



## NEWS RELEASE

### **CALLAN STUDY: MANAGING RISK AFTER MARKET COLLAPSE**

SAN FRANCISCO, Oct. 21, 2009 — Callan Associates today released *The Odyssey of Risk: Find your Compass*, an essay authored by Senior Vice President and Director of Hedge Fund Research, Jim McKee. Developed for institutional clients, the paper illustrates how fund sponsors can manage portfolio risk after enduring the liquidity crisis and market collapse of 2008.

McKee looks back at prior financial crises and observes that the recurring pattern of investor complacency — combined with greed — concludes with fear and ruin. With each new chapter of risk taking, investors pledge to cast off bad habits and erect new defenses in risk management, but often fail to protect themselves as the new round of investment opportunities lure buyers into the turbulent areas of risk.

Based on past investment mistakes, Callan highlights in the paper what it considers to be the Top 10 lessons learned for managing risks and provides common sense guidelines frequently forgotten by investors when markets get brisk. Each lesson outlines next steps institutional investors may want to take to achieve their long-term investment objectives.

“Cycles of greed and fear provide compelling case studies. Unfortunately, generations of investors come and go, often leaving the next trail-blazing investor to learn these humbling lessons of risk alone,” said McKee.

Some of the topics covered in the study include: liquidity, risk diversification, leverage, securities lending, fixed income and bond portfolios, the illiquidity premium, alpha, rebalancing and CIO and Board decisions.

“I hope this study will inspire investors — particularly the stewards of other people’s money — to reflect on last year’s experience and apply these lessons to their own investment policies and guidelines for the benefit of future generations,” said McKee.

The entire study can be viewed on the Callan Web site at [www.callan.com](http://www.callan.com).

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**About Callan Associates**

Founded in 1973, Callan Associates is one of the largest independently-owned investment consulting firms in the country. Headquartered in San Francisco, Calif., the firm provides research, education, decision support and advice to a broad array of institutional investors through five distinct lines of business: Fund Sponsor Consulting, Independent Adviser Group, Institutional Consulting Group, Callan Investments Institute and the Trust Advisory Group. Callan employs more than 160 people and maintains four regional offices located in Denver, Chicago, Atlanta and Florham Park, NJ. For more information, visit [www.callan.com](http://www.callan.com).

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