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September 30, 2011

Jesus R. Torres
Investment Analyst
San Antonio Fire & Police Pension Fund
11603 W. Coker Loop
Suite 201
San Antonio, Texas 78216

Dear Mr. Torres:

On behalf of Callan Associates, thank you for the opportunity to submit our response to San Antonio Fire & Police Pension Fund's Request for Proposal for an investment consultant. As a firm whose sole business is investment consulting, our success relies on our ability to deliver excellent products and services to our clients. Over the years, our clients have benefited from many qualities, which differentiate our firm from its competition:

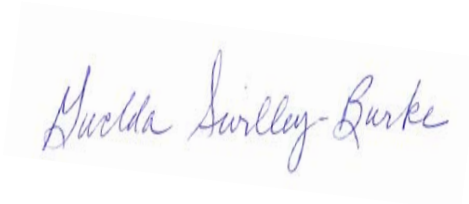
- ✓ *A Singular Focus on Consulting* - Complete objectivity is central to our client service philosophy. We do not engage in any business that might distract our attention or compromise our advice and guidance to San Antonio Fire & Police.
- ✓ *Experts in Global Investment Consulting* - Callan Associates is one of the oldest firms in investment consulting, bringing more than a quarter-century of investment expertise to each client relationship. While a lot of firms have followed our lead in providing consulting services, there is one asset they cannot duplicate – our people. Callan consultants are widely known, highly experienced, innovative investment professionals. Many of our practical, analytical “firsts” have become standards for the industry.
- ✓ *A Dynamic Team Approach to Client Service* - A carefully selected team of Callan consultant's works with each client to create a true investment partnership. To ensure that San Antonio Fire & Police receives the full, collective wisdom of our consultants and the full benefit of Callan's unparalleled resources, oversight committees comprised of senior consultants carefully review all projects.

- ✓ *Valuable, Timely Education and Research* - Callan is the leading educator of institutional investors. Through our timely educational programs and meticulous, practical research, we help clients stay abreast of the latest investment trends. And, to ensure the quality of the knowledge we share, our associates' continuing education is a priority for us as well.
- ✓ *100% Employee-owned* – Over our 37-year history, Callan Associates has remained an employee-owned company. We have a financially strong firm whose ownership structure aligns our interests with your interests, especially during the current challenging market environment.

Please find our response to your Request for Proposal enclosed.

We appreciate your time and consideration in reviewing our capabilities. If you have any questions, please call me at 770-618-2152 or email me at swilley-burke@callan.com.

Kind regards,



Gwelda Swilley-Burke

Enclosure(s)

Cc: Mike Swinney

Investment Consulting Services Proposal
Prepared for:

San Antonio Fire & Police Pension Fund

September 30, 2011

Gwelda Swilley-Burke

Senior Vice President
Callan Associates
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Atlanta, GA 30339
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swilley-burke@callan.com

Mike Swinney, CFA

Vice President
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(770) 618 – 2148
swinney@callan.com

A. Company Background

1. Provide a brief history of the firm including year of inception, ownership, affiliated and subsidiary companies and relationships, joint ventures, and any business partners.

Our company traces its origins to 1969, when Edwin C. Callan formed the investment measurement division of Mitchum, Jones and Templeton, a large West Coast brokerage firm. In 1973, Mr. Callan and others purchased the investment measurement division and formed Callan Associates, Inc. Over the next 20 years, Callan expanded its staff and developed expertise in strategic planning and manager research, as well as formal programs to educate fiduciaries. Since the mid-1990's, Callan has devoted significant resources to consulting on alternative investments, expanding our defined contribution practice and addressing the increasingly complex needs of plan sponsors.

Firm-wide, Callan Associates' 158 employees serve 322 public, corporate, multi-employer, and eleemosynary plans representing 222 distinct organizations and nearly \$1.3 trillion in assets. Our fund sponsor clients represent beneficiaries from the most well-regarded and established organizations in our country and oversee funds that range from \$100 million to multiple billions. We are fortunate to serve such a select and diverse group of Corporate, Public, Multi-Employer, Defined Benefit and Defined Contribution Plans, as well as Endowments and Foundations.

Callan Associates Inc. is organized as a Subchapter S Corporation in the state of California and is 100% owned by its 60 employee-owners. We do not have any joint ventures, business partners, affiliates, subsidiaries or parent companies. Callan Associates is a Registered Investment Advisor with the SEC under the Investment Advisers Act of 1940.

2. Describe all significant developments with your firm in the last three years, such as changes in ownership, restructuring, personnel reorganization, and philosophy. Disclose any known or contemplated future changes in your organization.

In late 2007, Callan's management team transitioned into the third generation of leadership during the firm's history. Ron Peyton was promoted from President to Chairman and Chief Executive Officer; Greg Allen, a 20-year veteran of Callan, was promoted to President and Director of Research; and Jim Callahan, a 16-year veteran, was promoted to Executive Vice President and Manager of Fund Sponsor consulting. Other long-term employees were promoted into leadership positions of our operational groups, reflecting a commitment to the future and continuity of Callan's consulting enterprise.

On February 17, 2009, Callan and Mercer Investment Consulting, Inc. announced their intent to merge their investment consulting businesses. On March 30, 2009, the two firms mutually agreed to terminate the merger agreement. As a result of this exploration, Callan is committed to remaining independent and privately owned. We believe that given the characteristics of the consulting business, our clients and owner/employees are best served through this structure.

The only near-term anticipated change is the further broadening of our already deep employee stock ownership base. Shareholder status within Callan is addressed on a case-by-case basis as recognition for value added to our firm. There are no proposed company-level changes at Callan other than an emphasis on the following specific areas of development:

Addition of Depth and Resources – We expect the number of Callan clients to increase so we will continue to add superior, qualified staff in advance of client growth to ensure that existing and new clients receive the same level of exceptional advice and client service. For example, over the last two years, we have added three new employees to the Atlanta Fund Sponsor Consulting team: Gwelda Swilley-Burke, Mike Swinney, CFA and Cody Chapman.

Continued Development of Technology – We will continue to emphasize the development of new technological tools and solutions. We recognize the crucial role technology plays in all industries today, including institutional investing. As we move forward, technology will continue to be a key component in our clients' ability to achieve their investment objectives.

While all of the above is useful in servicing clients, ultimately we must ensure that current clients will never be adversely impacted by Callan accepting new business, and that new clients receive the same quality of service as existing clients. Just as important, we are dedicated to keeping our client-to-consultant ratio as one of the lowest level in the industry. To this end, The San Antonio Fire and Police's proposed consulting team is very selective in the new business opportunities they pursue given their current work load.

3. Provide the address of your corporate office and a description of the firm, including number and location of offices, number of professional consultants, and scope of services offered. Also indicate which office(s) would service the Retirement System.

Callan's 25 generalist consultants and 28 specialty consultants operate from five offices. These 53 investment professionals are supported by an additional 100+ support staff. Our corporate headquarters are located in San Francisco. Most of our research professionals and back office capabilities are centralized in this office and are able to work interactively with our clients throughout the country. Regional offices are in Atlanta, Chicago, Denver and New Jersey. San Antonio Fire and Police would be serviced by Callan's Atlanta Office.

San Francisco (Headquarters)

101 California St, Suite 3500
San Francisco, CA 94111
Phone: 415-974-5060
Fax: 415-291-4014
www.callan.com

Atlanta Office

300 Galleria Parkway, Suite 950
Atlanta, GA 30339
Phone: (770) 618-2140
Fax: (770) 618-2141

Chicago Office

120 North LaSalle Street, Suite 2100
Chicago, IL 60602
Phone: (312) 346-3536
Fax: (312) 346-1356

Denver Office

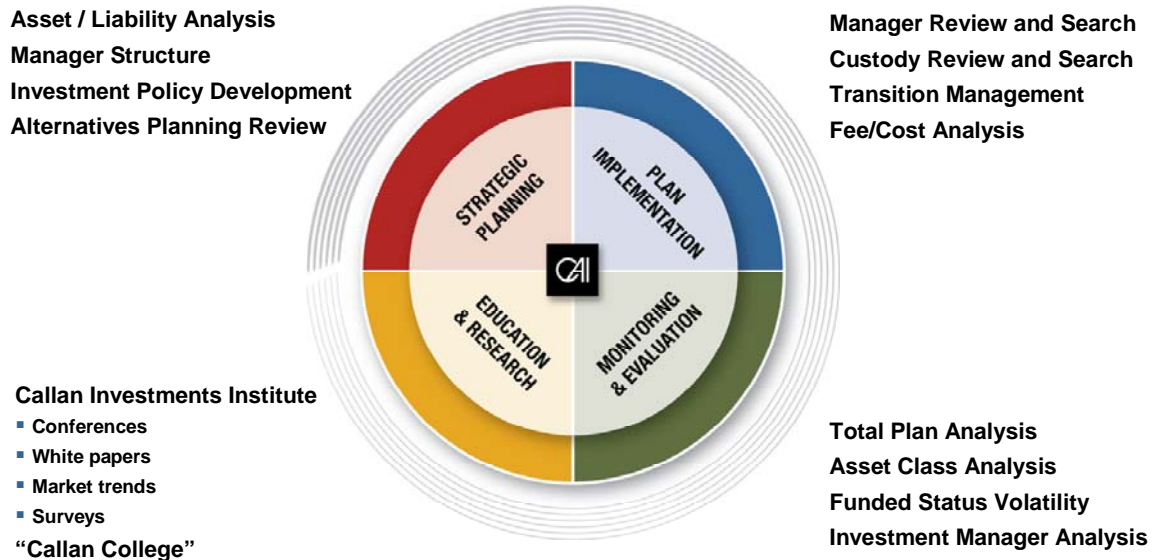
1660 Wynkoop Street, Suite 950
Denver, CO 80202
Phone: (303) 861-1900
Fax: (303) 832-8230

New Jersey Office

200 Park Avenue, Suite 230
Florham Park, NJ 07932
Phone: (973) 593-8050
Fax: (973) 236-0250

Overview of Plan Sponsor Consulting Services

Callan Associates offers clients information and guidance in the fields of strategic planning, plan implementation, plan evaluation and monitoring, and continuing education. Together, these services constitute a disciplined and comprehensive process for plan sponsor investment decision making and oversight of institutional investment programs. The following chart summarizes the services Callan offers to Endowments and Foundations. Each area is discussed in greater detail in later sections of this document.



Strategic Planning

- Investment policy statement development and review
- Asset allocation/liability studies
- Analysis of new asset classes or investment vehicles
- Identification of appropriate rate-of-return objectives
- Asset allocation rebalancing ranges and techniques
- Development of optimal portfolio/manager structure
- Manager guideline development

Plan Implementation

- Manager search (domestic and international, traditional and alternative asset classes)
- Custodian evaluation and search
- Fee/Cost analysis and negotiation of custodian and manager fees
- Transition analysis and cost evaluation
- Evaluation of securities lending providers
- Special investment research projects and consulting assignments

Performance Evaluation and Manager Monitoring

- Qualitative and quantitative investment manager monitoring
- Computing accurate time-weighted rates of return
- Making relevant benchmark comparisons
- Preparing customized written reports
- Interpreting and evaluating results
- Reviewing costs periodically
- Transaction Analysis

Continuing Education & Research

- Callan Investments Institute
- Center for Investment Training (the “Callan College”)

4. Provide an organizational chart of your firm showing functions, positions, and titles of all key personnel involved in consulting services. Provide a brief description of the relationship between each component and the consultant(s) who would service the Retirement System.

A copy of Callan’s organizational chart is included in Section 1 of the Appendix.

Callan clients are supported by integrated consulting teams, typically consisting of client-facing consultants working from one of the regional offices, and appropriate asset class research and performance specialists, most of whom work from Callan’s San Francisco headquarters.

Gwelda Swilley Burke and Mike Swinney will serve as the primary consulting team who will work with the San Antonio Fire & Police Pension Plan. They are based in Callan’s Atlanta office and will have ultimate responsibility for the coordination and delivery of all services, ensuring the completeness and quality of all work performed. Gwelda and Mike will be available to assist in various functions, including, but not limited to: answering all questions of the investment committee; conducting briefings and presentations at special meetings; undertaking special projects that may be requested and marshalling the resources of our specialty groups to perform work. Biographies for Gwelda and Mike are included below.

Gwelda Swilley-Burke, Senior Vice President. Gwelda is a senior consultant in Callan’s Atlanta Consulting office. Gwelda has over twenty years of experience working with public defined benefit plans, Taft Hartley, and endowments and foundations. At Callan, she is focused on advising institutional clients on asset allocation, manager selection, and performance monitoring.

Prior to joining Callan, Gwelda spent 12 years as a Managing Senior Consultant at Gray & Company. Prior to Gray & Company, Gwelda was a consultant with LCG Associates and worked with public, corporate, endowment and foundations. Gwelda worked at Watson Wyatt and concentrated primarily with public funds.

Gwelda earned a Bachelor of Arts and Master of Arts in International Affairs with a concentration in Economics from Florida State University.

Mike Swinney, CFA, Vice President. Mike is a consultant in Callan's Atlanta Consulting office. Mike works with a variety of fund sponsor clients including corporate and public defined benefit plans, corporate defined contribution plans, endowments and foundations. His responsibilities include performance evaluation, strategic planning and implementation, investment manager review, and the coordination of special client proposals and requests.

Prior to joining Callan Associates, Mike was an investment consultant in the Atlanta office of Hewitt EnnisKnupp, serving corporate defined benefit, defined contribution and other institutional clients. He was responsible for all aspects of client relationships, including asset allocation and investment policy development, investment manager research and selection, and performance evaluation. His background also includes a stint at the Federal Home Loan Bank of Atlanta.

Mike received a Bachelor of Science in Computer Information Management from Life University, and a Bachelor of Commerce in Accounting from the University of Cape Town. He has earned the right to use the Chartered Financial Analyst designation and is a member of the CFA Institute and the CFA Society of Atlanta.

In addition to the proposed consulting team, the San Francisco-based specialists who will be called on to immediately support the State include the following:

- **Jay Kloepper**, Head of the Capital Markets Research Group, oversees investment structure work, asset allocation studies & asset liability studies.
- **Kelly Cliff** and **Inga Sweet**, Co-Heads of the Global Manager Research Group, oversee manager search and monitoring efforts.
- **Virgilio "Bo" Abesamis**, Head of Master Trust, Custody, Securities Lending, and Transition Management Group.
- **Allie Banuelos**, Head of the Client Report Services Group, and her team of performance analysts will be responsible for producing monthly and quarterly performance evaluation reports for each of the investment pools.

Services provided by our specialty consulting groups are listed below:

Capital Markets Research

The Capital Markets Group has six senior research specialists to conduct all strategic review projects undertaken by our plan sponsor clients. This group specializes in asset allocation and liability modeling, as well as strategic planning, capital market projections and manager structure optimization for Defined Benefit plans.

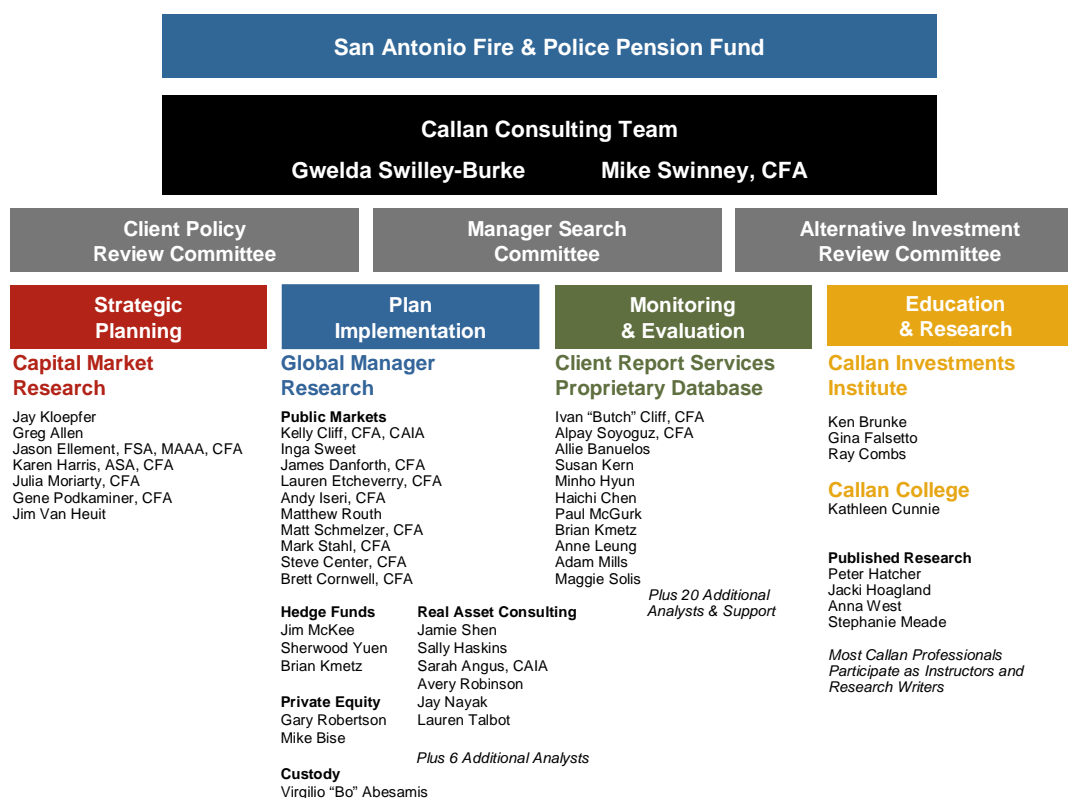
Global Manager Research

The Global Manager Research (GMR) group has specialists in all major public and private asset classes. The sole responsibility of our Global Manager Research Department is to research investment management organizations, strategies and products. The GMR staff routinely meets with investment managers in our offices and also conducts regular on-site due diligence. These are senior career research specialists, not junior analysts. This same group of professionals assists the consultants in conducting investment manager searches for all plan sponsor clients, presenting results weekly to the Manager Search Committee.

Trust, Custody, Securities Lending, and Transition Management Services

Callan Associates was the first in the investment consulting industry to dedicate resources in the area of trust, custody, securities lending and transition management consulting services beginning in 1991. Since inception, this group has completed project assignments for clients with aggregate assets above \$1.5 trillion.

The following chart illustrates how we have organized our resources to bring the best thinking of the entire firm to the San Antonio Fire & Police Pension Fund:



To ensure that the highest quality consulting services and consistent "best thinking" of Callan are provided to our clients regardless of the particular office or consultant servicing them, all client projects and reports are reviewed by internal committees, which are comprised of the firm's senior consultants and meet weekly. Callan's Client Policy Review Committee reviews all strategic reports and projects, including investment structure and policy studies. Our Manager Search Committee verifies the accuracy, completeness, and objectivity of all data gathering, due diligence, and evaluation used in our manager research process. They convene weekly to review all searches undertaken by Callan's clients. Callan's Management Committee, which provides general oversight of all consulting projects, is also responsible for firm-wide strategy and the development of Callan's services.

5. Describe all of your firm's lines of business and the approximate contribution of each to the total revenue. If your firm is an affiliate or subsidiary of an organization, state percent of the parent firm's total revenue generated by your firm.

Investment consulting is our primary line of business. As such, Callan derives the majority (65%) of our total revenues from plan sponsor consulting services. While plan sponsor consulting has been and will continue to be our primary business, Callan does provide consulting and receive fees in three areas beyond fund sponsor consulting. Although there is no overlap in personnel between these areas, Callan maintains a constant dialogue between all its business lines to ensure our clients have access to our extremely knowledgeable and diverse employee network. These areas operate separately from fund sponsor consulting and are explained on the following page.

The Independent Adviser Group (IAG) provides consulting resources and services to a select group of independent consulting firms and financial intermediaries. Through their unique relationship with Callan Associates, IAG clients provide fiduciaries, trustees, and high net worth individuals with objective and professional investment consulting solutions that have been traditionally available to only the largest of institutions. IAG contributes 10% of Callan's revenue.

The Institutional Consulting Group (ICG) provides investment manager clients with research, education, performance measurement, database, and analytical tools to help them better serve the needs of institutional investors. ICG contributes 20% of Callan's revenue.

The Trust Advisory Group (TAG) is the asset management division that specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. TAG applies a process-driven approach to building efficient, low cost portfolios with clearly articulated goals and objectives. TAG serves as the sponsor and advisor to a multi-manager small cap equity fund and as the non-discretionary advisor to a series of Target Maturity Funds known as the Callan GlidePath® Funds. TAG contributes 5% of Callan's revenue.

6. **State what you believe distinguishes your consulting services from your competitors. Describe any services of your organization that may not be offered by other consultants.**

Callan specializes in all of the areas that are critical to the long-term success of institutional investment programs. By adopting a specialty approach in our technical support services, Callan has been able to maintain the expertise and the research capability to cover the full range of investment areas and opportunities available to the institutional investor. We genuinely believe that we have particular expertise in all facets of investment consulting. We recognize, however, that competitors may make comparable claims, and therefore offer the following as illustrations of particularly distinguishing capabilities.

Global Manager Research

Callan's Global Manager Research department (GMR) is one of the industry's largest and deepest dedicated research groups. GMR is organized by asset class, and the 22 professionals that make up this group are widely regarded as exceptionally knowledgeable, skilled and accessible. The group conducts an average of nearly 200 searches annually. The staff conducts numerous investment manager on-site visits each year and an even larger number of meetings in our offices. These specialists support our plan sponsor consultants, conduct original research, and are staffed to perform all manager research assignments

Alternative Investment Strategies

Private Equity

We have assisted our clients with non-traditional asset classes and strategies since inception, but formalized the effort 14 years ago in 1991 with the formation of Callan's Private Markets Group (PMG). The PMG is staffed with two private equity specialists that spend 100% of their time on private equity consulting. We are a full-service private equity consultant and can provide San Antonio Fire & Police with all the services it requires, including: 1) strategic planning; 2) short-term implementation (tactical) planning; 3) partnership deal flow, screening, due diligence and recommendations; and 4) portfolio monitoring and performance measurement.

Real Estate

Callan has provided real estate consulting services since the late 1970's when the asset class first secured a position in institutional portfolios. In 1988, Callan developed its first specialty consulting group with the formation of a division focused solely on the real estate asset class. Today, Callan provides real estate consulting services through our Global Manager Research Group. Global Manager Research is fully integrated into the Callan organization, which allows the staff to provide industry specific expertise on each unique and challenging asset class as well as analyze private markets portfolios in light of the client's objectives for the total portfolio.

Absolute Return Strategies

Since late 1999, Callan has dedicated people and resources exclusively to researching hedge funds and related alternative investments. Jim McKee, Director of Hedge Fund Research, leads this effort. Given his 23 years of industry experience, he has a strong background of capital markets and related derivatives exposure. Further, Callan has an extensive database that encompasses long/short, market neutral, macro, event driven, and various arbitrage strategies.

Currency Overlay Analysis

Callan has developed a methodology for measuring and analyzing currency overlay portfolios and other currency derivative instruments. Their relative impact on the total portfolio or composite for a plan can be isolated and analyzed from a risk/return framework. Further, Callan has participated in a number of Currency Overlay searches and has continued to further develop research and analytic tools when examining this strategy.

Capital Markets Research Group

Our quantitative consulting staff has experience and expertise in a variety of areas. They conduct, on average, 30-40 manager structure analyses and 30-40 asset allocation studies per year in addition to numerous client directed special projects. These specialists are the key professionals used to conduct asset/liability studies, manager structure analysis, custom target date fund construction, and capital market research. Few companies have as large and capable a research resource. The group of six professionals includes two actuaries and four professionals who hold the CFA designation.

Trust/Custody Services

Callan has been assisting funds with the identification and ongoing evaluation of custodians since the early 1970's. Because our clients demanded a focus approach on custody and securities lending issues, Callan formalized the Master Trust, Custody, Securities Lending and Transition Management Consulting Group in 1991. Callan Associates was the first in the investment consulting industry to dedicate resources to this area. Callan's Master Trust, Custody and Securities Lending Group, headed by Bo Abesamis, is based in our corporate headquarters in San Francisco, California.

Performance Evaluation

Callan is a pioneer in performance evaluation. Our focus has evolved over the years, as the actual calculation of returns has become more of a commodity activity. We have particular strength in comparative performance evaluation and analysis. Callan's "manager style groups" are widely recognized as exceptionally well-constructed comparative peer groups. Similarly, our total fund, fixed-income and equity attribution analytics allow us to also understand the "why" of performance.

Education and Training

Callan is widely recognized for training and education capabilities. The Callan Investments Institute is nationally acclaimed as a foremost sponsor of educational conferences and original research and surveys. The Callan Investments Institute just celebrated its 31st anniversary in February 2011.

The “Callan College” (a 2½-day fiduciary education program) is available to clients throughout the year. This program is designed to provide a comprehensive foundation for trustees and staff members.

Committee Education

Callan Associates will provide San Antonio Fire & Police with a wealth of formal and customized educational opportunities. We are the leading educator of institutional investors, their consultants, and the investment management community. Through our timely educational programs, meticulous, practical research, and customized seminars, we help clients stay abreast of the latest investment trends. As with all aspects of our relationship with your plan, custom educational sessions can be designed for the Committee. We are committed to providing customized attention to you to ensure that the Committee Members are best able to fulfill their fiduciary duties.

Communication and Reporting Requirements

A carefully selected team of Callan consultants works with each client to create a true investment partnership. Our goal is to facilitate open communication among all those involved in investing our client’s assets.

Additionally, all of our performance reports are customizable and therefore can be tailored to meet your specific reporting requirements. We have the capacity to include customized analysis within the framework of our quarterly reports. For many of our clients, we have designed unique features to evaluate performance, investment objectives, trading efficiency, and risk analysis. Allowing our clients’ needs to form the foundation for our reporting process and possessing the technological capabilities to produce flexible, custom reports gives Callan a strong advantage in the pursuit of providing clients with problem solving information.

B. Clients

1. For all general, full-service consulting clients with which your firm has a current contractual relationship, provide the following by category:

Portfolio Size (\$Millions)	Category	Public Funds	Private Funds	Non- Profit Organizations	Other	Total
<\$100 M	# of Clients	16	26	24	1	67
	Total Assets	\$548 million	\$976 million	\$1.14 billion	\$48 million	\$2.72 billion
\$100 M - \$500 M	# of Clients	41	47	17	4	109
	Total Assets	\$10.39 billion	\$12.49 Billion	\$3.61 billion	\$724 million	\$27.21 billion
\$500 M - \$1 B	# of Clients	9	24	3	1	37
	Total Assets	\$6.98 billion	\$18.63 billion	\$2.21 billion	\$969 million	\$28.79 billion
\$1 B - \$10 B	# of Clients	24	47	5	5	81
	Total Assets	\$97.17 billion	\$121.22 billion	\$11.34 billion	\$12.15 billion	\$241.88 billion
> \$10 B	# of Clients	21	6	0	1	28
	Total Assets	\$1.133 trillion	\$98.68 billion	0	\$48.3 billion	\$1.28 trillion

2. **Provide a list of 3 current public fund general or full-service consulting clients with assets greater than \$500 million for whom work similar to that requested in this RFP has been performed by your firm. Include name, contact person, telephone number, asset value, number of years they have been a client of the firm, and the services provided. The Fund may contact any of these clients as references. If you require advance notice of the Fund's intent to make inquiries, please so indicate.**

Mr. Jelani Hooks
Pension Administrator
DeKalb County, Georgia
1300 Commerce Drive
Fourth Floor
Decatur, GA 30030
Phone: (404) 371 – 2296
Email: jkhooks@dekalbcountyga.gov
Assets: \$1.03 billion
Length of Service: 25 years
Services Provided: Full Retainer

Mr. Cal Wray
Director of Risk Management & Employee Benefit Services
Georgia Municipal Employees Benefit System
201 Pryor Street SW
Atlanta, GA 30303
Phone: (678) 686 – 6215
Email: cwrap@gmanet.com
Assets: \$1.32 billion
Length of Service: 24 years
Services Provided: Full Retainer

Ms. Carmen Heredia-Lopez
Director of Investments
Public School Teachers' Pension & Retirement Fund of Chicago
203 North LaSalle
Suite 2600
Chicago, Illinois 60601
Phone: (312) 604 – 1400
Email: heredia-lopezc@ctpf.org
Assets: \$10.2 billion
Length of Service: 9 months
Services Provided: Full Retainer

3. **State the number of accounts, and value of assets represented in those accounts, lost during the last three years. List this for each one year period ending 2008, 2009, and 2010.**

	Number of Accounts	Assets (in millions)
2008	13	\$10,768
2009	15	\$35,658
2010	6	\$8,999

C. Standards of Conduct

1. Has your firm adopted the Code of Ethics and The Standards of Professional Conduct of the CFA Institute? If so, how is employee compliance monitored?

Callan adheres to a firm-wide ethical code which each associate must review and acknowledge in writing every year. Any breach of the Code of Ethical Responsibility can result in immediate termination and potential legal action against the individual. The preamble to this statement succinctly summarizes the firm's position: "Callan Associates' mission is to provide objective information to our prospects and clients. Our success depends not only on the quality of information we provide, but on the degree of professionalism, honesty and integrity with which we conduct ourselves in the collection, processing and dissemination of information. With this in mind, all Callan employees will recognize their duty to the firm, our clients and prospects to uphold our standing in the investment community by adhering to the following principles..." Please refer to Section 2 of the Appendix for a complete copy of Callan's Code of Ethics.

In addition, Callan has 30 CFA Charterholders and 12 CFA Program Candidates that subscribe to the CFA Institute Code of Ethics.

2. Describe your expertise in assisting clients in developing their own risk management procedures. Please include names of clients and briefly describe the projects for which you have provided these services.

Risk control is at the heart of Callan's investment consulting philosophy. Establishing risk controls is predicated on the specific risk tolerance of the fund sponsor. We view risk tolerance as both the willingness and the ability to take risk. Ability to take risk is quantifiable but willingness is subjective and driven by the fund sponsor. Callan employs a broad risk management framework in our advice to institutional investors that encompasses all aspects of the investment program, from portfolio design (asset allocation, asset class structure) through to implementation (manager selection) and then to performance evaluation.

We start the strategic planning process by defining risk factors important to the specific plan sponsor. We conduct detailed asset/liability analysis, during which we evaluate risk across a range of potential investment strategies and portfolio mixes at the asset class level, and evaluate not just asset performance but the financial condition of the plan, fully integrating the interaction of plan assets and liabilities over a range of capital market outcomes. We integrate fiduciary risk tolerance, identified at the start of the process, by tying this tolerance to specific metrics such as funded status, contributions, economic cost. Evaluation of reward versus risk using these metrics of risk tolerance then helps select the appropriate investment strategy. We document the risk management decisions made throughout the process – tolerance for risk as measured by asset, liability, and financial condition variables, inclusion or exclusion of asset classes for consideration, appropriate range of potential policy mixes, and the risk/reward trade-off that led to the selection of the appropriate policy target.

The next level addresses how much active management risk the program should take relative to the market, and which areas of the market are most likely to reward active management risk. Callan believes active management has demonstrated an ability to consistently add value in small cap and international equity. Callan uses manager structure studies to evaluate the implementation of an asset class to determine the appropriate allocation to strategies – active, enhanced active, passive, style, and opportunity set. Tools used to evaluate and select strategies within a manager structure include returns analysis, detailed evaluation of holdings and portfolio characteristics, and forward looking expectations for alpha and beta. Risk management is then expressed in defining the role we expect each manager to play in the investment program and risk level appropriate for that role. At the total portfolio level, we evaluate how the implementation across all the asset classes affects market and factor

exposures. Questions regarding the use of leverage and derivatives or policies for investment of securities lending collateral pools are addressed at the manager structure or the individual manager implementation level.

Outside of the liquid public markets, investments in real estate, private equity, and timber cannot be accessed through passive vehicles, and implementation is everything in determining the success of these strategies. Hedge funds represent an unusually intense application of active management. All of the non-traditional investments require a proper articulation of expectations for each of the strategies to fully manage risk. Liquidity needs, time horizon and spending of fund assets must be explicitly addressed, first in the modeling of the fund liabilities or in the case of an endowment or foundation, the spending program, then in the selection and evaluation of the specific illiquid strategies.

The next level of risk management is the selection of the appropriate managers to implement the investment policy developed in the first two steps. We believe that through a careful selection process that takes into account both quantitative and qualitative factors, a plan can significantly reduce the probability of ultimately having to terminate a manager. We believe that investment manager turnover is one of the greatest avoidable costs in the ongoing administration of a plan.

Finally, the cornerstone of on-going risk management is effective performance measurement, where we monitor not only absolute and relative returns, but risk exposures in the portfolio relative to the policy, to peers and to the market. We monitor the actual asset allocation versus the policy target at the total fund level to monitor drift in desired exposures to broad asset classes. We examine portfolio exposure to risk factors at the total fund, asset class and individual fund manager levels, including sector, style, capitalization, credit, liquidity, country, duration, and quality. Finally, we drill down to understand exposure to management related risks in trading, securities lending, company viability, and execution.

We help our client's measure and monitor the risks they are exposed to, both on an absolute basis and relative to their strategic target asset allocation, using several important proprietary tools: performance/tracking error attribution analyses and quarterly holdings-based style/exposure analyses. Both of these proprietary tools can be applied at multiple levels of the fund, from total fund analysis, to the asset class and style composite level, all the way down to the individual manager and security levels.

From a statistical perspective, Callan's performance reports provide a host of risk, return and attribution diagnostics to aid with the on-going evaluation of investment managers. Our customized reports are designed to include the most information in an easy-to-understand format. The risk and return measures are provided to analyze the variation or risk of a manager's return pattern. Risk analysis at Callan is geared toward providing clients with a top-down view of a given portfolio's risk level (e.g., standard deviation, tracking error); whether the investor is being compensated for that risk (e.g., Sharpe ratio, information ratio) and where that "risk" is coming from (e.g., tracking error, sector bets, security selection or concentration). We compare a manager's risk characteristics to an appropriate index and style group.

Along with appropriate risk and return statistics, our performance reports present portfolio characteristics in a quarterly snapshot as well as in a histogram format to help detect any change in style or approach by an investment manager. This holdings-driven view of current portfolio structure is an extremely useful current view of forward-looking risks and active bets embedded in the portfolio. We also present attribution analysis to decipher precise sources of positive alpha or potential underperformance. Callan's comprehensive and well-presented performance measurement reports are regularly cited by clients as a competitive advantage.

We have provided the following examples as representative of the work we have done with all of our clients.

Example 1:

Lancaster General Health (LGH) asset-liability study for DB Pension Plan. This client was new to Callan in 2010 and the asset allocation of the DB Plan had not been reviewed for over 10 years. Callan's first major project was to conduct an asset-liability study. The existing allocation was 60% US equities, 10% non-US equities and 30% US Fixed Income. The Plan is open to new entrants, 80% funded and there are significant contributions planned over the next five to seven years to address this underfunding.

Callan conducted a detailed analysis of the liabilities in line with the process described above. Four alternative asset allocation strategies were explicitly considered for the pension plan:

- (i) Total Return Strategy (Current)
- (ii) Begin to De-risk the Plan
- (iii) LDI and Duration Extension
- (iv) Dynamic Asset Allocation

Given the Plan's current profile, characteristics, and the plan sponsor's financial strength and risk tolerance, the Trustees agreed to maintain a Total Return Strategy. While the "strategy" remains the same, the implementation is significantly different. Recommendations included: a significant expansion of the international equity allocation from its current 10% level to approximately 20%, as well as the inclusion of real assets (12%) and Absolute Return Strategies (6%). This approach will continue to focus on the Trustees desired 8% ROA target, but will significantly lower the projected volatility of the portfolio.

We also performed an asset allocation study for LGH's Unrestricted Reserves. This portfolio consisted of \$460 million and had the same current target asset allocation as the DB Plan. The portfolio goal had been managed with a long-term view, to build wealth while supporting existing debt covenant ratios. To determine future asset growth, we relied on LGH to provide the underlying deterministic forecast data:

- Shattuck Hammond spreadsheet containing forecast pro formas
- Debt service covenant calculations

Callan analyzed the impact of different asset allocations on the Debt Service Covenant Values using stochastic forecasting:

- Created mean-variance efficient optimal asset mixes
- Removed the investment return components from the Shattuck Hammond calculations
- Applied ranges of returns based on 5,000 simulations to the asset mixes and combined the results with the non-investment Shattuck Hammond forecasts
- Calculated the asset values and debt service covenant values for the ranges of returns for each year for the next 10 years

Ultimately, Callan recommended that LGH de-risk the Unrestricted Reserve portfolio to a target asset allocation of:

Domestic Equity: 28%
Non-US Equity: 18%
Domestic Fixed: 54%

Example 2:

Callan Associates was engaged by Johnson Controls Inc (JCI) to develop a strategic policy to “de-risk” the defined benefit pension plan, to reduce the mismatch between assets and liabilities overtime.

We developed a dynamic asset allocation path designed to gradually reduce volatility of funded status and annual cost from 2010 to 2015 as funded status improves. The ultimate goal was to implement a path to a policy portfolio that would significantly reduce volatility of funded status and annual cost by 1/1/2015 to reduce likelihood of future deficit re-emerging.

The dynamic path approach results in an investment policy consistent with JCI's adopted funding policy: all US defined benefit plans are expected to be fully funded by 1/1/2015, where “fully funded” is defined as 110% of US GAAP accounting liability (PBO). We sought to design a “soft landing” very close to 110% funded at 1/1/2015 with moderate (and declining) amounts of risk as that time approaches. 110% of the PBO was selected in order to create a sufficient cushion above 100% so future contributions are unlikely (although still possible). We also conducted an evaluation of the cost necessary to consider funding to termination liability (120% PBO) at 1/1/2015.

A key consideration to the evaluation was the avoidance of excessive surplus generation, as re-capturing this surplus is extremely problematic. The majority of the liabilities will be frozen by the end of 2014. The surplus reversion taxation rules are onerous.

The selected dynamic de-risking path started with exposure to risky assets similar to that of the current target, in order to minimize disruption initially. The design of the dynamic investment strategy encompassed the following steps:

- Lay out asset allocation path to funded status goal.
- Develop rebalancing ranges.
- Determination of the balance between return-seeking versus liability hedging assets at every point along the path.
- Design for the future structure of the return-seeking portfolio. Limit illiquid strategies as liquidity and liability matching needs increase.
- Incorporate phase-out of real estate and hedge funds.
- Shift fixed income exposure from broad market (BC Aggregate) to long government/credit.

Follow-on tasks included:

- Update Investment Policy Statement.
- Develop detailed transition management plan for shifting assets as trigger points are attained along the path.
- Refine the ongoing monitoring of the plan investments and governance for plan decisions.
- Establish periodic asset-liability monitoring process.
- Establish appropriate governance structure to de-risk as the funded status improves.

Example 3:

Callan Associates was engaged by the North Dakota Teachers' Fund for Retirement (TFFR) and the Public Employees' Retirement System (PERS) to conduct asset allocation and liability studies for each plan. A key element of the asset allocation analysis is the definition of the investment opportunity set: which asset classes should be considered for each plan, and the determination of what is to be included within each asset class. Callan developed an asset allocation framework that both refined the current asset class definitions and broadened the potential opportunity set to be considered for each plan.

The starting definitions included most of the asset classes traditionally employed by large public pension plans. The lineup is relatively simple, straightforward, and easy to understand and communicate.

However, the asset class definitions were imprecise in the implementation of the two plans' investment program, and left no designated place for newer, non-traditional strategies, including many pursued by TFFR and PERS. These newer strategies had been forced into "traditional" asset class categories for lack of a designated place within the portfolio:

- Timber
- Infrastructure
- Private equity
- Distressed debt
- Opportunistic fixed income

By including these newer strategies within traditional asset classes, the effective asset class exposures for each plan had been substantially different from those of the underlying target asset allocation. The investment performance for the fixed income allocation with a substantial exposure to timber, for instance, deviated substantially from expectations. This exposure altered the intended role of "fixed income" in the policy portfolio, and complicated the understanding of the true portfolio market exposures.

Callan developed an asset allocation framework that defined broad asset classes to capture the opportunity set, with clearly defined components that are specific enough to enable clear accounting of market exposures, yet flexible enough to allow for innovation and the inclusion of new strategies as they arise.

Global Equity

- Domestic – Large, mid, small cap
- International – developed - large, mid, small cap; emerging, frontier markets
- Private equity

Global Fixed Income

- Domestic investment grade
- International developed markets
- Emerging markets
- High Yield
- Private Debt

Global Real Assets

- Global Real Estate
- Infrastructure
- Timber
- Commodities
- Inflation-Linked Bonds – domestic, international

Global Alternatives

- Hedge funds
- Opportunistic – to be determined as opportunities arise

Cash Equivalents

Current portfolio exposures are rearranged to match underlying market exposures; investments such as timber and infrastructure are clearly articulated. The effective exposures for the TFFR and PERS portfolios are now fully acknowledged and understood by board, staff, and public.

The framework gathers exposures into five broad groups: equity, fixed income, real assets, alternatives, and cash equivalents. Within each of the broad groups, allocations to the components can be set by policy determined at the Board level, or discretion can be delegated to the CIO. Adopting the framework did not require either Board to give up asset allocation responsibilities and delegate authority. The new framework will require both the Boards and the CIO to explicitly consider each of the exposures in the current portfolio and any potential new exposures going forward.

The benefits of the proposed framework start with a more specific and clear definition of asset classes, where investments are housed under appropriate market categories and true market exposures are more clearly articulated. The framework allows flexibility in the implementation of the investment program by better identifying the full opportunity set. Not all strategies identified must be pursued, and the structure remains open to new strategies as they arise. In essence, the framework divides the portfolio into three basic categories, defined by their reactions to specific capital market factors:

- Equity (growth and capital appreciation)
- Fixed income (income, low risk, flight to quality, deflation)
- Real assets (inflation, income, diversification)

This framework requires careful articulation of asset classes to avoid limiting opportunities inadvertently.

While more complex than the starting asset class designations, the fundamental building blocks for embracing this framework were already in place. In essence, the framework is a new lens for viewing the investment programs for TFFR and PERS. All of the existing asset classes are still included, but expanded and refined to provide a better picture of true portfolio exposures, return potential and risk. The reporting and risk measurement of the broad asset categories still begin with each of the underlying strategies. The aggregation of strategies into broad asset classes changed, but the fundamental measures of return, risk and portfolio attribution remain unchanged. The performance reports produced by Callan rearrange the individual strategies into the new asset class categories, but the wealth of performance metrics is retained.

This broad approach to defining an asset allocation framework based on three basic capital market influences – growth (equity), income (bonds) and inflation sensitivity – is a useful way to highlight potential exposures to capital market factors that may be lacking (such as inflation sensitivity) or in excess (such as equity risk or credit risk). The result of viewing a portfolio through this lens by many Callan public fund clients has been the continued pursuit of diversification, both within the broad asset categories and across capital market factors.

3. Is your firm, its parent, or any affiliate a registered investment adviser with the SEC under the Investment Advisers Act of 1940? If not, state your fiduciary classification.

Callan Associates is a Registered Investment Advisor with the SEC under the Investment Advisers Act of 1940.

Callan's Form ADV, Parts I and II, is included in Section 3 of the Appendix.

4. Within the last five years, has your organization or an officer or principal been involved in litigations, SEC investigations, or other legal proceedings relating to your investment consulting assignments? If so, please provide an explanation and indicate the current status or disposition.

In the normal course of business, Callan has been the subject of litigation. Summaries are provided below for cases over the last five years. Please contact us if you have any additional questions.

- In 2009, Callan Associates was served with complaints in three cases filed by Carole M. Perdue, Hayden R. Battles, and Brian McVeigh, who purchased contracts to participate in the Alabama Prepaid Affordable College Tuition ("PACT") program, a Section 529 plan. The similar complaints assert a number of claims against Callan and other parties, including, that Callan breached its duties to each respective beneficiary as funds in the PACT program declined in value to the point that the fund allegedly lacks the assets to meet its future obligations. On January 25, 2010, the Battles case was dismissed without prejudice, leaving only the Perdue and McVeigh cases still pending. In early May, 2010, the Alabama governor signed into law a plan that would allow the state to fund the assets in order to meet PACT's future obligations. Callan believes that there is a reasonable likelihood that the remaining two cases will be dismissed as a result of this new legislation.
- In 2007, Callan Associates was served with a complaint filed by a participant, Albert T. Beane, Jr., in the Federal Mogul Corp. defined benefit plan. Federal-Mogul, a former client, did not file this suit and they were not a party to it. In March 2009, the parties reached a settlement, without any admission of liability by Callan, for significantly less than the anticipated litigation cost.
- In 2006, Callan Associates was served with a complaint filed by Patrick Patt, a participant in the Illinois Teachers Retirement System (ITRS) defined benefit plan. ITRS did not file this suit and they were not a party to it. In June 2009, the parties reached a settlement, without any admission of liability by Callan, for significantly less than the anticipated litigation cost. In the midst of these proceedings, of which ITRS was aware, ITRS rebid the Real Estate consulting relationship and rehired Callan Associates after a competitive process.

5. Has your firm ever been censured by any regulatory body? If so, please describe the situation.

Callan has never been censured by a regulatory body.

D. Conflicts of Interest

1. Explain in detail any potential for conflict of interest that may be created by your firm's providing services to the Fund.

We do not foresee any conflicts of interest should we be selected as the new consultant for San Antonio Fire and Police.

2. Does your firm or an affiliate manage money for clients? Include also whether your firm or its parent or an affiliate is a broker/dealer. Do you trade for your client accounts through your own broker/dealer? Does your firm accept soft dollars as a method of payment for services provided? Do you use soft dollars to make payment for services received? What percentage of your clients has soft dollar arrangements with your firm?

Yes, through our Trust Advisory Group, we provide small cap fund-of-fund and Glidepath fund solutions to the institutional marketplace. The Trust Advisory Group (TAG), Callan's asset management division, specializes in the design, implementation, and on-going management of multi-manager portfolios for institutional investors. Utilizing Callan's scale, experience, and manager research resources, TAG applies a process-driven approach to building efficient, low cost portfolios with clearly articulated goals and objectives. Currently TAG serves as the sponsor and advisor to a multi-manager small cap Trust designed for very large institutional investors, and as a non-discretionary sub-advisor for a series of target maturity collective funds sponsored by AST Capital Trust, a Delaware chartered trust company. The Trust Advisory Group represents 5% of Callan's revenue. We currently have 3 employees that work in this division.

Callan is not a broker/dealer and we do not have any broker/dealer relationships.

We bill all of our clients or their agents in hard dollars and are paid only in hard dollars. All clients or their agents receive regular invoices from Callan detailing services billed and payments made to allow them to track their payments. Callan does not receive soft dollars, directed commissions, 12(b)(1) fees, referral fees or participate in commission recapture programs.

We do not use soft dollars to make payment for services received and do not have any clients with soft dollar arrangements.

3. Describe how conflicts of interest among your consulting functions are prevented if your firm also provides portfolio management or brokerage services, or if your firm also provides consulting services to investment management companies.

Preventing conflicts of interest is a critically important issue to us, our clients, and our prospective clients. Callan's success and integrity depends on offering objective, impartial advice, free from inappropriate influence of any outside party. We have an unblemished record providing these services to the highest profile clients in the industry for over thirty-seven years. To ensure our freedom from conflicts, we have had the following practices in place for over a decade:

Code of Ethical Responsibility – Callan adheres to a firm-wide ethical code. The preamble to this statement succinctly summarizes the firm's position: "Callan Associates' mission is to provide objective information to our prospects and clients. Our success depends not only on the quality of information we provide, but on the degree of professionalism, honesty and integrity with which we conduct ourselves in the collection, processing and dissemination of information. With this in mind, all Callan employees will recognize their duty to the firm, our clients and prospects to uphold our standing in the investment community by adhering to the

following principles...” Callan’s Code of Ethical Responsibility is included in Section V of the Appendix. We also have 30 CFA Charterholders and 12 CFA Program Candidates who also subscribe to the CFA code of ethics.

Disclosure – It is Callan’s explicitly stated policy to avoid conflicts through disclosure. Callan believes in disclosure of all business activities and relationships. Every year, and upon request, we furnish our fund sponsor clients with a complete list of all investment managers who do business with our Institutional Consulting Group and who are members of the Callan Investments Institute. New clients receive this information at the outset of our relationship. Additionally, in every manager search and quarterly performance report prepared for our clients, we indicate whether or not each manager included in the report does any business with Callan. We adhere to the principle that there should never be any question about providing clients with the appropriate information they need in order to assess our firm’s objectivity. A list of managers we do business with has been included in Section 4 of the Appendix.

Oversight Committees – In services where the potential for conflict of interest is high, such as the manager search process, Callan eliminates bias through a formal, internal oversight system. Callan’s Manager Search Committee, composed of senior fund sponsor consultants, verifies the accuracy, completeness and objectivity of data gathering, due diligence, and evaluation used during the manager screening process. For other services, such as asset allocation or manager structure, the Client Policy Review Committee evaluates all reports before they are submitted to the client. Our oversight system not only ensures objectivity, but also gives our clients the benefits of our firm’s collective wisdom and experience.

Separation of Profit Centers – The Callan groups that serve investment managers operate as separate profit centers within the firm, maintaining their own staff, as well as their own profit and loss accounting systems. Neither ICG nor CII personnel are involved in any manager search activity or fund sponsor consulting. Managers who pay Callan for services are never entitled to, nor do they receive, any preferential treatment from our consultants. This statement of fact is communicated to each manager in writing at the outset of any relationship with Callan. The Trust Advisory Group (TAG) also operates as a separate profit center with a dedicated staff.

As outlined in our Code of Ethical Responsibility, the following principles exist to prevent conflicts of interest:

Investment Manager Relationships

1. An investment manager’s business relationship with Callan or its affiliates, or lack thereof, will not affect that manager’s inclusion or exclusion from a manager search or evaluation project.
2. The Callan Manager Search Committee will not consider a manager’s business relationship with Callan, or lack thereof, in any way in its deliberations. It is the Callan Manager Search Committee Chairman’s responsibility to prevent any such discussions.
3. Callan will not maintain any type of code or other method of designating a manager’s business relationships with Callan in any screening process used as part of a manager search or evaluation project.
4. Callan’s Global Manager Research Department will maintain an open door policy toward all investment managers, whether or not they have a business relationship with Callan. Participation in Callan’s databases is at the manager’s discretion and without cost to the manager.

5. Global Manager Research Department staff and members of the firm's Manager Search Committee will routinely disclose to the Manager Search Committee any familial relationship with investment management firms.
 6. The Institutional Consulting Group (ICG) and the Callan Investments Institute (CII) will not attempt to influence investment manager search or evaluation activity on behalf of their clients or members, either formally or informally.
 7. ICG consultants will inform all clients and prospects that the purchase of services or products will not enhance a manager's evaluation or potential for inclusion in Callan searches.
 8. Fund Sponsor consultants will not market products to investment managers without involvement of an ICG representative, but may refer managers to the ICG.
 9. CII personnel will inform CII investment manager membership candidates that membership in CII will not enhance a manager's evaluation or potential for inclusion in a search.
 10. CII will coordinate investment manager membership requests by maintaining a reasonable balance between Fund Sponsor and manager members.
 11. CII personnel will discourage investment manager members from directly marketing their investment management services at CII functions. Violations by investment managers may result in the loss of their membership privileges.
 12. Callan will disclose the existence of all business relationships with investment managers on request and as part of each manager search project.
 13. Annually, a notice will be provided to all Fund Sponsor clients informing them that a list of all relationships with investment managers will be made available to them on request.
 14. Client requests for more detailed information on manager relationships will be handled directly by corporate staff to ensure that confidentiality of client information is appropriately respected.
4. **Describe in detail all circumstances under which your firm or any individual in your firm receives compensation, finder's fees or any other benefit from investment managers or third parties, and list all investment management firms or third parties from which your firm has received any compensation within the last five years.**

Investment consulting is our primary line of business. As such, Callan derives the majority (65%) of our total revenues from plan sponsor consulting services. While plan sponsor consulting has been and will continue to be our primary business, Callan does provide consulting and receive fees in three areas beyond fund sponsor consulting. Although there is no overlap in personnel between these areas, Callan maintains a constant dialogue between all its business lines to ensure our clients have access to our extremely knowledgeable and diverse employee network. These areas operate separately from fund sponsor consulting and are explained below.

The Independent Adviser Group (IAG) provides consulting resources and services to a select group of independent consulting firms and financial intermediaries. Through their unique relationship with Callan Associates, IAG clients provide fiduciaries, trustees, and high net worth individuals with objective and professional investment consulting solutions that have been traditionally available to only the largest of institutions. IAG contributes 10% of Callan's revenue.

The Institutional Consulting Group (ICG) provides investment manager clients with research, education, performance measurement, database, and analytical tools to help them better serve the needs of institutional investors. ICG contributes 20% of Callan's revenue.

The Trust Advisory Group (TAG) is the asset management division that specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. TAG applies a process-driven approach to building efficient, low cost portfolios with clearly articulated goals and objectives. TAG serves as the sponsor and advisor to a multi-manager small cap equity fund and as the non-discretionary advisor to a series of Target Maturity Funds known as the Callan GlidePath® Funds. TAG contributes 5% of Callan's revenue.

Please refer to our response to question D.3, above, for Callan's policies on preventing conflicts of interest. We have included a list of investment firms we have done business with in the past five years in Section 4 of the Appendix.

E. Staff and Consultants in the Firm

1. How many investment consultants does your firm have?

We currently have 25 general consultants that manage client relationships on a day-to-day basis and 28 specialty consultants that do not maintain direct client relationships but conduct research on behalf of clients and the firm full-time.

2. Discuss the ways you manage growth, including any limits to the client/consultant ratio.

We have maintained a client growth rate of approximately 5% per year. We expect to continue at this rate in the future. This is a level that has been very manageable as we increase superior, qualified staff in advance of anticipated client growth. Just as important, we are dedicated to keeping our client-to-consultant ratio at one of the lowest levels in the industry. To this end, the proposed consulting team is very selective in the new business opportunities they pursue given their current work load. Quality of service will always trump asset growth.

In general, the range of client relationships assigned to any one general consultant is typically 8 to 12. The number of clients a consultant takes on is a direct function of the amount of time required to service each account up to our exacting standards.

Our current fund client to general consultant ratio is approximately 9 to 1 (6 to 1 if we group our clients by distinct organizations). Callan's client to consultant ratio is among the lowest in the industry while our support staff to consultant ratio is one of the highest, ensuring that all clients receive superior consulting and service.

3. Describe your company philosophy for recruiting, hiring, and retaining senior personnel.

Callan's management recognizes the need to create an environment that nurtures and retains talented individuals. Callan employees are motivated by a culture that nurtures an entrepreneurial spirit and recognizes the unique contributions of each individual. In addition to pecuniary incentives, Callan seeks to create an environment where top employees are encouraged to further their professional development by pursuing continuing education. The opportunity for employees to grow and prosper, while at Callan Associates, is a key factor to ensure that top professionals remain with the firm.

We have always placed great emphasis on the training, orientation and mentoring of personnel within all levels of the firm. The reason is simple: The more knowledgeable and informed our employees are, the more our clients benefit. Within this context, Callan is committed to continuing education. Employees are encouraged to further their formal and professional education. We actively support the CFA program and offer tuition reimbursement for job-related courses. Employees are encouraged to attend the "Callan College," our educational program on prudent investment practices. And the research, workshops, and conferences produced by the Callan Investments Institute are available for the education of our employees.

Our response to question E.4, below, also provides additional information with respect to the incentives that are in place to ensure consultant retention.

4. Describe how consultants and analysts in your firm are compensated.

Callan is able to attract, retain and motivate qualified consultants and staff through generous compensation, stock ownership, continuing education, rewarding client relationships and overall firm culture.

Generous Compensation – Salary constitutes approximately 75% of total compensation, while incentive compensation represents the other 25%. The incentive portion of the compensation package is influenced by the profitability of the firm and the consultant's personal success. Our incentive compensation program focuses on long-term client satisfaction and profitability, rather than new business generated. In both the short and long run, profitability is primarily affected by the retention of consulting relationships. We therefore believe that the individual consultant's personal interests and the client's interests are closely aligned.

Share Ownership – Since Callan is entirely owned by employees, share ownership provides an important long-term component of key-employee retention. Callan is currently owned by 60 active employees.

Support of Continuing Education – Callan seeks to create an environment where top employees are encouraged to further their professional development by pursuing continuing education. For example, we actively support the Chartered Financial Analyst program. Additionally, we offer a program to employees, "InTraining," which educates staff on the various consulting services and products offered by the firm. The opportunity for employees to grow and prosper while at Callan Associates is a key factor in retaining top talent.

Callan Clients – We seek to work only with clients who perceive the value we bring and with whom we can develop challenging and enjoyable relationships.

Firm Culture – In addition to pecuniary incentives, employees are motivated by a culture that nurtures an entrepreneurial spirit and recognizes the unique contributions of each individual.

5. List the turnover of consulting and research personnel in the last three years. State the reason of departure for each.

Full Name	Title	Department	Date Terminated	Reason
John Carr	SVP, Consultant	Atlanta Consulting Office	06/24/2011	Pursuing other interests
Mathew Costello	VP, Consultant	Hedge Fund Research	06/17/2011	Pursuing other interests
Antonio Duarte	VP, Consultant	DC Consulting	05/05/2011	Pursuing other interests
Ruthann Moomy	SVP, Consultant	Denver Consulting Office	01/01/2011	Disability
Todd Mathias	Investment Analyst	Global Manager Research	12/07/2010	Pursuing other interests
Scott Blasingame	Investment Analyst	Global Manager Research	11/02/2010	Pursuing other interests
Maria Bautista	Vice President	Global Manager Research	06/25/2010	Pursuing other interests
Jon Salstrom	Investment Consultant	Global Manager Research	06/01/2010	Pursuing other interests
Lin Fitzenhagen	Consultant	SF Consulting Office	01/29/2010	Pursuing other interests
John Krimmel	SVP, Consultant	Atlanta Consulting Office	12/31/2009	Pursuing other interests
Greg Bauer	VP, Consultant	Atlanta Consulting Office	12/31/2009	Pursuing other interests
Eileen Kwei	VP, Consultant	SF Consulting Office	08/10/2009	Pursuing other interests
Michael Tadlock	VP, Consultant	SF Consulting Office	08/10/2009	Pursuing other interests
Diana Greenstone	VP, Consultant	SF Consulting Office	08/10/2009	Pursuing other interests
Toni L Brown	EVP, Consultant	SF Consulting Office	08/10/2009	Pursuing other interests
Cliff Axelson	SVP, Manager	NJ Consulting Office	02/18/2009	Pursuing other interests

F. Consulting Team

- 1. Provide name, title, home office location, and biography of the key individual(s) who would be directly responsible for providing consulting services to the Fund, including what year the individual joined your firm, current responsibilities, areas of expertise, experience, education, professional designations, and memberships. Detail their roles and the scope of their involvement for this assignment.**

Callan clients are supported by integrated consulting teams, typically consisting of client-facing consultants working from one of the regional offices, and appropriate asset class research and performance specialists, most of whom work from Callan's San Francisco headquarters.

Gwelda Swilley Burke and Mike Swinney will serve as the primary consulting team who will work with the San Antonio Fire & Police Pension Plan. They are based in Callan's Atlanta office and will have ultimate responsibility for the coordination and delivery of all services, ensuring the completeness and quality of all work performed. Gwelda and Mike will be available to assist in various functions, including, but not limited to: answering all questions of the investment committee; conducting briefings and presentations at special meetings; undertaking special projects that may be requested and marshalling the resources of our specialty groups to perform work. Biographies for Gwelda and Mike are included below.

Gwelda Swilley-Burke, Senior Vice President. Gwelda is a senior consultant in Callan's Atlanta Consulting office and joined Callan in 2010. Gwelda has over twenty years of experience working with public defined benefit plans, Taft Hartley, and endowments and foundations. At Callan, she is focused on advising institutional clients on asset allocation, manager selection, and performance monitoring.

Prior to joining Callan, Gwelda spent 12 years as a Managing Senior Consultant at Gray & Company. Prior to Gray & Company, Gwelda was a consultant with LCG Associates and worked with public, corporate, endowment and foundations. Gwelda worked at Watson Wyatt and concentrated primarily with public funds.

Gwelda earned a Bachelor of Arts and Master of Arts in International Affairs with a concentration in Economics from Florida State University.

Mike Swinney, CFA, Vice President. Mike is a consultant in Callan's Atlanta Consulting office and joined the firm in 2011. Mike works with a variety of fund sponsor clients including corporate and public defined benefit plans, corporate defined contribution plans, endowments and foundations. His responsibilities include performance evaluation, strategic planning and implementation, investment manager review, and the coordination of special client proposals and requests.

Prior to joining Callan Associates, Mike was an investment consultant in the Atlanta office of Hewitt EnnisKnupp, serving corporate defined benefit, defined contribution and other institutional clients. He was responsible for all aspects of client relationship, including asset allocation and investment policy development, investment manager research and selection, and performance evaluation. His background also includes a stint at the Federal Home Loan Bank of Atlanta.

Mike received a Bachelor of Science in Computer Information Management from Life University, and a Bachelor of Commerce in Accounting from the University of Cape Town. He has earned the right to use the Chartered Financial Analyst designation and is a member of the CFA Institute and the CFA Society of Atlanta.

In addition to the proposed consulting team, the San Francisco-based specialists who will be called on to immediately support San Antonio Fire & Police include the following:

- **Jay Kloepper**, Head of the Capital Markets Research Group, oversees investment structure work, asset allocation studies & asset liability studies.
- **Kelly Cliff** and **Inga Sweet**, Co-Heads of the Global Manager Research Group, oversee manager search and monitoring efforts.
- **Virgilio “Bo” Abesamis**, Head of Master Trust, Custody, Securities Lending, and Transition Management Group.
- **Allie Banuelos**, Head of the Client Report Services Group, and her team of performance analysts will be responsible for producing monthly and quarterly performance evaluation reports for each of the investment pools.

Biographies for all Callan professionals are included in Section 5 of the Appendix. Our response to question A.4 also details Callan's organizational structure and services offered to Plan Sponsor clients.

2. **State whether the individuals assigned to the work have any responsibilities other than providing consulting services, and if so, specify such responsibilities.**

Gwelda and Mike dedicate approximately 90% of their time to servicing existing client relationships and 10% to new business development.

3. **What are the procedures for addressing this account when the lead consultant or other assigned personnel are unavailable?**

We believe that clients receive the highest level of service when your relationship is serviced by a team approach. In addition to the consulting team of Gwelda and Mike that will service your account on a daily basis, Callan professionals from our Performance Measurement, Global Manager Research and Capital Markets research groups will all perform work for your plan on a regular basis.

In the event that both Gwelda and Mike were unavailable, Lisa Pickelsimer and Cody Chapman would be the quickest way to access Callan's resources. Lisa and Cody are both associate consultants in the Atlanta office and work closely with Gwelda and Mike to service all client relationships. Biographies for Lisa and Cody are included in Section 5 of the Appendix.

4. **Describe your firm's backup procedures in the event that key personnel in this assignment should leave the firm.**

Callan believes that our clients are best serviced by a team approach to consulting. A carefully selected team of Callan consultants works with each of our clients to create a true investment partnership. It is this team approach to consulting that ensures continuity of service in the event a key member of the team is unavailable or leaves the firm. The consulting team for San Antonio Fire & Police has been structured so that in the event either of the primary consultants becomes unavailable, the other primary consultant will assume responsibility for the account with the approval of San Antonio Fire & Police. In the highly unlikely event that both primary consultants became unavailable, Callan's other consultants have the talent and experience to assume responsibility for the relationship with no loss of quality in service. In this situation we would work closely with you to select a new consulting team from Callan's deep pool of resources.

G. Research

1. **Describe your firm's philosophy and resources, including history of experience in the following areas:**

Performance Evaluation and Reporting

Many investment consulting firms have chosen to outsource their performance and database systems to third-party providers. Although outsourcing might provide potential short-run cost savings, Callan believes that in the long run, there is more value to our clients in maintaining our own proprietary systems. Owning our systems affords us a level of control, accuracy, timeliness, and flexibility that is impossible with an outsourced solution. We continually invest significant dollars in our information technology and are continuously updating our performance evaluation services. The result is that Callan's clients continue to receive state-of-the-art, user-friendly performance analytics which represent the leading edge offered in our industry today. This approach translates into better research, a higher level of customization and ultimately better investment solutions for our clients.

Callan Associates Inc. has provided performance evaluation services to its clients for over thirty-seven years. Our performance evaluation process is a combination of qualitative and

quantitative factors, and, most importantly, is uniquely tailored to the client's needs. Callan's broad experience in dealing with a number of different clients and situations enables us to thoroughly evaluate the total fund performance as well as each manager's overall capabilities and performance including how they have met your specific needs.

Callan's performance evaluation and reporting capabilities are detailed more extensively in Section L of our response.

Asset Allocation

Callan's proprietary asset allocation modeling capabilities originated in the late 1970's and have been continually enhanced through the years. These enhancements encompass Callan's state-of-the-art modeling technologies, as well as years of experience performing structure evaluation studies for institutional investors. We maintain a dedicated Capital Markets Research Group which will work with your Callan consulting team of Gwelda and Mike to help formulate the appropriate asset allocation recommendations.

Callan's Capital Market Research Group is the key resource in strategic asset allocation studies. This team is composed of economists and mathematicians and is dedicated to basic research in the fields of asset allocation and strategic planning, development of econometric tools and statistical models that enable fund sponsors to predict the possible outcomes of their investment decisions. The group has developed a capital market projection model, a mean variance optimization model and a Monte Carlo simulation model.

Callan's asset allocation philosophy and capabilities are discussed more extensively in Section H of our response.

Investment Policy

Callan offers expert assistance in constructing appropriate, effective statements of investment policy and investment guidelines. We review the responsibilities of the plan fiduciary, investment managers and other service providers; policy guidelines, including asset allocation, rebalancing ranges, manager selection procedures and investment limitations; and return and risk objectives for the total fund and for individual managers.

Callan Associates has been a major catalyst in the evolution of the policy statement. Our extensive contact with a diverse client base has enabled us to assist clients in diversifying assets to reduce the overall volatility/risk posture of each client's portfolio. The experience of the Callan consultant has been tested repeatedly in diversifying portfolios not only by asset class (asset/liability modeling) but also by investment style (manager structure analysis). Because Callan assists clients in articulating the diversification structures at both levels, Callan is particularly suited to documenting these decisions into formal policy statements. Further, Callan's investment management research positions the firm, both qualitatively and quantitatively, to develop and articulate benchmarks that best suit an individual manager's investment style or philosophy. In sum, Callan's years in the business and depth of consulting experience provide the client with a wealth of knowledge to establish and to formally articulate the general objectives and guidelines of a fund and the specific benchmarks and objectives of an investment manager.

Callan's investment policy philosophy and capabilities are discussed more extensively in Section I of our response.

Manager Search

Callan maintains a large Global Manager Research Department at our corporate headquarters in San Francisco. This group of 22 professionals provides technical support to plan sponsor consultants and is responsible for conducting all research and analysis for every manager search we conduct. In addition, they are responsible for producing all due diligence documentation in support of our search efforts for clients' use. This group includes specialists in international investments, real estate, and alternative investments as well as domestic equities and bonds. The sole responsibility of our Global Manager Research Department is to research investment management organizations and investment products. Its staff routinely meets with investment managers in our offices and also conducts periodic on-site due diligence. Our Global Manager Research Group maintains a detailed understanding of each asset class listed below plus in-depth knowledge of the manager community that serves them. In addition to these dedicated specialists, all twenty-five fund sponsor consulting professionals including Gwelda Swilley-Burke and Mike Swinney are responsible for ongoing due diligence on investment managers.

Callan's manager search philosophy and capabilities are discussed more extensively in Section K of our response.

Research

As a Callan client, San Antonio Fire & Police would be a full member of the Callan Investments Institute. Launched in 1980, the Callan Investments Institute was the first forum in the industry created specifically for providing education to investment fiduciaries. The Callan Investments Institute is widely recognized as one of the leading educational forums for the pensions and investments industry. Institute clients include approximately 300 public funds, corporations, endowments, foundations, multi-employer funds, independent advisors, and investment management organizations. One of the key functions of the Institute is research. To update clients on the latest investment information, the Institute conducts valuable market and statistical surveys, undertakes substantial research on important investment trends, prepares position papers on timely investment topics, publishes quarterly newsletters, and provides quarterly performance statistics.

Callan's research philosophy and capabilities are discussed more extensively in Section G of our response.

2. Describe the internal structure and organization of your research department. If no separate department exists, describe how this function is performed.

Callan maintains a large Global Manager Research Department at our corporate headquarters in San Francisco. This group of 22 professionals provides technical support to plan sponsor consultants and is responsible for conducting all research and analysis for every manager search we conduct. In addition, they are responsible for producing all due diligence documentation in support of our search efforts for clients' use. This group includes specialists in international investments, real estate, and alternative investments as well as domestic equities and bonds. The sole responsibility of our Global Manager Research Department is to research investment management organizations and investment products. Its staff routinely meets with investment managers in our offices and also conducts periodic on-site due diligence. Our Global Manager Research Group maintains a detailed understanding of each asset class listed below plus in-depth knowledge of the manager community that serves them. In addition to these dedicated specialists, all twenty-five fund sponsor consulting professionals including Gwelda Swilley-Burke and Mike Swinney are responsible for ongoing due diligence on investment managers.

Callan's Specialty Consulting Services departments (described below) are primarily responsible for conducting research. These individuals are primarily located in San Francisco with the exception of the Defined Contribution Group, which is located in Chicago. It is important to note that all of Callan's research is conducted internally. General Fund Sponsor consultants who have particular expertise on certain subject matter also conduct research on behalf of Callan.

Traditional Investments

Capital Markets Research Consulting specializes in asset allocation and liability modeling, as well as strategic planning, capital market projection, manager structure optimization, securities lending, performance-based vs. asset-based fees, custody services, derivatives and active vs. passive management analysis.

Global Manager Research covers domestic investments and monitors activity and issues in equity, fixed income, emerging/minority-owned, women-owned managers, international equity and fixed-income. This group also covers a broad array of alternative investments including private equity, natural resource investments, hedge funds and managed futures, and real estate investments and trends.

International Consulting and International Manager Research focuses exclusively on international equity and fixed-income investment issues.

Global Trust/Custody/Securities Lending covers issues such as global custody, fees, benefit administration, on-line systems and technology, back-office applications, cash management, client servicing, risk and guideline compliance, multinational trusts, contract and securities lending.

Alternative Investments

Callan has provided consulting services related to alternative equity investments since the 1970s. Callan's Capital Market Research and Private Market Groups collaborate to conduct research and retain investment managers for all types of alternative strategies including but not limited to private equity, real estate, hedge funds, extension strategies, portable alpha, timber, commodities, agriculture, infrastructure, etc. As client interest in absolute return strategies has increased in recent years, we have devoted resources to helping our clients evaluate these strategies as well.

Real Estate

The Real Estate Group conducts extensive research on the real estate investment management industry through meeting with more than 80 different management firms annually in Callan's offices. This research is further enhanced by visiting more than 20 investment managers in their offices where Callan can gain a broader perspective of the management organization, culture and personnel. Our proprietary real estate performance database completes the research picture, which is comprised of 523 products representing greater than \$125 billion of institutional capital. In the past five years, Callan has conducted 40 real estate manager searches representing greater than \$3.7 billion in institutional capital.

Private Equity

Callan's Private Markets Group conducts manager research including both fund-of-funds managers and direct partnership general partner reviews. We have very strong information flow and proactively gather market information. We are very cognizant of keeping open, professional communications with the manager universe. We meet face-to-face with over 100 private equity managers each year, which constitutes all private equity strategies and market segments. We collect offering materials on several hundred offerings per year, which constitutes most of the investable private equity marketplace, both fund-of-funds and direct partnerships. As offerings come to market, they are loaded into a deal-log database along

with relevant summary information on the offering. On the direct partnership side, we actively screen deal flow and notify clients of quality opportunities and assist in full due diligence.

Regarding fund-of-funds, Callan conducts on average four fund-of-funds and separate account gatekeeper searches each year. We proactively track all institutional fund-of-funds managers, both established and developing, that are in the market and routinely canvas the universe as to invested status. In the past eight years, Callan has conducted 60 private equity searches.

Hedge Funds

The Hedge Fund Consulting group has two specialist fund-of-fund consultants dedicated full time to research on portable alpha strategies, hedge funds and other absolute return-oriented investment products. In addition, we have two other senior people focused on direct funds and hedge fund research. Finally, an additional four professionals are involved in extension strategies research. These specialists conduct manager searches, provide client education seminars and publish periodic industry updates and research papers.

3. Describe the manner in which external resources and sources of information are used in the research process. How does your firm integrate internal and external research?

We conduct our own research internally; however, it can be based on various external resources. For example, our quantitative consulting group relies on Ibbotson for their long-term data, ProVal for their asset/liability studies, and Bloomberg for their financial statistics. Our database group draws from Compustat, Zacks, Bridge, Lipper, CDA Weisenberg, Lehman SunBond, and IDS1 for returns and portfolio characteristics. Other outside resources includes MorningStar and Nelson to supplement our own in-house manager research process.

All external research serves to supplement and support our internal research.

4. Describe the type, subject matter, and frequency of research provided to clients, and provide an example.

As a Callan client, San Antonio Fire & Police would be a full member of the Callan Investments Institute. Launched in 1980, the Callan Investments Institute was the first forum in the industry created specifically for providing education to investment fiduciaries. The Callan Investments Institute is widely recognized as one of the leading educational forums for the pensions and investments industry. Institute clients include approximately 300 public funds, corporations, endowments, foundations, multi-employer funds, independent advisors, and investment management organizations. One of the key functions of the Institute is research. To update clients on the latest investment information, the Institute conducts valuable market and statistical surveys, undertakes substantial research on important investment trends, prepares position papers on timely investment topics, publishes quarterly newsletters, and provides quarterly performance statistics.

Research

Callan's specialty consulting groups conduct research on a broad range of domestic and international issues affecting the institutional investor. Research papers, which are written independently or at a client's request, are disseminated to Callan clients through the Institute.

Samples of our research have been enclosed with our submission. A full list of research papers published in the last three years is included in our response to question G.6 below.

Surveys

Periodic surveys conducted by the Institute cover the following areas:

- Defined Contribution Trends
- Alternative Investments
- Rising From the Ashes - A Callan Survey of How Investment Managers Survived the Market Collapse (special survey)
- Investment Management Fees
- Cost of Doing Business Survey: US Funds and Trusts
- Securities Lending Survey
- Brokerage Commission Survey

Publications

Institute members receive monthly and quarterly performance statistics that allow them to compare their performance results with market indices and a database of investment managers representing over 85% of tax-exempt fund assets. Specifically members receive:

Capital Market Review – This quarterly review reports on macroeconomic indicators, and provides performance reports on the equity, fixed income, international and real estate markets.

Private Market Trends – a quarterly periodical that discusses the market environment, recent events, performance and other issues involving real estate, alternative investments, and other non-traditional investments.

Hedge Fund Monitor – a quarterly newsletter that gives our clients a current view of the growing phenomenon of this popular alternative solution and addresses topics such as investable indices, fund-of-fund allocation trends, separate accounts vs. commingled funds, as well as quarterly performance commentary.

Defined Contribution Observer – a quarterly newsletter that offers Callan's observations and opinions on a variety of topics pertaining to the defined contribution industry, investment trends among the plans our clients oversee, and enhancements and developments of products that investment managers and plan providers bring to sponsors and participants.

5. Describe your ability to provide customized computer-based analytical tools to your clients. Please describe features.

Callan clients can subscribe to our *Performance Evaluation Program (PEP) for Windows™*. PEP for Windows™ is Callan's industry-leading performance, risk, and style analysis software application. Designed by Callan from the ground up, PEP is a highly flexible software tool for analyzing investment performance and producing analysis to meet the needs of today's investment professionals. This software is included in our retainer proposal to you. Following are feature highlights:

Return & Risk Analysis

Performance and risk can be measured relative to any of Callan's style groups or databases, or over 450 market indices. PEP's flexibility allows clients to choose any time period desired. Through the use of a wide variety of chart types such as floating bars, line charts, and scatter charts, PEP presents data in the format that clients feel is most effective. By allowing clients to customize output, PEP can help a plan sponsor identify appropriate levels of risk.

Style Analysis

PEP can effectively quantify manager style for domestic, international, and global equity portfolios through the use of both holdings-based and multi-factor regression analysis. This analysis can be displayed in several ways. One option is a style map, which enables clients to compare their style to other managers and indices on either a holdings basis or using regression analysis. A second option is an exposure chart which quantifies levels of exposure to different equity styles.

Holdings Based Analysis and Attribution

Managers routinely send their periodic portfolio holdings to Callan for analysis and characteristic computation. These statistical results are then sent back to PEP users in their PEP database for in-house analysis. Choose from over 30 equity and fixed-income characteristics. PEP gives users the ability to use holdings-based portfolio characteristics to compute buy-and-hold performance attribution. Users can see how a manager adds value through skill in sector selection and how this differs from his or her skill in selecting securities within sectors.

Search Books

Searchbooks, PEP's newest manager search tool, facilitate the ability to run statistics on many managers or funds at one time. Users can screen portfolios on different return-based statistics as well as holdings-based portfolio characteristics where available. PEP also enables you to combine statistics via the Search Score function. Rank managers and funds based on one or multiple criteria.

Database

PEP provides immediate access to valuable data from Callan's proprietary separate account and mutual fund databases. With over 14,000 products across these two databases, you can access information on virtually every available investment vehicle. PEP also furnishes an appropriate peer group for any investment approach, providing over 200 style and database groups to choose from. PEP's database architecture also allows you to customize performance groups, portfolios, benchmarks, and composites. Each data series in the PEP database can hold the following types of data on both a quarterly and monthly basis:

- Returns
- Ending Market Values
- Equity Portfolio Characteristics
- Domestic Fixed Income Portfolio Characteristics
- Cash Flows
- GIC Sector Weights
- Equity Buy-and-Hold Sector Returns
- Domestic Fixed Income Sector Weights
- Country Weights
- Mutual Fund Expense Data
- Separate Account Fee Schedules
- User Created Data Fields
- Organization/Product Level Assets

In addition, through *Callan Insights*, our online news service, Callan communicates substantive investment manager information on a regular basis. Because of Callan's extensive exposure to the investment management community through our due diligence process and our client relationships, we are often among the first to be informed of qualitative changes in an investment management organization. We provide this up-to-date news, analysis, and commentary on the institutional investment community to all retainer clients. In

addition, Callan consultants contribute to *Insights* using the knowledge gained through their investment community contacts and by monitoring newspapers, journals, and industry-related sources. Clients can choose to receive by email all news items, or just those pertaining to a customized list. Recent news is stored in our archives, where clients can use a search engine to locate items pertaining to a specific organization or investment professional.

6. List any relevant research papers written by your firm.

Following is a list of research papers that have been made available to Institute members through the Research Bulletin over the last 3 years:

- Why Plan Sponsors Invest in Private Equity
- Domestic Equity Benchmark Review: Year-End 2010
- Charticle - Real Estate Indicators: Too Hot to Touch or Cool Enough to Handle?
- Charticle - Real Return Strategies: A Closer Look
- Private Equity: The Strategy Comes of Age
- The Future of Stable Value
- Beyond U.S. Timberland
- Lifetime Retirement Income Solutions
- Fixed Income Benchmark Review: Year Ended March 31, 2010
- The Recovery Across All Asset Classes (Reprinted from PREA Quarterly)
- Investment Return Assumptions for Public Funds - The Historical Record
- Endowment Spending Policies Since the Passage of UPMIFA
- Domestic Equity Benchmark Review: Year-End 2009
- Capital Market Projections: Looking Forward
- The Risk Parity Approach to Asset Allocation
- The Odyssey of Risk
- Charticle - Government Economic Stimulus Program (TARP, TALE, PPIP)
- Performance-Based Fees
- An Overview of Institutional Real Estate - A Primer

H. Asset Allocation

1. Discuss the theory, methodology, and process your firm uses in determining the investment strategy and asset allocation. Please include information about the asset allocation models your firm employs and a brief explanation of how you develop asset class assumptions.

Callan's proprietary asset allocation/liability modeling capabilities originated in the late 1970s and have been continually enhanced. These enhancements encompass Callan's state-of-the-art modeling technologies, as well as more than thirty years of experience in asset allocation modeling for major institutional investors. We maintain a dedicated Capital Markets specialty group that is responsible for conducting all asset/liability asset allocation work.

This specialized team of economists, mathematicians and actuaries are dedicated to research in the fields of asset allocation and strategic planning as well as the development of economic tools and statistical models that enable fund sponsors to predict the possible outcomes of their investment decisions. The group has developed a capital market projection model, a mean variance optimization model, and a pension fund Monte Carlo simulation

model. In addition to this primary focus, the group conducts client specific research projects, including the examination of new asset classes and the development of appropriate due diligence documentation for the inclusion of these assets in a client portfolio. A frequent subject of analysis is how to structure investment portfolios including the use of active and passive management in each asset class. They also frequently evaluate the uses and opportunities inherent in areas such as global tactical asset allocation and currency overlay, hedged strategies to reduce funding risk in pension funds, asset/liability matching and many other client specific research projects.

Our Asset/Liability Study determines the most suitable fund structure that will result in the highest expected rate of return for a given level of risk. The study takes a long-term viewpoint and considers all appropriate investment vehicles within applicable legal and fund guidelines.

Capital Market Projections

One of the key inputs to Callan's asset allocation model is a set of proprietary capital market assumptions, developed internally by Callan Associates, characterizing the expected future performance of the major asset classes during a ten-year period. The return and risk projections provided below describe Callan's estimation of performance for several asset classes over the next ten years. Projected return is the expected median (50th percentile) annual return over a ten-year period. The projected risk is the expected annual standard deviation, indicating the amount of variability around the median return that is likely to occur in any given year within the ten-year period. A summary of our 2011 Long Term Capital Market Expectations is included below.

Callan's Long Term Capital Market Expectations (2011-2020)

Asset Class	Index	Single-Period Arithmetic	10-year Geometric *	Real	Standard Deviation	Projected Yield
Equities						
Broad Domestic Equity	Russell 3000	9.35%	8.00%	5.50%	18.10	2.00
Large Cap	S&P 500	9.05%	7.85%	5.35%	17.25	2.20
Small/Mid Cap	Russell 2500	10.55%	8.25%	5.75%	23.00	1.20
International Equity	MSCI EAFE	9.50%	7.85%	5.35%	19.75	2.00
Emerging Markets Equity	MSCI EMF	11.75%	8.35%	5.85%	27.50	0.00
Global ex-US Equity	MSCI ACWI ex-US	10.05%	8.20%	5.70%	20.90	1.70
Fixed Income						
Defensive	BC Gov't 1-3 Year	3.25%	3.25%	0.75%	2.50	3.25
Domestic Fixed	BC Aggregate	3.80%	3.75%	1.25%	4.50	3.80
Long Duration	BC Long Gov't/Credit	4.55%	4.00%	1.50%	11.15	4.55
TIPS	BC TIPS	3.60%	3.50%	1.00%	5.90	3.60
High Yield	CSFB High Yield	6.15%	5.60%	3.10%	11.55	6.15
Non-US\$ Fixed	Citi Non-US Gov't	3.75%	3.35%	0.85%	9.70	3.75
Other						
Real Estate	Callan Real Estate	7.85%	6.75%	4.25%	16.35	5.00
Private Equity	VE Post Venture Cap	13.10%	9.05%	6.55%	30.00	0.00
Absolute Return	Callan Hedge FoF	6.25%	5.90%	3.40%	10.00	0.00
Commodities	GSCI	6.50%	3.75%	1.25%	24.00	3.00
Cash Equivalents	90-Day T-Bill	3.00%	3.00%	0.50%	0.90	3.00
Inflation	CPI-U	2.50%	2.50%		1.40	

* Geometric returns are derived from arithmetic returns and the associated risk (standard deviation).

The correlation estimates below describe the degree of co-movement between asset classes. Correlations can range from +1.0 to -1.0. A correlation of +1.0 means that the two asset classes move in exactly the same manner or direction, and a correlation of -1.0 means that the asset classes move in exactly opposite directions. Adding an asset class with a low correlation to existing asset classes in a portfolio can reduce overall risk.

2011 Projected Correlation between Asset Classes

Correlation	Broad	Lg Cap	Sm/Mid	Int'l Eq	Emerg	Glob xUS	Defensive	Dom Fix	Long Dur	TIPS	Hi Yield	NUS Fix	Real Est	Pvt Eq	Abs Ret	T-Bill
Broad Dom Eq	1.000															
Large Cap	0.995	1.000														
Small/Mid Cap	0.954	0.920	1.000													
Int'l Equity	0.802	0.800	0.760	1.000												
Emerging Mkts	0.838	0.830	0.810	0.830	1.000											
Global ex-US Eq	0.845	0.841	0.806	0.983	0.918	1.000										
Defensive	-0.109	-0.100	-0.130	-0.080	-0.120	-0.096	1.000									
Domestic Fixed	0.010	0.020	-0.020	0.000	-0.030	-0.010	0.820	1.000								
Long Duration	0.164	0.168	0.145	0.125	0.094	0.120	0.760	0.913	1.000							
TIPS	-0.103	-0.095	-0.120	-0.090	-0.115	-0.102	0.460	0.660	0.610	1.000						
High Yield	0.612	0.610	0.580	0.530	0.530	0.551	0.050	0.160	0.230	0.060	1.000					
Non-US\$ Fixed	-0.071	-0.060	-0.100	0.050	-0.090	0.006	0.420	0.430	0.350	0.300	0.000	1.000				
Real Estate	0.736	0.730	0.710	0.640	0.620	0.658	0.000	0.080	0.191	-0.020	0.540	0.000	1.000			
Private Equity	0.947	0.940	0.910	0.870	0.890	0.910	-0.160	-0.070	0.114	-0.160	0.600	-0.070	0.730	1.000		
Absolute Return	0.741	0.740	0.700	0.680	0.670	0.703	0.050	0.230	0.340	0.100	0.510	0.000	0.560	0.710	1.000	
T-Bills	-0.043	-0.030	-0.080	-0.010	-0.100	-0.040	0.350	0.100	0.043	0.070	-0.110	0.000	-0.060	-0.150	0.150	1.000

When Callan performs asset allocation studies, we generally suggest portfolios that are diversified across a variety of asset classes. The main result of mean-variance optimization is that portfolio risk, as measured by the standard deviation of returns, can be reduced by including less than perfectly correlated portfolio assets.

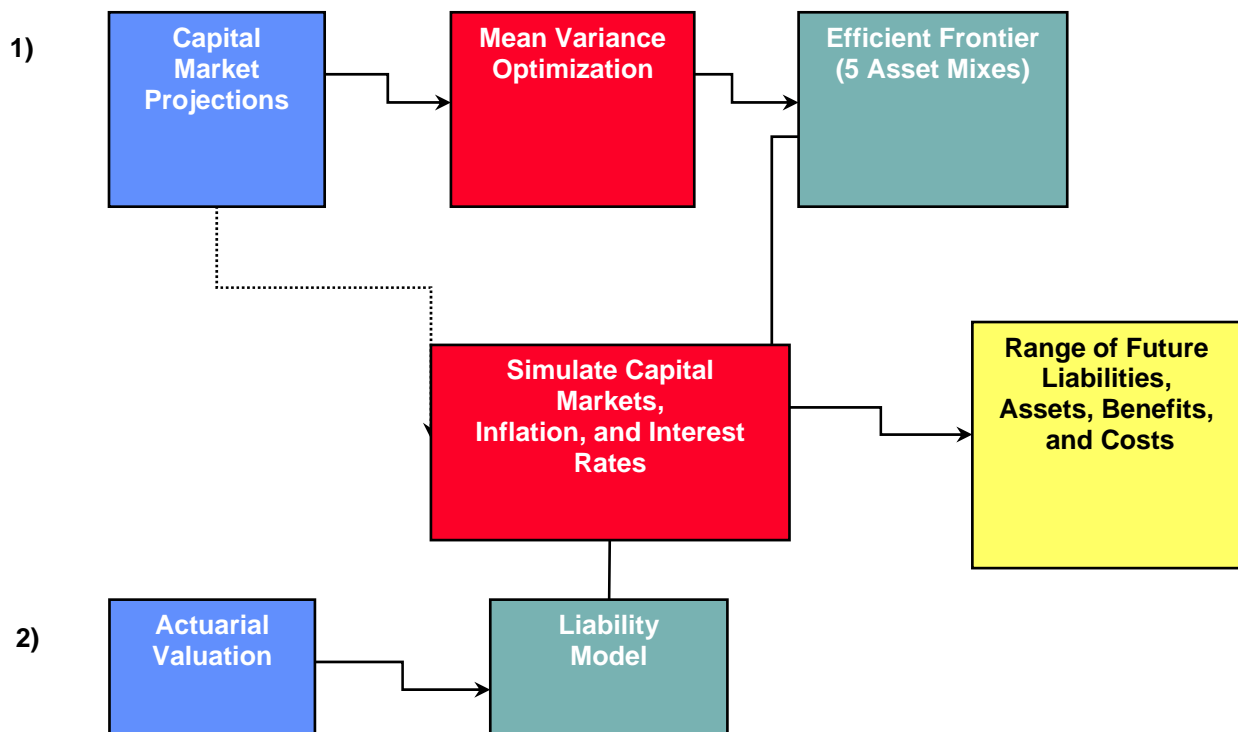
Strategic Asset Allocation using Mean Variance Optimization & Monte Carlo Simulation

A pension fund's strategic asset allocation is a primary determinant of future growth and volatility of the plan assets. The objective of an asset allocation and liability study is to enhance the long-term security of the fund by identifying an asset allocation policy that achieves two primary objectives:

1. The policy should generate the maximum expected rate-of-return given its expected level of risk; and
2. The policy should generate the appropriate level of risk for the plan given the Plan's liability structure, expected cash flows and funded status.

In order to identify the asset allocation policy that best achieves these two objectives, a two step process is undertaken. In the first step, Mean Variance Optimization is used to identify a series of asset mixes, ranging from lower risk to higher risk, that all satisfy the first objective. This series of asset mixes is commonly referred to as the efficient frontier. The mixes along the frontier are deemed efficient because they generate the maximum expected return for their expected level of risk. They do this by taking optimal advantage of low correlations between the performance behaviors of the different asset classes of which they are composed.

In the second step we use Monte Carlo Simulation to evaluate the expected behavior of each of these efficient mixes in the context of the plan's future assets and liabilities. To achieve this step, a model is constructed using the plan's most recent actuarial valuation. This model allows us to project all of the key dimensions of the plan (membership, salary, benefits, liabilities, contributions, etc.) and determine their sensitivities to changes in future inflation and interest rates (the two primary drivers of liability volatility). By then simulating thousands of possible future capital market outcomes and observing the interaction of assets and liabilities across all of these potential scenarios, we can begin to understand the effect that each asset mix might have on the future of the plan. This two step process is illustrated in the schematic diagram on the next page.



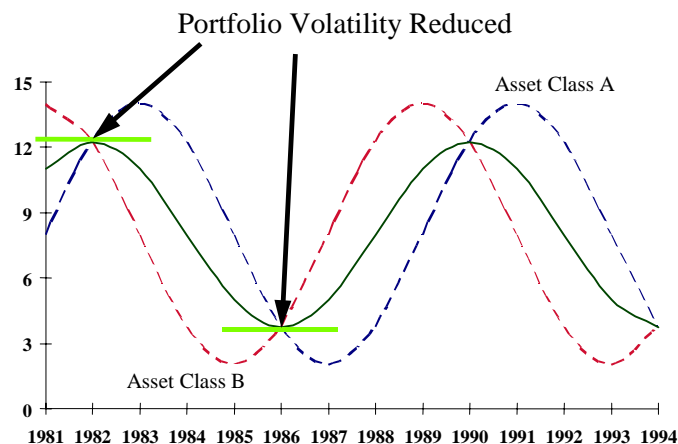
The Monte Carlo simulations provide a substantial amount of data about the potential future of the plan under each asset mix. The next challenge is to distill this data down into meaningful information that can be used to support an asset allocation decision. As with any large data set, there are countless perspectives that can be taken that will support almost any conclusion. Callan has developed an approach to interpreting the data that seems to resonate with plan sponsors, and results in very reasonable asset allocation policies.

Callan's Asset/Liability Study reports provide an interpretation of the output from the Monte Carlo analysis, ultimately leading to a proposed asset allocation policy that best suits the future needs of the plan.

Asset Modeling

On the asset side, Callan developed a model based on Harry Markowitz's Nobel Prize winning work for Modern Portfolio Theory (MPT). MPT suggests that asset class returns and risks are correlated, so that an investor could diversify holdings infinitely, yet there would still be portfolio (systematic) risk.

The theory says that there are benefits of holding multiple asset classes that are not perfectly correlated. As illustrated below, even though hypothetical Asset Class A is somewhat correlated with hypothetical Asset Class B, the overall return volatility is reduced. Furthermore, return is not sacrificed, at 7.5% for the portfolio consisting of both asset classes and for Asset Classes A and B.



Mean Variance Optimization is a standard quantitative tool that is used to identify a series of efficient portfolios ranging from conservative to aggressive (the efficient frontier). The mixes along this frontier are deemed efficient because they generate the maximum expected return for their expected level of risk. They do this by taking optimal advantage of low correlations between the performance behaviors of the different asset classes of which they are composed.

Mean Variance Optimization requires projections of expected return and expected standard deviation for each of the asset classes being considered in the analysis. It also requires a projection of the correlations between these asset classes.

Implementation Considerations

Once an appropriate asset allocation target is selected, we address two important implementation issues: transitioning into the new target and the establishment of strategic rebalancing ranges for this target.

Plan for Implementation of the New Target: The implementation plan will estimate the cost of moving to the new target and provide recommendations on how to minimize such cost. If there are new asset classes for the fund, we will explore alternative vehicles and examine the resulting additional costs. Finally, we will present a timetable for implementation.

Establishment of Strategic Rebalancing Ranges: Strategic rebalancing ranges will be established as an integral part of the strategic asset allocation. Over time, rebalancing has consistently tended to reduce overall portfolio volatility and increase total return. The optimal rebalancing ranges will depend on the underlying strategic asset allocation. The rebalancing range for a particular asset class will depend on the allocation to the asset class, the volatility of the asset class, the correlation with other asset classes, the transaction costs involved in rebalancing the asset class, and the average length of performance cycles.

Callan consultants periodically monitor the current allocation against the strategic target and the related rebalancing ranges. If the plan's allocation exceeds the plan's strategic ranges, the consultant will propose an implementation plan for returning the plan back to the strategic target. The particular form of this implementation plan will depend on the extent of variation from the target as well as the market environment. Ideally, the plan's investment managers should participate in the process, particularly in assessing the market environment, to achieve a team approach to the rebalancing plan.

By definition, asset allocation is client-specific because the formulation process is based on the client's particular circumstances such as regulatory constraints, unique preference, projected spending requirements and risk tolerance. Throughout the process, our consultants will work closely with the City's board members to ensure comfort with the parameters and methodologies.

Callan Associates believes that it is extremely important for plan sponsors to re-visit their strategic asset allocation strategies every three-to-five years. As a result of changes in factors both internal (e.g., plan demographics, cash flow, plan amendments) and external (e.g., financial markets, regulatory environment) to the plan, asset allocation strategies may require fine-tuning over time. If ignored, they could prove to dampen the plan's potential for meeting its long-term financial obligations.

A sample asset-liability study has been enclosed with our submission.

2. What variables would your firm consider essential in reviewing and developing long-range strategies for the Fund?

Callan's asset allocation and liability study consists of three phases.

Phase One establishes the risk and return assumptions for the asset classes to be considered. Assumptions on risk and return are set in the context of historical performance data for each asset class and the principles of capital market theory, as applied to a 3- to 5-year outlook. We would review these procedures with the client as well as the actual assumptions to ensure comfort with the methodology and resulting assumptions.

The study computes a range of "efficient" portfolio asset mixes. The selected asset classes are combined based upon their risk and return assumptions and correlations by Callan's computerized optimization process to determine the efficient portfolio. Any policy or legal restrictions will be incorporated into the analysis. The end product of Phase One is a description of the range of investment results that might realistically be expected to occur, from the best to the worst case. This range is shown for the current asset mix and each alternative asset mix and can be calculated for time periods up to twenty years. Having completed the "asset-side" of the equation, the study next explicitly analyzes the Plan's liabilities.

Phase Two involves a comprehensive analysis of the "liability-side" of the asset allocation equation. Assuming that a full analysis of the liabilities is warranted, Callan Associates will enter a complete actuarial description of the Pension Plan based on the latest valuation into our proprietary computer software model to project Plan assets, liabilities, and contributions for the appropriate investment planning horizon. We work closely with your actuary to accurately portray the present actuarial valuation model and to project expected liability levels.

The Callan model, which uses simulation analysis, allows for a detailed study of the future financial condition of the Pension Plan. The model is used as a strategic investment planning tool to assist in the understanding of the nature of the Plan's liabilities and how the Plan's assets respond to those liabilities. The modeling process considers:

- Funding method
- Pay and benefits, by age and service
- Benefit formula
- Decrement tables (mortality, retirement)
- Actuarial assumptions

- Asset valuation method
- Membership, by age and service
- Actuarial liability for each group

Based on this information, the model develops a complete actuarial model of the Plan for use in the projection process. The model is designed to use information from the actuarial report, at any level of detail. The more detailed the information, the more precise the resulting projections will be. To project the future growth of the Plan, additional data is input into the model describing the expected realistic growth of the plan and the projected range of investment results. Key parameters include year-by-year expectations concerning the plan population, payroll, and other benefits, including:

- Historical growth rate in the work force
- Early retirement inducement programs
- Anticipated hiring and termination policies
- Lump-sum payment or annuity purchasing programs
- Projected membership growth
- Projected inflation
- Current benefit formula
- Anticipated benefit formula changes or cost of living adjustments

Callan's projection model is one of the few in the country to not only project liabilities into the future but also provide the flexibility to consider many different scenarios relative to the year-by-year expectations. Most asset allocation models provide a snapshot of the liabilities at a particular point in time. The Callan model is dynamic and provides a moving picture of how liabilities and assets react over time.

Phase Three integrates the asset mix projections developed in Phase One with the actuarial model of the Plan (and future expectations) developed in Phase Two into a framework that determines the expected dollar cost impact of the alternative asset mixes. The integrated asset/liability model projects the future financial condition of the Plan using simulation analysis.

More than 2,000 simulations are run per year enabling the Fund to review the expected dollar range in market value of assets that the alternative asset mixes might produce and to see the impact upon the projected costs of the Plan. The probabilities of meeting unfunded liabilities and ultimate net costs over the planning horizon can also be determined for each asset mix.

The asset/liability simulation model also makes it possible to determine the dollar effect of changes in assumptions on the cost of the Plan. In addition, the study will show the cost impact of various asset mix alternatives. The most efficient asset mix in both risk/reward and cost terms can now be evaluated quantitatively.

The final step in this phase is to overlay the qualitative findings with a methodology more qualitative in nature. This qualitative overlay considers such issues as transition costs and peer comparison.

3. Describe your policy for changes to a pension system's asset allocation with changes in the market environment.

Callan Associates believes that it is extremely important for plan sponsors to review their strategic asset allocation strategies every three-to-five years. As a result of changes in factors both internal (e.g., plan demographics, cash flow, plan amendments) and external

(e.g., financial markets, regulatory environment) to the plan, asset allocation strategies may require fine-tuning over time which, if ignored, could prove to dampen the plan's potential for meeting its long-term financial obligations. Callan's approach to maximizing a fund's potential of achieving its long-term goals, then, is not necessarily based upon "changing" asset allocation recommendations, but rather to encourage its clients to continuously revise and, if necessary, fine-tune its strategy in light of changing circumstances.

4. Discuss your firm's view on risk management from an asset allocation perspective. Describe the tools you use here.

Callan works on an on-going basis with many of the largest institutional investors in the country in the development and maintenance of their risk management programs. Risk control is at the heart of Callan's investment consulting philosophy. In addition, ongoing research and fiduciary education are vital supporting elements of our risk control practice.

Traditionally an investment consulting firm participates in the risk management process for a large public pension plan in three key areas:

Asset Allocation and Portfolio Implementation

This includes: defining the performance and risk objectives for the fund consistent with assets, liabilities, liquidity needs, risk tolerance, and any regulatory constraints, as well as developing investment guidelines and monitoring criteria for internal and external management.

Callan has been conducting asset-liability studies since the inception of the firm. We typically complete 20-25 full asset-liability studies each year and 20-25 asset allocation only studies.

Callan's proprietary asset allocation/liability modeling capabilities originated in the late 1970s and have been continually enhanced. These enhancements encompass Callan's state-of-the-art modeling technologies, as well as more than twenty-five years of experience in asset allocation modeling for major institutional investors. We maintain a dedicated Capital Markets Research specialty group that is responsible for conducting all asset/liability work.

Callan's Capital Markets Research Group is the key resource in strategic asset allocation studies, investment structure analysis, economic forecasting, policy development and other quantitative areas. This specialized team of economists, mathematicians, and actuaries is dedicated to research in the fields of asset allocation and strategic planning as well as the development of economic tools and statistical models that enable fund sponsors to predict the possible outcomes of their investment decisions. The group has developed a capital market projection model, a mean variance optimization model, and a pension fund Monte Carlo simulation model. In addition to this primary focus, the group conducts client specific research projects, including the examination of new asset classes and the development of appropriate due diligence documentation for the inclusion of these assets in a client portfolio. A frequent subject of analysis is how to structure investment portfolios including the use of active and passive management in each asset class. They also frequently evaluate the uses and opportunities inherent in areas such as global tactical asset allocation and currency overlay, hedge strategies to reduce funding risk in pension funds, asset/liability matching and many other client specific research projects.

Monitoring, Evaluation and Reporting System

Development and on-going maintenance of a comprehensive monitoring and reporting system covering all aspects of total fund performance and investment risk is the second area a consultant supports in the risk management process. This system, at a minimum should provide: top-down analysis of the total fund's performance and risk characteristics relative to benchmark and peers; analysis at the asset class level of performance, risk, and portfolio

characteristics relative to benchmarks and peers; analysis at the manager level of performance, risk, portfolio characteristics relative to benchmarks and peers.

Callan Associates Inc. has provided performance evaluation services to its clients for over thirty-seven years. We continually invest significant dollars in our information technology and are continuously updating our performance evaluation services. The result is that Callan's clients continue to receive state-of-the-art, user-friendly performance analytics which represent the leading edge offered in our industry today. It is important to note that Callan maintains its own proprietary database and reporting platform and is one of the last to do so. We feel this is a big differentiating factor in our capabilities as it gives us complete control over the design, quality, timeliness, and content of our reporting. In addition it provides:

- Complete flexibility in peer group construction, choice of indices and custom index construction, choice of time periods, etc...
- Gives us and our clients access to the historical performance, holdings, and organizational detail on virtually every firm and product that has been marketed to institutional investors over the last 30 years.
- Provides for a built-in training ground for our associates as well as develops the intellectual capital that comes with building and maintaining a complex institutional-grade security-level performance reporting system.

Our performance evaluation process is a combination of qualitative and quantitative factors, and, most importantly, is uniquely tailored to the client's needs. Callan's broad experience in dealing with a number of different clients and situations enables us to thoroughly evaluate the total fund performance as well as each manager's overall capabilities and performance including how they have met your specific needs.

In addition to return information, Callan reports on risk analysis, style analysis, characteristics analysis, organizational issues, product strategy changes, manager turnover, ownership changes, along with any other information pertinent to each individual manager. These reports provide the most comprehensive look at total fund and manager performance and are the basis for detailed discussions and action plans going forward. There are four components that we feel are critical to quality reporting and analysis that we believe are our strengths and best describe our capabilities. They are:

- Accurate calculation of returns
- Peer & benchmark comparisons
- Depth & quality of analytics
- Qualitative interpretation and insight to both the market and the individual managers

Risk analysis at Callan is geared toward providing clients with a top-down view of a given portfolio's risk level (e.g., standard deviation, tracking error); whether the investor is being compensated for that risk (e.g., Sharpe ratio, information ratio) and where that "risk" is coming from (e.g., tracking error, sector bets, security selection or concentration).

From a statistical perspective, Callan's performance reports provide a host of risk, return and attribution diagnostics to aid with the on-going evaluation of investment managers. Our customized reports are designed to include the most information in an easy-to-understand format. The risk and return measures are provided to analyze the variation or risk of a manager's return pattern. Alpha, beta, residual risk and standard deviation are compared to appropriate indices and style groups. We also regularly evaluate other statistics like Sharpe Ratio, Information Ratio, Treynor Ratio, and Excess Return Ratio. Risk, like performance, is a relative statistic. Therefore, we compare a manager's risk characteristics to an appropriate index and style group.

Along with appropriate risk and return statistics, our performance reports present portfolio characteristics in a quarterly snapshot as well as in a histogram format to help detect any change in style or approach by an investment manager. This holdings-driven view of current portfolio structure is an extremely useful current view of forward-looking risks and active bets embedded in the portfolio. We also present attribution analysis to decipher precise sources of positive alpha or potential underperformance. Callan's comprehensive and well-presented performance measurement reports are regularly cited by clients as a competitive advantage.

Operational Best Practices

Internal investment operations best-practices and guidelines is the third area of involvement for an investment consulting relationship. This includes defining the governance structure for the fund including the allocation of decision-making authority and oversight; reviewing all aspects of the fund's public markets operational platform including trading, custody, securities lending, foreign exchange, use of derivatives and/or leverage, fees and expenses; reviewing all aspects of the fund's alternative investments portfolio including liquidity terms, fees and expenses, cash management and forecasting, developing an annual pacing plan to insure proper diversification across time and strategies.

5. Does your firm have a process to allow the Fund to review alternative market conditions? If so, briefly describe.

During asset-liability studies, which we recommend completing every 3 to 5 years, Callan integrates our capital market expectations and the liability projections in a Monte Carlo simulation model, where we evaluate the financial condition of the pension plan under varying capital market, inflation, and interest rate scenarios. We generate 2,000 iterations in the simulation process. We then analyze the distribution of results, comparing the median or expected case to the range of probable outcomes. We examine the trade-off between the "reward" in the expected case when moving from one asset mix to another and the "risk," or the worsening of the worst case. One can think of the 2,000 iterations as 2,000 "what if" scenarios pertaining to the assets, inflation, and interest rates. These simulations are typically performed for one expected set of liability assumptions. We will conduct a reasonable number (1-3) of alternative simulations where meaningful changes to the liabilities are examined, such as a plan change (increased benefits, changes to the benefit formulas) or demographic changes (terminations due to closed plants or programs, higher expected population growth).

6. Describe your firm's philosophy regarding strategic versus tactical asset allocation.

Callan does not typically assist clients in making shorter-term tactical asset allocation decisions, as we believe that in determining the appropriate asset allocation, a thorough understanding of the Plan's liabilities, in conjunction with its assets, is essential to the decision making process. It is our observation that successful management is based on long-term asset allocation strategies designed for Plan obligations. Our strategic asset allocation process considers a five-year time horizon and looks at projected asset class returns over that five-year period. Callan's asset allocation and liability study will take into consideration these projections and the Plan's liabilities and will present an array of optimal strategic allocations.

However, we would observe that some of our clients have a target allocation to opportunistic strategies. Of those that do have an allocation, it is typically in the range of 3 to 5% of total assets. We do have at least one client who has allocated 5% of US fixed income to opportunistic fixed income strategies and 5% of US equity to opportunistic equity oriented strategies. It is important to note that while opportunistic strategies may offer the ability to earn excess returns, they also come with additional risks that often include leverage, heavy concentration in a particular sector or security, illiquidity, lack of transparency, high fees, etc.

Those risks are important to consider by any fund considering an allocation to those strategies.

Our clients that invest in opportunistic strategies generally allocate to broad based strategies that are offered by managers with specific expertise in a broad asset class. Funds such as this rely on the investment manager's broad capabilities in the particular asset class as well as their ability to identify when particular sectors or securities offer compelling opportunities. They also need to have skill at knowing when to avoid particular sectors or securities. Some of our clients will also invest on an opportunistic basis with managers who they believe have shown an ability to tactically allocate across multiple asset classes.

A small number of our clients request our assistance in providing due diligence on more targeted opportunistic strategies such as bank loans or other focused strategies that may offer short term opportunities for higher returns due to market dislocations. In those cases, we can perform due diligence on the particular manager, the basis for the strategy as outlined by the investment manager, as well as the risks and opportunities. We generally do not believe that identifying very specific or short term tactical investment opportunities are a core competency of investment consultants. Some of our competitors feel otherwise and are very active in recommending those tactical opportunities. We believe that investment managers who trade on a daily basis in the capital markets are best qualified to identify those opportunities. Therefore, in order to take best advantage of the strengths of both the investment consultant as well as the investment managers, we favor broader based strategies as described above over more narrowly focused opportunistic strategies.

7. Is your firm capable of performing asset/liability modeling studies? How many certified actuaries does your firm employ that work in this area of your firm's research?

Callan's Capital Market Research Group is dedicated to conducting asset-liability studies, asset allocation studies, and investment structure analysis for a wide variety of institutional investors. The Capital Markets Research Group currently completes approximately 20-25 asset-liability studies per year. Each asset-liability study is unique, as they are tailored to the specific needs and preferences of each client. This group has 2 certified actuaries and 4 CFA Charterholders.

I. Investment Policy Development and Review

1. Describe your philosophy and process for development of: overall investment policy as well as investment policy for specific asset classes; client investment objectives, especially public pension clients.

Callan's approach to developing and maintaining an investment policy typically incorporates four distinct processes (asset/liability analysis, manager structure, investment policy statement development, manager search and selection) to assure that all aspects have been considered, including documentation and implementation.

Asset Allocation/Liability Analysis

Callan has been conducting asset allocation and asset-liability studies since the inception of our firm. We typically complete 20-25 full asset/liability studies each year and 20-25 asset allocation only studies. Callan's proprietary asset allocation/liability modeling capabilities originated in the late 1970s and have been continually enhanced. These enhancements encompass Callan's state-of-the-art modeling technologies, as well as more than thirty years of experience in asset allocation modeling for major institutional investors. We maintain a dedicated Capital Markets Consulting specialty group that is responsible for conducting all asset/liability work.

Callan's Capital Markets Research Group is the key resource in strategic asset allocation studies, investment structure analysis, economic forecasting, policy development and other quantitative areas. This specialized team of economists, mathematicians and actuaries is dedicated to research in the fields of asset allocation and strategic planning as well as the development of economic tools and statistical models that enable fund sponsors to predict the possible outcomes of their investment decisions. Biographies of the key professionals in this group can be found in Section 5 of the Appendix.

In addition, we also subject every study to formal oversight review by our Client Policy Review Committee. This committee, comprised of senior level consultants and specialists, reviews all strategic planning studies. In addition to providing necessary oversight, the Committee brings valuable experience to bear on each study thus creating a situation where every client benefits from the collective wisdom of the firm.

Integration of Liabilities and Actuarial Interface

An analysis of the client's liabilities is central to our asset allocation process. We work with the plan's actuaries to develop an actuarial model of the plan today and projections of the plan's liability five and ten years in the future. Callan conducts 20-25 asset/liability studies each year, and we have worked with all of the actuarial consulting firms with a national presence and many of those focused on regions of the country.

We enter a complete actuarial description of the plan based on the latest valuation into our proprietary computer software model to project plan assets, liabilities and contributions for the appropriate investment planning horizon. We work closely with your actuary to accurately portray the present actuarial valuation model and to project expected liability levels.

The liability model is then integrated with an asset allocation model in a simulation exercise that examines the financial condition of the plan five and ten years in the future for a range allocation alternative over a range of economic scenarios. Understanding the consequences of an asset allocation choice in terms of funded status or cumulative contributions is important to making the best choices.

Investment Policy/Guidelines

Callan offers expert assistance in constructing appropriate, effective statements of investment policy and investment guidelines. We review: the responsibilities of the plan fiduciary, investment managers and other service providers; policy guidelines, including asset allocation, rebalancing ranges, manager selection procedures and investment limitations; and return and risk objectives for the total fund and for individual managers.

Callan Associates has been a major catalyst in the evolution of the policy statement. Our extensive contact with a diverse client base has enabled us to assist clients in diversifying assets to reduce the overall volatility/risk posture of each client's portfolio. The experience of the Callan consultant has been tested repeatedly in diversifying portfolios not only by asset class (asset/liability modeling) but also by investment style (manager structure analysis). Because Callan assists clients in articulating the diversification structures at both levels, Callan is particularly suited to documenting these decisions into formal policy statements. Further, Callan's investment management research positions the firm, both qualitatively and quantitatively, to develop and articulate benchmarks that best suit an individual manager's investment style or philosophy. In sum, Callan's years in the business and depth of consulting experience provide the client with a wealth of knowledge to establish and to formally articulate the general objectives and guidelines of a fund and the specific benchmarks and objectives of an investment manager.

The Investment Policy Statement documents the various decisions reached earlier in the strategic planning process. These topics include the following:

- Asset allocation, determined through asset/liability modeling,
- Appropriate diversification by investment style, determined through investment manager structure analysis, and
- Investment managers to be retained (current or the selection of new or replacement managers through the investment manager search process).

Once the above decisions are made, the development or revision of the Investment Policy Statement can be accomplished in four phases as follows:

Phase One – First Callan guides the client in identifying specific standards against which performance of individual managers will be measured. Once the overall structure has been determined and the individual manager's objectives defined, it is important to develop the long-term investment objective for the total fund, specifically tailored to the prospective investment structure. Callan will assist in developing the long-term objective that best meets the risk/reward structure of the Fund. At the conclusion of this phase, a formal draft will be produced.

Phase Two – The Board will review the policy draft and meet with the Callan consultants to discuss comments, additions, deletions, and changes to the IPS.

Phase Three – Callan will redraft the policy document, which again will be reviewed by all interested parties, including the Fund's investment managers, for concurrence.

Phase Four – Any additional changes will then be incorporated into a final policy document. Callan will produce the appropriate number of copies of the statement for delivery to and execution by all interested parties.

Typically, policy formulation can be accomplished within a one-to-two month time frame. In addition, because the policy is meant to be a working document, it should be reviewed annually and can be amended more frequently, as necessary. Callan has extensive experience in strategically planning the investments for a broad range of investment programs and in setting the strategy for implementing these diversification plans. We have the depth of consulting expertise needed to guide clients through these decisions and then articulate the decisions in formal policy documents.

Manager Structure Analysis

Callan's manager structure analysis is a qualitative and quantitative evaluation to suggest alternative manager structures that will maximize the risk-adjusted return of the total portfolio. Our analysis incorporates regression techniques with an insightful qualitative overlay; structure balancing so that portfolios do not systematically underperform during style cycles; determination of an appropriate range of passive exposure; and an implementation plan to achieve an optimal structure at minimum cost. Callan conducts, on average, 33 manager structure analyses annually.

The basis for Callan's manager structure analysis includes the following analytical considerations and tools:

- The overall risk tolerance of the plan, as determined through an asset/liability modeling study. Conservative portfolios place a higher premium on risk reduction than do more aggressive funds.
- The requirement that the structure be balanced, so that the portfolio does not systematically under perform style cycles (e.g., value/growth cycles for equity managers, interest rate cycles for fixed-income managers).
- Optimization analysis balances exposure to style cycle sensitivities with manager value added.
- Evaluation of portfolio characteristics over time (individual managers and composite portfolios of managers).
- Risk-adjusted return analysis to evaluate the degree and consistency of manager value-added relative to an appropriate investment style.

Manager Search

Callan has been helping clients select investment managers for more than 37 years. Our manager search process goes beyond the cursory look at past performance by incorporating both quantitative and qualitative evaluations of an investment management organization. Each search is tailored to meet our client's investment objectives and undergoes a disciplined process - a blend of quantitative and qualitative evaluation and quality peer oversight that is unique to Callan. Callan maintains a large Global Manager Research Department in its corporate headquarters in San Francisco. This group provides technical support to plan sponsor consultants, and includes specialists in international investments, real estate, and alternative investments as well as domestic equities and bonds. The sole responsibility of our Global Manager Research Department is to research investment management organizations and investment products. Its staff routinely meets with investment managers in our offices and also conducts periodic on-site due diligence. Our Global Manager Research Group maintains a detail understanding of each asset class plus in-depth knowledge of the manager community that serves them.

It is important to note that searches are only conducted after careful asset allocation analysis, manager structure analysis and/or performance review. We believe that adding or replacing managers should only occur if a structural or performance reason exists to do so.

2. Outline your process for analyzing a client's investment portfolio structure.

The objective of Callan's Manager Structure Analysis is to determine the optimal mix of investment management styles that will diversify the fund's assets within each asset class. The optimization seeks to define the mix of investment managers and styles that meets or exceeds the fund's expected return, defined by the fund's target asset allocation, without exceeding the associated risk.

The basis for Callan's manager structure analysis includes the following analytical considerations and tools:

- The overall risk tolerance of the fund, as determined through an asset-liability modeling study. Conservative portfolios place a higher premium on risk reduction than do more aggressive funds.
- The requirement that the structure be balanced, so that the portfolio does not systematically under- perform style cycles (e.g., value/growth cycles for equity managers, interest rate cycles for fixed-income managers).

- Optimization analysis balances exposure to style cycle sensitivities with manager value added.
- Evaluation of portfolio characteristics over time (individual managers and composite portfolios of managers).
- Risk-adjusted return analysis to evaluate the degree and consistency of manager value-added relative to an appropriate investment style.

Callan's process for analyzing a client's overall investment portfolio structure (Manager Structure Analysis) would generally follow the asset allocation analysis. It is important to analyze and understand the interaction between different types of investment managers in light of your plan's ultimate financial goals. We would also investigate how potential and/or existing manager portfolios affect the risk/reward trade-off. The purpose of Callan's Manager Structure Analysis is to determine, given a specified target asset mix, whether any adjustments or changes in the current range of managers or management styles are warranted. Whereas an asset allocation study results in a broad asset class mix that best fits a plan's risk and return objectives given specific capital market assumptions, a "manager structure" specifies how assets can most efficiently be allocated within the broader asset classes of domestic equity, domestic fixed-income, and international equity. This is equivalent to risk budgeting at the asset class level. Our Manager Structure Analysis refines the total fund expected risk and return results in a typical asset allocation study by determining an optimal diversification structure within the Fund's individual asset classes. In addition, the analysis provides the Fund with an allocation framework for implementing allocation shifts within its existing management team and suggests allocation amounts for newly hired managers.

Our analysis uses the concepts of style diversification and performance evaluation to identify an appropriate manager structure within the plan's stated long-term asset allocation. The manager structure analysis is inherently dependent on the investment policy's stated long-term performance benchmarks and risk tolerance, as well as the long-term asset allocation target which should be clearly specified in the investment policy statement. Relative to the broad market performance benchmark established for each asset class in the investment policy and guideline statement, manager structure analysis seeks to minimize downside performance risk and to exceed (or at least match) performance. The importance of this stems directly from the strategic asset allocation that assumes that each broad asset class will perform at least as well as the asset allocation benchmark over a time horizon of five years.

Our Manager Structure Analysis process is outlined below.



The Manager Structure Analysis establishes an efficient, well-diversified, and manageable strategic policy structure for the Fund's asset managers over the long-term. The structure should also maximize return on the total portfolio for the Fund's targeted level of risk. To achieve this level of return, the asset class portfolios must be allocated across complementary management styles relative to their impact on total portfolio diversification. At this point, all investment strategies are considered, including active versus passive and core versus specialty style portfolios.

For a domestic equity manager structure we use a combination of returns-based style attribution (style mapping) and analysis of fundamental portfolio characteristics to determine the style of each individual manager and style exposure of the composite of the managers. Our objective is to first understand what style bias currently exists in the portfolio and then, by adjusting the weights of existing managers or changing the manager line-up, eliminating any unintentional bias.

Our goal in developing fixed-income manager structure is the same as in equity structure - to understand the bets the fund is taking relative to the market and eliminate any unintentional bets. In the fixed-income portfolio for larger funds, however, we are likely to suggest employing a few managers who have different approaches to the problem but who are allowed to use all the tools available within the boundaries of established guidelines.

The primary considerations in developing the ideal fixed-income portfolio structure are sectors, credit and maturity. First, returns of the various sectors of the fixed-income market are examined to determine if the differences in sector return behavior is economically significant. Second, relative returns and risks of various fixed-income style groups are analyzed. Finally, current managers and various alternative allocations are evaluated.

When evaluating an international equity structure within the context of a broader asset allocation analysis, the high probability that the international structure will achieve its goal is an important consideration. The overall risk tolerance of the fund and the contribution from the international equity component must also be considered. Adequate diversification provided by the international structure both in the asset class and in the total fund. This could include an assessment of the merits of utilizing broader capitalization ranges, style diversification (passive, top down, bottom up, combination), stock selection (growth and value), and the use of countries outside the benchmarks (emerging markets). Other aspects of managing an international portfolio that must be considered are currency hedging policies of the managers; capacity and product availability issues for the existing managers; and the manageability and cost effectiveness of the structure over time.

Our private markets group assists plan sponsors in developing a balanced selection of appropriate holdings within the allocations of alternative investments and real estate. To ensure that the alternative asset structure complements the overall strategy, the risk/reward structure of the plan's overall portfolio is taken into consideration. Callan helps clients develop a portfolio structure by setting targets among various strategies. We also assist clients in designing portfolio targets that combine private equity, real estate, and other alternative investment strategies (e.g., timber, hedge funds, etc.). Our focus in portfolio design is to complement the Fund's total portfolio and provide a suitable risk and return trade off.

In the final stages of building the optimal structure in all asset classes, the choice of the appropriate level of diversification must be tempered by qualitative considerations, including management fees, ease of implementation and existing management.

Implementation Considerations

Once an appropriate asset allocation target is selected, we address two important implementation issues: transitioning into the new target and the establishment of strategic rebalancing ranges for this target.

Plan for Implementation of the New Target: The implementation plan will estimate the cost of moving to the new target and provide recommendations on how to minimize such cost. If there are new asset classes for the fund, we will explore alternative vehicles and examine the resulting additional costs. Finally, we will present a timetable for implementation.

Establishment of Strategic Rebalancing Ranges: Strategic rebalancing ranges will be established as an integral part of the strategic asset allocation. Over time, rebalancing has consistently tended to reduce overall portfolio volatility and increase total return. The optimal rebalancing ranges will depend on the underlying strategic asset allocation. The rebalancing range for a particular asset class will depend on the allocation to the asset class, the volatility of the asset class, the correlation with other asset classes, the transaction costs involved in rebalancing the asset class, and the average length of performance cycles.

Your consultant will periodically monitor the current allocation against the strategic target and the related rebalancing ranges. If the plan's allocation exceeds the plan's strategic ranges, your consultant will propose an implementation plan for returning the plan back to the strategic target. The particular form of this implementation plan will depend on the extent of variation from the target as well as the market environment. Ideally, the plan's investment managers should participate in the process, particularly in assessing the market environment, to achieve a team approach to the rebalancing plan.

By definition, asset allocation is client specific because the formulation process is based on the client's particular circumstances such as regulatory constraints, unique preference, projected spending requirements and risk tolerance. Throughout the process, our consultants will work closely with the fund to ensure comfort with the parameters and methodologies.

J. Investment Manager Database & Research (Traditional and Alternative)

1. Does your firm maintain an in-house database of investment managers? If not, from what vendor do you purchase the database?

Yes, Callan maintains an in-house investment manager database. Callan's proprietary investment manager database, which is among the most comprehensive in the industry, contains investment managers who manage over 95% of all U.S. tax-exempt assets. The database includes over 6,500 products, managed by more than 1,300 firms, and is detailed below. We also maintain a database of mutual fund products that includes nearly 10,000 funds managed by more than 800 firms. A more extensive description of our database capabilities is included in Section 6 of the Appendix.

Database Groups	Organizations	Products	Total Group Assets (\$ billions)
Domestic Equity	711	2,736	3,371.4
Domestic Fixed-Income	291	1,244	2,429.43
Domestic Balanced	88	301	87.2
International Equity	253	808	1,210.6
Global Equity	180	379	591.6
Emerging Market Equity	121	236	481.4
International Fixed-Income	28	49	30.7
Global Fixed Income	58	135	121.9
Emerging Market Debt	54	98	143.5
International /Global Balanced	27	52	57.1
Currency	15	27	22.4
Real Estate	73	196	88.0
Hedge Funds	93	202	262.6
Derivatives / Alternative Investments	33	39	38.8
Total	1,388	6,502	\$8,936.6

The broad asset classes above are further segregated. For example, the domestic equity database includes many styles of investing such as small capitalization, large capitalization, growth-oriented, and value-oriented, as well as active, passive, and enhanced index strategies. Similar breakdowns exist in the other asset classes. Domestic Fixed Income, for example, can be split into Core, Core Plus, Intermediate, Active Cash, Active Duration, Mortgage-Backed, Government/Credit, Extended Maturity, High Yield, etc.

Our database is used for on-going investment manager evaluation as well as searching for new managers/funds. It includes portfolio characteristics, organizational information, qualitative product information, and performance-related data. The data collection and manager research is conducted entirely in-house. For hedge funds, we maintain an internal fund of funds database as well as subscribe to outside services such as MSCI Barra, HFR and Altvest for supplementing the single strategy evaluations.

We believe the following are unique aspects of our database:

Freezing historical performance: Callan eliminates survivorship bias in its databases by “freezing” historical performance results. Inactive accounts are not excluded from comparisons for historical periods. Percentile rankings and comparisons are designed to represent the actual universe of managers during any specific period.

Extensive crosschecking of manager data: Callan crosschecks composite returns submitted by managers in our database against returns calculated for client portfolios. When auditing a client portfolio, a statistical confidence analysis test is done for that manager’s calculated return against the manager’s database composite return, if available.

Multi-factor construction for style groups: Callan uses a multi-factor process to identify and construct style groups. This includes cluster analysis, closeness-of-fit tests, return and risk statistics, portfolio characteristics, descriptive style information from the managers themselves and style evaluations by Callan consultants, as well as other relevant sources of information. Past experience indicates that Callan style groups are consistent and remain stable over time.

A team of professional and committed programmers and analysts: Callan has its own in-house programmers and systems analysts who create and maintain all applications used in our consulting work; this allows us a great degree of control over the delivery of services. All of the reports generated by Callan Associates are dynamic and are tailored to meet the varied individual needs of our clients.

Our database is open to any manager willing to participate. There are no fees of any kind to be included in our database. Should a client wish to include managers in a search assignment where the manager is not in our database, we will collect comparable data and apply the same screening criteria.

Callan analysts rigorously check the accuracy of returns posted in our databases. We routinely compare the returns reported by managers in our questionnaires to what they actually achieved for mutual client portfolios. Any discrepancies between composite performance and individual account performance are checked, and the differences are resolved. In addition, our database staff investigates the veracity of any quarterly performance that appears to be beyond the normal range of returns achieved by other managers and the market indicators. From a practical standpoint, your consulting team would also be checking the accuracy of the returns and data for your plan on a regular basis.

2. How many traditional managers and how many products are included in the database your firm uses?

The table below briefly describes Callan's manager database. A more extensive list of our database capabilities is included in Section 6 of the Appendix.

Database Groups	Organizations	Products	Total Group Assets (\$ billions)
Domestic Equity	711	2,736	3,371.4
Domestic Fixed-Income	291	1,244	2,429.43
Domestic Balanced	88	301	87.2
International Equity	253	808	1,210.6
Global Equity	180	379	591.6
Emerging Market Equity	121	236	481.4
International Fixed-Income	28	49	30.7
Global Fixed Income	58	135	121.9
Emerging Market Debt	54	98	143.5
International /Global Balanced	27	52	57.1
Currency	15	27	22.4
Real Estate	73	196	88.0
Hedge Funds	93	202	262.6
Derivatives / Alternative Investments	33	39	38.8
Total	1,388	6,502	\$8,936.6

3. If the database you use is proprietary, describe the risk management procedures that have been implemented to protect it.

Callan's corporate computer center is in San Francisco. Callan has a wide area network and systems in four remote business sites. Full system and database backups are performed daily in San Francisco and at each remote site. Backup tapes are stored off-site on a weekly cycle. San Francisco retains the previous week's backup tapes for each remote site. San Francisco backup tapes are shipped to a third party off-site storage company. Callan employees have remote access to Callan's data services. In the event of a loss of a remote site, employees would connect to San Francisco remotely and the site's latest backups would be restored from tape within one to two days. In the event of a loss of the San Francisco corporate office, recovery procedures would be implemented at a remote business site with Chicago as our primary alternate site. San Francisco tapes can be retrieved from off-site storage within two to four hours and then shipped to a remote site for restoration. HP Recover-All support service gives Callan priority-one coverage, a four-hour response time on hardware support and a guaranteed 72-hour replacement of damaged systems that would be shipped to our site or an alternate processing site. If San Francisco's computer center is completely unavailable, Callan expects to restore critical business services at our alternate site within five to ten business days.

4. Describe how your firm gathers, verifies, updates, and maintains the data collected on managers for the database. Please include how often the databases are updated, how often staff visits managers and the nature of the visits, and whether your firm uses surveys in evaluating managers in the database.

Callan maintains an in-house proprietary investment manager performance and research database that dates back to our origin in 1973. Our database is used for on-going investment manager evaluation as well as searching for new managers/funds. It includes portfolio characteristics, organizational information, qualitative product information, and performance-related data. The data collection and manager research is conducted entirely in-house. For hedge funds, we maintain an internal fund of funds database as well as subscribe to outside services such as MSCI Barra, HFR and Altvest for supplementing the single strategy evaluations. Our database is open to any manager willing to participate. There are no fees to be included in our database. Should a client wish to include managers in a search assignment where the manager is not in our database, we will collect comparable data and apply the same screening criteria. We also do not sell our database to third parties.

Any fund manager and/or product is added to our database when we receive the requisite data and will be maintained as long as they supply the required updates. Our Global Manager Research Group collects and evaluates qualitative and quantitative information from domestic and international managers on an ongoing basis and performs specific review meetings as needed. Analysts in our Database and Measurement Development Group maintain our databases, reconcile quarterly performance numbers for accuracy, and update our style group membership.

In January our annual Investment Manager Questionnaire is mailed to all types of investment management firms (including domestic and international). This questionnaire, which is updated periodically throughout the year, contains information utilized in the screening process of analyzing managers. This information includes organizational statistics, personnel stability, assets under management, investment style and fees, etc.

Investment managers report performance returns to us on a quarterly basis. Historical performance and the calculation methodology are verified once a year through a Performance Summary questionnaire that is sent to managers annually.

Callan's Global Manager Research staff routinely meets with investment managers in our offices, conducts periodic on-site due diligence, and continuously monitors the investment management firms included in our database. Callan maintains the following types of contact with investment managers on a regular basis:

Annual Questionnaire – Callan collects general performance and organizational information on investment management firms annually. This information includes quarterly returns, portfolio holdings, organizational and personnel issues, and investment philosophies and strategies.

On-site Manager Visits – Qualitative impressions of the manager's philosophy, style, investment process, and overall verification of factual information are garnered from on-site visits. Callan's consulting and manager research staff makes more than 300 visits to investment managers' principal offices a year.

In-house Manager Visits – Qualitative impressions of the manager's philosophy, style, investment process, and overall verification of factual information are garnered from in-house visits. Approximately 1,000 investment manager visits to the various Callan Associates offices are recorded each year.

Client Directed Visits – Callan consultants are constantly meeting with managers at client sites for quarterly reviews, manager searches and other project related activity.

Along with our regular on-site manager visits, we will conduct visits to new managers, as well as managers under duress due to performance issues or personnel changes. We strive to recognize and understand any problems or organizational issues early so that our clients can make informed investment decisions.

To leverage our on-site and in-office visits, Callan maintains a substantial and proprietary centralized manager information database which contains on-site notes and reports as well as factual information. Information is collected through a manager questionnaire, interviews, meetings, on-site visits, and manager search activity. The database is especially helpful during follow-up meetings to ensure that a consistent message is being communicated by investment managers.

In addition, through *CallanInsights*, our online news service, Callan communicates substantive investment manager information to clients on a regular basis. Because of Callan's extensive exposure to the investment management community through our due diligence process and our client relationships, we are often among the first to be informed of qualitative changes in an investment management organization. We provide this up-to-date news, analysis, and commentary on the institutional investment management community to all retainer clients. Clients can choose to receive by email all news items, or just those pertaining to a customized list. Recent news is stored in our archives, where clients can use a search engine to locate items pertaining to a specific organization or investment professional.

5. Do you or the vendor you use charge direct or indirect fees for investment managers to be included in the database? If so, describe the fees.

No, Callan does not charge money managers directly or indirectly to be included in our manager research database. There are no fees or other compensation required of investment managers to be included in Callan's database. The database is open to all managers who complete the Callan questionnaire and update the information provided on a regular basis.

6. With regard to “Alternative Assets” (broadly defined as Real Estate, Private Equity, and Hedge Funds), describe your firm’s research facility for each area.

Callan is fully staffed to provide internal expertise on alternative investments. We believe the best way to advise our clients about the opportunities, techniques and risks of investing in alternatives is through education. Alternatives are generally, by their nature, longer-term investments than the stock and bond components of a plan. Lock ups, illiquidity and the current environment of increased headline risk make the educational component critical to long-term success of a program.

Callan has been assisting clients with illiquid and alternative investments since our inception. In 1991, Callan formalized the effort by forming a dedicated Private Markets Group that focuses exclusively on alternative investments consulting. We have dedicated professionals responsible for consulting on private equity, real estate, hedge funds, and other investment strategies.

We regularly assist clients with a full array of alternative investment consulting services including strategic planning, implementation, and performance evaluation.

Our alternatives resources group maintain a detailed understanding of their respective asset class listed below plus in-depth knowledge of the manager community that serves them.

Name	Asset Class	Industry Experience	Years With Firm	Degree/ Certifications
Jim McKee	Manager, Hedge Funds	29	22	MBA
Brian Kmetz	Hedge Funds	5	5	BS, BA
Gary Robertson	Manager, Private Markets	28	20	MBA
Michael Bise	Private Markets	8	8	BA
Sherwood Yuen	Alternatives	10	<1	MBA
Jamie Shen	Alternatives Practice Leader Manager, Real Estate	19	11	BS
Sally Haskins	Real Estate	22	1	BA, MS
Sarah Angus	Real Estate	7	6	BA, CAIA
Avery Robinson	Real Estate	5	2	MBA
Jay Nayak	Real Estate	4	2	BA
Lauren Talbot	Real Estate	3	3	BA

In addition, as the complexity and numbers of products have proliferated in the last few years, we have been actively reviewing our internal resources and adding expertise to niche areas like timber, agriculture, commodities, and opportunistic debt through our Global Manager Research Group. Callan also has an Alternative Investments Review Committee composed of senior Callan consultants representing all of Callan’s offices that oversees all work undertaken in the area of alternative investments for clients.

The following is information on our specific capabilities and experience related to each of the above defined areas as well as how we believe they fit into client portfolios:

Real Estate

Callan has provided real estate consulting services since the late 1970’s. Callan currently has five professionals dedicated to the real estate asset class who conduct extensive research on the real estate investment management industry, meeting annually with more than 100 different management firms in Callan’s offices and performing over 20 on-site due diligence meetings each year.

Callan's real estate consulting group provides ongoing real estate consulting services to nine stand-alone Real Estate consulting only clients representing more than \$25 billion in real estate pension assets and provides consulting services to Callan's broader client base on an as needed or project basis. Our proprietary real estate performance database completes the research picture, which is comprised of over 400 products representing greater than \$300 billion of institutional capital invested in the asset class.

Examples of the real estate consulting services we provide to clients are listed below:

- Portfolio Review
- Guidelines, Policies and Procedures
- Manager Search
- Manager Evaluations/Fund Evaluations
- Annual Planning Meetings
- Tactical Plans
- Annual Manager Review
- Performance Measurement
- Transaction Compliance

Callan maintains a long term, institutional approach to the real estate asset class. As a result, our clients primarily utilize real estate as an income generating investment. We see no reason to take unwarranted risk in the form of leverage, limited track record, capital flooded investment strategies and tactical market timing. We believe strongly that over the long term, real estate will add value to the total portfolio with little to no correlation to other asset classes. Given the ability to generate significant cash flow (used to meet benefit demands) real estate has a strong role without subjecting itself to undue risk.

Private Equity

We have assisted our clients with non-traditional asset classes and strategies since inception, but formalized the effort in 1991 with the formation of Callan's Private Markets Group (PMG). The PMG is staffed with two private equity specialists that spend 100% of their time on private markets consulting. We are a full-service private equity consultant and can provide all the services it requires, including: 1) strategic planning, 2) short-term implementation (tactical) planning, 3) partnership deal flow, screening, due diligence and recommendations, and 4) portfolio monitoring and performance measurement. Below are some of the specific services we provide our clients relating to private equity:

- Oversight manager search
- Annual tactical plan
- Review of managers' quarterly reports
- Review of investment disclosure forms
- Assistance with partnership evaluation
- Review of private placement memorandums
- Due diligence assistance
- Negotiation and closing advisory

Callan's philosophy with respect to private equity investing is that properly implemented private equity allocations can enhance returns and increase diversification in institutional portfolios. Private equity has an asymmetrical return pattern where few groups (approximating top quartile returns) provide true "private equity returns" and median returns are below public equity returns. Because of this, we view implementation risk as the key risk to success in a private equity program. A strong strategic planning process mitigates

implementation risk; therefore, our philosophy is to bring to our clients a strong “procedural due diligence” approach to the strategic planning and implementation of private equity allocations.

Callan’s Private Markets Group conducts manager research including both fund-of-funds managers and direct partnership general partner reviews. We have very strong information flow and proactively gather market information. We are very cognizant of keeping open, professional communications with the manager universe. We meet face-to-face with an average of 100 private equity managers each year, which constitutes all private equity strategies and market segments. We collect offering materials on several hundred offerings per year, which constitutes most of the investable private equity marketplace, both fund-of-funds and direct partnerships. As offerings come to market, they are loaded into a deal-log database along with relevant summary information on the offering. On the direct partnership side, we actively screen deal flow and notify clients of quality opportunities and assist in full due diligence.

Callan conducts fund-of-funds and separate account gatekeeper searches each year. We proactively track all institutional fund-of-funds managers, both established and developing, that are in the market and routinely canvas the universe as to invested status.

The role of venture capital/private equity in a pension fund portfolio is return enhancement. Generally, private equity investors are seeking returns in excess of public market investments (specifically equities) of several hundred basis points, depending on how the program is constructed. While there is some diversification benefit to private equity as well, diversification (risk and portfolio volatility reductions) is not the benefit being sought by the addition of venture capital/private equity in an institutional portfolio. Typically we recommend that portfolio structures be well diversified by strategy, including venture capital, buyouts, special situations, subordinated debt and distressed debt as well as other measures such as industry, geography, and vintage year.

Hedge Funds

Since late 1999, Callan has dedicated resources exclusively to research hedge funds and related alternative investments. The Hedge Fund Consulting group has two specialist fund-of-fund consultants dedicated full time to research on portable alpha strategies, hedge funds and other absolute return-oriented investment products. These specialists meet with an average of 80 managers a year, conduct manager searches, provide client education seminars and publish periodic industry updates and research papers. Jim McKee, Director of Hedge Fund Research, leads this effort. Given his 29 years of industry experience (including 7 years at the Pacific Stock Exchange), he has a strong background of capital markets and related derivatives exposure.

Hedge funds are generally intended to provide a source of returns that is relatively uncorrelated with other asset classes in the program and therefore provides an additional diversified risk return component. Clients generally use hedge funds as an absolute return strategy within the total fund objectives. We believe that the role of hedge funds is a challenging one. Hedge funds provide a unique source of return and represent an attractive opportunity to diversify a traditional portfolio. Hedge funds should be thought of as an investment in manager skill that seeks profitable trades in inefficient markets and other undervalued opportunities (much like a proprietary trading desk at an investment bank). As a result, hedge funds focus on alpha, not beta. In the event of poor equity and fixed-income returns, hedge funds can protect capital, particularly as rising interest rates in a recovering economy put pressure on equity and bond valuations.

Other Strategies

Timber, agriculture, commodities, etc., are also utilized as a diversifier to the total fund and secondarily as a real return hedge.

Competitive Advantages

In terms of competitive advantages, Callan has three areas which set us apart from other consultants in the alternatives areas:

We do not have a cookie-cutter solution for clients. In fact, each client is considered unique and the solution should reflect the size, staffing, Committee structure, legal and legislative environment, resource evaluation, risk tolerance and first and foremost the Plan objectives (funding, risk and return).

We believe in education. Alternatives are generally, by their nature, longer-term investments than the stock and bond components of the Fund. Lock ups, illiquidity and the current environment of increased headline risk make the educational component critical to long-term success of a program.

Callan's approach to alternatives views them in the total fund context as well as individual asset classes. In addition to viewing real estate, private equity, and hedge funds as separate and distinct strategies, we have recently begun to consider them more formally in their totality. All of them share common issues of illiquidity, volatility of return, lack of true market benchmarks, fair value accounting, manager specific risk and other factors that are unique to them. As a result, we believe that investments in each category need to be considered on their own merits but also in their totality.

As a fully resourced investment consulting firm, Callan is frequently asked by our clients to evaluate new and innovative investment strategies. When doing so, we always evaluate the risk and reward in light of the unique circumstances of each client.

In the end, the ultimate investment decision rests with our clients. We try to equip them with the most relevant information to facilitate that decision.

7. How many searches did you conduct in each area in 2010? List this by asset class for traditional managers and for Alternatives, list by Real Estate, Private Equity, Hedge Funds, and (including fund of funds).

Asset Class	2010 Searches
Domestic Equity	29
Domestic Fixed Income	19
Domestic Balanced	2
International Equity	32
Global Equity	2
International Fixed Income	2
International Balanced	1
Stable Value	1
Real Estate	22
Hedge Fund of Funds	2
Private Equity	11

8. List your firm's Alternative Asset Research organizational chart.

Name	Asset Class	Industry Experience	Years With Firm	Degree/Certifications
Jim McKee	Manager, Hedge Funds	29	22	MBA
Brian Kmetz	Hedge Funds	5	5	BS, BA
Gary Robertson	Manager, Private Markets	28	20	MBA
Michael Bise	Private Markets	8	8	BA
Sherwood Yuen	Alternatives	10	<1	MBA
Jamie Shen	Alternatives Practice Leader Manager, Real Estate	19	11	BS
Sally Haskins	Real Estate	22	1	BA, MS
Sarah Angus	Real Estate	7	6	BA, CAIA
Avery Robinson	Real Estate	5	2	MBA
Jay Nayak	Real Estate	4	2	BA
Lauren Talbot	Real Estate	3	3	BA

K. Investment Manager Searches

1. Describe your philosophy and methodology used in evaluating and selecting investment managers.

Callan's manager search process always starts from scratch and is customized to suit the mandate of each client; we do not maintain an approved list of managers that we use for all clients. Our process for selecting investment management firms to be presented to the client begins with a dialogue between the client and Callan to discuss the rationale for the search and the overall strategy to be followed. A manager search can only be carried out in a logical and informed manner if there is close communication between the client and consultant and the expectations are clearly defined.

Callan manager search process breaks down into the sequential phases shown on the diagram below and described in the following paragraphs.



Client and Manager Profiles

The first step in Callan's investment manager search process would be to develop an accurate description of both San Antonio Fire & Police, as the client, as well as the "ideal" manager candidate. Your consultants would work with the Board from the onset to formulate these descriptions, or profiles. The "Client Profile" would contain salient information about San Antonio Fire & Police's objectives, the rationale for conducting the search, the assets to be placed, and any investment policy restrictions. Of utmost importance will be finding a style of manager that fits with your unique requirements, and that would fit well with your other existing managers. Our principal goal in conducting a search is relating all of our work back to your objectives and policy.

A "Manager Candidate Profile" will be developed for each fund and will outline the specific characteristics sought in an investment manager. Appropriate screening criteria are then developed from the profile. Such criteria include: manager philosophy, strategy and approach; organizational structure; minimum/maximum assets under management; performance criteria relative to an appropriate index and peer group; fees; risk parameters; and, any other client-directed considerations.

Quantitative Screening

Once the candidate Manager Profile has been completed, Callan's Global Manager Research Group conducts quantitative screening of our relational database to identify those candidates most compatible with San Antonio Fire & Police' objectives. These screens take into consideration numerous quantitative factors that 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.

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.

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 thirteen senior consultants within the firm. The consultants that sit on the Committee are responsible for approximately 150 of our ongoing clients and 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 ensuring 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. All search work conducted for San Antonio Fire & Police will be thoroughly reviewed by this committee.

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. Your consultants (and members of our Global Manager Research group, if needed) will review this document with the Board to highlight important considerations in conducting the search, compare and contrast the manager candidates and to select firms to interview.

Finalist Presentations

Finalist presentations are held to gain additional insight into the investment management organizations that remain. This in-person presentation generally includes an overview of the organization and a specific review of the product being considered, as well as 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.

Documentation and Fiduciary Standards

Finally, we believe that in order for San Antonio Fire & Police and Callan to fulfill its fiduciary responsibility in conducting a search, it is vital to follow a rigorous, consistent process like the one outlined above. However, just as important from a fiduciary standpoint as the process, is the documentation of the process. That is why Callan's search process is documented from beginning to end including full description of the exact criteria for the search, the decisions made and the rationale behind them. A full report would be presented to the Board containing all of this pertinent information.

Callan frequently works interactively with client staffs throughout the manager search process and will be happy to do so with San Antonio Fire & Police. In addition to face-to-face meetings at the outset to define objectives and deliverables, Callan manager research professionals will include your staff in the screening and evaluation process to the extent that you deem preferable.

2. Describe your firm's methodology and source of data for analyzing and evaluating a potential manager's performance. Describe how risk is factored into this analysis. Discuss any attribution analysis that is performed.

Callan maintains an in-house proprietary comparative investment manager performance and research database that dates back to our origin in 1973. Our database is used for on-going investment manager evaluation as well as searching for new managers/funds. It includes portfolio characteristics, organizational information, qualitative product information, and performance-related data. The data collection and manager research is conducted entirely in-house. Our database is open to any manager willing to participate. There are no fees to be included in our database. Should a client wish to include managers in a search assignment where the manager is not in our database, we will collect comparable data and apply the same screening criteria. We also do not sell our database to third parties.

Specific to our manager search process, we evaluate managers from two different perspectives. First, from a quantitative perspective, and secondly from a qualitative perspective. Below is a description of both our quantitative and qualitative screening processes:

Manager Search Quantitative Screening Process

The following describes the quantitative screens and sifting process the managers in our database go through depending on the criteria established in the search profile.

Seventeen time periods are used to facilitate an even numbered scoring system in our quantitative performance analysis of each manager (40 points in total). Historical performance criteria will be scored based on the following:

- Cumulative 4, 5 and 7 year data relative to an appropriate index and the corresponding Callan Style Group. Each candidate will receive one point for each standard passed for a maximum of 6 points in this section. (Three from the index comparison and three from the style group comparison.)

- Seventeen rolling three-year periods (with one quarter skip) based on quarterly data compared to an appropriate index and the corresponding Callan Style Group. Again, each candidate will receive one point for each standard passed for a maximum of 34 points in this section. (17 from the index comparison and 17 from the style group comparison.)

The maximum point score possible is 40 points based on the above comparisons. The relative score will be considered for candidates with limited performance history.

In addition, Callan looks at the risk profile of each candidate and can measure or compare this aspect in terms of sharpe ratio, standard deviation, tracking error or any other risk measure as defined in the profile for the given search. This helps in determining how volatile the portfolio is in achieving its performance track record.

Portfolio holdings and characteristics are also reviewed to make sure the portfolio fits within the defined profile as defined by the client. By examining portfolio characteristics (weighted averages of the underlying securities) such as Price/Earnings, Price/Book, Dividend Yield, Market Capitalization, Growth in Earnings, Beta, R-Squared, and several others, we are able to verify whether a manager is employing the philosophies and strategies that he claims to be using, and whether the resulting portfolio exposures are consistent with the style for which he is a candidate. This type of analysis nicely complements the aforementioned risk comparisons and performance evaluations by illustrating the type of portfolio exposures used in the pursuit of performance, as well as the consistency of these exposures over time.

Manager Search Qualitative Screening Process

The objective of this process is to reduce the initial list of 15-50 managers that passed the initial quantitative screens down to a manageable number of candidates — approximately 12. This step, conducted by your consultant and representatives of the Global Manager Research Group, is grounded in our ongoing research efforts, which includes conducting more than 1,000 investment manager visits each year. It is during this step of the search process that we incorporate the knowledge and insights that we have developed about investment managers as a result of our ongoing manager research efforts. The types of qualitative screens we use include, but are not limited to:

- Depth and experience of key personnel
- Investment style characteristics
- Organizational considerations
- Back-office resources
- Client-servicing capabilities, and
- Recent and material developments at the firms

3. What qualitative factors do you evaluate when researching investment management organizations? How does your firm identify qualitative problems at investment organizations? How is historical performance used in your evaluation?

In reviewing investment managers, we follow a disciplined process based on procedural due diligence and solid research. Historical performance is always a key issue in manager due diligence. Rather than looking at cumulative returns alone, we take into consideration numerous quantitative factors that include volatility, risk-adjusted performance, correlation with the existing managers, assets under management, and investment style. Absolute performance, risk, and risk-adjusted performance are evaluated over multiple time periods and market cycles in order to demonstrate return consistency.

Performance screening is only a part of our manager due diligence process. Qualitative factors are equally, if not more, important than historical performance. We focus on four primary qualitative categories of criteria when evaluating managers:

1) People

- What are their qualifications? How long have they been involved in managing institutional assets?
- Are the individuals motivated? How are they compensated?
- What are each person's responsibilities? How do they interact with one another?

2) Philosophy

- What is the firm's Investment Philosophy? Has this basic philosophy been consistently applied?
- What is the firm's Business Philosophy? Do they have a clear picture of how they want to grow?

3) Process

- What is the Investment Process? Has this process been consistently implemented over time?
- How is research conducted and incorporated into the investment process? How are new ideas generated?
- How are portfolios constructed, and what are the parameters?
- Does the firm have a well-defined sell discipline?

4) Performance

- Comparisons of rates of return in relation to the agreed upon market index
- Comparisons of rates of return in relation to the agreed upon investment manager style group
- Rolling Three-Year Return Data- Consistency
- Rising and Falling Market-Cycle Returns
- Risk-Adjusted Returns (e.g. Sharpe Ratios)
- Other Risk Measures (e.g., Information Ratio)
- Analysis of Portfolio Characteristics to ensure consistency

Clearly, performance is the aspect of investment managers which often gets the most attention and headlines. Performance is often the first screen to narrow down the investment manager universe. However, we believe that the other three criteria above are just as important. In an institutional setting, it is crucial that client and consultant understand the philosophy and process behind a particular investment product and importantly, the risk taken in constructing a performance record. Understanding these factors, as well as ensuring that a manager's investment team is stable, gives us more confidence that an excellent performance record in the past can be repeated in the future.

Beyond these four foremost factors, assets under management, fees and client service are additional criteria we look at. While picking the very best manager for a particular role in an investment program is clearly more important than any slight difference there might be in fee levels, it is important to ensure that a manager's fees are competitive with others in the marketplace. This is especially important when evaluating commingled vehicles and mutual funds due to the myriad pricing structures.

Ensuring the appropriate level of client service is equally important. The proper level of client service from a manager enables the client to get comfortable with the process and philosophy of the team, product and investment management firm. We find this is especially important during periods of underperformance. The ability of an investment manager to explain short-term periods of underperformance enables the client to remain comfortable with a longer-term focus that is key to ensuring a successful investment program.

Over 300 on-site visits and 1,000 in-house meetings are conducted annually by Callan consulting and manager research staff. Callan professionals travel to investment management firms to meet with the investment professionals and tour manager offices. Callan believes that an on-site visit offers the most valuable observations in evaluating and getting to know an organization from top to bottom. These meetings allow us to systematically and consistently verify that the information we have gathered is accurate.

Further, Our Global Manager Research professionals survey investment firms and ask them to respond to an annual questionnaire. This questionnaire covers performance history, GIPS compliance, professional turnover, portfolio manager biographies, investment philosophy, etc. Each firm responds to a questionnaire for each investment product offered. Callan manager research professionals review the annual questionnaire of each firm. They re-verify the manager's quantitative and qualitative data and request updated information on any recent organization or investment philosophy changes. Our consultants also assist in the verification of managers' performance records by crosschecking manager's returns from client to client. This helps verify any return dispersion from one client to the next.

L. Performance Review, Analysis and Reporting

- 1. Describe your firm's performance analysis philosophy and discuss the portfolio analytics your firm is capable of providing, including factors you consider to be critical in reporting performance and give reasons why this approach is superior to others. Is this service performed by your firm or through an outside vendor and can we access the information via the web? If you outsource, please identify the vendor and detail all quality controls in place.**

Many investment consulting firms have chosen to outsource their performance and database systems to third-party providers. Although outsourcing might provide potential short-run cost savings, Callan believes that in the long run, there is more value to our clients in maintaining our own proprietary systems. Owning our systems affords us a level of control, accuracy, timeliness, and flexibility that is impossible with an outsourced solution. We continually invest significant dollars in our information technology and are continuously updating our performance evaluation services. The result is that Callan's clients continue to receive state-of-the-art, user-friendly performance analytics which represent the leading edge offered in our industry today. This approach translates into better research, a higher level of customization and ultimately better investment solutions for our clients.

Callan Associates Inc. has provided performance evaluation services to its clients for over thirty-seven years. Our performance evaluation process is a combination of qualitative and quantitative factors, and, most importantly, is uniquely tailored to the client's needs. Callan's broad experience in dealing with a number of different clients and situations enables us to thoroughly evaluate the total fund performance as well as each manager's overall capabilities and performance including how they have met your specific needs.

In addition to return information, Callan reports on risk analysis, style analysis, characteristics analysis, organizational issues, product strategy changes, manager turnover, ownership changes, along with any other information pertinent to each individual manager. These reports provide the most comprehensive look at total fund and manager performance and are the basis for detailed discussions and action plans going forward. There are four

components that we feel are critical to quality reporting and analysis that we believe are our strengths and best describe our capabilities. They are:

- Accurate calculation of returns
- Peer & benchmark comparisons
- Depth & quality of analytics
- Qualitative interpretation and insight to both the market and the individual managers

Accurate Calculation of Returns

The first step in the report process is an accurate calculation of returns. The most common source of data is the client's custodian and comes to us in hard copy and/or electronically. For separate account portfolio return calculations, Callan's approach uses a methodology which includes daily, time-weighted rates of return, in compliance with CFAI standards, and is one of the most accurate reporting systems in the industry. For domestic equities, we calculate a daily rate of return using the individual stocks and their activity to generate a fund return. For fixed income and international portfolios, we use monthly market values and time the flows on the day they happened to simulate a time weighted rate of return. For all mutual fund portfolios, Callan receives the actual return from the manager and verifies it against other mutual fund data sources for reasonableness.

Illiquid assets such as real estate and alternative investments are also included in the performance of the overall portfolio. We get market values and net flows, usually directly from the investment manager, then calculate a return based on that information. We then incorporate these returns into the composite for the account and into the total fund's performance figures.

Peer & Benchmark Comparisons:

Underlying this report process is a proprietary database of fund sponsor information, investment manager composite returns and mutual funds, and index data. Callan invests a substantial amount of resources to make sure that the information in our comparative universes is comprehensive, correct, reliable, and bias-free. Our Global Manager Research Group collects and evaluates qualitative and quantitative information from domestic and international managers. Analysts in our Database and Measurement Development Group maintain our databases, reconcile quarterly performance numbers for accuracy, and update our style groups. Programmers in our Applications Programming Group provide technical support in database construction. Data entry clerks enter information into our database systems.

Callan's total fund database pre-dates our firm's 1973 inception. We regularly compare our total fund universes with those generated by other organizations and we are confident that they portray the experience of major funds. This database is segmented by fund sponsor type (i.e. Public, Corporate, Endowment/Foundation, Taft-Hartley, etc) and can be subdivided into smaller categories based on the fund's asset size: Small (under \$100 million), Mid (\$100 million to \$1 billion) and Large (over \$1 billion). Callan is also a long time sponsor of the NACUBO study. As a result, we have access to and insight into the annual study of investment practices and performance of hundreds of endowments.

In addition, our database of investment managers is among the largest in the industry, containing firms who manage over 95% of all domestic tax-exempt assets. More important than size, however, is the validity of the information included in the database. The Callan database is based solely on the efforts of Callan professionals. As a result, we have full control over data collection and due diligence. Using this data, Callan pioneered the development of proprietary investment style peer groups. Through a combination of extensive quantitative and qualitative analysis, Callan has identified the dominant investment

approaches for international and domestic equity and domestic fixed-income. The composition of each style is evaluated extensively each and every quarter to ensure accuracy and appropriateness. We recognize that not all managers fit into a specific style and we do not attempt to force managers into a style group. Style groups allow us to compare a manager's performance against a discrete universe of "true" peers with similar investment approaches and characteristics.

For purposes of further comparison, Callan has access to an exhaustive list of market indices to ensure that each manager is measured and evaluated relative to appropriate indicators. Developing appropriate benchmarks for the total fund, each asset class and each manager is a challenging process, but critical to the successful management of the fund. In general, it is most appropriate to choose benchmarks as part of the strategic planning process, in conjunction with developing strategic asset allocation and manager structure policies that reflect the Endowment's return expectations and risk tolerance.

In our view, any active manager should have two benchmarks:

1. a market index, which represents the universe of securities the manager could buy (the passive alternative for achieving the same market exposure); and
2. a style group of managers who follow a similar investment strategy (the active alternative to achieving similar market exposure).

Over the long-term active managers, regardless of style, should outperform an appropriate market index or there is no value in paying active management fees. Over the shorter-term, styles of investing will go in and out of favor and during these shorter periods managers can be most effectively evaluated against managers of similar style (style groups).

In addition, Callan assists each client in preparing a total fund target based on the asset allocation decision made by the Investment Committee. This total fund target helps the Fund evaluate performance relative to an investable benchmark and provides a point of comparison for total fund attribution.

Depth & Quality of Analytics

The third step in this process is the preparation of a report that provides useful comparisons of your results with market indices and peer group of other managers or plans. One of the strengths of the Callan Investment Measurement Service report is its flexibility. All reports are designed to meet each client's specific needs. At the start of each relationship, we discuss client needs and preferences, design a proposed report format, review it with the client, and then modify it as appropriate. We can provide performance measurement services for domestic equity, domestic fixed income, international equity, international fixed income, real estate, and alternative investments. We will ensure that the content, format and consulting input of the reporting system properly reflects your informational needs.

Our top down process allows us to logically provide a step by step view of the markets, your total fund, and each underlying portfolio. An example of a typical performance evaluation report is included with this proposal. The contents and main points of our report are highlighted below and the pages referenced refer to the sample included in Section VII of our proposal.

Qualitative Interpretation and Insight to both the Market and the Individual Managers

As important as the written performance reports are, the true value Callan brings is in the interpretation of the information and the fundamental knowledge of the investment managers themselves. As a result of our work with different institutional investment funds as well as our dedicated investment manager research professionals referred to earlier, we have detailed knowledge of an extensive number of investment management firms. Finally, our senior level investment consultants who work directly with our clients average 18 years of investment experience. As a result, our clients have the confidence that they are able to make informed and reasonable evaluations and decisions.

All Callan research is available to be downloaded through our website. Performance reports cannot be accessed via our website but can be sent to you electronically via e-mail or FTP File Transfer Service.

2. Does your firm meet the requirement that all performance reporting complies with CFA Institute Performance Reporting Standards?

Callan is a leading supporter and advocate of CFAI standards, and our performance measurement calculation utilizes a methodology that includes daily, time-weighted rates of return and complies with the CFA Institute's Global Investment Performance Standards (GIPS).

3. Do you reconcile your calculated performance with investment managers' and custodians' reports? If yes, please describe.

Investment management organizations submit information electronically to Callan's proprietary database through our manager questionnaire. Callan has utilized this database and refined our questionnaire over nearly 40 years. Callan takes great care in the data collection process and we aim to ensure the cleanliness and accuracy of this information in several different ways.

First, we request GIPS compliant data from the managers. At an investment management firm level we ask for firms to indicate their GIPS compliance, the compliance date, and the accounting firm or auditor of external GIPS verification. Additional information would be requested of firms that indicate they are not GIPS compliant.

At a product level, firms are once again asked to provide the firm or external auditor, date the performance exam was concluded and the inception date of the verified performance. If an organization is not GIPS compliant, we ask if GIPS methodology is used to calculate returns. Again, we would attempt to follow up where managers have indicated they are not compliant.

As managers complete our online questionnaire, there are various return and risk summary statistics to help the user catch possible data entry errors. Once we collect the data we run a series of internal queries and analytics to identify potential outliers and inadvertent data errors. We query performance, holdings and ensure portfolio characteristic coverage is sufficiently high. We focus primarily on current quarter data but also look at historical data to capture any data revision errors. We would seek verification from the investment management firms on any data flagged as a possible outlier or error through this process.

Callan also uses common client portfolio return and holding data where we conduct performance measurement reporting as an additional information source for comparison purposes. While the Callan database is our primary information source, we also have access to external industry databases that can be used for data verification or comparison (e.g., Morningstar, Lipper, Bloomberg, eVestment Alliance, etc.)

Finally, as part of the search process we contact each semi-finalist organization and request written confirmation of the composite or fund returns that will be presented to the client along with other search-related information.

4. What amount of input may the client have in the content and format of an investment performance evaluation report? Do you have the ability to customize reports for your clients?

Customized, flexible performance reporting is the backbone of Callan's Investment Measurement Service. Many consulting firms can produce a "hard-copy" performance-reporting package. This, however, is only tangible evidence of the work performed and responds only to the question of "what happened." Callan believes that any performance measurement system should go beyond that and assist clients in determining why performance results were achieved. Callan's challenge is to effectively communicate this information to clients via quarterly reports and presentations. In order to meet this challenge, our reports are customized to properly reflect each client's specific informational needs.

Our client's choose the level of detail in reporting. We have the capacity to include customized analysis within the framework of our quarterly reports. For many of our clients, we have designed unique features to evaluate performance, investment objectives, and trading costs. Allowing our clients' needs to form the foundation for our reporting process and possessing the technological capabilities to produce flexible, custom reports gives Callan a strong advantage in the pursuit of providing clients with problem solving information.

5. Who will be responsible for working with the Fund to design the standard performance evaluation report and for compiling the report each quarter?

At the start of each relationship, we discuss client needs and preferences, design a proposed report format, review it with the client, and then modify it as appropriate. We ensure that the content, format and consulting input of the reporting system properly reflect the unique aspects of the client's fund. Our measurement service is not a box within which the client has to fit.

After the proposed report format is approved, Callan's performance measurement group will be responsible for the quarterly production of the performance book. Gwelda and Mike will review the report each quarter before the performance measurement group delivers the report to you in your preferred format.

Any changes to the quarterly reports can be communicated directly to Gwelda and Mike, who will work with the appropriate analyst to make sure that the report is always evolving to meet your needs.

6. What asset classes are tracked in your performance measuring system? How many managers are included within each asset category?

The table below briefly describes Callan's manager database. A more extensive list of our database capabilities is included in Section 6 of the Appendix.

Database Groups	Organizations	Products	Total Group Assets (\$ billions)
Domestic Equity	711	2,736	3,371.4
Domestic Fixed-Income	291	1,244	2,429.43
Domestic Balanced	88	301	87.2
International Equity	253	808	1,210.6
Global Equity	180	379	591.6
Emerging Market Equity	121	236	481.4
International Fixed-Income	28	49	30.7
Global Fixed Income	58	135	121.9
Emerging Market Debt	54	98	143.5
International / Global Balanced	27	52	57.1
Currency	15	27	22.4
Real Estate	73	196	88.0
Hedge Funds	93	202	262.6
Derivatives / Alternative Investments	33	39	38.8
Total	1,388	6,502	\$8,936.6

7. Describe the database/universe used by your firm for performance reporting. Is it an in-house product, or do you purchase the information? Describe any public fund components of this database as related to number and size of entities and amount of assets involved.

The majority of data provided to clients is proprietary. Many investment consulting firms have chosen to outsource their performance and database systems to third-party providers. Although outsourcing might provide potential short-run cost savings, Callan believes that in the long run, there is more value to our clients in maintaining our own proprietary systems. Owning our systems affords us a level of control, accuracy, timeliness, and flexibility that is impossible with an outsourced solution. This approach translates into better research, a higher level of customization and ultimately better investment solutions for our clients.

Performance Measurement

Callan Associates is a leader in the industry in the area of investment performance calculation and performance measurement. We have been providing performance measurement services for our clients since our inception in 1973. In many ways, we consider performance measurement to be the foundation of our business. Our quarterly performance reports are the catalyst for fund investment change and enhancements. All performance is calculated in-house by the analysts in our Client Report Services group using our proprietary software for calculating returns and generating reports.

The collection of data is the first step in the performance calculation process. The most common source of data is the client's custodian. We receive monthly statements along with electronic data feeds that provide month end holdings and daily transactions such as purchases, sales, dividends, etc. Using this data, Callan calculates rates of return in compliance with the CFA Institute performance measurement standards and is one of the most accurate reporting systems in the industry. For domestic equity separate account portfolios, a daily time-weighted return is reported. For fixed income and international portfolios, we calculate a monthly return using the modified BAI method with monthly market

values and daily weighted cash flows. Monthly returns are geometrically linked for longer time periods to simulate a time weighted rate of return. For all commingled funds or mutual fund portfolios within DB plans, Callan calculates the actual return using custodian data and verifies it against other data sources, such as Lipper or the manager, for accuracy.

Illiquid assets, such as real estate, hedge funds, private equity, and alternative investments, are also included in the performance of the overall portfolio. We typically obtain market values and net flows directly from the investment manager and calculate monthly returns and since inception IRRs (where appropriate). Those returns are then incorporated into the composite for the account and into the total fund's performance figures.

The following data sources are used by Callan:

- IDSI provides daily pricing (high, low, and close) on thousands of domestic equity stocks and closing NAV's for mutual funds. These prices are used to check custodian prices for accuracy. The last available price across all stock exchanges is the price used in the performance calculations. Capital changes that often occur in domestic stock portfolios are also verified with IDSI data to ensure the bank accounted for them correctly.
- Datastream is the pricing vendor for international equities. We currently collect this data quarterly but are looking into obtaining monthly data.
- For fixed income, we use Bridge-EJV as the pricing source for characteristic purposes (quarterly) but rely on bank pricing (monthly) for all account valuations.

The reporting process is a continuous effort throughout the quarter, and Callan is proud of our proprietary reporting system and final report documentation.

Peer Groups

Callan's proprietary peer groups are constructed, enhanced and refined by our Database and Measurement Development Group. To ensure the integrity of peer universe data, Callan does not place all the products and composites it receives data for into style groups. We employ broader, asset class based database groups to hold this information for more general performance comparisons and as a starting point for the more detailed analysis that is employed in the creation and maintenance of style universes. Significantly less than half of the funds we receive data on pass the multiple screens required for inclusion in a style group. This results in style groups that are robust and pure such that their risk/reward profiles and performance cycles are distinct, distinguishable, and relevant.

The method of style analysis used in the construction and maintenance of Callan Style Groups is multifaceted in that it is both quantitative and qualitative in nature, taking advantage of several types of data about a given candidate. During the style-analysis process, we look at elements of relative risk as well as return behavior, and attempt to verify apparent investment styles with the manager's stated investment philosophy, strategy, and implementation. There are four main analytical steps or "screens" that an investment product goes through before inclusion in a style group. These four steps are outlined below.

- **Rolling Periods Performance Correlation** – The candidate fund's performance history is compared to the performance history of existing Callan Style Groups, as well as any relevant market indicators, over multiple rolling periods to determine both the degree of performance correlation to a particular investment style or index, as well as the consistency of that correlation. Using enough rolling periods so that the total time period covered contains several non-overlapping sub-periods minimizes time period bias while giving a good measure of performance correlation across

many types of capital market scenarios and investment style cycles (i.e., rising markets and declining markets, transition markets, and times when a particular style is either "in favor" or "out of favor"). For a fund to be a legitimate candidate for inclusion in a style group it must have a high correlation over the entire period being analyzed, as well as be more highly correlated to the style in question than any other style over that period. Absolute correlation is not the only important piece of information in this test; the consistency of correlation within all the rolling sub-periods is also analyzed. If the manager's performance is the most highly correlated with a particular style across all the different market scenarios contained in the many rolling sub-periods, the consistency of this investment style is verified. In short, this step of the Callan style analysis rewards high absolute correlation with a style, high correlation relative to the correlation with other styles, and consistency in correlation across multiple market scenarios.

- **Relative Risk Comparisons** – In addition to performance comparisons, the Callan style analysis also takes into account the relative levels of risk taken in the making of a performance record by analyzing the standard deviation of a fund's performance versus the standard deviation of a particular style group's performance. This analysis ensures that the candidate fund's risk record is consistent with the proposed style group's risk level. This dimension of style analysis is particularly useful in the fixed income arena where very high return correlations across different groups of securities can be accompanied with significantly different levels of volatility. By combining risk analysis with return analysis we ensure that style universes are meaningful in both dimensions.
- **Stated Investment Strategy Evaluation** – Callan periodically polls thousands of investment managers and their firms through a web-based questionnaire in order to collect detailed information on their organizations, products, and the various investment philosophies, strategies, and methodologies they employ in the management of each distinct investment product/composite. This information is invaluable when analyzed in combination with other more "quantitative" data Callan collects, and the results from related steps in the style analysis process. The stated strategies/philosophies are a good way to verify that the observed performance and risk correlations with a particular style universe are the result of a conscious decision on the manager's part to employ investment strategies normally associated with that management style. Verifying this intent maximizes the likelihood that managers placed in a style will consistently exhibit that particular style of management in the future, thereby benefiting the consistency and "purity" of the Callan Style Group going forward. This step in the process, along with portfolio characteristics analysis, aids the researcher in distinguishing between styles that may behave similarly with regard to performance over some time periods. By combining these screens we can avoid both "false positives" due to temporarily similar style behaviors, and unintended correlation as a temporary by-product of an intuitively unrelated investment strategy.
- **Portfolio Characteristics** – Another step in the Callan style analysis process is the evaluation of the average characteristics of a fund over time. By examining portfolio characteristics (weighted averages of the underlying securities) such as Price/Earnings, Price/Book, Dividend Yield, Market Capitalization, Growth in Earnings, Beta, R-Squared, and others, we are able to verify whether a manager is employing the philosophies and strategies that he claims to be using, and whether the resulting portfolio exposures are consistent with the style for which he is a candidate. This type of analysis nicely complements the aforementioned risk comparisons and investment strategy evaluations by illustrating the type of portfolio exposures used in the pursuit of performance, as well as the consistency of these exposures over time.

In addition to investment style peer groups, Callan maintains proprietary fund sponsor universes.

Fund Sponsor Universes

Callan's proprietary fund sponsor universes are the largest and most detailed in the industry. We achieve this by not only capturing detailed data on our own very large client base, but also supplement these universes with significant non-client data. This is done in two ways. Callan conducts a quarterly survey of numerous non-clients to collect very detailed fund performance and asset allocation data. In appreciation for non-client participation we send these non-client funds a summary performance report on their fund using our databases and reporting tools. The second source of supplemental fund sponsor data is via our agreement with Mellon Analytical Services. We subscribe to their entire quarterly database data feed and aggregate it with ours after undergoing a rigorous quality assurance and data cleanup back-and-forth process with MAS. Given these three sources of data and our quality assurance processes, we have very robust fund sponsor universes which contain actual client returns and data.

A significant benefit to maintaining our proprietary peer universes is the ability to create and maintain a wide array of peer universes to address any client's benchmarking needs. We maintain fund sponsor universes that are segregated by dimensions such as size, sponsor type, size and sponsor type, total return versus LDI, etc. Callan also maintains a proprietary database technology that can adjust any total fund peer universe return distribution to reflect the actual asset allocation over time of San Antonio Fire & Police, while leaving in place differences due to actual implementation across the many funds in the group (e.g. style tilts, manager selection). This enables our clients, especially ones that have a very different asset allocation from their peers, to see not only how they did versus peers from a total return perspective, but how much of that ranking is due to asset allocation differences and how much was due to quality of implementation.

Callan also maintains a robust set of universes that are composed of actual fund sponsor total asset class performance/risk which enables client to compare their total domestic equity, total international equity, total fixed income, total real estate, etc. programs to a universe of actual, implemented total asset class programs from other fund sponsors.

Callan collects information on a large number of public fund sponsors. The table below details the public fund groups that Callan tracks on a quarterly basis. Please refer to Section 6 of the Appendix for a complete listing of our database capabilities.

Fund Sponsor Database	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Public Fund Sponsor Database	159	159	9,740.8	1,304.0	1,091.0
CAI Public Fund - Large (>1B)	90	90	16,769.4	7,695.5	1,073.2
CAI Public Fund - Mid (100mm-1B)	55	55	461.1	361.4	17.1
CAI Public Fund - Small (<100 MM)	14	14	60.5	55.2	0.7

8. Describe the performance attribution analysis you use and provide a sample report.

Callan's quarterly performance measurement report is designed to answer three questions: 1) How have the assets in aggregate performed? 2) What drove performance? and, 3) What must be done to assure optimal future results? Callan's challenge is to effectively communicate this information to clients via measurement reports and presentations. They are designed to show what happened and why. Using our proprietary software, we have the ability to analyze and illustrate very specific areas of your investment program, from the total fund level down to individual managers. Below we list the type of information our reports provide and the types of issues they address.

Market Environment

Our performance evaluation reports usually begin an overview of the capital markets. This provides the client with a summarized version of the economic factors affecting the capital markets and asset class performance and brings the client's asset performance into perspective.

Total Fund

Asset Allocation: Has it changed? Is it within strategic limits? Is it time to rebalance back to the fund's strategic target?

Asset Growth: How have the assets changed over time? What amount is due to contributions/withdrawals? What amount is from income versus capital appreciation?

Performance Statistics: Is the portfolio meeting the long-term return objectives? How is portfolio doing versus expectations? Is performance meeting the custom benchmark?

Risk Characteristics: Is the performance of the portfolio incurring risk commensurate with return? How does the risk profile of the portfolio compare with the custom benchmark? Are there any risks inherent in the established asset allocation? Are there any risks with the structure of the portfolio?

Attribution: Where is value really being added? Did the portfolio do well because of being over weighted in an outperforming asset class? Or, was value added by the skills of the investment manager?

The goal of the performance report is to thoroughly analyze the investment managers in all areas to ensure that the client's assets are being prudently managed. The performance evaluation report is the necessary foundation to maintain the strategic plan and establish any required action steps.

Callan measures and analyzes the individual characteristics of each manager's portfolio relative to the plan's overall objectives. Some of the analytics that Callan typically includes in quarterly reports are shown in the sample performance report included with our submission.

A brief description of selected pages is included below.

Active Management Overview

By broad asset class, we provide an overview of active management returns versus appropriate indices. Also, within each of the broad asset classes, we illustrate separate account style group and index returns for recent periods. This section is meant to keep clients abreast of current market conditions.

Summary of Investment Manager Allocations

This table contrasts the distribution of assets across the Fund's investment managers from the previous quarter to the most recent quarter.

Summary of Investment Manager Returns

This table shows the cumulative performance of each manager, each asset class and the total fund as well as the returns for their respective indices.

Total Fund Ranking

This provides an absolute ranking of the Plan's total fund performance relative to other similar Plans as well as asset allocation-adjusted ranking. The asset allocation-adjusted ranking is computed by adjusting each Plan in the database to have the same historical asset allocation as that of your Plan. This asset allocation-adjusted return is particularly useful at identifying the true value added by your investment managers by neutralizing any asset allocation differences.

Asset Class Risk and Return

This page shows cumulative risk and return for each asset class component of the Plan. The first chart contrasts the values with those of the appropriate index while the second chart contrasts them with the appropriate active manager asset category.

Asset Class Rankings

These charts provide the rankings of each asset class component of the plan relative to appropriate comparative databases such as the database of large public defined benefit plans. The weighted average of the rankings across the different asset classes is provided and can be viewed as a measure of the Plan's overall success in picking managers.

Total Fund Attribution

Total fund attribution analyzes a plan's total return relative to a custom benchmark constructed from the asset classes used by the plan and weighted according to the target asset allocation in the investment policy statement. Any deviation from the benchmark is caused by two factors: manager selection effect (the managers outperforming or underperforming their targets) and asset allocation effect (the actual asset allocation being different from the target allocation). These pages quantify each of these effects on the plan's total return.

Asset Class Composite Performance

These pages aggregate the performance and various statistics of all the managers within each broad asset class.

Investment Manager Return Analysis

Investment returns are calculated for each manager over the time periods desired and compared to both benchmark indices and style groups. Risk-adjusted return measures such as Alpha, Treynor Ratio, Information Ratio and Sharpe Ratio are also provided at the bottom of this page. These statistical measures are useful in assessing a manager's value added for the risk taken.

Investment Manager Risk Analysis

Risk measures are provided to analyze the variation or risk of a manager's return pattern. Beta, residual risk and standard deviation are compared to appropriate indices and peer groups.

Equity Portfolio Characteristics Analysis

This graph compares an equity manager's portfolio characteristics with the range of characteristics for an appropriate style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Top 10 Portfolio Holdings Characteristics

A listing of the ten largest holdings, the ten best performers, and the ten worst performers in the portfolio.

Quarterly US Equity Attribution

US Equity attribution analysis evaluates the contributors to an equity portfolio's total rate of return and can be provided for separate accounts. Because we input the timing and amount of every transaction for domestic stock portfolios, our attribution analysis factors in all account activity. Callan computes daily sector concentration, security selection, and asset allocation factors that in combination will explain the difference between the manager and index return. These factors are cumulated through time to explain manager alpha over a given period of time. We can illustrate the manager return, the index return, the manager and index sector weights, resulting alpha, and the explanatory attribution effects cumulatively through time that illustrates exactly when value was added and subtracted.

The market return can be specified using any of a number of market indicators, including the Standard & Poor's and Russell indices. The sector concentration portion of the attribution analysis measures the additional return produced by the difference between the portfolio's sector weightings and that of the market index. The stock selection component measures the additional return produced by the manager's security selection within each industry sector.

International Returns and Attribution Analysis

The international attribution analysis segregates manager returns into country selection and security selection components relative to the market index. Country selection is the portion of the relative return attributed to the manager's decision to overweight or underweight a country relative to the index weighting using country returns. This effect is expressed in local currency terms so an analysis can be made on the manager's strength in country decisions. Security selection is the portion of the relative return attributed to the manager's security/sector selection skills.

Domestic Fixed Income Portfolio Characteristics Analysis

This graph compares the manager's fixed income portfolio characteristics with the range of characteristics for an appropriate style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

Equity Active Share Attribution Analysis

Active Share analysis compares the holdings of a portfolio to an index to measure how aggressively it differs from the index. Active share is measured at the individual stock level ("holdings-level active share") and using sector weights ("sector exposure active share"). Holdings-level active share comes from: 1) Index Active Share - over/under weighting of stocks in the index, and 2) Non-Index Active Share - positions in stocks not in the index. This analysis displays active share by sector and compares the portfolio to a relevant peer group.

A sample performance report is included with our submission.

9. Describe your capabilities in the production/interpretation of securities lending.

Callan Associates was the first in the investment consulting industry to dedicate resources in the area of trust, custody, and securities lending services beginning in 1991. Callan's Master Trust, Custody, Securities Lending, and Transition Management Group, headed by Bo Abesamis, is based in our corporate headquarters in San Francisco, California. Since inception, this highly specialized group has completed project assignments for clients with aggregate assets above \$1 trillion.

Securities Lending Review and Evaluation is an important core competency of Callan Associates because a majority of all our clients, and most of our largest clients, participate in a securities lending program. They do so in one of three ways; by directly using their custodian; by using a third party; or, by investing in a commingled fund which uses securities lending in an effort to improve and/or reduce fees. Thus, clients demand that we be at the forefront of this activity. Most importantly, we recognize that in many situations the client's

securities lending provider can be the single largest source of risk that is non-performance related. Our expertise hinges on the due diligence process of selecting and evaluating securities lending providers (i.e., agent, principal, blended, custody or third party), setting policies and guidelines and risk assessment and mitigation of such risks.

Callan Associates conducts our own on-site visits of custody and third party securities lending programs to ensure a prudent program that is aligned with the interest of the beneficial owners of the assets. During on-site visits, we are very meticulous in identifying areas such as stress testing, guidelines and risk control, compliance monitoring, transparency considerations, and most importantly the credibility of the people and product philosophy.

M. Subcontracting

- 1. If your firm uses the services of a subcontractor, please identify the subcontractor and describe the skills and qualifications of the subcontractor and its individual employees.**

Callan professionals will perform all services outlined within this RFP. No subcontractor will be utilized within this engagement.

- 2. Describe the contractual arrangement contemplated with each subcontractor and describe generally the control/delegation of responsibilities anticipated in that arrangement.**

Callan professionals will perform all services outlined within this RFP. No subcontractor will be utilized within this engagement.

N. Insurance and Liability

- 1. Please describe the levels of coverage for errors and omissions insurance and any fiduciary or professional liability insurance your firm carries. Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole? List the insurance carriers and provide evidence of professional liability insurance.**

Callan carries the following levels of insurance:

GENERAL LIABILITY

Travelers Property Casualty Co. of America, 255 Lennon Lane, Walnut Creek, CA
AM Best Rating A+XV
Term: 10/01/2010 to 10/01/2011 Policy Number: 660-816C442-TIL-10
Limits: \$1,000,000 Per Occurrence; \$2,000,000 General Aggregate
Deductible: None

NON-OWNED & HIRED AUTOMOBILE LIABILITY

Travelers Property Casualty Co. of America, 255 Lennon Lane, Walnut Creek, CA
AM Best Rating A+XV
Term: 10/01/2010 to 10/01/2011 Policy Number: BA-9669R45A
Limits: \$1,000,000

EXCESS LIABILITY

Travelers Property Casualty Co. of America, 255 Lennon Lane, Walnut Creek, CA
AM Best Rating A+XV
Term: 10/01/2010 to 10/01/2011 Policy Number: CUP-3359T295-TIL-10
Limits \$4,000,000 Per Occurrence; \$4,000,000 General Aggregate

WORKERS' COMPENSATION

Travelers Group, 255 Lennon Lane, Walnut Creek, CA
AM Best Rating AIX
Term: 04/01/2011 to 04/01/2012 Policy Number: UB-8389P537
Covered States: CA, CO, GA, IL, MA, NJ, NM, WI, AK
Limits: \$1,000,000 Employer Liability

FIDELITY BOND

Travelers Casualty & Surety Company, 255 Lennon Lane, Walnut Creek, CA
AM Best Rating A+XV
Term: 07/01/2009 to 07/01/2012 Bond Number: 105314199
Limits: \$1,000,000 Employee Theft

ERISA BOND

Travelers Casualty & Surety Company, 255 Lennon Lane, Walnut Creek, CA
AM Best Rating A+XV
Term: 09/16/2008 to 09/16/2011 Bond Number: 104612930
Limits: \$1,000,000 Any One Occurrence

DIRECTORS & OFFICERS LIABILITY

Scottsdale Insurance Company, AM Best Rating A+XV
Term: 07/20/2010 to 10/01/2011 Policy Number: EKS3021845
Limits: \$3,000,000 Aggregate for All Loss

PROFESSIONAL LIABILITY-ERRORS & OMISSIONS

Axis Surplus Insurance Company, 725 South Figueroa Street, Los Angeles, CA
Term: 8/15/2011 to 8/15/2012 Policy Number: ELN762250/01/2011
\$5,000,000 Aggregate Limit AM Best Rating A XV

O. Fee Schedule

- 1. Provide, in detail, the fees your firm would charge for investment consulting services. Fees must be proposed as “all in.” The Fund has extensive investments across all three major areas of alternatives. Please propose a tiered fee schedule as follows:**

Traditional Asset Consulting (excluding alternative assets)

Our proposed fee for traditional asset consulting only would be \$365,000.

Under this structure, how much would your firm charge for a “one off” alternative asset manager search?

Under this structure, a “one off” alternative asset manager search would be \$40,000.

How much for a “one-off” prudent letter report on an assigned alternatives manager?

Callan does not issue prudent letter reports for alternative managers.

Traditional plus direct hedge funds,

Callan does not conduct direct hedge fund services. Our fee for traditional consulting and performance on the hedge funds currently in place would be \$415,000.

Traditional plus real estate,

Our proposed fee for traditional asset consulting plus real estate would be \$590,000.

Traditional plus private equity,

Our proposed fee for traditional asset consulting plus private equity would be \$495,000.

Traditional and all alternative assets.

Our proposed fee for traditional asset consulting plus all alternative assets would be \$665,000.

- 2. Identify the period of time the proposed fees will remain in effect.**

The proposed fees will remain in effect for 90 days after the receipt of this proposal.

- 3. Does your firm’s proposed fee arrangement consist of any incentive or contingent payments? If so, please describe the manner of calculation in detail.**

No incentive or contingent payments are included in our proposed fee arrangement.

P. Appendices

- 1. Appendix A - FORM ADV Parts I and II: Please attach a copy of the current Form ADV Parts I and II of your firm and all other registered investment advisers (whether SEC or state registered) that are affiliated or related to your firm.**

A copy of Callan's current Form ADV Part I and II is included in Section 3 of the Appendix.

- 2. If you are hired, will you acknowledge in writing that you have a fiduciary obligation as an investment adviser to the plan while providing the consulting services we are seeking?**

Yes. Should we be retained as your consultant, Callan would be willing to acknowledge in writing that we have a fiduciary obligation as an investment advisor in providing the consulting services San Antonio Fire & Police is seeking.

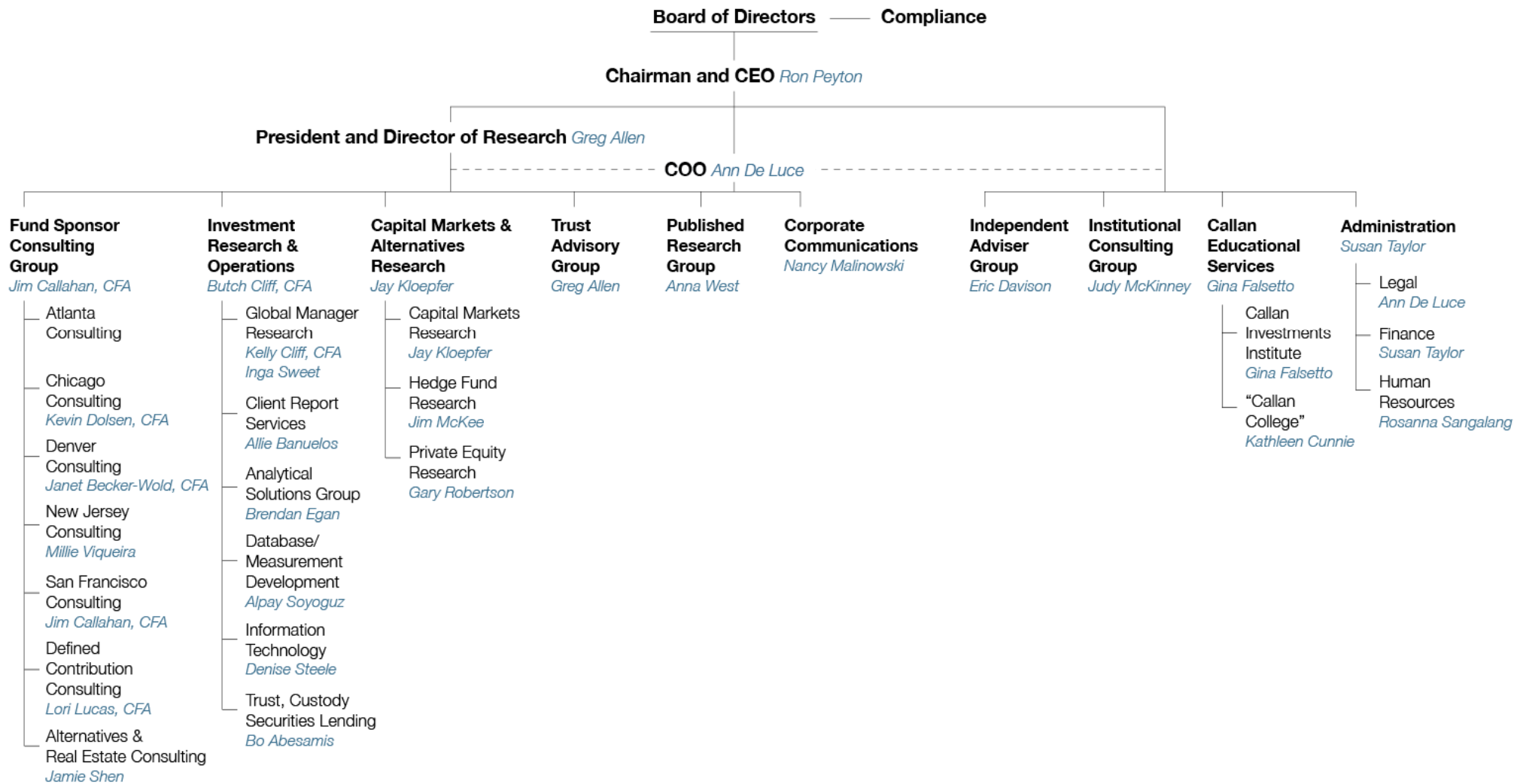
Appendix

Section I



Callan Associates Inc.

Founded in 1973, Callan Associates Inc. 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 four distinct lines of business: Fund Sponsor Consulting, Independent Adviser Group, Institutional Consulting Group and the Trust Advisory Group. Callan employs more than 150 people and maintains four regional offices located in Denver, Chicago, Atlanta and Florham Park, N.J.



Section II

CALLAN ASSOCIATES INC.

CODE OF ETHICAL RESPONSIBILITY

Revised August 9, 2010

1. INTRODUCTION

Callan Associates' mission is to provide objective information to our prospects and clients. Our success depends not only on the quality of information we provide, but on the degree of professionalism, honesty and integrity with which we conduct ourselves in the collection, processing and dissemination of information. We are also subject to various laws and regulations that govern investment advisers' conduct. This Code of Ethical Responsibility describes the standards of conduct that are expected of all employees generally, sets forth certain policies relating to potential conflicts of interest, and addresses confidential information, personal securities trading, and certain other areas where employee conduct has the potential to affect adversely the interests of our clients.

For purposes of this Code, "employee" means any officer or director of Callan (or other person occupying a similar status or performing similar functions) or any employee of Callan.

Callan's Chief Compliance Officer or his or her designee is responsible for the implementation of this Code. The Chief Compliance Officer will maintain a list of employees and provide each employee with a copy of this Code, as it may be amended or supplemented. Receipt of this Code, and any amendment or supplement, must be acknowledged in writing. Attached as **Exhibit A** is a form of acknowledgment for this purpose.

2. STANDARDS OF CONDUCT

The following are the basic principles that guide the conduct of our business:

- a. A Callan employee will act at all times in an ethical manner in all dealings with our clients and prospects, our fellow employees, and other members of the investment community.
- b. Callan will conduct itself solely in the best interest of each client and such client's participants by offering counsel in the contracted area(s) of responsibility irrespective of Callan's dealings or relationships with any other entity.
- c. When performing services related to plans that are governed by ERISA or similar statutes, including government plans, Callan employees will consider the plan participants and their beneficiaries to be the client, and will direct their research, deliberations and conclusions for the sole benefit of such persons.
- d. Employees must attempt to avoid wherever possible actual or potential conflicts between their or Callan's interests, on one hand, and clients' interests, on the other hand, and fully disclose all material facts to the Chief Compliance Officer concerning any conflict that does arise with respect to any client.
- e. Employees must avoid any abuse of their position of trust with or responsibility to Callan and its clients, including taking inappropriate advantage of those positions.

f. Employees must comply with all applicable Federal securities laws and ERISA, where applicable.

It is the duty of each employee to consider and meet these standards of conduct, and to comply with all other provisions of this Code, in all his or her professional or personal dealings.

3. POTENTIAL CONFLICTS OF INTEREST

The mix of services Callan offers may give rise to one or more conflicts of interest. For example, the company's receipt of fees from investment management firms who subscribe to Callan's Institutional Consulting Group ("ICG") services could potentially conflict with the investment manager searches Callan performs for its Fund Sponsor Consulting Group clients, its selection of the investment managers who participate in the Unified Managed Account ("UMA") platform offered to the Independent Adviser Group ("IAG") clients, or its manager selection activities on behalf of the Diversified Alpha Group Trust (the "Private Trust"), and the GlidePath funds (together "Callan Funds").

In all cases, employees must carry out their duties solely in the best interests of our clients, and free from all compromising influences and loyalties. The following specific policies relating to potential conflicts of interest are designed to achieve this goal.

a. General

1. Callan's manager search services and products will be designed to promote fair and even competition among all qualified candidates meeting the requirements and limitations, if any, prescribed by the client.
2. Callan's investment measurement services will be designed and presented to our clients in a manner that presents fairly, objectively and meaningfully the results achieved by individual managers, asset classes and the total fund.
3. Callan will continue to maintain peer review processes through the Manager Search Committee, the Client Policy Review Committee and the ICG Project Review Committee or their respective successors. These committees are intended to maintain objectivity and eliminate potential personal bias.
4. Neither Callan nor any Callan employee will accept "finder's fees" or enter into agreements that offer financial rewards dependent upon our client's procurement decisions without full disclosure of the agreement to such client.
5. All consulting fees will be quoted in hard dollars.
6. Callan reports, letters and other communications will display the date of preparation along with all other relevant dates that encompass the period of analysis.
7. A Callan employee will not copy or use in substantially the same form (plagiarize) in reports to or other communications with clients or prospects materials prepared by anyone outside of Callan without proper attribution.

b. Investment Manager Relationships

1. An investment manager's business relationship with Callan or its affiliates, or lack thereof, will not affect that manager's inclusion or exclusion from a manager search or evaluation project or from the selection process for the UMA platform, the Middle Market Matrix or the Callan Funds.

2. The Callan Manager Search Committee will not consider a manager's business relationship with Callan, or lack thereof, in any way in its deliberations. It is the Committee Chairman's responsibility to prevent any such discussions.

3. Callan will not maintain any type of code or other method of designating a manager's business relationships with Callan in any screening process used as part of a manager search or evaluation project.

4. Callan's Global Manager Research Department will maintain an open door policy toward all investment managers, whether or not they have a business relationship with Callan. Participation in Callan's databases is free and at the manager's discretion.

5. Global Manager Research Department staff and members of the firm's Manager Search Committee will routinely disclose to the Manager Search Committee any familial relationship with investment management firms.

6. The Institutional Consulting Group (ICG) and the Callan Investments Institute (CII) will not attempt to influence investment manager search or evaluation activity on behalf of their clients, either formally or informally.

7. ICG consultants will inform all clients and prospects that the purchase of services or products does not entitle them to any preferential treatment in the services conducted by Callan; such manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

8. Fund Sponsor consultants will not market products to investment managers, but may refer managers to the ICG.

9. CII personnel will inform CII investment manager clients that purchasing CII services does not entitle them to any preferential treatment in the services conducted by Callan and such manager relationships do not affect the outcome or process by which any of Callan's services are conducted;

10. CII will coordinate investment manager client requests by maintaining a reasonable balance between Fund Sponsor and manager clients.

11. CII personnel will discourage investment manager members from directly marketing their investment management services at CII functions. Violations by investment managers may result in the loss of their client relationship.

12. Callan will disclose to fund sponsor clients the existence of all business relationships with investment managers on request as well as on an annual basis, in the initial client contract, as part of each manager search project and in each quarterly performance measurement report.

13. Fund sponsor client requests for more detailed information on manager relationships, including specific information regarding the fees paid to Callan by the managers employed by their fund, will be handled directly by Callan's compliance department. Client requests for more detailed information on manager relationships will be handled directly by corporate staff to ensure that confidentiality of client information is appropriately respected.

c. Trust Advisory Group ("TAG")

Except when stated otherwise, the following provisions pertain to employees in and services provided by TAG.

1. Callan can and should disclose to all clients the fact that Callan, through TAG, manages multi-manager funds. Currently TAG serves as the sponsor and advisor to a multi-manager small cap equity private placement fund and as the non-discretionary adviser to a series of GlidePath Funds (together "Callan Funds").

2. Callan consultants can discuss the Callan Funds with their fund sponsor clients and prospects, describing them in general terms, to help clients and prospects understand Callan's full range of services. During this type of discussion consultants should describe the policies Callan has put in place to separate the two businesses and protect both clients and Callan from any possibility of engaging in any activity that might be viewed as a prohibited transaction. If a client or prospect requires more specific information regarding TAG, including detail on the portfolios that it oversees, they are to be referred to TAG's Chief Investment Officer.

3. Under no circumstances can fund sponsor consultants provide prospects with offering materials or marketing materials for the Private Trust. Fund sponsor consultants can provide prospects with standard approved materials describing the Callan GlidePath Funds. They can also supply clients with these materials upon the client's request, or as part of our disclosure process.

4. Callan fund sponsor consultants are prohibited from providing consulting advice to their clients with respect to an investment of plan assets in any of the Callan Funds. For fund sponsor consulting clients, Callan consultants can continue to provide performance evaluation on the total fund, include any Callan Funds, but cannot provide an opinion on the Callan Fund's performance, specifically as it might relate to an additional contribution or withdrawal.

5. Callan will not recommend any Callan Funds in searches conducted by Callan on behalf of a fund sponsor client.

6. Callan employees, other than sales professionals in the TAG group, are not eligible for incentive compensation related to sales of any of the Callan Funds.

7. Employees must deal fairly and objectively with all clients when providing investment information, making investment recommendations, or taking investment action.

8. Employees must have a reasonable and adequate basis for investment decisions.

9. Investment actions can only be taken that are consistent with the stated objectives and constraints of that particular fund.

10. Adequate disclosures and information must be provided to investors so they can consider whether any proposed changes in the investment style or strategy meets their investment needs.

11 Priority to investments must be given to clients over those that benefit Callan's own interests.

12 Client portfolio value must be maximized by seeking best execution by the fund's sub-advisors for all client transactions.

13 Policies must be established to ensure fair and equitable trade allocation among client accounts.

14 Portfolio information provided to clients should be accurate and complete and there must be independent third-party confirmation or review of such information.

15 There must be qualified staff and sufficient human and technological resources to thoroughly investigate, analyze, implement, and monitor investment decisions and actions.

16 Performance information must be presented that is fair, accurate, relevant, timely, and complete.

17 Clients must be communicated with on an ongoing and timely basis and should include disclosure of any review or audit of the fund or account, as well as, significant TAG personnel or organizational changes that have occurred.

18 TAG must establish and disclose its risk management process which identifies, measures, and manages the risk position of the portfolio, including the sources, nature and degree of risk exposure.

4. CONFIDENTIAL INFORMATION

a. General

This Code covers two types of confidential information: Issuer Information and Client Information. Issuer Information is material nonpublic information concerning securities or their issuers. Client Information is information received from or related to a client or a prospective client that is not readily available to the public.

b. Issuer Information

Employees of Callan may acquire Issuer Information from time to time during the course of performing their duties. This information may not be used to benefit employees or Callan, either by trading based on such information ("insider trading") or by providing such information to others ("tipping"). Callan has adopted an Insider Trading Policy that describes more fully what constitutes insider trading and tipping and the substantial penalties for engaging in those activities. The Insider Trading Policy is attached to this Code as **Exhibit B**. An employee should refer to the Insider Trading Policy (as well as this Code) whenever the employee believes he or she may have material nonpublic information.

c. Client Information

Client Information will typically come into the possession of Callan's employees in the normal course of business. Except as required to perform their obligations as employees of Callan, employees will not use or disclose any Client Information. In no event may Client Information be used in

connection with securities transactions for the benefit of Callan's proprietary accounts or the accounts of employees or related persons.

Client Information may be governed by a confidentiality or non-disclosure agreement with Callan. In these circumstances, the information may be used or disclosed only in accordance with the agreement.

d. Safeguarding of Confidential Information

Confidential information must be stored in a manner which prevents misuse of such information. Callan has adopted a Privacy Policy that describes more fully Callan's policies and procedures for maintaining the confidentiality of nonpublic personal information collected from certain clients. Callan also requires that all employees sign a non-disclosure agreement to further safeguard Client Information.

5. PERSONAL SECURITIES TRADING REPORTS

a. General

To protect against possible conflicts of interest and misuse of confidential information, trading of securities by certain employees and related persons is subject to review by the Chief Compliance Officer.

b. Reporting by Shareholders

Shareholders of Callan must submit to the Chief Compliance Officer a report of all reportable securities of which they are beneficial owners, in the form of **Exhibit C**, not later than 10 days after becoming shareholders and on or before February 14th of each year thereafter. The initial report must provide information as of a date no more than 45 days prior to the date you become a shareholder, and the subsequent annual reports must provide information as of December 31st of the preceding year.

For purposes of this Code, "reportable security" means any security defined in Section 202(a)(18) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), except that it does not include: (1) direct obligations of the United States Government; (2) bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements; (3) shares issued by money market funds; (4) shares issued by registered open-end funds (i.e., mutual funds), other than funds for which Callan or any of its affiliates acts as investment adviser; or (5) shares issued by unit investment trusts that are invested exclusively in one or more of such open-end funds.

For purposes of this Code, "beneficial owner" is interpreted in the same manner as it would be under Rule 16a-1(a)(2) under the Securities Exchange Act of 1934, as amended. A shareholder may be deemed to have beneficial ownership of securities held by another person if, by reason of any contract, arrangement, understanding, relationship or otherwise, the shareholder can share in any profit from the securities, including securities held by a family member sharing the same household, by a partnership, corporation or other entity controlled by the shareholder, or by a trust of which the shareholder is a trustee, beneficiary or settlor.

No report is required with respect to securities held in accounts over which the shareholder has no direct or indirect influence or control. A brokerage or bank account statement may be submitted in lieu of the form provided in Exhibit C. All reports will be maintained in confidence, except to the

extent necessary or appropriate to implement and enforce the provisions of this Code or to comply with requests for information from government agencies.

c. Reporting by Access Persons

Callan has identified all TAG employees and TAG support staff to be access persons. Callan has not identified any other Callan employees as being access persons. For this purpose, access person means any employee: (1) who has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any registered fund for which Callan or any of its affiliates acts as an investment adviser; or (2) who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic.

Access Persons must submit to the Chief Compliance Officer a report of all reportable securities of which they are beneficial owners, in the form of **Exhibit D**, not later than 10 days after becoming an access employee and on or before February 14th of each year thereafter. The initial report must provide information as of a date no more than 45 days prior to the date you become an access person, and the subsequent annual reports must provide information as of December 31st of the preceding year.

In the event any employee of Callan is currently or becomes an access person, each such employee must submit to the Chief Compliance Officer the holdings and transactions reports, and obtain the pre-approvals of certain investments, required by Rule 204A-1(b) and (c) under the Advisers Act.

If an employee believes that, for whatever reason, he or she may have access to any information that would make the employee an access person, the employee should discuss the matter immediately with the Chief Compliance Officer. The Chief Compliance Officer will then determine whether the employee, and any other employee of Callan, should submit the reports and obtain the pre-clearance required by Rule 204A-1(b) and (c) and whether this Code should be amended to reflect these obligations in more detail.

d. Review Procedure

The Chief Compliance Officer will review all access employees' reports of personal securities for compliance with this Code.

6. OTHER POLICIES

a. Outside Interests and Relationships

Each employee must disclose to the Chief Compliance Officer any material interest or relationship of such employee, whether business, financial or personal, that might present a conflict of interest with Callan's clients or business.

b. Gifts

In general, employees should not solicit or accept gifts (including meals, tickets, trips, accommodations, favors or other benefits) of material value that could influence their decisions on behalf of Callan or its clients. Accordingly, no employee may solicit or accept any cash, or any non-cash gift of more than *de minimis* value, from any person that does business with Callan.

c. Political and Charitable Contributions

Callan, as a firm, does not make any political contributions and will not reimburse employees for any personal political contributions. Contributions to charitable causes and non-profit organizations for clients and prospects are subject to prior approval by the office manager and senior management.

d. E-Mail and Voice Mail

Callan's e-mail system and voice mail system are Callan's property and are made available to employees for business and occasional personal use. A Callan employee will not use e-mail or voice mail to disclose without permission business or client information that is confidential; harass, defame, invade the privacy of, or otherwise harm others; or engage in any illegal, unethical, or improper activities. Callan reserves the right to read emails or listen to voicemails at any time without any notification to assure itself that such emails or voicemails do not violate Callan's policy or, if the need arises, to collect documents for a legal or regulatory request. Callan has adopted an E-Mail and Other Electronic Communications Policy that sets out additional policies and practices on the use and monitoring of e-mail and other electronic communications.

e. Outside Communications

Employees must ensure that any advertising, marketing materials and other written or oral communications outside Callan are professional, balanced, not misleading and otherwise consistent with the provisions of this Code. Callan has adopted an Advertising Policy that describes more fully Callan's policies and procedures concerning advertising and marketing materials generally.

7. VIOLATIONS

Each employee has a duty to report any actual or potential violations of this Code promptly to Callan's Chief Compliance Officer. No employee reporting a suspected violation of this Code in good faith will be subject to retaliation because of making of such report.

In the event it is determined that an employee has violated this Code, the Chief Compliance Officer will report the violation to senior management. Senior management, in consultation with the Chief Compliance Officer, will determine an appropriate sanction for the violation, which may range from a verbal or written reprimand to suspension or termination of employment and may include fines and disgorgement by the employee of any profit or benefit realized.

8. TRAINING

Management is responsible for familiarizing employees with the policies and procedures described in this Code from time to time. The Chief Compliance Officer will make himself or herself available to assist employees with questions regarding this Code.

9. AMENDMENT AND RECORD KEEPING

The Chief Compliance Officer will review this Code on a periodic basis and update it as necessary or appropriate. The Chief Compliance Officer will cause Callan to maintain the records regarding this Code required by Rule 204-2(a)(12) and (13) under the Advisers Act.

Exhibit A

Acknowledgement and Initial and Annual Information Statement

(Print Full Name)

1. Directorships and Other Positions in Entities Other Than Callan Associates Inc.

The following is a list of all directorships and other positions that I hold in business organizations, partnerships, proprietorships, and trusts. (Please state "None", if applicable.) This list also identifies any estate in which I serve as executor, if that estate is also a client of Callan's.

<u>Position</u>	<u>Name of Organization</u>	<u>Principal Business Of Organization</u>	<u>Period During Which Position Has Been Held</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

2. Directorships, and Officer or Other Executive Positions Held by Members of My Household

The following is a list of all directorships and officer or other C-level positions in publicly traded companies held by members of my household in the past twelve months. (Please state "None", if applicable.)

<u>Position</u>	<u>Name of Organization</u>	<u>Principal Business Of Organization</u>	<u>Person Holding The Position</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

3. Disciplinary History

Except as disclosed below, I have never:

- a. been convicted of or pleaded guilty or *nolo contendere* (no contest) in a domestic, foreign or military court to any felony at all, or to any misdemeanor involving investments or fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion or conspiracy to commit any of those offenses;
- b. been enjoined by a domestic or foreign court in connection with any investment-related activity or been found to have been involved in a violation of investment-related statutes or regulations;
- c. been dismissed, pursuant to a settlement agreement, from any investment-related civil action brought by a state or foreign regulatory authority;
- d. been found by any federal or state, domestic or foreign regulatory agency to have made a false statement or omission or to have been dishonest, unfair or unethical; or to have been involved in a violation of investment-related laws or rules; or to have been the cause of an investment-related business having its authorization to do business denied, suspended, revoked or restricted;
- e. had my own license or authority to conduct an investment-related activity denied, suspended, revoked or restricted by a domestic or foreign governmental or other regulatory body;
- f. had a civil money penalty or a cease and desist order imposed on me;
- g. had any other order regarding an investment-related activity entered against me by any foreign or domestic regulatory agency;
- h. been found by a self-regulatory organization or commodities exchange to have made any false statement or omission or to have been involved in a violation of its rules (other than a violation designated as a "minor rule violation" under a plan approved by the SEC);
- i. otherwise been disciplined by a self-regulatory organization, commodities exchange or foreign financial regulatory authority; or
- j. had my authorization to act as an accountant, attorney or federal contractor revoked or suspended.

[INSTRUCTIONS: On the following page, please indicate "None" if applicable. If any of the foregoing apply, please furnish a complete description of the disciplinary event, including, date, caption of the proceeding, the court or other body taking the action and a description of the charges and the outcome. **If you are currently a party to a proceeding which could result in a "yes" answer to any**

of the above, please explain. No information needs to be given with respect to minor traffic offenses.]

Disciplinary History Disclosures (None or Describe): _____

4. Observance of the Code of Ethical Responsibility

I have read and I understand the Company's Code of Ethical Responsibility. I am not aware of any facts or circumstances which indicate that I may not have observed the Code in all respects, except as disclosed below. (Please indicate "None", if applicable. If you are aware of any facts or circumstances which indicate that you may not have observed the Code in all respects, please so indicate below, and the Company's Chief Compliance Officer will contact you for the details.)

5. Certification and Undertaking to Keep Information Up-To-Date

I hereby certify that the information I have disclosed in this Information Statement is true to the best of my knowledge, information and belief. I undertake to keep the information set forth herein up-to-date by supplementary Information Statements directed to the attention of the Compliance Officer.

Signature: _____

Print Name: _____

Date: _____

Exhibit B

INSIDER TRADING POLICY

CALLAN ASSOCIATES INC.

General

Callan forbids employees to trade, either personally or on behalf of others, on material nonpublic information, or to communicate material nonpublic information to others in violation of the law. This conduct is frequently referred to as “insider trading.” The prohibition extends to activities within and outside an employee’s duties at Callan.

The term “insider trading” is not defined in the federal securities laws but generally is used to refer to the use of material nonpublic information to trade in securities (whether or not one is an “insider”) or to the communication of material nonpublic information to others.

While the law concerning insider trading is not static, it is generally understood that the law prohibits:

1. trading by an insider while in possession of material nonpublic information,
2. trading by a non-insider, while in possession of material nonpublic information, where the information either was disclosed to the non-insider in violation of an insider’s duty to keep it confidential or was misappropriated, or
3. communicating material nonpublic information to others.

The elements of insider trading and the penalties for such unlawful conduct are discussed below. If after reviewing this Policy an employee has any questions, the employee should consult the Chief Compliance Officer.

Who is an Insider?

The concept of “insider” is broad. It includes officers, directors and employees of a company. In addition, a person can be a “temporary insider” if he or she enters into a special confidential relationship in the conduct of a company’s affairs and as a result is given access to information solely for the company’s purposes. A temporary insider can include, among others, a company’s attorneys, accountants, consultants, bank lending officers and the employees of such organizations. According to the U.S. Supreme Court, the company must expect the outsider to keep the disclosed nonpublic information confidential and the relationship must at least imply such a duty before the outsider will be considered an insider.

What is Material Information?

Trading on inside information is not a basis for liability unless the information is material. “Material information” is generally defined as information that there is a substantial likelihood a reasonable investor would consider important in making his or her investment decisions, or information that is reasonably certain to have a substantial effect on the price of a company’s securities. Information an employee should consider material includes, but is not limited to:

- dividend changes,
- earnings estimates,
- changes in previously released earnings estimates,
- significant merger or acquisition proposals or agreements,
- major litigation,
- liquidation problems, and
- extraordinary management developments.

Material information does not have to relate to a company's business. For example, in Carpenter v. U.S., 108 U.S. 316 (1987), the U.S. Supreme Court considered as material certain information about the contents of a forthcoming newspaper column that was expected to affect the market price of a security. In that case, a Wall Street Journal reporter was found criminally liable for disclosing to others the dates that reports on various companies would appear in the Wall Street Journal and whether those reports would be favorable or not.

What is Nonpublic Information?

Information is nonpublic until it has been effectively communicated to the market place. One must be able to point to some fact to show that the information is generally public. For example, information found in a report filed with the SEC, or appearing in Dow Jones, Reuters Economic Services, the Wall Street Journal or other publications of general circulation would be considered public.

Penalties for Insider Trading

Penalties for trading on, or communicating, material nonpublic information are severe, for both the individuals involved in the unlawful conduct and their employers. Persons can be subject to some or all of the penalties below, even if they do not personally benefit from the violation.

- civil injunctions,
- treble damages,
- disgorgement of profits,
- jail sentences,
- fines for the person who committed the violation of up to three times the profit gained or loss avoided, whether or not the person actually benefited, and
- fines for the employer or other controlling person of up to the greater of \$1,000,000 or three times the amount of the profit gained or loss avoided.

In addition, any violation of this Policy (or other provisions of the Code of Ethical Responsibility of which this Policy is a part) can be expected to result in serious sanctions by Callan, including dismissal.

Procedures to Follow Upon Receipt of Material Nonpublic Information

If an employee believes he or she may be in possession of material nonpublic information, the employee should take the following actions:

1. Report the matter immediately to the Chief Compliance Officer, disclosing all information that the employee believes may be relevant.
2. Unless approved by the Chief Compliance Officer, refrain from purchasing or selling any security to which such information relates for the employee's account or any account managed by Callan or its affiliates.
3. Unless approved by the Chief Compliance Officer, refrain from communicating the information to anyone within or outside our firm, other than the Chief Compliance Officer. In addition, take care that the information is secure.
4. Any questions about whether information is material or nonpublic, the applicability or interpretation of these procedures or the propriety of any action must be discussed with the Chief Compliance Officer before the employee trades or communicates the information to anyone.

Additional Procedures To Implement Insider Trading Policy

Callan has adopted the following additional procedures to implement this Policy:

1. This Policy is distributed, along with the Code of Ethical Responsibility, to all employees upon hire and requires a written acknowledgement by each employee.
2. Employees must report to the Chief Compliance Officer all business, financial or personal relationships that may result in access to material nonpublic information.
3. Shareholders and any access persons must disclose reportable securities in their personal accounts to the Chief Compliance Officer, as provided in the Code of Ethical Responsibility.
4. The Chief Compliance Officer will review all reports by employees of reportable securities.
5. The Chief Compliance Officer will provide guidance to employees on insider trading questions.
6. This Policy will be reviewed, evaluated and updated on a periodic basis by the Chief Compliance Officer.
7. The Chief Compliance Officer will report any violation of this Policy to senior management for corrective and/or disciplinary action.
8. The Chief Compliance Officer or his or her designee is responsible for the implementation of this Policy.

Exhibit C

Report of Holdings of Reportable Securities by Shareholders

I hereby certify that the following is a complete listing of all “reportable securities”¹ “beneficially owned”² by me as of a date no more than 45 days prior to the date I became a Callan shareholder, in the case of an initial report, or as of December 31 of the preceding year, in the case of an annual report:

<u>Title of Reportable Security</u>

Name of Employee

Signature of Employee

Date

¹ “Reportable security” means any security defined in Section 202(a)(18) of the Investment Advisers Act of 1940, as amended except that it does not include: (1) direct obligations of the United States Government; (2) bankers’ acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements; (3) shares issued by money market funds; (4) shares issued by registered open-end funds (i.e., mutual funds), other than funds for which Callan or any of its affiliates acts as investment adviser; or (5) shares issued by unit investment trusts that are invested exclusively in one or more of such open-end funds.

² “Beneficial owner” is interpreted in the same manner as it would be under Rule 16a-1(a)(2) under the Securities Exchange Act of 1934, as amended. A shareholder may be deemed to have beneficial ownership of securities held by another person if, by reason of any contract, arrangement, understanding, relationship or otherwise, the shareholder can share in any profit from the securities, including securities held by a family member sharing the same household, by a partnership, corporation or other entity controlled by the shareholder, or by a trust of which the shareholder is a trustee, beneficiary or settlor.

Exhibit D

Reporting by Access Persons

Employees and support personnel of Callan's TAG group are designated as Callan's access persons, as defined in Callan Associates Inc. Code of Ethical Responsibility under subsection 5, and repeated below. Callan's Code of Ethical Responsibility requires access persons to adhere to specific disclosure of certain personal assets, holdings, or interests, and assets and holdings in which he or she has an interest or access to. Additionally, all access persons are required to follow certain procedures when trading for his or her personal account(s) and account(s) in which he or she has an interest or access to. These disclosures and personal trading procedures are outlined below:

Reporting by access persons:

Callan has identified all TAG employees and TAG support staff to be access persons. Callan has not identified any other Callan employees as being access persons. For this purpose, access person means any employee: (1) who has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any registered fund for which Callan or any of its affiliates acts as an investment adviser; or (2) who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic.

In the event any employee of Callan is currently or becomes an access person, each such employee must submit to the Chief Compliance Officer the holdings and transactions reports, and obtain the pre-approvals of certain investments, required by Rule 204A-1(b) and (c) under the Advisers Act.

For purposes of this Code, "reportable security" means any security defined in Section 202(a)(18) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), except that it does not include: (1) direct obligations of the United States Government; (2) bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements; (3) shares issued by money market funds; (4) shares issued by registered open-end funds (i.e., mutual funds), other than funds for which Callan or any of its affiliates acts as investment adviser; or (5) shares issued by unit investment trusts that are invested exclusively in one or more of such open-end funds.

Requirements:

1. All access persons must notify Callan of all accounts in which he or she has a beneficial interest, including any accounts for immediate family or other entities whose holdings are not deemed exempt under the definition of "reportable securities;"
2. Access persons must supply Callan with, at a minimum, quarterly statements of all subject accounts holding "reportable securities," as described in Callan's Code of Ethics, no later than 30 days after the end of each calendar quarter;
3. Access persons must supply Callan with trade confirmations of all "reportable securities" transactions described in Callan's Code of Ethics no later than 30 days after notification of the transactions' execution; and
4. All "reportable securities" transactions by access persons must be approved in writing prior to the transaction. Approval should be obtained using the process described below: This approval will be documented and retained by the Compliance department.

Exhibit D

Page 2

To meet these requirements please follow the steps below:

1. To comply with requirement number 1 above, access persons must complete the "Annual Employees Questionnaire"
2. To comply with requirements 2 & 3 above, access persons must contact the broker dealer or custodian of the accounts listed and request them to send duplicate statements and trade confirmations to:

Compliance Manager
Callan Associates Inc.
101 California St., 35th floor
San Francisco Ca 94111
Compliance_Officer@callan.com

3. To comply with requirement 4 above and prior to any transaction, access persons must complete and e-mail the following form labeled "Pre-clearance form employee related securities transactions." These forms must be emailed to Compliance_Officer@callan.com A return email notification will be sent to such access person notifying him or her of whether authorization to execute the transaction is approved. Such transactions must not be executed without prior authorization.

CALLAN ASSOCIATES INC.
ACCESS PERSON ANNUAL EMPLOYEE QUESTIONNAIRE

1. Name: _____

2. Identify household members:
(Spouse, children, and other relatives you support)

3. List all brokerage or bank accounts in which you or your immediate family members and others residing in your household have a beneficial interest and maintain accounts:

FIRM	ADDRESS	ACCOUNT NUMBER

4. For each of the accounts listed above or any other holding you may own in street name that is not held at a financial institution, please supply the following information on each security position.

Broker/Dealer or Bank	Account Number	Quantity/ # of Shares	Security/ Symbol	Security Type (Stock/Bond)

Exhibit D

Page 4

5. Do you have any outside employment or business activity?

YES ____ NO ____

If YES, Describe: _____

6. Do you serve as a Director, Officer, Trustee, Member, Partner, or in any other capacity, for any other entity?

YES ____ NO ____

If YES, Describe: _____

7. Have you received any gifts from, or made any gifts to, clients or anyone doing business with the firm other than gifts of nominal value?

YES ____ NO ____

If YES, Describe: _____

8. Do you own any interests in any securities or other investments not included on your brokerage statements, e.g., private placements, limited partnerships, etc. (non-custodied securities)?

YES ____ NO ____

If YES, List: _____

9. Do you have any ownership interest (a minimum of 5% interest) in other entities (public or non-public) not included on brokerage statements?

YES ____ NO ____

If YES, List: _____

10. Have you reviewed, understand, and agree to comply with all current policies and procedures regarding personal securities trading and insider trading activity at our firm?

YES ____ NO ____

11. Provide a listing of current holdings for the brokerage accounts (most recent monthly statement(s) can be attached) maintained in your name and for any person who is a household member or immediate family member.

Exhibit D

Page 5

12. Have you requested duplicate confirmations and statements to be sent to our firm's Compliance Officer?

YES ____ NO ____

I certify the above/attached information is true, accurate and complete as of the date indicated and discloses all accounts/security holdings in which any household/family member or I have a direct or indirect beneficial interest.

Signature

Employee Name

Date

**CALLAN ASSOCIATES INC.
PRECLEARANCE FORM
ACCESS PERSON RELATED SECURITIES TRANSACTIONS**

ACCOUNT INFORMATION:

NAME OF EMPLOYEE: _____

EMPLOYEE ACCOUNT: _____
(Name & Number)

OR

EMPLOYEE RELATED: _____
("covered person") (Account Name & Number)

BROKERAGE FIRM
OR BANK: _____

TRANSACTION INFORMATION:

DATE: _____

SECURITY: _____

NUMBER OF SHARES: _____

TRADE IS TO: BUY _____ SELL _____

OTHER INFORMATION: _____

TYPE OF ORDER: MARKET _____ LIMIT _____

APPROVAL OF THE TRANSACTION IS SUBJECT TO YOUR KNOWLEDGE OF THE FOLLOWING INFORMATION.

1. Is there any current order for any advisory client(s) to purchase or sell the same security or its equivalent (the same issuer or some derivative, e.g., option or warrant)?
YES ____ NO ____

2. Is the security being considered for purchase or sale for any advisory client?
YES ____ NO ____

Exhibit D

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3. Is the security owned by any advisory client(s)?
YES ____ NO ____
4. For portfolio managers, has the security been bought or sold for advisory client account(s) within the last _____ days or is it being considered for any client accounts?
YES ____ NO ____
5. Do you have any material nonpublic information about the security or the company?
YES ____ NO ____
6. Is the security an IPO?
YES ____ NO ____
7. Is the security a Limited Offering?
YES ____ NO ____
8. Should this security be considered an investment opportunity for clients?
YES ____ NO ____
9. Has this security been purchased or sold by you within 60 days?
YES ____ NO ____

The above information is true and correct to the best of my knowledge. The above answers will be reviewed by the Compliance Officer. Approval given for any transaction will remain in effect for _____ hours.

Employee Signature

Date

APPROVED BY: _____

DATE: _____

RETURN TO: _____

Section III

FORM ADV

UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

ADV - Amendment, Page 1

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ADV Part 1A, Page 1

WARNING: Complete this form truthfully. False statements or omissions may result in denial of your application, revocation of your registration, or criminal prosecution. You must keep this form updated by filing periodic amendments. See Form ADV General Instruction 3.

Item 1 Identifying Information

Responses to this Item tell us who you are, where you are doing business, and how we can contact you.

- A. Your full legal name (if you are a sole proprietor, your last, first, and middle names):
CALLAN ASSOCIATES INC.
- B. Name under which you primarily conduct your advisory business, if different from Item 1.A.
CALLAN ASSOCIATES INC.
List on Section 1.B. of Schedule D any additional names under which you conduct your advisory business.
- C. If this filing is reporting a change in your legal name (Item 1.A.) or primary business name (Item 1.B.), enter the new name and specify whether the name change is of
☐ your legal name or ☐ your primary business name:
- D. If you are registered with the SEC as an investment adviser, your SEC file number: 801-9219
- E. If you have a number ("CRD Number") assigned by FINRA's CRD system or by the IARD system, your CRD number: 107687
If your firm does not have a CRD number, skip this Item 1.E. Do not provide the CRD number of one of your officers, employees, or affiliates.

FORM ADV

UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

ADV - Amendment, Page 2

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Item 1 Identifying Information (Continued)F. *Principal Office and Place of Business*

(1) Address (do not use a P.O. Box):

Number and Street 1:

101 CALIFORNIA STREET

Number and Street 2:

SUITE 3500

City:

SAN FRANCISCO

State:

CA

Country:

USA

ZIP+4/Postal Code:

94111-5802

If this address is a private residence, check this box: ☐

List on Section 1.F. of Schedule D any office, other than your principal office and place of business, at which you conduct investment advisory business. If you are applying for

registration, or are registered, with one or more state securities authorities, you must list all of your offices in the state or states to which you are applying for registration or with whom you are registered. If you are applying for registration, or are registered only, with the SEC, list the largest five offices in terms of numbers of employees.

- (2) Days of week that you normally conduct business at your *principal office and place of business*:

☒ Monday-Friday ☐ Other:

Normal business hours at this location:

8 AM - 5 PM

- (3) Telephone number at this location:

415-974-5060

- (4) Facsimile number at this location:

415-291-4014

- G. Mailing address, if different from your *principal office and place of business* address:

Number and Street 1:

Number and Street 2:

City:

State:

Country:

ZIP+4/Postal Code:

If this address is a private residence, check this box: ☐

- H. If you are a sole proprietor, state your full residence address, if different from your *principal office and place of business* address in Item 1.F.:

Number and Street 1:

Number and Street 2:

City:

State:

Country:

ZIP+4/Postal Code:

FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

ADV - Amendment, Page 3

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Item 1 Identifying Information (Continued)

- I. Do you have World Wide Web site addresses?

YES NO

☒ ☐

If "yes," list these addresses on Section 1.I. of Schedule D. If a web address serves as a portal through which to access other information you have published on the World Wide Web, you may list the portal without listing addresses for all of the other information. Some advisers may need to list more than one portal address. Do not provide individual electronic mail addresses in response to this Item.

- J. Contact *Employee*:

Name:

SUSAN L. TAYLOR-HAMBLY

Telephone Number:

415-974-5060

Number and Street 1:

Title:

SR. VP, CFO & CHIEF COMPLIANCE OFFICER

Facsimile Number:

415-291-4114

Number and Street 2:

101 CALIFORNIA STREET

SUITE 3500

City:

State:

Country:

ZIP+4/Postal Code:

SAN FRANCISCO

CA

USA

94111-5802

Electronic mail (e-mail) address, if contact *employee* has one:

TAYLORS@CALLAN.COM

The contact employee should be an employee whom you have authorized to receive information and respond to questions about this Form ADV.

YES NO

- K. Do you maintain some or all of the books and records you are required to keep under Section 204 of the Advisers Act, or similar state law, somewhere other than your *principal office and place of business*?

☒ ☐

If "yes," complete Section 1.K. of Schedule D.

YES NO

- L. Are you registered with a *foreign financial regulatory authority*?

☐ ☒

Answer "no" if you are not registered with a foreign financial regulatory authority, even if you have an affiliate that is registered with a foreign financial regulatory authority. If "yes", complete Section 1.L. of Schedule D.

FORM ADV

UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

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Item 2 SEC Registration

Responses to this Item help us (and you) determine whether you are eligible to register with the SEC. Complete this Item 2 only if you are applying for SEC registration or submitting an *annual updating amendment* to your SEC registration.

- A. To register (or remain registered) with the SEC, you must check at least one of the Items 2.A(1) through 2.A(11), below. If you are submitting an *annual updating amendment* to your SEC registration and you are no longer eligible to register with the SEC, check Item 2.A(12). You:

☒ (1) have *assets under management* of \$25 million (in U.S. dollars) or more;

See Part 1A Instruction 2.a. to determine whether you should check this box.

☐ (2) have your *principal office and place of business* in Wyoming;

☐ (3) have your *principal office and place of business* outside the United States;

☐ (4) are an investment adviser (or sub-adviser) to an investment company registered under the Investment Company Act of 1940;

See Part 1A Instruction 2.b. to determine whether you should check this box.

☐ (5) have been designated as a nationally recognized statistical rating organization;

See Part 1A Instruction 2.c. to determine whether you should check this box.

- ☒ (6) are a pension consultant that qualifies for the exemption in rule 203A-2(b);

See Part 1A Instruction 2.d. to determine whether you should check this box.

- ☐ (7) are relying on rule 203A-2(c) because you are an investment adviser that *controls*, is *controlled* by, or is under common *control* with, an investment adviser that is registered with the SEC, and your *principal office and place of business* is the same as the registered adviser;

See Part 1A Instruction 2.e. to determine whether you should check this box. If you check this box, complete Section 2.A(7) of Schedule D.

- ☐ (8) are a newly formed adviser relying on rule 203A-2(d) because you expect to be eligible for SEC registration within 120 days;

See Part 1A Instruction 2.f. to determine whether you should check this box. If you check this box, complete Section 2.A(8) of Schedule D.

FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

ADV - Amendment, Page 5

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Item 2 SEC Registration (Continued)

- ☐ (9) are a multi-state adviser relying on rule 203A-2(e);

See Part 1A Instruction 2.g. to determine whether you should check this box. If you check this box, complete Section 2.A(9) of Schedule D.

- ☐ (10) are an Internet investment adviser relying on rule 203A-2(f);

See Part 1A Instructions 2.h. to determine whether you should check this box.

- ☐ (11) have received an SEC *order* exempting you from the prohibition against registration with the SEC;

If you checked this box, complete Section 2.A(11) of Schedule D.

- ☐ (12) are no longer eligible to remain registered with the SEC.

See Part 1A Instructions 2.i. to determine whether you should check this box.

B. Under state laws, SEC-registered advisers may be required to provide to *state securities authorities* a copy of the Form ADV and any amendments they file with the SEC. These are called *notice filings*. If this is an initial application, check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings you submit to the SEC. If this is an

amendment to direct your *notice filings* to additional state(s), check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings you submit to the SEC. If this is an amendment to your registration to stop your *notice filings* from going to state(s) that currently receive them, uncheck the box(es) next to those state(s).

<input type="checkbox"/> AL	<input type="checkbox"/> ID	<input checked="" type="checkbox"/> MO	<input checked="" type="checkbox"/> PA
<input checked="" type="checkbox"/> AK	<input checked="" type="checkbox"/> IL	<input type="checkbox"/> MT	<input type="checkbox"/> PR
<input checked="" type="checkbox"/> AZ	<input checked="" type="checkbox"/> IN	<input checked="" type="checkbox"/> NE	<input type="checkbox"/> RI
<input type="checkbox"/> AR	<input type="checkbox"/> IA	<input checked="" type="checkbox"/> NV	<input type="checkbox"/> SC
<input checked="" type="checkbox"/> CA	<input checked="" type="checkbox"/> KS	<input checked="" type="checkbox"/> NH	<input type="checkbox"/> SD
<input checked="" type="checkbox"/> CO	<input type="checkbox"/> KY	<input checked="" type="checkbox"/> NJ	<input checked="" type="checkbox"/> TN
<input checked="" type="checkbox"/> CT	<input checked="" type="checkbox"/> LA	<input type="checkbox"/> NM	<input checked="" type="checkbox"/> TX
<input type="checkbox"/> DE	<input type="checkbox"/> ME	<input checked="" type="checkbox"/> NY	<input type="checkbox"/> UT
<input type="checkbox"/> DC	<input checked="" type="checkbox"/> MD	<input checked="" type="checkbox"/> NC	<input checked="" type="checkbox"/> VT
<input checked="" type="checkbox"/> FL	<input checked="" type="checkbox"/> MA	<input type="checkbox"/> ND	<input type="checkbox"/> VI
<input checked="" type="checkbox"/> GA	<input checked="" type="checkbox"/> MI	<input checked="" type="checkbox"/> OH	<input checked="" type="checkbox"/> VA
<input type="checkbox"/> GU	<input checked="" type="checkbox"/> MN	<input type="checkbox"/> OK	<input checked="" type="checkbox"/> WA
<input checked="" type="checkbox"/> HI	<input type="checkbox"/> MS	<input type="checkbox"/> OR	<input type="checkbox"/> WV
			<input checked="" type="checkbox"/> WI

If you are amending your registration to stop your notice filings from going to a state that currently receives them and you do not want to pay that state's notice filing fee for the coming year, your amendment must be filed before the end of the year (December 31).

Item 3 Form Of Organization

A. How are you organized?

- ☒ Corporation
 ☐ Sole Proprietorship
 ☐ Limited Liability Partnership (LLP)
 ☐ Partnership
 ☐ Limited Liability Company (LLC)
 ☐ Other (specify):

If you are changing your response to this Item, see Part 1A Instruction 4.

FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

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Item 3 Form Of Organization (Continued)

B. In what month does your fiscal year end each year?

December

C. Under the laws of what state or country are you organized?

State: Country:
California UNITED STATES

Item 4 Successions

YES NO

- A. Are you, at the time of this filing, succeeding to the business of a registered investment adviser? ☐ YES ☒ NO

If "yes," complete Item 4.B. and Section 4 of Schedule D.

- B. Date of Succession: (MM/DD/YYYY)

If you have already reported this succession on a previous Form ADV filing, do not report the succession again. Instead, check "No." See Part 1A Instruction 4.

Item 5 Information About Your Advisory Business

Responses to this Item help us understand your business, assist us in preparing for on-site examinations, and provide us with data we use when making regulatory policy. Part 1A Instruction 5.a. provides additional guidance to newly-formed advisers for completing this Item 5.

Employees

- A. Approximately how many *employees* do you have? Include full and part-time *employees* but do not include any clerical workers.

☐ 1-5 ☐ 6-10 ☐ 11-50 ☒ 51-250 ☐ 251-500
☐ 501-1,000 ☐ More than 1,000 If more than 1,000, how many?
 (round to the nearest 1,000)

- B.

- (1) Approximately how many of these *employees* perform investment advisory functions (including research)?

☐ 0 ☐ 1-5 ☐ 6-10 ☐ 11-50 ☒ 51-250
☐ 251-500 ☐ 501-1,000 ☐ More than 1,000 If more than 1,000, how many?
 (round to the nearest 1,000)

- (2) Approximately how many of these *employees* are registered representatives of a broker-dealer?

☒ 0 ☐ 1-5 ☐ 6-10 ☐ 11-50 ☐ 51-250
☐ 251-500 ☐ 501-1,000 ☐ More than 1,000 If more than 1,000, how many?
 (round to the nearest 1,000)

If you are organized as a sole proprietorship, include yourself as an employee in your responses to Items 5.A(1) and 5.B(2). If an employee performs more than one function, you should count that employee in each of your responses to Item 5.B(1) and 5.B(2).

FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

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Item 5 Information About Your Advisory Business (Continued)(3) Approximately how many firms or other *persons* solicit advisory *clients* on your behalf?

- ☒ 0
 ☐ 1-5
 ☐ 6-10
 ☐ 11-50
 ☐ 51-250
☐ 251-500
 ☐ 501-1,000
 ☐ More than 1,000
 If more than 1,000, how many?
 (round to the nearest 1,000)

In your response to Item 5.B(3), do not count any of your employees and count a firm only once -- do not count each of the firm's employees that solicit on your behalf.

ClientsC. To approximately how many *clients* did you provide investment advisory services during your most-recently completed fiscal year?

- ☐ 0
 ☐ 1-10
 ☐ 11-25
 ☐ 26-100
 ☐ 101-250
☐ 251-500
 ☒ More than 500
 If more than 500, how many?
 (round to the nearest 500)

D. What types of *clients* do you have? Indicate the approximate percentage that each type of *client* comprises of your total number of *clients*.

	None	Up to 10%	11-25%	26-50%	51-75%	More Than 75%
(1) Individuals (other than <i>high net worth individuals</i>)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(2) <i>High net worth individuals</i>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(3) Banking or thrift institutions	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(4) Investment companies (including mutual funds)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(5) Pension and profit sharing plans (other than plan participants)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(6) Other pooled investment vehicles (e.g., hedge funds)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(7) Charitable organizations	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(8) Corporations or other businesses not listed above	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(9) State or municipal <i>government entities</i>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(10) Other: INDEPENDENT CONSULTING FIRMS	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The category "individuals" includes trusts, estates, 401(k) plans and IRAs of individuals and their family members, but does not include businesses organized as sole proprietorships.

Unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940, check "None" in response to Item 5.D(4).

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

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Item 5 Information About Your Advisory Business (Continued)Compensation Arrangements

E. You are compensated for your investment advisory services by (check all that apply):

- ☒ (1) A percentage of assets under your management
- ☒ (2) Hourly charges
- ☐ (3) Subscription fees (for a newsletter or periodical)
- ☒ (4) Fixed fees (other than subscription fees)
- ☐ (5) Commissions
- ☐ (6) *Performance-based fees*
- ☒ (7) Other (specify): A PERCENTAGE OF ASSETS ON WHICH WE CONSULT

Assets Under Management

- | | | YES | NO |
|--------------------|--|----------------------------------|--------------------------|
| F. (1) | Do you provide continuous and regular supervisory or management services to securities portfolios? | <input checked="" type="radio"/> | <input type="radio"/> |
| (2) | If yes, what is the amount of your assets under management and total number of accounts? | | |
| | | U.S. Dollar Amount | Total Number of Accounts |
| Discretionary: | (a) \$ 1589406412 .00 | (d) 1 | |
| Non-Discretionary: | (b) \$ 1686836183 .00 | (e) 1 | |
| Total: | (c) \$ 3276242595 .00 | (f) 2 | |

Part 1A Instruction 5.b. explains how to calculate your assets under management. You must follow these instructions carefully when completing this Item.

Advisory Activities

G. What type(s) of advisory services do you provide? Check all that apply.

- ☐ (1) Financial planning services
- ☐ (2) Portfolio management for individuals and/or small businesses
- ☐ (3) Portfolio management for investment companies
- ☒ (4) Portfolio management for businesses or institutional *clients* (other than investment companies)
- ☒ (5) Pension consulting services
- ☒ (6) Selection of other advisers
- ☐ (7) Publication of periodicals or newsletters
- ☐ (8) Security ratings or pricing services
- ☐ (9) Market timing services
- ☒ (10) Other (specify):
INVESTMENT & ASSET MANAGEMENT CONSULTING; INVESTMENT RESEARCH;
INVESTMENT EDUCATION

Do not check Item 5.G(3) unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940.

FORM ADV

UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

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Item 5 Information About Your Advisory Business (Continued)

H. If you provide financial planning services, to how many *clients* did you provide these services during your last fiscal year?

- ☐ 0
 ☐ 1-10
 ☐ 11-25
 ☐ 26-50
 ☐ 51-100
☐ 101-250
 ☐ 251-500
 ☐ More than 500

If more than 500, how many?
(round to the nearest 500)

I. If you participate in a *wrap fee program*, do you (check all that apply):

- ☐ (1) *sponsor* the *wrap fee program* ?
☐ (2) act as a portfolio manager for the *wrap fee program*?

If you are a portfolio manager for a wrap fee program, list the names of the programs and their sponsors in Section 5.I(2) of Schedule D.

If your involvement in a wrap fee program is limited to recommending wrap fee programs to your clients , or you advise a mutual fund that is offered through a wrap fee program, do not check either Item 5.I(1) or 5.I(2).

Item 6 Other Business Activities

In this Item, we request information about your other business activities.

A. You are actively engaged in business as a (check all that apply):

- ☐ (1) Broker-dealer
☐ (2) Registered representative of a broker-dealer
☐ (3) Futures commission merchant, commodity pool operator, or commodity trading advisor
☐ (4) Real estate broker, dealer, or agent
☐ (5) Insurance broker or agent
☐ (6) Bank (including a separately identifiable department or division of a bank)
☐ (7) Other financial product salesperson (specify):

YES NO

B. (1) Are you actively engaged in any other business not listed in Item 6.A. (other than giving investment advice)?

☒ ☐

(2) If yes, is this other business your primary business?

☐ ☒

If "yes," describe this other business on Section 6.B. of Schedule D.

(3) Do you sell products or provide services other than investment advice to your advisory *clients*?

YES NO

☒ ☐

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Item 7 Financial Industry Affiliations

In this Item, we request information about your financial industry affiliations and activities. This information identifies areas in which conflicts of interest may occur between you and your *clients*.

Item 7 requires you to provide information about you and your *related persons*. Your *related persons* are all of your *advisory affiliates* and any *related person* that is under common *control* with you.

A. You have a *related person* that is a (check all that apply):

- ☐ (1) broker-dealer, municipal securities dealer, or government securities broker or dealer
- ☐ (2) investment company (including mutual funds)
- ☒ (3) other investment adviser (including financial planners)
- ☐ (4) futures commission merchant, commodity pool operator, or commodity trading advisor
- ☐ (5) banking or thrift institution
- ☐ (6) accountant or accounting firm
- ☐ (7) lawyer or law firm
- ☐ (8) insurance company or agency
- ☐ (9) pension consultant
- ☐ (10) real estate broker or dealer
- ☒ (11) sponsor or syndicator of limited partnerships

If you checked Items 7.A.(1) or (3), you must list on Section 7.A. of Schedule D all your related persons that are investment advisers, broker-dealers, municipal securities dealers, or government securities broker or dealers.

Yes No

B. Are you or any *related person* a general partner in an *investment-related* limited partnership or manager of an *investment-related* limited liability company, or do you advise any other "private fund" as defined under SEC rule 203(b)(3)-1?

☒ ☐

If "yes," for each limited partnership or limited liability company, or (if applicable) private fund, complete Section 7.B. of Schedule D . If, however, you are an SEC-registered adviser and you have related persons that are SEC-registered advisers who are the general partners of limited partnerships or the managers of limited liability companies, you do not have to complete Section 7.B. of Schedule D with respect to those related advisers' limited partnerships or limited liability companies.

To use this alternative procedure, you must state in the Miscellaneous Section of Schedule D : (1) that you have related SEC-registered investment advisers that manage limited partnerships or limited liability companies that are not listed in Section 7.B. of Schedule D ; (2) that complete and accurate information about those limited partnerships or limited

liability companies is available in Section 7.B. of Schedule D of the Form ADVs of your related SEC-registered advisers; and (3) whether your clients are solicited to invest in any of those limited partnerships or limited liability companies.

Item 8 Participation or Interest in *Client* Transactions

In this Item, we request information about your participation and interest in your *clients'* transactions. Like Item 7, this information identifies areas in which conflicts of interest may occur between you and your *clients*.

Like Item 7, Item 8 requires you to provide information about you and your *related persons*.

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Item 8 Participation or Interest in *Client* Transactions (Continued)

Proprietary Interest in *Client* Transactions

- | A. Do you or any <i>related person</i> : | Yes | No |
|---|----------------------------------|----------------------------------|
| (1) buy securities for yourself from advisory <i>clients</i> , or sell securities you own to advisory <i>clients</i> (principal transactions)? | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) buy or sell for yourself securities (other than shares of mutual funds) that you also recommend to advisory <i>clients</i> ? | <input checked="" type="radio"/> | <input type="radio"/> |
| (3) recommend securities (or other investment products) to advisory <i>clients</i> in which you or any <i>related person</i> has some other proprietary (ownership) interest (other than those mentioned in Items 8.A(1) or (2))? | <input type="radio"/> | <input checked="" type="radio"/> |

Sales Interest in *Client* Transactions

- | B. Do you or any <i>related person</i> : | Yes | No |
|--|----------------------------------|----------------------------------|
| (1) as a broker-dealer or registered representative of a broker-dealer, execute securities trades for brokerage customers in which advisory <i>client</i> securities are sold to or bought from the brokerage customer (agency cross transactions)? | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) recommend purchase of securities to advisory <i>clients</i> for which you or any <i>related person</i> serves as underwriter, general or managing partner, or purchaser representative? | <input checked="" type="radio"/> | <input type="radio"/> |
| (3) recommend purchase or sale of securities to advisory <i>clients</i> for which you or any <i>related person</i> has any other sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer)? | <input type="radio"/> | <input checked="" type="radio"/> |

Investment or Brokerage Discretion

- | C. Do you or any <i>related person</i> have <i>discretionary authority</i> to determine the: | Yes | No |
|--|----------------------------------|-----------------------|
| (1) securities to be bought or sold for a <i>client's</i> account? | <input checked="" type="radio"/> | <input type="radio"/> |
| (2) amount of securities to be bought or sold for a <i>client's</i> account? | <input checked="" type="radio"/> | <input type="radio"/> |
| (3) broker or dealer to be used for a purchase or sale of securities for a <i>client's</i> account? | <input checked="" type="radio"/> | <input type="radio"/> |
| (4) commission rates to be paid to a broker or dealer for a <i>client's</i> securities transactions? | <input checked="" type="radio"/> | <input type="radio"/> |

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Item 8 Participation or Interest in *Client* Transactions (Continued)

- D. Do you or any *related person* recommend brokers or dealers to *clients*? ☐ ☒
- E. Do you or any *related person* receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions? ☐ ☒
- F. Do you or any *related person*, directly or indirectly, compensate any *person* for *client* referrals? ☐ ☒

In responding to this Item 8.F., consider in your response all cash and non-cash compensation that you or a related person gave any person in exchange for client referrals, including any bonus that is based, at least in part, on the number or amount of client referrals.

Item 9 Custody

In this Item, we ask you whether you or a *related person* has *custody* of *client* assets and about your custodial practices.

- | | | |
|--|-----------------------|----------------------------------|
| A. (1) Do you have <i>custody</i> of any advisory <i>clients</i> : | Yes | No |
| (a) cash or bank accounts? | <input type="radio"/> | <input checked="" type="radio"/> |
| (b) securities? | <input type="radio"/> | <input checked="" type="radio"/> |

If you are registering or registered with the SEC, answer "No" to Item 9.A.(1)(a) and (b) if you have custody solely because (i) you deduct your advisory fees directly from your clients' accounts, or (ii) a related person maintains client funds or securities as a qualified custodian but you have overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)(2)-(d)(5)) from the related person.

- (2) If you checked "yes" to Item 9.A(1)(a) or (b), what is the amount of *client* funds and securities and total number of *clients* for which you have *custody*:

U.S. Dollar Amount	Total Number of Clients
(a)\$	(b)

If your related person serves as qualified custodian of client assets, do not include the amount of those assets and the number of those clients in your response to Item 9.A.(2). Instead, include that information in your response to Item 9.B.(2).

- | | | |
|---|-----------------------|----------------------------------|
| B. (1) Do any of your <i>related persons</i> have <i>custody</i> of any of your advisory <i>clients</i> : | Yes | No |
| (a) cash or bank accounts? | <input type="radio"/> | <input checked="" type="radio"/> |
| (b) securities? | <input type="radio"/> | <input checked="" type="radio"/> |

You are required to answer this item regardless of how you answered Item 9.A.(1)(a) or (b).

- (2) If you checked "yes" to Item 9.B.(1)(a) or (b), what is the amount of *client* funds and securities and total number of *clients* for which your related persons have *custody*:

U.S. Dollar Amount	Total Number of Clients
(a)\$	(b)

- C. If you or your *related persons* have *custody* of *client* funds or securities, check all the following that apply:

- (1) A qualified custodian(s) sends account statements at least quarterly to the investors in the pooled investment vehicle(s) you manage. ☐
- (2) An independent public accountant audits annually the pooled investment vehicle(s) that you manage and the audited financial statements are distributed to the investors in the pools. ☐
- (3) An independent public accountant conducts an annual surprise examination of *client* funds and securities. ☐
- (4) An independent public accountant prepares an internal control report with respect to custodial services when you or your *related persons* are qualified custodians for *client* funds and securities. ☐

If you checked Item 9.C.(2), C.(3) or C.(4), list in Section 9.C. of Schedule D the accountants that are engaged to perform the audit or examination or prepare an internal control report.

- D. Do you or your *related persons* act as qualified custodians for your *clients* in connection with advisory services you provide to *clients*? **Yes No**

- (1) you act as a qualified custodian ☐ ☒
- (2) your *related persons* act as qualified custodians ☐ ☒

If you checked "yes" to Item 9.D.(2), list in Section 9.D. of Schedule D all your related persons that act as qualified custodians for your clients in connection with advisory services you provide to clients (you do not have to list broker-dealers already identified as qualified custodians in Section 7.A. of Schedule D).

- E. If you are filing your annual updating amendment and you were subject to a surprise examination by an independent public accountant during your last fiscal year, provide the date (MM/YYYY) the examination commenced:

Item 10 Control Persons

In this Item, we ask you to identify every *person* that, directly or indirectly, *controls* you.

If you are submitting an initial application, you must complete Schedule A and Schedule B. Schedule A asks for information about your direct owners and executive officers. Schedule B asks for information about your indirect owners. If this is an amendment and you are updating information you reported on either Schedule A or Schedule B (or both) that you filed with your initial application, you must complete Schedule C.

	YES	NO
Does any <i>person</i> not named in Item 1.A. or Schedules A, B, or C, directly or indirectly, <i>control</i> your management or policies?	<input type="radio"/>	<input checked="" type="radio"/>

If yes, complete Section 10 of Schedule D.

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Item 11 Disclosure Information

In this Item, we ask for information about your disciplinary history and the disciplinary history of all your *advisory affiliates*. We use this information to determine whether to grant your application for registration, to decide whether to revoke your registration or to place limitations on your activities as an investment adviser, and to identify potential problem areas to focus on during our on-site examinations. One event may result in "yes" answers to more than one of the questions below.

Your *advisory affiliates* are: (1) all of your current *employees* (other than *employees* performing only clerical, administrative, support or similar functions); (2) all of your officers, partners, or directors (or any *person* performing similar functions); and (3) all *persons* directly or indirectly *controlling* you or *controlled* by you. If you are a "separately identifiable department or division" (SID) of a bank, see the Glossary of Terms to determine who your *advisory affiliates* are.

If you are registered or registering with the SEC, you may limit your disclosure of any event listed in Item 11 to ten years following the date of the event. If you are registered or registering with a state, you must respond to the questions as posed; you may, therefore, limit your disclosure to ten years following the date of an event only in responding to Items 11.A(1), 11.A(2), 11.B(1), 11.B(2), 11.D(4), and 11.H(1)(a). For purposes of calculating this ten-year period, the date of an event is the date the final order, judgment, or decree was entered, or the date any rights of appeal from preliminary orders, judgments, or decrees lapsed.

You must complete the appropriate Disclosure Reporting Page ("DRP") for "yes" answers to the questions in this Item 11.

For "yes" answers to the following questions, complete a Criminal Action DRP:

- | | YES | NO |
|--|-----------------------|----------------------------------|
| A. In the past ten years, have you or any <i>advisory affiliate</i> : | | |
| (1) been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any <i>felony</i> ? | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) been <i>charged</i> with any <i>felony</i> ? | <input type="radio"/> | <input checked="" type="radio"/> |

If you are registered or registering with the SEC, you may limit your response to Item 11.A(2) to charges that are currently pending.

- | | | |
|--|-----------------------|----------------------------------|
| B. In the past ten years, have you or any <i>advisory affiliate</i> : | | |
| (1) been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to a <i>misdemeanor</i> involving: investments or an <i>investment-related</i> business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) been <i>charged</i> with a <i>misdemeanor</i> listed in 11.B(1)? | <input type="radio"/> | <input checked="" type="radio"/> |

If you are registered or registering with the SEC, you may limit your response to Item 11.B(2) to charges that are currently pending.

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Item 11 Disclosure Information (Continued)

For "yes" answers to the following questions, complete a Regulatory Action DRP:

- | | YES | NO |
|---|----------------------------------|----------------------------------|
| C. Has the SEC or the Commodity Futures Trading Commission (CFTC) ever: | | |
| (1) <i>found</i> you or any <i>advisory affiliate</i> to have made a false statement or omission? | <input checked="" type="radio"/> | <input type="radio"/> |
| (2) <i>found</i> you or any <i>advisory affiliate</i> to have been <i>involved</i> in a violation of SEC or CFTC regulations or statutes? | <input checked="" type="radio"/> | <input type="radio"/> |
| (3) <i>found</i> you or any <i>advisory affiliate</i> to have been a cause of an <i>investment-related</i> business having its authorization to do business denied, suspended, revoked, or restricted? | <input type="radio"/> | <input checked="" type="radio"/> |
| (4) entered an <i>order</i> against you or any <i>advisory affiliate</i> in connection with <i>investment-related</i> activity? | <input checked="" type="radio"/> | <input type="radio"/> |
| (5) imposed a civil money penalty on you or any <i>advisory affiliate</i> , or <i>ordered</i> you or any <i>advisory affiliate</i> to cease and desist from any activity? | <input checked="" type="radio"/> | <input type="radio"/> |
| D. Has any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> : | | |
| (1) ever <i>found</i> you or any <i>advisory affiliate</i> to have made a false statement or omission, or been dishonest, unfair, or unethical? | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) ever <i>found</i> you or any <i>advisory affiliate</i> to have been <i>involved</i> in a violation of <i>investment-related</i> regulations or statutes? | <input type="radio"/> | <input checked="" type="radio"/> |
| (3) ever <i>found</i> you or any <i>advisory affiliate</i> to have been a cause of an <i>investment-related</i> business having its authorization to do business denied, suspended, revoked, or restricted? | <input type="radio"/> | <input checked="" type="radio"/> |
| (4) in the past ten years, entered an <i>order</i> against you or any <i>advisory affiliate</i> in connection with an <i>investment-related</i> activity? | <input type="radio"/> | <input checked="" type="radio"/> |
| (5) ever denied, suspended, or revoked your or any <i>advisory affiliate's</i> registration or license, or otherwise prevented you or any <i>advisory affiliate</i> , by <i>order</i> , from associating with an <i>investment-related</i> business or restricted your or any <i>advisory affiliate's</i> activity? | <input type="radio"/> | <input checked="" type="radio"/> |
| E. Has any <i>self-regulatory organization</i> or commodities exchange ever: | | |
| (1) <i>found</i> you or any <i>advisory affiliate</i> to have made a false statement or omission? | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) <i>found</i> you or any <i>advisory affiliate</i> to have been <i>involved</i> in a violation of its rules (other than a violation designated as a " <i>minor rule violation</i> " under a plan approved | <input type="radio"/> | <input checked="" type="radio"/> |

by the SEC)?

- (3) *found* you or any *advisory affiliate* to have been the cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted? ☐ ☒
- (4) disciplined you or any *advisory affiliate* by expelling or suspending you or the *advisory affiliate* from membership, barring or suspending you or the *advisory affiliate* from association with other members, or otherwise restricting your or the *advisory affiliate's* activities? ☐ ☒

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Item 11 Disclosure Information (Continued)

- F. Has an authorization to act as an attorney, accountant, or federal contractor granted to you or any *advisory affiliate* ever been revoked or suspended? ☐ ☒
- G. Are you or any *advisory affiliate* now the subject of any regulatory *proceeding* that could result in a "yes" answer to any part of Item 11.C., 11.D., or 11.E.? ☐ ☒

For "yes" answers to the following questions, complete a Civil Judicial Action DRP:

- | H. (1) Has any domestic or foreign court: | YES | NO |
|--|-----------------------|----------------------------------|
| (a) in the past ten years, <i>enjoined</i> you or any <i>advisory affiliate</i> in connection with any <i>investment-related</i> activity? | <input type="radio"/> | <input checked="" type="radio"/> |
| (b) ever <i>found</i> that you or any <i>advisory affiliate</i> were <i>involved</i> in a violation of <i>investment-related</i> statutes or regulations? | <input type="radio"/> | <input checked="" type="radio"/> |
| (c) ever dismissed, pursuant to a settlement agreement, an <i>investment-related</i> civil action brought against you or any <i>advisory affiliate</i> by a state or <i>foreign financial regulatory authority</i> ? | <input type="radio"/> | <input checked="" type="radio"/> |
| | | |
| (2) Are you or any <i>advisory affiliate</i> now the subject of any civil <i>proceeding</i> that could result in a "yes" answer to any part of Item 11.H(1)? | <input type="radio"/> | <input checked="" type="radio"/> |

Item 12 Small Businesses

The SEC is required by the Regulatory Flexibility Act to consider the effect of its regulations on small entities. In order to do this, we need to determine whether you meet the definition of "small business" or "small organization" under rule 0-7.

Answer this Item 12 only if you are registered or registering with the SEC and you indicated in response to Item 5.F(2)(c) that you have assets under management of less than \$25 million. You are not required to answer this Item 12 if you are filing for initial registration as a state adviser, amending a current state registration, or switching from SEC to state registration.

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Item 12 Small Businesses (Continued)

For purposes of this Item 12 only:

- Total Assets refers to the total assets of a firm, rather than the assets managed on behalf of *clients*. In determining your or another *person's* total assets, you may use the total assets shown on a current balance sheet (but use total assets reported on a consolidated balance sheet with subsidiaries included, if that amount is larger).
- Control means the power to direct or cause the direction of the management or policies of a *person*, whether through ownership of securities, by contract, or otherwise. Any *person* that directly or indirectly has the right to vote 25 percent or more of the voting securities, or is entitled to 25 percent or more of the profits, of another *person* is presumed to control the other *person*.

YES NO

- A. Did you have total assets of \$5 million or more on the last day of your most recent fiscal year? ☐ YES ☐ NO

If "yes," you do not need to answer Items 12.B. and 12.C.

B. Do you:

- (1) *control* another investment adviser that had assets under management of \$25 million or more on the last day of its most recent fiscal year? ☐ YES ☐ NO
- (2) *control* another *person* (other than a natural person) that had total assets of \$5 million or more on the last day of its most recent fiscal year? ☐ YES ☐ NO

C. Are you:

- (1) *controlled* by or under common *control* with another investment adviser that had assets under management of \$25 million or more on the last day of its most recent fiscal year? ☐ YES ☐ NO
- (2) *controlled* by or under common *control* with another *person* (other than a natural person) that had total assets of \$5 million or more on the last day of its most recent fiscal year? ☐ YES ☐ NO

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You must complete this Part 1B only if you are applying for registration, or are registered, as an investment adviser with any of the *state securities authorities*.

Part 1B Item 1 - State Registration

Complete this Item 1 if you are submitting an initial application for state registration or requesting additional state registration(s). Check the boxes next to the states to which you are submitting this application. If you are already registered with at least one state and are applying for registration with an additional state or states, check the boxes next to the states in which you are applying for registration. Do not check the boxes next to the states in which you are currently registered or

where you have an application for registration pending.

<input type="checkbox"/> AL	<input type="checkbox"/> ID	<input type="checkbox"/> MO	<input type="checkbox"/> PA
<input type="checkbox"/> AK	<input type="checkbox"/> IL	<input type="checkbox"/> MT	<input type="checkbox"/> PR
<input type="checkbox"/> AZ	<input type="checkbox"/> IN	<input type="checkbox"/> NE	<input type="checkbox"/> RI
<input type="checkbox"/> AR	<input type="checkbox"/> IA	<input type="checkbox"/> NV	<input type="checkbox"/> SC
<input type="checkbox"/> CA	<input type="checkbox"/> KS	<input type="checkbox"/> NH	<input type="checkbox"/> SD
<input type="checkbox"/> CO	<input type="checkbox"/> KY	<input type="checkbox"/> NJ	<input type="checkbox"/> TN
<input type="checkbox"/> CT	<input type="checkbox"/> LA	<input type="checkbox"/> NM	<input type="checkbox"/> TX
<input type="checkbox"/> DE	<input type="checkbox"/> ME	<input type="checkbox"/> NY	<input type="checkbox"/> UT
<input type="checkbox"/> DC	<input type="checkbox"/> MD	<input type="checkbox"/> NC	<input type="checkbox"/> VT
<input type="checkbox"/> FL	<input type="checkbox"/> MA	<input type="checkbox"/> ND	<input type="checkbox"/> VI
<input type="checkbox"/> GA	<input type="checkbox"/> MI	<input type="checkbox"/> OH	<input type="checkbox"/> VA
<input type="checkbox"/> GU	<input type="checkbox"/> MN	<input type="checkbox"/> OK	<input type="checkbox"/> WA
<input type="checkbox"/> HI	<input type="checkbox"/> MS	<input type="checkbox"/> OR	<input type="checkbox"/> WV
			<input type="checkbox"/> WI

Part 1B Item 2 - Additional Information

A. Person responsible for supervision and compliance:

Name:

Title:

Telephone:

Fax:

Number and Street 1:

Number and Street 2:

City:

State:

Country:

ZIP+4/Postal Code:

Email address, if available:

If this address is a private residence, check this box: ☐

B. Bond/Capital Information, if required by your *home state*.

(1) Name of Issuing Insurance Company:

(2) Amount of Bond:

\$.00

(3) Bond Policy Number:

Yes No

(4) If required by your home state, are you in compliance with your home state's minimum ☐ ☐

capital requirements?

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Part 1B Item 2 - Additional Information (Continued)

	Yes	No
For "yes" answers to the following question, complete a Bond DRP.		
C. Has a bonding company ever denied, paid out on, or revoked a bond for you?	<input type="radio"/>	<input type="radio"/>
For "yes" answers to the following question, complete a Judgment/Lien DRP:		
D. Do you have any unsatisfied judgments or liens against you?	<input type="radio"/>	<input type="radio"/>
For "yes" answers to the following questions, complete an Arbitration DRP:		
E. Are you, any <i>advisory affiliate</i> , or any <i>management person</i> currently the subject of, or have you, any <i>advisory affiliate</i> , or any <i>management person</i> been the subject of, an arbitration claim alleging damages in excess of \$2,500, involving any of the following:		
(1) any investment or an <i>investment-related</i> business of activity?	<input type="radio"/>	<input type="radio"/>
(2) fraud, false statement, or omission?	<input type="radio"/>	<input type="radio"/>
(3) theft, embezzlement, or other wrongful taking of property?	<input type="radio"/>	<input type="radio"/>
(4) bribery, forgery, counterfeiting, or extortion?	<input type="radio"/>	<input type="radio"/>
(5) dishonest, unfair, or unethical practices?	<input type="radio"/>	<input type="radio"/>
For "yes" answers to the following questions, complete a Civil Judicial Action DRP:		
F. Are you, any <i>advisory affiliate</i> , or any <i>management person</i> currently subject to, or have you, any <i>advisory affiliate</i> , or any <i>management person</i> been <i>found</i> liable in, a civil, <i>self-regulatory organization</i> , or administrative <i>proceeding</i> involving any of the following:		
(1) an investment or <i>investment-related</i> business or activity?	<input type="radio"/>	<input type="radio"/>
(2) fraud, false statement, or omission?	<input type="radio"/>	<input type="radio"/>
(3) theft, embezzlement, or other wrongful taking of property?	<input type="radio"/>	<input type="radio"/>
(4) bribery, forgery, counterfeiting, or extortion?	<input type="radio"/>	<input type="radio"/>
(5) dishonest, unfair, or unethical practices?	<input type="radio"/>	<input type="radio"/>
G. Other Business Activities		
(1) You are actively engaged in business as a(n) (check all that apply):		
<input type="checkbox"/> Attorney		
<input type="checkbox"/> Certified Public Accountant		
<input type="checkbox"/> Tax Preparer		

FORM ADV

UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

ADV - Amendment, Part 1B, Page 3

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Part 1B Item 2 - Additional Information (Continued)

- (2) If you are actively engaged in any business other than those listed in Item 6.A of Part 1A or Item 2.G(1) of Part 1B, describe the business and the approximate amount of time spent on that business:

H. If you provide financial planning services, the investments made based on those services at the end of your last fiscal year totaled:

	Securities Investments	Non-Securities Investments
Under \$100,000	<input type="radio"/>	<input type="radio"/>
\$100,001 to \$500,000	<input type="radio"/>	<input type="radio"/>
\$500,001 to \$1,000,000	<input type="radio"/>	<input type="radio"/>
\$1,000,001 to \$2,500,000	<input type="radio"/>	<input type="radio"/>
\$2,500,001 to \$5,000,000	<input type="radio"/>	<input type="radio"/>
More than \$5,000,000	<input type="radio"/>	<input type="radio"/>

If securities investments are over \$5,000,000, how much? (round to the nearest \$1,000,000)

If non-securities investments are over \$5,000,000, how much? (round to the nearest \$1,000,000)

Yes No

I. *Custody*

- (1) Do you withdraw advisory fees directly from your *clients'* accounts? If you answered "yes", respond to the following: ☐ Yes ☐ No
- (a) Do you send a copy of your invoice to the custodian or trustee at the same time that you send a copy to the *client*? ☐ Yes ☐ No
- (b) Does the custodian send quarterly statements to your *clients* showing all disbursements for the custodian account, including the amount of the advisory fees? ☐ Yes ☐ No
- (c) Do your *clients* provide written authorization permitting you to be paid directly for their accounts held by the custodian or trustee? ☐ Yes ☐ No
- (2) Do you act as a general partner for any partnership or trustee for any trust in which your advisory *clients* are either partners of the partnership or beneficiaries of the trust? If you answered "yes", respond to the following: ☐ Yes ☐ No
- (a) As the general partner of a partnership, have you engaged an attorney or an independent certified public accountant to provide authority permitting each direct payment or any transfer of funds or securities from the partnership account? ☐ Yes ☐ No
- (3) Do you require the prepayment of fees of more than \$500 per *client* and for six months or more in advance? ☐ Yes ☐ No

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

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ADV - Amendment, Part 1B, Page 4

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Part 1B Item 2 - Additional Information (Continued)

	Yes	No
J. If you are organized as a sole proprietorship, please answer the following:		
(1) (a) Have you passed, on or after January 1, 2000, the Series 65 examination?	<input type="radio"/>	<input type="radio"/>
(b) Have you passed, on or after January 1, 2000, the Series 66 examination and also passed, at any time, the Series 7 examination?	<input type="radio"/>	<input type="radio"/>
(2) (a) Do you have any investment advisory professional designations? <i>If "no", you do not need to answer Item 2.J(2)(b).</i>	<input type="radio"/>	<input type="radio"/>
(b) I have earned and I am in good standing with the organization that issued the following credential:		
<input type="checkbox"/> Certified Financial Planner ("CFP")		
<input type="checkbox"/> Chartered Financial Analyst ("CFA")		
<input type="checkbox"/> Chartered Financial Consultant ("ChFC")		
<input type="checkbox"/> Chartered Investment Counselor ("CIC")		
<input type="checkbox"/> Personal Financial Specialist ("PFS")		
<input type="checkbox"/> None of the above		
(3) Your Social Security Number:		

FORM ADV**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

ADV-Amendment, Part 2

Rev. 11/2010

Amend, retire or file new brochures:

Brochure ID	Brochure Name	Brochure Type(s)	Action
45631	PART 2A - CALLAN ASSOCIATES INC.	Pension consulting	No Change

FORM ADV**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

ADV - Amendment, SCHEDULE A

Rev. 11/2010

Form ADV, Schedule A**Direct Owners and Executive Officers**

1. Complete Schedule A only if you are submitting an initial application. Schedule A asks for information about your direct owners and executive officers. Use Schedule C to amend this

information.

2. Direct Owners and Executive Officers. List below the names of:

- (a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer (Chief Compliance Officer is required and cannot be more than one individual), director, and any other individuals with similar status or functions;
- (b) if you are organized as a corporation, each shareholder that is a direct owner of 5% or more of a class of your voting securities, unless you are a public reporting company (a company subject to Section 12 or 15(d) of the Exchange Act);

Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of your voting securities. For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

- (c) if you are organized as a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of your capital;
- (d) in the case of a trust that directly owns 5% or more of a class of your voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of your capital, the trust and each trustee; and
- (e) if you are organized as a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of your capital, and (ii) if managed by elected managers, all elected managers.

3. Do you have any indirect owners to be reported on Schedule B? ☐ Yes ☒ No

4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner or executive officer is an individual.

5. Complete the Title or Status column by entering board/management titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).

6. Ownership codes are:
- | | | |
|--------------------------|---------------------------|---------------------------|
| NA - less than 5% | B - 10% but less than 25% | D - 50% but less than 75% |
| A - 5% but less than 10% | C - 25% but less than 50% | E - 75% or more |

7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.

(b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.

(c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name,	DE/FE/I	Title or Status	Date Title or Status Acquired	Ownership Code	<i>Control Person</i>	PR	CRD No. If None: S.S. No. and Date of
---	---------	-----------------	-------------------------------	----------------	-----------------------	----	---------------------------------------

Middle Name)			MM/YYYY				Birth, IRS Tax No., or Employer ID No.
BONNETTE, DAVID, FRANCIS	I	DIRECTOR	04/2010	NA	Y	N	1593248
PEYTON, RONALD, DOUGLAS	I	CHAIRMAN, CEO, & DIRECTOR	04/2009	C	Y	N	362048
TAYLOR-HAMBLY, SUSAN, LYNN	I	SR. VP, CFO, & CHIEF COMPLIANCE OFFICER	09/2004	NA	Y	N	2082913
ALLEN, GREGORY, C	I	PRESIDENT & DIRECTOR OF RESEARCH, & DIRECTOR	01/2007	NA	Y	N	5268058
DE LUCE, ANN, C	I	EVP, COO, DIRECTOR	04/2009	NA	Y	N	5685852

FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

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ADV - Amendment, SCHEDULE B

Rev. 11/2010

Form ADV, Schedule B

Indirect Owners

1. Complete Schedule B only if you are submitting an initial application. Schedule B asks for information about your indirect owners; you must first complete Schedule A, which asks for information about your direct owners. Use Schedule C to amend this information.
2. Indirect Owners. With respect to each owner listed on Schedule A (except individual owners), list below:
 - (a) in the case of an owner that is a corporation, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 25% or more of a class of a voting security of that corporation;

For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

- (b) in the case of an owner that is a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 25% or more of the partnership's capital;
- (c) in the case of an owner that is a trust, the trust and each trustee; and
- (d) in the case of an owner that is a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 25% or more of the LLC's capital, and (ii) if managed by elected managers, all elected managers.

3. Continue up the chain of ownership listing all 25% owners at each level. Once a public reporting company (a company subject to Sections 12 or 15(d) of the Exchange Act) is reached, no further ownership information need be given.
4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner is an individual.
5. Complete the Status column by entering the owner's status as partner, trustee, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).
6. Ownership codes are:

C - 25% but less than 50%	E - 75% or more
D - 50% but less than 75%	F - Other (general partner, trustee, or elected manager)
7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.
 (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.
 (c) Complete each column.

No Indirect Owner Information Filed

FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

ADV - Amendment, SCHEDULE C

Rev. 11/2010

Form ADV, Schedule C

Amendments to Schedules A and B

1. Use Schedule C only to amend information requested on either Schedule A or Schedule B. Refer to Schedule A and Schedule B for specific instructions for completing this Schedule C. Complete each column.
2. In the Type of Amendment column, indicate "A" (addition), "D" (deletion), or "C" (change in information about the same *person*).
3. Ownership codes are:

NA - less than 5%	C - 25% but less than 50%	G - Other (general partner, trustee, or elected member)
A - 5% but less than 10%	D - 50% but less than 75%	
B - 10% but less than 25%	E - 75% or more	
4. List below all changes to Schedule A (Direct Owners and Executive Officers):

No Changes to Direct Owner / Executive Officer Information Filed

5. List below all changes to Schedule B (Indirect Owners):

No Changes to Indirect Owner Information Filed

FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

ADV - Amendment, SCHEDULE D Page 1

Rev. 11/2010

Form ADV, Schedule D Page 1

Certain items in Part 1A of Form ADV require additional information on Schedule D. Use this Schedule D Page 1 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Section 1.B. Other Business Names

List your other business names and the jurisdictions in which you use them. You must complete a separate Schedule D for each business name.

No Information Filed

Section 1.F. Other Offices

Complete the following information for each office, other than your *principal office and place of business*, at which you conduct investment advisory business. You must complete a separate Schedule D Page 1 for each location. If you are applying for registration, or are registered, only with the SEC, list only the largest five (in terms of numbers of *employees*).

Number and Street 1:		Number and Street 2:	
200 PARK AVENUE		SUITE 230	
City:	State:	Country:	ZIP+4/Postal Code:
FLORHAM PARK	NJ	UNITED STATES	07932-1026

If this address is a private residence, check this box: ☐

Telephone Number at this location:	Facsimile number at this location:
973-593-8050	973-236-0250

Number and Street 1:		Number and Street 2:	
120 N. LA SALLE STREET		SUITE 2100	
City:	State:	Country:	ZIP+4/Postal Code:
CHICAGO	IL	UNITED STATES	60602-2424

If this address is a private residence, check this box: ☐

Telephone Number at this location:	Facsimile number at this location:
312-346-3536	312-346-1356

Number and Street 1:		Number and Street 2:	
300 GALLERIA PARKWAY		SUITE 950	
City:	State:	Country:	ZIP+4/Postal Code:
ATLANTA	GA	USA	30339-3153

If this address is a private residence, check this box: ☐

Telephone Number at this location:	Facsimile number at this location:
770-618-2140	770-618-2141

Number and Street 1:		Number and Street 2:	
1660 WYNKOOP STREET		SUITE 950	
City:	State:	Country:	ZIP+4/Postal Code:
DENVER	CO	USA	80202-1115

If this address is a private residence, check this box: ☐

Telephone Number at this location:	Facsimile number at this location:
303-861-1900	303-832-8230

Number and Street 1: 52 WEST BASIN RIDGE		Number and Street 2:	
City: GALISTEO	State: NM	Country: UNITED STATES	ZIP+4/Postal Code: 87540
If this address is a private residence, check this box: <input checked="" type="checkbox"/>			
Telephone Number at this location: 505-955-8936		Facsimile number at this location: 866-821-5016	

Number and Street 1: 642 SWEDISH MISSION ROAD		Number and Street 2:	
City: RIVER FALLS	State: WI	Country: UNITED STATES	ZIP+4/Postal Code: 54022
If this address is a private residence, check this box: <input checked="" type="checkbox"/>			
Telephone Number at this location: 415-274-3007		Facsimile number at this location:	

Number and Street 1: 343 COMMERCIAL STREET		Number and Street 2: UNIT #112	
City: BOSTON	State: MA	Country: UNITED STATES	ZIP+4/Postal Code: 02109
If this address is a private residence, check this box: <input checked="" type="checkbox"/>			
Telephone Number at this location: 415-291-4125		Facsimile number at this location:	

Number and Street 1: 42602 TONTO ROAD		Number and Street 2:	
City: CAVE CREEK	State: AZ	Country: UNITED STATES	ZIP+4/Postal Code: 85331
If this address is a private residence, check this box: <input checked="" type="checkbox"/>			
Telephone Number at this location: 973-593-8058		Facsimile number at this location:	

Section 1.I. World Wide Web Site Addresses

List your World Wide Web site addresses. You must complete a separate Schedule D for each World Wide Web site address.

World Wide Web Site Address: WWW.CALLAN.COM

Section 1.K. Locations of Books and Records

Complete the following information for each location at which you keep your books and records, other than your *principal office and place of business*. You must complete a separate Schedule D Page 1 for each location.

Name of entity where books and records are kept: THE BANK OF NEW YORK MELLON			
Number and Street 1: 135 SANTILLI HIGHWAY		Number and Street 2: AIM 026-0026	
City: EVERETT	State: MA	Country: UNITED STATES	ZIP+4/Postal Code: 02149
If this address is a private residence, check this box: <input type="checkbox"/>			
Telephone Number: 617-382-2573		Facsimile number:	

This is (check one):

- ☐ one of your branch offices or affiliates.
☐ a third-party unaffiliated recordkeeper.
☒ other.

Briefly describe the books and records kept at this location.

A PORTION OR SOME OF THE PRIVATE TRUST RECORDS ARE KEPT AT THE GROUP TRUSTEE, MELLON BANK, N.A.

FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

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ADV - Amendment, SCHEDULE D, Page 2

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Form ADV, Schedule D Page 2

Use this Schedule D Page 2 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Section 1.L. Registration with *Foreign Financial Regulatory Authorities*

List the name, in English, of each *foreign financial regulatory authority* and country with which you are registered. You must complete a separate Schedule D Page 2 for each *foreign financial regulatory authority* with whom you are registered.

No Information Filed

Section 2.A(7) Affiliated Adviser

No Information Filed

Section 2.A(8) Newly Formed Adviser

If you are relying on rule 203A-2(d), the newly formed adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations. You must make both of these representations:

- ☐ I am not registered or required to be registered with the SEC or a *state securities authority* and I have a reasonable expectation that I will be eligible to register with the SEC within 120 days after the date my registration with the SEC becomes effective.
- ☐ I undertake to withdraw from SEC registration if, on the 120th day after my registration with the SEC becomes effective, I would be prohibited by Section 203A(a) of the Advisers Act from registering with the SEC.

Section 2.A(9) Multi-State Adviser

If you are relying on rule 203A-2(e), the multi-state adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations.

If you are applying for registration as an investment adviser with the SEC, you must make both of these representations:

- ☐ I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of 30 or more states to register as an investment adviser with the securities authorities in those states.
- ☐ I undertake to withdraw from SEC registration if I file an amendment to this registration indicating that I would be required by the laws of fewer than 25 states to register as an investment adviser with the securities authorities of those states.

If you are submitting your *annual updating amendment*, you must make this representation:

- ☐ Within 90 days prior to the date of filing this amendment, I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of at least 25 states to register as an investment adviser with the securities authorities in those states.

FORM ADV

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ADV - Amendment, SCHEDULE D, Page 3

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Form ADV, Schedule D Page 3

Use this Schedule D Page 3 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Section 2.A(11) SEC Exemptive Order

No Information Filed

Section 4 Successions

Complete the following information if you are succeeding to the business of a currently-registered investment adviser. If you acquired more than one firm in the succession you are reporting on this Form ADV, you must complete a separate Schedule D Page 3 for each acquired firm. See Part 1A Instruction 4.

No Information Filed

Section 5.I (2) Wrap Fee Programs

If you are a portfolio manager for one or more *wrap fee programs*, list the name of each program and its *sponsor*. You must complete a separate Schedule D Page 3 for each *wrap fee program* for which you are a portfolio manager.

No Information Filed

Section 6.B. Description of Primary Business

No Information Filed

Section 7.A. Affiliated Investment Advisers and Broker-Dealers

You must complete the following information for each *related person* investment adviser and broker-dealer. You must complete a separate Schedule D Page 3 for each listed *related person*.

(1) Legal Name of *Related Person*:
SHARPE 4 CAPITAL, LLC

(2) Primary Business Name of *Related Person*:

SHARPE 4 PARTNERS, LP

(3) *Related Person* is (check only one box):

- ☒ Investment Adviser
☐ Broker-Dealer
☐ Dual (Investment Adviser and Broker-Dealer)

Yes No

(4) If the *related person* is a broker-dealer, is it a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?

☐ ☒

(5) If you are registering or registered with the SEC and you have answered "yes," have you overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)(2)-(d)(5)) from the *related person* broker-dealer, and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person*?

☐ ☐

Related Person Adviser's SEC File Number (if any)

801- 71478

Related Person's CRD Number (if any):

133627

FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

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ADV - Amendment, SCHEDULE D, Page 4

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Form ADV, Schedule D Page 4

Use this Schedule D Page 4 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Section 7.B. Limited Partnership Participation or Other Private Fund Participation

You must complete a separate Schedule D Page 4 for each limited partnership in which you or a *related person* is a general partner, each limited liability company for which you or a *related person* is a manager, and each other private fund that you advise.

Name of Limited Partnership, Limited Liability Company, or other Private Fund:

DIVERSIFIED ALPHA GROUP TRUST

Name of General Partner or Manager:

CALLAN ASSOCIATES INC.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203 (b)(3)-1? ☒ Yes ☐ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private

fund? ☐ Yes ☒ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?

1 %

Minimum investment commitment required of a limited partner, member, or other investor:

\$ 200000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:

\$ 1589406412

Name of Limited Partnership, Limited Liability Company, or other Private Fund:

SHARPE 4 PARTNERS, LP

Name of General Partner or Manager:

SHARPE 4 CAPITAL, LLC (SHARPE 4 IS CONTROLLED BY AN OFFICER OF CALLAN; IT IS NOT CONTROLLED BY CALLAN)

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203

(b)(3)-1? ☐ Yes ☒ No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private

fund? ☐ Yes ☒ No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?

0 %

Minimum investment commitment required of a limited partner, member, or other investor:

\$ 500000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:

\$ 43910531

Section 9.C. Independent Public Accountant

No Information Filed

Section 9.D. Related Person Qualified Custodian

No Information Filed

Section 10 Control Persons

You must complete a separate Schedule D Page 4 for each *control person* not named in Item 1.A. or Schedules A, B, or C that directly or indirectly *controls* your management or policies.

No Information Filed

FORM ADV

UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

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ADV - Amendment, SCHEDULE D, Page 5

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Form ADV, Schedule D Page 5

Use this Schedule D Page 5 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Schedule D - Miscellaneous

You may use the space below to explain a response to an Item or to provide any other information.

No Information Filed

FORM ADV

UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: CALLAN ASSOCIATES INC.

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ADV - Amendment, DRP Pages

Rev. 11/2010

CRIMINAL DISCLOSURE REPORTING PAGE (ADV)

No Information Filed

REGULATORY ACTION DISCLOSURE REPORTING PAGE (ADV)*GENERAL INSTRUCTIONS*

This Disclosure Reporting Page (DRP ADV) is an ☐ INITIAL **OR** ☒ AMENDED response used to report details for affirmative responses to Items 11.C., 11.D., 11.E., 11.F. or 11.G. of Form ADV.

Check item(s) being responded to:

Regulatory Action

- | | | | |
|---|---|----------------------------------|----------------------------------|
| <input checked="" type="checkbox"/> 11.C(1) | <input checked="" type="checkbox"/> 11.C(5) | <input type="checkbox"/> 11.D(4) | <input type="checkbox"/> 11.E(3) |
| <input checked="" type="checkbox"/> 11.C(2) | <input type="checkbox"/> 11.D(1) | <input type="checkbox"/> 11.D(5) | <input type="checkbox"/> 11.E(4) |
| <input type="checkbox"/> 11.C(3) | <input type="checkbox"/> 11.D(2) | <input type="checkbox"/> 11.E(1) | <input type="checkbox"/> 11.F |
| <input checked="" type="checkbox"/> 11.C(4) | <input type="checkbox"/> 11.D(3) | <input type="checkbox"/> 11.E(2) | <input type="checkbox"/> 11.G |

Use a separate DRP for each event or *proceeding*. The same event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

One event may result in more than one affirmative answer to Items 11.C., 11.D., 11.E., 11.F. or 11.G. Use only one DRP to report details related to the same event. If an event gives rise to actions by more than one regulator, provide details to each action on a separate DRP.

PART I

A. The *person(s)* or entity(ies) for whom this DRP is being filed is (are):

- ☒ You (the advisory firm)
- ☐ You and one or more of your *advisory affiliates*
- ☐ One or more of your *advisory affiliates*

If this DRP is being filed for an *advisory affiliate*, give the full name of the *advisory affiliate* below (for individuals, Last name, First name, Middle name).

If the *advisory affiliate* has a *CRD* number, provide that number. If not, indicate "non-registered" by checking the appropriate box.

ADV DRP - <i>ADVISORY AFFILIATE</i>

No Information Filed

☐ This DRP should be removed from the ADV record because the *advisory affiliate(s)* is no longer associated with the adviser.

☐ This DRP should be removed from the ADV record because: (1) the event or *proceeding* occurred more than ten years ago or (2) the adviser is registered or applying for registration with the SEC and the event was resolved in the adviser's or *advisory affiliate's* favor.

If you are registered or registering with a *state securities authority*, you may remove a DRP for an event you reported only in response to Item 11.D(4), and only if that event occurred more than ten years ago. If you are registered or registering with the SEC, you may remove a DRP for any event listed in Item 11 that occurred more than ten years ago.

B. If the *advisory affiliate* is registered through the IARD system or *CRD* system, has the *advisory affiliate* submitted a DRP (with Form ADV, BD or U-4) to the IARD or *CRD* for the event? If the answer is "Yes," no other information on this DRP must be provided.

☐ Yes ☒ No

NOTE: The completion of this form does not relieve the *advisory affiliate* of its obligation to update its IARD or *CRD* records.

PART II

1. Regulatory Action initiated by:

☒ SEC ☐ Other Federal ☐ State ☐ SRO ☐ Foreign

(Full name of regulator, *foreign financial regulatory authority*, federal, state, or *SRO*)
SEC

2. Principal Sanction:

Cease and Desist

Other Sanctions:

3. Date Initiated (MM/DD/YYYY):

09/19/2007 ☒ Exact ☐ Explanation

If not exact, provide explanation:

4. Docket/Case Number:

SF-2826-A

5. *Advisory Affiliate* Employing Firm when activity occurred which led to the regulatory action (if applicable):

6. Principal Product Type:

No Product

Other Product Types:

7. Describe the allegations related to this regulatory action (your response must fit within the space provided):

THE MATTER CONCERNS SOME OF CALLAN'S PAST DISCLOSURES DESCRIBING ITS 1998 SALE OF ITS BROKER AFFILIATE, ALPHA MANAGEMENT, TO A SUBSIDIARY OF THE BANK OF NEW YORK (BNY). UNDER THE TERMS OF THAT TRANSACTION CALLAN WAS TO RECEIVE A SERIES OF ANNUAL PAYMENTS FROM BNY OVER THE PERIOD FROM 1998 THROUGH 2006. 92% OF EACH ANNUAL PAYMENT WAS DEPENDENT ON CALLAN ESSENTIALLY REMAINING IN THE CONSULTING BUSINESS AND UNRELATED TO BNY'S BROKERAGE REVENUE. THE FINAL 8% OF EACH PAYMENT WAS CONTINGENT ON BNY'S AGGREGATE BROKERAGE COMMISSIONS ATTRIBUTABLE TO CALLAN CLIENTS EXCEEDING 75% OF THEIR 1998 LEVELS (THE FISCAL YEAR PRIOR TO THE TRANSACTION). AS A PRACTICAL MATTER BNY EXCEEDED THIS HURDLE EACH YEAR, AND BY 2000 HAD EVEN STOPPED BOTHERING WITH THE CALCULATION. AS A RESULT CALLAN RECEIVED THE SAME ANNUAL PAYMENT THROUGHOUT THE LIFE OF THE TRANSACTION. OVER THE PERIOD FROM 1998 THROUGH 2006 CALLAN ROUTINELY DISCLOSED THE EXISTENCE OF THIS TRANSACTION TO ALL OF ITS CLIENTS, INCLUDING IN ITS FORM ADV PART II. IN THOSE DISCLOSURES THESE PAYMENTS WERE DESCRIBED SIMPLY AS "FIXED PAYMENTS" WHICH REFLECTED THEIR PRACTICAL REALITY. IN 2005, CALLAN WERE INFORMED BY THE SEC STAFF THAT THEY FELT THAT THIS DISCLOSURE WAS INCOMPLETE. AT THAT TIME CALLAN VOLUNTARILY AMENDED ITS FORM ADV PART II TO PROVIDE MORE DETAIL ON THE STRUCTURE OF THE PAYMENTS AND SENT IT OUT TO ITS CLIENTS. IN JANUARY OF 2007 THE TRANSACTION BETWEEN BNY AND CALLAN WAS CONCLUDED AND CALLAN NO LONGER RECEIVES THE PAYMENTS THAT WERE THE SUBJECT OF THE DISCLOSURE.

8. Current status ? ☐ Pending ☐ On Appeal ☒ Final9. If on appeal, regulatory action appealed to (SEC, *SRO*, Federal or State Court) and Date Appeal Filed:

If Final or On Appeal, complete all items below. For Pending Actions, complete Item 13 only.

10. How was matter resolved:

Order

11. Resolution Date (MM/DD/YYYY):

09/19/2007 ☒ Exact ☐ Explanation

If not exact, provide explanation:

12. Resolution Detail:

A. Were any of the following Sanctions *Ordered* (check all appropriate items)?☐ Monetary/Fine Amount: \$☐ Revocation/Expulsion/Denial☐ Disgorgement/Restitution

☐ Censure☒ Cease and Desist/Injunction☐ Bar☐ SuspensionB. Other Sanctions *Ordered*:

Sanction detail: if suspended, *enjoined* or barred, provide duration including start date and capacities affected (General Securities Principal, Financial Operations Principal, etc.). If requalification by exam/retraining was a condition of the sanction, provide length of time given to requalify/retrain, type of exam required and whether condition has been satisfied. If disposition resulted in a fine, penalty, restitution, disgorgement or monetary compensation, provide total amount, portion levied against you or an *advisory affiliate*, date paid and if any portion of penalty was waived:

NONE

13. Provide a brief summary of details related to the action status and (or) disposition and include relevant terms, conditions and dates (your response must fit within the space provided.)
- ON SEPTEMBER 19TH, 2007, THROUGH ACCEPTANCE OF AN OFFER OF SETTLEMENT BY CALLAN WHEREIN CALLAN NEITHER ADMITTED NOR DENIED THE FINDINGS, THE SEC FORMALLY REQUIRED CALLAN, VIA AN ORDER, TO CEASE-AND-DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS OR ANY FUTURE VIOLATIONS OF SECTION 207 OF THE ADVISERS ACT. CALLAN ALSO RECEIVED A CLOSING LETTER INFORMING THEM THAT THE 2003 INVESTIGATION WAS CONCLUDED.

CIVIL JUDICIAL ACTION DISCLOSURE REPORTING PAGE (ADV)

No Information Filed

Bond DRPs

No Information Filed

Judgment/Lien DRPs

No Information Filed

Arbitration DRPs

No Information Filed

FORM ADV**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: CALLAN ASSOCIATES INC.

CRD Number: 107687

ADV - Amendment, Execution Pages

Rev. 11/2010

DOMESTIC INVESTMENT ADVISER EXECUTION PAGE

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the Secretary of State or other legally designated officer, of the state in which you maintain your *principal office and place of business* and any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena,

summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding* or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are submitting a *notice filing*.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature:	Date: MM/DD/YYYY
SUSAN L. TAYLOR	08/09/2011
Printed Name:	Title:
SUSAN L. TAYLOR	SR. VICE PRESIDENT, CFO, AND CHIEF COMPLIANCE OFFICER
Adviser CRD Number:	
107687	

NON-RESIDENT INVESTMENT ADVISER EXECUTION PAGE

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint each of the Secretary of the SEC, and the Secretary of State or other legally designated officer, of any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of any state in which you are submitting a *notice filing*.

2. Appointment and Consent: Effect on Partnerships

If you are organized as a partnership, this irrevocable power of attorney and consent to service of process will continue in effect if any partner withdraws from or is admitted to the partnership, provided that the admission or withdrawal does not create a new partnership. If the partnership dissolves, this irrevocable power of attorney and consent shall be in effect for any action brought against you or any of your former partners.

3. *Non-Resident* Investment Adviser Undertaking Regarding Books and Records

By signing this Form ADV, you also agree to provide, at your own expense, to the U.S. Securities and Exchange Commission at its principal office in Washington D.C., at any Regional or District Office of the Commission, or at any one of its offices in the United States, as specified by the Commission, correct, current, and complete copies of any or all records that you are required to maintain under Rule 204-2 under the Investment Advisers Act of 1940. This undertaking shall be binding upon you, your heirs, successors and assigns, and any *person* subject to your written irrevocable consents or powers of attorney or any of your general partners and *managing agents*.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the *non-resident* investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature: _____ Date: MM/DD/YYYY

Printed Name: _____ Title: _____

Adviser CRD Number:
107687

State Registered Investment Adviser Execution Page

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for state registration and all amendments to registration.

1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the legally designated officers and their successors, of the state in which you maintain your *principal office and place of business* and any other state in which you are applying for registration or amending your registration, as your agents to receive service, and agree that such persons may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the

United States, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are applying for registration or amending your registration.

2. State-Registered Investment Adviser Affidavit

If you are subject to state regulation, by signing this Form ADV, you represent that, you are in compliance with the registration requirements of the state in which you maintain your principal place of business and are in compliance with the bonding, capital, and recordkeeping requirements of that state.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having *custody* or possession of these books and records to make them available to federal and state regulatory representatives.

Signature

Date MM/DD/YYYY

CRD Number

107687

Printed Name

Title

[Privacy](#) | [Legal](#) | Use of Web CRD® or IARD™ is governed by the [Terms & Conditions](#).

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Item 1 – Cover Page

**Part 2A of Form ADV
Investment Adviser Brochure**

Callan Associates Inc.

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San Francisco, CA 94111
Telephone: (415) 974-5060
Website: www.callan.com

Contact information
Susan L. Taylor
Sr. Vice President, CFO & CCO
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This brochure provides information about the qualifications and business practices of Callan Associates Inc. If you have any questions about the contents of this brochure, please contact us at the telephone number or email address listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Callan Associates Inc. also is available on the SEC's website at www.adviserinfo.sec.gov

Item 2 – Material Changes

The last annual update of Callan's ADV Part II was 3/26/2010. There have been no material changes to this brochure since the last annual update.

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Item 4 – Advisory Business

Founded in 1973 and headquartered in San Francisco, California, Callan Associates, an SEC-registered investment advisor, is one of the largest independently-owned consulting firms in the country. Ronald D. Peyton, Chairman, CEO and Director, is a principal owner. Callan has an additional 60+ shareholders.

Callan provides services through four distinct lines of business:

(I) The Fund Sponsor Consulting Group (FSC)

FSC provides consulting services to sponsors of defined benefit plans, defined contribution plans, endowments, foundations, nuclear decommissioning trusts, and other large institutional asset pools. Supported by a deep team of research professionals, Callan's Fund Sponsor Consulting Division is organized to provide customized solutions to meet the needs of the country's most sophisticated institutional investment programs. Services include strategic planning, plan implementation, monitoring and evaluation, and continuing education.

Products and services for fund sponsor organizations are offered through FSC (Services):

(1) Performance Reporting:

- (a) Investment Measurement - this reporting service provides summary performance measurement data on an investment portfolio and may include making relevant benchmark and peer group comparisons and analyses.
- (b) Performance Attribution - this service analyzes portfolio and/or fund performance, broken down into its various sub-component sources of risk and return.
- (c) Performance Evaluation Program (PEP) - this service provides a flexible PC-based tool to produce performance analysis reports in color.
- (d) Other Customized Reporting services may be provided dependent upon client request.

(2) Consulting:

- (a) Investment Policy Service - this service provides assistance to fund sponsors in formulating and articulating in a formal document the investment policies and procedures of the retirement program, endowment or foundation.
- (b) Asset Allocation/Liability - this service provides information concerning the effect of asset mix on projected assets and cash flows.
- (c) Manager/Investment Structure - this service provides information concerning the structure of an asset class within a retirement program, endowment or foundation, taking into consideration the fund's goals and objectives, market and fund sponsor environments, among other factors.
- (d) Manager/Record Keeper Search - this service provides fund sponsors with information concerning the styles and relative attributes of various investment managers or record keepers.
- (e) Fee Analysis – this service—offered to defined contribution plans—analyzes fees paid by service providers.
- (f) Alternative Investments - this service assists in the development, implementation and evaluation of institutional real estate, hedge fund and other alternative investment programs.
- (g) Custody, Securities Lending and Transition Management - this service provides fund sponsors with information concerning the relative attributes of various custodial, securities lending or transition management.

(3) Education:

- (a) Callan Investments Institute (CII): CII functions as an educational institution servicing organizations (including fund sponsors, investment managers, investment consultants and financial intermediaries) by independently analyzing trends in the industry via research communications and conference programs. Client organizations receive research papers, Callan Insights (an electronic news service that reports

developments within the institutional investment arena), surveys, conference and workshop participation, and quarterly performance data produced during the course of a year. Client organizations also receive periodicals including the Capital Markets Newsletter, Defined Contribution Opinions and Observations newsletter, Private Market Trends, Hedge Fund Monitor, and conference summaries, and have access to the Institute's library, which features past conference materials and articles via tape and printed media.

- (b) Center for Investment Training: The Center for Investment Training, also known colloquially as "Callan College", is an approximately two-and-one-half-day program offered several times each year and via private label. "Callan College" is designed to provide investment fiduciaries, their advisers and investment consultants with basic-to-intermediate-level of instruction on prudent investment practices. The subjects discussed include fiduciary standards and responsibilities, capital market theory, asset allocation and the writing of investment policy statements, investment manager structure and search, and performance measurement and evaluation. Additional one-to two-day "Callan College" programs on such subjects as real estate, private markets and mutual fund board responsibilities are also periodically offered to fund sponsors, investment managers, investment consultants and/or financial intermediaries.

(II) The Independent Adviser Group (IAG)

IAG provides consulting resources and services to a select group of independent consulting firms and financial intermediaries. Through their unique relationship with Callan, IAG clients provide fiduciaries, trustees, and high net worth individuals with objective and professional investment consulting solutions that have been traditionally available to only the largest of institutions.

Products and services for investment consulting firms and financial intermediaries are offered through the IAG:

(1) Bundled Consulting:

- (a) Capital Markets Research and Asset Optimization Program - this service provides insights on Callan's capital market assumptions and allows the IAG clients to run customized optimizations based upon their clients' requirements. Asset Optimization software is also provided.
- (b) Consulting Templates - this service provides templates for a range of investment policy statements, data-gathering checklists, and storyboards to assist the IAG client in clearly documenting their clients' investment management processes.
- (c) Middle Market Matrix (MAX) - this service provides a set of reports/information on a collection of separate account managers and mutual funds that have passed our rigorous due diligence process that provides the IAG client access to institutional quality investment managers and custodians that were previously unavailable due to high minimums and fees.
- (d) Performance Reporting and Research - this service, provided through an internet site we call the "OpCenter", allows the consulting firm client access to most of our service offerings to this type of client. For example, the client can access detailed profiles of MAX managers or funds, select from an extensive list of mutual funds to create their own mutual fund performance report, access their client performance reports or browse through our document archives for a collection of research support and templates.

- (2) Customized Consulting: Refer to Services in Item 4(I) above as each of these services is available to IAG clients on a customized basis.

- (3) Callan Unified Managed Account (UMA) - Callan has developed an open-architecture platform of investment strategies that have passed our rigorous due diligence process.

This platform includes access to separate account managers who have been screened by Callan and whose trading activities are coordinated by an external overlay manager whom Callan has selected. IAG clients can coordinate the opening of single-custodial UMA accounts for their end clients and can create customized individual manager allocations on a per-account basis. In the alternative, IAG clients can utilize asset class model portfolios developed by the IAG team and subject to Callan's peer review process. Although Callan does not exercise discretion over the accounts managed through the UMA program, Callan does have the authority to replace the external overlay manager and to replace separate account managers from the platform.

(4) Education:

- (a) Callan Investments Institute (CII): CII functions as an educational institution servicing organizations (including fund sponsors, investment managers, investment consultants and financial intermediaries) by independently analyzing trends in the industry via research communications and conference programs. Client organizations receive research papers, Callan Insights (an electronic news service that reports developments within the institutional investment arena), surveys, conference and workshop participation, and quarterly performance data produced during the course of a year. Client organizations also receive periodicals including the Capital Markets Newsletter, Defined Contribution Opinions and Observations newsletter, Private Market Trends, Hedge Fund Monitor, and conference summaries, and have access to the Institute's library, which features past conference materials and articles via tape and printed media.
- (b) Center for Investment Training: The Center for Investment Training, also known colloquially as "Callan College", is an approximately two-and-one-half-day program offered several times each year and via private label. "Callan College" is designed to provide investment fiduciaries, their advisers and investment consultants with basic-to-intermediate-level of instruction on prudent investment practices. The subjects discussed include fiduciary standards and responsibilities, capital market theory, asset allocation and the writing of investment policy statements, investment manager structure and search, and performance measurement and evaluation. Additional one-to two-day "Callan College" programs on such subjects as real estate, private markets and mutual fund board responsibilities are also periodically offered to fund sponsors, investment managers, investment consultants and/or financial intermediaries.

(III) The Institutional Consulting Group (ICG)

ICG provides investment manager clients with research and educational services, including performance measurement and database services and software.

Products and services for investment management firms are offered through the Institutional Consulting Group (ICG):

- (1) Communications Consulting - this service provides assistance in developing effective communication materials to ensure the consistency and clarity of investment manager clients' marketing messages.
- (2) Performance Evaluation Program (PEP) - this service provides a flexible PC-based tool to produce performance analysis reports in color.
- (3) Investment Product Analysis - this service is a quarterly report which provides a comprehensive and comparative review of a product incorporating analysis of performance, portfolio characteristics, product assets, fees and product resources.
- (4) Style, Trend, Analysis, and Research Report (STAR) - this service provides an annual report and mid-year update which quantifies the institutional pool of assets and flows

within a style, examines asset concentration and the largest players and identifies top asset gatherers by product size.

(5) Education:

- (a) Callan Investments Institute (CII): CII functions as an educational institution servicing organizations (including fund sponsors, investment managers, investment consultants and financial intermediaries) by independently analyzing trends in the industry via research communications and conference programs. Client organizations receive research papers, Callan Insights (an electronic news service that reports developments within the institutional investment arena), surveys, conference and workshop participation, and quarterly performance data produced during the course of a year. Client organizations also receive periodicals including the Capital Markets Newsletter, Defined Contribution Opinions and Observations newsletter, Private Market Trends, Hedge Fund Monitor, and conference summaries, and have access to the Institute's library, which features past conference materials and articles via tape and printed media.
- (b) Center for Investment Training: The Center for Investment Training, also known colloquially as "Callan College", is an approximately two-and-one-half-day program offered several times each year and via private label. "Callan College" is designed to provide investment fiduciaries, their advisers and investment consultants with basic-to-intermediate-level of instruction on prudent investment practices. The subjects discussed include fiduciary standards and responsibilities, capital market theory, asset allocation and the writing of investment policy statements, investment manager structure and search, and performance measurement and evaluation. Additional one-to two-day "Callan College" programs on such subjects as real estate, private markets and mutual fund board responsibilities are also periodically offered to fund sponsors, investment managers, investment consultants and/or financial intermediaries.

(IV) The Trust Advisory Group (TAG)

TAG is Callan's asset management division that specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. TAG applies a process-driven approach to building efficient, low cost portfolios with clearly articulated goals and objectives. Callan relies, as its main source of information, on proprietary research generated by Callan's Global Manager Research Group and/or Callan's Database group.

TAG focuses its efforts in two different areas:

(1) Discretionary Services:

- (a) Diversified Alpha Group Trust - Callan, through TAG, is the adviser and sponsor of a diversified, commingled, small cap equity fund (Private Trust). This Private Trust is a private offering designed for qualified corporate pension plans and profit sharing plans, and government pension plans. In particular, the Private Trust is designed for large plans generally with a minimum investment of \$200 million.

TAG is responsible for the overall management of the Private Trust. TAG does not offer advice on, nor have discretion over the securities held in the Private Trust. TAG engages, monitors, and as necessary, replaces the 25-50 sub-advisers who are responsible for investing and reinvesting the assets (including having all authority for security-level decisions) of the Private Trust in accordance with the investment guidelines established for each sub-adviser by TAG.

(2) Non-Discretionary Services:

- (a) Target Maturity Collective Funds: Callan, through TAG, acts as the non-discretionary adviser to a series of target maturity collective funds (Collective Funds) sponsored by a large Delaware state-chartered trust company (Trust Company) known as the

Callan GlidePath® Funds. These Collective Funds are broadly diversified by asset class and investment style. They have an asset allocation that becomes increasingly conservative over time. The Collective Funds achieve their diversification by investing in other collective funds and/or mutual funds managed by a diverse group of investment advisers. The Collective Funds are designed as a single-fund investment solution for participants of defined contribution plans.

TAG is responsible for the design of the asset allocation (or glidepath) for the Collective Funds. TAG is also responsible for providing due diligence and advice to the Trust Company on the underlying collective funds and/or mutual funds in which the Collective Funds are invested. TAG is further responsible for monitoring the asset allocation of the Collective Funds, as well as the performance of the underlying funds over time, and for providing the Trust Company with periodic rebalancing advice. The Trust Company has final discretionary authority over the Collective Funds, including all security level decisions related to the underlying funds. The advisers for the underlying funds have authority over all security level decisions within those funds.

- (b) Callan, through TAG, acts as a non-discretionary sub-advisor to a special purpose Collective Investment Trust (CIT) sponsored by a global trust company. The CIT is managed for the exclusive use of participants within qualified defined contribution plans sponsored by a US-based corporation and/or its related entities. In this role Callan has oversight and monitoring responsibility for various funds offered through the CIT.

As of February 28, 2011 total TAG assets under management were \$3,276,242,595, broken down as follows:

- (1) Discretionary assets of \$1,589,406,412 and
- (2) Non-Discretionary of \$1,686,836,183.

Callan does not and will not provide consulting advice to a Fund Sponsor Consulting client with respect to an investment of plan assets in either the Private Trust or the Collective Funds. The reason for this restriction is the fact that Callan receives compensation from the assets of the Private Trust and the Collective Funds. Under the Employee Retirement Income Security Act of 1974, as amended, it is not permissible for Callan, as an investment consultant, to provide consulting advice to a plan regarding an investment in the Private Trust or Collective Funds while, at the same time, receiving compensation from the Private Trust or Collective Funds.

Furthermore, Callan's Fund Sponsor Consulting clients cannot invest their plan assets in the Private Trust or the Collective Funds unless they amend their consulting contract with Callan to acknowledge the potential conflict of interest created by the fact that Callan receives compensation from the assets of the Private Trust or the Collective Funds. The consulting contract amendment formally precludes Callan from providing any consulting advice with respect to plan assets invested in the Private Trust or Collective Funds, either before, during, or after the investment is made.

Item 5 – Fees and Compensation

The fees for each of Callan's business lines are described below.

All Callan fees are negotiable and are paid in cash. A client may cancel an agreement for services with Callan at any time upon notice to Callan. If Callan is in the process of performing services for a client which the client does not want to have completed, then Callan will bill the client for the services performed to the date of cancellation.

On occasion, Callan may receive payment for the provision of its fund sponsor services from a directed brokerage account when such fund sponsor client directs its broker to send Callan a check to pay its client bill. Callan has no soft dollar arrangements with any broker, and only

accepts these checks as payment for its hard dollar client fees. Other than payment of the invoice for client services, no compensation is received from the broker.

(I) The Fund Sponsor Consulting Group (FSC)

The fees for the Performance Reporting Services varies depending upon a portfolio's size, the complexity of the report/service, and/or the frequency of the report/service. A normal fee range is between \$2,700 and \$4,700 per portfolio per year plus an annual base performance measurement consulting fee starting at \$28,000. The fee for the above Consulting Services varies depending upon the type and complexity of the assignment with a normal fee range being between \$15,000 and \$900,000 per project service or suite of services (retainer) per year. All fund sponsor retainer clients subscribing to any services of Callan are provided Callan Investments Institute services as part of the overall fees they pay Callan for so long as they remain clients. The fund sponsor "Callan College" registration fees, per session, range between \$1,000 and \$2,500 per person.

Fees for Fund Sponsor Consulting services may also be based on a percentage of assets on which we consult, which such percentage is negotiable depending on the services provided.

(II) The Independent Adviser Group (IAG)

Callan charges IAG clients an annual base fee for the bundled consulting services and access to the UMA platform described above. The amount of the base fee varies depending on the size and nature of the IAG client and the complexity of the client relationship. The fees paid by most IAG clients currently range from \$15,000 to \$150,000; a few clients pay more or less than this range, based on their individual circumstances. IAG clients who purchase a certain minimum level of Callan services are also provided access to the Callan Investments Institute. In addition to the annual base fee, Callan charges the following fees for its IAG services:

- (a) Project-based fees and/or suite of services (retainer) are charged for Callan's customized consulting services. These fees generally start at \$20,000.
- (b) The IAG client "Callan College" registration fees, per session, range from \$2,350 to \$2,500 per person.
- (c) Callan charges an asset-based fee of 20 basis points to each client account opened on the UMA platform. This fee, which compensates Callan for coordinating the UMA program and client-specific performance measurement, is in addition to the fees charged by the overlay manager and the separate account managers. This fee is also separate from the fees the IAG investment consulting firms and financial intermediaries may charge to the end clients. The fees Callan charges in connection with the UMA program also do not include portfolio execution or custody charges, which are separately assessed against the client accounts.

(III) The Institutional Consulting Group (ICG)

Fees for Investment Management Organizations: The fees for the above consulting services varies depending upon the type and complexity of the assignment, with a normal fee range being between \$5,000 and \$100,000 per project service or suite of services (retainer) per year. Callan Investments Institute fees for investment manager clients, at the election of the manager, range from \$25,000 to \$56,000 per organization per year (not per individual) dependent upon the complexity of the services selected by the client organization. The investment manager "Callan College" registration fees, per session, range between \$2,350 and \$3,000 per person.

Callan is committed to ensuring that it does not consider an investment manager's business relationship with Callan, or lack thereof, in performing evaluations for or making suggestions or recommendations to its other clients. Callan informs its investment manager clients of such policy at the start of the relationship and informs all clients of such on a routine basis. In addition to disclosing the existence of its business relationships with investment managers on request, Callan also discloses these manager relationships in annual mailings, as part of

each manager search, and in the quarterly performance evaluation reports provided to fund sponsors.

(IV) The Trust Advisory Group (TAG)

- (1) **Discretionary Services:** TAG, and each sub-adviser, receive a quarterly fee in arrears from the assets of the Private Trust in accordance with the organizational documents for the Private Trust. Interests in the Private Trust are offered only by means of a private placement memorandum which describes the Private Trust's fees and expenses, the terms and conditions for subscriptions and redemptions, the investment objectives and policies, and other information. The private placement memorandum is made available only to qualified investors.
- (2) **Non-Discretionary Services:** Callan receives asset-based fees from the assets of the Collective Funds which are accrued daily and paid quarterly in arrears. The fees range between 0.02% and 0.15% of total assets in the Collective Funds.

Item 6 – Performance-Based Fees and Side-By-Side Management

Callan does not charge performance-based fees.

Item 7 – Types of Clients

Callan's clients are fund sponsors, investment managers, investment consulting firms, financial intermediaries, and individuals. The clients are typically responsible for investment funds that are large tax-exempt funds such as pension, profit sharing, thrift, trust, endowment and foundation funds. The sponsors are private corporations, public governments, multi-employer groups, and non-profit organizations. The managers and financial intermediaries are banks, insurance companies and independent investment management firms.

Callan does offer advice to its clients, including manager search services and/or performance reporting services, on mutual funds and collective investment funds, hedge fund partnerships, real estate partnerships, and private equity partnerships. With the exception of the Collective Funds which may offer advice on mutual funds, Callan does not offer advice with respect to specific securities of individual issuers such as stocks and bonds.

Callan does not and will not provide consulting advice to a Fund Sponsor Consulting client with respect to an investment of plan assets in either the Private Trust or the Collective Funds. The reason for this restriction is the fact that Callan receives compensation from the assets of the Private Trust and the Collective Funds. Under the Employee Retirement Income Security Act of 1974, as amended, it is not permissible for Callan, as an investment consultant, to provide consulting advice to a plan regarding an investment in the Private Trust or Collective Funds while, at the same time, receiving compensation from the Private Trust or Collective Funds.

Furthermore, Callan's Fund Sponsor Consulting clients cannot invest their plan assets in the Private Trust or the Collective Funds unless they amend their consulting contract with Callan to acknowledge the potential conflict of interest created by the fact that Callan receives compensation from the assets of the Private Trust or the Collective Funds. The consulting contract amendment formally precludes Callan from providing any consulting advice with respect to plan assets invested in the Private Trust or Collective Funds, either before, during, or after the investment is made.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Please see Item 4.

Item 9 – Disciplinary Information

A regulatory action was initiated by the SEC in the form of a Cease and Desist Sanction (SF-2826-A) on 9/19/2007. The matter concerns some of Callan's past disclosures describing its 1998 sale of its broker affiliate, Alpha Management, to a subsidiary of The Bank of New York (BNY). Under the terms of that transaction, Callan was to receive a series of annual payments

from BNY over the period from 1998 through 2006. 92% of each annual payment was dependent on Callan essentially remaining in the consulting business and unrelated to BNY's brokerage revenue. The final 8% of each payment was contingent on BNY's aggregate brokerage commissions attributable to Callan clients exceeding 75% of their 1998 levels (the fiscal year prior to the transaction). As a practical matter, BNY exceeded this hurdle each year, and by 2000 had even stopped bothering with the calculation. As a result, Callan received the same annual payment throughout the life of the transaction.

Over the period from 1998 through 2006, Callan routinely disclosed the existence of this transaction to all of its clients, including in its Form ADV Part II. In those disclosures, these payments were described simply as "fixed payments" which reflected their practical reality. In 2005, Callan was informed by the SEC staff that they felt that this disclosure was incomplete. At that time, Callan voluntarily amended its Form ADV Part II to provide more detail on the structure of the payments and sent it out to its clients. In January of 2007, the transaction between BNY and Callan was concluded and Callan no longer received the payments that were the subject of the disclosure.

The status of this order is final. The matter was resolved on 9/17/2007 via a cease and desist order.

Item 10 – Other Financial Industry Activities and Affiliations

Callan does offer business consulting to its Institutional Consulting Group clients. A description of such services is contained under Item 4(III) above.

Callan provides research and educational services to, and receives compensation for those services from, investment managers who may be evaluated by Callan or recommended by Callan to its other clients. Callan recognizes that there is a potential conflict between Callan's interest in receiving compensation from investment managers and Callan's obligation to provide objective advice to clients who use those managers. Callan has adopted certain policies and practices designed to prevent such conflicts, including the policies set forth in its Code of Ethical Responsibility (described above), disclosure policies, roles of its oversight committees, separation of the areas of business, including separate personnel, revenue streams, and compensation arrangements.

Among other policies, Callan is committed to ensure that it does not consider an investment manager's business relationships with Callan, or lack thereof, in performing evaluations for or making suggestions or recommendations to its other clients. Callan informs its investment manager clients of such policy at the start of the relationship and informs all clients of such on a routine basis. In addition to disclosing the existence of its business relationships with investment managers on request, Callan also discloses these manager relationships in annual mailings, as part of each manager search, and in the quarterly performance evaluation reports provided to fund sponsors. Fund sponsor clients may also request specific information regarding the fees paid to Callan by the managers employed by their fund. Per company policy, information requests regarding fees are handled by Callan's Compliance Department.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

In order to control possible conflicts of interest presented by the firm's business mix, Callan has maintained a Code of Ethical Responsibility (the Code) since 1994. This Code now also complies with Rule 204A-1 under the Investment Advisers Act of 1940, as amended. Among other things, the Code sets forth the general standards of conduct that Callan requires of its employees, as well as specific policies reasonably designed to protect the objectivity and integrity of the advice Callan renders to its clients. The topics addressed in the Code include the use and safeguarding of confidential information; the prevention of insider trading; outside business relationships of Callan employees; gifts, business entertainment and political and charitable contributions; and communications with outside parties. The Code pays special attention to the fact that Callan sells

products and services to investment managers and is committed to ensuring that these relationships do not affect the outcome or process by which any of Callan's services are conducted, including manager searches and performance evaluations. Callan has adopted policies and procedures reasonably designed to prevent Callan's receipt of fees from investment managers from influencing the Fund Sponsor and Independent Adviser Group services it conducts.

The Code also contains restrictions on the personal trading activities of certain Callan employees and requires those employees to report their personal trades to the firm's CCO in accordance with applicable regulatory requirements.

Callan's Code is available on its website, www.callan.com. In addition, Callan will provide a copy of the Code to any client or prospective client upon request.

Callan provides research and educational services to, and receives compensation for those services from, investment managers who may be evaluated by Callan or recommended by Callan to its other clients. Callan recognizes that there is a potential conflict between Callan's interest in receiving compensation from investment managers and Callan's obligation to provide objective advice to clients who use those managers. Callan has adopted certain policies and practices designed to prevent such conflicts, including the policies set forth in its Code of Ethical Responsibility (described above), disclosure policies, roles of its oversight committees, separation of the areas of business, including separate personnel, revenue streams, and compensation arrangements.

Among other policies, Callan is committed to ensure that it does not consider an investment manager's business relationships with Callan, or lack thereof, in performing evaluations for or making suggestions or recommendations to its other clients. Callan informs its investment manager clients of such policy at the start of the relationship and informs all clients of such on a routine basis. In addition to disclosing the existence of its business relationships with investment managers on request, Callan also discloses these manager relationships in annual mailings, as part of each manager search, and in the quarterly performance evaluation reports provided to fund sponsors. Fund sponsor clients may also request specific information regarding the fees paid to Callan by the managers employed by their fund. Per company policy, information requests regarding fees are handled by Callan's Compliance Department.

Callan does not generally recommend the purchase or sale of specific securities to its Fund Sponsor Consulting, Institutional Consulting or Independent Adviser Group clients. However, from time to time there may be situations in which Callan includes in the hedge fund searches it performs for Fund Sponsor and Independent Adviser Group clients one or more hedge funds in which a related party, Sharpe 4 Partners also invests. On rare occasions, Callan may affirmatively recommend that a Fund Sponsor client purchase or sell such a hedge fund. Gregory C. Allen, President & Director of Research, has a controlling interest in Sharpe 4 Partners, a hedge fund that is managed by Sharpe 4 Capital Management, LLC ("Sharpe 4"). Sharpe 4 is not controlled by Callan.

Callan does not and will not provide consulting advice to a Fund Sponsor Consulting client with respect to an investment of plan assets in either the Private Trust or the Collective Funds. The reason for this restriction is the fact that Callan receives compensation from the assets of the Private Trust and the Collective Funds. Under the Employee Retirement Income Security Act of 1974, as amended, it is not permissible for Callan, as an investment consultant, to provide consulting advice to a plan regarding an investment in the Private Trust or Collective Funds while, at the same time, receiving compensation from the Private Trust or Collective Funds.

Furthermore, Callan's Fund Sponsor Consulting clients cannot invest their plan assets in the Private Trust or the Collective Funds unless they amend their consulting contract with Callan to

acknowledge the potential conflict of interest created by the fact that Callan receives compensation from the assets of the Private Trust or the Collective Funds. The consulting contract amendment formally precludes Callan from providing any consulting advice with respect to plan assets invested in the Private Trust or Collective Funds, either before, during, or after the investment is made.

Item 12 – Brokerage Practices

(I – III) FSC, IAG, ICG Groups

With regard to its Fund Sponsor Consulting, Institutional Consulting or Independent Adviser Group clients, Callan does not typically select broker-dealers for client transactions nor determine the reasonableness of their compensation (e.g., commissions).

Callan may assist its Fund Sponsor Consulting clients in conducting searches for such providers as securities lending, transition management or commission recapture and, as such, may suggest brokers to its clients as part of these searches.

On occasion, Callan may receive and accept payment for the provision of its fund sponsor services from a directed brokerage account when such fund sponsor client directs its broker to send Callan a check to pay its client bill. Callan has no soft dollar arrangements with any broker, and only accepts these checks as payment for its hard dollar client fees. Other than payment of the invoice for client services, no compensation is received from the broker.

(IV) TAG

With regard to the Private Trust, the day-to-day investment decisions regarding the acquisition, disposition and voting of portfolio investments are made by the sub-advisers Callan selects to manage the Private Trust. Callan does, however, have the authority to select one or more broker-dealers to perform transition management services for the Private Trust in connection with the engagement or termination of sub-advisers. In addition to selecting the transition management broker-dealers, Callan has the authority to negotiate the commission rates paid to those broker-dealers. In selecting the transition management broker-dealers for the Private Trust, Callan considers the quality of execution and cost, but does not consider supplemental research, market or statistical information, or ancillary services provided by the broker-dealers.

Information regarding the sub-advisers' brokerage placement practices is set forth in the Private Trust's private placement memorandum.

Item 13 – Review of Accounts

With respect to the TAG accounts, the monitoring and reporting procedures for the Private Trust and the Collective Funds are the same:

- (1) **Daily Reviews:** Employees of TAG receive and evaluate daily reports on the activities of the Private Trust and the Collective Funds. This group includes the CIO, as well as the two managers of Investment Operations. The daily information that is processed includes: net asset values, returns, returns for relevant indices, fee accrual information, allocations between underlying funds and sub-advisers, as well as security level information as needed.
- (2) **Monthly Reviews:** On a monthly basis, TAG reviews a more comprehensive set of reports on the Private Trust and/or the Collective Funds. In addition to the information in the daily reports, this includes: securities lending activity, trading-cost analysis, return comparisons versus peer groups and benchmarks, and a rebalancing report.

Investors in the Private Trust receive monthly reports detailing their account balance, and return information for the Private Trust, the underlying sub-advisers, comparative indices, and peer groups. Investors also receive a quarterly report with detailed performance and portfolio characteristic information. At their election, investors may also receive daily net asset value information, as well as security level holdings information for the Private Trust and its sub-advisers.

Item 14 – Client Referrals and Other Compensation

Callan does not have any arrangements wherein someone who is not a client provides an economic benefit to Callan for providing investment advice or other advisory services to our clients.

Callan does not directly or indirectly compensate any person who is not our supervised person for client referrals.

Item 15 – Custody

Callan does not have custody of any advisory clients' cash, bank accounts, funds, or securities.

Item 16 – Investment Discretion

Callan generally does not exercise investment discretion with regard to its Fund Sponsor Consulting, Institutional Consulting or Independent Adviser Group clients. Customized procedures would be developed on a client by client basis as the need arises.

With regard to the Private Trust, the day-to-day investment decisions regarding the acquisition, disposition and voting of portfolio investments are made by the sub-advisers Callan selects to manage the Private Trust.

Item 17 – Voting Client Securities

Callan does not have nor accept authority to vote clients securities.

Item 18 – Financial Information

Callan is not required to include a balance sheet of our most recent fiscal year.

Callan does not believe it has any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

Item 19 – Requirements for State-Registered Advisers

We are not registered with one or more state securities authorities. Callan Associates Inc. is an SEC-registered investment advisor.

Section IV

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Callan Associates takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 03/31/11, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the "Callan College." Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

Fund sponsor clients may request a copy of this list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by the managers employed by their fund. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance Department.

Clients should also be aware that Callan maintains an asset management division, the Trust Advisory Group (TAG). TAG specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. Currently TAG serves as the sponsor and advisor to a multi-manager small cap equity fund and as the non-discretionary adviser to a series of Target Maturity Funds known as the Callan GlidePath® Funds. We are happy to provide clients with more specific information regarding TAG, including detail on the portfolios that it oversees. Per company policy these requests are handled by TAG's Chief Investment Officer.

Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
Affiliated Managers Group		Y
AllianceBernstein	Y	
Allianz Global Investors Capital	Y	Y
American Century Investment Management	Y	
American Yellowstone Advisors, LLC		Y
Analytic Investors	Y	
Angelo, Gordon & Co.	Y	
AQR Capital Management	Y	
Artio Global Management (fka. Julius Baer)	Y	Y
Atlanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Attucks Asset Management, LLC	Y	
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baceline Investments, LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Barclays Capital Inc.	Y	
Baring Asset Management	Y	
Barrow, Hanlev, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
BlackRock		Y
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Capital Group Companies (The)	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
ClearBridge Advisors	Y	
Cohen & Steers Capital Management Inc.	Y	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGlynn, LLC	Y	
Credo Capital Management	Y	
Crestline Investors	Y	Y
Cutwater Asset Management	Y	
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
DF Dent & Company	Y	
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	

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Manager Name	Educational Services	Consulting Services
Eaton Vance Management	Y	Y
Emerald Advisers, Inc.	Y	
Epoch Investment Partners	Y	
Favez Sarofim & Company	Y	Y
Federated Investors		Y
Fiduciary Asset Management Company		
First Eagle Investment Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GE Asset Management	Y	Y
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management		Y
Grantham, Mayo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Harris Associates	Y	
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co.	Y	Y
Henderson Global Investors	Y	
Hennessy Funds	Y	
Hermes Investment Management (North America) Ltd.	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
iShares	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	Y
Kayne Anderson Rudnick Investment Management	Y	
Knightbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Logan Circle	Y	
Longfellow Investment Management Co.	Y	
Loomis, Savles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
MacKay Shields LLC	Y	Y
Madison Square Investors	Y	
Marvin & Palmer Associates, Inc.	Y	
Mellon Capital Management (fka, Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Miles Capital Inc.	Y	
Mondrian Investment Partners Limited	Y	Y
Montagu & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Mount Lucas Management	Y	
Mountain Lake Investment Management LLC		Y
Newton Capital Management	Y	

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Manager Name	Educational Services	Consulting Services
Neuberger Berman, LLC (fka. Lehman Brothers)	Y	Y
Northern Lights Capital Group		Y
Northern Trust Global Investment Services	Y	Y
Northern Trust Value Investors		Y
Nuveen Investments Institutional Services Group LLC	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Opus Capital Management	Y	
Pacific Investment Management Company	Y	
Palisades Investment Partners, LLC	Y	Y
Peregrine Capital Management, Inc.		Y
Perkins Investment Management	Y	
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Allegiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Prisma Capital		Y
Prudential Investment Management, Inc.	Y	Y
Putnam Investments, LLC	Y	Y
Pyramis Global Advisors	Y	
Rainer Investment Management		
RBC Global Asset Management (U.S.) Inc.		Y
Reinhart Partners Inc.	Y	
Renaissance Technologies Corp.		Y
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Riverbridge Partners	Y	
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
Russell Investment Management	Y	
Sage Advisory Services, Ltd. Co.	Y	
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
Security Global Investors	Y	
SEI Investments		Y
SEIX	Y	
Smith Graham and Company		Y
Smith Group Asset Management	Y	Y
Southeastern Asset Management	Y	Y
Standard Life Investments	Y	
Standish (fka. Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
The London Company	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y

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Manager Name	Educational Services	Consulting Services
Tradewind Global Investors	Y	
Turner Investment Partners, Inc.	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	
Virtus Investment Partners		Y
Vontobel Asset Management	Y	
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y
Yellowstone Partners		Y
Zephyr Management	Y	

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Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
AllianceBernstein	Y	Y
Allianz Investor Services, LLC		Y
American Century Investment Management	Y	
Analytic Investors	Y	
AQR Capital Management	Y	
Artio Global Management (fka. Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Bank of America Merrill Lynch		Y
Bank of Ireland Asset Management	Y	
Baring Asset Management	Y	
Barrow, Hanlev, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
Bel Air Investment Advisors LLC	Y	
BlackRock		Y
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	
Brandes Investment Partners, L.P.	Y	Y
Brandwine Global Investment Management, LLC	Y	
Bridgeway Capital Management	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Calamos Advisors	Y	
Capital Group Companies (The)	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Chartwell Investment Partners	Y	
Clear Bridge Advisors	Y	Y
Columbia Management Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGivern, LLC	Y	
Crestline Investors		Y
Davis Advisors	Y	
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Declaration Management & Research LLC	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Entrust Capital Inc.	Y	
Favez Sarofim & Company	Y	Y
Federated Investors		Y

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Manager Name	Educational Services	Consulting Services
Fiduciary Asset Management Company (FAMCO)	Y	
First Eagle Investment Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GBM	Y	
GE Asset Management	Y	Y
GLG Partners Corp.	Y	
Goldman Sachs Asset Management	Y	Y
Grande-Jean Capital Management		Y
Grant Park Capital Partners	Y	
Graham. Mavo. Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Guaranteed Partners	Y	
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co./The Hartford	Y	Y
Heartland Advisors, Inc.		Y
Henderson Global Investors	Y	
Hennessy Funds	Y	
Hermes Investment Management (North America) Ltd.	Y	
Hills Bank	Y	
HSBC Investments (USA) Inc.		Y
ING Investment Management	Y	Y
INVESCO	Y	Y
Investec Asset Management	Y	
Institutional Capital LLC	Y	
Janus Capital Management, LLC	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	
Kenmar Group Inc.	Y	
Knightbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Loomis, Savles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
LSV Asset Management	Y	
MacKay Shields LLC	Y	Y
Madison Square Investors	Y	
Marsico Capital Management	Y	
Marvin & Palmer Associates, Inc.	Y	
Mellon Capital Management (fka. Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Miller/Howard Investments Inc.	Y	
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Natixis Global Asset Management		Y
Newton Capital Management	Y	
Neuberger Berman (fka. Lehman Brothers)	Y	Y
Nomura Asset Management U.S.A., Inc.	Y	
Northern Trust Global Investment Services	Y	Y

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Manager Name	Educational Services	Consulting Services
Northern Trust Value Investors		Y
Nuveen Investments Institutional Services Group	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Pacific Investment Management Company	Y	
Palisade Capital Management LLC	Y	
Palisades Investment Partners, LLC		Y
PanAqora Asset Management	Y	
Peregrine Capital Management, Inc.		Y
Permal Group Inc.	Y	
Philadelphia International Advisors, LP	Y	
Piedmont Investment Advisors	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
Portfolio Investments	Y	
PNC Capital Advisors (fka Allegiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Prisma Capital		Y
Prudential Investment Management	Y	Y
Putnam Investments	Y	Y
Pyramis Global Advisors	Y	
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Riverbridge Partners	Y	
RiverSource Investments, LLC	Y	Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
RREEF	Y	
Schroders Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
SEI Investments		Y
Smith Group Asset Management	Y	Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Sterne Aqee Asset Management		Y
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
TAMRO Capital Partners	Y	
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
TD Asset Management (USA)	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	Y
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y

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Manager Name	Educational Services	Consulting Services
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
Wells Fargo Capital Partners Group	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	
Zephyr Management	Y	

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Manager Name	Educational Services	Consulting Services
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
Advantus Capital Management	Y	
AIG Global Investment Group	Y	
Alleqiant Asset Management Group	Y	Y
AllianceBernstein	Y	Y
Allianz Investor Services, LLC		Y
Allstate Investments LLC		Y
American Century Investment Management	Y	
AmSouth/Investment Management Group		Y
Ark Asset Management Co., Inc.		Y
Artio Global Management (fka. Julius Baer)	Y	Y
Asset Strategy Consultants	Y	
Atlanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
AXA Rosenberg Investment Management	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Baring Asset Management	Y	
Barrow, Hanlev, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
BlackRock		Y
BlueCrest Capital Management	Y	
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	
Brandes Investment Partners, L.P.	Y	Y
Brandwine Global Investment Management, LLC	Y	Y
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Capital Guardian Trust Company	Y	Y
Calamos Advisors	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Chartwell Investment Partners	Y	
Clear Bridge Advisors	Y	Y
Columbia Management Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGlynn, LLC	Y	
Credit Suisse Asset Management	Y	
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
Deutsche Asset Management/Deutsche Bank	Y	Y
DSM Capital Partners		Y
DuPont Capital Management	Y	
DWS Investments	Y	
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
EIM Asset Management	Y	
Enhanced Inv. Technologies, LLC (INTECH)		Y
Entrust Capital Inc.	Y	

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Manager Name	Educational Services	Consulting Services
Evergreen Investments		Y
Favez Sarofim & Company	Y	Y
Federated Investors		Y
Fiduciary Asset Management		Y
Fifth Third Asset Management, Inc.	Y	
Fischer Francis Trees & Watts	Y	
Fortis Investments	Y	
Franklin Templeton		Y
Fred Alger Management Co., Inc.	Y	Y
GE Asset Management	Y	Y
GlobeFlex Capital, L.P.		Y
GoldenTree Asset Management, LP		Y
Goldman Sachs Asset Management	Y	Y
Grande-Jean Capital Management		Y
Graham, Mavo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co./The Hartford	Y	Y
Heartland Advisors, Inc.		Y
Henderson Global Investors	Y	
Hillcrest Asset Management, LLC		Y
HSBC Investments (USA) Inc.		Y
Independence Investments LLC	Y	Y
ING Clarion	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
Janus Capital Management, LLC		Y
Jensen Investment Management		Y
Kelly Capital Management, LLC		Y
Kensington Investment Group		Y
Knightbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Loomis, Savles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	Y
LSV Asset Management	Y	Y
MacKay-Shields LLC	Y	Y
Marquette Asset Management		Y
Marvin & Palmer Associates, Inc.	Y	
MBIA Asset Management	Y	
Mellon Capital Management (fka. Franklin Portfolio Assoc.)	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Natixis Global Asset Management	Y	
Newton Capital Management	Y	
New York Life Investment Management LLC (NYLIM)	Y	Y
Neuberger Berman (fka. Lehman Brothers)	Y	Y
Nomura Asset Management U.S.A., Inc.	Y	
Northern Trust Global Investment Services	Y	Y

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Manager Name	Educational Services	Consulting Services
Northern Trust Value Investors		Y
Nuveen Investments Institutional Services Group	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Pacific Investment Management Company	Y	
Peregrine Capital Management, Inc.		Y
Philadelphia International Advisors, LP	Y	Y
Phoenix Investment Partners Ltd.		Y
Pioneer Investment Management, Inc.	Y	Y
Principal Global Investors	Y	Y
Prudential Investment Management	Y	Y
Putnam Investments	Y	Y
Pyramis Global Advisors	Y	Y
RCM	Y	Y
Research Affiliates, LLC	Y	
RidgeWorth Capital Management	Y	
Rice Hall James & Associates, LLC		Y
RiverSource Investments, LLC	Y	Y
Robeco Investment Management	Y	Y
Roque Global Partners	Y	
Rothschild Asset Management, Inc.	Y	Y
RREEF	Y	
Russell Investment Group		Y
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
SEI Investments	Y	Y
Sit Investment Associates, Inc.		Y
Smith Group Asset Management	Y	Y
Southeastern Asset Management, Inc.		Y
SouthernSun Asset Management	Y	
Standard Life Investments	Y	
Standish (fka. Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	Y
Sterne Aqee Asset Management		Y
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y
Systematic Financial Management	Y	Y
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
TD Asset Management (USA)	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
Thornburg Investment Management Inc.	Y	
TIAA-CREF		Y
TimesSquare Capital Management, LLC	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Vanquard Group, Inc. (The)		Y
Victory Capital Management Inc.	Y	Y
Waddell & Reed Asset Management Group	Y	
Wagner Investment Management, Inc.	Y	

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Manager Name	Educational Services	Consulting Services
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	
Zephyr Management	Y	

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Manager Name	Educational Services	Consulting Services
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
Affiliated Managers Group, Inc.	Y	Y
AG Asset Management Inc.	Y	
AIG Global Investment Group	Y	
Allequant Asset Management Group	Y	Y
AllianceBernstein	Y	Y
Allianz Investor Services, LLC		Y
Allstate Investments LLC		Y
American Century Investment Management	Y	Y
AmSouth/Investment Management Group		Y
Ariel Capital Management, Inc.	Y	
Ark Asset Management Co., Inc.	Y	Y
Atlanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
AXA Rosenberg Investment Management	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Barclays Global Investors	Y	
Baring Asset Management	Y	
Barrow, Hanlev, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
Bear Stearns Asset Management	Y	Y
BL-SH Investment Counsel, LLC		Y
BlackRock		Y
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	
Brandes Investment Partners, L.P.	Y	Y
Brandwine Global Investment Management, LLC	Y	Y
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Capital Guardian Trust Company	Y	Y
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Chartwell Investment Partners	Y	
CIBC Global Asset Management (USA) Ltd.	Y	
Chicago Equity Partners, LLC	Y	
Clear Bridge Advisors	Y	Y
Columbia Management Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGivern, LLC	Y	
Credit Suisse Asset Management	Y	
Davis Hamilton Jackson & Associates		Y
DB Advisors	Y	Y
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
Deutsche Asset Management/Deutsche Bank	Y	Y
DSM Capital Partners		Y
DuPont Capital Management	Y	
Dwight Asset Management	Y	
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	

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Manager Name	Educational Services	Consulting Services
Eaton Vance Management	Y	Y
Edgar Lomax Company (The)		Y
Enhanced Inv. Technologies, LLC (INTECH)		Y
Entrust Capital Inc.		Y
Equinox Capital Management, LLC		Y
Evergreen Investments	Y	Y
Favez Sarofim & Company	Y	Y
Federated Investors		Y
Fiduciary Asset Management		Y
Fifth Third Asset Management, Inc.	Y	
Fortis Investments	Y	
Franklin Portfolio Associates	Y	
Franklin Templeton		Y
Fred Alger Management Co., Inc.	Y	Y
Frolev, Revv Investment Company, Inc.	Y	
GAM USA Inc.	Y	Y
GE Asset Management	Y	Y
GlobeFlex Capital, L.P.		Y
GoldenTree Asset Management, LP		Y
Goldman Sachs Asset Management	Y	Y
Grande-Jean Capital Management		Y
Graham, Mayo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co./The Hartford	Y	Y
Heartland Advisors, Inc.		Y
Henderson Global Investors	Y	
Hillcrest Asset Management, LLC		Y
Hotchkis and Wiley Capital Management		Y
HSBC Investments (USA) Inc.	Y	Y
Independence Investments LLC	Y	Y
ING Clarion	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
Investec Asset Management	Y	
Janus Capital Management, LLC		Y
Jensen Investment Management		Y
JPMorgan	Y	Y
Julius Baer Investment Management	Y	Y
Kelly Capital Management, LLC		Y
Kensington Investment Group		Y
Knightbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lehman Brothers Inc.	Y	Y
Loomis, Savles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	Y
LSV Asset Management	Y	Y
MacKay-Shields LLC	Y	Y
Marquette Asset Management		Y
Marvin & Palmer Associates, Inc.	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	

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Callan Associates takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 03/31/2008, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the "Callan College." Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

Fund sponsor clients may request a copy of this list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by the managers employed by their fund. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance Department.

Clients should also be aware that Callan maintains an asset management division, the Trust Advisory Group (TAG). TAG specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. Currently TAG serves as the sponsor and advisor to a multi-manager small cap equity fund and as the non-discretionary adviser to a series of Target Maturity Funds known as the Callan GlidePath® Funds. We are happy to provide clients with more specific information regarding TAG, including detail on the portfolios that it oversees. Per company policy these requests are handled by TAG's Chief Investment Officer.

Manager Name	Educational Services	Consulting Services
MFS Investment Management	Y	Y
Missouri Valley Partners		Y
Mondrian Investment Partners Limited	Y	Y
Montaq & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Natixis Global Asset Management	Y	Y
Newton Capital Management	Y	
New York Life Investment Management LLC (NYLIM)	Y	Y
Nicholas-Applegate Capital Management	Y	Y
Nomura Asset Management U.S.A., Inc.	Y	
Northern Trust Global Investment Services	Y	Y
Northern Trust Value Investors		Y
Nuveen Investments Institutional Services Group	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Pacific Investment Management Company	Y	
Paradigm Asset Management Co., LLC	Y	
Peregrine Capital Management, Inc.		Y
Philadelphia International Advisors, LP	Y	
Phoenix Investment Partners Ltd.		Y
Pioneer Investment Management, Inc.	Y	Y
Principal Global Investors	Y	Y
Provident Investment Counsel		Y
Prudential Investment Management	Y	Y
Putnam Investments	Y	Y
Pyramis Global Advisors	Y	
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
RiverSource Investments, LLC	Y	Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
RREEF Funds (The)	Y	
Russell Investment Group		Y
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
SEI Investments	Y	Y
Seligman (J. & W.) & Company, Inc.	Y	Y
Sit Investment Associates, Inc.		Y
Smith Group Asset Management		Y
Southeastern Asset Management, Inc.		Y
Standish Mellon Asset Management Company	Y	
State Street Global Advisors	Y	Y
Sterne Aqee Asset Management		Y
Stockbridge Real Estate Funds	Y	
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y
Systematic Financial Management	Y	Y
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF	Y	Y
TimesSquare Capital Management, LLC	Y	

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Manager Name	Educational Services	Consulting Services
TCW Asset Management Company	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Vanquard Group, Inc. (The)		Y
Victory Capital Management Inc.	Y	Y
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
Western Asset Management Company	Y	
Weston Capital Management LLC	Y	
William Blair & Co., Inc.	Y	

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Manager Name	Educational Services	Consulting Services
Aberdeen Asset Management		Y
ABN AMRO Asset Management (USA) LLC		Y
ABS Investment Management	Y	
Acadian Asset Management, Inc.	Y	
Affiliated Managers Group, Inc.	Y	Y
AIG Global Investment Group	Y	
Allegiant Asset Management Group	Y	Y
AllianceBernstein	Y	Y
Allianz Investor Services, LLC (fka USAllianz Investor Services, LLC)		Y
Allstate Investments LLC		Y
Altanes Investments, LLC	Y	
American Century Investment Management	Y	
AmSouth/Investment Management Group		Y
Ariel Capital Management, Inc.	Y	
Ark Asset Management Co., Inc.	Y	Y
Atlanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Atlantic Asset Management, LLC	Y	
AXA Rosenberg Investment Management	Y	Y
Baillie Gifford International LLC (fka Baillie Gifford Overseas Ltd.)	Y	
Baird Advisors	Y	
Bank of America		Y
Barclays Global Investors	Y	
Barrow, Hanlev, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
Bear Stearns Asset Management	Y	Y
Bel Air Investment Advisors		Y
BNY Asset Management - Please see Page 4 of 5	Y	Y
Boston Company Asset Management, LLC (The)	Y	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	Y
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Capital Guardian Trust Company	Y	Y
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Charles Schwab & Co.		Y
Chartwell Investment Partners	Y	
Chicago Equity Partners, LLC	Y	
Clear Bridge Advisors	Y	Y
Columbia Management Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGlynn, LLC	Y	
Credit Suisse Asset Management	Y	
Davis Advisors	Y	
Davis Hamilton Jackson & Associates		Y
DE Shaw Investment Management, L.L.C.	Y	
Dean Investment Associates		Y
Delaware Investment Advisors	Y	Y
Delta Asset Management		Y
Denali Advisors LLC		Y
DePrince, Race & Zollo, Inc.		Y
Deutsche Asset Management/Deutsche Bank	Y	Y
DSM Capital Partners		Y
DuPont Capital Management	Y	

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Manager Name	Educational Services	Consulting Services
Dwight Asset Management	Y	
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Edgar Lomax Company (The)		Y
Enhanced Inv. Technologies, LLC (INTECH)		Y
Equinox Capital Management, LLC		Y
Evergreen Investments	Y	Y
Favez Sarofim & Company	Y	Y
Federated Investors		Y
Fidelity Investments		Y
Fiduciary Asset Management		Y
Fifth Third Asset Management, Inc.	Y	
First Quadrant L.P.	Y	
Fisher Investments	Y	
Forstmann Leff Associates	Y	
Fort Washington Investment Advisors	Y	
Fortis Investments	Y	
Franklin Portfolio Associates	Y	
Franklin Templeton		Y
Fred Alger Management Co., Inc.	Y	Y
FX Concepts	Y	
GAM USA Inc.	Y	Y
GE Asset Management	Y	Y
GlobeFlex Capital, L.P.		Y
GoldenTree Asset Management, LP		Y
Goldman Sachs Asset Management	Y	Y
Grande-Jean Capital Management		Y
Grantham, Mayo, Van Otterloo & Co., LLC	Y	
Graybeard Capital, LLC		Y
Great Lakes Advisors, Inc.		Y
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co./The Hartford	Y	Y
Hartford (The)	Y	
Heartland Advisors, Inc.	Y	
Henderson Global Investors	Y	
HSBC Investments (USA) Inc.	Y	Y
Independence Investments LLC	Y	Y
ING Clarion	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
IXIS Asset Management		Y
Janus Capital Management, LLC		Y
Jensen Investment Management		Y
JPMorgan Asset Management	Y	
Julius Baer Investment Management	Y	Y
Kelly Capital Management, LLC		Y
Kensington Investment Group		Y
Knightbridge Asset Management, LLC	Y	Y
Lazard Asset Management	Y	Y
Lehman Brothers Inc.		Y
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	Y
LSV Asset Management	Y	Y
Mackay-Shields LLC	Y	Y

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Manager Name	Educational Services	Consulting Services
Marquette Asset Management		Y
Marvin & Palmer Associates, Inc.	Y	Y
Mellon Asset Management, fka Mellon Institutional Asset Management	Y	
Mellon Private Wealth Management		Y
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Montgomery Street Income Securities		Y
Morgan Stanley Investment Management	Y	Y
Newton Capital Management	Y	
New York Life Investment Management LLC (NYLIM)	Y	Y
Nicholas-Applegate Capital Management	Y	Y
Nomura Asset Management U.S.A., Inc.	Y	
Northern Trust Global Investment Services	Y	Y
Northern Trust Value Investors		Y
NorthRoad Capital Management LLC	Y	
Nuveen Investments Institutional Services Group	Y	Y
NWQ Investment Management Company		Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Pacific Investment Management Company	Y	
PanAgora Asset Management	Y	
Paradigm Asset Management Co., LLC	Y	Y
Pax World Funds	Y	
Peregrine Capital Management, Inc.		Y
Pinnacle West Capital Corporation		Y
Pioneer Investment Management, Inc.	Y	Y
Principal Global Investors	Y	Y
Provident Investment Counsel		Y
Prudential Investment Management	Y	Y
Putnam Investments	Y	Y
Pyramis Global Advisors	Y	
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
River Road Asset Management	Y	
RiverSource Investments, LLC	Y	Y
Robeco Investment Management	Y	Y
Rorer Asset Management		Y
Rosewood Management Corp.		Y
Rothschild Asset Management, Inc.	Y	Y
RREEF Funds (The)	Y	
Russell Investment Group		Y
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
SEI Investments	Y	Y
Seligman (J. & W.) & Company, Inc.	Y	Y
Shenandoah Asset Management	Y	
Sit Investment Associates, Inc.		Y
Smith Group Asset Management		Y
Southeastern Asset Management, Inc.		Y
Standish Mellon Asset Management Company	Y	
State Street Global Advisors	Y	Y

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Manager Name	Educational Services	Consulting Services
Sterne Agee Asset Management		Y
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y
Systematic Financial Management	Y	Y
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
The Torrey Funds	Y	
Thrivent Financial for Lutherans		Y
TIAA-CREF	Y	Y
TimesSquare Capital Management, LLC	Y	
Trusco Capital Management, Inc.	Y	
TCW Asset Management Company	Y	
UBS	Y	Y
Union Bank of California		Y
U.S. Trust	Y	
Van Eck Absolute Return Advisers Corp.	Y	
Vanquard Group, Inc. (The)		Y
Victory Capital Management Inc.	Y	Y
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	Y
Wells Capital Management	Y	
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	
Ziegler Capital Management LLC	Y	

Please note that effective January 10, 2007, Callan's agreement with BNY Brokerage was terminated.

In October 1998, Callan's affiliate, Alpha Management, Inc. ("Alpha"), a registered broker-dealer, was acquired by BNY Brokerage, Inc. (formerly known as BNY ESI & Co), a subsidiary of The Bank of New York Company, Inc. (collectively "BNY"). In that transaction, BNY purchased for cash the assets of Alpha. BNY and Callan also entered into a Services Agreement which provided that for a period of eight years (through 2006), BNY would make an annual service fee payment in a fixed amount to Callan, 92 percent of which was conditioned upon Callan achieving gross consulting revenues in excess of a specified amount during the preceding calendar year, which threshold amount was determined by reference to Callan's 1998 gross consulting revenues and remains the same throughout the eight years. Essentially, payment of this 92% was conditioned upon Callan remaining in business through 2006. The remaining eight percent of the annual payment to Callan was conditioned upon BNY receiving gross commissions during the preceding annual period of a specified minimum amount from Callan clients that use Callan services and pay for all or a portion of Callan services through directed brokerage and soft dollar arrangements with BNY. The minimum amount of gross commissions necessary to satisfy this obligation remains the same throughout the eight years and was determined by reference to Alpha's business with Callan clients during 1998. Both of these minimum thresholds have been met easily for all the years following the execution of the Services Agreement and, the amount of the annual payment does not increase regardless of how much Callan's consulting revenues or BNY's gross commissions from Callan clients might exceed the minimum threshold. Callan has been advised by BNY that since 2000, BNY has not been tracking either Callan gross consulting revenues or BNY gross commissions as they relate to the 1998 Services Agreement and, for all practical purposes, both Callan and BNY have considered these annual payments as fixed.

In addition, under the terms of the Services Agreement, Callan is obligated through 2008 to advise all of its plan sponsor clients through 2008 on an annual basis, and at the outset of a new relationship, of BNY's status as its preferred broker in those instances where the plan sponsor client chooses to pay Callan's fees through commissions paid to BNY for brokerage transactions, and to provide BNY with some of the same client information as was provided to Alpha prior to the sale. Notwithstanding such obligation to so advise its plan sponsor clients, all clients are advised that they are free to conduct brokerage, and to establish directed brokerage arrangements, with any broker of their choice. Callan's fees for any services provided to its plan sponsor clients are always expressed and paid in hard dollars and are the same without regard to the brokerage arrangements which may have been made between the plan sponsor client and its broker.

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As to its investment manager clients, Callan is obligated through 2008 to advise them that if they choose to pay Callan's fees through broker's commissions, BNY is its exclusive broker for that purpose and that the use of a third party brokerage firm for soft dollar arrangements may fall outside of the safe harbor under Section 28(e) of the Securities Exchange Act of 1934. In addition, if payment for Callan services is received from a third party broker, Callan is to advise the investment manager client of the exclusive brokerage arrangement with Callan and inform BNY of the payment. As with its plan sponsor clients, Callan receives the same payment for its services regardless of whether payment comes from BNY, from a third party brokerage firm, or from the investment manager client.

In summary, nothing in the Services Agreement affects the options available to a Callan client for payment of Callan's fees, which are always quoted and paid in hard dollars regardless of the method of payment selected by the plan sponsor or investment manager client. Those options are as follows:

- (1) By paying cash via check or wire transfer
- (2) By electing to direct brokerage transactions to BNY. At the client's request, BNY will pay invoices submitted by Callan for its services to such client.
- (3) By entering into a contract for services directly with BNY to acquire Callan's services from BNY. BNY will then contract with Callan for such services and will pay invoices submitted to it by Callan for such services.
- (4) By selecting any brokerage operation of its choice as a means to pay Callan's fees; although the use of a broker other than BNY by an investment manager may not be consistent with the Section 28(e) safe harbor.

Section V

EXECUTIVE BIOGRAPHIES



Gregory C. Allen, is President and Director of Research. As President, Greg is responsible for overseeing Callan's Fund Sponsor Consulting Group, the Trust Advisory Group, and all of the firm's research groups which include: Global Manager Research, Alternative Investment Research, Capital Market Research, Database, Client Report Services, and Operations. Greg is also a member of Callan's Management Committee, the Alternatives Review Committee, and the Client Policy Review Committee. He is also a member of the Investment Committee which has oversight responsibility for all of Callan's discretionary multi-manager solutions.

Greg joined the San Francisco Office of Callan Associates in 1988 as an analyst in the Capital Markets Research Group where he focused on capital market research, quantitative analysis, product development, and asset allocation liability analysis. In 1993, Greg took over the Operations and Capital Markets Research groups. He has managed a wide variety of projects for Callan, including the development of the firm's performance measurement service, the development of Callan's web site and web-based performance reporting capabilities, and the development and launch of Callan's *PEP for Windows*[™] software. In 2000, Greg was promoted to Manager of Specialty Consulting (Now Director of Research) and in 2007 was promoted to President. Greg is a shareholder with the firm.

Greg earned an M.S. in Applied Economics and a B.A. in Economics (Honors, Phi Beta Kappa) from the University of California at Santa Cruz. He is a frequent speaker on investment related topics, and has numerous publications. These include "Performance Attribution for Global Portfolios" published in the Fall 1991 issue of the *Journal of Portfolio Management*, "The Active Premium in Small-Cap U.S. Equities" published in the Spring 2005 issue of the *Journal of Portfolio Management*, and "Does Size Matter?" published in the Spring 2007 issue of the *Journal of Portfolio Management*.



Ann C. De Luce, is Chief Operating Officer and an Executive Vice President. Her responsibilities include managing the company's legal affairs, contributing to Callan's published research, and acting as a resource on the firm's strategic issues. Ann is a member of Callan's Management Committee and is a shareholder of the firm.

Since joining Callan in 1989, Ann has managed many of the firm's divisions, including Callan's educational services which include the Callan Investments Institute, the "Callan College", and internal training programs. In addition, she directed the firm's published research efforts and corporate marketing and communications functions. Ann was instrumental in developing several of Callan's research and specialty consulting groups, including Global Manager Research and International Consulting. Prior to joining Callan, she spent several years with Wilshire Associates where she was responsible for conducting asset/liability studies and building the firm's manager search efforts.

Ann earned an M.B.A. in Finance/Investments from the University of Southern California and a B.A. in Mathematics/Applied Science from the University of California at Los Angeles.



Ronald D. Peyton is Chairman and Chief Executive Officer for Callan Associates Inc., a privately held, employee-owned firm whose mission is to deliver superior consulting solutions that help clients achieve their investment and business objectives.

Mr. Peyton joined Callan Associates in 1974. Since that time, he has worked with many large institutional investors to effectively plan, structure, and evaluate investment programs, products and organizations. He is a frequent speaker at industry investment conferences and meetings.

Mr. Peyton serves on the Board of the United Way Bay Area where he is the Development Committee Chair and Campaign Cabinet Co-chair. He was previously a member of the Kelley School of Business Dean's Council at Indiana University, and currently serves as a Dean's Council "Counselor." He was past President of the Governing Board of the Filoli Center (a National Trust for historic preservation property) where he still serves on the Executive Committee, Compensation Committee, Audit Committee and is Chairman of the HR Committee. Mr. Peyton is a former member of the Advisory Board of the University of California at Berkeley Extension and The Castilleja School Investment Committee. From 1990 to 1999, he served on the AIMR Performance Standards Implementation Committee. He is an advocate of the Vista Center for the Blind and Visually Impaired where Callan Associates has been a fundraising sponsor for over 20 years.

Mr. Peyton is Chairman of Callan's Management Committee. He is Chairman of the Board of Directors and a shareholder of the firm.

Prior to joining Callan Associates, Mr. Peyton worked with Marathon Oil Company's pension investments, in addition to handling other financial responsibilities. Mr. Peyton earned a B.S. degree in Accounting and an M.B.A. degree in Finance at Indiana University.



Susan L. Taylor, is a Senior Vice President, Chief Compliance Officer and Chief Financial Officer. Susan joined Callan Associates in 1985 and is a shareholder of the firm. Her prior accounting experience included two years with Petite Boulangerie and six years with Phonic Ear, Inc.

Susan earned a B.S. in Economics from the University of California at Berkeley.

FUND SPONSOR CONSULTING GROUP



James A. Callahan, CFA, is an Executive Vice President. Jim is the Manager of Callan Associates' Fund Sponsor Consulting Group. In this role, Jim oversees all of Callan's fund sponsor consulting offices. His clients include public, corporate, and Taft-Hartley pension plans, foundations, and endowments. Jim works directly with his clients in the development of strategic planning including asset allocation and investment policy development, investment manager research and selection, and performance evaluation. In addition to being a member of Callan's Management Committee, Jim serves on Callan's Manager Search Committee, Client Policy Review Committee, Alternatives Review Committee, Defined Contribution Committee, and is a shareholder of the firm.

Jim joined Callan in January 1993 and, prior to joining San Francisco Consulting, was a senior analyst in Callan's Report Services Group. His responsibilities included performance measurement, trading cost analysis, development and testing of new products, and special projects. Prior to joining Callan, Jim was an analyst/trader with Bankers Trust Company in New York.

Jim earned a B.A. in Economics from Boston College and earned the right to use the Chartered Financial Analyst® designation.

ATLANTA OFFICE CONSULTING STAFF



Cody Chapman, is an Assistant Vice President. Cody is an associate consultant in Callan's Atlanta Consulting Office. Cody joined Callan Associates in 2010. He is responsible for supporting consultants in the areas of client service, investment manager review, performance measurement and other special projects.

Prior to joining Callan, Cody worked as an Analyst at Broad Street Capital Advisors, where he was responsible for manager searches, due-diligence visits, asset allocation studies, performance measurement, maintaining the firm's manager database and other special projects. He also held a seat on the firm's Investment Policy Committee.

Cody received a B.B.A in Finance from the University of Georgia, and has passed all 3 levels of the CFA exam.



Weston Lewis, CFA, is a Vice President. Weston is a consultant in Callan's Atlanta Consulting office. Weston works with a variety of fund sponsor clients across the southeast region, including defined benefit plans, defined contribution plans, endowments and foundations. His responsibilities include performance evaluation, strategic planning, implementation, and coordination of special client proposals and requests.

Prior to his work with Callan Associates, Weston was the Senior Research Analyst at Montford Associates, where he was responsible for performing manager searches and due-diligence, developing investment strategy, performance analysis, and other special research projects. His background also includes serving as a financial representative with Washington Mutual Bank.

Weston received a B.A. in Economics from Wake Forest University. He has earned the right to use the Chartered Financial Analyst® designation and is a member of the Atlanta Society of Financial Analysts.



Lisa K. Pickelsimer, Assistant Vice President. Lisa is a senior investment analyst and operations manager in Callan's Atlanta Consulting office. Lisa joined Callan in 2000 and manages the day-to-day operations of the office while providing fund sponsor client and consultant support. Areas of concentration include performance measurement, investment manager review, research and the coordination of special client projects.

Lisa began her investment career with the Private Client Group of Merrill Lynch where she served as a Registered Sales Associate for more than 10 years. In this position, she gained significant exposure to the retail financial sector working with high net worth individuals and small businesses. Her background also includes experience in sales and marketing with Equifax.

Lisa earned her B.S. in Psychology from Kennesaw State University.



Gwelda Swilley-Burke, Senior Vice President. Gwelda is a senior consultant in Callan's Atlanta Consulting office. Gwelda has over twenty years of experience working with public defined benefit plans, Taft Hartley, and endowments and foundations. At Callan, she is focused on advising institutional clients on asset allocation, manager selection, and performance monitoring.

Prior to joining Callan, Gwelda spent 12 years as a Managing Senior Consultant at Gray & Company, focusing primarily on public funds. Prior to Gray & Company, Gwelda was a consultant with LCG Associates and worked with public, corporate, endowment and foundations. Gwelda worked at Watson Wyatt and concentrated primarily with public funds.

Gwelda earned a Bachelor of Arts and Master of Arts in International Affairs with a concentration in Economics from Florida State University.



Mike Swinney, CFA, is a Vice President. Mike is a consultant in Callan's Atlanta Consulting office. Mike works with a variety of fund sponsor clients including corporate and public defined benefit plans, corporate defined contribution plans, endowments and foundations. His responsibilities include performance evaluation, strategic planning and implementation, investment manager review, and the coordination of special client proposals and requests.

Prior to joining Callan Associates, Mike was an investment consultant in the Atlanta office of Hewitt EnnisKnupp, serving corporate defined benefit, defined contribution and other institutional clients. He was responsible for all aspects of the client relationship, including asset allocation and investment policy development, investment manager research and selection, and performance evaluation. His background also includes a stint at the Federal Home Loan Bank of Atlanta.

Mike received a Bachelor of Science in Computer Information Management from Life University, and a Bachelor of Commerce in Accounting from the University of Cape Town. He has earned the right to use the Chartered Financial Analyst® designation and is a member of the CFA Institute and the CFA Society of Atlanta.

CHICAGO CONSULTING OFFICE



R. Ryan Ball, CFA, Vice President. Ryan is a consultant in Callan's Chicago Consulting office. Ryan works with a variety of plan sponsor clients in the Midwest region including defined benefit plans, defined contribution plans, multi-employer plans, endowments and foundations. His responsibilities include strategic planning, implementation, performance evaluation, and continuing education.

Prior to joining Callan in 2009, Ryan worked at Stratford Advisory Group in Chicago. During his eight years at Stratford, Ryan served as a lead consultant to the firm's institutional clients, led the firm's fixed income research effort and was a member of their Investment Committee. He most recently served as a Managing Director tasked with developing and marketing a hedge fund of funds strategy for Stratford's parent company. Prior to Stratford, Ryan served as a fixed income analyst at Lincoln Capital Management. His work experience also includes serving as an analyst at the Federal Reserve Bank of Chicago.

Ryan earned a B.B.A. in Finance from The University of Iowa and received his MBA in Finance from DePaul University's Kellstadt Graduate School of Business. Ryan earned the right to use the Chartered Financial Analyst designation.



Kenneth E. Brunke, Jr., Senior Vice President. Ken is a senior consultant in Callan's Chicago Consulting office. Ken joined Callan Associates in 1979 and has more than thirty years of experience in pensions and investments. He has client consulting responsibilities in the Chicago Office and serves as Executive Director of the Callan Investments Institute, which he founded in 1980. Ken is a member of Callan's Manager Search committee and is a shareholder of the firm.

Previously, he was Senior Vice President of an investment counseling firm, headed his own management consulting firm, served as Executive Director of the Wiesenerberger Corp. Pension Executives Institute, and was Manager of Pensions and Investments for the Inland Steel Co.

Ken earned an M.B.A. from Harvard University Graduate School of Business Administration and graduated with honors in Mechanical Engineering from Purdue University. He has written many articles for business publications and is a frequent speaker at business conferences. Ken was recognized by *Institutional Investor* in their 25th Anniversary Issue as being responsible for formally establishing the manager search questionnaire process utilized in the tax-exempt fund industry today.



Gordon E. Dickinson, Senior Vice President. Gordon is a senior consultant in Callan's Chicago Consulting office. Gordon joined Callan Associates in 1987 and has twenty-five years of experience in investment consulting. Gordon serves on Callan's Manager Search, Client Policy Review and Defined Contribution Committees, and is a shareholder of the firm. He has consulting responsibilities for both defined benefit and defined contribution plans for public retirement systems and large multi-national corporations.

Prior to joining Callan Associates in 1987, Gordon served as an Investment Consultant to public and corporate pension funds for Wilshire Associates. He was previously a Senior Consultant with Arthur D. Little, Inc. where he was involved with valuing privately held corporations for acquisition and divestiture purposes.

Gordon graduated from the University of Wisconsin with a B.A. in English. He earned an M.A. in English from the University of California at Santa Barbara, and an M.B.A. in Finance from the University of California at Los Angeles' Anderson School of Management.



Kevin M. Dolsen, CFA, Senior Vice President. Kevin is Manager of Callan's Chicago Consulting office. He is a member of Callan's Management Committee and is a shareholder of the firm.

In addition to managing the Chicago fund sponsor office, Kevin works with foundation, defined benefit and defined contribution clients in the public and corporate sectors. He advises them on the development of strategic investment solutions in the areas of asset allocation and policy statements, manager research and selection and performance evaluation. Kevin sits on Callan's Manager Search and Alternatives Committees.

Kevin spent two years in Callan's Global Manager Research Group, where he was responsible for research and analysis of domestic equity investment managers and manager searches. Prior to that, he spent five years in Callan's Chicago Plan Sponsor Consulting Group, working with a wide variety of clients. He joined Callan Associates in 1999.

Kevin earned a B.A. in History with a minor in Finance from The University of Dayton. He received his MBA in Finance and Strategy at Northwestern's Kellogg School of Management in 2004. Kevin earned the right to use the Chartered Financial Analyst designation.



Michael J. Joecken, Vice President. Mike is a consultant in Callan's Chicago Consulting Office. Mike works with a variety of plan sponsor clients across the Midwest region, including corporate and public defined benefit plans, corporate defined contribution plans, and foundations. His client responsibilities include strategic planning and implementation, investment manager review, continuing education and the coordination of special projects. Mike is a shareholder of the firm and is a member of Callan's Defined Contribution Committee.

Mike joined Callan in 2000 as a member of Callan's Institutional Consulting Group, and was responsible for supporting investment manager clients in the East, Southeast, and Midwest.

Mike received his MBA in Finance and Management from Northwestern University's Kellogg School of Management. He earned a B.S. in Finance from the University of Dayton. Michael is a CFA Program Level II Candidate. His prior work experience also includes positions at Morgan Stanley Dean Witter and Ameritech.



James O'Connor, Assistant Vice President. Jim is an associate consultant in Callan's Chicago Consulting office. He joined Callan in 2010. Jim provides analytical support to the fund sponsor consultants in a variety of areas including current and potential client proposals, manager research, and performance evaluation.

Jim graduated from the University of Dayton with a BS in Finance and Business Economics. He participated in R.I.S.E, which is the world's largest student investment forum. Also, he was one of fifteen students selected to manage a \$10.6 million portfolio, which is one of the top 10 largest undergraduate equity portfolios in the nation.



Matthew J. Shirilla, Vice President. Matt is a consultant in Callan's Chicago Consulting Office. Matt works with a variety of fund sponsor clients in the Midwest region including defined benefit plans, defined contribution plans, multi-employer plans, endowments and foundations. His responsibilities include strategic planning, implementation, performance evaluation and continuing education. Matt is a member of Callan's Defined Contribution Committee and is a shareholder with the firm.

Prior to joining Callan in 2007, Matt worked as a Consultant at Stratford Advisory Group, Chicago IL., where he was a consultant for institutional clients in a lead and supporting role, and led the Non-U.S./ Global Equity Research Team. He also worked as a FX Options Broker Assistant at Cantor Fitzgerald.

Matt received his MBA at DePaul University's Kellstadt Graduate School of Business with concentrations in Investment Management and Finance. He attended Hobart College (Geneva, NY) where he earned a Bachelor of Arts degree in Economics

Brianne R. Weymouth, Vice President. Brianne is a consultant in Callan's Chicago Consulting Office. She works with a variety of fund sponsor clients, including corporate defined benefit and defined contribution plans, public plans, endowments and foundations. Her client responsibilities include strategic planning and implementation, investment manager reviews, performance evaluation, continuing education and the coordination of special projects.

Prior to joining Callan Associates, Brianne worked in the Consultant Relations group at PNC Capital Advisors. Prior to PNC, she worked at Richards & Tierney where she assisted with a variety of plan sponsor clients and was responsible for performance analysis, and performing manager searches and due-diligence. She began her career as a Research Analyst at Marquette Associates.

Brianne received her MBA at the University of Chicago Booth School of Business with concentrations in Finance, Economics, and Strategic Management. She attended Ohio University where she earned a Bachelor of Arts degree in Economics.

DENVER OFFICE CONSULTING STAFF



Janet Becker-Wold, CFA, Senior Vice President. Janet is the Manager of Callan's Denver Consulting office and a shareholder of the firm. Janet joined the investment management business in 1991. Her experience at Callan includes all facets of investment consulting including investment policy analysis, asset and liability studies as well as manager search and structure. She has a particular expertise in international investing and currency management. Her clients include corporate, public and non-U.S. based funds. Janet is a member of Callan's Management, Manager Search and Defined Contribution Committees.

Janet joined the firm in 1994 from Qwest's (formerly U S WEST) pension fund where she worked in the international equity, fixed income and real estate areas. While at Callan, she has authored white papers on a variety of international investing issues and is a speaker at industry forums. Janet was named Money Management Letter's 2003 Consultant of the Year.

Janet received an M.B.A. in Finance from the University of Colorado and a B.S. in Biology from the University of Texas. She earned the right to use the Chartered Financial Analyst designation.



Paul M. Erlendson, Senior Vice President. Paul is a senior consultant in Callan's Denver Consulting Office. He is a member of Callan's Client Policy Review, Manager Search and Defined Contribution Committees, and is a shareholder of the firm. Paul has assisted a variety of institutional investors with a broad array of investment policy formulation, implementation, and evaluation decisions. Paul has twenty-seven years of industry experience and has been with Callan for twenty-four years.

Prior to joining Callan Associates in 1986, Paul served on the staff of a state pension system. His background also includes work in the insurance industry, and a stint as a college instructor. His commitment to education extends to participating in speaking roles at various investment forums. Paul served as a member of the Pitzer College Parent Leadership Council. Paul earned a B.A. and an M.A. from North Dakota State University.



William C. Howard, CFA, Vice President. Bill is a consultant in Callan's Denver Consulting office. Bill works with a variety of fund sponsor clients, including foundations, public defined benefit plans, and corporate defined contribution plans. His responsibilities include strategic planning, implementation, performance evaluation, and continuing education. Bill is a shareholder of the firm and a member of Callan's Manager Search Committee.

Prior to joining Callan in 2001, Bill was a research analyst for Pritchard Investment Management, a registered investment advisor specializing in enhanced index strategies. He began his investment career as a portfolio analyst tracking the performance of investment advisory newsletters at Hulbert Financial Digest.

Bill holds an MBA from the University of Denver and a BA from Vanderbilt University. He has earned the right to use the Chartered Financial Analyst designation. Bill is a member of the CFA Institute and the CFA Society of Colorado.



Michael J. O'Leary, Jr., CFA, Executive Vice President. Michael is a member of Callan's Client Policy Review and Management committees. He is Chairman of Callan's Manager Search Committee and is a shareholder of the firm.

Michael joined Callan in 1984 in the firm's Chicago office as a senior consultant. He established the firm's Denver office in 1990. Prior to joining Callan, Michael worked for 13 years for major Trust companies in Chicago and Hartford, Connecticut.

While with the Trust companies, he worked as a research analyst, Director of Research, and head of institutional portfolio management. He also served as director of defined contribution services for one trust company and manager of the employee plan services department for another. Throughout his career as an investment professional, he has worked extensively with a broad range of institutional clients including public and corporate retirement plans, foundations, and charitable organizations.

Michael works directly with a number of the firm's major public and private accounts in providing a complete range of investment consulting services. He has extensive personal experience in asset allocation analysis, manager structure analysis, manager selection, performance evaluation, securities lending, and defined contribution plan design and evaluation. He speaks frequently at client conferences, and to professional groups. Michael earned a bachelor's degree from Fordham University and earned the right to use the Chartered Financial Analyst designation.



Bryan M. Summers, Assistant Vice President. Bryan is an investment analyst in Callan's Denver Consulting office. He joined Callan in December, 2009. Bryan provides analytical support to the general consultants in the Denver office in a variety of areas including performance evaluation, manager research, and client projects.

Prior to joining Callan, Bryan worked at UDR, Inc., a large residential REIT. Before joining UDR he worked as a tax consultant at Deloitte, focusing on the financial services industry. He also served in the Air Force as a budget analyst supporting the military's weather satellite program.

Bryan graduated from the U.S. Air Force Academy with a BS in Economics and a minor in Russian. He also holds a MS in Finance from the University of Utah. Bryan has passed all 3 levels of the CFA exam and is a member of the CFA Institute and the CFA Society of Colorado. He is also an inactive Certified Public Accountant and member of the AICPA.



Gordon M. Weightman, CFA, Vice President. Gordie is a consultant in Callan's Denver Consulting office and joined the firm in 2006. He works with defined contribution, defined benefit, and foundation clients providing consulting services in strategic planning, implementation, performance evaluation, education and research.

Prior to joining Callan, Gordie worked at State Street Corporation in Boston as a Senior Custody Specialist. He gained experience in the mutual fund division working closely with investment managers, and clients. Gordie earned his BA in Psychology from Middlebury College, and has earned the right to use the Chartered Financial Analyst designation.

NEW JERSEY OFFICE CONSULTING STAFF



Claudia Bartek, Assistant Vice President. Claudia joined Callan's New Jersey consulting staff in July of 1996. Claudia is responsible for supporting consultants in the areas of client service, investment manager reviews, performance measurement, business development, and other special projects.

Prior to joining Callan, Claudia spent 18 years working for Ohaus Scale Corporation, a manufacturer of scientific weights and balances, providing systems/procedural support across disciplines with management responsibility for New Product Development and Total Customer Satisfaction.



Mark A. Kline, Executive Vice President. Mark is a consultant in Callan's New Jersey Consulting office. Mark joined Callan Associates in 1993 and has more than twenty-five years of experience working with institutional investment funds of all types. Mark is a member of Callan's Management, Manager Search, and Alternative Investments Review Committees, and is a shareholder of the firm.

Prior to joining Callan, Mark was Vice President of The Common Fund where he managed the investment relationship with a number of major endowment funds. He was also responsible for the monitoring and evaluation of many of the investment management firms employed by The Common Fund. Previous to that, he was a Director at Prudential Asset Management Company where he was responsible for representing a broad array of independent investment managers primarily to the pension community. Mark earned a B.A. in Political Science from St. Michael's College in Winooski, Vermont.



Karen McKechnie, FFA, Vice President. Karen is a consultant in Callan's New Jersey Consulting office. Karen rejoined Callan in February 2011. She works with a variety of fund sponsor clients, including corporate and public defined benefit plans, corporate defined contribution plans, and endowments and foundations. Her client responsibilities include strategic planning, plan implementation and coordination of special client projects.

Prior to joining Callan, Karen spent six years as a Senior Investment Consultant at Mercer and has over 15 years investment industry experience. She earned a B.S. Honors in Actuarial Mathematics and Statistics from Heriot Watt University in Edinburgh, Scotland. She is a Fellow of the Faculty of Actuaries.



Bud Pellecchia, Senior Vice President. Bud is a consultant in Callan's New Jersey Consulting office. Bud re-joined Callan in September 2009 after two years as Executive Vice President and Chief Trust Officer of Amalgamated Bank of New York. While at Amalgamated Bank, Bud had overall responsibility for the Bank's Institutional Asset Management & Custody Department. Bud served on the Bank's Private Equity Investment Committee and was also the Chair of the Bank's 401(K) Plan Investment Committee.

From 1999 to mid-2007 Bud spent 8 years at Callan as a Senior Consultant in the New Jersey office. He worked with a diverse group of clients, which included public and corporate plans as well as several endowments in the northeast. Prior to Callan, Bud spent 12 years with Prudential Investments in a number of sales and management roles within their asset management and consulting divisions. Bud is a graduate of Hamilton College with a B.A. in Economics.



Thomas H. Shingler, Assistant Vice President. Tom is an associate consultant in Callan's New Jersey Consulting office. He joined Callan Associates in 2010. Tom is responsible for supporting consultants in the areas of client service, investment manager reviews, performance measurement, business development, and other special projects.

Prior to joining Callan, Tom was co-head of consulting at Orion Consultants, a consulting firm serving the fixed income divisions of global investment banks, where he worked for 11 years. He was responsible for managing several client relationships, new business development, and leading the firm's market research studies.

Tom earned a BA in History from Princeton University and an MBA from the University of Pennsylvania Wharton School.

Tom earned a BA in History from Princeton University and an MBA from the University of Pennsylvania Wharton School.



Millie Viqueira, Senior Vice President. Millie is the Manager of Callan's New Jersey Fund Sponsor Consulting office. Millie joined Callan Associates in 1991 and has more than twenty years of experience in investments and pension consulting. She is a member of Callan's Management, Manager Search and Defined Contribution Committees and is a shareholder of the firm.

Prior to joining the firm, Millie was an Assistant Vice President at Shearson Asset Management, responsible for coordinating institutional marketing efforts. Prior to that, Millie served as an Associate Consultant in the New York branch of SEI Corporation.

Millie received her B.A. in Political Science from Princeton University.



Annoesjka T. West, Vice President. Annoesjka is a consultant in Callan's New Jersey Consulting office. She joined Callan in February 2001. Annoesjka works with a variety of fund sponsor clients, including corporate and public defined benefit plans, corporate defined contribution plans, and endowments and foundations. Her client responsibilities include strategic planning, plan implementation and coordination of special client projects. Annoesjka is a member of Callan's Defined Contribution Committee and a shareholder of the firm.

Prior to joining Callan, Annoesjka worked at New York Life Investment Management as a Sr. Actuarial Services Representative in the Stable Value group.

Annoesjka graduated with honors and distinction from the Pennsylvania State University with a Bachelor of Science and earned an M.B.A. in Finance from Rutgers University.

SAN FRANCISCO OFFICE CONSULTING STAFF



Greg F. DeForrest, CFA, Senior Vice President. Greg is a consultant in Callan's San Francisco Consulting Office. He works with a variety of fund sponsor clients, including corporate and public defined benefit plans, corporate defined contribution plans, and endowments and foundations. His client responsibilities include strategic planning and implementation, investment manager review, performance evaluation, continuing education and the coordination of special projects. Greg is a shareholder of the firm and a member of Callan's Manager Search and Defined Contribution Committees.

Previously Greg was Senior Vice President and Manager of Callan's Global Manager Research Department which provides fundamental and statistical research on investment managers. Greg was responsible for overseeing the quantitative and qualitative analysis of investment managers and the production of research and client reports. Greg joined Callan's Global Manager Research as a fixed income specialty consultant in 2001 and became the manager of the group in 2007. Greg originally joined Callan Associates in 1998 as a member of the Client Report Services Group. As a Senior Analyst, he was responsible for streamlining investment measurement production, handling special client requests, integrating customized performance analysis, and monitoring new investment developments and their implications on the investment measurement service.

Greg earned a B.A. from Villanova University, and has earned the right to use the Chartered Financial Analyst designation.



Kevin W. Dunne, CFA, Vice President. Kevin is a consultant in Callan's San Francisco Consulting Office. He works with a variety of fund sponsor clients, including corporate and defined benefit plans and defined contribution plans, public plans, multi-employer plans, endowments and foundations. His client responsibilities include strategic planning and implementation, investment manager review, performance evaluation, continuing education and the coordination of special projects.

Previously Kevin was a consultant with Alan Biller & Associates where he was responsible for providing investment consulting expertise to large defined benefit, defined contribution, 401k and health and welfare plans. There he was responsible for all facets of the client relationship including: asset allocation, education, portfolio and manager oversight, manager due diligence, rebalancing, developing investment guidelines and recommending changes where required. Prior to that Kevin was a senior management consultant at BearingPoint and served as a U.S. Naval Officer where he specialized in financial and logistics management.

Kevin earned a B.S. in Accounting from Villanova University, an MBA from Cameron University and has earned the right to use the Chartered Financial Analyst designation.



Elizabeth B. Hood, CFA, Vice President. Elizabeth is a consultant in Callan's San Francisco Consulting Office. She works with a variety of fund sponsor clients, including corporate defined benefit and defined contribution plans, public plans, multi-employer plans, endowments and foundations. Her client responsibilities include strategic planning and implementation, investment manager reviews, performance evaluation, continuing education and the coordination of special projects.

Previously Elizabeth was a consultant with Ellwood Associates in Chicago where she was responsible for providing investment consulting expertise for the firm's defined benefit, defined contribution, endowment, foundation and health care clients. There she was responsible for all facets of the client relationship including: asset allocation, education, portfolio and manager oversight, rebalancing, developing investment guidelines and recommending changes as needed. She was also responsible for investment manager research and due diligence for domestic growth equity managers. Prior to that, Elizabeth worked at William Blair & Company and INVESCO N.A.

Elizabeth earned a B.A. from Rhodes College and has earned the right to use the Chartered Financial Analyst designation.



Connie Lee, CFA, Assistant Vice President. Connie is an associate consultant in Callan's San Francisco Consulting office. She supports consultants in the areas of client service, investment manager reviews, performance measurement, business development, and other special projects.

She originally joined Callan Associates in July of 2007. Prior to joining the Fund Sponsor consulting group, she was a Senior Analyst in Client Report Services. Connie was responsible for the production of quarterly and monthly performance reports. She also handled client requests and was involved in the training of new and fellow analysts.

Connie earned a B.A. in Applied Mathematics from the University of California, Berkeley and has earned the right to use the Chartered Financial Analyst® designation and is a member of the CFA Institute and the CFA Society of San Francisco".



Uvan Tseng, CFA, Vice President. Uvan is a consultant in Callan's San Francisco Consulting office. Uvan joined Callan Associates in 2008. Uvan works with a variety of fund sponsor clients including corporate defined benefit and defined contribution plans, public plans, endowments and foundations. His responsibilities include client service, investment manager reviews, performance measurement, research and continuing education, business development and coordination of special client proposals and requests.

Prior to joining Callan, Uvan held positions as a Research Analyst/Associate Portfolio Manager at Armory Advisors, a hedge fund with a focus on distressed and special situation investments, and as an Associate Portfolio Manager at Fan Asset Management, an institutional investment management firm catering primarily to fund sponsor clients. Prior to that, he was a Financial Advisor with Morgan Stanley. Uvan began his career at Franklin Templeton in the corporate management training program.

Uvan earned a B.A. in Business Economics with a concentration in Accounting from the University of California, Santa Barbara, and a M.B.A. in Finance from Santa Clara University. Uvan has earned the right to use the Chartered Financial Analyst® designation and is a member of the CFA Institute and the CFA Society of San Francisco".



Greg T. Ungerman, CFA, Senior Vice President. Greg is a consultant in Callan's San Francisco Consulting office. Greg works with a variety of plan sponsor clients across the western region, including corporate defined benefit and defined contribution plans plans, foundations/ endowments, multi-employer and public plans. His client service responsibilities include strategic planning, plan implementation, coordination of special client requests and customized performance reporting. Greg is a shareholder.

Greg joined Callan in October of 1998. Before joining the Plan Sponsor consulting group in early 2001, Greg was Senior Analyst in the Client Report Services Group. In that role, Greg specialized in all aspects of performance measurement and analytics and was responsible for managing some of Callan's largest reporting relationships. Prior to joining Callan, he worked at IMG, organizing professional golf and tennis tournaments.

Greg graduated in 1998 from UC Davis with a B.S. degree in Managerial Economics. Greg earned the right to use the Chartered Financial Analyst designation. He belongs to the CFA Society of San Francisco and the CFA Institute.

CUSTODY CONSULTING



Virgilio “Bo” Abesamis III, Executive Vice President. Bo is the Manager of the Master Trust, Global Custody, and Securities Lending Group. Bo joined Callan Associates in 1987 and is a shareholder of the firm. Initially, Bo worked in the Capital Markets Research Group with responsibilities involving asset/liability modeling, manager structure, benchmark and database reviews, style analysis, and research.

Bo previously managed the Specialty Performance Measurement Group at Callan Associates with an emphasis on analytics involving non-traditional asset classes, namely international, alternative investments, and real estate. He also assisted in the development of Callan's International Consulting Services Group and Defined Contribution Consulting Services Group.

Bo earned a B.S. degree in Accounting and Finance from Ateneo de Manila, Philippines, and an M.B.A. with a double major in Finance and International Business from the University of San Francisco.

DEFINED CONTRIBUTION CONSULTING SERVICES



Lori Lucas, CFA, Executive Vice President. Lori is the Defined Contribution Practice Leader for Callan's Fund Sponsor Consulting Group. Lori is responsible for setting the direction of Callan's DC business, providing DC support both internally to Callan's consultants and externally to Callan's clients, and developing research and insights into DC trends for the benefit of clients and the industry. Lori is a member of Callan's Management Committee and is a shareholder of the firm.

Formerly, Lori was Director of Retirement Research at Hewitt Associates. Lori has also served as a vice president at Ibbotson Associates, a pension fund consultant at J.H. Ellwood & Associates, and an analyst and product development leader at Morningstar, Inc.

Lori received a Bachelor of Arts from Indiana University and earned a Masters from the University of Illinois. Additionally, she earned the right to use the Chartered Financial Analyst® designation. Lori is a columnist for Workforce Management online magazine and her views have been featured in numerous publications. She is Executive Vice Chair of the Employee Benefit Research Institute's Retirement Research Committee, and Executive Chair of the Defined Contribution Institutional Investment Association's Research Committee. Lori is also a frequent speaker at pension industry conferences.

Jamie McAllister, Vice President. Jamie is a defined contribution consultant in Callan's Fund Sponsor Consulting Group. Jamie joined Callan in 2011 and is responsible for providing support to Callan's DC clients and consultants, including DC recordkeeping searches, structure reviews, fee analyses, and maintaining the recordkeeping database.

Jamie has over 10 years of defined contribution experience. Prior to joining Callan Associates, Jamie was an investment consultant to defined contribution, defined benefit, and endowment clients at Hewitt EnnisKnupp. Jamie also served as an analyst in Aon Hewitt's Human Resources Outsourcing Group where she primarily worked with the administration of defined contribution plans.

Jamie graduated from the University of Notre Dame where she earned a B.B.A in Finance with a concentration in international business.



James Veneruso, Vice President. Jimmy is a defined contribution consultant in Callan's Fund Sponsor Consulting Group. Jimmy joined Callan in 2007 and is responsible for providing analytical support to Callan's DC clients and consultants including DC record keeping searches, fee analyses, and the implementation of the record keeping database.

Prior to joining Callan Associates, Jimmy served over two years as a United States Peace Corps Volunteer in the Kingdom of Tonga. He served as project manager for the Future Farmers of Tonga program and taught at Queen Salote College.

Jimmy graduated with departmental honors earning a B.S. in Computer Science and Economics at Vanderbilt University. He received his Master's in Economics from University of Illinois. Jimmy is a CFA Program Level III Candidate.

REAL ESTATE CONSULTING SERVICES



Sarah S. Angus, CAIA, Vice President. Sarah is a real estate consultant in Callan's Real Asset Consulting Group. She works to implement plan sponsor real estate strategies through manager searches, manager evaluations, and strategic and tactical planning initiatives. Her role includes the intensive evaluation of managers and their respective real estate products for plan sponsor clients. This due diligence process includes meeting and coordinating with investment advisors regarding various strategies, investment processes, track records, and organizational structures.

Additionally, she heads manager and strategy research coverage for timber and Latin American and European private real estate markets. Sarah is a shareholder of the firm.

Sarah joined Callan Associates in July of 2004 as an analyst in the client report services group where she was responsible for preparing quarterly and monthly performance measurement reports. Before starting with Callan, Sarah was employed at Bank of America in Chicago. She worked within the Private Bank division and was responsible for the revenue projections and management reports for the unit. Sarah has also interned with the O'Connor Hedge Fund at UBS Global Asset Management as a risk-arbitrage research assistant and at Merrill Lynch as a sales assistant.

Sarah has a BA from the College of Charleston in Charleston, South Carolina and has earned the right to use the CAIA designation.



Sally Haskins, Senior Vice President. Sally is a consultant in Callan's Real Asset Consulting Group and is responsible for strategic planning, implementation, and performance oversight of client's real estate portfolios. She heads manager due diligence and strategy research for Asian real estate markets and investment products. Her role also includes new business development for the real estate consulting group.

Sally joined Callan in 2010 from ING Clarion Partners where she was a Director in the Marketing and Client Service Group. Prior to joining ING Clarion in 2007, Sally enjoyed a 15 year career with Russell Investments and Institutional Property Consultants, Inc.(IPC). While at Russell, Sally held multiple positions including consulting, manager research, and portfolio management. Most recently, she served as the Head of Property, Asia-Pacific and was located in Russell's Sydney office. There she led the strategy and launch of Russell's Global Property Fund, an opportunistic real estate fund of funds for Australian superannuation investors. In addition, she evaluated real estate property and capital markets for the Asia-Pacific region and directed manager research for Asian private equity real estate funds. While working in the US, she designed Russell's comparative analysis and ranking of the core and value added open-end commingled fund universe as well as evaluated European open and closed end funds. At IPC, Sally developed strategy and implementation plans for pension plans and conducted manager due diligence with a focus on opportunistic real estate funds. Her clients included New York State Common Retirement Fund and State of Wisconsin Investment Board. She started her real estate career in 1989 at the State Teachers Retirement System of Ohio.

Sally received an M.S. in Real Estate Appraisal and Investment from the University of Wisconsin-Madison and a B.A. (Magna cum Laude and Phi Beta Kappa) from St. Olaf College.



Jay Nayak, Assistant Vice President. Jay is an associate consultant in Callan's Real Asset Consulting Group. His role includes the evaluation of managers and their respective real estate products for plan sponsor clients. This due diligence process includes meeting and coordinating with investment managers regarding various strategies, investment processes, track records and organizational structures. Jay also assists in conducting research and generating real estate-related reports and projects. Additionally, he tracks the global real estate securities universe, as well as, all real estate investment products that are open for commitment for clients and the Callan database.

Jay joined Callan Associates in September of 2008. Before joining Callan, he was employed as an Analyst with International Partners. He provided acquisitions and asset management analysis for a portfolio of multifamily properties in California and Texas. Prior to that, Jay held internships with Chhatrala Capital, where he assisted in the formation of a real estate private equity fund and Capstar Realty Group, where he provided analytical and marketing support.

Jay received his B.A. in Economics from the University of California.



Avery A. Robinson, Vice President. Avery is a consultant in Callan's Real Asset Consulting Group. His role includes the evaluation of managers and their respective real estate products for plan sponsor clients. This due diligence process includes meeting and coordinating with investment managers regarding various strategies, investment processes, track records and organizational structures. Avery also assists in the compilation of search packages and the generation of various client-driven analyses and projects. Additionally, he tracks various real estate investment products that are open for commitment for clients and for the Callan database.

Avery joined Callan Associates in April of 2008. Before joining Callan, he was employed with the Real Estate Equity Group at Principal Global Investors. He was an Asset Manager for numerous property types throughout the Southeast.

Avery received his B.S. in Engineering and his M.B.A. from the University of Iowa. Avery is a CFA Program Level II Candidate. He is also a member of the Institutional Investing in Infrastructure Editorial Board.



Jamie Shen, Senior Vice President. Jamie is Practice Leader of Alternative Investments Consulting and has overall responsibility for real asset consulting services at Callan Associates. While Jamie's particular focus is on real estate, she oversees research and implementation of real estate, timber, infrastructure and agricultural asset classes. She works directly with Boards and/or Staff in the development and implementation of client specific strategic and tactical plans, as well as provides ongoing oversight in the control and monitoring of clients' real estate portfolios. Additionally, Jamie is responsible for the oversight of Callan Real Estate Performance Measurement Reports. She is also a shareholder and a member of Callan's Management Committee.

Prior to joining Callan, Jamie was a Principal with The McMahan Group, a San Francisco based-management consulting firm specializing in real estate enterprises. Specifically, Jamie consulted to a number of real estate investment advisors on organizational structure and investment vehicle design. She also assisted in preparing testimony for the Department of Labor on fiduciary standard of care relating to real estate investments. Jamie has worked in the real estate consulting groups of both Arthur Andersen and Ernst & Young.

Jamie received her B.S. in Business Administration from the Walter A. Haas School of Business at the University of California, Berkeley. She is a member of the Pension Real Estate Association (PREA).



Lauren Talbot Sertich, Assistant Vice President. Lauren is an associate consultant in Callan's Real Asset Consulting Group. Lauren is responsible for supporting the real estate consulting group. Her role includes tracking new real estate offerings and collecting information on various real estate managers. Lauren also assists in conducting research and generating real estate-related reports and projects.

Lauren joined Callan Associates in October of 2008 as an analyst in the Client Report Services group, where she was responsible for calculating investment returns and generating monthly and quarterly performance reports. Prior to joining Callan, Lauren was an equity research assistant for the media and entertainment sector at Cowen and Company, LLC.

Lauren earned a B.A. in Environmental Studies from Dartmouth College, where she was a member of the field hockey team.

ALTERNATIVES CONSULTING GROUP



Sherwood Yuen, Vice President. Sherwood is a consultant in Callan's Alternatives Consulting Group, which specializes in hedge funds-of-funds and private equity. He is responsible for strategic planning, implementation, and performance oversight of clients' alternatives portfolios. He works with a variety of fund sponsor clients, including corporate and defined benefit plans and defined contribution plans, public plans, multi-employer plans, endowments and foundations.

Sherwood joined Callan Associates in June 2011 from Wells Fargo where he worked in their proprietary hedge funds of funds group. He was responsible for investment research, business development, and client service. He was also a member of their Risk Committee in charge of developing their in-house risk budgeting system. He also worked in their 3rd Party Alternative Investments Group where he was responsible for manager sourcing, due diligence, and product management. Prior to Wells Fargo, he worked at Schwab Capital Markets – Strategic Trading Group, focusing on alternative investments sales (structured products and hedge fund offerings) and equity risk management strategies using over-the-counter derivatives and non-registered investment products. Sherwood has an MBA from the Haas School of Business at UC Berkeley and a BA in Asian Studies from Cornell University.

INSTITUTIONAL CONSULTING GROUP



Anne C. Maloney, Senior Vice President, Institutional Consulting Group. Anne joined Callan in 2007 and consults to investment management organizations in the areas of product evaluation and analysis, evaluation and enhancement of client servicing, new business development and organizational analysis. She is a shareholder of the firm.

Prior to joining Callan Anne was a Consultant with The Marco Consulting Group. Anne's work included investment policy review, asset allocation and investment implementation, manager selection assistance and performance evaluation to Taft-Hartley clients. Previously she was with Columbus Circle Investors as Vice President of Marketing and Client Services.

Anne is located in Callan's Chicago, Illinois office. She earned a B.A. from Greenville College.



Judith H. McKinney, Executive Vice President. Judy is the Manager of Callan's Institutional Consulting Group. She joined Callan in 1991. Judy is a member of the firm's Management Committee and is a shareholder of the firm. She helped create the Institutional Consulting Group's Competitive Analysis Service and was instrumental in developing the firm's Mutual Fund Performance Service. Judy works with Callan's investment management clients in the areas of product evaluation and analysis, strategic management and communications consulting.

Prior to joining Callan, Judy was a regional manager for CDA Investment Technologies' Performance Measurement Division, where she served asset managers, plan sponsors and consultants. She also held positions in trust business development with the Continental Illinois Bank and Trust Company and, early in her career, was a vice president and consultant to plan sponsors with A.G. Becker.

Judy is located in Callan's Chicago office and consults to investment management firms throughout the United States. She earned a B.A. from Spring Hill College.



Nona J. Phillips, Assistant Vice President, Institutional Consulting Group. Nona rejoined Callan in 2011. Nona works closely with Callan's consultants to support investment manager clients in the areas of performance measurement, assistance with PEP, and coordination of special projects.

Her prior experience in the investment industry includes employment with Ennis, Knupp + Associates, ABN AMRO Asset Management, Henderson Global Investors and employment at two local Chicago banks in their Trust Department as their Marketing Coordinator and RFP Specialist.

Nona is currently working on completing her B.A. at DePaul University.

INDEPENDENT ADVISER GROUP



Mark Andersen, Vice President, Independent Adviser Group of Callan Associates Inc. Mark supports the research aspect of Callan's Middle Market Matrix (MAX). He is responsible for conducting on-going research and evaluation of the investment managers already included on the Matrix and potential additions. Mark is a shareholder of the firm.

Prior to joining the IAG in March of 2006, Mark worked as Director of Research at Hewins Financial Advisors where he was responsible for manager research, performance measurement, and operations. Before joining Hewins in 1999, Mark was a technology, medical device, and media research analyst at Robert W. Duggan and Associates. He graduated from the University of California at Santa Barbara with a degree in Economics.



Kristin Bradbury, CFA, Vice President, Independent Adviser Group of Callan Associates Inc. Kristin conducts investment manager research and due diligence with a focus on fixed income managers. She is also responsible for conducting manager searches as needed, primarily in the fixed income arena, and for providing client service to IAG members.

Kristin has been working with the IAG since 2007. Previously, she was a fixed income strategist at Barclays Global Investors and an institutional fixed income portfolio manager at Scudder Kemper Investments.

Kristin graduated from the University of California, Santa Barbara with a B.A. in Business Economics and earned her MBA from the University of California, Irvine. She was actively involved with the CFA San Francisco Board (previously known as the Security Analysts of San Francisco) for many years and served as Board President in 2001.



Selvi Cobanoglu, Assistant Vice President, Independent Adviser Group. Selvi focuses her energies on servicing the investment advisory firm clients of Callan's Independent Adviser Group. Selvi provides software training, analytical and research support, and sales and marketing assistance. Selvi also serves as the Product Manager for Callan's Unified Management Account Program.

Selvi's experience at Callan is quite broad as her responsibilities have ranged from supporting users of Callan's analytical tools, including Callan's comprehensive analytics tool "PEP", to serving the investment management firm clients of our Institutional Consulting Group.

Prior to joining Callan, Selvi was an Associate Relations Manager within the Consultant Relations team at RCM. At RCM, Selvi was responsible for an array of consultant related functions that included: producing the firm's quarterly consultant letter, conducting competitor analysis, preparing and reviewing performance attribution and analysis, reviewing RFP and questionnaires.

She graduated from Sonoma State University with a B.S. in Business Administration.



Eric Davison, Executive Vice President. Eric is the Director of the Independent Adviser Group of Callan Associates Inc. He is responsible for overseeing the day-to-day activities of Callan's Independent Adviser Group ("IAG"). The IAG is the division of Callan that works closely with a select group of middle market investment

consulting firms and financial intermediaries. Eric is a member of Callan's Management Committee and is a shareholder of the firm.

Prior to joining Callan Associates in 1993, Eric was a consultant with SEI Capital Resources where he served various pension, endowment, and Taft-Hartley plans throughout the southwestern United States. Eric's past experience also includes involvement with the Trust Universe Comparison Service (TUCS) and the Wilshire Co-Operative (WILCOP), which are divisions of Wilshire Associates. Eric attended the University of Southern California where he earned degrees in Economics and International Relations.



Minerva S. Eshabarr, Senior Analyst. Minerva is the Project Manager for Callan's Independent Adviser Group (IAG). She coordinates the communication and distribution of research information on separate account managers and mutual funds available through the IAG program to clients. She maintains this information on the OpCenter, the IAG website. Minerva is also in charge of the organization and execution of the IAG's Annual National Conference. Her other responsibilities include maintaining IAG client contracts, client billing, and responding to client requests for resource information.

Prior to joining the IAG in January of 2001, Minerva developed an outstanding client service mentality during her fifteen years in Hotel sales, marketing, and service. Minerva is a graduate of San Francisco State University where she received her degree in Business Administration.



Amy Jones, Senior Vice President, Independent Adviser Group of Callan Associates Inc. Amy conducts investment manager research and analysis on equity and opportunistic managers for IAG members. Amy also focuses on client servicing and training for Callan's IAG firms.

Prior to joining Callan in February of 2010, Amy worked at Wetherby Asset Management where she managed the Research team and conducted equity manager research. She also spent a number of years as Vice President of Charles Schwab's Managed Accounts group. Amy actually began her career at Callan Associates in 1990 and spent seven years focusing on manager research and working with Callan's financial intermediary clients. Amy left Callan in 1997 to pursue her MBA.

Amy graduated from the University of California, Los Angeles with a B.A. in history and earned her MBA from the Haas School of Business at the University of California, Berkeley.



Timothy M. Pollard, Vice President, Independent Adviser Group of Callan Associates Inc. Tim provides client servicing and analytical support to various Callan financial intermediary clients. He also assists in providing investment manager due diligence and analysis to the IAG Team and IAG Firms. Tim is a shareholder of the firm.

Prior to joining Callan's IAG division in June of 2004, Tim was a member of Callan's Global Manager Research Group where he was responsible for research and analysis on the international asset classes including equity, fixed income, and issues surrounding currency management.

Prior to joining Callan in January of 2001, Tim was the head of Due Diligence for the Investment Management Services Department at Sutro & Company. He graduated from the University of Arizona

with a degree in Political Science and a minor in Economics and Geography. He also attended Richmond College in London where he studied International Business and Economics.



Paul V. Troup, Executive Vice President. Paul is a member of Callan's Independent Adviser Group consulting team located in our Atlanta office. He works with financial intermediaries and middle market consulting firms on client service, marketing and business planning projects. Paul is a member of Callan Associates' Manager Search and Alternative Review Committees and is a shareholder of the firm.

Paul has served in a number of roles at Callan Associates, including senior consulting and management positions. Prior to joining Callan Associates in 1989, Paul was a Principal at Mercer Asset Planning for eight years. His experience in investment consulting also includes a nine-year tenure with the Funds Evaluation Group at A. G. Becker.

Paul earned a B.S. in Chemistry from Purdue University, an M.S. in Chemistry from Emory University, and an M.S. in Industrial Management from the University of Tennessee.

TRUST ADVISORY GROUP



Michael T. Bell, Vice President. Michael is the Manager of External Equities for Callan's Trust Advisory Group. He helps manage the day-to-day functions of the Diversified Alpha Group Trust, working directly with its participants, sub-advisors, custodian, and cash management and transition managers.

Prior to joining Callan in April 2006, Michael worked for the Alaska Permanent Fund Corporation, a Callan client, as a Senior Investment Officer and was responsible for the APFC's equity portfolio. His experience includes development, implementation, and evaluation of investment policy; asset allocation; portfolio structure analysis; manager selection, contract negotiations, monitoring and performance evaluation; portfolio transitions; commission recapture; securities lending; custodian bank interaction; and as a portfolio manager and trader of cash equivalent securities for the APFC's short-term portfolio.

Michael has also held various marketing positions. His past employers include a computer services company, a manufacturer, a real estate holding firm and an advertising agency.

Michael graduated with a B.A. in Journalism from Louisiana State University, and earned an M.B.A. from the University of Alaska Southeast.



Warren Brown, Senior Vice President. Warren is the Manager of Investment Operations for Callan's Trust Advisory Group. He helps manage the day-to-day functions of the Diversified Alpha Group Trust, working directly with the custodian, the sub-advisors, and the participants of the Trust. His responsibilities include report production, integration of customized performance analysis, implementation of risk-management procedures, and monitoring the sub-advisors of the investment program. Warren is a shareholder of the firm.

Warren joined Callan Associates in 1993 in the Client Report Services group. He was promoted to Practice Manager of that department in 2000, where he supported all aspects of the performance reporting process until March, 2006.

Warren graduated summa cum laude in 1990 from Santa Clara University with a B.S. in Commerce. Warren currently serves on the San Francisco Advisory Board for Summer Search, a national leadership development program that helps low-income young people graduate high school, go to college, gain successful careers, and give back to society.



Minho Hyun, Vice President. Minho is an Investment Operations Analyst in the Trust Advisory Group. He contributes to the oversight and day-to-day operational functions of the Diversified Alpha Group Trust, including reporting, monitoring, research and quantitative analysis. Minho is a shareholder with the firm.

Minho joined Callan in early 2002 as part of the Client Report Services group. After contributing to all facets of the client reporting process and streamlining the training and development process, he was promoted to Assistant Manager of the group in 2009 and continued in that role until June, 2011. Minho earned a B.A. in Economics & English Literature from the University of California, Los Angeles.



JJ Milder, Senior Vice President, Trust Advisory Group. JJ joined Callan's Trust Advisory Group in February, 2010, to market investment management services to the plan sponsor and consultant marketplace. Prior to joining Callan, JJ held senior level marketing positions with several Boston asset management firms including: Head of Client Service at Batterymarch Financial Management, Senior Vice President and Head of Client & Consultant Services at State Street Research & Management, and Consultant Relations at The Putnam Companies.

JJ's institutional investment industry experience spans over 25 years and includes managing large plan sponsor and consultant relationships as well as product development and institutional marketing.

JJ graduated with a B.A. from Purdue University.

CAPITAL MARKETS & ALTERNATIVES RESEARCH



Jay V. Kloepper, Executive Vice President. Jay is the Director of Capital Markets and Alternatives Research. He oversees Callan's Capital Markets, Hedge Fund and Private Markets research groups. He directs the development of Callan's annual capital market projections. Jay presents the results of Callan research to clients and the media and is a featured speaker at many conferences. In addition to his work in strategic planning, Jay is a regular instructor at the "Callan College" and is a shareholder of the firm.

Jay joined Callan in 1998, and became manager of the Capital Markets Research Group in 2000. The Capital Markets group helps Callan's fund sponsor clients with their strategic planning, conducting asset allocation and asset/liability studies, developing optimal investment manager structures, evaluating defined contribution plan investment lineups and providing custom research on a variety of investment topics. The Hedge Fund and Private Markets groups are responsible for specialized consulting including asset class and strategy research, manager searches, portfolio reviews, and performance evaluation.

Prior to joining Callan, Jay was a Senior Economist and the Western Regional Manager for Standard & Poor's DRI. He was actively involved in the development of DRI's domestic research capabilities. During his 11 years at DRI, Jay also served as a Senior Consultant and Project Manager.

Jay earned a B.S. with honors in Economics from the University of Oregon and an M.A. in Economics from Stanford.

CAPITAL MARKETS RESEARCH



Jason L. Ellement, FSA, CFA, MAAA, Vice President. Jason is a consultant in the Capital Markets Research Group. He is responsible for assisting plan sponsor clients with strategic planning, conducting asset/liability studies, developing optimal investment manager structures, and providing custom research on a variety of investment topics. Jason is a regular instructor at the "Callan College" and a shareholder of the firm.

Jason joined Callan in 2002 and has over 15 years of experience in the pensions and investments industry. Prior to joining Callan, Jason practiced as a pension actuary for a prominent public retirement system and an international consulting firm.

Jason is a Fellow of the Society of Actuaries and a member of the Academy of Actuaries. He earned the right to use the Chartered Financial Analyst designation and is a member of the CFA Society of San Francisco. Jason graduated with First Class Honors from the University of Manitoba, Canada with a B. Sc. in Actuarial Science & Statistics.



Karen M. Harris, ASA, CFA, Vice President. Karen is a consultant in the Capital Markets Research Group. Karen joined Callan in May 2000. She is responsible for assisting clients with their strategic investment planning, conducting asset allocation studies, developing optimal investment manager structures, and providing custom research on a variety of investment topics. Karen is also an instructor at the "Callan College" and has spoken frequently at the Callan Investments Institute. Karen is a shareholder of the firm.

Prior to joining the firm, she spent eight years as a consultant with Watson Wyatt Worldwide, an employee benefits consulting firm. Her duties included consulting to plan sponsor clients on pension plan design, funding, accounting, regulatory, and investment issues. She also spent four years in Jakarta assisting the Indonesian government to develop and implement a private employer pension law.

Karen has earned the designation of Associate of the Society of Actuaries (ASA) and earned the right to use the Chartered Financial Analyst designation. Karen has a Bachelor of Mathematics from the University of Waterloo in Ontario, Canada.



Julia A. Moriarty, CFA, Vice President. Julia is a consultant in the Capital Markets Research Group. She is responsible for assisting plan sponsor clients with their strategic planning, conducting asset/liability studies, developing optimal investment manager structures, and providing custom research on a variety of investment topics. Julia joined Callan in 1990 as an analyst in the Client Report Services group, working on the production of comprehensive performance measurement reports and the implementation and testing of new products. Prior to joining the Capital Markets

Research Group, she was a Software Solutions Consultant in the Client Software Department. Julia is a shareholder of the firm.

Julia earned a B.S. in Finance from California Polytechnic State University at San Luis Obispo and an M.B.A. in Finance from the University of California at Berkeley's Haas School of Business. She earned the right to use the Chartered Financial Analyst designation and is a member of the CFA Society of San Francisco and CFA Institute.



Eugene L. Podkaminer, CFA, Vice President. Eugene is a consultant in the Capital Markets Research Group. Eugene is responsible for assisting clients with their strategic investment planning, conducting asset allocation studies, developing optimal investment manager structures, and providing custom research on a variety of investment topics.

Prior to joining Callan in 2010 Eugene spent nearly a decade with Barclays Global Investors. As a Senior Strategist in the Client Advisory Group he advised some of the world's largest and most sophisticated pension plans, non-profits, and sovereign wealth funds in the areas of strategic asset allocation, liability driven investing, manager structure optimization, and risk budgeting. As Chief Strategist of Barclays' CIO-outsourcing platform Eugene executed CIO-level functions for corporate pension plans and endowments. Eugene was also a Senior Investment Consultant with Alan Biller and Associates.

Eugene received a B.A. in Economics from the University of San Francisco and an M.B.A. from Yale University. He earned the right to use the Chartered Financial Analyst designation and is a member of the CFA Society of San Francisco and the CFA Institute.



James W. Van Heuit, Senior Vice President in the Capital Markets Research Group. Jim is responsible for assisting clients with their strategic investment planning, conducting asset allocation studies, developing optimal investment manager structures, and providing custom research on a variety of investment topics. Jim speaks regularly at both the "Callan College" and the Callan Investments Institute. Jim was originally with Callan in the Capital Markets Research group from 1989 to 1997 and returned in 2001. From 2001 through 2004, he was a general consultant in the

San Francisco office. From 1997 to 2001 Jim was with consulting firms Watson Wyatt and R.V. Kuhns.

Prior to joining Callan Associates in 1989, Jim participated in the Ph.D. program in Economics at the University of Michigan where he studied microeconomics and international economics. Jim's previous experience includes four years as an independent consulting engineer and two years as a design engineer for Ford Aerospace and Communications Corp.

He received a B.S. in Mechanical/Aeronautical Engineering from the University of California, Davis, a B.A. in Economics from California State University at Sacramento, and an M.A. in Economics from the University of Michigan. Jim is a shareholder of the firm.

HEDGE FUND RESEARCH



Brian Kmetz, CIPM, Assistant Vice President, Hedge Fund Research Group. Brian specializes in hedge fund research, addressing Callan's institutional client needs in asset allocation, manager structure, manager searches, and performance evaluation. Prior to the Hedge Fund Research Group, Brian was a member of Client Report Services for five years, focusing on performance measurement for Callan's clients. He is also a regular instructor of the performance measurement section for Callan's two day investment education program, The "Callan College."

Brian received his Bachelor of Science Degree in Mathematics and Bachelor of Arts degree in German from St. Lawrence University in Canton, New York. Brian earned the right to use the Certificate in Investment Performance Measurement designation from CFA Institute and is a Level III candidate in the CFA Program.



James C. McKee, Senior Vice President. Jim is Director of Callan's Hedge Fund Research Group. Jim specializes in hedge fund research addressing related issues of asset allocation, manager structure, manager search, and performance evaluation for Callan's institutional clients. Jim is a shareholder of the firm.

Jim joined Callan Associates in 1989. Prior to his career at Callan Associates, Jim worked with the Pacific Stock Exchange (PSE) from 1982 to 1989. Until 1985, Jim worked on the PSE's options trading floor. Thereafter, as manager of the PSE's securities research department, he was responsible for developing and monitoring new stock, bond, and option listings.

Jim earned a B.A. in Economics/Environmental Studies from Dartmouth College in 1982. He received his M.B.A. in Finance from Golden Gate University in 1987. His graduate studies focused particularly on publicly traded securities and capital markets.

PRIVATE EQUITY RESEARCH



Gary W. Robertson, Senior Vice President. Gary is the Manager of Callan's Private Equity Research Group. Gary is responsible for Alternative Investments consulting services at Callan Associates Inc. He is currently Secretary of Callan's Client Policy Review Committee and is a shareholder of the firm.

Prior to joining Callan in 1991, Gary spent five years as a Vice President with Robertson & Co., a San Francisco-based, family-owned investment bank engaging in mergers and acquisitions. Prior to joining Robertson & Co., he was a financial analyst with Atherton Advisory, a Silicon Valley-based financial services firm. He has also worked with Morgan Stanley & Co. Inc. in San Francisco in the operations and administration areas, and with Spear, Leeds & Kellogg and A. G. Becker, members of the Pacific Stock Exchange.

Gary earned an M.B.A. from Golden Gate University and a B.A. in Economics from the University of Colorado.



Michael A. Bise, Vice President. Michael is an investment consultant in Callan's Private Equity Research Group. He joined this group in 2005 and assists in all aspects of private equity consulting, including research and client servicing, portfolio reviews, manager searches, research projects, and overseeing performance reporting for clients. Michael joined Callan in October of 2002 and previously worked in Callan's Client Report Services Group preparing quarterly and monthly performance measurement reports.

Michael earned a B.A. in Economics from the University of California, Berkeley.

INVESTMENT RESEARCH AND OPERATIONS GROUP



Ivan “Butch” Cliff, CFA, Executive Vice President. Butch is Director of Investment Research & Operations. He is responsible for the following groups: Global Manager Research, Client Report Services, Investment Database, Information Technology Systems, Analytical Solutions Group (*PEP*),. Butch is also a member of Callan's Management Committee and is a shareholder of the firm.

Butch joined the Programming Group of Callan Associates in 1989 and was instrumental in developing sophisticated performance analytics as well as solutions to data processing and management problems. In 1993 he became the Manager of the Database Group with responsibility for coordinating the design and implementation of performance measurement operations as well as overseeing the development and maintenance of Callan's databases. Butch was made Director of Operations in 2000 and has responsibility for the management and development of all Callan's performance monitoring systems and personnel. In 2007 Butch became the Director of Investment Research & Operations with responsibilities expanded to include oversight of Callan's Global Manager Research activities.

Prior to joining Callan Associates, Butch worked for two years at Gifford Fong Associates developing analytical software for fixed income money managers.

Butch earned a B.A. in Economics from the University of California at Berkeley and earned the right to use the Chartered Financial Analyst designation.

INFORMATION TECHNOLOGY GROUP



Jeffrey L. Bishop, Vice President, Information Technology Group. Jeff joined Callan Associates in 1986 as a Programmer/Analyst. He currently supervises the Computer Software Development Department and is a shareholder of the firm.

Jeff graduated from Hayward State University, CA. with a B.S. in Math/Computer Science.



Christine Chao, Assistant Vice President, Information Technology Group. Christine is responsible for managing the operational tasks and procedures in the development of our website, from design to data collection. Prior to this role, she was Operations Manager for the Global Manager Research Group where she managed the data collection and process for the group.

Christine joined Callan Associates in 2002 as a Marketing Research Specialist in our Communications Group. She joined the Global Manager Research Group in 2004 as an Investment Analyst. She earned a B.A. from the University of California, Berkeley.



Mark Kattalia, Vice President, Information Technology Group. Mark joined Callan in July 1992 from a role as a national computer consultant. He manages the computer network at Callan, implemented the wide area network that joins the regional offices to the main office, set up the dial-up network, and designed the email system at Callan. He also provides high-level support to our programming staff and other users. Mark has more than 20 years experience in systems integration, network design, and computer management. Mark moved to San Francisco from Atlanta, Ga. Mark has been with the

firm 11 years, and is a shareholder of the firm.



Walter J. Meerschaert, Vice President, Information Technology Group. Walter joined Callan Associates in 1988 and is a shareholder of the firm. He has served in the roles of Personal Computer Manager, Software Developer, and Manager of the Client Software Department (now called the Analytical Solutions Group). He currently holds the title of Senior Programmer.

In his long career with Callan, Walter was responsible for the design, development, and continuing maintenance of Callan's PEP for Windows (Performance Evaluation Program), ASSETMAX (Asset projection optimizer), and EdWin (Electronic Documents for Windows) programs (among many others).

Prior to Callan, Walter was a Forest Scientist at The University of California, Berkeley and for the United States Forest Service at the Southern Forest Experiment Station in New Orleans.

Walter earned a B.S. in Forestry from the University of Michigan in 1980 and a Masters degree in Forestry from the University of California, Berkeley in 1983.



Joel M. Schwarz, Vice President. Joel is the PC systems administrator in Callan's Information Technology Group. Joel joined Callan in 1993 and is a shareholder of the firm. He is responsible for all aspects of the firm's PC operations including technical and general systems support, upgrades, and network management.

Prior to joining Callan Associates, Joel spent four years in the undergraduate Business Program at the University of Arizona where he studied computer systems and management. While at school, Joel worked as a computer operator and programmer for a local firm, AGM Container Controls.

He earned a B.S. with double majors in the Management of Information Systems and Operations Management from the University of Arizona.



Denise C. Steele, Senior Vice President. Denise is the Director of Information Technology. Denise joined Callan Associates in 1988. Prior to this, Denise developed software for the higher education industry and for a defense contractor. Denise is a member of Callan's Management Committee and a shareholder of the firm.

Denise earned a B.S. in Computer Information Systems with a minor in Economics from James Madison University, Harrisonburg, Virginia.



Dianne L. Tanihara, Vice President. Dianne is the product development & training coordinator in Callan's Information Technology Group. Dianne's responsibilities fill a much needed role revolving around areas such as software testing, documentation, company-wide training on the usage of our systems and databases, user support, and liaison between users and the programming staff. Working directly with both Callan systems users and the Callan programming staff to find, verify, and rectify software problems as well as gather, organize, and help prioritize enhancement ideas and requests from the various Callan user groups. Prior to this she joined Callan as a Client Software Solutions Associate in 1998. Dianne is a shareholder of the firm.

Dianne earned a B.S. in Marketing from San Francisco State University.

ANALYTICAL SOLUTIONS GROUP



Selvi Cobanoglu, Assistant Vice President, Analytical Solutions Group. Selvi joined Callan in 2004 and is responsible for supporting PEP, AssetMax and ICG clients, as well as, providing supplemental analytical research. This includes working with clients in the areas of PEP software and training. Previously, Selvi was a Client Service Associate in our Institutional Consulting Group, supporting clients in the Western region of the U.S.

Prior to joining Callan, Selvi was an Associate Relations Manager within the Consultant Relations team at RCM. At RCM, Selvi was responsible for an array of consultant related functions that included: producing the firm's quarterly consultant letter, conducting competitor analysis, preparing and reviewing performance attribution and analysis, reviewing RFP and questionnaires. She graduated from Sonoma State University with a B.S. in Business Administration.



Brendan Egan, Vice President. Brendan is the Manager of the Analytical Solutions Group. The Analytical Solutions Group provides software support and reporting services to clients of Callan's Institutional Consulting Group, Independent Adviser Group and Plan Sponsor consultants. Brendan is responsible for overseeing software training for clients and Callan employees as well as working directly with Callan's software developers on the evolution of Callan's PEP for Windows program. He is a shareholder with the firm.

Brendan originally joined Callan in 2000 as a Software Support Associate in the Client Software Department and has also worked as an Associate Consultant in the San Francisco Consulting office. Prior to joining Callan, Brendan spent two years at Morgan Stanley where he was a trading desk representative. Brendan also spent three years as a high school teacher in the San Francisco Unified School District.

Brendan attended LeMoyne College in Syracuse, New York where he earned a Bachelor of Arts degree in Political Science.



Perry D. Jurow, Vice President, Analytical Solutions Group. Perry joined Callan Associates in 1995 as a performance measurement Analyst in the Client Reports Services Group. Subsequently, Perry began training new CRS analysts while managing the production of the Institutional Consulting Group's performance measurement reports. He joined the newly formed Analytical Solutions Group in 2009, where he now provides software support and reporting services to clients of Callan's Institutional Consulting Group, Independent Adviser Group and Plan Sponsor consultants.

Perry is also responsible for software training for clients and Callan employees as well as working directly with Callan's software developers on the evolution of Callan's PEP for Windows program. Perry earned a BA in Economics from San Diego State University.



Sean C. Lee, Senior Analyst, Analytical Solutions Group. Sean's work experience includes working at the Pacific Options Exchange, a trader at a small broker-dealer, and a mutual fund analyst at an investment advisory firm.

Sean earned his MBA from San Francisco State University, and earned his B.A. in Economics at University of California, Davis.



Fionnuala Wright, Assistant Vice President, Analytical Solutions Group. She is responsible for collecting, managing and ensuring the integrity of investment manager data. She is responsible for compiling all of the data for the Style, Trend, Analysis and Research (STAR) reports. Fionnuala previously was Operations Manager in Callan's Global Manager Research Group. Fionnuala managed the data collection and processing for the GMR group. This included the questionnaire process, the creation and cleansing of manager profiles, analyst training, committee package production, on-site data support, maintenance of search groups, and creation of search books. Prior to that, she was a Client Service Associate in our Institutional Consulting Group, supporting clients in the Western region of the U.S.

Fionnuala joined Callan Associates in 1993 as an Investment Analyst in the Client Report Services Group, where she was responsible for investment portfolio reconciliation and the production of investment measurement reports.

She graduated from University College Dublin, Ireland, with a B.A. in Mathematics and a minor in Economics.

CLIENT REPORT SERVICES GROUP



Allie Bañuelos, Vice President. Allie is the Manager of Client Report Services. Since joining Callan in 2000 Allie has been responsible for the production of quarterly IMS Reports, monthly flash reports and new hire training. Along with her current workload she helps manage the daily operations of the Client Report Services group and continues to expand her role in the training of new analysts as well as facilitate communications between prospects, clients, consultants and the Client Report Services group. Allie is a shareholder of the firm.

Allie earned a B.A. in Economics and Spanish Language & Literature from the University of California, Berkeley.



Trevor Boulton, Analyst, Client Report Services. Trevor joined Callan in April 2011 and is currently responsible for calculating investment returns and providing support to Senior Analysts on monthly and quarterly performance reports. Prior to joining Callan, Trevor worked in wealth management for UBS Financial Services Inc. and Stifel Nicolaus on a team of financial advisors, providing investment advice and portfolio management services to high net worth clients.

Trevor graduated from California Polytechnic State University with a B.S. in Business Administration/Finance and holds FINRA Series 7 and 66 licenses.



Haichi Chen, Senior Analyst, Client Report Services. Haichi joined Callan Associates in July of 2007. He currently calculates investment returns, and supports the senior analysts in generating monthly and quarterly performance reports. Prior to joining Callan, Haichi was a broker with McLaughlin, Piven, and Vogel Securities, where he was responsible for managing client assets and business development.

Haichi earned a B.A. in Cognitive Science from the University of California, Berkeley. Haichi is a CFA Program Level III candidate.



Dante Cirimele, Senior Analyst, Client Report Services. Dante joined Callan Associates, Inc. in December 2006 and is responsible for preparing quarterly performance measurement reports. Prior to joining Callan, Dante was on a temporary assignment at Lehman Brothers in Menlo Park. He also held positions at XPORTA, Inc. and UPS as a Global Trade Analyst. During this time he was responsible for maintaining a global commerce database along with training a new group of UPS employees in Louisville, Kentucky.

Dante graduated from the University of California at Davis with a B.A. in International Relations, concentrating in International Finance with a minor in Economics.



Jonathan Gould, Analyst, Client Report Services. Jonathan joined Callan in June, 2010 and is currently responsible for calculating investment returns and supporting the senior analysts in generating monthly and quarterly performance reports. Prior to joining Callan, Jonathan worked at YouTube where he created and maintained spam filters. Before that, he worked at MarketWatch.com tracking website and newsletter traffic and trends.

Jonathan graduated from the University of Colorado at Boulder with a BS in Economics.



Clayton Jameson, Analyst, Client Report Services. Clayton joined Callan in January, 2011 and is currently responsible for calculating investment returns and supporting the senior analysts in generating monthly and quarterly performance reports. During the year prior to joining Callan, Clayton taught English as a Foreign Language in Málaga, Spain. While in college he interned for the Marketing and Operations department of De Beers – LVMH in New York, as well as worked part time for the Office of Development and Alumni Relations.

Clayton graduated from Vanderbilt University with a BS in Human and Organizational Development and Spanish.



Molly Huddleston, Assistant Vice President, Client Report Services. Molly joined the Client Report Services group at Callan Associates in September 2004. She is responsible for preparing monthly and quarterly performance measurement reports.

Molly earned a B.A. in Economics from Dartmouth College, where she was a member of the women's lacrosse team.

Munir Iman, Analyst, Client Report Services. Munir joined Callan in July 2011 and is currently responsible for calculating investment returns and providing support to Senior Analysts on monthly and quarterly performance reports. Prior to joining Callan, Munir's investment industry experience included an internship at Concert Global in San Jose where he assisted the accountants creating statistical reports used by the company's Advisers.

Munir graduated from Santa Clara University with a B.S. in Finance.



Susan K. Kern, Vice President. Susan is the Process Manager for Callan's Client Report Services. Susan has been with Callan Associates since 1974 and is a shareholder of the firm. She began her career at Callan in the CRS group as an investment analyst and assumed management of the group in 1991. As well as overseeing the scheduling and production of the investment measurement reports generated by the Client Report Services Department, she is directly involved in several ongoing client relationships.

Before joining Callan, Susan worked in the electronic processing department of Chubb/Pacific Indemnity in San Francisco. Susan earned a B.S. in Mathematics from the University of San Francisco.



Isabel C. Marchese, Analyst, Client Report Services. Isabel joined Callan Associates in 1986 as a Data Entry Operator. In April 1989, she transferred to Alpha Management as an Administrative Assistant. She then joined the Client Report Services department in 1990 and since then has been actively involved in preparing performance measurement reports.

Isabel is currently pursuing a B.S. in Accounting at Golden Gate University, in San Francisco.



Chrissy Mehnert, Analyst, Client Report Services. Chrissy joined Callan Associates in January of 2011. She currently calculates investment returns, and supports Senior Analysts in generating monthly and quarterly performance reports. Prior to joining Callan, Chrissy was an analyst at Banc of America Securities in New York, NY where she supported the New York credit trading desk.

Chrissy earned a B.S. in Finance with a minor in History from Stern School of Business at New York University. She also holds an RYT (Registered Yoga Teacher) Certification and teaches yoga classes in San Francisco and Berkeley CA.



Paul McGurk, Assistant Vice President, Client Report Services. Paul has been with Callan Associates since 2003 and works with several clients producing quarterly and monthly performance measurement reports. Paul also works with Callan's Real Estate department on performance measurement reports and special projects. Prior to joining Callan Paul worked at Wells Fargo in their business-banking department.

Paul earned a B.S. in Finance from the University of Santa Clara.



Andrew Oswald, Analyst, Client Report Services. Andrew joined Callan in March, 2011 and is currently responsible for calculating investment returns and supporting the senior analysts in generating monthly and quarterly performance reports. Prior to joining Callan, Andrew was a Fund Accountant at Pioneer Investments in Boston, MA where he managed the daily operations of the firm's mutual funds.

Andrew graduated from Northeastern University with a B.S. in Business Management. While at Northeastern University, Andrew held internships at Eaton Vance, Novell, and Massachusetts Financial Services.



Harrison Richardson, Analyst, Client Report Services. Harrison joined Callan Associates in June 2010. He currently calculates investment returns, and supports Senior Analysts in generating monthly and quarterly performance reports. Prior to joining Callan, Harrison was a Portfolio Administrator at Bingham, Osborn & Scarborough LLC., where he managed the daily operations of client accounts, and assisted Portfolio Managers in the financial planning process for high net worth individuals and institutions.

Harrison earned a B.A. in Economics and Political Science from Indiana University. He is a member of the Financial Planning Association in San Francisco and a CFP® candidate.

Deepi Sidhu, Analyst, Client Report Services. Deepi joined Callan in July of 2011 and is currently responsible for calculating investment returns and providing support to Senior Analysts. Prior to joining Callan, Deepi had a summer internship with the Finance team at Jones Lang LaSalle, where she was responsible for reviewing lease transactions for Sacramento area brokers.

Deepi earned a B.A. in Economics from the University of California, Berkeley.



William J. Smith, Senior Analyst, Client Report Services. Bill joined Callan Associates in 1977 and is currently a senior analyst in the Client Report Services

group. Prior to Callan, Bill was a claims adjuster for Dean's & Homer Insurance in San Francisco, and was previously an Assistant Manager/Buyer for I. Gutenberg Books.

Bill earned a B.A. in English Literature with a minor in Biology from Williams College, in Williamstown, Massachusetts.



Claire Telleen, Senior Analyst, Client Report Services. Claire joined Callan Associates in October of 2008. She is responsible for preparing monthly and quarterly performance measurement reports. Prior to joining Callan, Claire was an intern at Risk Management Solutions in Newark, CA where she headed a project to update the workers compensation portion of RMS' existing natural disaster and terrorist attack models.

Claire earned a B.A. in Mathematics with a minor in Economics from Boston College, where she was a member of the women's water polo team.



Alina Vartanyan, Senior Analyst, Client Report Services. Alina joined Callan Associates Inc. in 2008 and is responsible for preparing monthly and quarterly performance measurement reports, as well as supporting the senior analysts. Prior to working at Callan, Alina worked in the Ocean Import Department for Expeditors, a freight forwarding firm.

Alina earned a B.A. in Finance and a B.A. in International Business from the University of San Francisco, in 2007. While at USF, she was a Finance and Administration Assistant at the Port of San Francisco. Alina is currently a CFA Program Level III Candidate.



Aleksey Yefremov, Analyst, Client Report Services. Aleksey joined Callan Associates in January of 2008 and is responsible for preparing quarterly performance measurement reports. Prior to joining Callan, Aleksey worked at Wachovia where he graduated from their Leadership Development Program. While in college Aleksey held internships at Robertson Stephens, Texas Pacific Group, Stone & Youngberg and Dodge & Cox.

Aleksey earned a B.S. in Managerial Economics and a minor in Psychology at UC Davis. While at UC Davis Aleksey served as an advisor for the Arts and Lectures Committee and President of a cultural student organization. Aleksey is currently a CFA Program Level II Candidate.

DATABASE AND PERFORMANCE MEASUREMENT DEVELOPMENT GROUP



Amit Bansal, Vice President, Database and Performance Measurement Development Group. Amit joined Callan Associates in Fall 1996. Prior to joining Callan, he was a summer associate with Metric Real Estate Investment Advisors (now SSR Realty). During his career at Callan, Amit has worked on a wide variety of projects such as creating and maintaining investment style groups, performance measurement related quantitative/statistical analysis, and managing the domestic equity index calculations for returns and client portfolio attribution. He was a co-developer of the Style Trend and Research Report (STAR) - a business decision making tool for investment management firms. He is currently "on loan" to Callan's Institutional Consulting Group working on special client projects and mutual fund reaserch. Amit is a shareholder with the firm.

Amit graduated from Indian Institute of Technology-Roorkee (India) with a BS degree in Chemical Engineering. He later earned his M.S. in Petroleum Engineering, and an M.B.A. (Finance), both from University of Alaska Fairbanks. He is a member of Beta Gamma Sigma (the honor society of AACSB accredited business programs), and is a level II CFA candidate.



Adam Mills, Assistant Vice President, Database and Performance Measurement Development Group. Adam is responsible for the maintenance of performance measurement benchmarks, fulfilling custom data requests, and assisting in database maintenance. Adam joined Callan in 2001 as a Client Software Associate in the Client Software Department, assisting in client helpdesk support, testing and shipping of PEP for Windows.

Adam earned a B.S. in Psychology from Bates College in Lewiston, Maine.



Alpay Soyoguz, CFA, Senior Vice President. Alpay is the Manager of Callan's Database and Performance Measurement Development Group. In addition to the day-to-day operations of the group, Alpay is responsible for coordinating the implementation of performance measurement operations, as well as the development and maintenance of Callan's databases and peer universes. Alpay is a shareholder of the firm.

Alpay joined the Database Group of Callan Associates in 1995. He became Assistant Manager of the Database Group in 1998. Alpay earned a B.A. from the University of California at Berkeley, and earned the right to use the Chartered Financial Analyst designation.

GLOBAL MANAGER RESEARCH



Steven J. Center, CFA, Vice President. Steve is a fixed income investment consultant in the Global Manager Research Group. Steve is responsible for research and analysis of fixed income investment managers and assists plan sponsor clients with manager searches. He oversees manager searches, conducts in-house and on-site due diligence reviews with portfolio managers and attends finalist interviews.

Prior to joining Callan in 2010, Steve was a Senior Research Associate with Wurts & Associates. In this role, he was responsible for the review and oversight of domestic equity and fixed income strategies. Previously, Steve spent five years with Alan Biller & Associates where he was responsible for both investment research and performance measurement for defined benefit and defined contribution plans. Steve began his investment career in 1997 in the Cooperative Universe Services group at Wilshire Associates.

Steve earned a B.A. in Economics from the University of California, Irvine and an M.B.A. with Honors from the Michael G. Foster School of Business at the University of Washington. Steve has passed all 3 levels of the CFA exam and is a member of the CFA Institute and the CFA Society of San Francisco.



Kelly S. Cliff, CFA, CAIA, Senior Vice President. Kelly is the CIO of Public Markets, as well as co-lead of the Global Manager Research Group (GMR) which provides fundamental and statistical research on investment managers. Kelly oversees the quantitative and qualitative analysis of investment managers and the production of research and client reports. He works with the general consultants to tailor searches according to client guidelines. Kelly is a shareholder of the firm and is a member of Callan's Management Committee.

Previously Kelly was Chief Investment Officer of the Trust Advisory Group (TAG), which provides full discretionary investment solutions for the institutional marketplace. Kelly oversaw the management of the investment products and the ongoing due diligence and research. He now serves on the Investment Committee for the Trust Advisory Group, with oversight responsibility for both the Callan GlidePath Funds and the Callan Small Cap Fund.

Previously Kelly was Chief Investment Officer of the Trust Advisory Group (TAG), which provides full discretionary investment solutions for the institutional marketplace. Kelly oversaw the management of the investment products and the ongoing due diligence and research. He now serves on the Investment Committee for the Trust Advisory Group, with oversight responsibility for both the Callan GlidePath Funds and the Callan Small Cap Fund.

Kelly joined the Client Report Services department of Callan Associates in 1992 as an Analyst, and in 1998 he became Practice Manager of the department. He was responsible for the day-to-day functions, working directly with both the data entry department in auditing data and with the programming department in creating analytical tools. Adept with performance measurement systems developed by Callan Associates and with industry standards, Kelly has assisted clients and managers in the interpretation of Callan's performance analysis methodology. From 2000 to 2006, he was Manager of the Global Manager Research Group.

Kelly graduated from the University of the Pacific with a B.S. in Business Administration and earned the right to use the Chartered Financial Analyst designation and the CAIA designation.



Brett A. Cornwell, CFA Vice President. Brett is a fixed income investment consultant in the Global Manager Research Group. He is responsible for research and analysis of fixed income investment managers and assists plan sponsor clients with fixed income manager searches. In this role, Brett meets regularly with investment managers to develop an understanding of their strategies, products, investment policies and organizational structures.

Prior to joining Callan in 2010, Brett was a Senior Research Analyst at Wetherby Asset Management. At Wetherby he was responsible for the screening, analysis and ongoing due diligence of the investment managers used in client portfolios focusing on fixed income, commodities and MLPs. Previous to Wetherby, Brett was a Senior Investment Specialist and Principal at ETRADE Financial in Atlanta, GA where he managed the team exclusively responsible for servicing the high net worth clients of the firm. Brett began his career in 1998 at Morgan Stanley Dean Witter.

Brett earned a B.S. in Commerce and Business Administration from the University of Alabama with majors in Finance and Economics. Brett has earned the right to use the Chartered Financial Analyst designation and is a member of the CFA Institute and the CFA Society of San Francisco. Additionally, Brett has successfully completed the exams administered by the Financial Industry Regulatory Authority for the series 7, 63, 4, 24, and 31 securities licenses.



James Danforth, CFA, Assistant Vice President. James is a domestic equity investment consultant in the Global Manager Research Group. He is responsible for research and analysis of domestic equity investment managers and assists plan sponsor clients with domestic equity manager searches. James regularly meets with investment managers to develop an understanding of their strategies, products, investment policies and organizational structures.

Prior to this role, James served as an Investment Analyst in Callan's Global Manager Research Group, which he joined in August 2008. Prior to joining Callan, James worked as a financial analyst for the Packard Foundation, and had previously worked at Thomas Wiesel Partners as a sales associate in their Private Client Department.

James earned a B.S. in Business Administration from Bucknell University. James has earned the right to use the Chartered Financial Analyst designation.



Lauren M. Etcheverry, CFA, Vice President. Lauren is a domestic equity investment consultant in the Global Manager Research Group. Lauren is responsible for research and analysis of domestic equity investment managers and assists plan sponsor clients with domestic equity manager searches. In this role, Lauren meets regularly with investment managers to develop an understanding of their strategies, products, investment policies and organizational structures.

Lauren joined the Client Report Services department at Callan Associates in October 2004 and worked as an Analyst and then Senior Analyst before moving groups. Prior to Callan, Lauren worked for an independent financial planner as his assistant in preparing financial plans for individual investors.

Lauren graduated from California Polytechnic State University, San Luis Obispo in June 2004, Magna Cum Laude with a B.S. in Business Administration, concentrating in Financial Management and Enterprise Accounting with a minor in Statistics. Lauren has earned the right to use the Chartered Financial Analyst designation.



Andy T. Iseri, CFA, Vice President. Andy is an international investment consultant in the Global Manager Research Group. He is responsible for research and analysis in the international and global asset class including developed and emerging equity and issues surrounding currency management. He oversees manager searches, conducts on-site visits, and attends finalist interviews. Andy is a shareholder of the firm.

Prior to joining Callan, Andy spent six years selecting and evaluating domestic and international equity managers for the California State Teachers' Retirement System. Prior to that, Andy managed and traded domestic fixed income assets and currencies for CalSTRS.

Andy earned a B.S. in Business Administration - International Business at California State University, Sacramento. He belongs to the CFA Institute, CFA Society of Sacramento, and earned the right to use the Chartered Financial Analyst designation.



Lewis Krell, Analyst, Global Manager Research. Lewis role includes the quantitative and qualitative analysis of investment managers and the compilation of detailed research reports for clients and the Manager Search Committee. He joined Callan Associates in October of 2008 as an analyst in the Client Report Services Group. While in college Lewis held internships at New York Life and Merrill Lynch.

Lewis graduated from the University of Arizona with a B.S. in Business Administration and Finance.



Lyman L. Jung, Senior Analyst, Global Manager Research. Lyman's role includes the quantitative and qualitative analysis of investment managers and compiling detailed research reports for clients and the Manager Search Committee. This due diligence process includes meeting and coordinating with investment managers regarding various strategies, investment processes and data collection. He also provides research and analyst support for Callan's Plan Sponsor and Specialty Consultants.

Prior to joining Callan, Lyman was a Trade Specialist at Fremont Investment Advisors and an Executive Team Leader for Target Stores, Inc. Lyman received his B.A. in Economics from the University of California, Los Angeles. Lyman is a CFA Program Level II candidate.

Matthew Lai, Analyst, Global Manager Research. Matt's role within GMR includes the quantitative and qualitative analysis of investment managers and the compilation of detailed research reports for clients and the Manager Search Committee. Prior to joining Callan in August of 2011, he held internships in finance and consulting in both New York and Washington D.C.

Matt graduated from Georgetown University with a B.A. in Mathematics.



Matthew K. Routh, Assistant Vice President. Matt is a fixed income investment consultant in the Global Manager Research Group. He is responsible for the research and analysis of fixed income managers. In this role, he meets regularly with investment managers to develop an understanding of their strategies, products, investment policies and organizational structures. Prior to this role, Matt served as an Investment Analyst with the global manager research group, which he joined in August 2008.

Matthew received his M.A. in Economics from the University of California, Santa Barbara and his B.A. in Economics from the University of Texas, Austin. He has passed all 3 levels of the CFA exams.



Jessica Ransdall, Assistant Vice President. Jessica is the Operations Manager for the Global Manager Research Group. Jessica manages the data collection and processing for the GMR group. Her responsibilities also include analyst training, on-site data support, quantitative and qualitative analysis of investment managers and the production of research and client reports. Prior to this role, she was an Investment Analyst in the Global Manager Research Group.

Jessica joined Callan in June 2006. Prior to joining Callan, Jessica worked at California Financial Advisors as a Financial Planning Assistant. She graduated from the Cal Poly State University, San Luis Obispo with a B.A. in Political Science.



Matthew Schmelzer, CFA, Vice President. Matt is an international equity investment consultant in the Global Manager Research Group. He is responsible for the research and analysis of international and global equity investment managers along with emerging equity and issues surrounding currency management. In this role, he meets regularly with investment managers to develop an understanding of their strategies, products, investment policies and organizational structures.

Prior to this role, Matt served as a Domestic Equity Investment Consultant as well as Operations Manager of the Global Manager Research Group. Matt joined the Global Manager Research Group in June 2005 as an Investment Analyst.

Matt graduated from the University of California, Berkeley with a BA in International Trade and Development and also was a member of the Cal Swim Team. He earned the right to use the Chartered Financial Analyst designation and is a member of the CFA Society of San Francisco.



Mark N. Stahl, CFA, Senior Vice President. Mark is the Manager of Callan's Domestic Equity Manager Research Group. He joined Callan in 1995, and is a shareholder of the firm. Mark researches and analyzes money management firms with various investment styles for pension fund plan sponsors. He meets with general consultants and oversees manager searches, conducts on-site visits, and attends final presentations. Mark regularly interviews and visits portfolio managers and marketers to discuss products, strategies, and organizational issues.

Prior to joining the Domestic Equity Group, Mark was a member of Callan's Fixed Income Research Group where he gathered, analyzed, and verified data on domestic and international fixed income investment managers.

Mark earned a B.A. in Managerial Economics from the University of California at Davis and earned the right to use the Chartered Financial Analyst designation.



Inga B. Sweet, Senior Vice President. Inga is co-lead and Manager of the Global Manager Research Group. She is responsible for the group's operational functions and oversees the quantitative and qualitative analysis of investment managers and the production of client reports. Inga is responsible for the research and analysis of target date funds. In addition, Inga oversees the Published Research Group and contributes to the development of white papers, statistical surveys and quarterly periodicals created by Callan's general and research consultants. Inga is a member of the firm's Management Committee and a shareholder of the firm.

Inga joined Callan Associates in 1991 as an analyst in the International Consulting Services group, and until 1998, was responsible for manager research, analysis and manager structure work. From 1998 through 2007, she held several positions within the Institutional Consulting Group where she provided consulting and research services to investment manager clients. Inga has managed the Published Research Group since its formation in 2007. Inga graduated from George Washington University with a B.A. in International Relations.

PUBLISHED RESEARCH GROUP



Jacki P. Hoagland, Analyst. Jacki is a Graphic Media Designer in Callan's Published Research Group. She is responsible for assisting in the graphic design of all Callan publications, marketing materials and newsletters. Jacki also works with all four of Callan's lines of business to provide assistance with prospect and client documentation, special projects and presentation materials.

Jacki joined Callan in 1996 in the Institutional Consulting Group. Prior to Callan, Jacki worked at The Garibaldi Group, Barclays Asset and Sales Finance and BFGoodrich Company. She studied business at the University of Akron.



Stephanie Meade, Senior Analyst. Stephanie is a senior research analyst in the Published Research Group. Stephanie is responsible for writing and editing Callan white papers as well as conducting, analyzing and writing Callan surveys. She is the Editor-in-Chief of the firm's four quarterly newsletters (*Capital Market Review*, *DC Observer*, *Hedge Fund Monitor* and *Private Markets Trends*).

Prior to joining Callan in 2010, Stephanie worked for Wolf Asset Management International, a hedge fund of funds, as a Financial Analyst. Stephanie has also worked as an Economic Consultant advising international governments on water and sanitation systems across three continents, an Investment Research Analyst at HSBC as well as a Statistical Consultant at the United Nations in New York.

Stephanie earned a B.A. in Political Science from Columbia University and an M.A. in International Affairs, specializing in International Finance and Banking, from Columbia University's School of International and Public Affairs.



Anna S. West, Assistant Vice President. Anna is manager of the Published Research Group. She oversees the operational functions of the group and works with Callan's Research Committee to produce a consistent stream of quality research. Anna is also responsible for generating research and collaborating on the creation and distribution of Callan's industry white papers and newsletters. She conducts, analyzes and authors Callan surveys, such as the Investment Management Fee Survey. Anna also serves as an instructor at specialty "Callan College" sessions. She joined Callan in August 2006. Prior to Callan Associates, Anna worked for Vail Resorts, Inc. managing the front office divisions at Keystone and Breckenridge Resorts.

Anna earned a B.A. in International Business and French from Washington University and an M.B.A. from the University of San Francisco.

CORPORATE COMMUNICATIONS



Nancy Malinowski, Vice President, Corporate Communications. She is responsible for managing internal and external communications including media, executive and marketing communications.

A native of Glendale, California, she earned a bachelor's degree in Speech Communication from California State University Northridge. She began her career in the oil industry in 1987 with Union Oil Company of California (Unocal Corporation) in Los Angeles.

In 1993, she joined Unocal's State Government Relations group and as a regional representative, provided direction to contract lobbyists on pending legislative or regulatory issues in Arizona, Hawaii and the City of Los Angeles. As a member of the Western States Petroleum Association she developed lobbying, public policy and public relations strategies.

Malinowski joined Chevron Corporation in 1998. As a senior communications consultant and corporate spokesperson, she handled a high volume of print, radio and television inquiries from national and international business, energy, technology, and trade media and provided strategic communications counsel to senior executives and key issue managers. She worked on a variety of special projects and cross-disciplinary teams and was a member of the Public and Government Affairs emergency response functional team. In 2001, Malinowski was appointed international relations coordinator where she managed communication activities and image and reputation issues for four global business units.

Malinowski joined Callan Associates in April 2006 and is located in San Francisco.

CALLAN INVESTMENTS INSTITUTE



Ray Combs, Assistant Vice President. Ray is the client services and events manager for the Callan Investments Institute. Ray joined Callan in 1998 as Client/Prospect Database Coordinator and was responsible for Callan's client, employee, and prospect databases. He organized research, conference, and proposal materials, and worked with the Callan Investments Institute, The Center for Investment Training ("Callan College"), and plan sponsor consulting offices. Ray was promoted to Client Service Associate in 2001 and works very closely with Gina Falsetto and helps organize and execute Institute Conferences and Workshops. Ray was previously with PageMart Wireless, Inc. as a Collections Analyst in Dallas, Texas. Ray also has twelve years of classroom teaching experience at both the high school and community college levels, lecturing Human Anatomy & Physiology and other science courses.

Ray earned a B.S. in Physiology and an M.S. in Health Science from Oklahoma State University in Stillwater, Oklahoma.



Gina M. Falsetto, Senior Vice President. Gina is the Director for Callan Educational Services. Gina joined Callan in 1995, and oversees the Callan Investments Institute and the "Callan College." Gina is a shareholder of the firm.

The Institute is one of the leading educational facilities for the pensions and investments industry today. It offers continuing education on key investment issues through its national and regional conferences. The Institute also conducts research on important investment trends, undertakes market and statistical surveys among its members, and prepares position papers on timely investment topics. Gina is responsible for overseeing all aspects of the Institute including the educational conferences and workshops held throughout the United States, working with the Institute's 300+ clients, and managing research papers and surveys.

The "Callan College" provides basic-to-intermediate level instruction on all components of the investment management process and has become widely distinguished as one of the most beneficial and relevant educational programs in the industry.

Prior to joining Callan Associates, Gina worked at ShareData, Inc., a software company in Silicon Valley. For four years, she served as Assistant in the Marketing & Sales Department and as Coordinator of the Educational Services Department.

Gina earned a B.A. in International Relations from the University of California at Davis.

“CALLAN COLLEGE”



Kathleen Cunnie, Assistant Vice President. Kathleen is the manager of The Center for Investment Training (The "Callan College"). She is responsible for the course strategy, marketing, planning, and on-site execution of all "Callan College" sessions. The "Callan College" provides basic-to-intermediate level instruction on all components of the investment management process and has become widely distinguished as one of the most beneficial and relevant educational programs in the industry.

Kathleen is also responsible for facilitating all internal educational services, including on-going continuing education and new employee orientations. She organizes Callan corporate events and is responsible for the coordination of all client and prospect visits. Kathleen maintains Callan's employee statistics used in the RFP process, presentations, proposals, the website, etc. She also maintains Callan's listings in industry directories, and provides data and statistics for industry surveys and questionnaires.

Prior to joining Callan Associates in 1996, Kathleen spent several years working in client service and tenant relations in the commercial property management industry.

FINANCE & ADMINISTRATION



Susan Glasgow, CPA, Vice President and Controller. Susan joined Callan in 1990 and is a shareholder of the firm. Prior to joining Callan Associates, she was with the Emerging Business Services group of Deloitte, Haskins & Sells in Tulsa, Oklahoma, and an auditor in the San Francisco office of Deloitte & Touche.

Susan attended Oklahoma State University where she earned her Bachelor of Science degree in Business Administration-Accounting. She is a Certified Public

Accountant.

HUMAN RESOURCES



Rosanna B. Sangalang, Vice President. Rosanna is Callan's Human Resource Manager. She joined Callan in 1991. Rosanna is responsible for the overall management of Human Resource services, policies, benefits and programs for the entire company. She is also responsible for payroll administration for all Callan employees. Rosanna reports to the CFO and works closely with the CFO regarding regulatory and company registrations and compliance. She is a shareholder of the firm.

Prior to Callan, she was a Human Resource Generalist in the San Francisco office of the accounting firm, BDO Seidman. Rosanna earned her B.A. in Business Administration from San Francisco State University.

Dennis P. Donohue Dennis is Callan's Senior Human Resources, Benefits and HRIS Analyst. Dennis has a broad background in all facets of human resources and benefits plan administration, with a particular emphasis in employee communications and retirement plans. Dennis has experience with large, multi-national firms, including The Gap, National Semiconductor and Wells Fargo, as well as pre-IPO start-ups in the Bay Area.

Prior to Callan, Dennis was the Benefits Manager for San Francisco based market researcher MarketTools. Dennis earned his B.A. in Psychology, with minor studies in Business Administration, from the University of San Francisco.

Section VI

DOMESTIC EQUITY AND FIXED-INCOME STYLE GROUPS

PERIOD ENDED MARCH 31, 2011

Domestic Equity Style Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Aggressive Growth Style	14	15	1,948.0	421.0	29.2
CAI Contrarian Style	14	14	4,441.6	2,721.9	62.2
CAI All Cap: Broad	33	35	1,454.0	500.1	49.4
CAI All Cap: Growth	13	14	1,119.3	481.3	14.6
CAI All Cap: Value	13	14	2,186.4	672.0	30.6
CAI Large Capitalization Style	131	197	3,043.9	1,045.8	569.2
CAI Large Cap Core Style	42	51	2,663.2	1,109.0	130.5
CAI Large Cap Growth Style	56	67	4,093.9	1,407.5	253.8
CAI Large Cap Value Style	64	73	2,513.1	784.8	178.4
CAI Mid Capitalization Style	96	115	1,870.3	550.1	209.5
CAI Mid Cap Growth Style	48	49	2,196.4	728.0	103.2
CAI Mid Cap Value Style	40	41	1,872.0	537.3	74.9
CAI Mid Cap Core Style	22	22	1,027.8	407.1	22.6
CAI Small/MidCap Broad Style	59	63	1,214.1	494.4	72.8
CAI Small/MidCap Growth Style	34	34	1,663.3	446.8	53.2
CAI Small/MidCap Value Style	19	19	739.7	550.5	13.3
CAI Small Capitalization Style	141	179	874.5	472.0	151.3
CAI Small Cap Growth Style	63	67	676.3	370.7	44.6
CAI Small Cap Value Style	46	48	942.8	688.3	41.5
CAI Small Cap Core Style	48	52	902.2	322.0	46.0
CAI Yield Equity Style	26	26	3,549.5	825.1	92.3
CAI S&P 500 Index Style	8	8	24,579.4	20,217.1	196.6
CAI Market Neutral Style	18	19	290.8	154.4	5.2
CAI Stock Based Enhanced Indexing Style	14	15	1,761.4	776.0	26.4
CAI Total Domestic Equity Database	711	2735	1,396.1	308.5	3,361.8

Domestic Fixed-Income Style Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Active Cash Fixed-Inc Style	18	20	2,255.8	394.5	40.6
CAI Active Duration Fixed-Inc Style	17	17	844.9	159.8	11.0
CAI Core Bond Fixed-Inc Style	52	53	3,490.1	801.5	181.5
CAI Core Bond Plus Style	40	41	13,691.4	2,577.8	561.3
CAI Defensive Fixed-Inc Style	33	33	1,785.9	318.0	55.4
CAI Extended Maturity Fixed-Inc Style	22	23	5,508.8	885.6	126.7
CAI High Yield Fixed-Inc Style	38	42	4,121.1	1,701.8	173.1
CAI Intermediate Fixed-Inc Style	33	33	994.9	474.2	32.8
CAI Mtg-Backed FI Style	21	25	2,327.5	688.4	53.5
CAI Govt/Credit Fixed-Income Style	16	16	331.9	150.5	5.3
CAI Total Domestic Fixed-Inc Database	292	1244	2,339.1	493.0	2,409.3

Domestic Balanced Style Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Asset Allocator Style	4	4	1,015.7	563.3	4.1
CAI Total Domestic Balanced DB	88	301	484.5	139.7	87.2

INTERNATIONAL EQUITY AND FIXED-INCOME STYLE GROUPS

PERIOD ENDED MARCH 31, 2011

International Equity Style Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Europe Equity Style	28	32	812.2	418.0	23.6
CAI Japan Equity Style	12	16	815.0	369.7	9.8
CAI Non-U.S. Equity Style	104	157	3,086.8	1,657.6	463.0
CAI Core International Equity Style	35	43	2,273.4	1,403.3	95.5
CAI Broad Growth Intl Equity Style	38	42	3,550.6	1,998.1	145.6
CAI Broad Style-Neutral Intl Style	54	72	2,449.3	1,404.0	169.0
CAI Broad Value Intl Equity Style	29	38	4,079.6	2,573.9	142.8
CAI Core Growth International Eq Style	12	13	2,921.4	1,949.9	38.0
CAI International Core Broad Style	52	73	2,686.5	1,685.8	188.1
CAI Core Value International Eq Style	13	17	3,639.4	2,164.6	54.6
CAI Core+ Growth Int'l Eq Style	29	29	3,842.7	2,130.8	107.6
CAI Int'l Core+ Broad Style	65	79	3,590.8	1,715.0	269.3
CAI Core+ Value Int'l Equity Style	18	21	4,409.8	2,896.0	88.2
CAI Pacific Basin Equity Style	15	17	877.0	284.8	13.2
CAI International Small Cap Style	37	41	853.8	420.7	32.4
CAI Pacific Rim Equity Style	16	16	1,440.1	666.7	18.7
CAI Emerging Market Broad Style	47	55	17,112.6	3,061.7	855.6
CAI Emerging Markets Core Style	22	23	6,970.0	4,265.6	146.4
CAI Emerging Non Core Style	29	32	24,457.2	2,685.3	709.3
CAI Global Equity Value Style	26	29	3,932.2	1,834.1	110.1
CAI Global Equity Growth Style	35	44	1,990.9	1,102.3	83.6
CAI Global Equity Style-Neutral Style	37	48	3,218.8	1,189.0	135.2
CAI Global Equity Broad Core Style	48	59	2,255.3	878.6	119.5
CAI Global Equity Broad Plus Style	52	62	3,548.8	1,458.5	209.4
CAI Global Equity Broad Style	88	121	2,936.7	1,189.0	328.9

International Fixed-Income Style Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Global Fixed-Inc Style	30	40	1,478.0	337.2	54.7
CAI Non-U.S. Fixed-Inc Style	17	20	1,209.4	600.9	23.0
CAI Non-U.S. Fixed-Income Database	28	49	1,137.5	362.0	30.7

International Balanced Style Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Int'l/Global Balanced Database	27	52	2,195.3	410.5	57.1

DOMESTIC EQUITY AND FIXED-INCOME STYLE GROUPS
PERIOD ENDED MARCH 31, 2011

Domestic Equity Style Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Total Domestic Equity Database	711	2735	1,396.1	308.5	3,361.8

Domestic Fixed-Income Style Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Cash Database	40	65	7,221.1	418.8	361.1
CAI Stable Value Group	13	14	9,627.1	5,576.7	105.9
CAI Convertible Bonds Database	22	32	731.7	378.2	16.8
CAI Municipal Bond Database	56	91	889.9	282.4	61.4
CAI Total Domestic Fixed-Inc Database	292	1244	2,339.1	493.0	2,409.3

Domestic Balanced Style Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Total Domestic Balanced DB	88	301	484.5	139.7	87.2

Domestic Miscellaneous Style Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Derivatives/Alternative Investments	33	39	1,140.4	293.7	38.8
Total Real Estate DB	73	196	2,665.6	1,229.0	88.0
Real Estate Core	33	47	3,740.1	1,863.5	78.5
Real Estate Opportunistic/Value Added	51	132	785.2	439.5	9.4
Real Estate Value Added	36	79	1,012.0	657.8	9.1
CAI Real Estate-REIT DB	35	46	1,011.4	697.0	38.4

INTERNATIONAL EQUITY AND FIXED-INCOME STYLE GROUPS

PERIOD ENDED MARCH 31, 2011

International Equity Style Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Non-U.S. Equity Database	253	808	7,304.0	442.5	4,901.0
CAI Global Equity Database	181	379	8,785.2	479.1	2,714.6
CAI Emerging Markets Equity DB	121	236	6,100.3	808.2	1,098.1

International Fixed-Income Style Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Non-U.S. Fixed-Income Database	28	49	1,137.5	362.0	30.7
CAI Global Fixed-Income Database	58	135	1,150.2	348.2	121.9
CAI Emerging Debt Database	54	98	2,050.5	682.0	143.5

International Balanced Style Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Int'l/Global Balanced Database	27	52	2,195.3	410.5	57.1
CAI Global - Balanced DB	26	49	2,264.6	410.5	54.4

International Miscellaneous Style Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Currency Managers DB	15	27	2,242.2	238.2	22.4

FUND SPONSOR DATABASE STATISTICS

PERIOD ENDED MARCH 31, 2011

Fund Sponsor Database	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Total Fund Sponsor DB	710	710	4,399.4	885.8	1,935.7
CAI Fund Spr - Large (>1B)	290	290	9,204.1	3,410.0	1,850.0
CAI Fund Spr - Mid (100mm-1B)	291	291	461.9	391.2	82.2
CAI Fund Spr - Small (<100 MM)	129	129	57.4	51.7	3.5

Fund Sponsor Database	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Public Fund Sponsor Database	159	159	9,740.8	1,304.0	1,091.0
CAI Public Fund - Large (>1B)	90	90	16,769.4	7,695.5	1,073.2
CAI Public Fund - Mid (100mm-1B)	55	55	461.1	361.4	17.1
CAI Public Fund - Small (<100 MM)	14	14	60.5	55.2	0.7

Fund Sponsor Database	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Corporate Fund Sponsor DB	276	276	3,388.2	964.5	555.7
CAI Corp Funds - Large (>1B)	123	123	6,519.4	2,885.5	521.6
CAI Corp Funds - Mid (100mm-1B)	109	109	498.2	434.0	32.9
CAI Corp Funds - Small (<100 MM)	44	44	68.0	52.4	1.2

Fund Sponsor Database	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI Taft Hartley Fund Sponsor DB	54	54	1,882.6	395.5	56.5
CAI Taft-Hartley - Lg (>1B)	16	16	4,656.5	1,771.4	51.2
CAI Taft-Hartley - Mid (100mm-1B)	20	20	410.4	272.7	4.9
CAI Taft-Hartley - Small (<100 MM)	18	18	47.2	46.8	0.3
CAI Endowment / Foundation DB	221	221	1,736.1	467.9	232.6
CAI Endow-Fdn - Large (>1B)	61	61	4,434.9	2,542.0	204.0
CAI Endow-Fdn - Mid (100mm-1B)	107	107	434.2	391.0	27.4
CAI Endow-Fdn - Small (<100 MM)	53	53	51.3	46.8	1.3

DOMESTIC MUTUAL FUND STYLE GROUPS

PERIOD ENDED MARCH 31, 2011

Domestic Equity Mutual Fund Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI MF - Aggressive Growth Style	24	30	993.6	181.7	29.8
CAI MF - Contrarian Style	24	28	2,692.6	677.0	72.7
CAI MF - Large Cap Broad Style	83	124	2,448.9	406.3	296.3
CAI MF - Core Equity Style	28	31	2,741.6	634.4	85.0
CAI MF - Large Cap Growth Style	36	42	2,218.0	602.8	93.2
CAI MF - Large Cap Value Style	44	44	2,831.3	314.8	116.1
CAI MF- Yield Style	32	37	3,809.3	857.7	140.9
CAI MF - Mid Cap Broad Style	65	80	1,254.5	506.4	99.1
CAI MF - Mid Cap Growth Style	36	39	1,357.4	318.1	51.6
CAI MF - Mid Cap Value Style	27	29	1,059.4	583.0	30.7
CAI MF - Small Cap Broad Style	84	103	1,231.3	228.6	125.6
CAI MF- Small Cap Growth Style	37	37	672.3	163.9	24.2
CAI MF - Small Cap Value Style	36	37	2,099.0	448.4	77.7
MF - Total Domestic Equity Mut Fds	394	8204	488.0	33.9	3,976.8

Domestic Fixed-Income Mutual Fund Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI MF - Core Bond Style	18	23	8,144.0	353.7	179.2
CAI MF - Core Plus Style	16	18	8,456.9	520.2	152.2
CAI MF - Defensive Style	17	23	2,482.1	462.0	57.1
CAI MF - Extended Maturity	7	9	874.3	192.4	7.9
CAI MF - High Yield Style	39	44	1,244.7	335.6	53.5
CAI MF - Intermediate Style	19	20	509.8	301.4	10.2
CAI MF - Mortgage Fixed Income	18	20	1,763.2	593.0	33.5
MF - Domestic Fixed Income Mutual Funds	202	3224	574.8	54.5	1,845.1

Domestic Balanced Mutual Fund Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI MF - Domestic Balanced Style	38	49	2,025.0	144.4	99.2
CAI MF-Domestic Bal Aggressive Style	46	61	1,731.4	174.6	103.9
CAI MF-Domestic Bal Conservative Style	10	15	221.2	78.5	3.3
CAI MF-Domestic Balanced Moderate Style	61	72	1,493.6	156.2	106.0
Lipper: Balanced Funds	109	765	556.8	33.4	424.3

INTERNATIONAL MUTUAL FUND STYLE GROUPS

PERIOD ENDED MARCH 31, 2011

International Equity Mutual Fund Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI MF - Emerging Markets Style	13	18	1,543.9	1,275.7	27.8
CAI MF - Europe Style	9	10	563.0	584.1	5.6
CAI MF - Global Equity Style	21	26	4,974.4	385.1	129.3
CAI MF - Intl Core Equity Style	30	31	3,655.1	364.3	113.3
CAI MF - Non-US Equity Style	64	85	2,709.1	479.4	227.6
CAI MF - Pacific Equity Style	9	10	888.4	378.7	8.9

Intl. Fixed-Income Mutual Fund Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI MF - Global Fixed Income Style	15	16	2,418.7	215.2	38.7

International Balanced Mutual Fund Groups	Number of Organizations	Number of Funds	Assets Under Management		
			Mean(\$mil)	Median(\$mil)	Total(\$bil)
CAI MF - Global Balanced Style	7	7	4,733.6	2,112.3	33.1