

PORTLAND BUSINESS JOURNAL

Investing for the greater good

TONY ARNERICH ON IMPACT INVESTING, TOWING KESEY'S MAGIC BUS AND MORE



Prior to working in wealth management, Tony Arnerich was a stockbroker. "I equate the financial services industry to a saprophyte ... A saprophyte attaches to an organism, sucks critical life source, and provides nothing back to the plant. ... When we formed Arnerich Massena, I promised never to be saprophytic."

Like a lot of people, Tony Arnerich wants to make a difference in the world. Unlike most people, Arnerich has billions of dollars available to make that happen.

Arnerich founded Arnerich Massena in 1991. The money management firm has \$12 billion under management, including \$500 million in private equity funds.

Arnerich has long been an advocate for impact investing, meaning the firm directs investments into companies and projects that not only deliver solid returns but that also have environmental, social and corporate governance values baked into their missions. Arnerich Massena, for instance, is a primary investor in Portland's Fishpeople Seafood, which sources its products from sustainably managed fisheries.

That investment, in particular, is close to Arnerich's heart. An avid sport fisherman, Arnerich can often be found wading in the Deschutes River with his fly rod in hand. He also owns a 65-foot commercial fishing vessel that offloaded 1.5 million pounds of Dungeness crab this season, and expects to catch an even bigger haul of tuna this year.

We talked to Arnerich about what drives him personally and professionally. The interview has been edited for brevity and clarity.

You grew up in L.A. When did you move to Oregon? I moved to Eugene ... in the glorious '70s. I hung out

with Ken Kesey and the boys. I had a very interesting business there. I was in Eugene when Eugene was the epicenter of left-of-center and I owned a towing company, Al's Towing. It was iconic for sure, a bunch of hippies who ended up being really successful. I probably towed Ken Kesey's magic bus more times than I could count.

I'm fascinated with how involved in fish you are. Tell me a bit about that. I'm into protein. Wild protein is the best protein we can consume. Did you know 85 percent of the fish we catch off our coast goes to Asia to be processed and comes right back to us? Right now, we're looking at buying a fish processing facility in Alaska. We were a leader in sustainability and the concept of worrying about unintended consequences and our reactions to them. One unintended consequence of global population growth is there isn't enough water in the right places and they don't have enough food.

How did you get into impact investing? The history of impact investing started around socially responsible and green – words that had political connotations, unfortunately. You were either left or right relative to whether you wanted to be green or socially responsible. It was a polarizing set of acronyms that the investment industry put around this very definitionally simple idea

TONY ARNERICH

Title: CEO and founder, Arnerich Massena

Company: \$12 billion under management

Headquarters: Portland

Employees: 60

Hobbies: Fishing

Favorite fishing spots: The Bahamas, Deschutes River, Nehalem River, Gulf of Maine, Olympic Peninsula

Giving back: Arnerich Massena operates a year-round student-enrichment program at Irvington School in Northeast Portland, including paying two full-time employees who are focused solely on the program; a girls' club to boost self esteem; and a free summer camp.

that we want to leave the world in a better place for future generations. One of the problems of the genre is there is no universal definition.

What are you trying to accomplish with this kind of progressive financial work? The first impact we can make with our capital are great jobs that pay living wages with health care benefits. The companies we invest in are charitable and part of the community. And if they are making an impact, in our genre, they needed to be in the themes of water, agriculture, healthy living, alternative energy or health care. We tilt your portfolio to what the world needs. That's not very political. A lot of times in life it's how you say things, not what you say. We changed the tone of the conversation with clients and it caught on, around 2011 or 2012.

What does it mean to you personally to be part of such change? I have grandchildren and I was worried about unintended consequences, population growth, climate change. I'm not a scientist, but I know things are different now. When you go from a

billion people to 7 billion to 9 billion, that kind of industrialization alone will affect the balance, the Ph, call it.

How do you convince an investor they might want to try impact investing? I go very quickly to jobs because that's easy. Then it's just up to whatever investors themselves want. They might have a passion for affordable housing, which we do. It's the most critical thing for our city. So now we're working on putting together an affordable housing portfolio. How can the city sustain itself when the average worker has to get on the train and go to Gresham because they can't afford a house or even rent in Portland?

You were a stockbroker before entering wealth management. What pushed you from the financial services field? After six or seven years I realized, for me, that transactions weren't how I wanted to build a business. I thought I could instead create a business around providing high-quality advice in a financially unencumbered way, meaning we're only compensated by the checks our clients send. Investing is greasy. I equate the financial services industry to a saprophyte, which lives off dead and decaying matter. A saprophyte attaches to an organism, sucks critical life source, and provides nothing back to the plant. That's the financial services industry – sucking and giving nothing back. When we formed Arnerich Massena, I promised never to be saprophytic.

You're 67 now. Are you looking to retire? I've looked at a lot of options, and my wife and I are looking for the transaction that keeps the company independent. That's what's best for our customers and for our partners here at the firm. These are delicate businesses to transfer. My job is to replace myself. I'm consciously, actively doing that with a team that I'm confident will be better off than when I was here, because it's how you finish that matters.

– James Cronin, @SustainableBzOr