Preserving Wealth

An Interview with Carolyn N. Dolan,
Principal, Samson Capital Advisors LLC

Carolyn N. Dolan

EDITORS' NOTE *Carolyn Dolan is a Portfolio Manager and member of the Executive and Investment committees at Samson Capital Advisors LLC. She is also the Chairman of the Operating Committee. Dolan was a founding partner of OFFITBANK, which was restructured and renamed OFFIT Investment Group after its merger with Wachovia. At Wachovia, Dolan was a Senior Vice President and the Senior Managing Director of the OFFIT Investment Group. Prior to that, Dolan was responsible for the firm's high-net-worth investment group and was a member of the Management Committee. She also managed OFFITBANK's New York Municipal Bond Fund and served on the firm's Investment Strategy and Portfolio Review committees. From 1978 to 1983, Dolan was associated with Julius Baer Securities, Oppenheimer Capital Corporation, and AXA Equitable Life Insurance as a Portfolio Manager, Investment Analyst, and Quantitative Analyst, respectively. Dolan graduated from Marymount College in 1968 and was a social worker for seven years. Dolan received an M.S. from the Columbia School of Social Work in 1977 and an M.B.A. from Columbia University in 1978. She is also a CFA charter holder.*

COMPANY BRIEF *Samson Capital Advisors LLC (www.samsonca.com) is a privately-held investment manager in New York that specializes in the management of fixed income investments for wealthy families and their foundations, endowments, and corporations. Its fixed income and currency-related strategies are designed to help clients preserve wealth and enhance their domestic and global purchasing power. Samson's customized and standard investment strategies focus on tax efficiency, real wealth preservation, and the development of noncorrelated strategies built on domestic and multicurrency expertise. Samson enhances returns by leveraging its knowledge of the relationships among fixed income, currencies, commodities, and the inflation cycle.*

Is it challenging to differentiate your firm and show a client what makes a particular firm unique?

We can. Our interests tend to be aligned with our clients' interests. We have only one way of getting paid, and that is through our fee. We buy bonds for our clients and try to get the best price going in, and the best price going out. The second piece that differentiates our firm is that the clients are speaking directly to the person who is managing their money rather than dealing with a person who is going back to the person who is managing the account. The third factor that makes us very different is that we focus on all high-grade fixed income on an after-tax basis. When you're dealing with high-grade bonds, you have to understand the Treasury market, agencies, mortgage-backeds, and municipals, and you have to understand the current international markets.

Four years ago, did you see the opportunity in fixed income, and how competitive was the landscape?

Several years ago, there were many smaller firms whose focus was on fixed income management through either separately managed accounts or funds. One of them was OFFITBANK, which is where a group of us at Samson came from. In the late '90s and early in this decade, many of the stand-alone companies had been purchased by larger institutions, primarily banks. These firms became part of the larger entity and in many cases were merged with some existing fixed income departments. The typical "bank" business model works for some clients, but typically will not work for our clients. Many of our clients prefer to speak to the person who is responsible for managing their accounts. Typically, our clients have a net worth greater than $30 million and at least a 30 percent allocation to fixed income securities. These clients often require a certain amount of customization to achieve their investment objectives.

When we started Samson Capital Advisors in mid-2004, it was not the best environment for building a fixed income investment management business because interest rates were at very low levels, and many prospective clients questioned why they should allocate funds to bonds. Almost no one was beginning a fixed income management firm as the glamour was in other areas, specifically hedge funds. The consensus was that hedge funds could provide the income and principal protection that had traditionally been the role of high-grade fixed income securities.

We believed that we could stand out among fixed income firms with a senior, experienced team of professionals that would be especially attentive and available to our clients and their advisors, and an investment management approach that looks to maximize after-tax total return for our clients.

Are you surprised by the economic issues we're currently dealing with?

Yes, it does surprise me. When it seems that investors can have such a high return with what is perceived as being a low level of risk, history has shown that this is usually not the case. It has taken at least a few decades for companies and individuals to build leverage to the current levels; we cannot expect to be deleveraged in six to eight weeks. The world ahead is going to have consumers who are less leveraged. The implications of this are great as there will be less money to purchase cars, housing prices will go lower, and there will be lower tax revenues at all levels of government. Every entity, whether individual, corporate, or government, will have to work on improving its balance sheet. For state and local governments, we are likely to see cuts in expenses and perhaps higher taxes. This will be a painful time, but we will come out of this period stronger. There is no other choice.

Have you seen a shift in opportunities for women in this industry?

Women are ideal for this business because women tend to be detail oriented. To be successful in the business, one must be attentive to the clients, be familiar with the questions to be asked relating to the structure of a particular bond, and know the questions to ask about the creditworthiness of a security, such as where the revenues are coming from, if growth expectations are reasonable, and what the macrofactors are that are operative. We are in a business where getting these details correct is extremely important. ●

