

MEET THE MANAGER

MARLENE WALKER SMITH

Marlene Walker Smith

Director, Head of Equity Portfolio Management



Marlene is head of equity portfolio management. She leads the team of equity index portfolio managers managing US and non-US equity index portfolios and is responsible for the refinement and implementation of the entire equity index portfolio management process.

Previously, Marlene served as a senior portfolio manager within the equity index team and prior to joining the equity index team was an equity trader for the firm. Prior to joining the firm in 1995, Marlene was a trader for Banc One Investment Advisors Corporation and a brokerage services manager for Mid Atlantic Capital Corporation. Marlene has been in the investment industry since 1990.

Marlene earned an MBA in finance from the University of Pittsburgh and a BA in history and Russian from Washington & Jefferson College.

Did you always envision a career in investment management?

Mine was a different path than you might expect. I always thought that I would be a history professor, but fate had other plans. As an undergrad, I majored in history and language, specifically concentrating on Russian/Soviet history. I was fortunate enough to receive a scholarship that enabled me to travel to Leningrad (now Saint Petersburg). Looking back, it was a turning point. That experience opened my eyes and changed my appetite for risk. I was still on a path to academia when I took a job in between studies answering phones at a small investment bank in Pittsburgh. That changed everything. I met my first mentor in the industry. He saw talent in me and trusted me with a job on the trading desk. I was fortunate to start out in a small shop because it necessitated wearing a lot of different hats. I fell in love with it. I understood how trading affects the performance of our accounts and therefore the end clients. I went back to school to get my MBA from the University of Pittsburgh. Since then, I've built several trading teams and had the good fortune of encouragement from mentors along the way. Trading was my first career, but when BNY Mellon presented me the opportunity to lead the Equity Index Portfolio Management team, I seized the chance to build our business, start Mellon's equity index corporate action team, and design lasting solutions. All those decisions were influenced by my first experience of being outside my comfort zone. Learning all I can and going outside of my comfort zone has been very rewarding.

What is the most important element of your job as Head of Equity Portfolio Management?

My responsibilities to clients and my team are multifaceted and really intertwined. My first priority is to build a lasting product for the future, but to do that I also need to build a team for the future. That means building one cohesive team that enables people to grow and learn and deliver innovative products. As a manager, I'm extremely invested in the growth of my team. I believe that my role is to create an environment and opportunities for the individuals on my team to move forward. In my view, teams should be designed to minimize silos and encourage idea sharing and leadership across the organization. I've found that building a culture that values curiosity and excellence has been the best way to develop world class products and lasting partnerships with clients.

What characteristic do you prioritize when hiring?

The most important characteristic I look for is a deep sense of curiosity and the ability to look across the whole investment ecosystem to understand how

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each piece feeds into the value we are seeking to deliver to clients. From accessibility to efficient trading strategies, I look for individuals who are willing to roll up their sleeves and understand how their responsibilities are going to affect the client downstream. Listening and multitasking is also essential because you must be incredibly focused on the details in the world of index management. There is a misperception that indexing is easy. It is anything but easy because there is no place to hide. You cannot miss an index change or an event. You need to understand your index methodology and know when there is a big event in the market, and you need to know how the index is going to treat it. It requires a high level of precision.

How have products evolved in the Equity Index space?

Index management is a very exciting part of the market. There is constant change from new products to models and trading strategies. I think there’s a misconception in the industry that index management is sleepy or uneventful. That couldn’t be further from the truth. When I first began in the equity indexing business, shops had very standard vehicles and that’s expanded dramatically to the benefit of clients, from a diversification standpoint, for example.

There has also been an increase in demand for customization and non-standard benchmarks, which I think is an area where we thrive. It’s not just institutional clients looking for customization. There is a growing appetite among retail investors for institutional-quality index management that is cost effective. To fulfill this need, we worked across BNY Mellon to deliver the suite of BNY Mellon Index Exchange Traded Funds (ETFs) in 2020.

What has been consistent about clients over your career?

Particularly in index management, the importance of working in partnership with clients to meet their goals has been a constant and necessary key to success. Many of our clients are stewards for their own clients which compounds the level of service we need to provide to help them navigate the market. The investment teams work in partnership internally as well as with relationship managers to support our clients holistically. That may mean utilizing various investment vehicles, such as collective funds, in a different manner to gain exposure more efficiently. It could also mean bringing different parts of the organization together to answer questions about fund positions or how bank failures and Federal Reserve action are going to impact the benchmarks tracked in our clients’ portfolios. I think that our level of commitment to partnership sets us apart.

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What are you most excited about for the future?

As we look to the future, the next stage and the natural progression of our evolution will be direct indexing which I’m most excited about. Our goal is to provide institutional level index management to retail investors where they can directly own the individual stocks, not just the ETF building blocks. This gives clients more flexibility to customize their portfolios. Expanding our product offering through direct indexing has been a corporate-wide effort and a truly collaborative initiative across BNY Mellon. The work we are doing in that space is something I am very proud of, and I can’t wait to further expand client access to institutional-quality products.

How do you re-energize and stay focused with the number of commitments you have?

I truly care about our clients and about the people I manage. It’s a huge responsibility. To stay focused and connected to the work we do, I walk religiously, rain or shine, in the early mornings. That time is dedicated to me. Most often during those walks I listen to some type of leadership podcast. There’s a digital crew of people who have helped me grow. People like Jim Collins and James Rhee who are mission-oriented leaders with compassion at their core inspire me to keep showing up for people every day in any way that I can. I put people at the center of everything that I do. I think that’s been rewarded with the level of connection we share. We have a strong, tight-knit team and I’m excited to work with them each day to grow the company.

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