



Tony Arnerich, Chief Executive of Arnerich Massena Inc., fly fishing on the Deschutes River

Arnerich Massena Uses Impact Investing To Shape A Better Future For Us All

Its 3x5 RiverVest Fund supports technology to protect and preserve water, food, energy and health.

BY STUART WATSON

Hip deep in the Deschutes River, a fly line overhead, Tony Arnerich plays like he works – looking upstream and down, at what’s coming, and where it’s flowing.

Chief executive at Arnerich Massena, the Portland investment advisory firm he helped found in 1991, Arnerich likes to break from the herd in search of opportunity.

A decade ago, he found himself thinking more about the world we would leave our grandkids. That led his firm to consider sustainability from an investment perspective.

It wasn’t easy. “Everybody’s got a 10- to 20-minute investment horizon,” he says. “It’s hard to link investing to a long-term process.”

So they cut through the static, to a simple question: “What does the world’s population need?”

Their answers? Water. Food. Energy. Health care.

Pretty basic, pretty Maslow, pretty global.

Drilling down, as an example, Arnerich Massena found their way to Zero Mass Water in Phoenix, which uses solar power to condense clean drinking water from vapor. “They’re working with multiple organizations and have prototypes in place and are commercializing,” Arnerich says. “If this works...”

His face lights up at the thought.

Arnerich says Fishpeople Seafood, based

in Portland, is another of their thematic investments. Fishpeople is producing a nutritious, traceable, premium seafood meal option from sustainable Northwest seafood. “We make fish easy,” says Arnerich.

Ken Plasse, chief executive, says Fishpeople emerged in 2012 out of concern with over-harvesting, contamination and mislabeling of seafood.

“Arnerich Massena was our first significant external partner,” Plasse says. “Their values aligned with our desire to do things the right way.”

Reversing the flow of U.S. fish harvest to Asia, Fishpeople Seafood brings albacore tuna, salmon, rockfish, shrimp and other high-protein seafoods to Northwest processors and U.S. shoppers at Walmart, Whole Foods and Kroger stores, and is currently in 8,000 grocery stores.

“As we invest in our supply chain, distribution and marketing, Arnerich Massena provided us early stage growth capital,” Plasse says. “It was in the formative stage where we were trying to figure out the ‘how.’”

Working through its 3x5 RiverVest private equity fund, Arnerich Massena and their partners at RiverVest have placed more than \$500 million in over 20 companies, several exploring the frontiers of energy and health care.

For example, Smart Wires, out of San Francisco, sells technology to regulate the flow of electricity, allowing alternative energy to enter and be managed on our transmission grid.

Ryland Moore, business development officer at Arnerich Massena (and former renewable energy developer), says Smart Wires technology “will allow for more renewable energy to be incorporated into the grid and could revolutionize the transmission industry globally.”

He says companies are eager to talk with Arnerich Massena about financing, but institutional investors need a bit more convincing. However, he and Arnerich say Gen X, Gen Y, and millennial investors are different, eager to make a difference.

Illustrating the potential in the health care silo, Arnerich points to ZS Pharma out of Ft. Worth, Texas. Its product treats a condition known as “hyperkalemia” by stripping excess potassium from the digestive system.

So far, Arnerich Massena’s investment there has grown eight-fold. The company was recently acquired by AstraZeneca.

“We like to think of it as impact investing,” Arnerich says. “There is an enhanced return potential in investing in what people need and in doing things right.” ■