiastic about consensus views on the market or a matter-of-fact approach to investing.

Foreign-based reporters will be interested in hearing what you think about nascent trends, how you think investors should be positioning their portfolios, and thoughtful and considered contrarian viewpoints that give their readers pause. The trades will be interested in recent hires or new product launches, as well as niche topics and trends that are more specific to your particular strategy.

Although U.S. press, in general, tend to eschew bylined articles, Asia media have historically been more open to them. Still, placement is hardly a slam-dunk, especially if you're saying the same thing everyone else is.

Foreign press at top tier publications tend to be more process oriented and less driven by the pressure of immediate deadlines, especially if there is potential for getting a sensitive story wrong. Although the ability to fact-check quotes prior to publication is typically an exceptional courtesy in any region, in my experience the media abroad—in the U.K., Continental Europe and Asia—are more open to letting interviewees review their quotes for accuracy. Just be sure to negotiate that as a ground rule before the interview takes place.

In addition to broader industry trends, they will also, of course, be interested in your investment approach, particularly in the context of how you are investing in their markets. For example, in what sectors are you finding investment value, what are you avoiding, and why? And what is your short, say three to six-month, and longer-term outlook?

Not surprisingly, ongoing success with media abroad often turns on the time and resources you are able to commit to your media relations initiatives and relationships. If you can actually meet with reporters in person on your next trip abroad, it can go a long way in helping to establish a global media relations infrastructure. For example, a well developed media tour in the U.K., Continental Europe or Asia can be a very worthwhile investment if you have the budget to support it.

Bill Blase is the president of New York City-based W.T. Blase & Associates, one of the nation's leading corporate and market positioning firms, and StreetSpeak,® Inc., an executive presentation and media training firm for financial executives. Bill can be reached at billblase@wtblase.com or followed at <http://twitter.com/billblase>.

Don't miss out on great advice. Send your questions to Bill Blase at billblase@wtblase.com for a future mail bag.

And while you're at it, ask about all the other great services Bill and his firm can provide!

Segall, Bryant & Hamill Capitalizes On 2009 Opportunities

Segall, Bryant & Hamill Investment Counsel may not be an emerging manager, however the firm has been able to raise approximately \$800 million in new assets in 2009 alone, which in the current market, is quite an accomplishment.

"There is a shift, just in general from 'bigger is better,'" said Philip Hildebrandt, ceo of the firm, which has approximately \$4.1 billion in assets under management.

Hildebrandt is optimistic that there will be a shift back toward traditional asset management from alternatives as institutions search for more liquidity and transparency. "I think that is going to play to the strength of a lot of boutique managers that are small and nimble and have good strategies," he said, adding that over the next five years there should be significant opportunity to gain assets.

Hildebrandt spoke with EMM about several keys to capitalizing on those opportunities.

Communicating Your Competitive Advantage

Hildebrandt said the firm recognized early on that its competitive advantage was its ability to buy smaller fixed-income issues that larger fixed-income shops were not able to participate in.

The key, he said, is these issues are typically from high-quality companies that don't need much debt, compared to the larger billion dollar offerings that larger fixed-income shops typically invest in.

However, it took nearly 10 years for the firm to finally craft its story around this value-add.

Hildebrandt said a lot of managers underestimate and don't understand what consultants want to see. "If you can't walk through and give a compelling reason why it works," that interest will wane, he said. SBH has benefitted from operating in the fixed-income space, where it is often difficult to differentiate between managers, in crafting its message and synthesizing the message around that point.

"If you have good performance, these institutional funds are so starved for return that you probably have a better chance than you've ever had of getting noticed in that arena," he said.

But it's what a manager does after being noticed that holds an institution or consultant's attention. "When they hear the story of



“ (Consultants) see so many people that you need to continue to call on them without being annoying. You have to be able to give them a reason to separate you from the pack.

Philip Hildebrandt
CEO

Segall, Bryant & Hamill Investment Counsel

” how we created the performance, it is compelling and creative," he said.

SBH's core fixed-income portfolio ranked in the top 5th percentile for one-, three-, five- and 10-year periods, according to eVestment Alliance.

Other Tricks of The Trade

Hildebrandt said his firm has become very good at the RFP and information dissemination process, something that limits investors' opportunities to overlook the firm, particularly when running queries through databases such as eVestment Alliance.

"These (consultants) are going to screen and they aren't going to look for you," he said.

Another important aspect to marketing and consultant relations is repetition. "These people see so many people that you need to continue to call on them without being annoying," he said. "You have to be able to give them a reason to separate you from the pack."

About The Firm

Segall Bryant & Hamill Investment Counsel is a Chicago-based investment firm established in 1994 by a group of investment professionals with over 20 years of prior experience working together at Stein Roe & Farnham. The firm is 60% employee-owned, with the remaining 40% owned by Dougherty Financial Group.

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Channing Boasts Impressive 3-Year Returns For Small-Cap Value

Channing Capital Management reached its three-year track record on its small-cap value portfolio at the end of June and is boasting a return since inception over 25% better than the index.

The strong returns have already garnered interest for the firm, as it was able to reach \$200 million in assets under management in the product even after the market effects of 2008, said Wendell Mackey, director of investments and small-cap value portfolio manager at the firm, adding that direct investments accounted for two-thirds of the \$120 million raised in 2008. "What has happened in the last year, our traction in the direct channel has really gone well."

For the three-year period ending June 30, the firm has returned -15.16%, compared to -32.01% by the Russell 2000 Value Index. The firm also outperformed the index over the one-year period ending



Wendell Mackey

June 30, returning -24.0%, compared to -25.24% for the index. The return figures are preliminary.

"For us, our company's having good balance sheets, clearly helped," said Mackey, who explained the firm focuses on solid franchises with good cash flow generation.

Mackey said that reaching the three-year track record and accumulating \$200 million in assets under management in the strategy will also open additional doors to institutional investors that often have minimum requirements that eliminated Channing from consideration.

"We are starting to be able to exceed those minimum requirements, so by definition that will lead to more opportunities," he said.

Rodney Herenton, director of marketing and client service, said the plan spent a lot of the past year introducing the small-cap product to plan sponsors who had invested in the firm's mid-cap strategy and that the firm is now moving into phase two of its marketing, which will focus on new client generation.

Going forward, Herenton said the firm will target public pension funds, endowments and foundations.

SDI Offers Int'l, ESG Portfolios

Strategic Development Investments has begun to market its international equity and socially responsible products to institutional investors.

The 100% woman-owned firm, a wholly-owned subsidiary of Strategic Development Solutions, was launched in 2007 and recently brought on third-party marketing firm Tessera Capital Partners to assist with its move into the institutional space.

Debbie La Franchi, ceo and founder of SDI and SDS, said she decided to move into the long-only public equity space after seeing success with double bottomline funds in the private markets space.

To transition into the public equities arena, she brought on Kenneth Mayne, previously cio of Roll and Ross Asset Management, as cio and senior portfolio manager.

After two years, La Franchi said the firm is just now beginning to market the products. The firm currently has approximately \$3 million in assets under management, the majority of which is in the firm's traditional international equity strategy, which Mayne was able to bring over from Roll and Ross and has a track record dating back to January 2003.

"We are really trying to provide a low tracking error, risk controlled investment process that generates alpha over the long run," Mayne said.

The international equity portfolio has performed strongly since its inception and is ranked at the top of its peer group on a risk adjusted basis.

For its socially responsible strategies, the firm utilizes ESG and Carbon Beta ratings from Innovest Strategic Value Advisors, which focuses on a best-in-class analysis that grades companies based on their standing, as opposed to screening out companies. At SDI, the firm will only invest in companies with a rating of A or higher.



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Quotient Launches Market-Neutral Strategy, Seeking Seed Capital

Quotient Investors is looking for seed capital for a newly-launched market-neutral equity strategy and hopes the current market environment will revive institutional interest in the space.

The portfolio is based on a similar strategy managed by Andre Bertolotti, cio and director of investment strategy and research at Quotient, for nearly 14 years, so while the Quotient strategy is new, the firm has experience in the space, said Julia Peter-Kerr, director of client service and sales at the firm.

The firm has also released a white paper entitled, "Back to Basics with Equity Market Neutral," that is available on the firm's Web site (<http://www.quotientinvestors.com>).

"The point for us to put out that white paper was to say, look guys, 2008 was a real stress test in the marketplace," Bertolotti said, explaining that equity market-neutral came out of the period relatively strong, providing much-needed liquidity to plans.

Peter-Kerr said the low correlation market-neutral strategies have to other strategies in the portfolio, as well as risk-controlled returns, transparency and liquidity should garner the interest of institutional investors.

"We think that pension plans in particular should have a lot of confidence going back to basics with equity market-neutral," she said.

The firm's strategy includes a portfolio of about 50-75 positions short and 50-75 positions long that reflect the firm's best

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We think that pension plans in particular should have a lot of confidence going back to basics with equity market-neutral.

Julia Peter-Kerr

*Director of Client Service and Sales
Quotient Investors*

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ideas. "It is a little bit of a focused portfolio," Bertolotti said.

He said the firm looks at a range of about 40 fundamental factors, including earnings, cash flow, growth trends and growth in earnings. "What is different about us is that we have identified which of these 40 factors are most meaningful in each industry," he said, which allows the firm to have more robust individual industry evaluations.

Bertolotti said the current environment is particularly attractive for market-neutral managers. "Coming out of a recession is a time when you see the better companies differentiating themselves from bad companies," he said. "It is an environment where companies can differentiate themselves."

UK Commodities Firm Opens US Office As Interest Increases

Ebullio Capital Management, a U.K.-based commodities manager, has opened an office in Denver to service new and existing U.S. clients.

The firm, which launched in 2007 and opened to external investors in October 2008, currently has \$35 million in assets under management.

The increased interest in commodities as an asset class, particularly in the U.S., has not gone unnoticed by the firm.

"There seemed to be a tremendous demand in the space for experienced managers with a commodity background," said Lars Steffensen, managing partner at the firm.

The firm combines both macro global views and technical views in the various commodities to create its trading strategy. The portfolio is typically made up of 70% directional trades and 30% spread trades.

"We look for short term and long term capitulation," said Paul Hudson, head of marketing and investor relations group for the firm. "Obviously the best scenario is looking for all-time highs and lows and getting on a contrarian view."

Hudson added that the fund does not make its trades based on how one commodity affects another.

"We trade each commodity as an individual entity. We don't really look at it in a way where if copper affects tin, we don't look at that," he said.

The firm also scales into trades, splitting the allocation into

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There seemed to be tremendous demand in the space for experienced managers with a commodity background.

Lars Steffensen

*Managing Partner
Ebullio Capital Management*

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four pieces, with the investment increasing as the trade continues to move in the firm's direction. The firm also has a stop-loss at 1% and also purchases an option of 2.5% of funds as a secondary risk-control measure.

The firm considers the cost of the options "money well worth spent" because, "that one time you might need them, we'll be thankful for it," Hudson said.

Steffensen added that, "While we take risk here, we believe managing the long tail risk is very, very important and once we've taken care of that, that allows us to be much more aggressive."

The Denver office will be headed by David Maynard.

Capital Z CEO Departs

Christianna Wood, ceo of Capital Z Asset Management, has left the firm to pursue other opportunities, the firm announced.

Wood, who joined the firm in early 2008 from the California Public Employees Retirement System, will be replaced by James Marrone, Jr., currently head of business development and chief marketing officer at the firm. Marrone will retain those responsibilities.

"I am grateful I had the opportunity to work with such a great team at CZAM," said Wood, in a statement. "I remain convinced that sponsoring well-selected emerging managers represents a compelling investment opportunity, particularly on a risk-adjusted basis. I wish Laurence, Jim and the rest of this great team good luck as they continue to build the business."

Capital Z provides sponsorship capital to hedge funds and structured products in exchange for a minority interest in their management companies and general partners.

Wood began at Capital Z on March 17, 2008 (EMM, 2/6/08) while Marrone joined the firm last July.

"Jim's appointment as CEO reflects the strong contributions he has made to the firm since joining CZAM," said Laurence Cheng, chairman of Capital Z, in a statement. "In addition, I want to thank Christy for her strong leadership efforts and her valuable insights into global alternative investment markets. The strategic course she charted will serve as the basis for many promising business opportunities for CZAM, as well as the funds we have previously sponsored."

Northern Lights Takes Stake In Raven Capital Management

Northern Lights Ventures announced last month it acquired a minority interest in private equity firm Raven Capital Management.

Terms of the deal were not disclosed, however Raven management will retain the majority interest in the firm, which focuses on asset-based credit investment opportunities.

Raven was founded in 2007 by Josh Green, former managing director in the global structured finance and investments group at Merrill Lynch & Co.

"There is tremendous interest from investors in asset managers skilled in analyzing and managing assets across the capital structure," said Tim Carver, managing director at Northern Lights Ventures, in a statement.

"Josh and his team have demonstrated the ability to succeed in these highly complex markets, first at Merrill Lynch and now at Raven."

In addition to asset management, Raven operates an asset advisory business focused primarily on the problematic illiquid credit markets.

The firm offers its clients the ability to outsource the management of their complex, illiquid assets in addition to locating interested buyers and negotiating restructurings and work-outs.

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Allegheny Seeking EM Consultant

The \$600 million Retirement Board of Allegheny County (Pa.) is searching for an emerging managers consultant.

According to the RFP, the plan is seeking a consultant to assist with manager searches for emerging managers and women- and minority-owned asset managers and also advise the board on the performance of the program.

A copy of the emerging manager consultant RFP is available on the plan's Web site (http://www.county.allegheny.pa.us/retirement/bids/EmerMgr_MWInv.pdf).

Questions should be directed in writing to Executive Director Cheryl Bateman at 542 Forbes Avenue, Room 106, Pittsburgh, PA 15219. The deadline for proposals is Aug. 7.

Bateman did not return a call seeking additional information and Mark Patrick Flaherty, county controller and trustee, was not available for comment.

The plan created an emerging manager program in December and is looking for the hired consultant to formalize the plan's women and minority manager program.

Flaherty said earlier this year the plan had approved creating a minority manager program to compliment its emerging manager program (*EMM*, 3/4; 1/7).

Illinois Teachers Graduates New Century Advisors; Makes PE Hire

The \$27.2 billion Teachers Retirement System of the State of Illinois has graduated emerging manager New Century Advisors into its general portfolio based on the firm's "sound investment process and strong performance," the plan announced this month.

The firm, which managed \$22 million in a real return global inflation-linked mandate in the emerging manager program, will now manage approximately \$50 million. Funding will come from a rebalancing.

New Century was originally hired for the emerging manager program in February 2005. The firm is the fourth manager graduated into the plan's general portfolio, following small- to mid-cap growth manager Copper Rock Capital Partners, fixed-income manager Dolan McEniry Capital Management and domestic equity enhanced index manager Piedmont Investment Advisors (*EMM*, 6/6/07; 5/23/08; 6/4/09).

The plan also made a private equity commitment in the emerging manager program, committing \$25 million to Maranon Mezzanine Fund.

Michigan Retirement Releases Emerging Manager Program Roster 21 Emerging Manager Accounts Counted Among Three Managers-of-Managers

The \$58 billion State of Michigan Retirement System has released information to Emerging Manager Monthly regarding the underlying emerging managers in its emerging manager-of-managers program.

The plan hired Leading Edge Investment Advisors, Attucks Asset Management and Bivium Capital Partners to handle a total of \$200 million in late 2007 (*EMM*, 11/7/07).

Leading Edge, which was allocated \$50 million, has investments with large-cap growth managers New Century Investment Management and Profit Investment Management, large-cap value managers Lombardia Capital Partners and Seizert Capital Partners, mid-cap core manager Shenandoah Asset Management and small-cap core manager Paradigm Asset Management Company.

Attucks, which was allocated \$75 million, has investments with large-cap core manager AMBS Investment Counsel, large-cap value managers Atlanta Life Investment Advisors and Paradigm Asset Management, large-cap growth manager Lynmar Capital Group, mid-cap core manager Seizert Capital Partners, mid-cap growth manager Credo Capital Management and small-cap value manager Lombardia Capital Partners.

Bivium, which was allocated \$75 million, has investments with all-cap manager Winslow Asset Management, mega-cap managers BRC Investment Management and OakBrook Investments, large-cap managers Seizert Capital Partners, Phocas Financial Corp. and Cornerstone Capital Management and small-cap manager Piedmont Investment Advisors.

Specific allocation sizes to each emerging manager were not available.

ATTUCKS ASSET MANAGEMENT	
Lombardia Capital Partners	SCV
Credo Capital Management	MCG
Seizert Capital Partners	MCC
Atlanta Life Investment Advisors	LCV
Paradigm Asset Management Company	LCV
Hanseatic Management Services	LCG
Lynmar Capital Group	LCG
AMBS Investment Counsel	LCC

BIVIUM CAPITAL PARTNERS	
Piedmont Investment Advisors	SC
BRC investment Management	MEGA
OakBrook Investments	MEGA
Seizert Capital Partners	LC
Phocas Financial Corporation	LC
Cornerstone Capital Management	LC
Winslow Asset Management	AC

LEADING EDGE INVESTMENT ADVISORS	
Paradigm Asset Management Company	SC
Shenandoah Asset Management	MID
Lombardia Capital Partners	LCV
Seizert Capital Partners	LCV
New Century Investment Management	LCG
Profit Investment Management	LCG

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's daily search leads and mandates awarded and lost, please visit finsearches.com or contact Robert Cavallito at 646-810-1072 or rcavallito@fin-news.com

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FUND NAME	FUND SIZE (M)	INVESTMENT TYPE	SIZE (M)	COMMENTS
NEW LEADS				
New York State Insurance Fund	12,100	Emerging Managers-of-managers	150	Fund is searching for an emerging manager-of-managers to handle an expected \$150 million portfolio. The RFP is available on the fund's Web site (www.nysif.com) and proposals are due Aug. 12.
Retirement Board of Allegheny County	600	Emerging Manager-of-Managers	N/A	Plan issued an RFP for a consultant to assist and advise with its women- and minority-owned manager program. RFP is available the plan's site (www.county.allegheny.pa.us/retirement/bids/EmerMgr_MWInv.pdf). The deadline for proposals is Aug. 7.
ONGOING				
State Universities Retirement System of Illinois	11,000	Emerging Managers-of-managers	100	Plan is still looking to add \$100 million to the domestic equity portion of its Manager Development Program, however there is no timeframe for search to begin. Search has been delayed due to market conditions and other investment issues.
HIRES				
Teachers' Retirement System of Illinois	27,200	Private Equity	25	The plan made a \$25 million private equity commitment to Maranon Mezzanine Fund as part of emerging manager program.
Teachers' Retirement System of Illinois,	27,200	Inflation Linked Assets/	50	Plan graduated real return global inflation linked bond manager New Century Advisors from emerging manager program to general portfolio. Firm will now manage approximately \$50 million.
Indiana University	1,000	Active Fixed-Income/	15	Fund hired Smith, Graham & Co. to handle an initial \$15 million in fixed-income during its June 11 meeting.
Anchorage Police & Fire Retirement System, Anchorage	300	Mid-Cap	14	Plan moved \$14 million mid-cap value portfolio to Smith, Graham & Co. earlier this year after firm acquired mid-cap value, small-cap value and fixed-income assets of previous manager Ark Asset Management.
Illinois Municipal Retirement Fund	19,200	Emerging Manager-of-Managers	100	Plan allocated \$100 million to emerging manager-of-managers Progress Investment Management.

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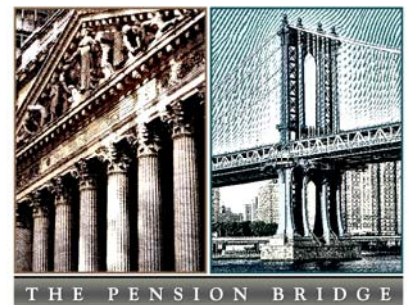
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LP & Consultant Attendees Include:

- Aldus Equity
- Alignment Capital Group
- Altius Associates
- Arizona State Retirement Systems
- Callan Associates
- CPP Investment Board, (Canada Pension Plan)
- Ennis Knupp + Associates
- Hammond Associates
- Illinois State Board of Investment
- Kentucky Retirement Systems
- Lowery Asset Consulting, LLC
- Marco Consulting Group
- Marquette Associates, Inc.
- Municipal Employees' Annuity & Benefit Fund of Chicago
- NEPC, LLC
- New Mexico State Investment Council
- New York City Employees' Retirement System
- Orange County Employees' Retirement System
- Park Employees' Annuity and Benefit Fund of Chicago
- PCG Asset Management, LLC
- Pension Consulting Alliance
- Philadelphia Board Of Pensions
- Policemen's Annuity & Benefit Fund of Chicago
- Polk Bros. Foundation
- Public School Teachers Pension & Retirement Fund of Chicago
- Rogerscasey
- Sentry Insurance
- State Retirement and Pension System of Maryland
- StepStone Group
- Strategic Investment Solutions, Inc.
- SURS of Illinois
- Teacher Retirement System of Texas

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Boeing CIO Departs

Mark Schmid, cio of The Boeing Company, has left to join the University of Chicago as its new v.p. and cio, the university announced. Schmid's last day at Boeing is June 26 and he will begin his new position on July 6.

Schmid, who has been with Boeing for six years, was responsible for overseeing \$65 billion in total retirement assets. Prior to that, he spent 17 years at Chrysler Corp. and DaimlerChrysler in similar positions and oversaw savings and investment programs totaling \$30 billion.

"We wish him the best and thank him for his contribution to the Boeing Company," said Todd Blecher, a company spokesman. Treasurer Dave Dohnalek will assume Schmid's responsibilities until a new cio is in place. Blecher declined to comment on the company's search process.

At the endowment, Schmid will be charged with overseeing \$6.3 billion in assets, a figure that has dropped approximately 25% this year due to market volatility, according to university officials. He replaces Peter Stein, who is leaving for family reasons.

Nee Joins Wilshire Private Markets

Kevin Nee has been named president of Wilshire Private Markets, a unit of Wilshire Associates, the firm announced.

Nee, previously a managing director at BlackRock and a member of the investment and management committees for the BlackRock Private Equity Partners team, will be responsible for focusing on consolidating and expanding the unit's domestic and international operations to "better position the group for continued growth," Wilshire said. It is a new position.

"Kevin's 16 years of experience working in the international private capital markets arena, combined with his extensive background and proven ability in business development, made him the ideal candidate to lead Wilshire Private Markets moving forward," said Dennis Tito, founder, ceo and chairman of Wilshire, in a statement.

Prior to BlackRock's acquisition of Quellos Group in the fall of 2007, Nee was a principal of Quellos, where he co-founded that firm's private capital division.

RI Plan Hires New Consultant

The \$41 million Cranston (R.I.) Police & Firemen's Pension Funds hired Janney Montgomery Scott as its new pension consultant, said David Capuano, city treasurer and trustee. The hire was made at a board meeting last month.

The firm replaces UBS Financial Services. Steve Patassi, v.p. and Providence, R.I. branch manager, will be the plan's lead consultant. The other finalist was Wachovia Securities.

The firm will conduct a review of the plan's assets and external managers, however there is no timeframe for the review to be completed. The plan's next meeting is August.

Macon Hires Merrill Lynch

The \$63 million City of Macon (Ga.) General Employees Pension Fund hired Merrill Lynch Consulting Services as its new consultant, said City Finance Manager Tom Barber. Merrill Lynch replaces CapTrust Financial Advisors.

Barber said Merrill was selected because of the familiarity the city has with the firm, which also advises the city's Fire & Police Pension Fund. He could not provide a list of finalists but said CapTrust was not a finalist.

The plan issued an RFP in February due to the contract expiration of CapTrust.

Lawrence Williford will be the plan's main consultant. The plan's first meeting with the new consultant will be at its July 15 board meeting.

NEPC Adds 4 Senior Consultants

Don Stracke and Paul Kerry have joined NEPC as senior consultants, the firm announced today. Stracke, formerly director of marketing and client service at Shenkman Capital Management and Attalus Capital, will be responsible for servicing endowments, foundations, public pension funds, insurance clients and corporate plans. He will be based in the firm's Redwood City, Calif. office.

Kerry, previously a v.p. at Fidelity Investments, will assist with the design and administration of qualified and non-qualified retirement programs. At Fidelity, he provided strategic consulting services to mid-corporate clients, including Starbucks, QVC and the National Basketball Association.

The firm also added Neil Sheth and Eric Harnish as senior consultants on its private equity team.

New Consultant Joins LCG Associates

Atlanta-based investment advisor LCG Associates has hired James McElroy as a consultant, said Lauren Cangelosi, marketing director at the firm. McElroy, who will be based in the firm's Atlanta offices, began in early June.

McElroy's responsibilities include investment strategy development, manager due-diligence, special research projects and providing investment advice to clients. Cangelosi said similar to all of LCG's consultants, he will work with a wide range of institutions, including foundations and endowments.

Prior to joining LCG, McElroy served as a relationship manager with Atlantic Trust Private Wealth Management, where he was responsible for advising, constructing and maintaining customized investment solutions for high-net-worth families, foundations and endowments. He began his career as a junior financial analyst with Farr, Miller & Washington in Washington, D.C.

Watson Wyatt, Towers Perrin Merging

Watson Wyatt Worldwide and Towers, Perrin, Forster & Crosby have agreed to a merger that will “change the landscape of our industry,” the consulting firms announced this week.

Information on how the deal will affect Watson Wyatt Institutional Consulting was not available, as calls to Watson Wyatt were not returned by press time.

The deal, worth approximately \$3.5 billion, will create a new, publicly listed company called Towers Watson & Co. Watson Wyatt CEO John Haley will serve as ceo of the combined company and Towers Perrin CEO Mark Mactas will serve as president.

“The combination of Towers Perrin and Watson Wyatt into Towers Watson will create one of the world’s leading professional services firms, well positioned for sustained growth and profitability across all geographies and business segments,” said Haley, in a statement. “The combination will further strengthen our core service lines while offering our clients an enhanced portfolio of proven offerings across a range of financial, risk and people management areas. Towers Watson will have tremendous global reach and service breadth to meet the growing needs of the world’s largest multinational corporations.”

Towers Watson, which is expected to have annual revenues in excess of \$3 billion, will benefit from the scale of the combined companies and anticipates approximately \$80 million in pretax annual synergies, the firms said in the release.

Russell Launches Multi-Manager Frontier Markets Fund

Russell Investments has launched a frontier markets equity fund for qualified employee benefit plans and government plans, the firm announced today. The multi-manager institutional fund will invest primarily in countries that are not generally considered part of the developed markets or the core emerging markets, the firm said.

“The frontier markets provide a fresh set of options for investors looking to find new companies that are not widely researched,” said Scott Crawshaw, portfolio manager at Russell, in a statement. “The frontier markets offer return potential for patient investors, but there are liquidity and trading issues that need to be recognized and understood. Because so few managers specialize in these investments, finding talented managers with sufficient capacity will require experienced and dedicated manager research analysts.”

Geographic regions represented in the frontier markets may include, but are not limited to, Africa (Kenya, Nigeria and Zambia), the Caribbean (Jamaica and Trinidad and Tobago), Eastern Europe (Croatia, Romania and Slovenia), Asia (Bangladesh, Sri Lanka and Vietnam) and the Middle East (Jordan, Lebanon and Qatar), the firm said.

BlackRock Acquires BGI, Creating Firm With \$2.7 Trillion AUM

Barclays and BlackRock have reached an agreement in which BlackRock will acquire Barclays Global Investors for \$13.5 billion, the firms announced. The integrated firm, BlackRock Global Investors, will have combined assets under management of over \$2.7 trillion and more than 9,000 employees.

“We are incredibly excited about the potential to significantly expand the scale and scope of our work with investors throughout the world. The combination of active and passive investment products will be unsurpassed, and will enhance our ability to offer comprehensive solutions and tailored portfolios to institutional and retail clients,” said Laurence D. Fink, BlackRock chairman and ceo, in a statement.

Blake Grossman, ceo of BGI, said in a letter to institutional clients that the BlackRock offer for the whole of BGI “delivered superior benefits to both shareholders and clients” over the previously announced intention to sell BGI’s iShares business to private equity firm CVC Capital Partners. “While iShares would have been very successful as a stand-alone unit, we are confident in its ability to prosper when supported by the resources of the combined entity, much as it has flourished as part of BGI,” Grossman added.

At the closing of this transaction, which is expected to occur in the fourth quarter, Barclays will hold a 19.9% economic interest in the combined firm.

City National Acquires Lee Munder Capital Group

City National Corp. announced it has acquired a majority interest in Lee Munder Capital Group, the firm announced. As part of the acquisition, Lee Munder Capital Group will merge with Independence Investments, a firm that City National holds a majority interest in. Both Lee Munder Capital Group and Independence are based in Boston.

The combined company, with more than \$4 billion in assets under management, will operate under the Lee Munder Capital Group name and as an affiliate of Convergent Capital Management. Lee Munder Capital Group’s strategies include small-cap growth, small- and mid-cap value, global multi-cap, large-cap core, international equities and fixed-income.

Lee Munder Capital Group President Kenneth Swan will serve as the combined firm’s ceo. He and CIO Jeffrey Davis will oversee investment decisions and risk management. The firm’s management and investment teams and its founder, Lee Munder, will have a significant and broadly held minority interest in the business.

With the addition of Lee Munder Capital Group, City National and its eight investment affiliates will manage or administer nearly \$49 billion of client investment assets, including more than \$32 billion under direct management.