



CALLAN STAR FINDS ASSET DECLINES GREATEST AMONG U.S. EQUITY STRATEGIES; REBALANCING IN FIXED INCOME

Research provides detailed and qualitative insight into tax-exempt and mutual fund asset flows

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SAN FRANCISCO, Calif., May 22, 2007 – Now in its fifth edition, Callan Associates' 2006 Style, Trend, Analysis and Research (STAR) Report remains one of the investment industry's most popular tools for measuring and monitoring asset flows. The firm's Institutional Consulting Group (ICG) has published the STAR supplemental report and several key findings are:

- *Across 16 styles, tax-exempt outflows totaled \$62 billion compared to \$21 billion in 2005. Losses were greatest among U.S. equities and value strategies in particular, due to institutional rebalancing and continued movement into alternatives.*
- *Institutional core and core plus fixed income strategies gained assets as investors rebalanced from higher-returning equities to fixed income.*
- *Global equity strategies also gained assets, as investors looked to expand the investment opportunity set for alpha generation. Heightened interest in this area has created increased competition and new product development by asset managers.*
- *Within the mutual fund arena, U.S. equities had asset declines that were picked up by fixed income, international and global equity funds.*

“Callan's STAR Report is the industry's most comprehensive tool for tracking and understanding the movement among assets in U.S. tax-exempt and mutual fund strategies,” said Inga Sweet, senior vice president of Callan's Institutional Consulting Group. “It covers more than 600 investment management organizations and 2,100 tax-exempt products that collectively manage more than \$3.2 trillion in assets.”

Callan uses its proprietary database to collect and verify asset and quarterly rates of return and to calculate tax-exempt net flows across a broad spectrum of asset managers including banks, brokers, insurance companies and independent investment advisors. Callan uses Lipper data in its mutual fund analysis.

Given the scope of the data to analyze, Sweet points out that it takes several months to produce STAR because of the detailed collection and verification process, but the insight gained is well worth the wait because clients get a more comprehensive interpretation of the flows that are not available in off-the-shelf reports.

“Understanding the buying habits of institutional investors is critical,” said Sweet. “STAR helps managers benchmark their products’ growth relative to peers and also gives them marketplace intelligence so they can build and position new strategies.”

The STAR report is developed by Callan’s Institutional Consulting Group which provides a full range of consulting services to investment managers to help them effectively manage and grow their business. Services include strategic planning, product evaluation and analysis, and performance measurement services.

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About Callan Associates Inc.

Callan Associates, headquartered in San Francisco, Calif., is a nationally recognized leader in the institutional investment consulting industry – an industry co-founded by Edwin C. Callan in 1973 when he formed Callan Associates. Callan provides consulting services through five lines of business: Fund Sponsor Consulting, Independent Adviser Group, Institutional Consulting Group, Callan Investments Institute and the Trust Advisory Group. Callan employs more than 170 people and maintains four regional offices located in Denver, Chicago, Atlanta, and Florham Park, N.J. For more information, visit www.callan.com.