Forstmann-Leff International, Inc.

Donald W. Phillips

Donald W. Phillips is President/CEO of Forstmann-Leff. The company offers portfolio management capabilities tailored to the risk profiles and investment objectives of its clients, with an emphasis on large and middle capitalization growth equities, defensive asset rotational portfolios and hedged portfolios utilizing long and short equity securities.

Board member Don Phillips bought the New York City–based firm called Forstmann-Leff Associates in May 1997. It became the U.S. Equity Group of Forstmann-Leff International, Inc., a firm which manages domestic equity, balanced and hedge fund portfolios for Fortune 500 corporations, state, municipal and Taft-Hartley pension funds; endowments and foundations; as well as foreign and domestic family investments.

At the same time, Phillips recruited to his company the entire 11-person fixed income group of UBS Bank in New York. The UBS people formed the nucleus of the Global Fixed Income Group of Forstmann-Leff International, Inc.

In a short period of time, Phillips has created a corporation with multiple arms and services.

The Global Fixed Income Group - They offer a full range of fixed income products in both the dollar and non-dollar markets, with a particular expertise in corporate bonds and bond arbitrage. Portfolios are managed with the belief that superior returns are generated through an emphasis on fundamental credit analysis and asset allocation, focusing on market inefficiencies, rather than by taking large interest rates or currency bets.

Institutional Private Equity Group - In August 1997, Phillips tapped the chief investment officer of U.S. WEST and the chief investment officer of Allstate Insurance and made them co-heads of the Institutional Private Equity Group. This is a private placement group working on behalf of big pension funds. The co-heads manage private equity portfolios and make fully discretionary investments on a fund-of-funds basis, primarily into venture capital, L.B.O. real estate and other structured finance limited partnerships. Also, they manage distributions from these funds.

International Equity Group - Based in Edinburgh, Scotland, the chief investment officer for the largest life insurance companion in Europe is leaving to manage Forstmann-Leff's international equity portfolios, including Europe, Asia, Latin America and emerging market countries. Stocks will be selected based upon research and credit analysis.

Private Equity Group - This group caters to wealthy individuals, foundations and proprietary pension plans in the management of their assets.

The Global Derivatives Strategies Group - They offer exposure to financial commodity assets through derivatives-based and index-related investment strategies.

Currently, Forstmann-Leff manages $5 billion in assets, with more than 70 employees. The number of employees will probably double in the next year. Phillips’ goal is to manage $25 to $30 billion in five years, either through buying firms or through a marketing effort to obtain critical mass. Models of companies that Phillips respects include Brinson Partners and Invesco.
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There are between 25 and 50 multi-asset class managers who are global in their reach. "The way you differentiate yourself is by selling confidence. People want to have confidence that you'll do what you say you're going to do."

Clients seeking money managers usually want to know about the longevity of the team – how long they've been together. Since Phillips’ organization is new, how does he generate the necessary confidence? The answer lies in the Forstman-Leff name, which was an immediate door opener. Forstmann-Leff was a well established company when Phillips bought it. It had been in business since 1968, was in everybody’s databases and had earned a high level of goodwill.

“If you come to the table with a good product mix and a solid reputation, companies will seek your services.”