

Beating the market, and the drum

Hosted events help Tealwood Asset Management show its success, win clients

BY RACHEL KERANEN
STAFF WRITER

Any investment firm can be fearless when the stock market is surging, as it has been lately. But how many were saying “buy!” in 2008, in the midst of a market free-fall?

Tealwood Asset Management was.

“We were buying stocks in December of 2008 when we would defy you to find another manager who was doing that,” said Charlie Mahar, Tealwood’s president and chief investment officer. “Our advice was: it’s now time to start preparing for the recovery.”

Tealwood’s portfolio took a hit in 2008, to be sure. But the stock market began recovering in early 2009, and Tealwood reaped the benefits. The firm grew its client base through the Great Recession and increased its assets under management from \$210 million in 2006 to \$375 million at the end of 2010.

Last year, it enjoyed a return of 9.76 percent in its bond strategy, while the benchmark was just over 4 percent.

The firm, which caters to wealthy individuals and institutional investors, has bigger plans: It wants to keep growing its assets toward the \$1 billion mark.

But it’s not sitting on its hands waiting for new customers to come along. Tealwood maximizes its presence by inviting the community to them. The lesson: In marketing, sometimes you have to make your own rain.

The firm hosts a diverse range of events, including a talk by a member of the 1980 Olympic hockey team, an event this month featuring a Wall Street Journal reporter, as well as more investment-centric events and briefings. All are part of a concerted effort to deliver the Tealwood story to the widest possible audience.

“The economy has meant that it’s been a little bit of a struggle for most asset management firms, particularly small or local or regional ones,” said Stuart Mason, chief investment officer at the University of Minnesota. Tealwood is “very effective in being present and having a presence known in areas where their target base might be. You run into them everywhere.”

The firm tries to keep up that level of contact with existing customers, too. Client care is essential as the company relies on word-of-mouth marketing. High-net-worth investors make up most of their clientele, so Tealwood officials take pains to make sure they feel taken care of.



Nancy Kuehn | Minneapolis/St. Paul Business Journal

From left: Dan Aronson, Charles Mahar, David Neal, Woody Kingman, Bruce Langer (seated), Jodi Halbert and Michele Hanson, of Tealwood Asset Management.

PROFILE

We look at the challenges and successes of a small-business owner.

In what may seem to be an atypical approach, Tealwood’s strategy focuses on inefficiency.

“We’ve all worked someplace bigger [and] knew there was a better way to do this — both from an investment merit standpoint where we get to open up the inefficient corners of the market, but also from a client care standpoint,” said Vice President Bruce Langer.

Size also figures into the firm’s growth plans. Tealwood’s team doesn’t want to get over-large; they enjoy the “homey” atmosphere and their size allows them to enter into the market in ways other companies cannot.

“Because we’re managing a smaller asset base, we can own companies that may have fantastic investment merit, but if you’re a megamanager you can’t even look at them,” Mahar said. Tealwood can find bargains that would be too small to merit attention from the bigger investment firms, but provide meaningful results for their clients.

MORE ...

Name: **Tealwood Asset Management**

Headquarters: **Minneapolis**

President and chief investment officer: **Charlie Mahar**

Employees: **13**

Assets under management: **\$375 million at the end of 2010**

Web: **tealwood.com**

It is growing, however. The firm Tealwood recently promoted Langer, David Neal and Dan Aronson to partner, joining existing partners Mahar and chief compliance officer Jodi Halbert.

Looking ahead, Tealwood officials expect growth trends to continue. In 2011, Mahar predicts that the S&P will return “something along the lines of 10 percent.” He also expects, of course, that Tealwood’s portfolios will outperform the market.

To Mahar’s prediction, Langer added, “The market results of the last two years have really opened peoples’ minds to ‘maybe I want to dip my toe back in the water.’ Now they would have been much happier if they would have done that with us two years ago.”