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Tony Arnerich eases out of Arnerich Massena as part of management buyout

ARNERICH MASSENA, ONE OF PORTLAND'S LARGEST INVESTMENT FIRMS, THIS WEEK ANNOUNCED A SUCCESSION PLAN THAT WILL LET CO-FOUNDER TONY ARNERICH SLOWLY RETIRE.

MATTHEW KISH
Portland Business Journal

When he decided to ease into retirement, Tony Arnerich faced a big decision. Should he sell his investment firm for top dollar to a national competitor? Or should he figure out a way to keep it local?

Those who know Arnerich know it wasn't a tough call.

This week, Arnerich, 67, announced Arnerich Massena will become employee-owned and remain in Portland. Arnerich will drop the chief executive title, but remain chief investment officer and a minority owner. Over the next 10 years he will transition out of the firm. Chief Operating Officer Dave Nute – who Arnerich calls a “gem” – will become CEO and one of 12 employee owners of the 55-person firm. Terms of the deal weren't disclosed.

The deal ensures Arnerich Massena will remain local and continue operating in the same fashion.

Arnerich co-founded the firm in 1991 with his wife, Christine Arnerich, and Lisa Massena, who has since moved on.

“I couldn't stand up in front of 55 people knowing we would sell and have a big pile of money and we'd see 35 or 40 pink slips,” Arnerich said. “That wouldn't sit well with the Arneriches.”

The decision didn't surprise Dave Chen, who's known Arnerich for a decade.

“It would have been a viable and easy move to sell to a national firm,” said Chen, chairman of Equilibrium, a sustainability-focused Portland investment firm. “Tony's committed to his team and to his clients and the community.”

New boss much like the old

It took Arnerich four years to figure out how to exit the firm. He worked through numerous options, including almost selling to Wieden+Kennedy co-founder Dan Wieden. For various reasons, none of the options worked out.

“These are not easy businesses to transition,” Arnerich said.

In the end, all parties said the final deal is in the best interest of employees, clients and shareholders.

Nute, who joined Arnerich Massena about a year ago, said not much will change at the firm, which is located on Martin Luther King Jr. Boulevard.

The firm manages about \$15 billion in assets for wealthy clients and institutions and is known for community service.

“From a community perspective, Tony will be



CATHY CHENEY

Tony Arnerich (left) has turned over the title of CEO of Arnerich Massena, the investment management firm he co-founded, to Dave Nute and has transitioned ownership of the company to a group of employees.

missed,” said Chris Abbruzzese, Rain Capital Management chief investment officer and former director of research for Arnerich Massena. “He has a lot of dedication to early childhood literacy, especially at the Irvington School, where he built a tutoring program that helped the school close the achievement gap.”

The firm's also known for its focus on sustainability and social impact investing.

“It's part of our secret sauce. If you asked our clients what they care about, first and foremost they would say financial returns. We have a 20-year track record of producing above benchmark returns,” Nute said. “The second thing they care about is access to private markets. That's fairly recent. And the third is impact – doing well and doing good at the same time. The combination of those three things, along with a very strong sense of community, are the underpinnings of what make Arnerich special.”

Chen said Tony Arnerich's willingness to invest in sustainability puts him ahead of peers.

“Tony has had the foresight to understand where the economy and the capital markets are going and the guts to chart unique paths for his investors as opposed to following the herd,” he said.

Nute, an East Coast native, has lived in Portland since 2002. He most recently worked for competitor R.V. Kuhns & Associates as chief financial officer. Prior to that he founded software company Monsoon Commerce and worked in private equity for Bain & Co.

► CLOSER LOOK

ARNERICH MASSENA

What: Investment firm with \$15 billion in assets under management and a focus on sustainability and impact investing

Old CEO: Tony Arnerich, who will remain chief investment officer as part of a succession plan announced this week

New CEO: Dave Nute, who previously served as chief operating officer

Headquarters: 2045 N.E. Martin Luther King Jr. Blvd.

Notable: Public service is a key part of the firm's culture. Employees volunteer more than 1,200 hours annually at Irvington School.

He called Arnerich Massena, which prioritizes community service, a dream job.

“It's the kind of environment I've wanted to work in for a very long time, and I feel very lucky to have found it.”

Arnerich said the similarities between him and Nute will make the transition seamless.

“You don't give up your baby easily,” he said. “You want to make sure philosophically and culturally you're in the same place.”

No gold watch

Arnerich expects to remain involved with the company for another 10 years, but his responsibilities will slowly wind down. The firm will name a co-chief investment officer in the next six to 12 months. Nute said it's important Arnerich remains involved.

“The idea that somebody in Tony's position, that you give him a gold watch and send him out the door and everything is going to be fine is fantasy,” he said.

Arnerich said the deal will enable him to spend more time with his wife, Christine, who he calls the “unsung hero of Arnerich Massena.”

At various points Christine Arnerich worked for the firm. The couple has five grown children.

Arnerich will have the option of taking a month off per quarter. He plans to spend chunks of it traveling with Christine as well as fishing.

“I have a bride of 37 years who is my personal impetus for this change,” he said. “I want to spend more time with her.”