

MEET THE MANAGER

NANCY ROGERS, CFA

Nancy Rogers, CFA

Director, Head of Fixed Income
Portfolio Management



Nancy is the head of fixed income portfolio management. She is responsible for the management of domestic and international fixed income index portfolios, including separate, commingled, and mutual fund accounts. She has experience in managing aggregate, government, credit and custom indexes.

Nancy has been in the investment industry and at BNY Mellon affiliates since 1987.

Prior to her current role, she was a senior portfolio manager at Standish and portfolio manager at Mellon Bond Associates.

Previously, she served in various functions such as trading, performance measurement, and portfolio accounting.

In 2012, Nancy was awarded the Pittsburgh quarterly Outstanding Leadership Team Award for her work with the management team on the Building Organizational Talent initiative.

Nancy earned an MBA in investments from Drexel University. She holds the CFA® designation and is a member of the CFA Institute and CFA Society Pittsburgh.

How were you first introduced to investment management as a potential career?

My journey into investment management started with a college co-op program. As an undergraduate, I initially chose to pursue accounting. Thankfully, because of the structure of working six months in a real-world environment I quickly realized how much I hated accounting. Devastated, I went home tearful when my uncle consoled me and simply gave me permission to change my mind. Armed with the new knowledge that I would not disappoint anyone if I switched majors, I started taking finance and investing courses. I loved it. My first internship under that pursuit was in the Trust department of Girard/Mellon Bank as an assistant research analyst working in the equity department. I jumped in with both feet and was able to get a lot of exposure to the world of investments. I loved the work and the people. The experience helped me to do well in school. I was fortunate to gain exposure to how investment management was executed in the real world as it related to the textbooks I was studying. It was the most pivotal moment.

When I graduated from college there was an opening with an investment boutique of the bank I interned with. I knew nothing at the time about fixed income, but they were looking for a portfolio assistant and I was a passionate and quick learner. It was a small office with a few portfolio managers who were amazing mentors. At the time Fixed Income Indexing was in its infancy.

What have been the most defining moments over your 35 years at BNY Mellon? How has the industry changed?

In short, everything has changed professionally and industry wide and that's largely due to technology. Electronic trading didn't come about until the early 2000's. At the beginning of my career a lot was done manually like writing out trade tickets and calculating bond yields, which is crazy to think about now. Certain sectors could not be fully invested in, and therefore had to be hedged out which left the accounts with tracking error either positive or negative. The index data we have today wasn't available.

Today, we have transparency into the benchmarks and markets as well as the ability to trade large sums of money quickly. A diverse set of bonds can be sourced very quickly with very limited lag time. Additionally, advancements in technology have made the index business drastically more scalable. All those breakthroughs have translated into tighter tracking error. We are obsessed with precision when it comes to portfolio management; technology is key to that discipline.

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Describe your role on the team and your approach to leadership.

As the Head of Fixed Income Index Portfolio Management, I’m the team leader for the fixed income indexing group. It means taking ownership of the product, whether that’s oversight so we minimize errors, making sure the portfolios are in line, or being available to help relationship managers and clients navigate the markets and design investment solutions.

My leadership style emphasizes the importance of a team approach. I value a diverse set of perspectives and try to influence the people around me to feel empowered to question things. I believe that everyone brings something to the table. Everyone has their own skillset. We are stronger as a team. I encourage an environment where people feel safe, are free to ask questions, and can support and learn from one another.

How has Mellon evolved to meet the demands of fixed income indexing clients?

We are constantly evolving to meet client demand for new and efficient strategies. Indexing has become very competitive and one of the reasons is because of the growth of ETFs and bank collective funds. Demand for customization has also risen. On the equity side, direct indexing has answered the demand for many investors. On the fixed income side of the business, which I lead, clients look to custom benchmarks, maybe with specific credit and sector limits. I think working with clients to build custom benchmarks is one area we excel versus competitors. The team prioritizes being accessible to clients and creating efficiencies wherever possible. Working across BNY Mellon to try to reduce our cost helps us stay competitive and leverage the power of the bank to seek to create value for clients.

What is most misunderstood/undervalued in an effective index manager?

I think any index manager would say they don’t like the term passive. Index management is a tedious and unforgiving business. What I mean by that is: you can’t hide behind your performance numbers in fixed income indexing. You are always behind the index because the benchmarks you are replicating have no transaction costs to trade so you need a strategy that’s relentlessly focused on retaining value. There are no sector tilts, duration bets or under/overweights to certain securities names or credits in index management. To further complicate matters, there is no single price for a bond. It’s a negotiated market and pricing sources matter. Because of this, on the Indexing desk

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we use pricing sources from the index provider to eliminate noise. Each of those decisions makes a difference in helping to minimize our tracking error. The precision differs very much from an active manager. There is a lot of sophistication in index management as well. In the case of some benchmarks, such as the Bloomberg Aggregate Index, there are too many securities to replicate and some of them are illiquid, so the manager must focus on risk and structure through a sampling technique. The universe of index management is a much more precise and painstaking process than people think.

Why are Index portfolios such an important tool for investors?

Index portfolios are one of the most critical tools, in my view, for a multitude of reasons. They allow you to invest in the broad markets without timing the market or making active bets. I think they are underutilized, and many portfolios could benefit from a core-satellite structure where there is both systematic risk and the diversification of unsystematic risk, which can be constructed relatively cheaply. In Indexing, most of the unsystematic risk is diversified away, leaving the systematic or market risk, also known as beta. There is a place for active managers, but they come at a cost. Through consistent index management, investors can achieve market exposure, often at a low fee, and potentially add alpha where markets are less efficient and where there is greater conviction.

What are you most proud of in your career to date?

There have been a lot of proud moments so far in my career but the proudest was earning my CFA. I committed to studying for it because of peer pressure initially. I’ll admit that it wasn’t a great inert desire at the time, but when I finished level III and received my CFA, I was extremely proud of the hard work and time I had put in. It’s good to prove to yourself that you have grit. Another proud moment came recently when I had the honor of ringing the Closing Bell® at the New York Stock Exchange in celebration of the BNY Mellon ETF launch. It’s something I wanted to do ever since I first watched my father turn on the television to see the markets close. He and my grandfather watched the Closing Bell® almost every day when I was young. Neither one of them were in investments professionally; my father was a dentist, and my grandfather was a pharmacist before the time of nationwide chains. He ran an investment club in the back of his office after hours where he and his friends would exchange ideas. Being part of the tradition of ringing the Closing Bell® brought back those memories. It was a special honor.

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