

# Triskeles Foundation

## Asset Management Committee

Wednesday 05/16/2016 at 5:30 – 7:30 pm

Friends Fiduciary

**Present:** Rich Kent, Clemens Pietzner, David Resnik, Jeff Salvo, Gary Shinner, Rahul Shah, Mark Watson, Jerry Schwartz, Jeremy Bach

**Quorum Reached:** Yes

### **I. Introduction/Welcome**

- a. Mark opened the meeting and welcomed all. He asked if there were any questions from last meeting's minutes.
- b. **MOTION:** Jeremy motioned for the approval of last meeting's minutes, Rahul seconded and the motion was approved.

### **II. Review of the Markets/Triskeles Reports**

- a. Jerry provided a broad overview of the market over the past quarter which, in summary, has been the equivalent to a roller coaster ride with ups and downs, but ultimately ending in more or less the same place.
- b. Jerry stated that there are basically the same three relevant variables: oil, the Federal Reserve, and China, with China beginning to be replaced by earnings which are down 7% year over year. Also there were two big phenomena that occurred in Q1: a strong US Dollar and energy earnings down, impacting the overall S&P. Further, the biggest threat to the economy in the next few years is the rise of inflation. Jerry believes that the FED may only be able to accomplish one or two increases this year as opposed to the four or five anticipated.
- c. Jerry reviewed the transition back into Calvert short/ultrashort funds and away from floating bank notes. Half of the holdings had been moved and had to wait ninety days for the other half to avoid paying an early withdrawal fee. Ninety days has since passed but he has decided to hold on to the position a little longer as it has regained some of its losses and is on an upward trend.
- d. Jerry also stated that we have been able to incorporate TriLinc into a few portfolios.
- e. Rich asked the questions as to why we are not using a blended benchmark. A discussion was held around benchmarking with the consensus being when looking at relative performance, we are looking at only five accounts (nonprofits and Triskeles general) and that each one could have its own policy, which would be manageable considering the limited amount of accounts.
- f. Mark asked Jerry about international weighting; Jerry responded affirmatively that he wants to increase this weighting.
- g. Gary asked Jerry about the overall market and the potential for a tech bubble. Jerry noted he saw no major tech bubble problem at the moment.
- h. Jerry noted that it may be a worthwhile use of the AMC's time to review the portfolio(s) less frequently.
- i. **ACTION ITEM:** Jeff to distribute VP of Business Development job description to AMC.

### **III. Next Meeting**

- a. The next meeting has been set for Wednesday July 20<sup>th</sup> at 5:30 pm at Friends Fiduciary.

### **IV. Withdrawal Structure Discussion**

- a. A discussion was held regarding establishing a withdrawal structure policy for the nonprofits and how it related to portfolio weighting and benchmarking. The committee agreed that consideration

should be given to the amount of time Jerry would need to initiate a withdrawal, taking into account the size of requested withdrawal, portfolio structure, and market conditions, in addition to what is reasonable to request from clients in terms of a timeline for requested withdrawals.

- i. Rich stated that in regards to benchmarking, he did not want the committee to continue having the same round-about discussion and wants Jerry to have a relevant benchmark established by the next meeting.
- ii. Clemens noted that the benchmarks currently used had been reviewed by the AMC earlier.
- iii. Mark noted that a discussion should be held in terms of integration of any proposed withdrawal policy/structure.
- iv. **ACTION ITEM:** Jeff to distribute existing policy statements to AMC for existing nonprofit clients.
- v. **ACTION ITEM:** Jeff will draft a withdrawal and rebalancing policy taking into account some of Rich's/Jeremy's comments and circulate it to Jerry for consideration.

## V. Prospective New Manager: Baldwin Brothers

- a. Mark welcomed John Mannix, CEO of Baldwin Brothers who joined the meeting via conference call. All present introduced themselves and provided a brief professional background.
- b. John provided a history of the firm which includes holding approximately \$1MMM in assets, 250 clients of which approximately 80% are individuals and the remainder are relatively small family endowments. The firm's primary focus is SRI/ESG investments and launched a strategy 4-5 years ago to accredited investors named Highwater Global which is viewed by positive intentionality vs negative screening. Also, the firm does build individual ESG portfolios. Bill Marvel has been taking the reins on ESG, working along-side Ellen Stone, Dylan Sage, Will Klein. Further, Arjuna Capital (a division of Baldwin Brothers) acts as a co-portfolio manager on a number of strategies. Baldwin Brothers focuses on individual securities selection for their portfolios.
  - i. Rich asked John to elaborate on his personal professional background
    1. John stated that he has been in the financial services industry for over 25 years working for firms such as Fidelity, Rydex, Scudder Kemper, and running Oakmont Partners for over five years.
  - ii. Rahul asked John about the relationship with Arjuna Capital.
    1. John stated that the majority of what Arjuna does is ESG risk and opportunity analysis and within the combined four package product offerings, Highwater Global, ETF, Income and Impact, Private Market Impact, research and analysis is shared between each party.
  - iii. John spoke about account minimums and fees stating that they are flexible but typically \$1MM minimum and 1.25% AUM fee which scales down from there. Further they offer concessions for nonprofits and endowments which typically range at a 20-25% discount.
  - iv. John noted that in terms of clearing houses, they currently use Pershing, Fidelity, and Schwab, but that approximately 90% of transactions clear through Pershing.
  - v. Mark stated flexibility is very important for Triskeles and asked what level of assets should be committed to in order to have a full engagement that is flexible and customizable.
    1. John responded that depending on the mandate, they can be extremely flexible and that they currently have a bunch of clients at the \$250M-\$500M level for whom they were able to build comprehensive and diversified portfolios. John stated that a \$250M+ minimum would be best and that Highwater Global has a \$250M account minimum.
  - vi. Rich asked who was ultimately responsible for the underlying investment decisions/choices.
    1. John responded that on the institutional side, Bill and Adam, and on the retail side, the individual relationship managers make those decisions.
  - vii. Rahul asked if there is a single security limit.
    1. John responded that once a single security gets to the approximate 5% level, they start to take a closer look to see if a move/change is warranted.

- viii. Rich asked about the number of employees.
  - 1. John responded that there are 20 employees in total, 8 front line, the research team consisting of 9, and office employees.
- ix. Mark asked if they were working with other firms and to comment on deal flow.
  - 1. John responded that they do work with a number of other firms, one example including a \$750M fund for VSN based in Colorado.
- x. Clemens asked if they are working with any other DAF's.
  - 1. John responded that they do not have any established relationships, but have done one-offs.
- xi. Mark thanked John for his participation and John excused himself from the meeting.
- xii. Mark noted that in regards to Baldwin Brothers' position in the sector and their reputation in this space, he believed they would be a very good fit for Triskeles to expand with in a professional manner.
- xiii. Mark excused himself for the remainder of the meeting due to a common business/conflict of interest with Stakeholders Capital.

## **VI. Prospective New Manager: Stakeholders Capital**

- a. Clemens welcomed Andrew Bellak and Greg Wendt who joined the meeting via conference call. All present introduced themselves and provided a brief professional background.
- b. Andrew presented a background on the firm including 7 years in existence, 7 employees, headquartered in Amherst, MA, approximately 130 households, several nonprofits, managed endowments and retirement plans of several nonprofits, approximately \$60M in assets. They use both public and private funds.
- c. Andrew mentioned that he was very excited about some of the new Calvert funds that are coming out soon.
- d. Andrew noted a few of their recent investments including Fresh Source Capital, which is involved in the slow money movement in Boston area, Microvest, Greenbacker, and TriLinc Global.
- e. Rahul asked how they make selections and evaluations.
  - i. Andrew responded that they are members of First Affirmative, which he believes digs a little deeper than Morningstar into their research/ESG elements.
  - ii. Andrew noted that he believes fees matter a lot so they always look for the lowest cost options.
  - iii. Greg added that they use institutional shares whenever possible.
  - iv. Andrew provided an the example of Ariel funds and transitioning positions in Ariel to Trillium as Ariel started investing in some securities they believe that their clients would not be interested in.
- f. Rich asked how success is measured and if any benchmarks are used.
  - i. Andrew responded that their first step is getting to know their clients, learning what they are interested in, and what types of investments would be suitable for them. Andrew also stated that he does believe in the use of traditional benchmarks.
- g. Clemens asked if they could discuss their fee structure, account minimums, evaluation tools, and if they currently work with a DAF provider.
  - i. Andrew responded that they are not currently working with a DAF provider, but they would love to. Their fee structure includes 1% on the first \$1MM, 0.8% on the second, 0.7% on the third, and 0.23% on the remaining. They are currently using Pershing, Schwab, and TD for clearing and are gradually adding new clients to TD's platform as they believe it to be the most technologically advanced. Riskalyze and EMoney are both tools currently being utilized. Minimum account size is \$500M.
- h. Clemens asked if there is a potential/opportunity for smaller accounts.
  - i. Andrew responded that they are currently exploring digital/technological solutions for the ability to work with smaller accounts.
- i. Clemens asked who Triskeles would be working with and who our contacts would be.

- i. Greg responded that Triskeles would be working with both Andrew and him.
- j. Clemens thanked Stakeholders for their time and participation during the meeting and noted that another AMC committee member who was not able to be included in this discussion will follow up directly with Stakeholders to ask some additional questions. Clemens would arrange that call.
- k. Stakeholders then left the call.
- l. Clemens asked all AMC members to get their comments/questions to him and Jeff regarding the two managers ASAP. Based on this, and Jeremy's input, an approach to each manager would be developed.

**VII. Motions:**

- a. Rich motioned to adjourn the meeting, Clemens seconded and the motion was approved.

The Meeting was adjourned at 7:55 pm.

Respectfully submitted,

Jeff Salvo  
Vice President of Operations