

# Collaboration Capital

Capital markets solving problems



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## The Power of Personal Capital

*Letter from the CEO*

09.18.2018

### Forward-looking families investing for positive effect.

One of the highlights of almost three and a half decades in the investment advisory business is working with and getting to know extraordinary families across North America whose often anonymous commitment to civic leadership and engagement has meaningfully defined the cities they call home. I call these forward-looking families. While statistically affluent and often with far-reaching influence, these are individuals who do not typically self-identify as wealthy. Their accomplishments, modesty, and humility are a constant inspiration.

If you have gotten this far, you are likely wondering what a forward-looking family looks like. Perhaps surprisingly it is not necessarily someone whose name appears on the roster of the wealthiest in your community, though this is a natural place to look. Indeed, families on such rosters have made extraordinary contributions and set important, singular examples for others to follow. Rather, I am referring to individuals and families who constitute in the aggregate enormous wealth in the US but who do not individually screen as the uber wealthy. These are often quietly dedicated citizens whose life experience has been defined by a parallel commitment to expertise in their given profession and an equally powerful drive to effect change for the greater good. The latter might suggest simply writing a check, but that's just one dimension, however important, of what I am talking about.

Take a look around the city you live in and think about the organizations, usually non-profit, that are skillfully addressing the issues you care about. Whether the issue is homelessness, health, education, a level playing field, economic development, the environment, dynamic public spaces, or something else, there is a pretty good chance that someone you may not have heard of is or was seminal in the founding or incubation of a now prominent entity that is truly making a difference.

So why does this matter to me and to our practice? Isn't the job of an investment advisor to make a pile of money for his or her clients and be done with it? While a silo approach to wealth creation (make as much as you can no matter what) and philanthropy (give it away to something that matters to you) is in many instances the historical norm, I argue it's time to see the picture through a broader lens. Perceptions of wealth creation and economic growth are easily distorted. It's natural that the shiny lights (the wealthiest, the biggest) get the most attention. Amidst all the fuss it is startling to see that in fact the small and medium - defined as SMEs (small to medium size enterprises that employ 5-500 employees) - still account for roughly two-thirds of global GDP. From our perspective it is not surprising that members of forward-looking families are often employed by or principals of SMEs.



If I haven't completely lost you, it might be clicking in your head that there is natural overlap (and in our view enormously untapped potential) between societal change makers and drivers of economic growth - those who live at the intersection of civic leadership and engagement in whatever form and street competence and credibility in their profession and field of expertise. What if we were able to harness the horsepower, drive, and dogged determination of these overlapping groups and orient their portfolio capital to investments in for-profit enterprises solving for the problems and issues most important to them? Faith-based organizations helped pioneer this concept several years ago.

Today the world's largest pension and sovereign wealth funds are leading the way with many "smaller" investors largely unaware of the power of their personal capital. It may sound exotic and out of reach, but the initial step is often as straightforward as consciously investing in public shares of globally dominant companies that meet specific criteria around labor practices, supply chain, and environmental stewardship (often called ESG screens). Further steps might include risk-appropriate seed funding of early stage private companies whose mission is to seek solutions for a specific, often complex problem. The goal is a strategy that balances profit and purpose while also aiming for market or better return.

Ours is a practice whose mission is to catalyze this growing opportunity. We founded Collaboration on principles learned from our parents, grandparents, and great grandparents - that lopsided prosperity is a hollow prosperity and that capital markets wield extraordinary potential for positive and inclusive effect.

We invite you to join a growing number of forward-looking individuals and families whose portfolio commitments purposely tie together who they are as investors, citizens, consumers, and contributors.

**Christopher L. Knapp**  
Chief Executive Officer

