



## Profiles

Thursday, June 25, 2009

### Profile: Kevin Dolsen, Callan Associates

Callan Associates points much of its success with institutions to its depth of resources, which Senior V.P. Kevin Dolsen says has played an important role in setting the San Francisco-based firm apart from its consulting peers in working with long-term investors such as nonprofits.

"If you look at Callan, our depth of resources that plan sponsors need to build out their investments programs is as deep as you can get," he said.

Of Callan's 170 total employees, 85 are dedicated research specialists and consultants with an average of 16 years experience in the industry and over 10 years tenure with the advisor.

Dolsen, manager of Callan's Chicago Fund Sponsor Consulting office, said that the firm's research staff can serve as either an extension of a nonprofit's in-house investment staff or take on the complete due diligence responsibilities, with experienced professionals in every asset class making the difference when it comes to gaining access to top-tier managers.

In areas where access is the difference between single and double-digit returns, Callan boasts the expertise of research staff veterans including Senior V.P.'s Gary Robertson and James McKee in the private equity and hedge fund areas, respectively. Dolsen said their collective experience, with Robertson working with the advisor since 1991 and McKee since 1989, increases the likeliness of bringing quality managers to client portfolios.

"In terms of our interaction with access, I'll point to the fact that we've been a consistent institutional player since 1973 with endowments and foundations," he said. "As we look to gain access for our clients, (managers) know we will be a long-term partner."

Since its inception, Callan has grown to \$1.2 trillion in assets under advisement through its total clients, with 17% coming from the nonprofit space.

#### Assessing Managers

A more surprising discovery in the past year has been the consolidation among managers, Dolsen said, with firms in liquid asset classes such as fixed-income closing down just as rapidly as hedge funds. In fixed-income, Dolsen said there was a realization that the difference between an excellent and average bond manager has been greater than ever before. Where in the past bond managers would perform very similarly, institutions saw spreads in performance anywhere from 50 basis points to 300 basis points.

"It was a realization in the fixed-income space that all managers were not created equal," he said.

Callan's manager research starts with the client, Dolsen said, with every search customized to the institution. "Our clients are of a size and sophistication that they command custom solutions, so all of our searches start



**Organization:** Callan Associates  
**Established:** 1973  
**Location:** Headquartered in San Francisco  
**Leadership:** Gregory C. Allen, President  
**AUA:** \$1.2 trillion  
**Web site:** [www.callan.com](http://www.callan.com)  
**Firms:** Investment managers are invited to complete the firm's manager questionnaire to be included in Callan's database.

from scratch," he said. "We essentially create a search profile for every client, tailored to their specific needs and how the client wants to interact with managers."

In a lot of ways, the types of managers that make the cut reflect the diversity of the client base, he said, since every institution's liquidity, geographic and diversification needs can relate to the strengths of different managers.

"I think one of the things that make us unique is our level of information on managers," he said. "We've done a great data exercise at the point of looking at characteristics of portfolios as opposed to just results."

Dolsen said the advisor does not use any third-party resources for its research due to its depth of internal information it has on managers. According to Callan, quantitative and qualitative information is received on over 5,000 actively-managed products, representing over 1,200 firms. Data is supplemented by commentaries and observations from over 1,200 meetings that its Global Manager Research specialists conduct with asset managers every year.

Its proprietary database streamlines the quantitative side of its due diligence process, allowing the firm time to focus on the qualitative characteristics of managers. For firms that have not joined Callan's platform, a manager questionnaire is available on its Web site.

Dolsen said part of the firm's research is taking a closer look at styles and capitalizations, contributing to a better understanding of deep value managers and unique areas such as real assets, which may provide significant value during time of economic turmoil. In addition, Callan uses its peer review process as a means to make sure quality is getting into every portfolio. As part of the manager search committee, Dolsen reviews each search with the other senior members of the firm to ensure that its best thinking goes into presenting finalists to clients.

A portion of the firm's investment research that has proved even more substantial for investors has been its diligence on firms in the trust and custody space, which has come under fire for securities lending issues in the past year.

Dolsen said that when it came time to address those issues, Callan benefited from having a specialized team led by Senior V.P. and Manager Virgilio "Bo" Abesamis. Dolsen said Abesamis' constant dialogue with custodians, reinforced by his 22 years of experience in the area with the firm, were invaluable when it came to ensuring client funds were in safe hands.

### **Working With Clients**

Callan provides numerous opportunities to educate clients, whether it is through their reports provided by its research arm, the Callan Institute, or informational sessions put on throughout the U.S.

The advisor releases broad educations, such as going through the 25-year history of the private equity asset class and what it means for new or old investors. On the other end are more topical pieces such as rebalancing and what clients should be thinking about with liquidity.

"We're not reactive but proactive in our messages for clients," he said.

For board and committee members, the advisor's Callan College sessions cover everything from asset liability and spending to understanding what goes into a manager search process.

For the nonprofit space, Dolsen said that the Callan education sessions that dedicated to the alternatives space are of great value to clients, since many are still dipping their toes into those asset classes.

And on an individual level, formal educational pieces are sometimes the best route, so that the education can continue past the Callan College sessions to having a place in the everyday board experience, he said.

"(Education) is a big deal because risk tolerance on an individual level is different," he said. "We want to be an institutional memory for clients."