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CEO with ‘admin’ roots shuns having star culture at Wellington

Asset management firm with portfolio of over \$1.35 trillion wants people who are humble, collaborative and client-centric



Ravi Velloor
Associate Editor

What would you say if you were told that the CEO of one of the world's largest asset managers started out as what we in Singapore would call an “admin”?

The story is true about Ms Jean Hynes, chief executive of Wellington Management, the Boston-based firm that manages over US\$1 trillion (\$\$1.35 trillion) for clients, including leading pension funds.

When the bricklayer's daughter started at Wellington in 1991 with a fresh economics degree from Wellesley College, she was an administrative assistant on the investment platform. Although the firm didn't then have the title, it happened that half her job was doing research associate work.

Eighteen months in, she had a lucky break when she got to work with Mr Edward Owens, the founder of Wellington's healthcare franchise, who was launching a biotech portfolio and a global all cap portfolio and needed research assistance.

Ms Hynes worked closely with Mr Owens as he went about building the franchise, which has now grown to about US\$57 billion. She began joining in his meetings and moved from support functions to helping him analyse companies, and was eventually handed her own portfolio to manage.

“I got to work with him for 20 years. He was my main, most important mentor at Wellington,” recalls the CEO, who has since 2013 directly managed Wellington's Vanguard Health Care Fund, which currently has a portfolio just shy of US\$45 billion, making it one of the world's largest dedicated healthcare funds.

Vanguard Health Care Fund Investor Shares have consistently outperformed the benchmark over the past five years.

Until she took on the CEO job, Ms Hynes was also managing eight other strategies, including long-short, all cap, and global portfolios.

“Ed e-mailed me yesterday to tell me there was a lot of positive news with Biogen and Eisai having the first definite Alzheimer's trial,” she told me in a recent conversation.

“Ed and I have been following this for 25 years. So, he wanted me to congratulate the companies for him.”

Having a caring mentor is one thing but you have to do your part, too, to be successful.

In her early years at Wellington, the econs major at Wellesley boned up on biology, without which you could not comprehend pharmacology or biotechnology. She took lessons at Harvard Extension School, and accounting lessons to take the CFA exam.

“I call it the Ed Owens PhD,” says Ms Hynes, who is 53 years old and is only the fifth CEO at Wellington, which has been run as a partnership for the past four decades. “In order to succeed, you really need to understand every part of science and every drug that's on the market and could be on the market, how medicine is going to change. That's the pathway to being a successful pharma and biotech analyst.”

Ms Hynes declines to name her best stock picks, for compliance reasons. However, she says one of her early successes was in recognising that transformational treatments for autoimmune diseases were on the way.

Tumour necrosis factor inhibitors were launched in the United States and are now a category in the order of about US\$40 billion a year, but they had



At Wellington Management, the only business is investment management and the mission is to exceed the investment objectives and service expectations of clients worldwide, says CEO Jean Hynes. The firm has a bottom-up approach and a research-driven, active management operating credo. It has no chief investment officer. ST PHOTO: GAVIN FOO

not existed in 1998.

“We recognised early on that this was going to transform the treatment of, first, rheumatoid arthritis, and eventually, psoriasis and 10 other autoimmune diseases, including Crohn's disease,” Ms Hynes says. “Before that, these were treated with steroids which are very effective but can't be taken for long because of the side effects.”

Looking back, she says, recognising that immuno-oncology – the use of agents to stimulate the immune system – is going to change the course of cancer treatment was also a fundamental part of the journey to success.

Early in her career, it must have taken some doing to convince her superiors that this was the path to tread.

Ms Hynes says it does take time for any investor to build credibility. In her case, she was lucky to have Mr Owens – forever humble and always ready to let the junior take the credit for successful decisions – as her superior. When at first it was Jean supporting Ed, later it was Jean and Ed having opinions, and then it became Jean taking over. The portfolio managers she worked closely with observed it. Management took a while longer to recognise it.

“I probably got promoted to what we now consider managing director a little slowly. But then I became a partner two years later, at the age of 31, which was a very young age. And I think that was because I had gained a lot of confidence and credibility.”

Today, she runs a firm that

manages more than US\$1 trillion in assets for 2,486 clients, according to its website. It has 976 investment professionals.

In between building her career, and thanks to a supportive husband – an MIT-trained materials science engineer who sold his software business and has been a stay-at-home dad – she managed to raise four girls, including a pair of identical twins who both now work for BCG, the consultancy.

How does she see the firm?

At Wellington, she says, the only business is investment management, and the firm's

mission is to exceed the investment objectives and service expectations of clients worldwide. The company has a bottom-up approach and a research-driven, active management operating credo. It has no chief investment officer.

In her own specialisation, pharma and biotech, there is less churn of portfolio because of the industry's long product-development cycle.

Not all Wellington funds have done equally well. Wellington's US Quality Growth Fund, for instance, which invests in high-quality growth companies,

was down 23.4 per cent in the year to date as at Nov 30, net of 5 per cent preliminary charge.

That compares with a negative 13.5 per cent return in the S&P 500 Net Total Return. The Quality Growth Fund's performance partly reflects the fact that a third of the fund is in information technology stocks, which have been badly hit this year.

When Ms Hynes started her career, Wellington was known as a US value management play. Approaching the turn of the century, it began looking for equities with a growth perspective. In 2004, it made big investments in its fixed-income platform, which handles the bond market, and was thus well positioned to ride the big shift to bonds in the wake of the global financial crisis of 2008.

She herself moved to London for a year, taking her family along, to help with the expansion of the firm's investment platform at its Victoria Street office – relatively unknown outside the US, it took about 180 interviews before Wellington hired its first portfolio manager to be based in the city. Subsequently, the firm also began looking at global stocks; the so-called emerging markets became a target in 2010.

“We are now very balanced between equities and fixed income, which is unusual and that's very different from most asset managers,” Ms Hynes says. “Either they're dominated by fixed income or by equity.”

Developments to watch at the firm, which has long been known to handle institutional clients, are an increased emphasis on private equity deals and tentative steps to move into the advised retail segment for high-net-worth individuals and the mass affluent.

The US is witnessing shrinkage in public listed firms even as there is an explosion of private equity, and Wellington does not intend to get left behind in the opportunities arising in that space.

In October 2021, it launched four new investment funds spanning equities and bonds made available to retail investors in Singapore for the first time.

This June, it expanded wealth coverage in Asia with the launch of four new funds in Hong Kong, offering individual investors solutions focused on income distribution, diversification and capital growth opportunities.

It has about 400 staff in the Asia-Pacific region, including about 100 in Singapore.

Japan, after all, has been a key part of the healthcare investing system for three decades while Singapore is seeing the early stages of a biotechnology and biology base. While there is indeed geopolitical risk surrounding China, it is a matter of weighing the opportunity against the risks involved and nothing has prevented Wellington from owning stock in Chinese biotech names.

Wellington, Ms Hynes says, is “indifferent to where people want to sit – Singapore, Hong Kong, Tokyo, (the key thing is to) find talent”.

While the firm has plenty of successful investing professionals, it avoids having a star culture.

“We want people with very ‘narrow’ shared values: being humble, being very client-centric. We have this term called client-firm-self. The other of those shared values would be being very collaborative, being kind – that careers and people's lives aren't linear.”

Success stories like Ms Hynes' used to be common in an earlier era but somehow seem less frequent lately. She is the second of six children born to a bricklayer of Irish ancestry.

In Singapore, for instance, there are similar stories. Banking veteran Peter Seah is the son of an army clerk and he grew up in a two-bedroom flat in Prince Philip Avenue shared with five brothers and a sister. Trafigura CEO Tan Chin Hwee was raised in a one-room apartment in Toa Payoh, which he shared with his parents and two siblings. Dr Tom Caulfield, who runs the semiconductor giant Global Foundries, which has a big presence in Singapore, is the son of a New York City fireman.

The challenge is to ensure such opportunities for all in society to grow and develop continue to exist. “We have a foundation at Wellington, it's really focused on education in our communities, because we want to make sure that the underprivileged have the ability to do what I did,” says Ms Hynes. “They do very well, if you arm them.”

It's a thought to remember, especially on Christmas.

velloor@sph.com.sg

Fast facts

THE CEO

Ms Jean Hynes, 53, is chief executive and one of three managing partners at Wellington Management. She was appointed CEO in June and is the only woman to hold the position in the firm's history.

Ms Hynes is a portfolio manager on Wellington's healthcare team, which manages more than US\$57 billion (\$\$95 billion) – including the Vanguard Health Care Fund, one of the world's largest dedicated healthcare funds.

She joined Wellington Management after graduating from Wellesley College in the US in 1991 with a Bachelor of Arts in economics. It is the only company

she has worked for. Ms Hynes and her husband have four daughters, aged between 24 and 19.

THE COMPANY

Wellington Management traces its roots to 1928 when Mr Walter Morgan, a Philadelphia-based accountant, established the first balanced mutual fund in the US.

Wellington Management was incorporated in 1933 and is now headquartered in Boston. The company manages more than US\$1 trillion in assets for 2,486 clients. It has 976 investment professionals, and a workforce of about 100 in Singapore and 400 in the Asia-Pacific region.