

Investing In Israel

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Schechter Private Capital invests millions in Lazarus Fund and its portfolio of Israeli companies.

Israel's identity as a hotbed of technological innovation has been well publicized for years, but figuring out which Israeli companies to invest in has not always been easy. For one thing, most Israeli companies' financial statements are in Hebrew. Add to that the distance and perceived geopolitical risk, and some investors might turn away.

But, "historically, Israeli markets have proven extraordinarily resilient to conflict," according to Justin Borus, manager and chief investment officer of the Lazarus Israel

forming stock markets over the last 15 years; 50-100 Israeli companies are acquired every year by the likes of Google, Apple, Facebook and IBM. And Warren Buffett, who has always been a U.S.-focused investor, recently called Israel one his favorite places in the world to invest.

For those same attractive reasons, Birmingham's Schechter Private Capital, a subsidiary of Schechter Wealth, presented the Lazarus Fund back in December 2016 to dozens of clients with a net worth of \$5 million and up. Schechter Managing Director Jason Zimmerman adds, "we would never ask someone to invest in something we haven't invested in ourselves."

The company introduced the fund to 40 people locally with the goal of raising \$10 million. The goal was accomplished and then some.

"In fact, we had so much demand for the fund when people found out afterward and asked how they could get in on it, we arranged for Lazarus to come back," Zimmerman explained.

Members of the Lazarus team returned to Birmingham in late April for one-on-one meetings with potential and existing Metro Detroit investors.

HIGH-REWARD

Borus and his partner, Adam Eisenberg of New York, have a majority of their net worth invested in the fund. Those who invest with them are typically looking to diversify their portfolios and are often seeking to support Israel in the process. It's a high-reward opportunity.

Over five years, Lazarus has realized almost 20 percent compounded net annual returns, or a net 150 percent return over the course of its life, from "the best 15 or 20 companies Israel has to offer," Borus says.

In addition, Borus and Eisenberg adopt a hands-on approach, assisting the private companies with whom they've invested.

Sometimes they'll help create Power Point presentations for sales pitches to investors. Other times they'll advise companies on expansion, from hiring a U.S. CEO to opening a U.S. office.

"Israeli companies are brilliant at innovation and amazing technology, but a lot of times their English and knowledge of the American corporate landscape and culture is limited," Borus explained. "We help bridge that gap."

The team is also racking up frequent-flier miles with regular visits to Israel (about 20 per year). Every 18 months, they host a trip for investors, providing a firsthand opportunity to see where their investment dollars are going. Lazarus plans to open an office in Israel in the coming months. Five staff members speak Hebrew fluently.

"Seeing is believing," Borus says. "We can't do justice to any of these companies until they demonstrate their technology. For instance, when our cell phone security company hacks into our investors' cell phones and starts putting their emails and text messages on the whiteboard, you really get a sense of the potential problems. Our smart glass company shows how their technology detects the sun and automatically tints the window. That's really compelling."

So how did this Colorado-based fund end up with so many Metro Detroit investors? Megan Sandler, Schechter's director of business development, first connected with the Lazarus team while living and working in New York. When she moved back home to Michigan, she made the right introductions and the rest is history.

"What we've found is that Michigan seems to be a hotbed of people who have done well in their own businesses and are used to taking chances or investing in something non-traditional," Borus says. "So, it's been a really good fit for us."

Zimmerman adds, "A lot of our clients are Jewish and have a nationalistic feeling about Israel. They go to Israel and they donate to Israeli causes, but there hasn't been a vehicle to capitalize on what we all intuitively believe, that Israelis are smart and that extremely innovative breakthroughs are taking place there. We are excited to offer this unique and exclusive opportunity." ■



ABOVE: Jason Zimmerman, senior managing director, Schechter Wealth; Justin Borus, manager & CIO, Lazarus Fund; and Megan Sandler, director of business development, Schechter Wealth

Opportunities Fund based in Denver, Colo. The hedge fund he created invests in public and private Israeli companies from cybersecurity to water to agriculture; medical devices to computer-assisted glass technologies and more. Borus calls it a "one-stop shop" for investing in Israel, and wealthy Metro Detroiters are getting involved.

"Israel has the highest concentration of startups per capita anywhere in the world outside of Silicon Valley," Borus says. "Up to 1,000 new startups are launching each year. It's hard to find a more compelling investment environment right now."

Israel also has one of the world's best-per-

To learn more about Schechter Private Capital or the Lazarus Fund, call (248) 731-9500 or visit schechterwealth.com.