

WOMEN IN ALTS

EMPOWERING CHANGE AND ADVANCEMENT

INVESTMENT NEWS PODCAST FEATURING BNY MELLON | PERSHING

Speaker: Lisa Lewin

Host: Bruce Kelly

Bruce Kelly: Hey there everybody! Welcome back to another episode of the Investment News podcast. We are sponsored this week by BNY Mellon | Pershing. I am your host, Bruce Kelly, Senior Columnist here at Investment News and investmentnews.com. BNY Mellon | Pershing is one of the best-known firms and the most influential firms in the financial advice space out there and this week, we have Lisa Lewin, Director of Prime services from BNY Mellon | Pershing as our guest. Lisa, welcome to the podcast! How are you today?

Lisa Lewin: Thank you, Bruce, and thank you for having me. It's great to be here. I'm doing well, thanks. How are you?

Bruce Kelly: Today is Tuesday, so we're pretty good, I think.

Lisa Lewin: Always better than a Monday.

Bruce Kelly: Yeah, Mondays are hard, right? It's still, you know, I can't believe how hard Mondays can be sometimes.

So, Lisa, before we get started talking today about what you guys want to talk about and the like, I thought we'd just ask you a little bit about yourself. What are you doing at Pershing? Like I said, Pershing is one of the best-known companies in the financial advice industry. You have loads of services over there for brokerage firms, for RIAs, you invest a lot in technology. So, if you just tell us about... there's so much going on over there, why don't you tell us a little bit about yourself and what your focus is?

Lisa Lewin: Sure. Well thank you, Bruce. And I think you are absolutely correct. BNY Mellon is both a very important and large financial services firm and we also have a lot going on. So, in my corner of the world, I sit within BNY Mellon | Pershing Prime Services and we primarily deal with hedge fund managers. And then really any other asset management firm that has an alternative strategy. So those are our primary clients and I'm focused on a business development-type capacity. So, encouraging more hedge funds to do business with the bank and then helping them navigate the firm to make sure that we are meeting all of their business needs. And I've been with the firm, let's just say 15 plus years now, so I don't completely date myself.

Bruce Kelly: Well, no, we don't want to do that. But and the topic today more broadly is about hedge funds and women in finance, right?

Lisa Lewin: Correct, which is an initiative that we have been very focused on here at BNY Mellon and is certainly something that we are proud to continue the conversation, as we do think it's a very relevant topic.

Bruce Kelly: What is the current narrative around women in finance? Before we start talking about hedge funds, I guess.

Lisa Lewin: Sure. So, within the alternative investment industry, which is the corner of the market where I sit, we've continued to see a lot of positive momentum around the trend of including more women in senior roles. Over the last few years, for example, we have seen the launch of the two largest women-led hedge funds by AUM in history, as well as prominent industry firms name women to C-Suite level roles. For example, Man Group appointed a woman CEO and Bridgewater, which is the industry's largest hedge fund, announced a new female CIO. So, these have all been positive developments that we've seen. And more broadly in the financial services industry, diversity and C-Suite and board positions continue to be a focus. We have seen women's share of global C-Suite roles growing in the financial services industry. Their representation is still quite low compared to men, so there is still quite a bit of work to do. But definitely some positive momentum. BNY Mellon is actually releasing a report this month titled "Women in Finance," and it mentions a statistic from Deloitte that notes that 19% of global C-Suite roles in the financial services industry were held by women in 2021. But only 5% of those were CEOs. So as I mentioned, we're continuing to see positive momentum; still have a ways to go, but this is something that is a long term trend that we hope to see.

One of the things that we're proud of here BNY Mellon is that women make up over 33% of senior leaders globally. And in general, as I mentioned, as we continue to see positive momentum around this trend, the financial services industry as a whole has definitely seen more of an emphasis on recruiting and retaining female talent. You know, a number of firms have created their own internal groups and programs, such as women's initiative networks, whose goal is to support and connect female professionals and provide learning, development and networking opportunities. Additionally, there's been more industry-wide groups that have the same aim to bring women together and to provide development and networking opportunities. And we've also seen nonprofits that have started that are aimed at getting even younger women interested in financial careers. So, we think all of these different initiatives and activities are certainly going to be helpful in continuing this momentum and this focus around having more women in the financial services sector.

Bruce Kelly: OK, great. Thanks. So, getting into specific jobs and roles that women do, is there a difference in the types of roles women are holding within financial firms right now? For example, portfolio managers versus investor relations-type jobs. And if so, how has that changed over time? You said you've been at Pershing, BNY Mellon | Pershing, for 15 years or so. So, you've seen this obviously.

Lisa Lewin: Yes, definitely have seen this and I think historically there have definitely been more women and what I'll call "non-investment roles." So, as you mentioned, investor relations, marketing, etc., but really, I think one of the most exciting changes that we've seen over the last few years is that there has been more of a focus on increasing the number of women who are in investment or risk-taking roles within the alternatives community. So that looks like portfolio managers, CIOs, women launching and leading their own funds, some of the things that I mentioned when we started this podcast. And as we've seen, firms looked to increase the number of women in these investment roles, we've seen them really looking to build their pipeline of female talent for these positions. So, whether they're recruiting more heavily in math- and science-related disciplines or establishing internal training and development programs to help build the pipeline for women and help them advance in these particular jobs, we think that's all very exciting and will hopefully continue to allow more women to get to those senior investment positions.

Bruce Kelly: Alright, great Lisa. So where do you see gender as a diversifier then?

Lisa Lewin: So that's an excellent question, Bruce. I think that there's certainly consensus that the more diversity that there is within a team or a firm, whether it's gender or otherwise, the more diversification you're going to have of ideas and investment styles, which can lead to better decision-making, better risk diversification, more identification of a wider variety of opportunities, which ultimately can contribute to better returns. You know, the data is mixed, and this is a little bit controversial about whether women outperform men, and you can see differing perspectives on this question. However, Hedge Fund Research – which is one of the preeminent benchmarking resources in the hedge fund community – their HFR Women Index, which tracks women owned or managed hedge funds, has actually outperformed the broader hedge fund index by 10.5% over the last 16 years.

Bruce Kelly: Well, that's a significant outperformance, right?

Lisa Lewin: I would think so. So again, when you get into it, people have different interpretations of the data and the sample set, so there can be some differing opinions around that particular topic, but I certainly agree with you that is a significant outperformance and some compelling data.

Bruce Kelly: I think it's at least something you'd want to have to look at seriously, right?

Lisa Lewin: Absolutely.

Bruce Kelly: So based on, you know this performance and everything you said, what are clients and investors thinking about when it comes to gender diversity in this portfolio management area or otherwise?

Lisa Lewin: You know, it's an excellent question and I really think that we've certainly seen, especially among the large institutional investors, increased focus – and I'll even really call it “pressure” – to have more diversity in their manager rosters. And we think a lot of this focus on diversity is really what's driving the positive momentum of this trend. And as long as investors continue to stay focused on this topic, we believe that it'll be one of the most important catalysts in continuing to drive change in the industry on the subject. Last year actually, at BNY Mellon | Pershing, we conducted a survey of investors really solely focused on this particular subject, and 73% of survey respondents said they had representation of women-led strategies in their portfolio and 22% of survey respondents said that they had increased the percentage of women-led strategies in their portfolio over the last five years.

They also said that they have seen increased demand and interest from their clients to include more women-led strategies in the overall allocation model. So, we've also heard anecdotally from the hedge fund managers that we work with, as well as directly from the allocators that we work with, that more investors are including questions about diversity in their RFP process. And so, we believe that as long as this continues to be important to investors, it's going to be important to managers and that will help continue to drive this positive change.

Bruce Kelly: And of course, you know, as the listeners know, BNY, Mellon | Pershing works with some of the largest financial institutions in the world, right?

Lisa Lewin: Absolutely. And so we're hearing, as I mentioned, we're hearing that it's important to them, it's important to their underlying clients, and we think that's certainly been a key factor in why we've seen such focus on this area in the last several years.

Bruce Kelly: OK, great. So last one, finally, Lisa, what do you think the industry should be doing right now to help grow this talent pipeline?

Lisa Lewin: You know, Bruce, I think this is such an important question. I really think, as I mentioned when we started our conversation, we've seen an increase both within companies and then within the industry as a whole, different programs to help foster to female talent. And I really think that firms need to continue to develop and support programs that are going to attract not just women, but really all diverse talent. Building up pipelines of females by recruiting more women and supporting them with networking, training and mentorship programs is so important to helping both attract and then retain women in this field. Statistically, you tend to see a bit of a drop off of women from entry level roles to senior positions. So I also think it's important that companies focus not only on attracting talent but then also helping foster their development and retaining them, especially through that mid-level career stage.

I also think that the more we continue to put women in senior roles, they can help shape the culture and serve as role models for young women who are entering the financial services industry and can look to these women, as in their organizations, as you know, mentors and women that they can both relate to and also aspire to. But I think that this is something that is a broader topic, or it's a broader need, than just having women involved. We need men to be allies and shaping firm culture as well, and thinking about diversity and certainly as I mentioned, I think that the more investors continue to focus on this and ask if there is diversity around their investment decisions, the more that will help us continue to grow the talent pipeline as well.

Bruce Kelly: Yeah, the diversity issue isn't going away, right?

Lisa Lewin: No, I certainly do not think that it is.

Bruce Kelly: OK, alright, Lisa. Thank you so much for stopping by for a couple minutes to chat with us. That was another episode of the Investment News podcast. Again, we want to thank our guest, Lisa Lewin of Prime Services at BNY Mellon | Pershing. The podcast was sponsored by BNY Mellon this week, and you can find the Investment News podcast at investmentnews.com of course, also on other platforms like Apple, Spotify, and Google Play. Leave us a review on Apple. Please follow us on Spotify. My Twitter handle is @BDNEWSGUY if you want to reach out and have any suggestions for us and stay tuned, we'll be talking to you real soon.

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