

Opportunities and Challenges

We are in the process of completing a full review of this account and see several opportunities for new business. For the most part, they have had a fairly static investment portfolio since 2008/2009 and use DB deposits for some operational accounts.

The primary objectives of the client are capital preservation and yield. Given the turmoil of 2008/2009 when the current asset allocation was set, their current investments are more conservative than they need to be. In the initial meeting between Laura Barillaro and Stewart Oldfield, two main portfolio adjustments were discussed:

First, we plan to improve the efficiency of their cash and near cash assets which are used to fund Jockey Club operations. We expect to move cash deposits from DBTCA to DBNY. We also hope to reallocate funds from Treasury money markets to DBNY deposits. For cash that can be tied up a bit longer to generate more yield, we will recommend a combination of DBNY CDs and RCM. As part of this exercise, we will work with Laura (who serves as Treasurer and primary decision maker for this piece) to determine how much cash will be allocated between the short term (0-1m maturity) and more intermediate term (2-12m maturity) buckets.

The second topic of discussion will be focused more on investments for assets that are not operational and more endowment-like. We currently have some longer-dated fixed income funds and international ETFs in a brokerage portfolio, but we don't believe the portfolio has been optimized to meet the client's objectives and has not been reviewed recently as far as we know. This portion of the portfolio is not controlled by Laura, although she is one of three people on the firm's investment committee. The other two are the CEO and a board member who is affiliated with Bessemer Trust. After having an initial discussion with Laura in NY in February as part of the cash review, we will meet with the investment team in Lexington, KY to pitch a more dynamic investment strategy for the longer term assets.

Challenges here are having a client that isn't overly sophisticated and with whom we have not had a consistent investment dialog. However, we have a strong and long standing relationship to build from.

Confidential