



Manager Search Outline

I. Client and Manager Profiles

The first step in Callan's investment manager search process is to develop an accurate description of both the client as well as the "ideal" manager candidate. Callan works with the client at the onset of each search to formulate these descriptions, or profiles. The Client Profile contains salient information about the client's current manager structure, the rationale for conducting the search, the assets to be allocated and documents any policy restrictions. The Manager Candidate Profile will outline the specific characteristics sought in an investment manager. Appropriate screening criteria are then developed from the Manager Candidate Profile. Such criteria include: manager strategy and approach; organizational structure; minimum/maximum assets under management; performance criteria relative to an appropriate index and peer group; risk parameters; and, any other client-directed considerations.

II. Quantitative Screening

Once the candidate Manager Profile has been submitted, Callan's Global Manager Research Group conducts quantitative screening of our relational database to identify those candidates most compatible with the client's existing or proposed manager structure. These screens take into consideration numerous quantitative factors which include: performance, volatility, correlation with the existing structure, assets under management and investment style. Screens for performance are conducted using multiple time period and statistical analysis to identify those managers with good, consistent historical performance. Multiple time periods and market cycles are used to identify consistency of returns and avoid performance bias.

III. Qualitative Screening

Qualitative screening further reduces the initial list of candidates that pass the quantitative screens. Several of the qualitative factors considered include: manager type; organizational history; depth and experience of investment personnel; investment process and style; client servicing capability; and, resource allocation. Based upon approximately 1,000 manager visits conducted annually within Callan offices and approximately 300 manager on-site visits every 12 months in the managers' offices (overseas and in the U.S.), Callan applies in-depth research to formulate a unique list of investment managers specifically selected for each client.

IV. Manager Search Committee

Each search conducted at Callan is presented to the Callan Manager Search Committee ("the Committee"), an oversight body that is comprised of sixteen senior consultants within the firm. The consultants that sit on the Committee bring seasoned consulting experience and knowledge of the investment managers to the discussion. The Committee meets weekly via conference call to review every search that is undertaken. The Committee is responsible for insuring that each search meets the specified criteria outlined by the client and for collectively selecting the most appropriate candidates to be presented to the client.

V. Semi-finalist Review

A manager evaluation document is prepared following the Manager Search Committee meeting. The document contains detailed information on the candidates approved by the committee. The document is reviewed with the Board to highlight important considerations in conducting the search, compare and contrast the manager candidates and to select firms to interview.

VI. Finalist Presentations

Finalist presentations are held to gain additional insight into the investment management organizations which remain. The presentation generally includes an overview of the organization, a specific review of the product being considered and provides the opportunity for the client and/or consultant to address any outstanding issues. A winner is typically selected following these presentations and a review of each candidate firm.