Excelsis Brings Independence To Manager Research

Justin Bennett doesn’t want to fix the investment consulting business. But he believes he can strengthen its major areas of weakness.

“There are a lot of things when you have a research team that is tied to assets, there are a lot of limitations to that,” said Bennett, founder and managing principal of Excelsis Research, an independent research firm for investment consulting firms and institutional allocators, providing investment manager research and due diligence, analytics, asset allocation and portfolio construction. “When you are tied to assets, it ultimately will have an impact on your research view and your opinion on investment products.”

Bennett founded the Orlando-based firm in 2015 after working on the research team at investment consultant AndCo Consulting and prior to that spent time on the research teams at CapTrust Advisors and Graystone Consulting. The team also includes Managing Principal John Gordon, who had led alternative investment research at CapTrust and also spent time at Graystone.

With recommended lists tightening and consultants looking negatively at managers developing relationships with end-clients, more hurdles are being put in the way of managers looking to market themselves, with the firms gaining the most assets typically having the biggest marketing effort “because you have to keep pounding that door,” Bennett said.

“That wall needs to come down or at least needs to be more like glass where

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New Orleans Eyes Diverse Mgr. Policy

The $378 million City of New Orleans Employees Retirement System is discussing implementing a diverse manager policy, Executive Director Jesse Evans, Jr. said, in an e-mail.

The policy would look to increase participation of minority-, women-, disabled- and locally-owned investment managers in the system by relaxing initial screening criteria that may disadvantage or preclude those firms from consideration by the plan.

The goal is to craft a policy “that will aid in providing real opportunities for a diverse group of investment managers with an eye on overall portfolio performance,” Evans said.

The proposed policy would look for firms with at least five years of experience and would screen for firms in which the system’s allocation would not exceed 25% of a manager’s total assets or 35% of strategy assets, with a maximum plan allocation of 5%.

The plan is also considering a mandate requiring diverse manager interviews in each search as part of the policy.

A specific timeline for when the plan expects to make a decision on the policy was not available.

The plan’s general investment consultant is AndCo Consulting.

Hahn Capital Management Founder Dies

Elaine Hahn, founder and president of domestic mid-cap equity manager Hahn Capital Management, died on July 15. She was 71 years old.

Hahn founded the San Francisco-based firm in 1988 as part of an investment career that spanned 40 years.

“[Hahn’s] intelligence, wit and dogged spirit propelled her to great success as a trusted advisor and gifted money manager; she accomplished this in an environment that was often discriminatory toward women trying to climb the ladder to positions of authority and influence in finance,” the firm said in a letter to clients.

John Schaeffer, a partner and co-portfolio manager of the firm’s mid-cap strategy and a 15-year veteran of the firm, has been promoted to president and cio. Schaeffer leads a five-person investment team highlighted by Partner and Co-Portfolio Manager Mike Whiff, a 13-year veteran of the firm.

The firm managed approximately $1.5 billion as of June 30, including domestic mid-cap value equity mandates with the Ohio Public Employees Retirement System and the Metropolitan Transit Authority of Harris County (Texas) Union Pension Plan.

“We were saddened to learn of Elaine Hahn’s passing. While we’ve been preparing for her to transition away from the firm, it’s unfortunate the transition takes place under this circumstance,” OPERS Spokesman Michael Pramik said, in an e-mail. “We remain in close contact with the experienced staff at Hahn, and we’ll continue to monitor and assess Hahn Capital Management as we do all of our external managers. We have no current plans to alter the relationship at this time.”

Hahn Capital was named Emerging Manager Monthly’s Mid-Cap Manager of the Year in 2015 (EMM, 4/1/15).
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LACERS Set For Emerging MoM Search
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Redmond Growing On Its Own Terms
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Documentation Adequacy A Critical Necessity: NexTier
◆ p. 6
The saying “it’s a small world” couldn’t ring more true than this past month. Often times through planning our issues have stories that tie together. For instance, this month we have a piece on CornerCap Investment Counsel following the firm’s hire by the Los Angeles County Employees Retirement Association in August. That was planned.

On the other hand, we have a report on the City of New Orleans Retirement System considering incorporating a diverse manager policy into its manager searches. The news by itself is welcome. As a plan with less than $400 million in assets and a largest individual manager allocation of just north of $30 million, this news isn’t going to provide a considerable bump in opportunities for managers, but the timing of the discussions fits in with other news relevant to managers.

The New Orleans plan happens to work with AndCo Consulting, which has grown its assets under advisement to more than $115 billion through a series of acquisitions and strategic hires in recent years. The firm did not, however, have any client policies that required the inclusion of diverse managers in their research efforts.

AndCo may be familiar to our fn|daily readers because the firm reached a deal last month with Summit Strategies Group upon the latter’s sale to Mercer to acquire the firm’s public pension fund clients. Because Mercer does not provide full-retainer consulting services to public pensions, Summit Strategies will recommend AndCo as its replacement consultant and receive a fee for any clients that move their business to AndCo.

All Summit Strategies clients that we have spoken with are moving forward with consultant searches, but each has invited AndCo to submit a bid, with several signing on with AndCo while the search is conducted.

If the firm is able to retain any clients, the move will expand its footprint even further in the public defined benefit landscape, with plans in Missouri, Maryland and Louisiana, among other states, up for grabs.

To bring it full circle, this month we also have a feature with a new independent research firm that was launched by a former AndCo staffer. The firm, Excelsis Research, looks to provide manager research support to consultants that are capacity constrained. One issue the firm hopes to solve for consultants is accessing managers of a size that does not fit into parameters required to make business sense.

Sometimes we work at the connections. Other times they just fall into place.

Matthew McCue
Editor
PAAMCO Launchpad, Texas ERS Slate Emerging Manager Event

The $28.5 billion Employees Retirement System of Texas and Pacific Alternative Asset Management Company have announced their first hedge fund emerging manager event for next month. The event will be held on Oct. 24-25 at KKR’s New York City office in an effort to bring together a select number of emerging managers from all over the country as well as other industry participants.

The team is expected to discuss their vision for the PAAMCO Launchpad platform, which was launched earlier this year as a co-investment platform for seeding and supporting emerging hedge funds with the Texas plan as its inaugural partner (EMM, 7/4).

“We are excited to share our vision regarding this new platform with the investment community,” Texas ERS Deputy CIO Sharmila Kas sam said, in a statement. “ERS believes PAAMCO Launchpad is an innovative solution for supporting investment professionals considering their critical next career step toward their goals of becoming the newest and best emerging managers.”

PAAMCO Launchpad and Texas ERS will together invite approximately 40 managers to participate in the event. Each invitee will be given 30 minutes to present their strategy and business to senior executives from Texas ERS and PAAMCO Launchpad.

The plan is charting a buildout of its emerging hedge fund program that will target one to three manager investments while ensuring that the infrastructure and jointly-driven process functions as planned in the program’s first three years, according to audio from the plan’s Aug. 29 board meeting.

Beyond year three, the plan will continue to review and enhance the jointly-driven due diligence process and target a total of seven to 10 investments at any given time, depending on various factors such as opportunity set and past success, according to the video.

The partnership represents a future pipeline for ERS, which will focus on more traditional strategy managers—ranging from long/short, global macro to credit long/short and event-driven strategies—and hopes to ultimately find a place for the investments within its larger portfolio, ERS Portfolio Manager Panayiotis Lambropoulos previously told EMM, noting that less liquid, “niche” strategies likely won’t make sense for the program.

Firms should send an e-mail to ERS@paamcolaunchpad.com to indicate interest in participating in this event.

“We look forward to executing on our larger vision for PAAMCO Launchpad, along with Texas ERS as our initial partner and with the full support of KKR,” PAAMCO Launchpad CEO Andrew Gitlin said, in a statement. “We believe the PAAMCO Launchpad platform will help evolve the hedge fund industry and will showcase the important role emerging managers play in institutional portfolios. Our inaugural emerging manager event with Texas ERS and KKR is an important part of this effort.”

ERS believes PAAMCO Launchpad is an innovative solution for supporting investment professionals considering their critical next step toward their goals of becoming the newest and best emerging managers.

GIA Partners Adds Director of Credit Research & Portfolio Mgmt.

Aswini Krishnan joined emerging and diverse fixed-income manager GIA Partners as director of credit research and portfolio management on Aug. 1, Director of Sales and Marketing Gloria Carlson said, in an e-mail.

Krishnan’s primary responsibilities include researching companies globally within the utilities and consumer products industries, with regional responsibilities for countries in Latin America and Asia, Carlson said. She is based in New York and reports to CIO Eduardo Cortes.

“We are thrilled to have Aswini join GIA. Her experience, talent, and understanding of our business will enable her to contribute immediately to our growing business,” Cortes said, in a statement.

Krishnan is a “planned hire” rather than a replacement, Carlson added.

She joins the firm from DWS Investment Management Americas, previously known as Deutsche Asset Management, where she was an assistant v.p. and credit analyst responsible for researching investment opportunities in Latin America.

DWS Spokeswoman Oksana Poltavets could not provide information on her replacement.

GIA currently has $2.4 billion in institutional assets under management, Carlson said.
Meketa Sets Next Research Day

Meketa Investment Group will hold an emerging and diverse manager research day for public and private markets managers in October, the firm announced.

The event marks the firm’s second research day this year and fourth overall and will be held across the firm’s Boston, Chicago and Carlsbad, Calif.-based offices on Oct. 2, the firm said.

The Chicago event will focus on international and global equity managers, the Boston event will focus on domestic equities, marketable alternatives and private markets managers and the Carlsbad event will focus on fixed-income and private markets managers.

Meketa defines emerging managers as firms with majority employee ownership and less than $2 billion in assets under management, the firm said. Additionally, firms must not have ever exceeded $5 billion in assets under management and must not have been in business for over 10 years, the firm said.

Meketa defines diverse managers as minority-, women- and disabled-owned firms that are also majority employee-owned. There is no limit on assets under management for diverse managers or requirements regarding how long they have been in business.

Managers that meet these criteria and have never met with Meketa or have not had a meeting with the firm in the past three years are eligible to participate, the firm said. Each participant will meet with a Meketa research analyst to introduce their firm and investment strategies.

Interested managers can register here for the event.

► Marquette Associates will include at least one diversity candidate in every traditional equity and fixed-income manager search that meets its clients’ investment objectives, minimum investment and vehicle requirements, the firm said in a letter to clients.

The firm highlighted key aspects of its “strong history of diversity and inclusion both within our firm and in our utilization of investment managers” in the Aug. 22 letter.

“Marquette is dedicated to improving diversity and access within our firm, the consulting industry and the investment community,” President and CEO Brian Wrubel wrote in the letter. “We will continue to prioritize diversity within Marquette and promote the inclusion of more women and minority investment managers within our client portfolios...”

The firm noted that its clients invested over $500 million in diverse manager products in 2017 and it will begin regularly publishing a universe of the largest diverse investment managers for various asset classes to keep its consultants and clients informed of diversity opportunities.

The firm also touted its hiring practices, with the firm currently having 27% women and 21% minority representation, including 27% women and 33% minority representation in the research department.

The full letter can be viewed here.

► New York State has passed a law banning placement agents or intermediaries by the $209.1 billion New York State Common Retirement Fund.

The legislation codifies into law a ban put into place by New York State Comptroller Thomas DiNapoli in 2009 (EMM, 5/7/09).

“In April 2009, I banned placement agents, paid intermediaries and registered lobbyists from involvement with investment decisions. New York was one of the first states in the nation to completely ban them. I want to thank Governor Cuomo for his support and leadership and for permanently taking placement agents out of the equation,” DiNapoli said.

The full legislation can be read on the plan’s website.

► The $195 billion New York City Retirement System has opened registration for its annual emerging and diverse manager conference scheduled for Oct. 5.

The event will be held at the New York Academy of Medicine and will include an overview of the city’s Bureau of Asset Management as well as asset class break-out sessions and speed networking.

Interested firms can register for the event here and registration ends Sept. 28.

Chavon Sutton, the new director of diversity and inclusion for the system, disclosed last month that the event would take place on Oct. 5 (EMM, 8/1).
The Fundamentals of Investment Management Firms: Documentation Adequacy

Documentation adequacy may not be a page turner, but it can carry immeasurable risks for managers. Having appropriate documentation, representing relationships with clients, employees, stakeholders and vendors, is critical element managing a well-run investment manager.

Even in the smallest investment firm, there are multiple arrangements and agreements among the various parties, both internal and external, that need to be properly documented and retained so they can be easily referenced and understood. Besides the need for these documents to run any firm day-to-day, they are also necessary for other needs such as compensation administration, SEC audits, dispute resolution, litigation and other legal and regulatory requirements.

“Documenting relationships with clients, employees, stakeholders and vendors is not the fun part of investment management. It’s not the reason people go into the business; but it is a critical responsibility that the leadership of the best performing firms take seriously, implement properly, and maintain on a continual basis,” Lawrence C. Manson, Jr., CEO of NexTier Consulting Solutions, said.

For asset managers that want to grow, they need to make a commitment to the area, said Matthew Wright, founder and CEO of outsourced CIO firm Disciplina Group.

“If people aren’t really thinking about that, that is a huge misgiving and I think it could ultimately come back to hurt them,” he said.

From a client perspective, the most important document is the investment contract, including investment objectives and any prohibitions. Along with measures like maintaining a centralized location, creating consistency among the documents is helpful.

“As the number of clients grows, the nuance from agreement to agreement can be difficult to manage,” said Rob Jakacki, CEO and CIO of Kudu Investment Management, which provides capital to asset management firms for growth and other internal needs to support the firm’s strategic objectives.

That same thought translates to employee documentation, which may not seem vital at the start but over the long-term can be critical to all parties involved. Employee documentation can run the full gamut from employment contracts, reviews and paths to ownership.

Michael Falk, a partner at Focus Consulting Group, which provides consulting services to investment firms, said a problem with operations and “the plumbing” is the fastest way for a firm to go “poof.”

A key aspect of creating and maintaining the culture of the firm is employee reviews and providing feedback to team members.

“Feedback helps us grow and get better and if we are doing something less than perfect, if we don’t get feedback how do we know that we need to up our game,” Falk said. “Over time what happens is these shortcomings in the quality of work you are doing begin to fester with other colleagues to the point where it can be very negative on the perspective of that employee and how that employee is treated. We want people to get better over time and for the culture to stay really strong and aligned, we can’t have problems fester. If we think about those aspects, then the reviews are really, really important.”

Employee documentation also plays a critical role in business continuity.

“If an employee doesn’t come back the next day, you need to have an understanding across your firm of what that person was doing,” Wright said.

Wright said his firm’s initial due diligence focuses on infrastructure and documentation in order to get a sense of comfort in the institutional nature of the firm prior to gaining an understanding of the product offerings.

“I think at the end of the day, a lot of people, particularly emerging managers, just focus on the investment management or investment side and they fail to focus on the business dynamic,” Wright said.

Jakacki says that type of focus is becoming more prominent.

“The ability to hang your own shingle and have everything grow organically is very difficult today, almost impossible today. So there really is an emphasis on that investment talent partnering with a solid business manager, someone who is really going to wear a few different hats,” Jakacki said.

Literally making sure your t’s are crossed and your i’s are dotted goes a long way in today’s institutional marketplace.

“When you focus on the business documentation, you are really making a statement on how you view your business,” Wright said.

And having the right documentation in place will make it easier to focus on the rest of the business.

“Documentation is really important and the main reason we say it is from our vantage point is it is all about clarity. We think clarity is a gift. It makes a world of difference in an organization,” Falk said.
you can see through it,” he said.

The firm’s aspirations are to integrate into an investment consultant’s current research process or have a direct relationship with the end-client investor.

“There is a limitation on resources and there is a lot of turnover and a lot of issues that makes it problematic to only have research performed inhouse,” he said.

Bennett said the capital being invested in research is constrained and that the “arms race” for mid-sized firms to provide value-add, differentiated research is expensive, noting that Excelsis has had the most success with firms with $500 million to $2 billion in assets under advisement, where their research resources are more limited, particularly related to alternative investment research.

Turnover on the manager research team can be particularly frustrating not only for the consultants but for the investment managers attempting to work their way through the research process.

“It is incredibly difficult for an emerging manager to commit resources to a firm and then start over when there is a change to the research team,” Bennett said.

The independence of Excelsis is also critical when understanding the current landscape of the manager research space. While many firms utilize research from consultants like Mercer or Callan, for example, they have the potential to come across those firms in the marketplace as competitors, Bennett noted.

There are other built-in issues to client management that an independent firm like Excelsis can help alleviate for consultants. For example, the acquisition activity in the consulting community has resulted in firms working with new clients that have exposure to managers the consultant doesn’t have an opinion on. “To have an informed opinion on those managers could take six months or longer,” Bennett said, adding that another potential issue a consultant could be having is a negative opinion on a local manager with an allocation from a large client. “If you have a negative opinion with the local manager, how does that impact the relationship?” he asked.

The service can also be beneficial for institutions working with larger consultants that feel they aren’t big enough to get their consultant’s attention on things outside their core competency or outside their recommended list, Gordon said.

A lot of the firm’s work to this point has been with RIAs and family offices, Gordon said. “In that space they are more focused on direct deal investing and co-investing and the actual management of the liquid, global portfolio goes to the wayside or less resources are dedicated to that effort,” he said.

The firm’s research is generally initiated by the team, although it is receptive to inbound requests. The primary way to get on the firm’s radar is to be in the industry databases so the firm can form a quantitative opinion to determine if there is a desire to form a qualitative opinion.

“I think in general, our interest right now is in asset classes that are non-correlated to equities or can offer something different than you can get from equity exposure,” Bennett said, noting that most investors have plenty of options in the traditional markets.

Another issue pertinent to emerging managers is the difficulty that smaller firms have in getting a foot in the door with consultants, particularly on the larger side. Having a research supplement that can take the time and invest the resources in diligencing those managers can be a benefit to clients, Bennett said. “As long as it is real money, I will consider that,” he said, noting that he will leave the decision up to the end client on whether the size of the firm is an issue.

“I do believe in the research…emerging managers do generate alpha to a greater degree on average than well-established firms,” Bennett added.
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Simons Says
Culture At Financial Institutions & The SEC

By Tim Simons, FOCUS I Associates

Securities and Exchange Commission Chairman Jay Clayton gave a speech in New York City on June 18 addressing “Observations on Culture at Financial Institutions and the SEC,” which really seemed to be a good fit while we are talking about duties to one’s clients. I have identified highlights of his speech, with the full text available here.

Culture is not an Option
To effectively manage, preserve and enhance your organization’s culture, you need to know your culture.

“I’ll make two related observations. First, to effectively manage the business of your organization on a day-to-day basis and over the long term, management needs to know what the culture of the organization is today, including the key drivers of that culture. For example, a new strategic initiative is much more likely to be successful if it is designed and implemented in a manner that is consistent with, and, hopefully, leverages the firm’s culture.

Second, over time, whatever the cultural goals for your organization may be, the chances of achieving them go up dramatically if you understand where your culture stands relative to those goals. In driving organizational culture, it is difficult, if not impossible, to get from A to B unless you have a clear sense of what A is.

There is a regulatory relations observation I will make that flows from the need to know what your culture is today if you want to preserve and improve culture for tomorrow. This observation is informed by my work as an adviser and now as a regulator. Assume a significant conduct problem occurs at a financial institution and the firm’s culture comes under regulatory scrutiny.

Let’s take as given that both the firm’s management and the regulator want the firm to have “good” culture, one, for example, that is consistent with long term shareholder, employee, customer and societal interests as well as law and regulation. In other words, we’re all trying to row the same boat in the same direction. However, if there is a disconnect between what management thinks the firm’s culture is today and what the regulator thinks the firm’s culture is today, agreeing on measures to enhance the culture will be difficult—very difficult. Said starkly, if the regulator is convinced a firm has a cultural problem and the firm continues to fight that conclusion, tension is likely to be high and progress—which involves fostering mutual regulator—firm respect and trust—will be slow and costly all around...

“There is great importance in setting a positive “tone at the top,” an organization’s culture is, in large part, defined by the countless daily actions of its people. Culture is not just what is said by management to the workforce, but what is done, i.e., what actions are taken, day in and day out throughout the organization, with colleagues, customers, suppliers and regulators.

To put this point in context, let’s look at the SEC. Yes, we have a Chairman and we have four Commissioners and a dozen or so other senior leaders, including the heads of our Enforcement, Trading & Markets, Investment Management, Corporation Finance, Compliance and Inspections, Economics and Risk Analysis, Office of Chief Accountant and our General Counsel. We each have a responsibility to set and act in accordance with the SEC’s cultural objectives, both internally and externally. But, while our actions may be relatively the most prominent, they are a small fraction of the internal and external interactions of the SEC.

Every day, our market participants—individual investors, issuers, asset managers, brokerage firms, rating agencies and other regulators (including many represented here today) – interact with the women and men of the SEC. In many cases, those interactions are very important to those participants, as well as many others. As I like to say, we have thousands of “at bats” a day where our culture is on display and being shaped. How we handle ourselves in these countless situations defines who we are. Are we zealously pursuing our mission? Are we consistent and clear? Are we fair? Do we listen? Do we learn? And, most important, are we striving to deliver for America’s long-term Main Street investors?...

“There are many familiar methods for communicating, monitoring and reinforcing cultural objectives—compliance programs, policies and procedures, training, personnel decisions (including evaluations and compensation), etc. I believe all of these methods are important and, in large financial organizations, essential. I also believe these methods are enhanced by, and in fact, to be effective over the long term, require, a clear, candid, easily understandable articulation of the organization’s core mission.

My view of this message for the SEC is furthering the interests of our long-term retail investors.

That short statement does not stand alone. As you would expect, we have many goals and obligations. For example, ensuring that trading—a largely institutional exercise—is fair and efficient is a critical part of our mission. Although it is a largely institutional market—and certain aspects of it are almost exclusively institutional (e.g., high yield bonds)—I believe the right question to ask is: are we seeking fairness and efficiency in this largely institutional market in a way that best serves the interests of our long-term retail investors? Is there a disconnect here? Why should we have retail on our minds when we are regulating an institutional market? There is no disconnect. Those institutions are holding and trading, in large part, the funds of retail investors. That perspective, or lens as we sometimes call it, should substantially inform how we regulate trading.

This perspective, this unifying perspective, this driver of culture, is similarly relevant when we look at investment products, corporate disclosure and governance rules as well as when we set inspection and enforcement priorities. To be clear, and to give deserved credit to the SEC staff and those who came before me, this cultural dedication to our long-term Main Street investors has been deeply etched in the SEC’s slate for many years.”
Martin Pays Homage To Female Ancestor With New Strategy

Mary E. Hogan was a country teacher looking for room and board in 1902. More than 100 years later, her family is honoring her achievements in the investment world with a new strategy focusing on women in leadership positions.

Hogan’s need for room and board led to an arrangement with Garden, Mich.-based lumberman William Bonifas that provided housing in exchange for her managing his struggling company’s business affairs and keeping its books. By the time Bonifas died in 1936, he was described in reports as “honorably known among the greatest industrial leaders in the nation” —with Hogan managing the family fortune and being involved in major investment decisions.

As the great aunt to Martin Investment Management Managing Directors Patrick Martin and Mary Ellen Martin Zellerbach, the stories of her success provided inspiration.

Now, they want to pay tribute to Hogan with the Martin Signature Investing strategy, a global equity strategy focused on companies with strong fundamentals, attractive valuations and presentation of women in leadership roles.

“In our childhood, we would hear about her hugely successful business career. It seems as though she was always like a living relative even though she had already been deceased. She was the rockstar of investing,” Zellerbach said, noting that from an investment perspective the research needs to go beyond high returns on equity. “It is a well-intended strategy but it falls short of being a robust investment strategy,” she said.

The firm has taken the concept further, combining the valuation screening process it uses across its strategies with a ranking of women in leadership factors that are screened through the technology of the firm’s affiliate, Censible. Censible derives a company’s ranking on women in leadership factors from publicly reported information, government and nonprofit sources, news events and third parties.

The rankings have both absolute and relative factors that are measured to identify companies that promote women in leadership positions, Censible Founder Philip Martin said.

For example, the methodology looks at corporate disclosures regarding compensation for executive roles and normalizes the percentage of the C-Suite position to understand how much each C-Suite position was worth relative to a typical company and weights that coefficient with what gender role that company had.

“We were weighting that off the importance of each role,” Philip Martin said. The important aspect of the strategy is that it is built off Martin’s regular investment process that is applied across the firm’s four other equity strategies, according to Patrick Martin, noting that the firm’s quality focus emphasizes strong financial results, less leverage and strong return on invested capital.

The firm manages a total of approximately $635 million in assets across the strategies as of June 30 and includes various emerging manager-of-managers allocations from FIS Group, Leading Edge Investment Advisors and Progress Investment Management Company as of June 30, 2017, according to data compiled by EMM.

The Signature Investing strategy was funded internally with firm assets on Jan. 1 and invests in 25 to 30 high quality developed world companies with a market capitalization above $2 billion.

As with other investment approaches such as ESG, retail investors have often led the way, however, as ESG has become more prominent among institutional investors, Martin believes that the strategy can gain traction among foundations and endowments and other institutions that have a desire to incorporate strategies with these ideals that are backed by a robust investment process.

Mary E. Hogan has already served as an inspiration to her family descendants at Martin Investment Management and the firm hopes to not only find success with the strategy honoring her but also in inspiring other women.

“Aunt Mary is a really positive story of what a woman can do,” Managing Director Sandra Martin said.

In our childhood, we would hear about her hugely successful business career. She was the rockstar of investing.
CornerCap Hopes Major Mandate Win Serves As Catalyst

CornerCap Investment Counsel is hoping a recent institutional victory will help attract a few more heavyweights to its end of the ring.

The Atlanta–based firm’s domestic small-cap value equity strategy won a $60 million emerging manager mandate with the $55.6 billion Los Angeles County (Calif.) Employees Retirement Association’s direct emerging manager program at its Aug. 8 board of investments meeting, a mandate CornerCap is hoping will prove to be a catalyst for additional institutional investment.

“It’s exciting, a great validating win for us,” CIO Cannon Carr said, who credited Derek Tubbs, the firm’s associate portfolio manager and v.p. for institutional development, for working to get the firm in front of “high quality plans.”

Tubbs joined the firm in 2013 from Wells Capital Management to build out the institutional business, an area that had not been a focus for CornerCap historically.

“The marketing plan really has been focused on the consultants and the emerging manager-of-managers platforms,” Tubbs said, citing the firm’s asset levels as a key aspect of the approach.

The firm’s $1.2 billion in assets are split at roughly 80% to private wealth clients and 20% to institutional clients, with the newest mandate from LACERA boosting its small-cap value strategy over the $200 million mark.

Marketing to the consultant space has been a long journey to this point for Tubbs and CornerCap, as gatekeepers seem to constantly move the bar higher and seem to rarely hold uniform requirements.

“What has been very consistent in terms of feedback we’ve received is ‘you guys are so small in terms of AUM in the strategy, we need you to be bigger before we can invest,’” Tubbs said, noting he’s heard up to $300 million in strategy assets under management as a requirement from some consultants and occasionally sees RFPs for mandates in the $10 million range that require a $500 million minimum in strategy assets under management.

“It’s frustrating for an emerging manager, but it’s a chicken and egg situation we’ve been fighting. This despite the fact that we have a significant, stable revenue source from our private client business that has allowed us to be patient in terms of incubating the product and marketing,” Tubbs said.

When Carr joined CornerCap in 2007, he was intrigued by an institutional-quality investment process developed by founders Gene Hoots and Thomas Quinn in managing RJR Nabisco’s pension assets prior launching the quantitative firm in 1989.

Thinking it would be an interesting tactic to take the firm’s process to the institutional marketplace, Carr and the investment team incubated several funds with “live money” before launching an active marketing effort in 2013, specifically pushing the small-cap value portfolio.

“Testing it and building it out with live money, those are things you can measure to say is it scalable, repeatable, consistent, predictable? All those things factor into the assumption that it’s an institutional-caliber product,” Carr said.

Fundamental to the CornerCap philosophy is the principle of “regression to the mean,” which steers the firm to stocks or asset classes out of favor or unpopular but exhibiting attractive characteristics to support long-term price appreciation. To find those holdings the firm relies on Fundametrics*, its proprietary multi-factor fundamental model, which incorporates a library of roughly 180 attributes and factors developed over the years, to identify value and favorable excess return characteristics as well as avoid stocks with excess risk.

CornerCap initially screens the universe based on a set of minimum investable criteria as if the portfolio were at capacity of $1.5 billion in assets under management.

This initial screen of stocks that meet the minimum criteria then make up the small-cap “Galaxy” of approximately 1,500 names per week, which are then run through a “Fundametrics* Alpha Composite” for the universe of stocks and another composite specifically designed for each sector—with each composite made up of factors and attributes that are uncorrelated and alpha seeking—in order to determine sector allocations while sector specific composites narrow down and improve stock selection.

Scores from these composites force rank the stocks into deciles in a systematic, unemotional and disciplined method that favors low valuation, but also uses elements of growth at a reasonable price, momentum and risk. The

Continued On Next Page
CornerCap: Continued From Previous Page

top 30% of stocks in the rankings make up the strategy's internal benchmark and represents a theoretical limit to returns. Replicating these model returns as closely as possible generally allows the portfolio to outperform the Russell 2000 Value Index over time, Carr said.

The “buy” universe is then processed through the internally developed Financial Warnings Overlay, or risk composite, which reviews earnings quality, capital structure and profitability across the universe with a separate set of warning indicators specific to banks and their unique capital structure to identify and avoid stocks that may rank well in the alpha composite but carry excess risk.

The final product is an approximately 200 holding small-cap value portfolio with equal weighting among holdings, which limits stock specific risk in favor of the characteristics the firm knows tend to produce outperformance, Carr said.

“We really could care less about the individual securities in the portfolio, it's the characteristics that make up the portfolio that's really more important. We're trying to match our internal benchmark, which is the composition of the top three deciles of the alpha composite, which over time we have observed outperform,” he added.

The firm's 11-person investment committee is led by Carr and is designed to audit research and development related to Fundametrics in order to ensure consistency in philosophy and process, Carr said, adding that the team performs a revision of its key model drivers every 18 to 24 months.

“The biggest thing an institutional investor hates to see is a strategy that doesn't act like it's supposed to given the market environment,” Carr said, adding that the firm strives to remain consistent in style and application. “We don't try to change our stripes to what's going on in the market. What you see is what you're going to get.”

CornerCap's stripes certainly resonated with LACERA staff, which was impressed by the robustness of the firm's proprietary quantitative model highlighted by the Financial Warning System and strict level of discipline used in portfolio construction as well as the implementation of the same approach across strategies since inception, according to a manager assessment by LACERA staff presented to the board of investments.

Carr and Jeffrey Moeller, the firm's director of research and portfolio manager, also have a process to look at every stock before it leaves the portfolio based on data accuracy. “Inaccurate or stale financial data can distort rankings so we have a process in place to review the data prior to making buy/sell decisions recommended by the model,” he said.

Moving forward, Carr, Tubbs and CornerCap will continue to work on ways to further carve out a place for the firm in the institutional marketplace and position it for the long-term, the latter exemplified by 16 of 21 staff members enjoying some level of ownership stake.

“We all have an incentive to think and act like owners,” Tubbs said.
Domestic equity manager Redmond Asset Management is growing on its own terms.

The Richmond, Va.-based growth equity manager has seen the assets in its domestic small-cap core-diversified, or Small Cap Core Growth Fund, to roughly $70 million from less than $1 million over the last six years despite abandoning any concerted marketing effort to the institutional space, Founder and Partner Scott Redmond said.

“It seems that the consultants and intermediaries would really prefer that we have some sort of algorithm for how we make decisions so that they can know what we’re going to do before we do it. It just doesn’t work that way for us,” he said.

Scott Redmond admits the firm’s process is “far too humble to have any confidence in an algorithm,” as the firm seeks above average investment returns by purchasing shares of companies that appear to offer superior opportunities for growth capital.

“If a 12-year old can’t tell it’s a good company then it’s probably too complicated for us. These companies, because they are well run, and because their business is well thought out and because they have talented management that has high marks for integrity, those companies will generate more cash, they’ll generate more cash then they’d ordinarily be able to in a normal marketplace,” Scott Redmond said, noting that the firm focuses on a company’s business rather than stock value.

“There will be periods where high return on investment capital companies underperform and we won’t abandon those to buy poor companies that we expect to have some positive returns over the next year or two,” he added.

The Redmond team attempts to find companies that dominate an industry, occupy a niche or are otherwise somehow especially distinguished, Redmond said, adding that these companies don’t necessarily have competition in the space and have a much greater influence on determining their own outcomes. This process also allows for a natural diversity across sectors and geographies.

“The economic work that we do really is only focused on things that are a couple standard deviations out of whack,” he added.

The firm sports a total of seven GIPS verified strategies, including the small-cap core-diversified strategy, which holds between 50 and 70 companies and has outperformed the Russell 2000 Index by 114 basis points since its December 2006 inception. The firm itself has grown to nearly $312 million in total assets under management as of June 30, according to the PSN Informa database.

Scott Redmond heaps credit for the firm’s organic growth onto his team, which is comprised of Partner Jeremy Kirkland, Portfolio Managers & Analysts Tom Robertson and Jamie Alexander, Chief Compliance Officer & COO Anita Lavin and Operations Associate Julie Yartz.

The firm did make an attempt to market to the institutional marketplace, attending family office and public pension fund conferences and working the consultant landscape while exploring a third-party marketing relationship, before ultimately abandoning the proactive approach. This decision has allowed the firm to focus on its existing client base and let its results do the talking for it.

“It’s as simple as we do what we do, and do they want us to do it for them? I’m not going to try to convince somebody that what we do is the right thing for them and that they need us,” Scott Redmond said of the firm, which has a client roster of approximately 65% individuals and 35% institutional. “We’re here and we’re available. I think we have demonstrated over the last 13 years that our number one priority is our existing clients and not the ones that aren’t.”

Redmond’s approach to a typical prospective client is to lay out all of the firm’s positives and negatives up front before continuing discussions with investors that remain interested and have a baseline understanding of the firm.

“We spend a lot of time trying to weed out potential clients that shouldn’t be clients,” Redmond said. “Clients that are bad fits are going to waste a lot of your time, they’re going to leave and nobody’s going to be happy when they leave.”

On the occasion when the firm loses a client, it is more often than not out of Redmond’s control.

“We’ve been lucky enough with investment returns and clients leave infrequently enough that when it does happen it’s a big deal,” he said. “Without doing specific calculations I would be shocked if the number one cause of client attrition weren’t that the client died or the trust or foundation reached some sort of terminal end and dissolved.”

While Scott Redmond does not believe every potential investor is a good fit for the firm, he does believe the firm brings a strategy to the table that every investor should incorporate into their portfolios.

“I feel like every single person should have a small permanent allocation to our small-cap strategy, because to our knowledge there are not many other low beta, low turnover small-cap growth managers,” he said. “I think it’s certainly a defensible allocation decision to make.”

The firm’s growth without a concerted marketing effort has also proven to be a defensible decision, one that Scott Redmond believes will continue to show results in the years to come.

“What I suspect will happen is that over the next five years our investment philosophy will bear itself out and assets in our small-cap product will grow accordingly and naturally with no marketing effort,” Redmond said. “Eventually we’ll find the people that we’re meant to work with.”
Law Firm Offers Insights Into Private Investment Fund Models

Understanding the various private investment fund models available can help align interests of emerging managers and investors, according to law firm Pepper Hamilton.

The firm, which advises private equity and hedge fund managers on legal structure options, has written A Strategic Comparison of Private Investment Fund Models to help outline some of the basic structures available.

“We’ve been working on more alternative structures. We’ve seen them being deployed and utilized by managers that have come to understand that they need to do something a little different to align their interests with investors, to raise capital,” said Irwin Latner, a partner in Pepper Hamilton’s Corporate and Securities Practice Group and co-author of the paper.

The paper looks at a variety of private equity and hedge fund structures, including deal-by-deal fundraising, single investor funds, traditional funds and permanent capital vehicles.

“Over recent years, investors are becoming more open to these types of structures, which in many ways align better with their interests,” said Julia Corelli, a partner at Pepper Hamilton who co-wrote the piece with Latner. “A lot of these structures are ultimately ways to better align the manager’s interests with the investor’s.”

Particularly for emerging managers, being creative with fund structures can be beneficial in winning new clients, Latner said. For example, a firm can create a fund that offers optionality to investors in a pre-arranged structure that enables a manager to take a step forward in growing their business while maintaining flexibility for investors.

The paper is also geared toward educating the institutions, family offices and high-net-worth individuals about alternatives to their current structures and how they can address aspects of particular structures they have been in previously.

“The more investors understand and are comfortable with these alternatives, the more likely managers will be even more eager to adopt them,” she said.

There are a number of factors that play a role in determining the type of fund structure an emerging manager should employ.

“You have to look at what the assets are, what the long term objectives of the managers are, what types of investors they are looking to invest in, and then you try and come up with the right structure for the manager,” Latner said.

The full paper can be found here.
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LACERS Slates U.S. Small-Cap Emerging Manager Search

The $17 billion Los Angeles City Employees’ Retirement System will issue a domestic small-cap equity emerging manager-of-managers RFP in October, CIO Rodney June said.

The plan is looking to hire at least two emerging managers-of-managers to handle $150 million in total, June said, noting that the desire is to hire two firms with different sub-manager lineups.

The search will also be open to direct managers, though June said the plan will likely hire managers-of-managers for the greater small-cap exposure and diversity.

The RFP was originally scheduled for release in September following a domestic equity asset class review and search authorization at the plan’s Aug. 14 board meeting presented as part of an asset allocation implementation plan from general investment consultant NEPC, which was hired as the plan’s new consultant in 2017 and began an asset allocation study soon thereafter (EMM, 8/1).

The plan originally issued an RFP for a domestic small-cap equity emerging manager-of-managers in 2014 to refocus its then emerging manager-of-managers program away from large-cap and mid-cap (EMM, 7/2/14).

The plan deferred action on the RFP and terminated emerging managers-of-managers Capital Prospects and Progress Investment Management Company at its February 2015 meeting (EMM, 2/12/15). The plan’s other emerging manager-of-managers at that time, Attucks Asset Management, resigned on Nov. 9, 2015 ahead of its Nov. 30, 2015 contract expiration (EMM, 12/2/15).

The plan will invest $160 million with Global Alpha in an international small-cap strategy, $125 million with Matarin in a domestic small-cap strategy, and $60 million with CornerCap in a domestic small-cap value strategy after interviewing the three firms at the meeting.

The plan identified the three firms for interviews at its July 10 offsite meetings (EMM, 8/1). The plan initiated a search late last year for domestic and non-U.S. equity emerging managers as part of a move to a direct program from its previous manager-of-managers structure (EMM, 10/4; 9/6).

The move led to the termination of emerging managers-of-managers Northern Trust Asset Management and FIS Group, which had managed $286.7 million and $247.1 million, respectively, as of June 30, 2017.

General investment consultant Meketa Investment Group assisted.

Alameda County Taps Bivium

The $8.1 billion Alameda County (Calif.) Employees’ Retirement Association will hire Bivium Capital Partners to handle its new international equity emerging manager-of-managers portfolio, according to recent minutes.

The plan’s investment committee approved the recommendation at its Aug. 8 meeting following a discussion with plan staff and general investment consultant Verus related to the emerging manager program, which is being shifted to international equity from domestic equity (EMM, 11/1).

Bivium currently manages the plan’s emerging manager program, which accounts for 1% of the total portfolio, or approximately $81 million.

The plan had been considering a search for an emerging manager-of-managers to handle the new portfolio (EMM, 8/1; 3/7) but plan staff and Verus both provided support for Bivium to maintain the new allocation, according to the minutes.

The plan is expected to incorporate the emerging manager program into its international equity portfolio by reducing the target allocations of international large-cap managers AQR Capital Management, Capital Group and Mondrian Investment Partners to 18.8% from 20% each, according to the minutes.

Further information on the timeline for Bivium shifting the domestic portfolio to international equity and the manager selection process was not provided in the minutes and Spokesman Michael Fara did not respond to an e-mail seeking comment by press time.

Bivium’s domestic portfolio included large-cap core manager Oak Brook Investments, large-cap growth managers Alta Capital Management and Quest Investment Management, large-cap value managers Huber Capital Management and Vulcan Value Partners and small-cap core manager Matarin Capital Management, according to a first quarter investment report.

LACERA Hires Emerging Managers

The $56 billion Los Angeles County (Calif.) Employees Retirement Association made three emerging manager investments totaling $345 million at its board of investment meeting last month, Staff Counsel John Harrington said, in an e-mail.

The plan approved hiring equity managers CornerCap Investment Counsel, Global Alpha Capital Management and Matarin Capital Management at its Aug. 8 meeting, he said.

The plan will invest $160 million with Global Alpha in an international small-cap strategy, $125 million with Matarin in a domestic small-cap core strategy and $60 million with CornerCap in a domestic small-cap value strategy after interviewing the three firms at the meeting.

The plan had identified the three firms for interviews at its July 10 offsite meetings (EMM, 8/1).

The plan initiated a search last year for domestic and non-U.S. equity emerging managers as part of a move to a direct program from its previous manager-of-managers structure (EMM, 10/4; 9/6).

The move led to the termination of emerging managers-of-managers Northern Trust Asset Management and FIS Group, which had managed $286.7 million and $247.1 million, respectively, as of June 30, 2017.

General investment consultant Meketa Investment Group assisted.

MassPRIM Makes HF Hires

The $71.7 billion Massachusetts Pension Reserves Investment Management Board made its first hires in a $500 million emerging manager direct hedge fund program at last month’s board meeting, Plan Spokesman Cosmo Macero said, in an e-mail.

The plan awarded $50 million mandates to Alcova Asset Management, CKC Capital and Global Sigma Group at its Aug. 14 meeting, according to board documents. The three firms will be funded this month and represent the plan’s first investments for its emerging hedge fund manager program, the documents state.

The plan began searching for emerging hedge fund managers following the January hires of NewAlpha Asset Management to provide advisory services and Innocap to provide managed account platform services for the emerging manager program (EMM, 2/7).

NewAlpha narrowed to the three firms from a shortlisted focus group of 21 firms that survived a screening of 219 total managers, according to the documents.

The plan expects to seed 10 to 15 managers in total, according to the documents.
The following directory includes search and hire activity for the last month, as well as previously reported ongoing searches. The chart also includes emerging managers hired for direct mandates. All amounts are in $millions unless otherwise stated.

For further information on finsearches’ daily search leads please visit [www.finsearches.com](http://www.finsearches.com) or contact Gene Dolinsky at 646-810-1072 or gdolinsky@finsearches.com.

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<td><strong>SEARCHES</strong></td>
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<tr>
<td>Los Angeles City Employees’ Retirement System</td>
<td>17,015</td>
<td>Emerging Manager-of-Managers</td>
<td>150</td>
<td>Plan will issue an RFP for a domestic small-cap equity emerging manager-of-managers in October. Plan will look to hire at least two emerging managers-of-managers to handle $150 million in total, however the search will also be open to direct managers. Plan will issue the RFP on its website (<a href="http://www.lacers.org">www.lacers.org</a>) when issued.</td>
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<td><strong>ONGOING</strong></td>
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<tr>
<td>Alameda County Employees’ Retirement Association</td>
<td>8,125</td>
<td>Emerging Manager-of-Managers</td>
<td>81</td>
<td>Plan was expected to hire incumbent emerging manager-of-managers Bivium Capital Partners to handle a new international equity portfolio at its Aug. 16 meeting, according to meeting documents. Plan originally approved a decision to move its emerging manager program to an international portfolio in the fourth quarter at the recommendation of investment consultant Verus. Plan’s emerging investment manager policy calls for 1% of total assets, or roughly $81 million, to be invested in emerging managers.</td>
</tr>
<tr>
<td>City of New Orleans Employees Retirement System</td>
<td>378</td>
<td>Emerging Managers</td>
<td>N/A</td>
<td>Plan’s governance committee held a review and discussion surrounding the potential adoption of a diverse and local manager policy at its Aug. 9 meeting. Further information on a timeline for policy adoption is unavailable at this time.</td>
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<tr>
<td><strong>FIRMS HIRED</strong></td>
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<tr>
<td>Massachusetts Pension Reserves Investment Management Board</td>
<td>71,732</td>
<td>Hedge Funds</td>
<td>150</td>
<td>Plan awarded $50 million mandates to emerging hedge funds Alcova Asset Management, CKC Capital and Global Sigma Group at its Aug. 14 board meeting. The three firms will be funded this month and represent the plan’s first hires for its emerging manager direct hedge fund program.</td>
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<tr>
<td>Los Angeles County Employees’ Retirement Association</td>
<td>55,607</td>
<td>International/ Small-Cap</td>
<td>160</td>
<td>Plan hired international small-cap equity emerging manager Global Alpha Capital Management to handle $160 million at its Aug. 8 board of investment meeting.</td>
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<tr>
<td>Los Angeles County Employees’ Retirement Association</td>
<td>55,607</td>
<td>Small-Cap Core</td>
<td>125</td>
<td>Plan hired domestic small-cap core equity emerging manager Matarin Capital Management to handle $125 million at its Aug. 8 board of investment meeting.</td>
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<tr>
<td>Los Angeles County Employees’ Retirement Association</td>
<td>55,607</td>
<td>Small-Cap Value</td>
<td>60</td>
<td>Plan hired domestic small-cap value equity emerging manager CornerCap Investment Counsel to handle $60 million at its Aug. 8 board of investment meeting.</td>
</tr>
<tr>
<td>New York State Common Retirement Fund</td>
<td>209,100</td>
<td>Private Equity</td>
<td>50</td>
<td>Plan made emerging manager private equity commitments of $30 million to Sycamore Partners III and $50 million to Aldrich Capital Partners in June. Commitments were made through emerging private equity fund-of-funds managers HarbourVest Horizon and Muller &amp; Monroe Asset Management, respectively.</td>
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<tr>
<td><strong>FIRMS TERMINATED</strong></td>
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<tr>
<td>San Francisco City &amp; County Employees’ Retirement System</td>
<td>25,122</td>
<td>Manager-of-Managers</td>
<td>55</td>
<td>Plan defunded emerging small-cap core equity manager-of-managers Bivium Capital Partners in the first quarter. Plan was expected to discuss terminating Bivium due to organizational and performance concerns in January, however the plan declined to provide further comment.</td>
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Cook County Executive Director, CIO Hackett Resigns

Nickol Hackett, executive director and cio of the $10 billion Cook County (Ill.) Pension Funds, will leave the plan on Sept. 30.

The plan announced in August that Hackett elected not to extend her employment contract, as first reported by sister publication Emerging Manager Monthly on Aug. 3.

The plan named Hackett as its executive director in addition to her cio duties in 2012 (EMM, 10/4/12). She first joined the plan in 2008.

The plan began an executive director replacement search in August and Hackett will retain her cio responsibilities until her departure date, at which point the board will determine whether to separate the roles based on the strengths of the application pool, Plan Spokesman Eric Herman said, an e-mail.

He could not provide further details and has not returned a follow-up e-mail seeking comment.

The plan currently has two emerging manager-of-managers programs run by Progress Investment Management Company.

Mercer Acquires Summit Strategies, Pavilion Financial Group

Mercer acquired investment consultants Summit Strategies Group and Pavilion Financial Group last month.

Mercer is acquiring the non-public fund consulting business of Summit Strategies and Pavilion's investment consulting, alternatives consulting and wealth management businesses, according to separate announcements on Aug. 14.

Mercer does not provide full-retainer consulting services to public fund clients, resulting in Summit Strategies recommending investment consultant AndCo Consulting as the replacement for its public fund clients.

St. Louis-based Summit Strategies will be paid a “consideration” for public defined benefit clients that follow the recommendation to hire AndCo “for the introduction, insight and coordinated transition efforts between both firms,” the firm said in an Aug. 17 letter to clients.

Summit Strategies advised on roughly $160 billion in assets, while Mercer will add another approximately $685 billion in assets under advisement from Pavilion. A Mercer spokeswoman was unable to provide a breakout of Summit Strategies’ assets that would move to Mercer in the deal. Both deals are slated to close in the fourth quarter.

Mercer initially established itself in St. Louis through the acquisition of investment consulting firm Hammond Associates.

The combined St. Louis office will be led by Jessica Portis, a partner and national nonprofit client segment leader for Mercer. Portis worked at Summit Strategies for 15 years prior to joining Mercer in September 2015.

Mercer has offered employment agreements for consulting contracts to all Summit Strategies employees, Spokeswoman Alayna Francis said, in an e-mail.

Mercer will use the Pavilion brand for investment consulting services provided to nonprofit and insurance clients after the deal closes, with the remainder of the business using the Mercer name, Francis said.

For the Pavilion businesses Mercer is buying, Mercer has put in place appropriate retention mechanisms to ensure key personnel remain involved and dedicated to client work, Francis said.

Specifically, Pavilion’s divisional leaders—Keith Mote of Pavilion Advisory Group; Donn Cox of Pavilion Alternatives Group; and Dave Holt of Pavilion Investment House—will remain with the combined firm in key management positions providing leadership for their respective parts of the business, she added.

It is too early to say whether the Pavilion acquisition will result in any integrations into current Mercer offices or if the existing offices of Pavilion will remain in place, Francis said.

Pavilion is headquartered in Winnipeg, Manitoba and its other offices include Chicago, Minneapolis, New York and Montreal, Quebec.

Pavilion had also been involved in several acquisitions in recent years, acquiring Jeffrey Slocum & Associates in 2016 and also launching Pavilion Alternatives Group through the combination of Altius Associates and LP Capital Advisors.

Chicago Community Trust Hires Chief Financial Officer

Jessica Strausbaugh joined The Chicago Community Trust as its new cfo on June 25, Spokeswoman Eva Penar confirmed.

Strausbaugh is responsible for overseeing the accounting and reporting of the trust’s $2.8 billion in financial assets while administering its budget, payroll, risk management and legal issues. She takes over the role from Carol Crenshaw, who will retire on Sept. 30 after holding the position since 1994, Penar said. The pair have been splitting the responsibilities during the transition.

The position reports directly to President and CEO Helene Gayle, Penar added.

Strausbaugh was most recently treasurer of the $1.3 billion Ann & Robert H. Lurie Children’s Hospital of Chicago, originally joining in 2008 as assistant treasurer, according to her LinkedIn profile.

Joni Duncan, the hospital’s chief human resources officer, did not respond to a request for comment.

The Chicago Community Trust has an emerging manager-of-managers allocation with Northern Trust Asset Management.

Philly Hospital Hires CIO

The Children’s Hospital of Philadelphia has hired Jenny Chan, former senior investment officer at the Doris Duke Charitable Foundation, as its senior v.p. and cio, Doris Duke Spokeswoman Nina Chung confirmed, in an e-mail. Chan’s first day will be Sept. 10.

Chan left the New York-based foundation on Aug. 3 and the organization has not yet hired a replacement, said Chung, who declined to comment further.

She appears to replace CHOP Senior V.P. and CIO Nicholas Procyk, though his departure date or future plans were not clear as Spokeswoman Ashley Moore declined to comment.

Chan had worked with the Doris Duke foundation since 2007.

CHOP had $5.1 billion in total investments as of June 30, according to its latest annual report.