

**Response to
Request for Proposals
RFP No. 203a
Investment Consulting Services for the**

**Texas Prepaid Higher Education
Tuition Board**

February 2012

Prepared by



1660 Wynkoop Street, Suite 950
Denver, Colorado 80202
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Michael Swinney, CFA
Vice President

Gordon M. Weightman, CFA
Vice President

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SECTION B

CALLAN ASSOCIATES

January 27, 2012



SAN FRANCISCO

NEW YORK

CHICAGO

ATLANTA

DENVER

William Clary Harris
Assistant General Counsel, Contracts
Comptroller of Public Accounts
111 E. 17th Street, Room 201
Austin, TX 78774

RE: Request for Proposal No. 203a for Investment Consulting Services

Dear William,

Enclosed is Callan Associates' (Callan) proposal to provide investment consulting services for The Texas Prepaid Higher Education Tuition Board (Board). As a proposed lead consultant, I am delighted to submit this proposal on behalf of my colleagues. We agree to the terms and conditions of the contract as set forth in the Sample Contract in Appendix D to the RFP. Our exceptions to this contract are attached to this letter. Callan will provide the services required by the Comptroller and our proposal is valid for 240 days from the deadline for delivery of proposals to the Comptroller.

Our submittal contains detailed responses to the questions posed in the RFP. Section E, Project Workplan, addresses all services listed in the Scope of Work of the RFP. The formal response is supplemented with appendix documents and enclosures. As a designated lead consultant, I am happy to provide clarification of any aspect of Callan's proposal. I can be reached at 303.861.1900 or weightman@callan.com.

Callan's mission is to inspire superior long-term investment decisions. We believe Callan is the most qualified to provide the requisite services to the Texas Tomorrow Funds (Funds) due to our experience working with state 529 Plans, our broad specialist base and resources, our peer review process – that brings the best collective thinking of our firm to client work, and our commitment to assisting Trustees meet their fiduciary responsibilities. We are excited about the opportunity to bring Callan's experience and resources to meet the investment needs of the Board and the Funds.

Cordially,

A handwritten signature in black ink, appearing to read 'G. Weightman'.

Gordon Weightman, CFA
Vice President

c: Michael Swinney, CFA
Enclosures

Mandatory Exceptions to Contract

At the end of Section 3.2, the following language must be included:

"During the performance of such services by the Consultant, the Board will retain and exercise all decision-making authority with respect to the management and administration of the retirement plan(s) funded by the State and investments relating thereto." **Reason:** Callan will be providing investment consulting services and is not making any investment decisions. Callan is not a guarantor of financial results and the investment risk is retained by the client, not by Callan.

The following language must be added to the end of Section X (IN CAPS):

"Notwithstanding the foregoing, the Consultant shall discharge its duties as a consultant in accordance with the terms of this Agreement and applicable law. The Board acknowledges and agrees (i) that Consultant has no authority or responsibility to manage or in any way direct the investment of any assets that are the subject of Consultant's consulting services provided under the terms of this Agreement, (ii) that Consultant has not and cannot make any promise, guarantee or other statement or representation regarding the future investment performance of such assets, and (iii) that Consultant will not be liable for any losses or expenses incurred as a result of any action or omission by an investment manager, custodian or unrelated third party." **Reason:** Callan will be providing investment consulting services and is not making any investment decisions. Callan is not a guarantor of financial results and the investment risk is retained by the client, not by Callan.

The following language must be added to the end of Section 12.25:

"The Board acknowledges receipt of the Consultant's disclosure list of investment manager clients no later than the date of the execution of the Agreement." **Reason:** To comply with the requirements of the U.S. Securities and Exchange Commission.

- A new Section XV should be added as follows:

"XV. ADV Disclosure

The Board acknowledges receipt of Consultant's disclosure statement, Form ADV, Part II, more than 48 hours prior to the date of the execution of this Agreement." **Reason:** To comply with the requirements of the U.S. Securities and Exchange Commission.

SECTION C

Section C: Executive Summary

Company Background

Callan Associates Inc. ("Callan") is the largest privately owned company engaged primarily in investment consulting. 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., a subchapter S Corporation incorporated in the State of California. Callan has been providing consulting services to tax-exempt organizations for thirty-eight years, since our incorporation in 1973. Callan Associates is 100% employee owned and has no parent, subsidiary, or affiliate relationships.

Our Process

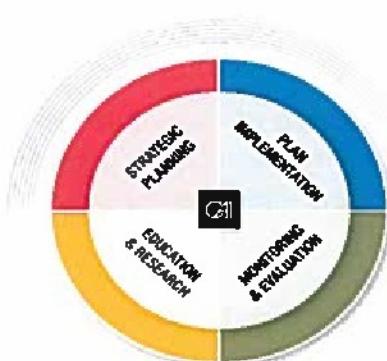
Callan believes that as investment consultants, it is our mission to inspire superior long-term investment decisions. This is accomplished by delivering consulting solutions that help our clients achieve their investment and business objectives. We specialize in *all* areas that are critical to the long-term success of institutional investment programs. The services Callan offers can be illustrated as four distinct phases of investment consulting: *Strategic Planning, Plan Implementation, Monitoring and Evaluation, and Continuing Education*. The four phases are arranged in a circle below to illustrate a continual flow from one phase to another.

Strategic Planning

- Investment Policy/Guidelines
- Structure Evaluation
- Asset/Liability Studies
- Service Provider Evaluation

Education & Research

- Callan Investment Institute
- Research Papers
- Surveys
- "Callan College"
- Custom Topic Education Sessions



Plan Implementation

- Manager Review and Search
- Investment Vehicle Selection
- Record Keeper Search
- Custodian Review
- Securities Lending and Transition
- Fee/Cost Analysis

Monitoring & Evaluation

- Risk Adjusted Returns and Analysis
- Pure Style Groups
- Mutual Fund Style Groups
- Portfolio Characteristics
- Plan Competitiveness
- Attribution

By adopting a specialty approach in our technical support services, Callan has been able to maintain the expertise and research capability to cover the full range of investment areas and opportunities available to the institutional investor. A brief explanation of several of Callan's services is included below. The contents of our proposal address all of the requirements of the RFP.

- *Development or Revision of Investment Policy* – One of the first projects usually completed for a client is to review or revise existing total plan and individual manager guidelines.
- *Completion of an Asset Allocation Study* – This analysis provides the framework for establishing a program with the highest probability of meeting the Funds' objectives while assuming a prudent level of risk.
- *Investment Manager Search* – Depending on the Funds' specific requirements, a manager search may be required. Manager searches are typically completed for the following reasons: manager termination, growth in plan assets requires an increase in the number of managers or diversification into a new style or asset class.
- *Investment Measurement Services (Performance Evaluation)* – Callan provides customized performance reports designed to meet the diverse and specific needs of each client. The reports are typically presented by our consulting staff quarterly.
- *Continuing Education and Research* – Callan's clients are also provided with the research resources of the Callan Investments Institute and the "Callan College," a two and one-half day educational program that provides basic-to-intermediate level instruction on the investment management process. Research is accessible on our web-site.
- *Global Trust/Custody/Securities Lending* – Callan formalized the Master Trust, Custody and Securities Lending group in 1991. This group covers issues such as securities lending, transition management, global custody, fees, benefit administration, on-line systems and technology, back-office applications, cash management, client servicing, and risk and guideline compliance.
- *Defined Contribution Group* – This group of three professionals is solely dedicated to defined contribution plans. The DC group is integral in helping clients with fee analysis, service provider review and search, and investment structure studies.

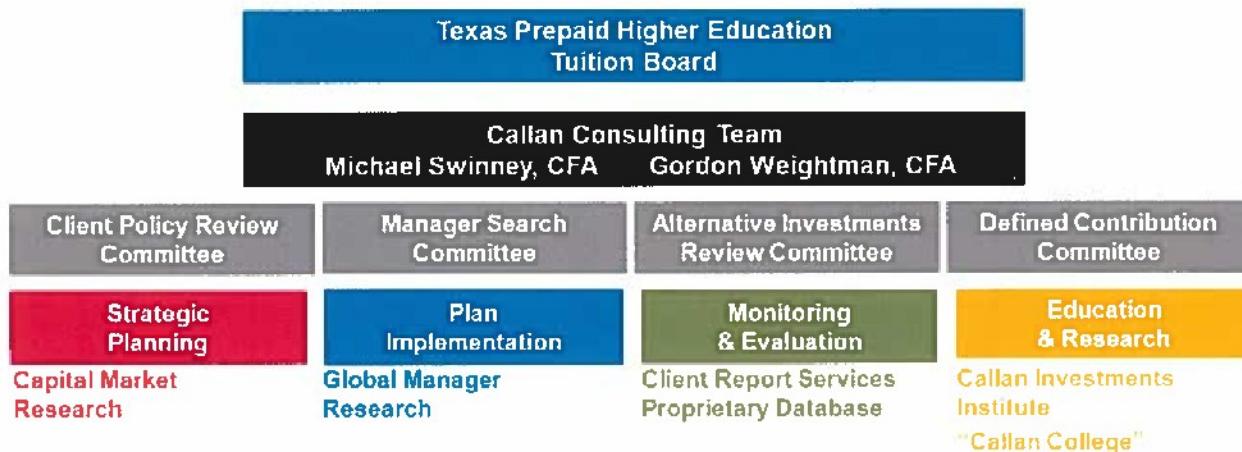
Proposed Consulting Team

A team of Callan professionals services every consulting relationship. Our proposed team consists of two general consultants, one based in the Denver office and one from our Atlanta office. They will be assisted by specialists from our Capital Markets Research, Client Report Services, Global Manager Research, Defined Contribution Group and other departments. The specialists will participate as their expertise is needed.

Gordon Weightman, CFA, Vice President, and Michael Swinney, CFA, Vice President would serve as the general consultants for the Funds. They will have ultimate responsibility for the coordination and delivery of all consulting services, ensuring the completeness and quality of all

work performed. Both consultants assigned to the relationship will be thoroughly familiar with all aspects of the relationship and serve as co-consultants.

We are organized along functional lines (see chart below) so that each client, working through its general consultants, can draw upon the full resources of the firm on an as-needed basis. Unique within the consulting industry, Callan has four peer review committees. The peer review process eliminates personal bias and assures the impartiality and thoroughness of Callan's consulting product to each client.



Clients We Serve

Callan has extensive experience working with college savings plans and other similar investment programs. We consult to over 300 defined benefit, defined contribution, endowment and foundation and other types of clients. We work with the 529 plans listed below. Gordon Weightman works directly with the Nevada PrePaid Plan and the State of Idaho College Savings Program.

529 Plan Clients

Education Trust of Alaska
Finance Authority of Maine
Florida Savings and PrePaid Plans
Illinois Student Assistance Commission
Kentucky Savings and PrePaid Plans

Nevada PrePaid Plan
State of Idaho College Savings Program
West Virginia Savings and PrePaid Plans
Wisconsin Department of Administration

SECTION D

Section D: Respondent Information

Respondent must provide the following identifying information:

- **Name and address of respondent firm submitting the proposal;**

Callan Associates' corporate headquarters are located in San Francisco. Regional offices are in Atlanta, Chicago, Denver and New Jersey. The Funds would be serviced by Callan's Denver and Atlanta Offices.

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

- **All principals;**

The following is a listing of Callan's Principals:

Greg Allen, President and Director of Research

Ann De Luce, Executive Vice President & COO

Ron Peyton, Chairman & CEO

Susan Taylor, Senior Vice President, CFO & Chief Compliance Officer

- Type of business entity (i.e., corporation, partnership, broker/dealer);

Callan Associates, a subchapter S Corporation, incorporated in the State of California, is 100% privately owned by 66 employee shareholders, with no employee holding a majority stake.

- State of incorporation or organization and principal place of business;

Callan Associates, a subchapter S Corporation, is incorporated in the State of California. Our legal corporation name is Callan Associates, Inc. Our corporate headquarters are located in San Francisco. Regional offices are in Atlanta, Chicago, Denver and New Jersey.

- Name and location of major offices, and other facilities that relate to respondent's performance under this RFP;

The Funds would be serviced by Callan's Denver and Atlanta Offices, with the full resources of our specialty consulting areas operating out of our Headquarters in San Francisco. Other major offices include Chicago and New Jersey. Please refer to the initial question in this section for the location of all of Callan's offices.

- Name, address, business and home telephone number, email address, and fax number of respondent's principal contact person(s) regarding its proposal and any resulting Contract;

The Funds would be serviced by Mike Swinney of the Atlanta office and Gordie Weightman of the Denver office. Their contact information is listed below.

Mike Swinney, CFA
Vice President
300 Galleria Parkway
Suite 950
Atlanta, Georgia 30339
Phone: 770.618.2148
Fax: 770.618.2141
Home Phone: 404.228.8245
Email: swinney@callan.com

Gordon M. Weightman, CFA
Vice President
1660 Wynkoop Street
Suite 950
Denver, CO 80202

Phone: 303.226.4932
Fax: 303.832.8230
Home Phone: 303.954.0126
Email: weightman@callan.com

- The respondent's Form ADV Part I and II as filed with the Securities and Exchange Commission,

Callan's Form ADV, Parts I, II, and IIB is included in Appendix I.

- The respondent's Federal Employer Identification Number and Texas Tax Identification/Registration Number, if any;

Callan's Federal Employer Identification Number is 94-2192581 and our Texas Tax Identification/Registration Number is 19421925819.

- Full name and address for each member, partner, associate, and employee of the respondent (and any subcontractors) who will perform services on this project;

The Funds would be serviced by Mike Swinney of the Atlanta office and Gordie Weightman of the Denver Office. Their contact information is listed below.

Mike Swinney, CFA
Vice President
300 Galleria Parkway
Suite 950
Atlanta, Georgia 30339
Phone: 770.618.2148
Fax: 770.618.2141
Home Phone: 404.228.8245
Email: swinney@callan.com

Gordon M. Weightman, CFA
Vice President
1660 Wynkoop Street
Suite 950
Denver, CO 80202
Phone: 303.226.4932
Fax: 303.832.8230
Home Phone: 303.954.0126
Email: weightman@callan.com

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.

Mike Swinney and Gordie Weightman will serve as the primary consulting team who will work with the Funds. Mike Swinney is based in Callan's Atlanta office and Gordie Weightman is based in Callan's Denver office. Their contact information is listed above. This team will have ultimate responsibility for the coordination and delivery of all services, ensuring the completeness and quality of all work performed. Mike and Gordie will be available to assist in various functions, including, but not limited to: answering all questions of the Board; 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.

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.

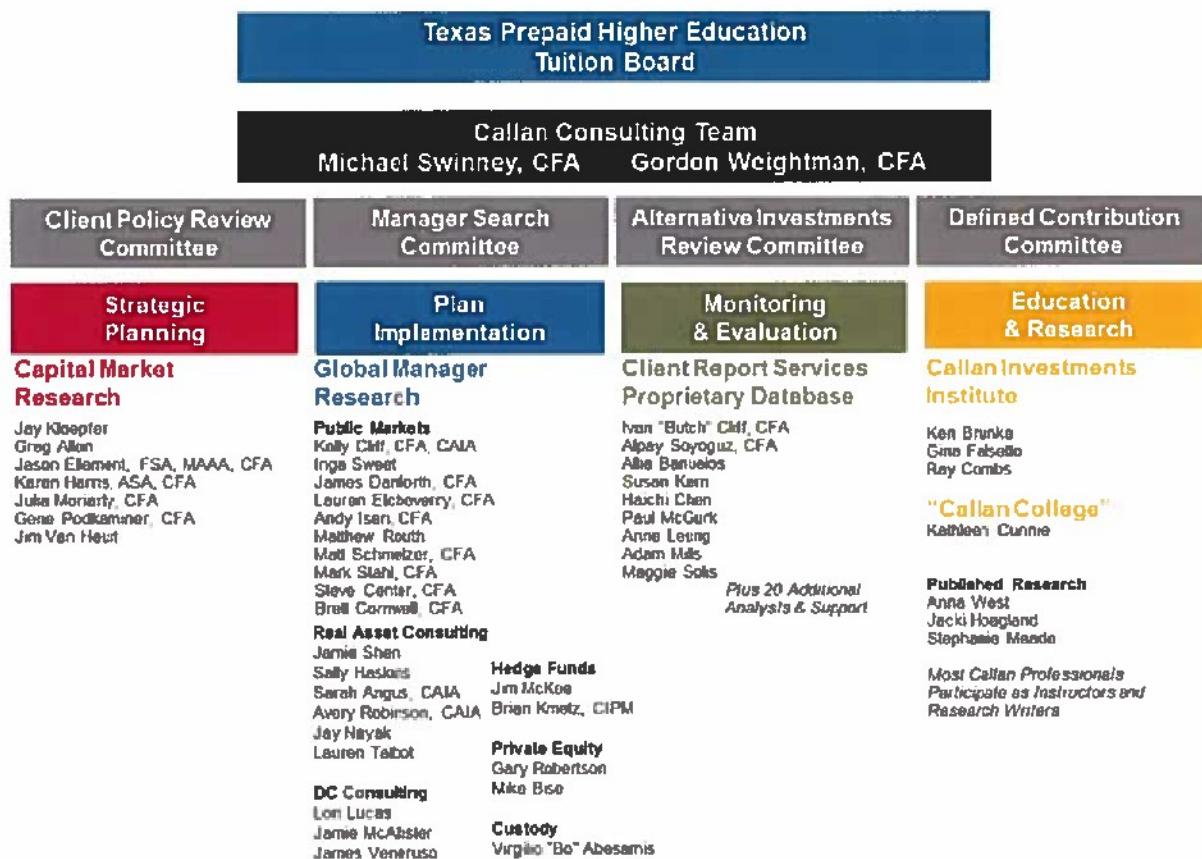
Defined Contribution Group

Callan maintains a group solely dedicated to defined contribution plans. Lori Lucas, a recognized leader in the defined contribution area, leads the group and provides input to key regulatory bodies on issues critical to defined contribution plan sponsors. Our Defined Contribution Group is responsible for understanding the DC market and corresponding regulatory environment, researching trends and best-in-class developments as well as providing expertise to our consulting staff in the defined contribution area. The group works closely with other internal resources to seamlessly deliver services to those plan sponsors with both defined benefit and defined contribution plans. The DC Group has been instrumental in providing clients with defined contribution solutions that represent best-in-class service and technology, while improving fee transparency and total cost structure.

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.

The following chart illustrates how we have organized our resources to bring the best thinking of the entire firm to the Funds:



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.

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

Please refer to Appendix II for a listing of biographies for Callan professionals.

- A statement regarding the financial stability of respondent, including the ability of respondent to perform the requisite services and additional services included in its response;

As a privately held firm, Callan Associates does not publicly disclose financial information, which we consider confidential in nature and is not intended for public disclosure. However, we will do our utmost to satisfy all your due diligence requirements. Further financial information can be obtained directly from our Chief Financial Officer, Susan Taylor, at 415.974.5060.

Our independent ownership structure is a significant advantage to our firm and, just as importantly, our clients. This independence allows us to maintain a long-term perspective, continually reinvest in our people and resources, and not concern ourselves with profitability or business objectives determined by an outside shareholder. The employee ownership model also ensures that every dollar we earn goes back into our people and our systems. The benefit to clients is a more stable consulting team supported by tools, data, and resources that would only be built by an organization with a long-term perspective and a sole focus on institutional investment consulting.

Callan has no long-term debt and is a financially strong company. We have intentionally worked to diversify our revenue sources in recent years to improve our financial strength. As we diversify our revenue streams, our clients benefit from our increased flexibility to make long-term, value-added investments in our people and technology regardless of the point in the business cycle.

Callan certifies we will meet all of the scope-of-services listed in the RFP as well as all other terms and conditions of the RFP. Should Callan be selected as your Investment Consultant, we certify we are committed to providing the services requested within the timeframe and manner specified.

Callan currently provides consulting services on a project or retainer basis to over 300 public, corporate, endowment and foundation, and multi-employer funds representing over \$1.5 trillion in assets. Callan is a deeply resourced firm and 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.

- Detail any firm ownership changes which have occurred in the last five (5) years, including changes pending; and

Over the last five (5) years, Callan has continued to add employee shareholders. 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.

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 then 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. There are no proposed company-level changes pending.

- All affiliated companies and subsidiaries, or any joint ventures or other affiliations.

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.

SECTION E

Section E: Project Workplan

The respondent must describe the technical expertise that it and its proposed subcontractor(s) and proposed project personnel have that will address the full scope of the Services. The project workplan must include a detailed description of research methods and strategies, quality control mechanisms, and proposed tasks that demonstrate a high level of quality and commitment to excellence, as described in this RFP. Through its proposed workplan, the respondent must demonstrate extensive experience in and understanding of the nature of research and analysis required in order to carry out the intent of the Contract. The proposed workplan must include a timeline for the completion of each task included in the project, to the extent practicable, as well as projected delivery dates for each deliverable. Through its proposed workplan, the respondent must demonstrate an understanding of the investment authority of the Comptroller and the Board and applicable federal and state laws regarding the investment of funds under the care, custody and control of the Comptroller and the Board.

Callan Associates Inc. has the experience, depth of resources, and proven due diligence processes to fully provide the scope of work outlined for the Funds. Before providing details on each requested service, we thought it beneficial to discuss our investment philosophy since it drives our work and recommendations that are critical to our ability to provide quality services that meet our client's unique needs.

Callan believes that as investment consultants, it is our mission to deliver superior consulting solutions that help our clients achieve their investment and business objectives. We believe that fund sponsors should adopt well-defined procedures and methods to provide the best-managed assets for their liabilities and objectives. We developed our processes to help our clients dispense their duties with the highest fiduciary standards. To that end, Callan believes in the development of customized solutions to fit each client's unique needs. In other words, our entire consulting approach is designed to add value to each individual client. We do, however, maintain general beliefs that underpin our firm's investment advice across all clients:

- We are ardent believers in diversification at the total portfolio level and in each asset class.
- We believe very strongly that a long term strategic investment plan needs to be developed based on specific goals, objectives and the risk tolerance of the investor and in light of the unique spending needs of the plan.
- Once the strategic plan is developed, we believe that each asset class should be structured with the goal of achieving returns in excess of the benchmark (assuming active management) and in a way that does not expose the portfolio to undesired risks by style, capitalization, or other attributes.
- We believe that passive investments can play an important role in any portfolio. We are advocates of passive or enhanced investment strategies in the areas of greatest market efficiency such as large capitalization US equities. We also believe that passive or enhanced

investment strategies can be used to provide low cost exposure in all public security markets and can be especially valuable tools in large portfolios.

- We believe in active management, particularly in the less efficient areas of the capital markets such as US small capitalization equities and non-US investments. We also believe that prudent use of active management in more efficient areas can be beneficial. In all cases, we believe that a prudent process in manager selection and a long-term view is necessary to maximize the opportunities for success in manager selection.
- We attempt to achieve cost efficient solutions but are not averse to paying higher fees where appropriate.
- We generally believe in simple as opposed to complex portfolios. We strongly prefer fewer investment managers to more. We believe in leveraging relationships across multiple plans where possible.

Finally, we believe that all solutions need to be developed specifically for each of our clients. As consultants, we are mindful that there is not one perfect solution. We work with our clients to understand their particular needs as well as their comfort level and biases and offer alternatives that blend the best investment practices with those unique client factors.

Detailed answers addressing the services listed in the scope of work in the RFP are below. The required services have been organized into four distinct categories of investment consulting: Strategic Planning, Plan Implementation, Monitoring and Evaluation, and Continuing Education. These are the four core areas that we believe are critical to structuring a best in class portfolio, that helps trustees fulfill their fiduciary responsibilities. By adopting a specialty approach in our technical support services, Callan has been able to maintain the expertise and research capability to cover the full range of investment areas and opportunities available to the institutional investor.

The scope of work is shown in blue font below. In areas of our response, multiple scope of work items are grouped together and our response underneath addresses all of these sections.

Strategic Planning

- Assist the Board in developing and modifying investment policy objectives and guidelines, including the development of asset allocation strategies, recommendations on long-term asset allocation and the appropriate mix of investment manager styles and strategies; copies of the Board's current Investment Policies are available upon request;
- Assist in the development of sound and consistent investment guidelines, with modifications to existing investment policy statements and investment guidelines to reflect changing conditions within the markets or Funds, and to refine them in order to make them more effective;

- Monitor the Funds' compliance with its derivatives policy and make the Board and Comptroller aware of instances when the Fund is out of compliance with such policy;
- Comply with all provisions of the investment policy statements for the Funds pertaining to the investment consultant's duties and responsibilities as a fiduciary;
- Provide assistance establishing guidelines to investment managers regarding their voting of proxies on investment securities owned on behalf of the Funds; recommend how Comptroller Staff should vote proxies in the best interest of the Funds;

Investment Policy Development and Review

We believe that a well written, robust and up-to-date investment policy is at the core of a sound fiduciary process. Sound fiduciary process is the first line of defense for board members, staff and investment professionals. The fiduciary process will be judged in hindsight based on the facts and circumstances of the period under scrutiny. That is why it is so important to create a detailed investment policy, to assure that all written (and unwritten) policies are followed and that the investment policy be kept up-to-date.

If we are selected as your investment consultant Callan would conduct a formal review of the investment policy statement and suggest changes as appropriate. Naturally, the beginning place would be a comprehensive review of your asset allocation policy, discussion of risk preferences and other specific limitations. We believe that the purpose of an investment policy is to provide sound guidance to all fiduciaries, and that a soundly conceived, consistently followed long-term investment policy is the most important element in achieving long-term fund objectives.

Process

There are a number of factors to be considered when developing a policy, and Callan would work closely with the Funds to develop a clear understanding of each factor. In developing appropriate investment policies, we consider the following factors:

- Statement of Purpose
 - Mission Statement
 - Investment Philosophy
 - Goals and Objectives
 - Standard of Care Definition and Legal Restrictions
- Identification of Roles and Responsibilities
 - Staff, Committee, Investment Managers, Consultant, Custodian, Record Keeper, Actuary and any other services providers
- Asset Allocation
 - Appropriate Asset Classes
 - Target and Tolerance Ranges for Asset Classes
 - Rebalancing Procedures

- Investment Management Structure
- Investment Manager Guidelines
 - Role in Asset Allocation
 - Risk and Return Objectives
 - Permissible (or Prohibited) Investments
 - Performance Measurement and Evaluation Standards
- Derivatives Policy
- Corporate Governance – Proxy Voting Guidelines

We recognize that a one size fits all approach does not work when it comes to investment policy documentation. Some boards and staff prefer to document every investment and administrative policy while others would feel encumbered by this approach. Below, we highlight what we believe are essential, highly recommended and recommended elements of investment policy documentation. Callan would work with the Funds to develop and review the investment policy statement of each distinct plan. Callan would comply with all provisions of the investment policy statements for the Funds with regard to the duties and responsibilities as a fiduciary.

Suggested Investment Policy Statement Contents

- Essential
- Highly Recommended
- Recommended

Executive Summary	
1. One-Page Reference to Key Information	Introduction
2. Purpose	
3. Objectives	Background
4. Description of Fund Origin/Development	Distinction of Responsibilities
5. Board of Trustees	
6. Investment Managers	
7. Custodian	
	Code of Ethics
8. Conflict of Interest Rules	
9. Specific Rules of Conduct	
	Investment Policy Guidelines
10. Time Horizon	
11. Asset-Allocation Guidelines	
12. Diversification Emphasis	
13. Investment Practices and Limitations	
14. Rebalancing Guidelines	
15. Manager-Selection Procedures	
16. Derivatives Policy	
17. Directed Brokerage Policy	
18. Proxy Voting Guidelines	
19. Securities Lending Guidelines	Performance Objectives
20. Total Fund Performance Objectives	
21. Manager Performance Objectives	
22. Watch List Guidelines	
23. Trading Cost Monitoring Guidelines	Communications
24. Inv. Mgr. Reporting Requirements	
25. Frequency of Manager Meetings	
	Review Procedures
26. Frequency of Review	
27. Board/Director Signatures	
	Investment Manager's Acceptance
28. Manager Signatures	

Callan Review Process

Callan's Client Policy Review Committee ("CPRC") decidedly differentiates us from other consulting firms. This ten-member group is comprised of senior consultants, management and investment specialists; it will review the Funds' policies, objectives, and investment guidelines

to ensure that the quality of the information and service being delivered meets the high standards that all of our clients expect and deserve.

Asset Allocation Process

Callan's proprietary asset allocation capabilities originated in the late 1970s, and are continually being scrutinized for enhancement. The improvements made over the years reflect the high priorities Callan devotes to state-of-the-art modeling technologies as well as over 25 years of accumulated experience in asset modeling. We typically complete 20-25 full asset/liability/spending studies each year and 20-25 asset allocation only studies.

Callan's Capital Markets Research Group conducts all of our asset allocation and asset/liability/spending studies. This group of six dedicated professionals includes two actuaries, four CFA charterholders, and an economist. Callan's Capital Markets Research Group is the key resource in economic forecasting, strategic asset allocation studies, investment structure analysis, policy development, and other quantitative areas. The following table details the members of our Capital Markets Research Group:

Name	Position	Industry Experience	Years w/ Firm	Degree/ Certifications
Jason Ellement, CFA, FSA	VP, Capital Markets Research	17	9	FSA, CFA, MAAA, BS
Karen Harris, CFA, ASA	VP, Capital Markets Research	23	11	ASA, CFA, BM
Jay Kloepfer	Director of Capital Markets and Alternatives Research	24	13	MA, BS
Julia Moriarty, CFA	VP, Capital Markets Research	21	21	CFA, MBA
James Van Heuit	SVP, Capital Markets Research	22	18	MA, BS, BA
Eugene Podkaminer, CFA	VP, Capital Markets Research	14	1	MBA, CFA

A number of proprietary computer models and software programs are utilized in the asset allocation process. Our "AssetMax", "MOMA", and "MONTY" asset allocation models are used to stochastically model alternative investment policies and their potential impacts on a plan's funding status.

Our asset allocation software utilizes a mean variance optimization approach, and as such, is dependent on three critical inputs: expected return, risk and correlation estimates. We have been developing such inputs for more than 25 years. We are very satisfied with our results but are always striving to improve the accuracy of the inputs. In particular, we are working diligently to improve inputs to better capture characteristics associated with asset class

segments (e.g., emerging markets) and alternative investment strategies (e.g., options overwrite programs, private equity, absolute return products).

Callan believes that an annual asset allocation review would give the Funds valuable information about where the plans' expected risk and return fall relative to the efficient frontier.

- Prepare and submit to the Board an asset liability model by December 31, 2012, and recommend future asset liability models as Selected Consultant considers appropriate;

Given the timeline indicated in the "Schedule of Events" section of the RFP, Callan would be able to complete an asset liability study by the expected due date of December 31, 2012. We have provided an overview of the process that would be involved in conducting an asset liability study.

Asset Allocation/Liability Study:

Texas Guaranteed Tuition Plan & Texas Tuition Promise Fund: Callan Associates believes that asset allocation development requires the integration of a number of factors.

- Development of intermediate and long term (seven to ten years) assumptions of return, risk and correlation for broad asset classes.
- Plan liabilities.
- Risk tolerance of the fund sponsor. Risk includes not only investment risk but also operational, political and other non-quantitative factors.
- Practical implementation issues including size of the asset pool, investment sophistication of the staff and committee, investment philosophy, investment preferences or biases, liquidity needs, legislative or regulatory issues, custodial capabilities, etc.

The articulation of a client's investment objectives is the most critical input to any study and is typically the area we have the most discussions with our clients. Our initial discussions would attempt to identify the relative importance of the objectives, particularly when certain objectives compete with one another. For example, is the objective of achieving long term returns in excess of liabilities more or less important than minimizing the risk of negative returns over a two-year period? Once we understand the order of importance, we would then:

- work to identify decision variables that measure success in achieving the objectives,
- engage in discussions regarding the above constraints to understand the plans' risk tolerance and parameters so they can be adequately addressed,
- discuss possible alternative strategies to include in our modeling,
- model and project the decision variables to look at expected cases,

- introduce uncertainty through the simulation of the capital markets to test the response of the decision variable and the financial condition of the funds to volatility in performance,
- interpret the simulation results in a risk and reward framework,
- overlay quantitative results with a qualitative discussion of informed Callan judgment, and finally,
- make recommendations on the optimal investment strategy.

To develop the asset allocation strategy, our process consists primarily of three important 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 7- to 10-year outlook. We 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. If there are policy or legal restrictions, these 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 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 Projection Model, which uses simulation analysis, allows for a detailed study of the future financial condition of the plan. The model is used as a strategic investment planning tool to assist you in understanding the nature of the plans' liabilities and how the plans' assets respond to those liabilities.

Callan's Projection Model is one of the few in the country to not only project liabilities into the future but also provide you with 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.

In Phase Three, we integrate 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 effect of the alternative asset mixes. The integrated asset/liability model projects the future financial condition of the plan using simulation analysis. This analysis also concentrates on the distribution of certain critical ratios, such as investment return-to-spending, and the implication of tuition inflation on the Fund and the future spending needs.

Over 2,000 simulations are run per year enabling you to view 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.

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 Funds, 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 will periodically evaluate the current allocation against the strategic target and the related rebalancing ranges. If the Fund's allocation exceeds the strategic ranges, we will propose an implementation plan for returning the Plan back to the strategic target. We also continuously review the Investment Policy and Guideline Statement for manager compliance and fiduciary care.

In addition, Callan will conduct a full asset and liability study at the outset of our relationship with the Board. We believe it is also extremely important for plan sponsors to conduct a full asset and liability study which re-examines the strategic asset allocation every three-to-five years. As a result of changes in factors both internal (e.g., fund demographics, cash flow, fund amendments) and external (e.g., financial markets, regulatory environment), asset allocation strategies may require fine-tuning over time. In addition, other factors such as changes in return objective, time horizon, risk tolerance, legal considerations, and liquidity needs will influence the asset allocation decision and may result in the need for review earlier than the aforementioned three to five years. If ignored, any of these changes could dampen the plan's potential for meeting its long-term financial obligations. Callan's approach to maximizing a plan's potential of achieving its long-term goals, is not necessarily based upon changing asset allocation recommendations, but rather on encouraging clients to continuously review and, if necessary, revise their strategy in light of changing circumstances. The following points are strengths of our asset allocation and liability modeling capabilities.

Distinguishing Factors:

• *Specialized Quantitative/Capital Markets Research Resources*

Callan's dedicated Capital Markets Research Consulting Group's sole job is assisting clients with asset allocation work and conducting capital markets research. Located in our San Francisco headquarters, this group brings an exceptional amount of knowledge and experience to the asset allocation decision because it conducts strategic analysis across Callan's entire client base, from the simplest plans to the most complex. We believe that this specific focus is fundamental to conducting world-class strategic research.

• *Proprietary Capital Markets Projections*

The primary inputs on the asset side of the equation in asset/liability work are projections for capital markets returns, risk and correlation in major asset classes. Callan produces proprietary expectations on an annual basis, which serve as the primary inputs for our strategic analysis. The assumptions of risk and return for each of the asset classes are established after reviewing historical performance data for each asset class, the principles of capital market theory, and trends in the markets, both past and present. This annual process is led by our Capital Markets Research Consulting Group and subject to a firm-wide peer review each January.

• *Client Policy Review Committee*

Callan maintains a Client Policy Review Committee that is comprised of senior consultants, management and specialists. The committee serves to review and discuss the assumptions, criteria and preliminary alternatives used in every asset/liability study and manager structure analysis, as well as to provide original ideas and years of unique experience. This committee ensures that the quality of the information and service being delivered to clients meets the high standards that clients expect and deserve. It also ensures Callan's best

thinking is applied to all projects we conduct. All strategic work performed for the Funds would be reviewed by this committee before it is finalized and delivered.

- Prepare and submit to the Board annual investment plans and long-range investment plans for the Funds, and as and when requested by the Comptroller or the Board;

Annually, Callan will review the asset allocation of the Texas Tuition Promise Fund and the closed Texas Guaranteed Tuition Plan if desired. The asset allocation analysis will show the projected return and risk numbers based on the target allocation defined in each Plan's investment policy statement. Our model is able to accommodate various short and long term time frames, which enables us to provide the Comptroller and the Board annual and long-range investment plans.

- At least annually, perform a review of the number and types of portfolios offered to account owners in the plans managed by the plan manager and make recommendations to the Board and Comptroller for changes, when necessary.

When evaluating a plan's investment structure, we typically utilize a three-tiered framework that we have developed based on our experience and our observation of industry best practices to map out the plan's current investment array and compare it to possible alternative structures. The chart below illustrates what our "ideal" investment structure might look like (without taking into account a given plan's characteristics and participant base).



Tier I is the asset allocation fund tier, which includes age-based options. Callan believes that asset allocation funds, in general, are good alternatives for all plan participants because they are professionally designed. They can also be positioned as the easy choice for those participants lacking the knowledge, interest, or time to manage their accounts directly. The key is to manage communications given the somewhat shorter timeframes of educations savings plans' time horizons.

Tier II is the core fund tier. This tier includes the basic building blocks participants would need to create a diversified portfolio. Callan considers a plan's line-up to provide sufficient asset class coverage if it includes funds whose benchmarks generally represent the following asset classes: money market/stable value, core fixed income, large cap equity, small cap equity, and international equity.

Tier III is the specialty tier. Investment funds not considered core are categorized in this tier. Examples include sector funds, emerging markets funds, REITs, high yield, etc. Callan does not generally recommend the use of specialty options in a qualified plan investment structure because they usually introduce a significantly higher level of risk and require a significantly higher level of investment sophistication on the part of participants. We recognize, however, that there are many reasons why plan sponsors believe it is important to include the specialty category, and we work with our clients to integrate these into a sound investment structure.

- At least annually, perform a review of the asset allocations underlying the age-based portfolios and other multi-class portfolios of the Texas College Savings Plan and LoneStar 529 Plan and make recommendations for change, when necessary.

Callan's asset allocation process and manager knowledge have been important resources to the evaluation of Target Risk or Lifecycle Fund evaluation and search. We have applied our experience directly to age-based options within 529 plans. Over the past three years, we have conducted seven asset allocation studies for 529 plan clients. Callan has conducted asset allocation studies to examine the return and risk parameters of age-based options as participants get closer to college age. As a means to better evaluate age-based funds, Callan has developed custom 529 peer groups and indices.

Callan maintains a group of three professionals solely dedicated to defined contribution plans. Lori Lucas, an industry recognized leader in defined contribution issues, leads the group and provides input to key regulatory bodies on issues critical to defined contribution plan sponsors. They work closely with other internal resources to seamlessly deliver services to those plan sponsors with both defined benefit and defined contribution plans.

This group along with the general consultants and members from our Capital Markets Research Group would conduct the asset allocation studies for the Funds' age-based portfolios. The studies review a number of factors including the number of asset classes offered, the number of underlying funds utilized, and projected return and risk based on the asset allocation of each of the age-based portfolios. We are willing to make recommendations to the board based on our findings.

Our approach employs Monte Carlo simulation to evaluate a variety of glidepaths across a complete range of potential capital market outcomes. The analysis focuses on maximizing college savings adequacy as measured by the tuition spending ability of the typical participant

in the plan. This work combines our extensive knowledge in asset/liability studies with our individual manager knowledge to evaluate both the glide path and the underlying managers used.

Recently, we conducted an asset allocation study for a state's 529 savings plan and made recommendations pertaining to their age-based options. Participants in this program moved from one age based fund to the next as they neared college age. This resulted in additional timing risk based upon the birthday of the participant due to a significant reduction in the equity allocation of the age based options as participants get older. For example, in the month that a participant turned 6, they moved to a fund with 25% less equity exposure. Callan suggested that the state consider moving their age-based funds to a provider with a smooth glidepath that gradually changed the asset allocation of the fund through time. This approach allows participants to stay in one fund and eliminates the timing risk associated with a swift and significant change in their asset allocation.

- Evaluate and advise the Board on its ability to achieve its long-range investment objectives given the Funds' structure, legislative basis and resources, and make recommendations as to legislative or administrative changes that could improve the Board's ability to meet its investment objectives for the Funds.

Callan will conduct an asset allocation study for the Texas Tuition Promise Fund on an annual basis and the closed Texas Guaranteed Tuition Plan if necessary. Given a specific asset allocation and using our capital market projections as inputs, our asset allocation model will generate expected return and risk metrics that will provide a long-range investment objective for the Funds. Typically, we report 10-year return and risk projections but can provide metrics for any time period requested by the Board. Callan is widely regarded as the premier consultant to public funds. Such funds represent the majority of our plan sponsor consulting business (assets and revenues). We are particularly well qualified to assist such entities due to our low consultant to client ratio, our broad specialist base and our deep understanding and sensitivity to unique regulatory and legal limits. We are often asked to help clients evaluate potential legislation that may affect their investment flexibility. The large client base provides a unique perspective regarding the manner in which peers have modified their investment programs through time.

Plan Implementation

- At least annually, provide the Board with an assessment of each of the underlying investments owned by the Funds; highlight the likelihood of each underlying investment meeting its performance objective, as well as detail the risks inherent in each of the underlying investments;

- Monitor and provide ongoing due diligence on each of the underlying investments offered in the plans managed by the plan manager; evaluate any changes to the investment management of the underlying investments, as well as changes to the investment philosophy and process used, any changes to the overall underlying investments' organization and any abnormal investment performance experienced; recommend changes or replacement of underlying investments to the Board and Comptroller as necessary, first looking to utilize mutual funds or investment vehicles offered by the plan manager or affiliate of the plan manager or if research suggests that the plan manager's offerings in a particular area are not appropriate for the plans managed by the plan manager, recommend an outside mutual fund or investment vehicle;

Manager evaluations can be routine in nature or ad hoc in terms of our response to an event or client request. In either event, your consultants will work closely with the specialist consultants in our Global Manager Research ("GMR") group to perform the evaluation. The Global Manager Research and Private Markets groups contains over 20 professionals who provide technical support to fund sponsor consultants, and includes specialists in both domestic and international public and private investments. The sole responsibility of the group 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 visits. This same group of professionals assists the primary consultant in conducting investment manager searches for fund sponsor clients.

- If the evaluation is driven by a manager search, our process and output is very formal to meet our due diligence requirements, to provide a comprehensive package of information to our clients for decision making, as well as to provide a detailed audit trail of the process.
- If the evaluation is driven by a significant event occurring at the manager (organizational change, performance decline, etc.) then a formal review will be conducted, often times including an on-site visit. These reviews can be the result of a client request, a consultant request, or viewed as necessary by our Global Manager Research group.
- If the evaluation is driven by interest in finding out some particular aspect of their capabilities, then the evaluation will be more informal in nature and the result could be an email, phone call, or memo to the interested party.
- If the evaluation is driven by a scheduled review by our GMR specialist as part of their ongoing duties, then the formality would be determined by the extent of the review/update needed for our database.

The important thing to note here is that Callan can and will conduct reviews that cover the complete spectrum from simple to very complex depending on the client's need. Most of all,

our research is responsive to our clients. We are always happy to perform "research on demand."

In reviewing investment managers, we follow a disciplined process based on procedural due diligence and solid research. We will recommend changes or replacement of underlying investments to the Board and Comptroller as necessary. We focus on four primary categories of criteria when evaluating managers:

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?

Philosophy

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

Process

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

Performance

- Comparisons of rates of return in relation to the mutually agreed upon market index
- Comparisons of rates of return in relation to the mutually 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

Proprietary Investment Manager Database

Callan has a proprietary investment manager database that is among the most comprehensive in the industry, containing investment managers who manage over 95% of all tax-exempt assets. The table below shows how many different products and firms are represented in the database across all asset classes.

Database Groups	Organizations	Products	Total Group Assets (\$B)
Domestic Equity	683	2,679	2,621.4
Domestic Fixed-Income	275	1,106	1,879.4
Domestic Balanced	90	246	53.4
International Equity	226	725	966.4
Global Equity	144	308	377.0
Emerging Market Equity	98	173	313.2
International Fixed-Income	30	55	30.3
Global Fixed Income	49	105	92.1
Emerging Market Debt	42	59	47.6
International /Global Balanced	28	47	45.3
Currency	18	30	19.7
Real Estate	69	198	98.3
Hedge Funds	147	236	240.0
Derivatives / Alternative Investments	36	49	13.2
Total	1,289	6,016	\$6,797.3

Callan purchases mutual fund data from Lipper Analytical Services and CDA Investment Technologies, which provides us with performance information on approximately 10,000 funds. We then apply the same analytical tools to the mutual fund database as we do to the separate account database in the development of peer groups, search groups, and analytics based on portfolio characteristics.

Callan's databases are open to all investment managers at no cost. We actively solicit participation in the database. Any fund manager and/or product will be added when we receive the requisite data. Callan does not use any simulated or projected data to represent a return stream for a manager.

Callan maintains a database to record qualitative information on investment managers. The qualitative database serves as our "corporate memory" recording our impressions of the organization, product, personnel, strategy, and assets. Global Manager Research staff and Generalist Consultants routinely meet with investment managers in our offices, conduct periodic on-site due diligence, and continuously monitor the investment management firms included in our database.

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. 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's Investment Manager Questionnaire is offered electronically on our website to all types of investment management firms (including domestic and international). The 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. In addition to the investment manager questionnaire, Callan maintains the following types of contact with investment managers on a regular basis:

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.

- Advise and assist the Board regarding the Board's selection of investment managers, plan managers, as applicable, and custodian banks; assist in evaluating proposals received from potential investment managers, plan managers, and custodian banks; and prepare and submit to the Board a report on Selected Consultant's findings on the foregoing evaluations;

Manager Search

Callan's manager search process always starts from scratch and is customized to meet the mandate of each client; we work with several clients who use a RFP process to select managers and are able to evaluate proposals received from prospects. 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 the Plan, as the client, as well as the "ideal" manager candidate. Michael and Gordie will work with the Board from the onset to formulate these descriptions, or profiles. The "Client Profile" would contain salient information about the Plan'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 the Plan's 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 the Funds 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. The general 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.

Plan Manager Services

Callan's Defined Contribution Consulting Group, Mike Swinney and Gordon Weightman have helped clients with vendor searches and transitions including converting to a new recordkeeper. Our Defined Contribution Group has built a comprehensive recordkeeper search process that can be applied to the review and selection of a program manager.

Master Trust, Custody and Securities Lending

Callan Associates was the first firm in the investment consulting industry to dedicate exclusive resources in the area of trust, custody, securities lending and transition management consulting services and is considered an industry leader. Due to overwhelming client requests, a formal division for Master Trust, Custody and Securities Lending was developed and introduced in 1991. Callan's Master Trust, Custody and Securities Lending Group, headed by Bo Abesamis, is based in Callan's headquarters in San Francisco, California.

We have undertaken 389 projects in this area, involving \$3,046 billion in assets since 1991. A majority of searches (around 95%) completed by the Trust, Custody, Securities Lending and Transition Management Group are RFP driven. The ability to listen and engage clients in a dialogue contributes to a meaningful and client driven due diligence search process.

Due Diligence Search and Evaluation Process

Our experience has led us to support the due diligence search process of clients in evaluating custody bank providers, fee structures, performance tools, risk analytics, corporate governance support, alternative investment support, and securities lending platforms. The due diligence approach is customized to meet each client's goals, requirements and timeframe.

RFP Phase

Information Gathering and Review of Documents

Operational Assessment and Benchmarking at Client Site

Catalog Products and Services Required (Bundled and Unbundled)

Client Debrief – Wish List, Non-Negotiable Requirements, Risk Issues

Investment Manager Feedback

RFP Development and Release

Evaluation Phase

Evaluation Matrix Analysis – Qualitative and Quantitative

Review by Callan Committees

On-Site Review and Presentations

Selection of Preferred Service Provider

Fee Negotiations and Contractual Issues

Active Monitoring

Callan is also a firm believer that knowledge of the provider community is essential to any due diligence approach. We rely on our own research to have an in depth knowledge of trust/custody providers for tax-exempt, including qualified and non-qualified plans. We have conducted our own on-site visits and/or provider analysis of the following institutions over the last five years.

Institutional Trust/Custody

BNY Mellon
JP Morgan Chase
Northern Trust
State Street

Regional Trust/Custody

Bank of Oklahoma
Brotherhood Bank
Charles Schwab
Fidelity Investments
Fifth-Third Bank
Frost Bank
Huntington Bank
Investors Bank (acquired by State Street)
Key Bank
Marshall & Ilsley (Bank of Montreal)
Mercantile Bank & Trust
National City
PFPC Bank (acquired by BNY Mellon)
Sun Trust
Union Bank of California
US Bank
Wells Fargo Bank

Prime Brokerage – Custody

Bank of America Securities
Barclays
BNP Paribas
Credit Suisse
Deutsche Bank
Morgan Stanley
Societe Generale

Database of Completed Searches

Callan maintains a database of completed searches and the corresponding fees quoted by providers, including the final negotiated fees/costs for each client since 1991. The fee database contains a multitude of cost structures, namely: Market Segments (i.e., Public, Corporate, Endowments, etc.), Asset Size (i.e., small-, mid-, large- and mega institutional), Products & Services (i.e., bundled or unbundled – straight custody, securities lending, performance measurement, asset/cash management, compliance, unitization, master recordkeeping, etc.) and Unit Cost Variables (i.e., asset-, transaction-, and account-based and hidden cost pricing

matrices). We believe that this fee database gives us the ability to explain the underlying logic behind the fee proposals and a powerful tool to negotiate fees.

Callan also believes that fees should reflect the underlying functionality of a specific product or service. One cannot mask a service deliverable that is sub-par with a low fee; or for that matter, charge beyond the marketplace because of a custodian's perception of their "out of this earth" capability. We believe that it is Callan's responsibility to know the differences in products and services, plus the inherent value of client servicing in order to assist a client determine a reasonable and fair compensation for contracted services.

- Assist the Board with transition of fund assets between investment managers as and when necessary, or upon request of the Comptroller or the Board;

Callan's Master Trust, Custody and Securities Lending Group helps clients with transition management issues. More information about this group can be found in the preceding question.

Monitoring & Evaluation

- Monitor the actuarial funding status of the Funds on an on-going basis, and provide assistance to the Board and the Board's actuary in the establishment of actuarial assumptions;

Callan has developed asset and liability charts that are available in clients' quarterly performance measurement reports. These analytics include a liability overview (change in interest rates, distribution of future value and present value of benefits in both percentage and dollar terms), change in funded status (using actuarial data), and a funded status risk analysis. We feel that these pages illustrate the relationship and movement of assets and liabilities over time. Sample pages have been included in Appendix III

We will work closely with your actuary to accurately portray the present actuarial valuation model and to project expected liability levels.

- Monitor and evaluate, on an on-going basis, the performance of the Board's investment strategies, instruments, and investment managers and other related issues; develop performance benchmarks for use in evaluating the performance of the Board's investment managers; review the Board's investment managers' compliance with investment objectives and investment guidelines for the Funds; and prepare and submit to the Board investment manager performance reports on at least a quarterly basis; analysis should include performance versus benchmarks, as well as performance relative

to peer universes; the reports shall be in final form and ready for submission to the Board no later than sixty (60) days following the last day of the period to which the report relates, unless otherwise directed by the Board;

- Prepare and submit to the Board an annual report comparing the Funds' actual performance with the annual investment plan(s) indicating the Funds' total return (after related fees are deducted), and showing the Funds' allocation among asset classes; the annual report shall be in final form and ready for submission to the Board no later than sixty (60) days following the last day of the period to which the report relates unless otherwise directed by the Board; the annual report shall indicate data for both the calendar year and the state's fiscal year (September 1st through August 31st);

- Prepare and submit to the Board quarterly reports indicating the Funds' total returns (after related fees are deducted) and showing the Funds' allocation among asset classes; the quarterly reports shall be in final form and ready for submission to the Board no later than sixty (60) days following the last day of the period to which the report relates unless otherwise directed by the Board; the quarterly reports shall indicate data for both the calendar year and the state's fiscal year (September 1st through August 31st);

Because Callan developed and maintains a proprietary system, we are able to customize reports thereby allowing greater flexibility in meeting specific client informational needs. We can produce performance measurement reports that satisfy the reporting needs of the Funds. This includes delivering quarterly and annual reports based on the calendar year and the state's fiscal year. In the annual report, we will compare the Funds' actual results with the annual investment plans. We also have the ability to report returns at the total fund, asset class, and investment manager level on a gross and net of fee basis. We will commit to delivering your quarterly performance report within 30 days after the receipt of necessary custodian data and providers of any other necessary external information.

Among others, Callan possesses the following capabilities that can provide a performance report that truly meets the Fund's information reporting needs including international analytics:

- 1) Fund profile including:
 - Actual asset allocation vs. target vs. other funds
 - Cumulative results
 - Manager asset distribution

- 2) A variety of Total Fund performance comparisons including:
 - Total Fund attribution
 - Risk/return comparisons to appropriate universes

- Performance compared to other public funds, including a comparison after adjusting for differences in asset allocation
- 3) Composite asset class performance exhibits (e.g., domestic equity) including comparisons with a variety of market indicators and universes. Style measures utilizing MSCI Z-scores help monitor the style positioning of individual managers or composites.
 - 4) Performance exhibits for each manager that contrast performance with specific benchmarks of market indices and with appropriate style groups, and risk exhibits that compare standard deviations, tracking error, alpha, beta as well as several other statistics.
 - 5) Portfolio characteristics analysis for each individual manager and equity portfolios (examples for equity portfolios include price-to-earnings ratio, price-to-book ratio, dividend, earnings growth, and market capitalization). The portfolio characteristics are compared both to the index characteristics and other active managers.
 - 6) Performance attribution analysis at the individual asset class level (assuming that we receive portfolio holdings data).

A sample public fund performance report is enclosed in this response to the RFP. Developing appropriate benchmarks for each individual investment manager is a challenging process, but critical to the successful management of an institutional investment program. 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 individual fund return expectations and risk tolerance.

In our view, any active manager or group of managers should have two benchmarks:

- First, a *market index*, which represents the universe of securities the manager could buy (the passive alternative for achieving the same market exposure). This type of benchmark is an excellent way of evaluating value added above a passive portfolio, determining tracking error of a passively managed fund, or evaluating a manager's abilities based on a particular universe of securities.
- Second, a *peer group* or style group of managers who follow a similar investment strategy (the active alternative to achieving similar market exposure).

Callan can provide virtually any market indicator needed for individual portfolio comparison. We currently track over 700 market indices on a quarterly basis and approximately 300 of those are followed on a monthly basis.

Callan has extensive experience in creating custom benchmarks of all types. With a large proprietary database of investment information to draw upon, we can create manager and plan

sponsor peer group benchmarks, as well as passive, normal portfolio indices. In addition our index database contains virtually every market index currently used by institutional managers. We work with our clients to select the best indices for their portfolios. If the client requires a blend of market indices, Callan can create custom indices for all asset classes by blending the returns and characteristics of any number of indices.

In order to properly evaluate the performance of an investment portfolio, we typically create a hypothetical total fund benchmark for clients. To create this benchmark, we use market indices weighted in the same proportion as the client's asset allocation policy. For some clients, we also create a second benchmark that reflects the performance of market indices weighted in the same manner as the client's actual portfolio. These benchmarks can then be compared with a universe or segment of our total plan universe and with the total fund's actual performance. The comparisons help clients evaluate the effect of overall policy on performance.

As a result of our extensive investment manager database, Callan has pioneered many proprietary investment style (peer) groups, and uses a variety of tools—both quantitative and qualitative—to analyze the style of investment managers. We look at elements of relative risk and return behavior as well as portfolio characteristics and attempt to verify apparent investment styles with the manager's stated investment philosophy, strategy, and implementation. Finally, we recognize that not all managers fit into a specific style, and therefore we do not attempt to force all managers into a style group. Our mutual fund style groups use net of fee performance. The starting point in the development of mutual fund style groups is the universe of funds monitored by Lipper Analytical Services and CDA Investment Technologies, which represents approximately 10,000 funds.

529 Plan Peer Groups

Recently, Callan created robust peer groups for 529 plan sponsors. These groups include: "age-based" 529 fund peer groups, which can be customized to any age range (e.g. 3 year wide age windows), "risk-based" 529 options, which are basically static balanced funds and standalone asset class 529 fund peer groups (e.g. 529 Int'l Equity funds). Many 529 sponsors offer up to three different versions of their age-based options (conservative, moderate, and aggressive), so we created peer groups along those lines too. We have both performance and fee information available. These groups have been extremely valuable for our 529 plan clients and allow for comparison to a group of similar type funds in addition to stated benchmarks. A sample performance measurement report for a 529 savings plan is enclosed.

Fund Sponsor Peer Groups

Callan uses its own proprietary databases for comparisons in client performance evaluation reports. Within these databases, we have been able to create and maintain our own fund sponsor peer groups which provide our clients with statistically sound and relevant comparative information. We are able to compare the performance of a public fund (at the total fund level) against a group of other public funds of similar size or against all other public funds in the database. We can also compare performance against other types of funds (such as corporate

pension plans, endowments, etc.) in a similar manner. At the asset class level, our proprietary database also allows us to create exhibits like the Asset Class performance rankings, which gives our clients more detail into how their fund has performed in each asset class versus their peers.

Investment Manager Peer Groups

We were a pioneer in developing proprietary investment style peer groups. Through a combination of extensive quantitative and qualitative analysis, we have identified the dominant investment approaches for the major asset classes. Style groups allow us to compare a manager's performance against a discrete universe of "true" peers with similar investment approaches and characteristics. 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.

Asset Class Database Groups

Our broad database groups are asset-class specific rather than style specific. These groups provide an overall proxy for performance of active management. These are particularly useful over complete market cycles whereas style-specific groups are more applicable for shorter measurement periods.

- Appear before the Board and the Comptroller and meet with the Board's contractors on an as-needed, as-requested basis to report on investment matters;
- Support the Board and the Comptroller through written and/or oral presentations at meetings with members of the Texas Legislature and legislative and executive branch staff and other parties as determined by the Comptroller; and

Our proposed consulting team will appear before the Board and Comptroller and support the Board and the Comptroller through written and/or oral presentations at quarterly meetings and as necessary. Our typical quarterly presentation, starts with an overview of the economic and market environment, which is a natural segue into reviewing performance of each of the Funds' and their investment options and managers. We will also present studies, evaluations, and educational topics to the Board as scheduled. For example, we will deliver an asset allocation report for the Texas Tuition Promise Fund annually.

Continuing Education

- Provide information on an on-going basis to the Board concerning investment issues, market conditions, investment managers' performance, key organizational changes or issues impacting investment management, and alternative strategies for achieving the Board's investment objectives, including but not limited to, advice regarding portfolio valuation, portfolio diversification, investment opportunities, evaluation, termination of investment management contracts, and risk analysis;

- Design, plan and present educational seminars to the Board regarding investment activities as Selected Consultant deems necessary or as requested by the Comptroller;

Callan invests heavily in investment research. Approximately two-thirds of our employees conduct research and provide technical support to our consultants. The Callan Investments Institute is the firm's educational and research facility. Research is grouped in four major categories — quarterly newsletters including ongoing market and performance related research; broad industry studies and surveys; topical research papers; conferences and workshops including client specific research. Investment research and reports are available in both print and electronic format to all Callan fund sponsor clients and investment management clients of the Callan Investments Institute. Copies of research, surveys, and periodicals can be downloaded in PDF format from Callan's website (www.callan.com).



Quarterly Newsletters

- Capital Markets Review*
- DC Observer*
- Private Markets Trends
- Hedge Fund Monitor



Surveys

- 2012 Defined Contribution Trends Survey- Where Have We Come From and What Lies Ahead
- 2011 Investment Management Fee Survey
- 2011 Defined Contribution Trends Survey- Positioning the DC Plan for the Future



Research Papers

- Investments Database and Performance Measurement Technology: The Value of Stubbornness
- Talking Points to Promote Public Defined Benefit Pensions
- An Introduction to Absolute Return Fixed Income Strategies
- The Next DC Frontier: An OutcomesBased Approach to DC Plan Design*



Conference/Workshop Presentations

- Fixed Income- This Time It's Different
- Latest Developments in Asset Allocation for DB and DC Plans
- Getting to the Ideal DC Plan
- The Risk Locker - Strategies to Reduce Risk

A complete listing of Research is available at www.callan.com

*These items have been included in Appendix IV

Callan continues to emphasize the development and timeliness of our research. We formalized the Published Research Group, which helps organize Callan's research efforts and assist in the design and production of our periodicals, surveys, and research papers.

We provide education on fiduciary and other investment matters to our clients in three venues: client meetings; by clients' attendance at the Callan College; and participation in our investment research division, the Callan Investments Institute.

Client-Specific Education

Callan consultants regularly prepare and present topics of interest to clients, their committees and boards. These topics have recently covered issues such as securities lending, global investing, building a real asset portfolio, "core" versus "core plus" fixed-income allocations, and TIPS (Treasury Inflation Protection Securities).

The Center for Investment Training ("Callan College")

The Callan College is a two and one-half day educational program that provides basic- to intermediate-level instruction on the investment management process. The curriculum is tailored specifically for investment fiduciaries and their advisors. Taught by senior Callan consultants and staff several times during the year, the program addresses the key components of the investment management process—fiduciary standards and responsibilities; capital markets theory, asset allocation and writing investment policy statements; manager structure and search procedures; and performance measurement and evaluation.

Tuition is \$2,350 per person. Tuition includes instruction, all materials, continental breakfast, lunch on each day and dinner on Monday night with Instructors.

Callan Investments Institute

All Callan clients are automatically full members of the Callan Investments Institute. Institute members are invited to attend the annual National Conference and regional workshops. Programs are timely and informative, and feature nationally recognized investment industry experts.

Callan Associates holds a national conference for plan sponsor clients. Approximately 500 fund sponsors, investment managers, and Callan professionals attend this Conference. The program consists of general sessions with presentations by world and industry leaders, followed by smaller breakout sessions on timely industry topics led by Callan specialists. This event takes place annually in late January/early February in San Francisco.

Callan Insights

To keep clients abreast of manager changes, we launched our Insights program in November of 2000. Callan Insights is an online service that provides up-to-date news, analysis and commentary on the institutional investment management community. Callan Insights is backed

by the research resources of Callan. It is available electronically to all clients and employees. Each client has the ability to select all the news or limit the news to a customized list of investment management organizations. Each client may update their selections or discontinue this email service at any time. Part of this service includes our news archives. Readers can scroll through the most recent items or use the search engine to locate items pertaining to a specific organization or investment professional.

Callan *DC Insights* is an online service that provides defined contribution news on legal, regulatory, and legislative issues via email. *DC Insights* is backed by the research resources of Callan's Defined Contribution Group. Depending on the market place environment, the *DC Insights* are sent to Callan employees and clients on a weekly basis. At the very minimum, quarterly DC Trends are communicated with clients.

Within Callan's specialty consulting departments, research is typically divided by subject matter, according to expertise as described below:

- *Capital Markets Research* 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. Annually, this group and senior members of our firm develop risk and return projections for major asset classes and correlations among asset classes. These metrics are inputs into our asset allocation modeling software. This group along with our general consultants assist clients with risk budgeting and analysis and portfolio diversification.
- *Global Manager Research* covers domestic and international public investments and monitors activity and issues in equity, fixed income, emerging/minority-owned managers, and quantitative investment products.
- *Hedge Fund Research* focuses exclusively on hedge fund strategies and the latest developments in the sector.
- *Private Markets Group* covers a broad array of alternative investments including private equity and natural resource investments. It also includes real estate investments and trends.
- *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.

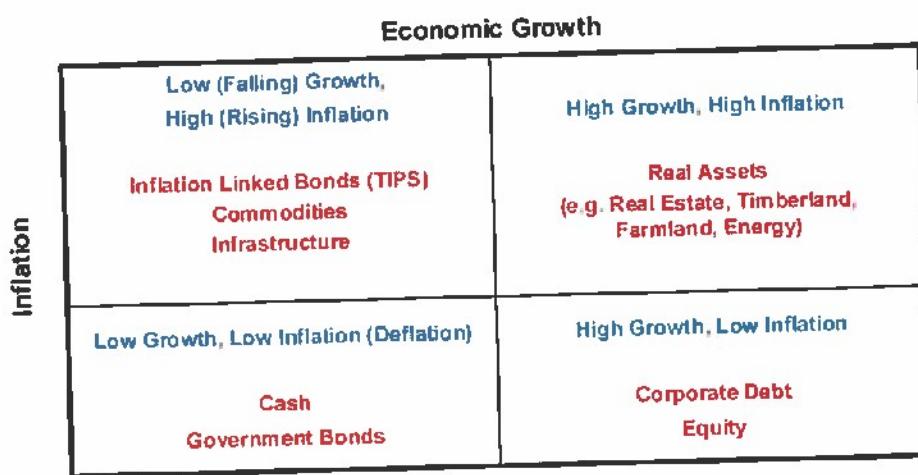
Callan invests heavily in investment research. Approximately two-thirds of our employees conduct research and provide technical support to our consultants. The Callan Investments

Institute is the firm's educational and research facility. Research is grouped in four major categories — quarterly newsletters including ongoing market and performance related research; broad industry studies and surveys; topical research papers; conferences and workshops including client specific research. Investment research and reports are available in both print and electronic format to all Callan fund sponsor clients and investment management clients of the Callan Investments Institute. Copies of research, surveys, and periodicals can be downloaded in PDF format from Callan's website (www.callan.com).

Risk Budgeting and Management

Callan works with clients to develop risk control policies from the top down starting at the total portfolio, moving to the asset class level and then the individual investment manager level. Risk budgeting at the top level involves determining how much and what types of market risk (beta) the overall investment program should take (equity and equity-like, interest rates, and inflation) and explicitly incorporates liquidity requirements and scenario analysis. Each asset class or beta exposure serves a specific role in the portfolio. For example, equities and equity-like investments provide capital accumulation while fixed income and core real estate provide income. Each will also perform well in different economic scenarios.

The chart below illustrates how Callan views the framework for scenario analysis:



After the amount and types of beta have been determined, the next step is to evaluate where and how much active risk (alpha) should be employed. Alpha may be derived from a variety of sources dependent on the asset class but always results from the deviation from a benchmark. The balancing and scaling of active risk is evaluated at the asset class and manager level. Callan's holdings based analytics allows plan sponsors to evaluate various risk contributors - style, sector, market capitalization, credit, duration, etc at the individual portfolio, asset class and total fund level. Tracking error is also a useful tool to monitor active risk.

Investment Manager Termination

Investment manager review is an immensely complicated undertaking. Many competitors suggest that there is a finite time period for evaluation and it is a simple "retain or replace" decision-making process. We believe that such simplistic approaches may be appealing to many but are inherently flawed.

Several qualitative, easy to monitor factors are frequently sufficient cause for immediate "probation" or even termination. For example, significant personnel turnover, rapid asset growth or contraction, change in philosophy, portfolio construction disciplines, portfolio characteristics, portfolio turnover or regulatory and/or litigation issues should be immediately evaluated and are often sufficient cause for either "probation" or termination. Similarly, an ownership change, change in business philosophy or approach (e.g., rapid expansion in range of product offerings, distribution channels) all need to be thoroughly analyzed and may warrant probation or termination.

With regard to performance results, we believe that each manager's results must be evaluated in relation to the individual manager's stated investment approach as well as the expected variation from long-term broad market and intermediate-term style and peer benchmarks. For example, a manager that utilizes a low turnover, highly concentrated portfolio approach is likely to experience periods of under- and out- performance. As long as the underperformance is explainable and consistent with the strategy, and there have been no organizational or personnel changes, patience is warranted.

Conversely, highly quantitative products that are closely linked to market benchmarks (e.g., enhanced index funds) can be evaluated on a very rigorous shorter-term quantitative basis. A manager with a targeted tracking error of 1% or less might be placed on a watch list status based on very limited short-term under-performance.

When contemplating manager retention, the decision should be based on well-reasoned judgment after thorough analysis and documentation. We believe that Callan's many years of practical experience in manager evaluation can assist clients in making an informed decision regarding manager retention.

Other

- Coordinate and interact with the Comptroller Staff to assist in administering and carrying out the Board's daily investment activities related to the Funds;

We believe we are most effective as investment consultants when we work as partners with our clients in developing and implementing investment strategy and evaluating the investment program's progress toward its objectives. We serve both as an objective third party, assisting our clients in following a sound fiduciary process, and as an extension of internal staff,

providing information and analysis on investment topics that staff may lack time and experience to pursue. As such, we expect to be in regular contact with our clients, participate in ongoing quarterly meetings to discuss manager and fund performance and other developments, and on a day-to-day basis as questions or issues arise.

- Assist Comptroller Staff in responding to requests for information on the Board's investments from auditors, the Legislative Budget Board, the State Auditor's Office, or other parties as determined by the Comptroller;

Callan would be happy to assist Comptroller Staff in responding to requests for information on the Board's investments as necessary.

- Advise the Board's staff regarding liquidation of fund assets for purposes of disbursement of funds including, but not limited to payments to universities, colleges, purchaser(s) or beneficiaries and payment of operating expenses;

We have assisted many clients with liquidation of fund assets to cover their obligations. This can sometimes be achieved through rebalancing. If one asset class is overweight to the strategic policy assets can be sold to maintain compliance with the investment policy statement. Assets can also be taken pro-rata from liquid asset classes within the portfolio.

- Prepare and submit to the Board a report describing in detail the recommended methodologies Selected Consultant intends to utilize in completing the specific work and otherwise performing the services required by this RFP; this report must be delivered to the Board no later than sixty (60) days following the date of Contract execution, unless otherwise agreed to by the Board;

If selected as the investment consultant to advise the Funds, our proposed consulting team of Michael Swinney, CFA and Gordon Weightman, CFA would work with the Board and staff to develop an understanding of your organization; its goals and objectives with respect to the scope of work; the Staff's point of view with regard to portfolio construction, risk and return; operational issues and concerns and reporting needs. Having that understanding and level of familiarity we will submit a report to the Board, no later than 60 days following the date of Contract execution, describing the recommended methodologies Callan intends to utilize in completing the specific work and performing the services required by this RFP.

The Selected Consultant must acknowledge in writing that it has a fiduciary obligation as an investment consultant to the Board and that it will not delegate its fiduciary responsibilities.

Selected Consultant, as an independent contractor, shall provide the Services at its facilities and with its own personnel.

Callan acknowledges that, if selected as the investment consultant to the Funds, we have a fiduciary responsibility to the beneficiaries of the Funds and to the Board and that we will not delegate our fiduciary responsibilities. Callan, in performing its services, shall discharge each of its duties with due care, skill, prudence and diligence under the circumstances that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of any enterprise of like character and with like aims. Callan shall discharge its duties solely in the interest of the participants and beneficiaries of those assets.

Project Work Plan

Our proposed work plan that covers the scope of work for all the Funds is presented below. This is a rough outline based on our understanding of the scope of work and the typical amount of time required for Callan to complete projects. The first 60 days would be a transition period where Callan would collect information from your existing providers. Also, we would not expect to perform all of these specific tasks within the first year of our contract.

Proposed Work Plan for Texas PrePaid Higher Education Board

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Strategic Planning				
Asset Allocation Analysis (as needed)				
Asset/Liability Study				
Manager Structure Review (as needed)				
Annual and Long Range Investment Plans				
Investment Policy Statement Review				
Plan Implementation				
Review of Existing Managers (continuous)				
Manager Searches (as needed)				
Fee Analysis (as needed)				
Transition Management (as needed)				
Program Manager Review/Search (as needed)				
Custodian Review/Search (as needed)				
Monitoring & Evaluation				
Collect Historic Data from Consultant				
Establish Data Feeds with Custodian/Program Manager				
Quarterly Meetings (In Person)				
Quarterly Performance Measurement Reports				
Annual Performance Measurement Report				
Continuous Qualitative Review				
Research & Education				
"Callan College"				
Callan Conferences				
Callan White Papers				
Requested Topics at Quarterly Meetings				

SECTION F

Section F: Respondent Qualifications and Experience

The respondent must include a detailed overview of the respondent's experience providing the proposed services. The overview must include a list of at least five (5) clients and projects where past work performed by the respondent on projects of a similar nature typifies the respondent's qualifications. For each client and project, the respondent should include the following information:

- Client name;
- Client contact person, address, and telephone number;
- Complete description of the work performed and deliverables provided;
- Accurate description of the cost of the work performed, including whether payment was fixed-fee, hourly fee, or some other method of compensation; and
- Specific description of results achieved.

Comptroller shall not be limited to contacting only the references provided by the respondent. Comptroller reserves the right to contact other agencies or entities with which respondent or its subcontractors are currently or have previously conducted business.

The references below are representative of Callan's 529 retainer clients. The contracts we have with our clients are confidential in nature and we cannot disclose our financial arrangements. We only receive direct compensation from our fund sponsor consulting clients for the services we provide to them. These fees are usually fixed annually and billed quarterly, in arrears.

West Virginia College Savings Plans (1 prepaid plan & 3 savings plans)

Ms. Tazuer Smith
Director, Policy & Administration
Office of St. Treasurer-John D. Perdue
One Player's Club Dr., Lower Level
Charleston, WV 25311
304.558.2937

Callan provides services in strategic planning, plan implementation, performance measurement and education and research for this client. The general nature of this work can be found in Section E of our proposal. The services include the delivery of quarterly performance measurement reports and a presentation describing the market environment. We performed a review of this client's age-based options in the savings plans and a comprehensive asset/liability study for the prepaid plan. We conduct an annual review of the plans' asset allocation. These projects included deliverables of reports, presentations, and other documents.

As a result of the asset/liability study, we helped the client establish an asset allocation policy that gradually decreases equity to zero over the next 15 years. This strategy was implemented because the plan is underfunded and less able to take on riskier assets. Progress on this roll-down is monitored quarterly and we perform full asset allocation reviews annually.

Florida Prepaid Tuition Fund and College Investment Fund (1 prepaid plan & 1 savings plan)

Mr. Kevin Thompson
Executive Director
1801 Hermitage Boulevard, Suite 210
Tallahassee, FL 32308
850.488.8514

Callan provides strategic planning, plan implementation, performance measurement and education and research for this client. The services include the delivery of quarterly performance measurement reports and a presentation describing the market environment. We also performed a review of the equity structure of the prepaid tuition plan. This resulted in funding both an international and mid cap allocation. Currently, we are assisting the client with a custodial search (through an RFI) for their prepaid plan and a record keeper search for their savings plan. In addition, we are presently assisting the client with a search for a S&P 500 Index fund and a fixed income fund (both searches will use an RFI to solicit manager responses).

State of Idaho College Savings Program Board (1 savings plan)

Mr. Jace Perry
Investment Accountant
700 West Jefferson, Suite 126
Boise, ID 83702
208.332.2938

Callan provides services in strategic planning, plan implementation, performance measurement and education and research for this client. The general nature of this work can be found in Section E of this proposal. The services include the delivery of quarterly performance measurement reports and a presentation describing the market environment. Callan conducted a review of the client's Investment Policy Statement. We also performed a review of their age-based options in the plan and conducted an asset allocation review. The review confirmed that the age-based options' asset allocation was appropriate and was approved by the Board. We performed a search for a new guaranteed investment option in the plan line-up. This resulted in the liquidation of the prior option and the hiring of a new investment manager.

State of Wisconsin Department of Administration (2 savings plans)

Mr. James DiUlio
Director, Wisconsin 529 College Savings Plan

101 East Wilson Street
Tenth Floor
P.O. Box 7864
Madison, WI 53707

Callan provides strategic planning, plan implementation, performance measurement and education and research for this client. The general nature of this work can be found in Section E of this proposal. The services include the delivery of quarterly performance measurement reports and a presentation describing the market environment. We are currently in the process of an investment policy statement review and will soon be conducting a program manager search.

Prepaid Tuition Program for the State of Nevada (1 prepaid plan)

Mr. Mark Mathers
Senior Deputy Treasurer
Office of the State Treasurer
101 North Carson Street, Suite 4
Carson City, NV 89701
775.684.5600

Callan provides strategic planning, plan implementation, performance measurement and education and research for this client. The general nature of this work can be found in Section E of this proposal. The services include the delivery of quarterly performance measurement reports and a presentation describing the market environment. Callan conducted a review of the client's Investment Policy Statement. We also performed an asset allocation study, which was adopted by the Board. As a result of the study, the client decided to lower both the small cap and mid cap weights within their domestic equity allocation.

The respondent must list all contracts that respondent executed or accepted within the last three (3) years and which were canceled or terminated prior to completion by any state agency or other entity with which respondent contracted. For each such contract, respondent must include a detailed explanation for the cancellation or termination and final resolution of the matter as well as the names and telephone numbers of each such agency's or firm's contact person. If none, specify none.

Callan has had no contracts within the last three years which were cancelled or terminated prior to completion by any client.

The respondent must briefly state why it believes its proposed services best meet the Comptroller's and Board's objectives and RFP requirements. The respondent also must

concisely describe any additional features, aspects, or advantages of its product and services in any relevant area not covered elsewhere in its proposal.

We believe Callan is the most qualified to provide the requisite services to the Texas Tomorrow Funds (Funds) due to our experience working with many state 529 Plans (which include both savings plans and prepaid tuition plans), our broad specialist base and resources, our peer review process, which brings the best collective thinking of our firm to client work, and our commitment to assisting Trustees meet their fiduciary responsibilities. The following aspects of Callan set us apart from the competition:

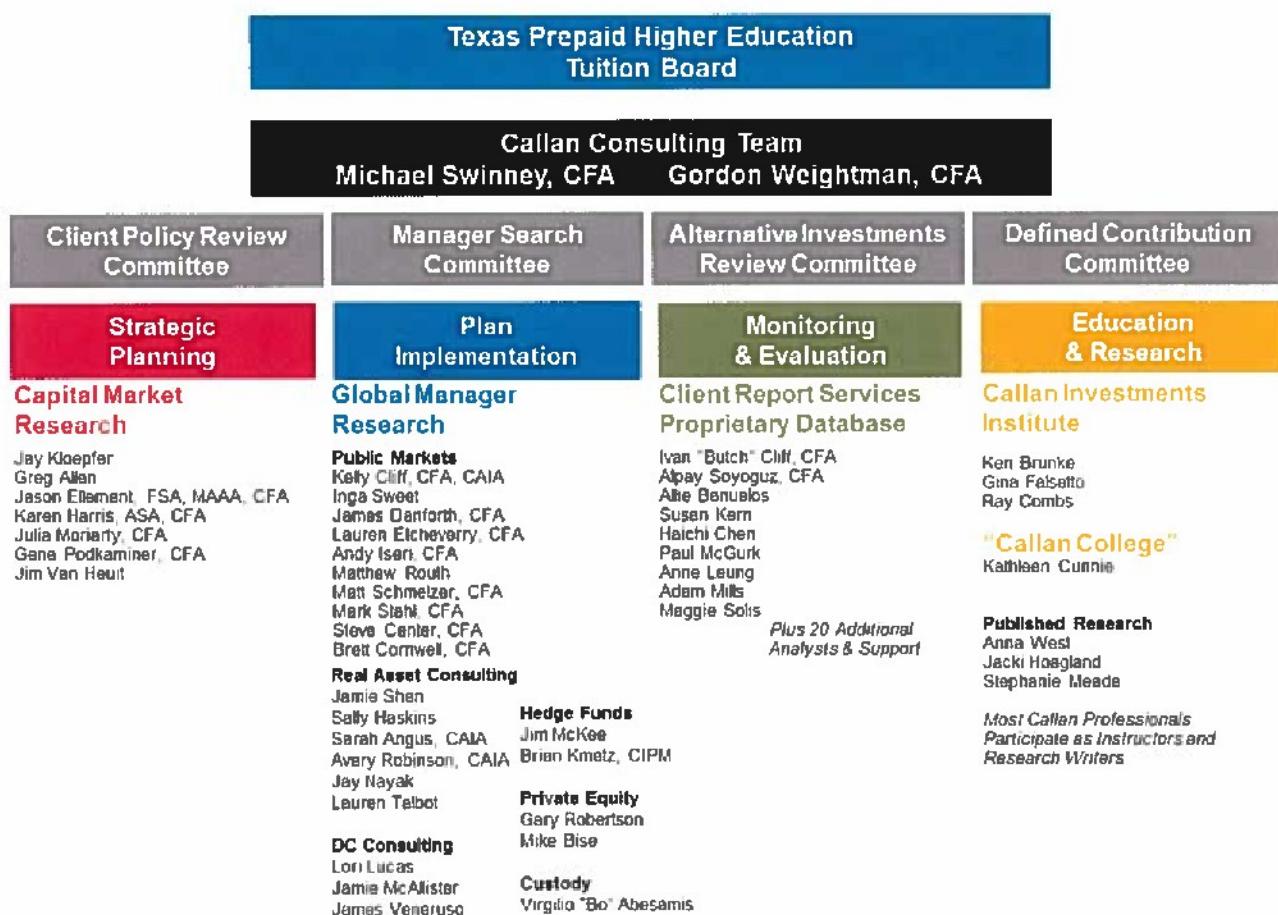
- *Experience and objectivity* – Callan has experience working with a wide variety and sizes of investment programs. Objectivity is central to our client service philosophy. We always conduct ourselves with the highest of fiduciary standards.
- *Dynamic Team Approach to Client Service* – A carefully 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 the client's assets. To ensure that every client receives the full, collective wisdom of our consultants and the full benefit of Callan's unparalleled resources, a committee of senior consultants carefully reviews all client projects.
- *Valuable, Timely Education and Research* – Callan is the leading educator of institutional investors and their consultants. 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.
- *Original, Adaptable, State-of-the-Art Technology* – Callan's state-of-the-art technology provides clients with easy access to our extensive capital market and manager research, as well as our comprehensive database. It allows the presentation of these data to be customized in the format that clients find most effective, and facilitates the rapid composition, transmittal and understanding of our reports, whether electronically or on hard copy.
- *Renowned Experts in Global Investment Consulting* – Callan is one of the oldest firms in investment consulting, bringing over 30 years of investment expertise to each client relationship. While many 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.

SECTION G

Section G: Proposed Personnel and Organizational Information

Respondent must provide an organizational chart covering the services offered in its proposal, indicating lines of authority, names, titles, and functions of individuals assigned. The proposal must identify all key personnel who are to be part of the proposed Consultant team and detail their experience including the primary advisor or advisors who will appear before the Board. The Comptroller reserves the right, in its sole discretion, to approve each member of the team and to request substitutions.

Below is the organizational chart of Callan's Fund Sponsor Consulting group. This chart outlines how the Board will have access to all of Callan's professionals, which will be organized by the proposed primary consultants, Mike Swinney, CFA and Gordie Weightman, CFA. All of these resources would be at the disposal of the Board throughout our relationship. We have also included an organizational chart for the entire firm in Appendix IX.



Respondent must include in the proposal resumes of all proposed key personnel and must provide for each person:

- a full name (including full middle name);

Michael Kevin Ian Swinney

- a five-year employment history;

Callan Associates (August 2011 – Present)

Hewitt Associates (February 2005 – August 2011) (In investment consulting practice, Hewitt Investment Group and Hewitt EnnisKnapp, following Hewitt's acquisition of EnnisKnapp in September 2010)

- a specific description of relevant experience and skills that person has with the scope of work (limit to one page);

As noted above, Mike recently joined Callan Associates, having previously worked at Hewitt Investment Group/Hewitt EnnisKnapp.

Mike currently works with a variety of fund sponsor clients including corporate and public defined benefit plans, corporate defined contribution plans, endowments and foundations. His client responsibilities include performance evaluation, strategic planning and implementation, investment policy development, investment manager review, and the coordination of special client proposals and requests. Mike is a member of Callan's Defined Contribution Committee.

Mike's experience working with many different client types with significantly different investment objectives lends itself well to this relationship. In particular, Mike has worked with several corporate defined benefit plans who due to recent regulatory and accounting changes have initiated investment programs more closely aligning the performance of plan assets with plan liabilities. These clients included closed, frozen and open plans, requiring significantly different solutions for each, ranging from simply extending the duration of the fixed income portfolio, to working with fixed income managers to design custom liability-driven fixed income mandates, to establishing a completely immunized cash-matched program for a closed fully-funded plan. This liability-oriented work has involved working closely with the teams performing the asset/liability studies for each of these clients.

In addition to working with clients with specific liability obligations, Mike has also worked with multiple savings programs, including corporate 401(k) plans, and deferred compensation programs. In support of these relationships, Mike has worked on structural reviews of these

programs, conducted total plan cost analyses, conducted recordkeeper searches, in addition to the regular program evaluation.

- a specific indication of what role the individual will have in the project; and

As detailed previously, Callan adopts a team approach to servicing every client relationship. Mike and Gordie will be the primary consulting team dedicated to your account, and will be responsible for coordinating and delivering all services expected under the scope of services. Together they will direct and work closely with our specialist groups in San Francisco and Chicago, who will be charged with performing certain key functions related to this relationship, such as working with the Capital Markets Research Group (for asset allocation and asset liability studies), the Defined Contribution Group in Chicago (program manager/recordkeeper searches), Global Manager Research (due diligence on existing managers, and replacement manager searches), the Client Report Services Group (quarterly and ad-hoc reporting), Global Trust/Custody/Securities Lending Group (potential replacement custodian searches), etc. Mike and Gordie will be charged with the responsibility of ensuring that Callan's best thinking and expertise across multiple facets of the investment consulting relationship are made available to you at all times.

- a full name (including full middle name);

Gordon Michael Weightman, CFA

- a five-year employment history;

Callan Associates (August 2006 – Present)

- a specific description of relevant experience and skills that person has with the scope of work (limit to one page);

Gordie consults to public and corporate defined benefit and defined contribution plans, a foundation client, and an operating pool of assets for a University. His work with an eclectic group of clients that have different objectives has provided considerable experience assisting clients with their investment programs. Gordie has helped clients with all the major services offered by Callan's Fund Sponsor Consulting Group including asset allocation and liability analysis, investment structure evaluations, manager search using an RFP process, fee analysis, recordkeeper search, custodian search, performance evaluation, and client education.

Gordie consults directly to a college savings plan and a prepaid plan. The savings plan client is a full service retainer client. Gordie has conducted an asset allocation study for the savings plan

that evaluated the return/risk expectations for the age-based and fixed allocation portfolios. This review also analyzed the underlying investment options and the resulting diversification benefits. An investment structure evaluation was performed in conjunction with the asset allocation study and examined active/pассив management within age-based and fixed allocation options as well as asset class exposure relative to similar type options offered by other plans. The structure study also showed fees relative to other plans of similar asset size and compared investment, program manager, and state fees.

The PrePaid plan is also a retainer client. Recently, Gordie presented an asset allocation study to the Board that showed the risk return profile of the current asset allocation and some alternative asset mixes. Ultimately the Board adopted a new asset allocation based on the suggestions of the study.

- a specific indication of what role the individual will have in the project; and

As detailed previously, Callan adopts a team approach to servicing every client relationship. Mike and Gordie will be the primary consulting team dedicated to your account, and will be responsible for coordinating and delivering all services expected under the scope of services. Together they will direct and work closely with our specialist groups in San Francisco and Chicago, who will be charged with performing certain key functions related to this relationship, such as working with the Capital Markets Research Group (for asset allocation and asset liability studies), the Defined Contribution Group in Chicago (program manager/recordkeeper searches), Global Manager Research (due diligence on existing managers, and replacement manager searches), the Client Report Services Group (quarterly and ad-hoc reporting), Global Trust/Custody/Securities Lending Group (potential replacement custodian searches), etc. Mike and Gordie will be charged with the responsibility of ensuring that Callan's best thinking and expertise across multiple facets of the investment consulting relationship are made available to you at all times.

Resumes must present the required personnel information in sufficient detail to provide the Comptroller and the Board with a convincing indication that the personnel involved can successfully provide the required services. The key personnel, as identified in the proposal, are considered to be essential to the Services. No substitutions of key personnel following Contract award will be made without the prior written consent of the Comptroller. The Comptroller reserves the right, in its sole discretion, to approve each member of the team and to request substitutions.

○ Respondent must warrant and represent that it has a disaster recovery plan in effect for its computer systems and equipment and that of any subcontractor upon whom vendor relies in performing or providing any services, supplies or products to or on behalf of the Comptroller. Respondent must describe generally its disaster recovery plan and the date and results of the most recent test of the plan.

Callan does maintain a disaster recovery plan, which has been included in Appendix V. We review and update our plan annually.

SECTION H

Section H: Conflicts of Interest

In the proposal, all respondents must provide written responses to all of the following questions:

1. What policies and procedures do you have in place to avoid or prevent conflicts of interest?

To maintain the necessary independence and reduce the potential for conflicts of interest, 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 full text of our Code of Ethical Responsibility, which covers our conflict of interest policy, is included in Appendix VI.
- *Full Disclosure* – Callan believes in full disclosure of all business enterprise activities and relationships. Every year, or on request, we furnish our fund sponsor clients with our Form ADV Part II, which includes a complete list of all investment managers with whom Callan does business through our Institutional Consulting Group and/or who are members of the Callan Investments Institute. New clients receive this information at the onset of our relationship. Additionally, in our manager search candidate reports prepared for our clients, we indicate whether or not any manager search candidate 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.
- *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 thirteen senior 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, our Client Policy Review Committee evaluates all reports before they are submitted to the client. Callan has similar oversight committees who review Defined Contribution projects and Alternative Investment projects for our clients. 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* – Callan groups that interface with investment managers—the Institutional Consulting Group (ICG) and the Callan Investments Institute—operate as separate profit centers within the firm, maintaining their own staffs, as well as their own

profit and loss accounting systems. Neither ICG nor Institute 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.

2. Are there any circumstances specifically related to your investment consulting activities under which your firm, its officers or employees receive direct or indirect compensation from investment managers or other investment-related firms? If so, describe in detail.

Yes, Callan receives fees from investment managers associated with the specific consulting services provided to such managers. We receive retainer fees from investment managers who are clients of the Institutional Consulting Group (ICG) and/or who are members of the Callan Investments Institute. In a very limited number of situations, we provide fund sponsor consulting services to parent companies that have investment management subsidiaries.

The ICG provides performance measurement services and style reports to investment managers who use these reports primarily for internal monitoring and marketing. ICG also provides marketing consulting and presentation training to the investment management community. We have included a list of all the managers with whom we do business in Appendix VII.

3. Does your firm, its parent, or any affiliate sell information, software or any other services to investment managers or other investment-related firms? If so, describe in detail.

Yes, Callan offers clients a proprietary, Windows™-based performance analytics program known as PEP, which will enable users to build composites, customize benchmarks, calculate rates of return, and analyze portfolio characteristics. With PEP it is possible to create bar charts, floating bar charts, line charts, scatter charts, style maps, style exposure charts, and tables. PEP can import, copy and store data, create custom benchmarks, calculate rates of return and build composites. PEP can compare, evaluate and rank, not only rates of return, but also risk measures, risk-adjusted returns and characteristics on a monthly or quarterly basis. PEP updates the charts automatically when the current quarter data is updated. Recent enhancements to the software include:

- Holdings-based portfolio style and exposure analysis tools – comparative portfolio characteristics, holdings-based style and structure analysis, detailed actual portfolio exposure analysis
- Holdings-based performance analysis tools – detailed and flexible performance attribution, sector level performance analysis and databases
- Product competitive analysis tools – net asset growth analysis, fee analysis

- Other tools - Qualitative Callan product profiles, holdings-based fixed income style maps, hedge fund-of-fund universes
- Expansion to the current search book capabilities

Please also refer to question 3 above for further information.

4. Does your firm or any affiliate serve as an investment manager for clients?

Trust Advisory Group (TAG) is the asset management division of Callan 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 accounts for approximately 5% of firm revenues.

5. Do you or your vendors charge direct or indirect fees for investment managers to be included in your firm's investment manager database? If so, what are the fees? How do you prevent conflicts of interest?

Callan receives no compensation from managers for inclusion in our database or for retention of existing relationships, or for selection in manager searches undertaken for our fund sponsor clients. The only fees received from managers are for specific consulting services provided to such managers. Callan does receive fees from investment managers who are clients of the Institutional Consulting Group (ICG) and members of the Callan Investments Institute (Institute) for specifically contracted services.

6. If you have an in-house database, do you sell it to third parties? If so, how do you receive compensation?

Callan's Independent Adviser Group (IAG) and Institutional Consulting Group (ICG) both provide information from our proprietary investment manager database to independent consulting firms and investment managers, respectively. Access to the database is usually obtained by subscription to Callan's Performance Evaluation Program, (*PEP*) for Windows™. This software application allows users to conduct detailed performance analysis using return-based analytics relative to market indices and Callan style groups. Flat fees for annual use of PEP vary depending on whether PEP is installed in a networked or stand-alone environment. We believe that serving multiple users allows us to support our investment in specialized resources so that we can better serve all of our clients. PEP is also made available to our fund sponsor clients under the same arrangements.

7. Do you charge investment managers any direct or indirect fees when they are successful in manager searches that you conduct on behalf of your clients? If so, what are the fees? How do you prevent conflicts of interest?

No. Callan does not receive direct or indirect fees from investment managers. The only fees received from investment managers is through ICG, which is a separate business line from fund sponsor consulting. It is imperative to note that these groups that serve investment managers—the Institutional Consulting Group (ICG) and the Callan Investments Institute—operate as separate profit centers within the firm, maintaining their own staffs, as well as their own profit and loss accounting systems. Neither ICG nor Institute personnel are involved in any manager search activity or fund sponsor consulting. Please see the first question for additional information on the separation of business lines within Callan.

8. Describe in detail any potential conflicts of interest your firm may have in this assignment. Include any activities of affiliated or parent organizations, brokerage activities, investment banking activities, or any past or current relationships with members of Comptroller. Include any pertinent activities, actions, or relationships not specifically outlined in this question.

Callan is an independent entity, 100% employee owned. We are not a parent or subsidiary to any other entity, we are not affiliated with another organization, and we do not have any joint ventures. We do not engage in investment banking or brokerage activities.

Callan, nor its employees or principals, have made any political contributions to anyone in the state of Texas. We do not have any current relationships with members of the Board or with the Comptroller, its staff, or related entities. We were previously retained by the Comptroller of Public Accounts as its investment consultant for the Texas Guaranteed Tuition Plan, however, that relationship ended in 1999. The only other non-federal public entity that we have a relationship with in Texas is the El Paso City Employees' Pension Fund. We currently serve as their investment consultant.

9. Describe all outside marketing/sales services for which your firm has contracted over the last three years as of December 31, 2011 for the marketing of your consulting services to the institutional tax-exempt market. Specify any such arrangements as they relate to this assignment.

Callan does not utilize any outside marketing/sales services, nor have we over the last three years as of December 31, 2011.

SECTION I

Section I: Cost Proposals and Proof of Insurance

Respondent must provide, in its own format, an estimate of the total annual fees/costs that it proposes for the Contract. These fees and costs are subject to negotiation in the best interests of the Comptroller, the Board and the Funds and may be negotiated prior to Contract signature. Respondent must include in its cost proposal all costs and expenses, including all travel and other expenses, associated with its attendance at and participation in all meetings, including Board meetings, on a routine basis and as requested by the Comptroller or the Board. All such expenses costs will be at the expense of Selected Consultant. Additionally, respondents must also provide, at a minimum, proof of the insurance coverages specified in Section IX of the Sample Contract.

Cost Proposal

Based on our understanding of the Scope of Work, the annual fee is \$285,000 subject to a 3% annual increase after the initial contract period of one year. Our fee includes all services listed in the Scope of Work and all travel costs associated with attendance and participation in all meetings requested by the Comptroller or the Board. In addition to the services listed in the RFP, our fee also includes membership in the Callan Investments Institute, which gives you access to Callan's research, an invitation to attend Callan conferences and workshops, educational services, and Callan Insights. These services are described in our RFP response.

Our cost proposal is calculated based on our understanding of the services described in the RFP. If the scope of work should change or if our interpretation of these services is altered, we would like to reserve the right to adjust our proposal.

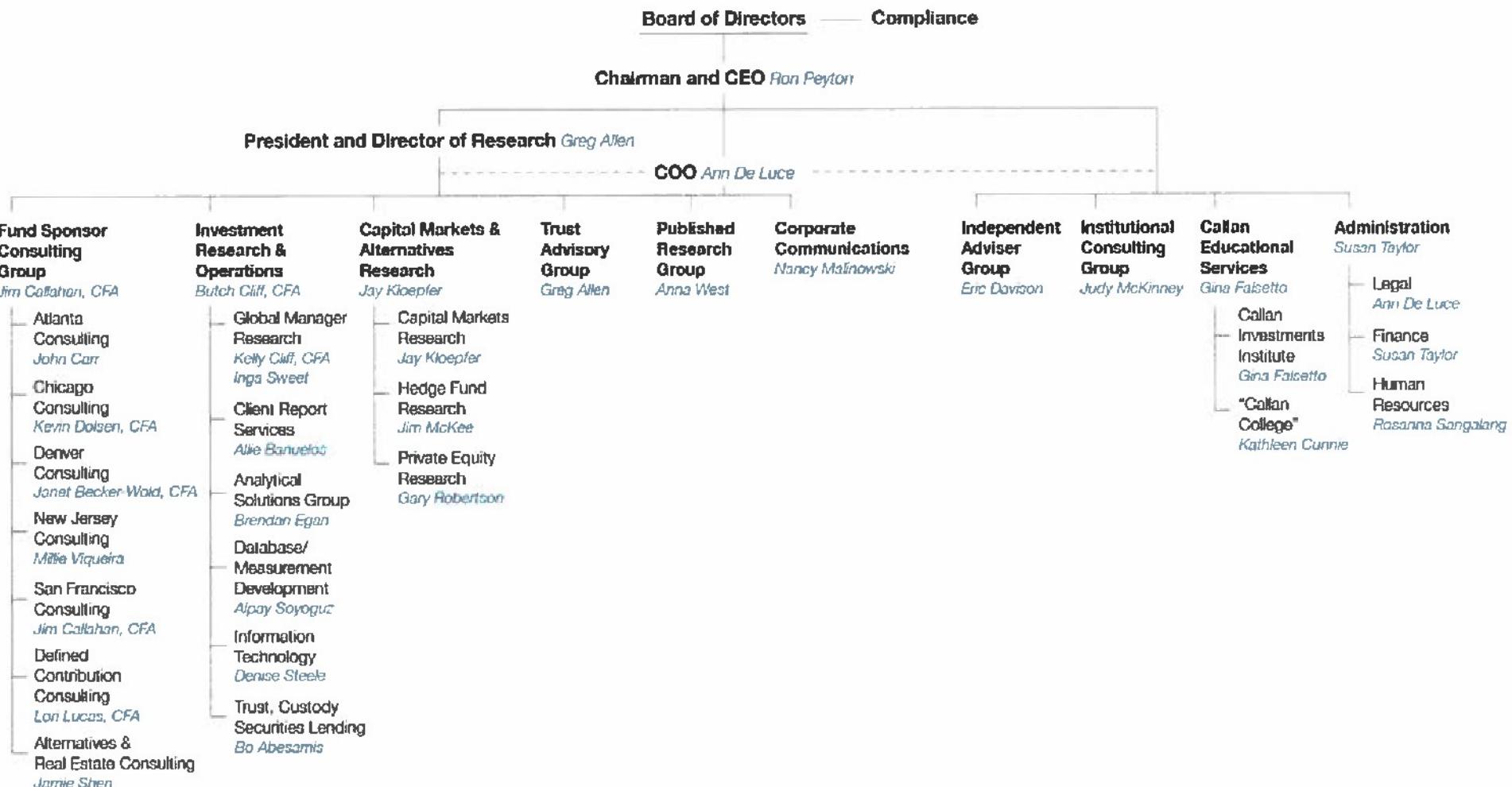
Insurance

Proof of Callan's insurance coverage has been provided in Appendix VIII.



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.



- Type of business entity (i.e., corporation, partnership, broker/dealer);

Callan Associates, a subchapter S Corporation, incorporated in the State of California, is 100% privately owned by 66 employee shareholders, with no employee holding a majority stake.

- State of incorporation or organization and principal place of business;

Callan Associates, a subchapter S Corporation, is incorporated in the State of California. Our legal corporation name is Callan Associates, Inc. Our corporate headquarters are located in San Francisco. Regional offices are in Atlanta, Chicago, Denver and New Jersey.

- Name and location of major offices, and other facilities that relate to respondent's performance under this RFP;

The Funds would be serviced by Callan's Denver and Atlanta Offices, with the full resources of our specialty consulting areas operating out of our Headquarters in San Francisco. Other major offices include Chicago and New Jersey. Please refer to the initial question in this section for the location of all of Callan's offices.

- Name, address, business and home telephone number, email address, and fax number of respondent's principal contact person(s) regarding its proposal and any resulting Contract;

The Funds would be serviced by Mike Swinney of the Atlanta office and Gordie Weightman of the Denver office. Their contact information is listed below.

Mike Swinney, CFA
Vice President
300 Galleria Parkway
Suite 950
Atlanta, Georgia 30339
Phone: 770.618.2148
Fax: 770.618.2141
Home Phone: 404.228.8245
Email: swinney@callan.com

Gordon M. Weightman, CFA
Vice President
1660 Wynkoop Street
Suite 950
Denver, CO 80202

Phone: 303.226.4932
Fax: 303.832.8230
Home Phone: 303.954.0126
Email: weightman@callan.com

- The respondent's Form ADV Part I and II as filed with the Securities and Exchange Commission,

Callan's Form ADV, Parts I, II, and IIB is included in Appendix I.

- The respondent's Federal Employer Identification Number and Texas Tax Identification/Registration Number, if any;

Callan's Federal Employer Identification Number is 94-2192581 and our Texas Tax Identification/Registration Number is 19421925819.

- Full name and address for each member, partner, associate, and employee of the respondent (and any subcontractors) who will perform services on this project;

The Funds would be serviced by Mike Swinney of the Atlanta office and Gordie Weightman of the Denver Office. Their contact information is listed below.

Mike Swinney, CFA
Vice President
300 Galleria Parkway
Suite 950
Atlanta, Georgia 30339
Phone: 770.618.2148
Fax: 770.618.2141
Home Phone: 404.228.8245
Email: swinney@callan.com

Gordon M. Weightman, CFA
Vice President
1660 Wynkoop Street
Suite 950
Denver, CO 80202
Phone: 303.226.4932
Fax: 303.832.8230
Home Phone: 303.954.0126
Email: weightman@callan.com

Section D: Respondent Information

Respondent must provide the following identifying information:

- **Name and address of respondent firm submitting the proposal;**

Callan Associates' corporate headquarters are located in San Francisco. Regional offices are in Atlanta, Chicago, Denver and New Jersey. The Funds would be serviced by Callan's Denver and Atlanta Offices.

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

- **All principals;**

The following is a listing of Callan's Principals:

Greg Allen, President and Director of Research

Ann De Luce, Executive Vice President & COO

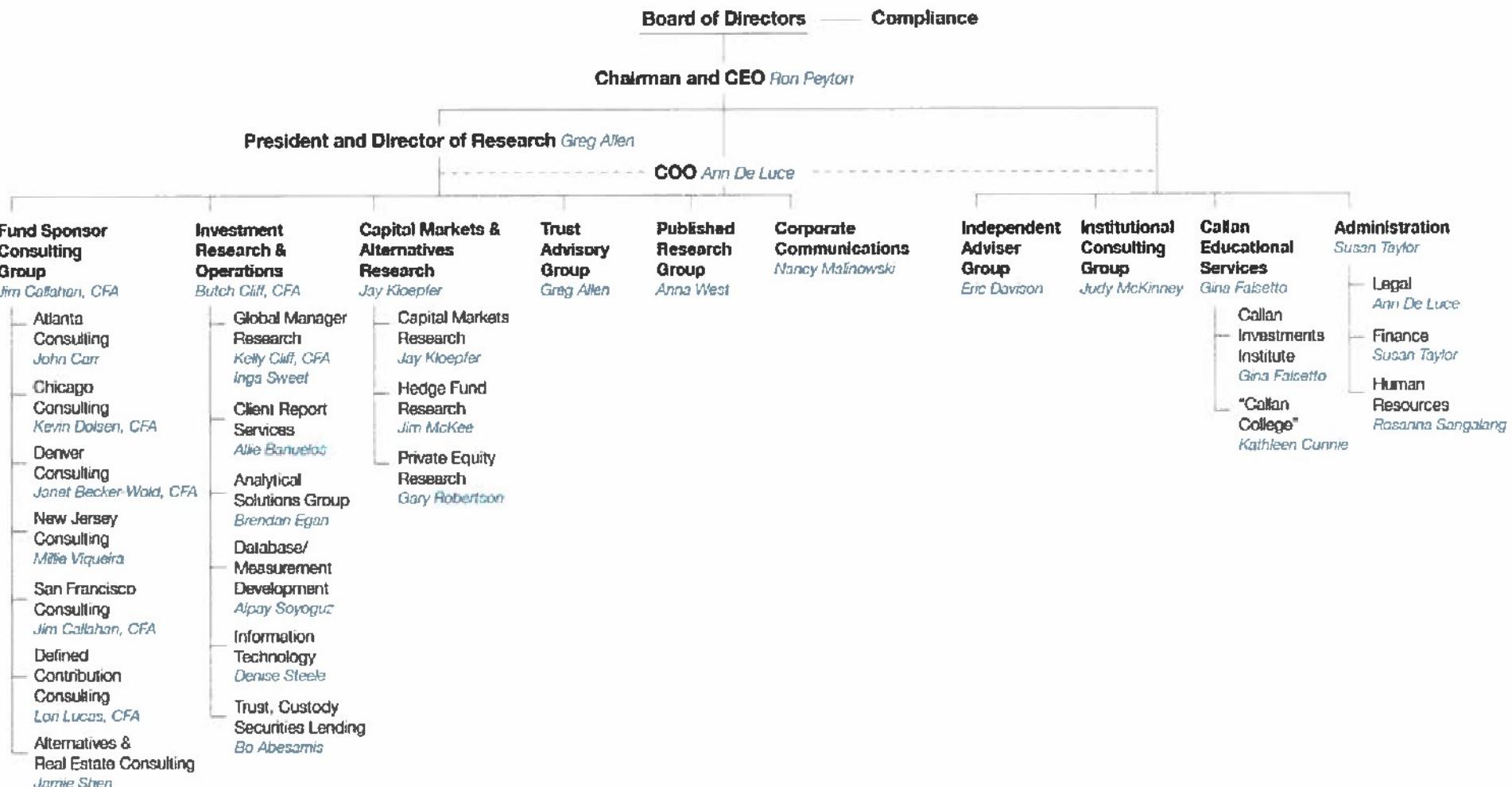
Ron Peyton, Chairman & CEO

Susan Taylor, Senior Vice President, CFO & Chief Compliance Officer



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 F: Respondent Qualifications and Experience

The respondent must include a detailed overview of the respondent's experience providing the proposed services. The overview must include a list of at least five (5) clients and projects where past work performed by the respondent on projects of a similar nature typifies the respondent's qualifications. For each client and project, the respondent should include the following information:

- Client name;
- Client contact person, address, and telephone number;
- Complete description of the work performed and deliverables provided;
- Accurate description of the cost of the work performed, including whether payment was fixed-fee, hourly fee, or some other method of compensation; and
- Specific description of results achieved.

Comptroller shall not be limited to contacting only the references provided by the respondent. Comptroller reserves the right to contact other agencies or entities with which respondent or its subcontractors are currently or have previously conducted business.

The references below are representative of Callan's 529 retainer clients. The contracts we have with our clients are confidential in nature and we cannot disclose our financial arrangements. We only receive direct compensation from our fund sponsor consulting clients for the services we provide to them. These fees are usually fixed annually and billed quarterly, in arrears.

West Virginia College Savings Plans (1 prepaid plan & 3 savings plans)

Ms. Tazuer Smith
Director, Policy & Administration
Office of St. Treasurer-John D. Perdue
One Player's Club Dr., Lower Level
Charleston, WV 25311
304.558.2937

Callan provides services in strategic planning, plan implementation, performance measurement and education and research for this client. The general nature of this work can be found in Section E of our proposal. The services include the delivery of quarterly performance measurement reports and a presentation describing the market environment. We performed a review of this client's age-based options in the savings plans and a comprehensive asset/liability study for the prepaid plan. We conduct an annual review of the plans' asset allocation. These projects included deliverables of reports, presentations, and other documents.

As a result of the asset/liability study, we helped the client establish an asset allocation policy that gradually decreases equity to zero over the next 15 years. This strategy was implemented because the plan is underfunded and less able to take on riskier assets. Progress on this roll-down is monitored quarterly and we perform full asset allocation reviews annually.

Florida Prepaid Tuition Fund and College Investment Fund (1 prepaid plan & 1 savings plan)

Mr. Kevin Thompson
Executive Director
1801 Hermitage Boulevard, Suite 210
Tallahassee, FL 32308
850.488.8514

Callan provides strategic planning, plan implementation, performance measurement and education and research for this client. The services include the delivery of quarterly performance measurement reports and a presentation describing the market environment. We also performed a review of the equity structure of the prepaid tuition plan. This resulted in funding both an international and mid cap allocation. Currently, we are assisting the client with a custodial search (through an RFI) for their prepaid plan and a record keeper search for their savings plan. In addition, we are presently assisting the client with a search for a S&P 500 Index fund and a fixed income fund (both searches will use an RFI to solicit manager responses).

State of Idaho College Savings Program Board (1 savings plan)

Mr. Jace Perry
Investment Accountant
700 West Jefferson, Suite 126
Boise, ID 83702
208.332.2938

Callan provides services in strategic planning, plan implementation, performance measurement and education and research for this client. The general nature of this work can be found in Section E of this proposal. The services include the delivery of quarterly performance measurement reports and a presentation describing the market environment. Callan conducted a review of the client's Investment Policy Statement. We also performed a review of their age-based options in the plan and conducted an asset allocation review. The review confirmed that the age-based options' asset allocation was appropriate and was approved by the Board. We performed a search for a new guaranteed investment option in the plan line-up. This resulted in the liquidation of the prior option and the hiring of a new investment manager.

State of Wisconsin Department of Administration (2 savings plans)

Mr. James DiUlio
Director, Wisconsin 529 College Savings Plan

101 East Wilson Street
Tenth Floor
P.O. Box 7864
Madison, WI 53707

Callan provides strategic planning, plan implementation, performance measurement and education and research for this client. The general nature of this work can be found in Section E of this proposal. The services include the delivery of quarterly performance measurement reports and a presentation describing the market environment. We are currently in the process of an investment policy statement review and will soon be conducting a program manager search.

Prepaid Tuition Program for the State of Nevada (1 prepaid plan)

Mr. Mark Mathers
Senior Deputy Treasurer
Office of the State Treasurer
101 North Carson Street, Suite 4
Carson City, NV 89701
775.684.5600

Callan provides strategic planning, plan implementation, performance measurement and education and research for this client. The general nature of this work can be found in Section E of this proposal. The services include the delivery of quarterly performance measurement reports and a presentation describing the market environment. Callan conducted a review of the client's Investment Policy Statement. We also performed an asset allocation study, which was adopted by the Board. As a result of the study, the client decided to lower both the small cap and mid cap weights within their domestic equity allocation.

The respondent must list all contracts that respondent executed or accepted within the last three (3) years and which were canceled or terminated prior to completion by any state agency or other entity with which respondent contracted. For each such contract, respondent must include a detailed explanation for the cancellation or termination and final resolution of the matter as well as the names and telephone numbers of each such agency's or firm's contact person. If none, specify none.

Callan has had no contracts within the last three years which were cancelled or terminated prior to completion by any client.

The respondent must briefly state why it believes its proposed services best meet the Comptroller's and Board's objectives and RFP requirements. The respondent also must

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., an employee-owned firm whose mission is to inspire superior long-term investment decisions.

Ron 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.

Ron serves on the Board of the United Way Bay Area where he is the Development Committee Chair and Campaign Cabinet Co-chair. He also serves on the CFA San Francisco Society Strategic Advisory Board. Ron 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 Finance and Investment, Development and Nominating Committees. Ron 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.

Ron 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, Ron worked with Marathon Oil Company's pension investments, in addition to handling other financial responsibilities. Ron 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

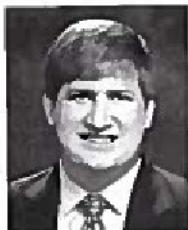


James A. Callahan, CFA, is an Executive Vice President. Jim is the Manager of Callan Associates' Fund Sponsor Consulting Group. In this role, Jim oversees all of Callan's fund sponsor consulting offices. His clients include public, corporate, and Taft-Hartley pension plans, foundations, and endowments. 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, CFA, 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 earned the right to use the Chartered Financial Analyst designation. He is a member of CFA Institute and the CFA Society of Atlanta.



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 for an Atlanta-based regional investment consulting firm, 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. Mike is a member of Callan's Defined Contribution Committee.

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 Wiesenberger 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.



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.



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.



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.

Ann Posey, Senior Vice President. Ann is a consultant in Callan's Chicago Consulting office. Ann 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. Her responsibilities include strategic planning, implementation, performance evaluation and continuing education.

Ann has been in the institutional investment industry for more than 30 years. Prior to Callan Associates, she was managing director and chief operations officer for Nuveen Investment Solutions, formerly known as Richards & Tierney (R&T), and chair of Nuveen's Investment Committee (NIS). She joined R&T in 1993 as a principal and served as a senior consultant to a broad range of institutional fund sponsor clients. Prior to joining R&T, Ann was vice president of Kemper Asset Management where she built out and was responsible for the client service efforts for Kemper's institutional business. Ann began her career at Household International and eventually served as manager of pension investments, responsible for coordinating the investment programs for the firm's defined benefit plans.

Ann earned a BS from Purdue University and an MBA in Finance from DePaul University (with distinction).



John C. Simmons, CFA, Senior Vice President. John is a consultant in Callan's Chicago Consulting office. He works with a variety of fund sponsor clients nationally including defined benefit plans, defined contribution plans, multi-employer plans, endowments and foundations. John's responsibilities include strategic planning, implementation, performance evaluation and continuing education.

Prior to joining Callan Associates, John was president and managing director of Nuveen Investment Solutions, formerly known as Richards & Tierney (R&T), and helped Nuveen clients with issues including the establishment and monitoring of investment policy, risk budgeting, the structuring of multiple-manager teams, and performance attribution and risk analysis. John served in many roles at R&T (before its acquisition by Nuveen in 2007), finishing as a principal and senior consultant on several of the firm's institutional retainer relationships. Before joining R&T, John was in equity research and analysis and risk management following his retirement from professional baseball.

John earned a BA in English (cum laude) and an MBA with an emphasis in Financial Trading and Practice, both from Saint Xavier University. John has earned the right to use the Chartered Financial Analyst designation and is an active member of a number of organizations, including the CFA Society of Chicago, the CFA Institute, the Economic Club of Chicago, the Executives' Club of Chicago, the Chicago Council on Global Affairs and the Association of Professional Ball Players of America.



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 Bachelors of Arts degree in Economics

Sandra K. Weiskirch, CFA, Vice President. Sandi is a consultant in Callan's Chicago Consulting office. She 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. Sandi's responsibilities include strategic planning, implementation, performance evaluation and continuing education.

Prior to joining Callan Associates, Sandi was Director of Investment Analytics with Nuveen Investment Solutions. She was responsible for the production of client performance and risk attribution reporting. She also conducted research and specialized analysis for both international and domestic research projects including maintaining the database of international equities securities. Prior to joining the firm, she was the manager of performance measurement at Harris Trust's Investment Consulting Services.

Sandi earned a bachelor's degree in mathematics from St. Olaf College in Northfield, Minnesota where she was elected to Phi Beta Kappa, and received an MBA from the University of Chicago. She has earned the right to use the Chartered Financial Analyst designation.



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.



Kyle Fekete, Analyst, Kyle joined Callan in April 2011. He is responsible for supporting consultants in the areas of client service, investment manager reviews, performance measurement, business development, and other special projects.

Kyle earned a B.B.A. in Finance and International Business from Temple University, where he was a member of the men's track and cross-country team.



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.



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".



Claire Telleen, Assistant Vice President, Fund Sponsor Consulting. Claire 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 client projects.

Claire joined Callan Associates in October of 2008. Prior to joining the Fund Sponsor consulting group in 2011, she was a Senior Analyst in Client Report Services where she was responsible for calculating investment returns, preparing monthly and quarterly performance measurement reports, training new analysts, and handling special client requests.

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.



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. Unger, 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, 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 former 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, is on the Executive Board of the Defined Contribution Institutional Investment Association, and is on the Publications Committee for the National Association of Defined Contribution Administrators. 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 Veneroso, 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, CAIA, Vice President. Avery is a consultant in Callan's Real Asset Consulting Group. He works to implement plan sponsor real estate strategies through manager searches, manager evaluations, and strategic and tactical planning initiatives. His 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, he heads research coverage for core open-end, emerging manager and urban real estate strategies, as well as infrastructure investment research.

Avery joined Callan Associates in April of 2008. Before joining Callan, he was employed with the Real Estate Equity Group at Principal Global Investors as an Asset Manager.

Avery received his B.S. in Engineering and his M.B.A. from the University of Iowa and has earned the right to use the CAIA designation. He is also a member of the Institutional Investing in Infrastructure Editorial Board.



Jamie Shen, Senior Vice President. Jamie is the 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 oversees all investment due diligence for real assets and chairs Callan's Alternative Investment Committee. 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. Jamie serves on the Editorial Board of The Institutional Real Estate Letter and frequently writes papers and leads discussions for the Institute for Fiduciary Education (IFE). She is a member of the Pension Real Estate Association (PREA) and serves on the PREA Board of Directors.



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



Gordon E. Dickinson, Senior Vice President, Institutional Consulting Group. Gordon 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. He is a shareholder of the firm.

Gordon began his career with Callan Associates in 1987 as a consultant in Callan's Chicago Consulting office advising clients on the development of strategic investment solutions in the areas of asset allocation and policy statements, manager research and selection and performance evaluation. He had consulting responsibilities for both defined benefit and defined contribution plans for public retirement systems and large multi-national corporations.

Prior to joining Callan, 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.



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. Kloepfer, 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 is a shareholder of the firm.

Michael earned a B.A. in Economics from the University of California, Berkeley and is currently pursuing his MBA at the Haas School of Business.

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



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 is a shareholder of the firm.

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 Boult, 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.



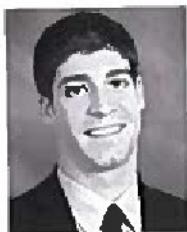
Dante Cirimele, Senior Analyst, Client Report Services. Dante joined Callan Associates, Inc. in December 2006 and is responsible for preparing quarterly performance measurement reports. Prior to joining Callan, Dante was on a temporary assignment at Lehman Brothers in Menlo Park. He also held positions 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. In September 2011 Paul became co-manager of Client Report Services, where he helps in all the aspects of the performance reporting process and operational responsibilities. Prior to joining Callan Paul worked at Wells Fargo in their business-banking department. Paul is a shareholder of the firm. Paul is a shareholder of the firm.

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.



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 research. 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 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.



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 is a shareholder of the firm.

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. Before joining CalSTRS' investment division Andy was a Senior Accountant in the plan's benefit accounting group

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.



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.S. 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.



Nicole Silva, Analyst. Nicole is a Graphic Media Designer in Callan's Published Research Group. She is responsible for designing, producing and press checking Callan publications, marketing materials and newsletters. Nicole also provides assistance with client documentation, special projects and presentation materials.

Prior to joining Callan in 2011, Nicole worked in commercial printing as a graphic designer and prepress specialist. Nicole earned a B.S. in Graphic Communication from California Polytechnic State University.



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, Senior Analyst. 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.