

Active Investment Management with Heather Dondis

Episode Transcript

George Grombacher 0:00

Welcome to LifeBlood this is George G and the time is right welcome. Today's guest the strong and powerful Heather Dondis. Heather, are you ready to do this?

Heather Dondis 0:08

I am. Thanks.

George Grombacher 0:10

All right, let's go. Now there is the VP and director of thought leadership with harbor Capital Advisors, that organization helping their clients achieve investment objectives through active cost aware investing. Heather excited to have you on tell us about your personal lives more about your work and why you do what you do.

Heather Dondis 0:30

I'm located in the Boston area and work for harbor Capital Advisors. Been with harbor for about three and a half years now. They're actually headquartered out in Chicago, but like many great places to work these days, they're sprinkled throughout the United States. And we've got people all over a little bit about me I've I'm actually a Bostonian and Massachusetts person for a very long time. But I took a not so short stint in Baltimore, Maryland, where I worked there for about 15 years at a great company, and met some amazing people there and harbor brought me back to Boston. So it was like a return trip. So love the New England area, including the New England sports and everything that comes with it. have family here have family, throughout one in college, a nephew in college in Kansas, and of course, some family actually out in South Korea right now living their best lives working abroad. So yeah, it's a little bit about me,

George Grombacher 1:34

that's awesome. And harbor capital. In the world of investing, how is its it feel like it's probably always a dynamic time, in the world of investing, there's always something going on the touch of some aspect of of your work, but how is how, how is everything going?

Heather Dondis 1:54

How's everything going? Everything is going? Well, you know, we're pretty delighted to do what we do at Harbor. And I think in any in anyone's job, you should be delighted to do what you do, right. So whether that's like me in a marketing position at a firm like Harbor, or whether it's, you know, someone in the investment team or working with our clients, I mean, that's, that's a privilege. And when you're in financial services, when you're in a lot of jobs, right, it should be a privilege to do what you do. And that's definitely how I feel and how my colleagues feel. Investments can be, you know, tricky. They're complicated, it's only getting more complex, given our market environment and what's happening around us. And it's very important to really siphon and get the signal to noise ratio down, write a stronger signal, less noise. And the noise isn't even well, in some cases, it probably is intentional noise. But in a lot of cases, it's it's unintentional, right? You're trying to make sense of what's happening, oh, high inflation, or Oh, a lot of you know, turmoil, unfortunately, unrest geopolitically. And it's important to say, Well, what does that mean, for me, I still have goals, right? I have, you know, if you have children, you want to put through college or retirement that you're saving for, or, you know, elder care that you have to keep it in mind, whatever it may be, these things aren't going away. And these things are, are still things that you have to do. So what I like to think about is what we are doing is not only planning for today, but also tomorrow, with some of the types of investments and managers we work with that we find, but also telling these stories about why we're, you know, building what we're building, and how that should or hopefully impacts, you know, what you're still trying to do save for college, save for retirement, build a longer lasting and hopefully, you know, positive portfolio for your, for your long term goals.

George Grombacher 3:56

I like it, I like that. We want a strong single signal with less noise. And, you know, as somebody who's been working in the somewhat the world of investments for for my career, I've seen it change so much, you know, we had just the the advent of being able to go online and buy our own stocks and bonds. And that was exciting. And then exchange traded funds came in, and then it was robo advisors, that so there's always different iterations. And now we have artificial intelligence coming in, which is without question going to have some kind of an impact on the world of investing. And then there was this raging conversation about active versus passive investing. But it strikes me that the best way is always going to be a human being working with technology to help people to kind of cut through everything to meet their goals and objectives, which is sort of what you were talking about.

Heather Dondis 4:49

100% and and these things, a lot of what you outlined should augment those efforts, right? They shouldn't curtail them. So that human is a was involved and that human hopefully is helping you strengthen Signal to Noise versus adding to it. So it we shouldn't flee AI. In fact, we should embrace it and what it can help us do. We're a firm that's grounded, rooted in due diligence, whether that's due diligence around the managers, we work with the people that are working for us with us, the whole nine. And if you're grounded in due diligence, then all the other things you just talked about, should be part of good due diligence, you would do due diligence on what supermarket you're going to go

shopping, right? Like, what's convenient, what gets the best prices, what you know, a lot of those different factors that you would look at and evaluate, well, any company you work with, or people you work with, shouldn't be doing the same thing. And that's a very common attribute that is pervasive throughout our firm that an intellectual curiosity. So again, you're not going to hide your head under the sand and say, Oh, AI, you know, it's a, it's a bad or it doesn't help. It's just someone else trying to make money or whatever, well, maybe they are trying to make money, but maybe it will help us do better due diligence, for example. So why should we, you know, we should still do due diligence on it, you know, but we shouldn't flee it because it's new.

George Grombacher 6:23

Yeah, you want to make a wise decision about any changes that that are going on, because you don't want to get left behind. But you also don't want to be jumping on every trend that comes up. So making good due diligence and making good wise decisions. That's really what, what we all want, what you're talking about, is I want to make sure that I'm making a good decision with my money. Because all this stuff that I read about, that's constantly coming my way is very unnerving, and can cause anxiety and stress. But oh, my goodness,

Heather Dondis 6:54

exactly. And I would say, you know, one thing we're not afraid to do is probe deeper and ask questions. We should ask questions. You know, I do it if there's something going on, even at our firm, and I'm like, Well, I'm less familiar with that, or I'm, I haven't heard that term before or whatnot. I mean, you're never gonna learn by, you know, not asking those questions. So I think at any age, at any point in your career, it's good to be inquisitive, right. And otherwise, you might give off a vibe or a signal that that isn't necessarily what you want to and certainly not in the best interest of your clients or the folks that are taking a look at you to work with you and whatnot. So

George Grombacher 7:37

how does a firm like Rick capital? How do you decide what kinds of money that you're going to invest or what kind of products that you're going to create

Heather Dondis 7:47

a big part of, you know, whatever we're going to invest in, and again, a little bit about harbors, structure, just so you and your listeners know, we are working and evaluating managers who are doing than the day to day operations of the actual investing. So we're doing that due diligence, as I shared, and we're doing all the marketing and distribution and working with our clients and whatnot, about the types of investments that that we offer that we feel like would make sense for them? Or if it's an advisor for their book of business. And what goes into it is not only I mean, the first answer, I think that everyone should say and if they're not, they have to take a look at why they're doing what they're doing is listening to

their clients and listening and evaluating the needs of the marketplace. So if you're not listening to what they need, or what they don't know, that they need, you know, for other reasons they may come to you, then, you know, you have to take a look inward and say are we are in this business for the right reasons. There's a lot of ways to make money to profit. And of course, you know, that's part of why folks do what they do. But if that's the only reason that you're doing what you're doing, then you're likely not going to be successful. That is my opinion. Nothing more there. But we have to listen to our clients. So a lot of what we're building today is grounded in what we've built for, frankly, over 3540 years. It's just next leveling or leveling up, if you will. So you've got these increasingly complex needs, quite frankly, that hasn't changed. It's only just amped up in terms of complexity. There's different types of investing. There's there's just the same thing that you know, the same things and the same attributes tried and true. They exist in the investing landscape. However, if you're still going to market the same way you going to market 2025, even 15 years ago, you probably have to take a look at that because it's just we're not in that same market and we're not dealing with the same types of clients. that are in that same market, there's a new next generation of investing. And they are just not investing like our parents, their parents at them. And it's, I guess what I mostly enjoy about what we are doing is evolving. We're evolving not only the types of products, but the way we're going to market to be more in line with that next generation, current and next. So I think you just have to be open to thinking differently, acting differently, but not veering from what has brought you in your clients, you know, success in the past. If that makes sense.

George Grombacher 10:37

It certainly does make sure that you're staying true to your core principles and values, but you're able to be flexible and change some strategies, and certainly some of the tactics. So. So harbor covers the majority of asset classes that are out there.

Heather Dondis 10:53

We do and part of our evolution has been looking at again, what's what's going to serve us well over the next 10 years, the next 15 years, the next 20 years. In some of that's been some thematic investing. So we've been looking a little bit at commodities more and, you know, the energy transition challenge, for example, and thinking about how can we offer something or serve something up in a way that is palatable, and addresses this need, and knowing full well, but you know, in the past commodities, it hasn't been a great environment for them, right. But we feel the the environment is changing continues to change and will serve folks well in the past. So, you know, you've got to be willing it that's grounded in research, it's grounded in due diligence. That said, it's going to be up to those who we are serving to decide if they feel like that's right for them as they build, you know, and construct portfolios. And the same with the tried and trues, you know, large cap growth, it's still always a place, it's been under fire a little bit just given the environment, but it's still a compelling part of anyone's portfolio, for example.

George Grombacher 12:03

Yeah, it's fascinating. It strikes me that this could be totally wrong, and people could tell me that I'm wrong. And that's absolutely fine that when he talked about a large cap growth, I don't want to say that that's an easier way to invest. But I think it's more straightforward. Versus when you're looking at commodities, and emerging markets, things like that. Like we really need to have somebody who knows what they're doing to dig in and do that due diligence and try to find some wisdom and come up with a path for how to actually invest.

Heather Dondis 12:32

And so it's your point, George, it's a it's a really great point, I used to take a series, I do them now on demand sometimes, and I've changed up my workouts that happens as you get older, as you know, or you've heard from friends. But sometimes I used to do a lot of group fitness classes. And it was a particular company and they offered like all these different types of classes, anything from your most like sports, athletic to basic weight training, you know, just things. And it was so interesting, because we said oh, the strength class, the weight training, that was always the most crowded. And it's very clear, it was the most credit because quite frankly, it was the less intimidating for people to get into now some people who had been doing it for years and years, they're putting a bar on their back with a huge amount of weight and they're squatting these huge, you know, a lot of reps a lot of weight and some were just doing it their own bodyweight, right and just getting in there and getting comfortable with the fact that they're in front of 50 people they're doing so to me, that's like your large cap growth. You just want to get in you want to start then maybe after six months, right, you'll take the the more you know, you're doing lunges and you know jumping more advanced jumps and crazy jumping jacks and athletic moves and you just get more comfortable but also like any cycle exercise investing you have to listen to your your body, right that's your that's your comfort level. Right? So some of that's your risk tolerance, right and investing there's just or as you get older, you can't do those tough jumps anymore because maybe your arthritis kicks in hypothetically speaking No. But I just you know, you're getting you have to listen to your body have to listen to your tolerance. But the fact is, there's always good workouts for no matter what age or comfort level you're at, there's something to at least stay active and we embrace a similar philosophy in harbor we're are actually that's part of our our tagline is time to get active. Because we do endorse active management. We are strong believers of not all active management, but certainly our active management and that which we bring to the marketplace, good active managers. So I think there's a lot of similarities with that and you know, your own exercise program that you know, and just staying fit staying in the game. We feel it's important.

George Grombacher 14:53

Yeah, I think that that's a great a great analogy. What is cost aware investing

Heather Dondis 14:59

Well, it's like a, it's similar to what I said before. You know, we, there's a lot of good investment managers out there. And, you know, if you're doing your due diligence, right, you're gonna see, you should feel for you should pay for what you feel is, you know, appropriate investing. And so we tend to offer institutional quality portfolios at what we believe is a fairly competitive price. So that's cost aware investing, you know, you should be aware of what you're paying for. And you should feel like it's, it's fair, it's comparable to the value that you believe you're receiving.

George Grombacher 15:38

Yeah, that's cost is what you pay value is what you get. And you know, what 100%, what's annoyed me over the course of my career is a lack of transparency. And I think that there's a lot of folks that were very frustrated by the realization that I'm paying How much for this. So, so important to be upfront about that.

Heather Dondis 15:58

And we are big believers and transparency. And I think that's been also a shift in or a shift we're undergoing right now, frankly, especially with the advent of ETFs really coming on the scene and fully transparent, many cases, active ETFs, that's what we've offered, we've rolled out several of these in just 12 to 15 months over, you know, 1012, ETFs that we brought to the marketplace all falling in that that vein. And it's important, right? I mean, you've heard folks say, like, oh, that's our intellectual capital, you know, we can't share it. And I think some that are unwilling to frankly, share that. Or be that lack of transparency. I think, you know, they may, they may be left behind in the grand scheme of things, because it's just what is expected. Now,

George Grombacher 16:56

there's folks out there who say that their fees are intellectual capital, and they don't share it.

Heather Dondis 17:00

Not their fees, I don't want to be clear, be clear here, it's just in terms of active, it's what the investment composition. So if you can see through, you know, then you're, you're you're taking our intellectual thinking, but you don't have access to it. And they're not comfortable with that, right. So here, it gets back to the fitness thing, right? Like you've, you've got to be comfortable with walking into a class being in front of other people picking up your weights doing whatever you're going to do. And some people say, You know what, I'll do that in my in my basement. That's fine. You know, I'll still do it. But I'm not quite ready. We're ready to walk into the class.

George Grombacher 17:38

Yeah. That's absolute Monday morning quarterbacking right there. Just because you saw Tom Brady make the decisions he made during the game does not mean that you'll be able to replicate that in your next game. There's a lot more that goes into making investment decisions than knowing what somebody did in the past.

Heather Dondis 17:58

I'm probably a lack of consensus here as a New Englander, but I still adore him.

George Grombacher 18:06

Everybody in New England had it would really wise, don't want to tell anybody that they should do something, but you really should be forever for goodness.

Heather Dondis 18:18

20 years of greatness, you can't really complain.

George Grombacher 18:21

Either. Thank you so much for coming on. Where can people learn more about you and harbor capital and its professional advisors and, and investors who should connect?

Heather Dondis 18:32

Sure, Harbor capital.com That's the easiest way and you get there. There's 800 numbers and things like that. But that's the best way Harbor capital.com And I'm on LinkedIn, Heather doneness would love to connect with folks and certainly answer any questions you may have or just talk shop. That's what we're doing.

George Grombacher 18:52

Excellent. Well, if you enjoyed as much as I did, show, Heather, your appreciation and share today's show with a friend who also appreciates good ideas, go to harbor capital.com And check out everything that they are working on and see if there's an opportunity to do some work together. Thanks gonna Heather. Thank you. And until next time, remember, do your part by doing your best