

## **PROGRESS INVESTMENT MANAGEMENT COMPANY TO INTRODUCE 130/30 EMERGING MANAGER FUND OF FUNDS**

**SAN FRANCISCO, June 20, 2007** – Progress Investment Management Company, LLC, the nation’s largest and most established Manager of Emerging Managers, plans to launch an Emerging Manager Fund of Funds dedicated to the growing 130/30, or Active Extensions market, it was announced today by Alex Hsiao, the firm’s Chief Investment Officer.

“This is a new, alternative long-only strategy designed to offer Plan Sponsors the potential to enhance the returns that can be realized from the traditional long-only allocations the strategy seeks to supplement,” Mr. Hsiao explained. “There is definitely a need for such a strategy, as Plan Sponsors seek alternative ways to generate excess alpha, particularly in an environment where alternative investments, such as hedge funds, begin to converge.”

About such plans, Sarah Barratt Ball, Executive Director and Head of Asset Owner Business Development with Morgan Stanley Prime Brokerage noted that “Today, we estimate that there are \$65 billion allocated to 130/30 programs. I would ‘guesstimate’ that in five years time, \$500 billion could easily move into this space in the U.S. alone. Early participants on the investment management side have included large managers with large cap mandates, along with large hedge fund managers. But the next wave of this product will involve smaller cap names, smaller cap benchmarks, international benchmarks and smaller managers who really have proved they can do long/short equity and add sustainable alpha.”

The Progress strategy will employ a range of proven emerging investment management firms in the Fund, among which Plan Sponsors also may consider for direct hires. For the purpose of the Fund, Emerging Managers are defined as independently-owned, Registered Investment Advisors with up to \$2 billion in assets under management at the time they are hired.

“There are a number of advantages to employing Emerging Managers over mainstream firms in the pursuit of 130/30 return objectives,” said Mr. Jose Balagot, Deputy Chief Investment Officer and Director of Manager Research. “Perhaps the foremost of these is that seasoned emerging managers, with their abundant talent and strong desire to succeed as entrepreneurs, have proven time and again that they can and do outperform their larger brethren. Those represented in our Fund of Funds are not rookies in any sense. They are seasoned veterans in the field who typically have broken away from larger mainstream firms in order to achieve greater independence and control over their often innovative ideas. In their new roles, these ‘emerging’ investment management firms have had multiple, successful product offerings where they have topped their larger competition consistently. They have the requisite skills and experience in managing a short book, risk control, operations and prime brokerage needed for these strategies.”

Mr. Hsiao pointed out that the 130/30 strategy is really a new opportunity for Plan Sponsors, one that lends itself naturally to the multi-manager approach.

“130/30 strategies in general are new to the marketplace, so few, if any, managers have established track records. Consequently, larger firms do not enjoy the advantage of having more experience with this strategy than smaller firms,” Mr. Balagot stated. “The multi-manager approach manages ‘new product risk’ by diversifying assets across several proven emerging investment management firms. Different alpha engines within the Fund also provide Plan Sponsors with a diversified approach to shaping their desired risk-return profiles, rather than relying on and concentrating assets in any single manager strategy. Further, we will manage the

overall risk-return profile of the fund while monitoring these managers, thereby helping to mitigate new product risk and assisting managers in their efforts to achieve their return targets over time.

“Beyond our role as Manager of Emerging Managers, we have a very long track record of identifying and investing with the best emerging managers in the field. We have strong relationships with these managers and know their organizations, investment processes and alpha engines, intimately. We’ve invested in their products time after time to the benefit of our Plan Sponsor clients. And, through our extensive database of existing and new emerging managers, we are well positioned to readily identify the ‘best of the best’ as new talent enters the field.”

Mr. Balagot noted that Progress currently is completing due diligence on emerging management firms who may participate in its upcoming 130/30 fund of funds and plans to begin offering this product to institutional investors later in the year.

### **Profile of Progress Investment Management Company**

Progress, founded in 1990 and headquartered in San Francisco, is the oldest and the largest U.S. firm to specialize in the identification and management of high performance emerging investment managers. The firm creates diversified, risk-controlled multi-manager investment funds in a variety of asset classes for institutional clients and specializes in working with smaller, entrepreneurial money management firms with innovative investment strategies. Progress presently manages over \$6.3 billion in assets under management in domestic and international equities, and fixed income securities, as well as private equity, and is recognized as a leader in identifying, managing and assisting emerging investment management firms.

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