

Markets

Wellington's Jean Hynes Speeds Up Hiring, Unfazed by Bear Market

- CEO plans to add 500 employees at \$1.2 trillion manager
- She's making a big push into sustainability, private assets

by [Erik Schatzker](#)

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Bear markets tend to herald lean times in the investment business. Not at Wellington Management.

Rather than retrench, Chief Executive Officer Jean Hynes is planning to add about 500 people in the next two years. She sees the wipeout in stocks and bonds as an opportunity to expand while rivals face potential cost cuts.

"We are very clear on our strategy and where we want to make investments," Hynes, 53, said in a Bloomberg "Front Row" interview at Wellington's offices in Boston. "The profits of the firm will be down this year -- the markets are down -- but we will continue to invest."

Wellington can resist the pressures of a prolonged sell-off because, unlike most asset managers of its size, it's a private partnership. That gives the firm, which oversees \$1.2 trillion and has 3,000 employees, a degree of freedom shared by few peers, among them Vanguard Group, Fidelity Investments and Capital Group.

As she finishes her first 12 months as CEO, Hynes is drawing on lessons from the financial crisis almost 15 years ago. When publicly traded companies such as Franklin Resources Inc. and Legg Mason scaled back in 2008 and 2009, Wellington expanded in Europe and Asia. Hynes, then rising through the firm's ranks as a health care investor, had moved her family to London.

Since her promotion last June from managing partner, Hynes has made

integrating environmental, social and governance analysis into Wellington's 65 investment teams a priority.

Hynes said she thinks sustainability will have an even more transformative impact on investing than two of the biggest shifts of the past decade: the rise of passive funds and the embrace of factors such as growth and momentum as discrete sources of returns.

Just screening for ESG scores won't be enough, she said. That's why Wellington is developing expertise in climate risk and energy transition -- because they're potential sources of outperformance.

"Sustainability will change the structure of financial markets," Hynes said. "We don't think it's woke. We think it's part of -- a very, very important part of -- studying the opportunity set and the risk set of 5,000 companies."

Already, the firm has 75 employees dedicated to sustainability, as well as partnerships with the Woodwell Climate Research Center and the Massachusetts Institute of Technology's Joint Program on the Science and Policy of Global Change.

Wellington has evolved before. While owning bonds helped save it during the 1929 crash, the firm eventually specialized in stocks. Hynes recalled that by 1991, the year she joined as an administrative assistant with an economics degree from Wellesley College, Wellington was "known as a US value equity shop."

Her predecessor CEOs led an

expansion into fixed income. Hynes, as part of the hiring push, is setting her sights on private assets and liquid alternatives -- where she thinks there are more opportunities to generate excess returns than in public markets.

Wellington has only \$8 billion in private assets, most of it in growth equity and biotech. Hynes said she wants that to reach \$20 billion, in part by extending the firm's expertise in credit and real estate.

In long-short strategies, where it manages \$30 billion, Wellington is investing in technology to augment returns and focusing on recruiting. Earlier this year, she brought in a five-person team from hedge fund Shelter Haven Capital Management.

"We should be able to build multi-strat products out of those different funds," she said. "We're doing some of that already, but more to come. Could we build more market-neutral funds? Could we build market-neutral sector funds? Could we build a whole group of sector funds?"

If there's one obstacle, it's obscurity.

For years, Wellington drew little attention, operating as a subadvisor -- managing money for firms such as Vanguard -- and serving institutional clients. Now, it needs a brand to attract investing talent and to sell Wellington funds through private banks.

"We're not a household name," Hynes said. "Having a public profile helps."