

Former bankers team up to manage assets as North Star

By Edward Lowe
For The Post-Crescent

Team spirit amounts to more than a casual concept at North Star Asset Management Inc., a relatively new Menasha money-management corporation.

In a sense, it's the firm's reason for being.

So says Kenneth J. Brusda, one of five trust investment officers who departed Associated Bank Neenah when it seemed their chances of working together in the long term were fading quickly due to corporate changes they could not control.

Further concerns about an eventual acquisition of state's third-largest bank holding company led them to trade professional insecurities for a more identifiable risk in forming their own corporation.

Prosper or fail, Brusda and his colleagues would do so as a team.

North Star, established June 26, 1996, now manages assets totaling \$250 million and lists clients in 10 states.

The venture, held by former bank vice presidents Brusda and Michael D. Flesch, former assistant vice president Eric F. Richter, and fellow former trust investment officers Geoffrey A. Penn and David W. Risgaard, offers testament to the value of risk as a means toward high returns.

"At this point, I would say we have done better than we expected," said Brusda, the corporation's president.

Of North Star's five owners, all of whom have worked in the same building since 1990, "I do own the largest share of the stock, but it's less than the majority — much less, in fact."

North Star's investment philosophy supports rigorous research of prospective investments.

As a result, much of the principals' time is spent traveling from coast to coast, conducting on-site interviews with company decision-makers, Brusda said.

The corporation targets well-

SMALL BUSINESS SPOTLIGHT



NORTH STAR ASSET MANAGEMENT INC.

- **ADDRESS:** 59 Racine St. Suite A, Menasha
- **OWNERS:** Kenneth Brusda, Michael Flesch, Eric Richter, Geoffrey Penn and David Risgaard
- **FOUNDED:** 1996
- **EMPLOYEES:** 9
- **BUSINESS:** Manages equity and bond investments for individuals and corporations in nine states.

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managed, commercial investments poised for consistent, long-term growth.

In favoring relatively stable, consistent-growth investments North Star minimizes its transaction costs and shelters its clients from market volatility and overall risk.

North Star's clients include individuals and corporations in a nine-state area, but "the core of our business is here in the Fox Valley," Brusda said.

The five partners, along with Bradley C. Buchanan, another Associated Bank alumnus who joined the firm as its vice president

in November, cater to fewer than 100 relationships in all, Brusda said.

In limiting its number of accounts per manager, the firm is able to maintain close working relationships with each client, he said.

"We believe we have to take the time we devote to research, and balance that with portfolio management and talking to our clients," Brusda said. "The thing I really like about North Star is that we are able to limit the number of client relationships with each of our managers. We don't want our managers to be responsible for more than a couple dozen clients at the same time."

Roughly 80% of the money it manages is split between corporate pension plans and personal investment portfolios, Brusda said. The remainder involves IRA rollovers, irrevocable trusts and endowment funds.

About two-thirds of the firm's client base arose from professional relationships the team members stuck before North Star was formed, Brusda said.

"When we started out, we had no clients," Brusda said. "That was the risk."

Client relationships range from less than \$1 million to more than \$25 million each, he said.

North Star's standard annual service fee amounts to 0.6% of market value, with a minimum charge of \$6,000 per year.

North Star typically invests no more than 7% of any portfolio in a single investment. Individual equities are held an average of five years, resulting annual investment turnover rate of 20%.

Brusda said equities amount to 80% to 85% of its overall investment mix, meaning North Star believes there is ample long-term investment opportunity in the commercial sector.

Concerns that interest rates must increase in the near future are unfounded, he said.

He calls Federal Reserve Board Chairman Alan Greenspan "a real



Post-Crescent photo by David Pieper

NORTH STAR ASSET MANAGEMENT INC.'S principals include, from left, Eric Richter, Michael Flesch, Kenneth Brusda (seated), David Risgaard and Geoffrey Penn.

hero," but one who may be overly cautious in limiting the money supply.

"The next rate change by the Fed may be a decrease," he proposed. "I think the Fed really has a foot on the brake right now."

Even so, North Star and its clientele continue to prosper thanks in part to a robust national economy.

But regardless of what the future of the national economy holds, North Star's long-term focus is designed to provide returns that consistently outperform the market as a whole.

"We all decided we wanted to keep this group together because we shared the same general investment philosophy," said Brusda, a 22-year veteran of a single bank's

trust investment department before North Star was formed.

"We felt it was inevitable that the group would be broken up if we stayed at Associated. This was one way to make sure that this group stayed together.

"I would never have done this on my own — none of us would have done that. If you lose your investment team, you've got to start over with strangers. At North Star, we have depth and credentials and a proven track record. It wasn't the institution that made us successful, it was the individuals and the team."

It's a team that went to great lengths to stay together, and to remain in the Fox Valley, where each investment manager honed

his investment acumen and established a record of success.

"While North Star might look like an overnight success, it was really 70 years in the making," Brusda said, adding up the staff's years of investment experience in the Fox Valley.

The name of the firm was chosen both to reflect its geographic position in the country, and, less concretely, as a metaphor for a source of directional guidance.

"For each of us, North Star represented the second and last career move," Brusda said.

"We wanted to stay together as a team and we wanted to stay right here. By establishing North Star on the Fox River in midtown Menasha, we guaranteed that."