



Callan

CALLAN'S INITIATIVES

WITH EMERGING, MINORITY, WOMEN
AND DISABLED-OWNED FIRMS



Callan Associates has provided custom investment consulting solutions to institutional investors since 1973. An employee-owned firm, Callan assists clients in the areas of asset allocation, manager structure, manager search, performance measurement and ongoing education.

WE ARE COMMITTED

Callan began working with diverse and emerging managers when Callan's founder, Edwin Callan, identified the need to support emerging and minority, women and disabled-owned (MWDO) managers. He co-founded Progress Investment Management in 1990, a minority-owned firm specializing in multi-manager solutions for emerging and diverse-owned investment managers for institutional clients. Callan adheres to an open-door policy for meeting with all investment managers in order to accommodate the wide-ranging needs of our clients. For more than two decades we have designated a centralized research specialist to cover firms owned by minorities, women and people with disabilities.

In May 2010, we launched Callan Connects, in part to honor our work with public funds in Illinois and to support their compliance with Public Act 096-0006. Outside our efforts through Callan Connects, we regularly meet with diverse and emerging firms as a standard course of business.





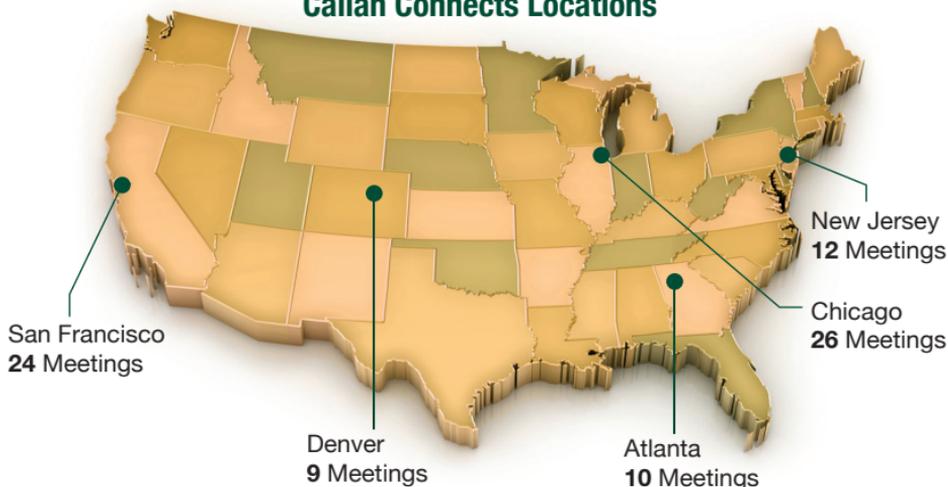
CALLAN CONNECTS

A structured approach to connecting with emerging & MWDO managers

We created Callan Connects to expand our universe of emerging and minority, women and disabled-owned investment management firms. Each quarter we reserve one day to meet with emerging firms with assets less than \$3 billion and MWDO firms with assets less than \$10 billion to introduce their firm to Callan. Callan Connects meetings are scheduled on a first-come, first-served basis for organizations that have not had prior contact with Callan. Meetings take place in San Francisco, Chicago, New Jersey, Atlanta and Denver to minimize travel for firms in or near these metropolitan areas. Firms that have previously met with Callan can request a meeting with our research specialists and consultants at any time.

Prior to meeting with us, firms are encouraged to complete Callan's online investment manager questionnaire. Callan uses this information to provide each firm with a performance profile designed to highlight commonly used return and risk metrics against relevant benchmarks and Callan's proprietary peer groups.

Callan Connects Locations



Since its launch in 2010, Callan has conducted 81 meetings through the Callan Connects program as of November 2011.

There is no fee to participate in Callan's database. Information about our online questionnaire can be found on our website (www.callan.com) under **Data & Tools**.

To submit your firm to Callan's Manager Database, please send the following information to database@callan.com:

1. Full legal name of the firm and mailing address of the main office.
2. Contact information for a business/marketing individual and a database/questionnaire individual.
3. Name of the strategy to be included in the database.
4. Strategy's quarterly returns and vehicle type.

We will respond with login information for the manager questionnaire once this has been submitted.

LEGISLATIVE MILESTONES FOR EMERGING AND MWDO FIRMS

2000

CalPERS launches **Manager Development Program**, providing venture capital and investment assets to institutionally focused small and emerging firms in exchange for equity stakes.

2006

CalSTRS and CalPERS announce **sponsorship of an emerging manager and financial services provider database** (launched 2007).

2007

State Retirement and Pension System of **Maryland approves creation of an Emerging Managers program**.

2008

Maryland General Assembly passes Senate Bill 606, which requires the state and pension system, among several entities, to use minority brokerage and investment management services where feasible.

2009

Illinois passes Public Act 096-0006 encouraging public employee retirement systems, pension funds and investment boards to use emerging investment managers.

Texas passes diversity legislation through House Bill 2559

2010

New York and Michigan pass diversity legislation

Dodd-Frank Act Section 342 creates 20 offices of Minority and Women Inclusion at the various regulatory agencies, to monitor the diversity of the agencies and contractors.

2011

The **California Assembly passes diversity legislation** for CalPERS and CalSTRS.

CASE STUDY

ILLINOIS 96-6

In 2009, the state of Illinois passed Public Act 096-0006 encouraging public employee retirement systems, pension funds and investment boards to use emerging investment managers across asset classes to manage their system's assets and to contribute to the growth in racial, ethnic and gender diversity of its fiduciaries. The Act stipulated that retirement systems, pension funds and investment boards must adopt a policy for utilizing emerging investment managers by January 1, 2010. Each plan has defined its own targets in this respect.

Emerging investment manager is defined by the Illinois legislation as a qualified investment advisor that manages an investment portfolio of between \$10 million to \$10 billion and is a minority-owned business (minority, women or disabled-owned).



A sample of Callan's large Illinois-based public fund clients include:

- Cook County Annuity & Benefit Funds
- Cook County Forest Preserve Fund
- Illinois Municipal Retirement Fund
- Public School Teachers' Pension and Retirement Fund of Chicago
- State Universities Retirement System of Illinois
- Teachers' Retirement System of the State of Illinois

Callan works with these plans to help them meet their diversity goals.

MINORITY, WOMEN AND DISABLED-OWNED FIRMS

BY THE NUMBERS

✓ Assets managed by MWDO firms for Callan clients as of December 2010 **\$17 billion**

✓ Number of distinct investment strategies within Callan's database managed by firms classified as MWDO **605**

✓ Number of firms classified as MWDO in Callan's proprietary database **327**

✓ Number of meetings with MWDO firms in 2011 **118**

✓ Number of emerging and MWDO firms that have met with Callan through Callan Connects **81**

As of November 2011, unless otherwise noted.

For further information regarding Callan Connects contact Lauren Etcheverry at etcheverry@callan.com or visit our website www.callan.com

Callan
Corporate Headquarters

San Francisco
1.800.227.3288
1.415.974.5060

Atlanta
1.800.522.9782
1.770.618.2140

New Jersey
1.800.274.5878
1.973.593.8050

Chicago
1.800.999.3536
1.312.346.3536

Denver
1.303.861.1900