

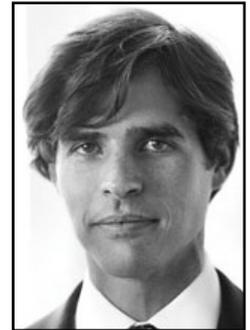


## **Simon Krinsky, Hall Capital Partners**

Simon Krinsky has had a unique view of the discretionary asset management space while serving as managing director and co-director of portfolio management at Hall Capital Partners, which has been in the outsourced cio business from day one.

"The vocabulary has evolved a lot, but the execution has only evolved a little bit," said Krinsky, who is based in the firm's New York office. He added that in recent years more clients have looked for the firm to take on greater discretion of its portfolios.

Hall Capital's business has evolved and grown over recent years as well, with the firm taking on new nonprofit clients such as Drew University, Mills College and the New York Botanical Garden.



Simon Krinsky

"I'm lucky to work with endowments and foundations in the Greater New York area," he said, adding that he's fortunate to work with the seasoned financial executives serving as board members. "They can do this, but not as a part-time job."

### **A "Firm of Investors"**

Hall Capital Partners was founded in 1994 by Kathryn Hall, who serves as ceo and cio of the San Francisco-based firm.

Krinsky, like many of the other senior members of the firm, spent time as an investor before moving to the advisory side, having joined in 2002 from the Goldman Sachs Private Client Services group.

"We're a firm of investors. [Hall] comes from a hedge fund background, and we have many partners out of the capital markets world. We're trained to have a point of view about asset allocation and relative valuations and we've taken the approach not to have a firm asset allocation or firm model portfolio, but marry our deep and strong points of view internally with the specific needs, quirks, fears or history of clients to develop what is the best portfolio for each of them."

Krinsky said that as a firm of investors, Hall Capital's research efforts are robust, with over 20 staff members dedicated to research and staying on top of current and new managers.

### **Sourcing & Assessing Investment Managers**

In 2011, Krinsky said, the firm conducted over 500 initial meetings with prospective funds and over 700 meetings with existing managers. Of those initial meetings, the firm conducted meaningful due diligence on 110, which was then narrowed down to a smaller number of firms that were allocated capital.

Being based in San Francisco, Krinsky said that it is not difficult for Hall Capital to meet a variety of firms, but noted that it sets parameters for its conversations with managers.

"We have one rule that if we can't talk to the decision maker, we are happy to let that opportunity go, but besides that rule we're open-minded about the people with whom we will invest," he said.

In terms of biases, Hall Capital tends to favor high conviction, relatively concentrated managers that are

flexible, unconstrained, willing to do fundamental work and essentially "put their money where their mouth is," he said.

"What's truly important to us in the analysis of managers as people is to assess their understanding of the time horizon of the investments they invest in," he said.

Krinsky said that assessing the "business of the business" is also a key part of Hall Capital's due diligence. This includes its employee incentives and having the infrastructure in place to bet on a small number of individuals that may be key to a strategy's success.

"Because we prefer managers that invest with a high degree of conviction, we tend not to invest with managers that rely on momentum or high velocity trading or highly quantitative models. Those fall into the camp of biases not rules, because many can combine those models with a deep fundamental analysis. I appreciate a good model, but I don't appreciate a good black box, the difference being that we really like to dig in and understand exposures," he said.

Track records, Krinsky said, are important but not a determining factor in investing with a firm.

"The bar for us to invest in a brand new fund is pretty high but not because of performance but business issues. We've seen data points of great portfolio managers or traders that struggle with business. Even the greatest portfolio manager may not be the best judge of talent, or their efforts might come up short with an auditor or prime broker," he said.

All of Hall Capital's research efforts are based in its San Francisco office and firms can send inquiries through its Web site ([www.hallcapital.com](http://www.hallcapital.com)).

### **Differentiating Oneself In a Crowded Discretionary Market**

With an 18-year track record, Krinsky refers to Hall Capital as the "old man" of the outsourced cio world.

He said the evidence is not only in the growth of the firm's business, but the way in which board members have familiarized themselves with the sector and are beginning to seek differentiators among Hall Capital and its peers.

"I love our industry and think it's the future of investment management, and we can see it because we've grown," he said. "Today I go into a pitch and [potential clients] say, 'I know you're independent and have unbiased research, but we've narrowed down to six firms that fit that mold, what makes you special?' The fact that there are six firms is quite a change."

Krinsky said that the firm's deep research staff and experience have separated them from the competition, but also that he realizes that simply telling potential clients that is not enough.

"The single best closing move in pitching an endowment and foundation, particularly with a sophisticated investment committee, is that we'll give you reference, but the best reference is to talk to your friends in the investment community. Whether or not we have money invested in their funds, ask what they think of our diligence process," he said. "In the broad investment community for over 18 years of 500-plus meetings, you get a lot of points of contact out there and managers, whether we invest or not, receive quite deep analysis because we're not a box-checking firm. We tend to dive very deeply to get a rich understanding of how decisions are made at a granular level, and firms that make it through the process or not...believe we are a good, thoughtful long-term partner."