

Channing Boasts Impressive 3-Year Returns For Small-Cap Value

Channing Capital Management reached its three-year track record on its small-cap value portfolio at the end of June and is boasting a return since inception over 25% better than the index.

The strong returns have already garnered interest for the firm, as it was able to reach \$200 million in assets under management in the product even after the market effects of 2008, said Wendell Mackey, director of investments and small-cap value portfolio manager at the firm, adding that direct investments accounted for two-thirds of the \$120 million raised in 2008. "What has happened in the last year, our traction in the direct channel has really gone well."

For the three-year period ending June 30, the firm has returned -15.16%, compared to -32.01% by the Russell 2000 Value Index. The firm also outperformed the index over the one-year period ending June 30, returning -24.0%, compared to -25.24% for



Wendell Mackey

the index. The return figures are preliminary.

"For us, our company's having good balance sheets, clearly helped," said Mackey, who explained the firm focuses on solid franchises with good cash flow generation.

Mackey said that reaching the three-year track record and accumulating \$200 million in assets under management in the strategy will also open additional doors to institutional investors that often have minimum requirements that eliminated Channing from consideration.

"We are starting to be able to exceed those minimum requirements, so by definition that will lead to more opportunities," he said.

Rodney Herenton, director of marketing and client service, said the plan spent a lot of the past year introducing the small-cap product to plan sponsors who had invested in the firm's mid-cap strategy and that the firm is now moving into phase two of its marketing, which will focus on new client generation.

Going forward, Herenton said the firm will target public pension funds, endowments and foundations.