



## Profiles

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### Profile: Canterbury Consulting

Each nonprofit tells a different story, whether it is through the composition of its investment committee, its grantmaking and return expectations or its overall risk appetite, making the management of investor dynamics a significant part of the consulting equation, says advisor **Canterbury Consulting**.

With a new story appearing in the financial markets nearly every day, the Newport Beach, Calif. -based consultant feels that having an experienced staff that is adept at taking on an evolving investment world could be the cure for the post-2008 investment blues.

Chairman **Bob Cluck** said that Canterbury's ability to maintain strong client relationships over the years hasn't translated into the need to add more investment professionals than the competition, but rather has thrived on its depth of experience in advising to approximately \$10 billion in assets, with the current staff consisting of 40 full-time employees, 12 of which are shareholders at the firm.

Most recently, the advisor named **Poorvi Parekh**, a 13-year veteran of Canterbury, as president and ceo in July to take the reins from Cluck, who will remain as chairman. Cluck said Parekh's rise from analyst to president only solidifies his thoughts about the value of building a strong business from within.

"Philosophically, there is a desire to want to put stock in hands of people that make a difference and have the ownership be meaningful where it's not to only benefit a few," he said, adding that "...there's a desire at Canterbury to look at the next generation, with making Poorvi president paramount" to that concept.

### Views On Managers

Parekh said the firm's research team has developed a system that tracks the best of breed managers across traditional and alternative asset classes, making sure to note that as an independent consultant, its relationships are not based on fees from investment managers.

"We have a passion for understanding individual managers," Parekh said.

She said for a manager to be included on the advisor's recommended list, all elements of its organization are analyzed, including its business plan and management structure and how key individuals are being compensated. The additional research examines the strategies to determine how a firm develops a competitive edge, while providing Canterbury with a clear idea of the expectations it should set for each manager in different market conditions. The on-site visits incorporate much of the same due diligence, with Canterbury taking time to assess how the operations of the firm are handled so that a manager can maintain its integrity and efficiency through all types of market conditions.

"A lot of our managers, as they talk to us and understand our approach, tend to become very open," she said. "They realize we're not trying to check boxes, but we're developing a deeper understanding of the portfolio."



**Bob Cluck**



**Poorvi Parekh**

After a manager has been approved by Canterbury, the next step is adding them to a portfolio in a way that they are complementing a client's current roster of managers. A typical client's manager roster is comprised of firms that have a fundamental approach as opposed to firms that use a highly quantitative approach in their strategy or manage in a "mystical black box" manner.

"It's hard to get our arms around that (type of manager) and set expectations," Parekh said, particularly when a firm that employs such an approach does not have a history or track record.

In addition, she said Canterbury is reluctant to approve managers that use a high degree of leverage, because while they produce strong returns on the upside, the losses they incur on the downside are more difficult to justify. Parekh said Canterbury's fundamental approach to assessing managers has proven beneficial in terms of direct access to managers in the hedge fund and private equity space, as opposed to fund-of-funds. Parekh said Canterbury conducts the ongoing monitoring of alternative investments for the organizations it advises that do not have the capacity to do so, noting that the additional support does not translate into additional fees.

### **Thoughts On Nonprofit Investment Portfolios**

Cluck said Canterbury's client-first philosophy goes back to his thoughts about keeping the advisors and the research team as a cohesive unit, adding that having the ability to bring in a research staff member to talk more specifically about a strategy brings added value for clients. Also, the firm supplants its education process by hosting a slew of conference calls on various topics, with clients, managers and even non-clients taking part to hear about the advisor's thoughts on the asset management space.

In October, Canterbury launched its *Manager Call Series* to provide clients with access to insights from investment professionals throughout the country. **Barry Ronenstein** of New York-based hedge fund **JANA Partners** opened the series, discussing activism and the current environment, strategic mergers and acquisitions and opportunities in the distressed marketplace. A recording of the audio is available on Canterbury's Web site (<http://www.canterburyconsulting.com>).

Cluck said that educating nonprofit clients became all the more challenging as some committees believed that the best route would be to mimic the portfolio of larger institutions such as **Yale University** or **Harvard University**.

Canterbury reassured clients that there was no rush to the approach that, in hindsight, has taken a great deal of ire from the investment world for the recent performance it has produced and felt that clients—losses incurred or not—were making investments not because their peers were, but because it was best for the organization.

"We educate clients about all asset classes and investment strategies, to include non-traditional investments," Cluck said. "We have always said, no client is going to get exposed to an investment class without understanding how it's being used."