

May 3, 2010

Analytic Investors, LLC: Departure of Investment Professional

Segal Advisors spoke with representatives from Analytic Investors, LLC (Analytic), to discuss the recent announcement regarding the anticipated departure of Steven Sapra, Ph.D., CFA, PM, Research Analyst.

Background

On April 27, 2010, Analytic informed Segal Advisors that **Dr. Steven Sapra**, CFA, PM, Research Analyst, who joined the firm in 1999, would be leaving Analytic on June 15, 2010. Analytic stated that Dr. Sapra is leaving to pursue other career opportunities, including the possibility of joining academia as he recently completed his Ph.D. in finance, with an emphasis on behavioral finance. Analytic does not have a non-compete agreement with Dr. Sapra and he is free to choose his future employer; however, Analytic's models are protected by non-disclosure agreements.

According to Analytic, Dr. Sapra was an important contributor to the firm's research process; however, the firm believes it can absorb his loss without affecting the quality of research.

Ryan Brown, PM, who has been working under Dr. Sapra since joining the firm in January 2007, will be assuming the majority of Dr. Sapra's day-to-day portfolio management responsibilities. Dr. Sapra will assist in the transition of the responsibilities until his expected departure. **Dennis Bein**, CIO, PM, who joined the firm in 1995, will assume the responsibility of overseeing Mr. Brown after the departure of Dr. Sapra. **Dr. Harin De Silva**, President, PM, who joined the firm in 1995, remains the head of Research and will assume the additional research responsibilities. As a reminder, Dr. De Silva is supported by four research analysts. The firm is actively seeking a fifth research analyst to assist Dr. De Silva in managing the additional research responsibilities. The firm is not looking for someone as experienced as Dr. Sapra as Analytic prefers to train its analysts from the ground-up.

Segal Advisors Analysis

Given the Firm's poor performance and higher than average tracking error over the last several quarters, this news is not very welcome at this time. Dr. Sapra was an important contributor to Analytic and his departure is noteworthy; however, Segal Advisors believes that the firm will be able to absorb his loss with minimal impact on the quality of the research. We recommend no action at this time; however, we will continue to closely monitor Analytic's research and investment performance to ensure that the firm takes all steps necessary to minimize the impact of Dr. Sapra's and improve their downward trend.

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