

# Bailard

## Message from the Chairman



Recently Bailard has been generating some exciting news: announcing innovative products and important strategic alliances. Before highlighting what we've been up to, I'd like to share how these events fit into our long-held pattern of values, investment thinking and objectives—the very things we believe are of benefit to you.

In 1968 Ron Kaiser, Larry Biehl and I were graduate students at Stanford. Three newborn entrepreneurs, with restless minds and a hunger to invent better ways to generate wealth, we started a business together. As time went on, we learned that to provide greatest value, we had to successfully integrate and blend two qualities in our products and operations: stability (a disciplined organization) and dynamism (a passion to adapt to and exploit emerging opportunities). We also concluded, as our organization evolved, that this balance had to be monitored and readjusted as frequently as changes in market conditions required.

The value of stability was reflected in the extraordinarily creative results of our 20-year collaboration: we wrote a seminal textbook on investing, launched one of the first-ever international funds, as well as one of the first-ever private REITs. The payoff of our entrepreneurship is the dynamism seen in today's Bailard. We are naturally predisposed to listen to the market and to customers, to sense what is needed, foresee what is possible and act to fully exploit the opportunities. We are predisposed to invent the next good move. And Bailard has turned the mindset of its founding partners into a business management discipline, hiring and training similarly attuned colleagues, shaping unique research protocols, testing tools and products.

Of late, our creative momentum in these areas has grown, and with it our investment offerings and our business. Here are some noteworthy examples:

### **Launch of a new real estate strategy**

Building on our previous experiences, early last year we expanded the private real estate strategies we provide to wealthy individuals and financial institutions. Our aim was to create maximum value for investors by offering a more nimble, growth-oriented portfolio strategy and to broaden client exposure within the institutional quality commercial real estate marketplace.

### **A new alliance with HighMark Capital**

In January we announced a strategic alliance with HighMark Capital Management and their nationally recognized family of

mutual funds. The HighMark alliance and their adoption of the former Bailard equity mutual funds permit us to focus our attention more fully on our investment strategies like the one used to manage the HighMark (nee Bailard) five-star rated International Opportunities Fund.\* Peter Hill, our Chief Investment Officer, serves as the day-to-day manager of this international fund, which has even caught Wall Street's attention and was covered in a recent article in the Wall Street Journal.

#### **Launch of our new healthcare strategy**

Last September we announced the arrival of Dr. Selena Chaisson—a top investment specialist with both an MD and MBA from Stanford—as our Director of Healthcare Investments. And on June 30 we completed the first and final close of our most recent investment offering, the Bailard Emerging Life Sciences Fund I, L.P. These activities represent the advancement of our latest investment strategy and thinking, which combines fundamental business and science research to uncover rich and undervalued emerging opportunities, and also brings a private equity approach to public markets.

All this change and innovation is purposefully aimed at making Bailard a stronger and more valuable asset to our clients' portfolios and investment objectives. Our creative approach today is working well for investors. And what that means for us is that tomorrow we must look, balance and create the new investment thinking that the future will require. This steady pattern of continuity and innovation is what you should always anticipate from Bailard and, in fact, rely on.

Sincerely,  
Tom Bailard

\*The information provided on the HighMark Funds is provided for reference purposes only and not for investment or solicitation purposes. Shares of the HighMark Funds are offered by prospectus only. For more complete details, including fee and expense information and risk considerations, please obtain a prospectus from SEI Distributors, Inc. (a NASD member and the distributor of the Funds, which is not affiliated with Bailard). The redemption price of a mutual fund may be more or less than the original purchase price.

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