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# New firm reuniting Bernstein vets

## Evercore Asset Management to focus on institutional value equity

By Mark Bruno

NEW YORK — Four former Sanford C. Bernstein & Co. veterans have reunited to form an institutional value equity boutique.

Evercore Asset Management, New York, will be led by Gregory Sawers, Andrew Moloff, Gail Landis and Margot Nones. They will hold a majority stake in the firm; Evercore Partners Inc., a New York-based private equity and advisory firm, will take a minority stake. The sizes of the respective holdings were not disclosed.

The founders worked together for years at Bernstein until shortly after Alliance Capital Management LP completed its acquisition of the firm, and each left for brief stints at other asset managers in New York.

In an interview at their new midtown office, the four said they began working last summer to launch their own investment management operation so they could focus exclusively on managing money for institutional investors, without the distractions

that can come with being part of a large financial institution.



**Greg Sawers, who led Bernstein's buy-side equity research, will be Evercore Asset's CEO.**

The firm's investment operations will be steered by Mr. Sawers, chief executive officer of Evercore Asset Management, and Mr. Moloff, chief investment officer. Mr. Sawers was managing director and global co-head of equities and global head of research at Credit Suisse Asset Management and the former director of buy-side equity research at Sanford C. Bernstein.

Mr. Moloff was managing director and head of global equity research and head of U.S. equity portfolio management at Citigroup Asset Management and former chief investment officer and director of research for small-cap and midcap equities at Bernstein.

Ms. Landis, EAM's senior managing director, will head the firm's marketing. She was managing director and head of Americas distribution for Credit Suisse Asset Management, and former senior portfolio manager and head of global consultant relations at Sanford C. Bernstein.

Ms. Nones is EAM's chief operating officer. She was managing director and head of operations for the Americas at UBS Global Asset Management after leaving her position as head of investment operations at Bernstein.

The firm is adding analyst and sales positions and plans to have a staff of 12 to 14 employees in the next few months.

### First offering

Mr. Sawers said he anticipates the firm will launch its first institutional offering, an active domestic small-cap value strategy, by the end of March, pending approval of its registration application by the Securities and Exchange Commission. The firm is seeking to raise \$1 billion before closing the strategy, which will be managed by Messrs. Sawers and Moloff.

While the Evercore group cannot transport this track record to its new strategy, Ms. Landis said it can still be used to the firm's advantage when approaching institutional consultants and investors.

But some analysts and consultants said challenging markets may lie ahead for all small-cap managers, especially small-cap value.

"In some ways, investing in small-

cap value right now could be like investing in a technology fund back in March 2000,” said Laura Lutton, a small-cap equity analyst with Morningstar Inc., Chicago. “Small-cap value has done so well for so long, it has to end eventually.”

The Russell 2000 Value index, which tracks small-cap value stocks, returned a compound annualized 24.89% and 15.18%, respectively, for the three- five-year periods ended Sept 30, compared with 16.71% and -1.49%, respectively, for the S&P 500, according to the Morningstar Separate Accounts Monitor.

Steve Wood, portfolio strategist with Russell Investment Group, Tacoma, said small-cap value is one his three “areas of caution” for Russell’s clients (the others are energy funds and real estate investment trusts). “You can still generate outperformance in these areas, but you would have to be excellent

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stock pickers to do so,” said Mr. Wood.

#### **Factors in their favor**

Mr. Sawers and Ms. Landis acknowledge the challenge, but say there are factors that will work in their favor. For one, Mr. Sawers said, the best-performing small-cap strategies have already been closed because of capacity constraints, creating an opportunity for new players to attract institutional assets.

Also, with many Wall Street firms scaling back their research coverage

of small-cap companies, Evercore has the experience and the opportunity to focus on an area of the market that is now lacking coverage and expertise, Mr. Sawers added.

“Our goal is not to be benchmark sensitive,” said Mr. Sawers. “We don’t just want to wake up and say ‘Let’s beat the Russell 2000.’ Our goal is to create concentrated, long-term portfolios of 40 to 60 companies that we think are really interesting investment ideas and which will over time deliver large absolute returns to our clients.”

Ms. Landis said she believes there is still plenty of opportunity to generate new business. “Not every small-cap value manager has met expectations,” she said. “A lot of searches are for replacement managers. The challenge for any manager is to perform in a way that is compelling enough to get you hired, making an individual manager’s skill so critical.” ■