

FUND*fire*

Bernstein Vets Launch Value Shop

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By Chris Larson

A quartet of former Sanford C. Bernstein & Co. professionals has gotten back together to launch a new institutional only, value-oriented equity shop. Evercore Asset Management expects to launch its first product, a small-cap domestic value strategy, by the end of the quarter.

New York-based Evercore is headed by CEO Greg Sawers, CIO Andrew Moloff, COO Margot Nones and senior managing director and head of sales and marketing Gail Landis. All four spent many years at value shop Sanford Bernstein, leaving after Alliance Capital Management bought the firm in 2000. After leaving Bernstein, Sawers and Landis spent time at Credit Suisse Asset Management, Moloff went to Citigroup Asset Management, and Nones joined UBS Global Asset Management. The four left their previous positions last year.

The new company received start-up capital, and will receive ongoing infrastructure support, from Evercore Partners, a decade-old advisory and investment firm. Evercore Asset Management's four founders have also made "significant financial commitments" to the new firm, the company says in a statement.

"We share an entrepreneurial spirit and dedication to value investing that we believe will benefit clients over the long-term," Sawers says in a statement. "We are committed to working together to generate attractive returns for investors by focusing intently on the fundamentals and intrinsic value of small- and mid-cap companies."

Sawers and Moloff will be portfolio managers for the firm's first product. Evercore expects to hold "relatively concentrated positions and maintain investments for longer-than-average holdings periods," the company says. The company hasn't said when it hopes to roll out additional products, but does indicate that it plans to eventually offer "a broader spectrum of investment strategies," including non-U.S. based products.

Sawers and Moloff shared a 12-year track record managing small- and mid-cap value products at Sanford Bernstein, Evercore says. Company officials were not available for comment Monday, and it's not clear if they'll be able to tout that track record when pitching their new product to potential clients.

That could be a hurdle for the firm, which starts out with no clients and zero assets under management, in spite of its officials' years of experience in the industry. Because of regulations, "They have to be very careful about what they say, and how they say it, regarding their past track records," says Michael Rosen, principal at advisory firm Angeles Investment Advisors. But even if Evercore can't claim the Sanford Bernstein track record as its own, the principals can tell clients how well the Bernstein products did while Sawers and Moloff ran them. "Then it's up to the investor to determine how much of that record was due to these guys, and to decide whether to hire them," Rosen says.

Working in Evercore's favor, "They are pretty well-known in the industry. They're very experienced, with very strong backgrounds and credentials," Rosen says. And Evercore will make its debut in the small-cap space – an area that is often hard up for managers. "Small-cap is habitually capacity constrained," Rosen notes. "People are continually looking for credible managers in that space, so I think that gives them an advantage."

Although a growing number of market watchers think conditions are right for value stocks to end their long period of overperformance relative to growth stocks, institutional interest apparently remains strong for

value. A recent study from Casey Quirk and Associates, based on institutional data from InvestorForce, found flows of \$1.5 billion into U.S. value equity products during the third quarter of 2005. By comparison, U.S. growth products saw outflows totaling \$8 billion in that same period.

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