



\$75B Fixed Income Manager Names First-Ever CEO

By Mariana Lemann October 11, 2019

Income Research + Management has named its first-ever CEO, as it formalizes leadership positions in response to demand from clients and investment consultants for clearly delineated roles and responsibilities.

The Boston-based fixed income manager named **Bill O'Malley** CEO, effective Jan. 1, 2020. O'Malley will retain CIO responsibilities, continue to manage client service teams and absorb oversight of operations, enterprise solutions, human resources and finance teams.



Bill O'Malley

O'Malley joined Income Research in 1994 and has been a managing principal since 2008, when the title was introduced within the firm. Co-founders **John and Jack Sommers** – father and son – have been managing principals since then as well.

Jack Sommers will serve as executive chairperson, leading the firm's executive committee and will continue to oversee compliance. John Sommers will remain a portfolio manager on convertible bond portfolios.

"Clients and consultants have been calling for more clarity and more transparency for years and, I think, we've done a good job being transparent with them," O'Malley says.

Institutional investors and consultants want to see clearly defined roles and responsibilities of asset management firm leaders, says **Jim Cooper**, managing partner at executive search firm **Concentriq**.

"We've seen more and more calls for increased transparency among clients," he says. "They want to have clarity around succession plans, as well as understanding which individuals are accountable for each business."

In the early days for Income Research, "everyone wore a lot of hats," O'Malley says. Over the past five or six years, it became clear that informing clients that the firm had three managing principals and 10 portfolio managers "wasn't as transparent as we needed to be."

Income Research is also elevating two senior portfolio managers and management committee members to C-level roles.

The firm named **Jim Gubitosi** co-CIO alongside O'Malley, and **Sarah Kilpatrick** chief operating officer. Kilpatrick, who has been with the firm for 16 years, will retain oversight of investment and portfolio risk functions and will take on responsibility for operations and enterprise solutions.



Jim Gubitosi

"We are very fortunate that nobody is leaving," O'Malley says. "We don't see any hires."

The appointments "sound like a well-managed succession planning process," says **George Wilbanks**, managing partner at executive recruiting firm Wilbanks Partners. "The fact that they've got somebody internally as part of a senior management team that then gets promoted ... sounds like a program that's been in the works for a while."

The firm's succession planning began in 2001 when O'Malley acquired company stock from John and Jack Sommers. Today, 55 of the firm's employees are shareholders.

"Jack Sommers and I have been getting diluted [in company ownership] over the last several years as more folks at [Income Research] have bought equity," O'Malley says. "We are both large equity holders, but we're not increasing our stake."

The appointments may also reflect the firm's growth, executive recruiters say.

"What happens oftentimes, as you see in smaller firms where they have a team of individuals with similar titles, there is no distinguishing feature or facet of their roles," Cooper says. "[The formalization of roles] could be attributable to either the firm's overall growth and... [need for] more structure within the organization or it could be [driven by] institutional client demand."



Sarah Kilpatrick

Founded in 1987, Income Research has grown steadily to 175 employees and \$75 billion in assets under management, with inflows coming in spurts in the years following the financial crisis, O'Malley says. Assets rose to \$21 billion in 2009 from \$14 billion in 2008.

“During that time, some of the bond prices were under a lot of pressure and liquidity was poor and that was not a good time to terminate your manager,” O’Malley says. “Some folks out there had lost confidence in their manager but didn’t want to sell bonds at these depressed prices.”

Income Research offered to take portfolios in kind from investors in that predicament. The firm set up separate accounts for Treasury-only portfolios for clients that migrated. “The market appreciated that high-client touch, where we would get them out from under that manager that they were struggling with.”

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