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5 Minutes With ... Tom Manning, CEO of F.L.Putnam

Tom Manning, CEO, F.L.Putnam Investment Management Co.

BY JIM MORRISON
Special to the Journal

Tom Manning's first job out of college was at Bank of New England. On his first day, he took elevator No. 13 up to the 13th floor, only to learn the company was unraveling. The CEO was fired and soon after, thousands of employees followed. Manning stayed employed, but he still remembers the fear of losing his first job. He worked his way up through the ranks, always eager to take on more responsibility. Eventually, he moved on to other firms in finance, and just celebrated his five-year anniversary as CEO at F.L.Putnam.

Who is your typical client?

When the firm began in 1983, it was formed to serve a couple of different institutions that were looking for managed investment portfolios. Over the years, it developed expertise in socially responsible investing, and people who wanted their investments to align with their values came to us for that reason. Later, we developed a private high-net-worth practice. It started with board members from our institutional clients who liked what we were doing and hired us to manage their portfolio. When I joined about five years ago, over 50 percent of the business was still investment management for endowments for foundations and not-for-profits, and the other 48 percent or so was individual investors. The last few years, we've seen sizable growth in our individual business as well as growth in our institutional business. Today we're roughly 70 percent private and 30 percent institutional.

Was that a deliberate strategy?

It happened organically. My background was both in institutional and high-net-worth individuals, primarily focused on individual investment management. When I was being considered for this job, part of the conversation was about who will fill out the private-client business to add a financial-planning capability to the firm's stable of tools and transform it into a wealth advisory and investment management company. We've put a lot of the emphasis on that.

How has the pandemic impacted your firm?

Like every other firm, we were concerned about how Covid would affect our relationship with our clients. We like to meet with them wherever and whenever they want. Obviously, that can't happen today. We were concerned the technology solutions might not meet the needs of our clients or prospective clients. We've been incredibly pleasantly surprised by how our clients have accepted the new technology. They've adapted to the new platforms. We were also concerned about how Covid would impact our prospecting new clients. Generally when people hire a financial adviser, they like to be able to sit across the table from a person and develop that feeling of trust. It's different over Zoom. But we found the pandemic itself created so much uncertainty for people, they realized they weren't equipped to manage their investments. It created an environment where individuals sought out professional money managers to reduce their anxiety and take that job off their plates. Early on, we saw that pause in new business, but as we got into late spring, that changed and has been the opposite ever since.

Remember, we had been operating in a massive bull market for 12 years with very little volatility. Everything was going up. Then the pandemic hit and volatility surged and people weren't equipped to make decisions with their money that weren't emotional. Clients value absolute returns in down markets and relative returns in up markets. It's not always about the returns, it's about the advice you give, how available you are to help them think through things, particularly in this kind of environment.

What do you think about the strength of the market?

We've been a bit surprised by the speed and strength of the market rally, but when you look back on how quickly the Federal Reserve stepped in to backstop the monetary system, it's not really all that surprising. There are clear winners in the market, and you've seen a lot of money shift into those names. Today, we've got an incredibly narrow market, in which five or six large technology companies dominate the average. A lot of public companies are really struggling in this environment. There's a lot going on beneath the story that the market index averages are telling us. The fact that interest rates are so low, there just isn't any competition for equity. We don't have a lot of clients who are interested in locking up their money in 10-year Treasury notes. In order to earn returns, there has to be an element of risk in the portfolio or positive returns just can't be achieved. There are lots of places in the market that are offering returns.

Title: President, CEO F.L.Putnam Investment Management Co.

Age: 54

Education: B.A. Economics Clark University, 1989, M.S. Finance Boston College 2001

Residence: Lynnfield

Fun Fact: He once beat (three-time Olympic gold medalist) Karch Kiraly in an exhibition beach-volleyball partners match outside Faneuil Hall.