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**FundQuest Explores Whether Correlation Environment Affects Manager Performance**  
*2011 Research Released – Correlation Retreats: Active vs. Passive Investing Strategies*

**BOSTON, September 7, 2011** – Active managers have tended to perform better in low correlation market environments in terms of real alpha generation and manager success rate, says FundQuest ([www.fundquest.com/usa](http://www.fundquest.com/usa)), a leading provider of flexible [wealth management solutions](#) and sophisticated investment research, in its new white paper, “Correlation Retreats: Active vs. Passive Investment Strategies.” The paper follows the firm’s series of research studies since 2007, exploring the effects of market environments on active and passive investment performance.

According to FundQuest, in general, results of its studies have shown that both [active and passive investment strategies](#) have their strengths and weaknesses, and different market environments can affect the performance of each. Additionally, their latest research extends the framework of previous examinations to include the analysis of active management in various correlation environments.

Recently, there has been debate regarding the challenges for active managers in market environments with consistently high correlations. Some argue that high correlations can greatly impair an active manager’s ability to generate alpha through security selection. Conversely, others contest that correlation environment may affect the risk a manager is willing to take. “While we are committed to determining which investment approach is better in different categories, we found that a new perspective, such as the frequently debated correlation factor, can add value, especially in today’s dynamic market environment,” says Tim Cliff, Chief Investment Officer at FundQuest. “We believe our study’s findings are actionable and may help guide advisors and their clients in optimizing portfolios through a blend of both active and passive investments.”

In their white paper, “Correlation Retreats: Active vs. Passive Investment Strategies,” FundQuest’s analysis encompassed in excess of 32,000 mutual funds in 84 categories representing approximately \$8.5 trillion in assets. The 2011 study sought to determine the categories where active management should be utilized, percentage of assets that should be allocated to active management, categories where correlation had the greatest impact on manager performance, whether the correlation market environment affected an active manager’s performance, and whether correlation environment affected a manager’s risk taking.

For a free copy of FundQuest’s research, visit <http://www.fundquest.com/press-resea.htm>.

For more information on active and passive investing, visit [www.activepassive.com](http://www.activepassive.com) or contact [info@fundquest.com](mailto:info@fundquest.com).

**ABOUT FUNDQUEST®**

Founded in 1993, FundQuest is known for its innovative investment research and flexible and time-tested financial solutions. Financial advisors rely on FundQuest’s consistent and measured investment approach to enhance their wealth management and service offerings to clients.

FundQuest manages and administers over \$40 billion in assets in its combined U.S. and European operations. FundQuest is part of BNP Paribas, recognized as one of the world’s “best rated”<sup>\*\*</sup> and “safest”<sup>\*\*\*</sup> financial services firms, with operations in over 80 countries.

FundQuest’s services are offered in the U.S. through FundQuest Incorporated, a Registered Investment Adviser based in Boston, MA.

<sup>\*\*</sup>BNP Paribas is among the 6 best rated banks in the world, within its peer group, excluding Australian Banks, *Standard & Poor’s* – September 2010

\*\*BNP Paribas ranks 18<sup>th</sup> on the 'World's 50 Safest Banks' ranking, *Global Finance* – September 2010

*For more information, please visit [www.fundquest.com/usa](http://www.fundquest.com/usa) or contact [info@fundquest.com](mailto:info@fundquest.com).*

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