

## Speaking with Greenline's CIO Maneesh Shanbhag

*An RIA who is an engineer by training has found a great technological match with BlazePortfolio®.*

Maneesh Shanbhag, co-founder and Chief Investment Officer of New York City-based \$520 million RIA Greenline Partners, knew from an early age that a career in a technical field was in his future. He likes to relate how he and his brother needed a lot of math and science just to keep up with the dinner conversation between his father, a PhD in chemistry and his mother, who has a degree in statistics.

After an undergraduate degree in engineering from the University of Waterloo in Ontario he earned a MS in electrical engineering and an MBA from the University of Illinois. In addition to science and math an interest in the markets had been evident ever since his father bought him a few shares of stock when he was around eleven. But it was a classmate at Illinois from Venezuela with a penchant for currency trading who revealed the possible confluence of his technological education with the markets.

We spoke with Shanbhag about how he made that transition, his experience at world-renowned hedge fund Bridgewater Associates, the launching of Greenline in 2012 and the importance of BlazePortfolio® as a portfolio rebalancing tool in meeting clients' investment objectives.

**BLAZE:** It seems like a leap to go from electrical engineering to hedge fund management. How did you end up at Bridgewater Associates?

**M.S.:** Looking back, I think it was a stroke of luck. My first job out of graduate school was in financial services -- at what is now Busey Bank in Champaign. As I looked for my next step I happened to work with a recruiter who

was connected to Bridgewater, which at the time was a major player in the hedge fund world, managing around \$50 billion. She knew enough about the company to make sure that during my first interview I asked for feedback on how I'd done. My interviewer said "not so great," but my asking for a critique got me to the second interview. That interview was more technical and I did better. I was there five years and it turned out to be one of my most formative experiences.

**BLAZE:** What inspired you to launch your own company?

**M.S.:** Like a lot of entrepreneurs, the idea of owning my own firm had been in the back of my mind a long time. I'd actually taken notes over the years on how I might manage things, how I might put my own stamp on processes. At my last job before starting Greenline, at Bridgewater, I'd been lucky to have had experience across various sides of the firm. I had the chance to work with very capable, sophisticated investment thinkers. At the same time Bridgewater was growing and they made a strategic decision to focus on only very large institutional clients. Meanwhile I had developed and been managing a successful tax-efficient strategy for my own family. I started thinking that if I could apply this tax-efficient strategy in a low-cost way to smaller clients, there was an opportunity.

**BLAZE:** So Greenline was an instant success?

**M.S.:** (Shanbhag laughs.) Hardly. I really like to tell the story of how we got from our inception to our current size because I think it can give perspective and hope to people starting



**Maneesh Shanbhag**  
Co-Founder and CIO,  
Greenline Partners

businesses. It also confirms the maxim that a new business needs three to five years to get established. At the end of our first year we had zero clients, zero assets and zero revenue. The second year we had six clients and around \$35 million in assets. Now in our seventh year we have 30 clients, \$525 million in assets under management and a team of five.

**Blaze:** Bridgewater is known for its culture of open critique. Did you follow this model in your firm?

**M.S.:** I see Ray Dalio, Bridgewater's founder, as a great mentor and model. His concept of directness with the goal of making outcomes better is actually easier to maintain in a small company than in a large one, where critique can often get complicated by personalities and politics.

**BLAZE:** How would you explain your investment approach in a nutshell?

**M.S.:** At the core of our approach is the belief that long-term investing success requires the avoidance of mistakes. Not just in terms of security selection. Overly high fees are mistakes, as is tax inefficiency and the trading costs of high turnover. While we appreciate the benefits of diversification, smart diversification also means not over diversifying, which almost guarantees high costs. We typically hold about 30 securities, mostly stocks. In our portfolios we generally have three buckets of assets: bonds, equities, and inflation protectors — stocks we feel are particularly well positioned to mitigate inflation risk.

**BLAZE:** Who is your typical client?

**M.S.:** We work mostly with family wealth and family foundations. We have a client average of \$20 million, more than the typical RIA. We have quite a few sophisticated investors who appreciate our approach. A number are hedge fund principals who in their own work produce complex products for a niche allocation of institutional clients. Perhaps this actually helps them see the value in our straight-forward approach. These clients have been a big part of our growth story, since they are at a point in their careers where their investable assets are growing steadily.

**BLAZE:** In addition to the luxury of clients who are adding assets to their accounts, what has been the secret of your growth?

**M.S.:** We've mostly grown through client referrals — probably the source of 70% of our relationships. In terms of referral

strategy, we're completely informal. We never want to put clients on the spot, but find that a percentage like to talk about their money management to friends and colleagues and we're happy they do.

**BLAZE:** How does BlazePortfolio software fit into your strategy?

**M.S.:** While we often go weeks without a trade, we constantly monitor our portfolios. Blaze gives us the ability to apply our model portfolios with regard to each client's individualized asset allocation. We were particularly attracted to Blaze's capabilities to model individual bonds as well as stocks. Trading for tax purposes is not the most important input to our performance, but it can be additive and having the ability to make these trades efficiently across portfolios is not only a performance benefit but a compliance one as well. It isn't uncommon that market activity will upset our asset allocation targets and Blaze is useful to monitor these changes and allow us to efficiently implement the most tax-efficient trades to rebalance.

**BLAZE:** How did you decide that Blaze was a good fit for your firm?

**M.S.:** From the early days of the firm I was actively researching software support. When we were small we were able to model portfolios using our own system using Excel and Bloomberg. But as we grew it was clear we needed something more sophisticated that would allow us to scale. We wanted software that would allow us to apply our investment decisions across all our clients and also do so in a way that met our regulatory requirements. We trade individual securities so we also needed direct connections to markets. In the end Blaze had the exact functionality we wanted at the right price point.

**BLAZE:** Perhaps an immodest question to finish with: Do we come up in client meetings?

**M.S.:** To be honest, Blaze is operating in the background. We will often talk to clients about the trades that may have been managed by the software, but we focus on the decisions, not the behind-the-scenes process. On the other hand we often talk to our peers about technology solutions and we're always happy to mention Blaze and pleased when we can make a referral.