

## FROM THE 2023 MILKEN GLOBAL CONFERENCE BLOOMBERG TV WITH HANNEKE SMITS

**Romaine Bostick**, Bloomberg TV

**Hanneke Smits**, CEO, Investment Management, BNY Mellon

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**Romaine Bostick:** Welcome back to the Milken Institute Global Conference here in Beverly Hills, California, the investment management arm of BNY Mellon. It's swelled to about 2 trillion dollars in assets under management. Of course, it's a collection of mutual funds, ETFs, as well as a lot of other products in the active and index space. That firm has been under the stewardship of Hanneke Smits since 2020. Hanneke is also the global chair of the 30% Club, a campaign that advocates for better representation of women on boards. Hanneke joins me right now from the Milken stage. Great to see you.

**Hanneke Smits:** Great to be here.

**Romaine Bostick:** It's been a while since we've talked and it's been quite a year, of course. I think the last time Milken came around, the Fed was just starting to hike rates. The economy was in a much different place. How much has changed, not only for you, but more importantly for your clients and what they're asking of you?

**Hanneke Smits:** So I think a lot has changed, as you just said, we're in a completely different environment. So 18 months ago, we were still in low rates, low inflation environment, and now we're in completely the opposite environment, right? Rates are here at 5%. Central banks have high rates across the world to manage inflation, which has continued to be high. And I think there are different reasons for it, which is therefore also impacting how our clients react. In Europe, we've seen the inflation in part driven by the increase in energy prices and cost of living prices. And here in the US the economy has continued to be much stronger and the inflation has been more about tight labor markets and wage inflation. So our view is that the central banks need to continue to live on their mandates of managing inflation, and therefore our expectation is that rates are likely going to stay higher for longer.

**Romaine Bostick:** So you don't anticipate any sort of cut anytime soon in rates?

**Hanneke Smits:** We don't anticipate it really this year.

**Romaine Bostick:** Well then what does that mean for where clients want to put their money? We've talked so much on our show over the last few weeks about the amount of money that went into money market funds and other cash like instruments, even into a fixed income, safer fixed income. Do you expect that trend to persist?

**Hanneke Smits:** We expect so. Clients have definitely been throughout 2022 in risk of territory and we saw a lot of ... and our investment management business wasn't immune from that. So we saw the same trends that you saw on the market out of active equity. Out of active fix last year as well because as yields were rising, the values in existing portfolios were coming down. So we saw a big switch into cash, but some of that is now starting to revert back into actually active fixed. Because if you expect rates to be higher for longer, you're at a different pricing level, it's actually going to be a good opportunity to start adding fixed to the portfolio. So we're seeing that.

**Romaine Bostick:** When it comes to the flow of money, meaning investors sort of repositioning, reallocating, is that pretty much staying within the umbrella of BNY Mellon Investment Management or is money going out to other places?

**Hanneke Smits:** No, it doesn't always necessarily stay because our clients, because of our multi affiliate platform, engage with our firms directly. And typically also it's a function of their asset allocation and how they work with consultants and sometimes these mandates are put up for tender. In the cash business, it's slightly different where we also work with clients from the Enterprise in the Dreyfus business.

**Romaine Bostick:** I mentioned, Hanneke, that you're also the Global Chair of the 30% Club. Give me a little insight into that and we should point out that the Chairman of Bloomberg, LP, Peter Grower, is a founding member of the US chapter of that. But the whole point of this club is to create more representation for women on corporate boards worldwide.

**Hanneke Smits:** Yes. So it launched in 2010, initially in the UK, to increase the representation of women on board. So it was 12% in the UK at the time. We got to 30% in '19 and we got to 40% actually last year. But that was only non-executive roles. We were absolutely thrilled that Peter Grower helped us launch the US chapter in 2014. And in the US we've also surpassed 30%. So you might ask me what's next? And secondly, why was it called the 30% club, not the 50% club?

**Romaine Bostick:** I am curious about that.

**Hanneke Smits:** Yes. So research has shown that 30% is the level or a suit of the proportion where women's voices can be heard. So if you're on a board with 10 people and three are women, at that point women's voices are heard. And that's true for any underrepresented groups. So we see the 30% as an important target and a floor, but definitely not a ceiling. We've achieved it in five countries around the world, including in the US.

**Romaine Bostick:** How?

**Hanneke Smits:** Through shining a light on the problem, for starters. Through engagement with chairs and CEOs of listed companies who've mostly been men and who've been advocates for this. And then through a mentoring program that we deliver with an organization called Moving Ahead that helps women. It's a cross company program and it helps women become ready to take on those board roles.

But the real battleground is actually the C-suite. That's where we got to go next. I saw a quote last week that there are now more women, I think, in leadership roles in the S&P 500 than men named John.

**Romaine Bostick:** I saw that.

**Hanneke Smits:** You've seen that one too.

**Romaine Bostick:** Yeah.

**Hanneke Smits:** But it's still a fact we still only have 10 women as CEOs of the S&P 100 and 9 in the FTSE 100. So I think there's still a lot of work to do.

**Romaine Bostick:** Yeah, we joke about that story, but it really was a great illustration, I think, of just how much more work needs to be done. You've done a lot of great work with the 30% Club, and maybe one day you'll change the name too, I don't know, the 50% Club or something else like that.

**Hanneke Smits:** Well, hopefully we won't exist then anymore. The need will go away.

**Romaine Bostick:** Hanneke, great to talk to you.

**Hanneke Smits:** Thank you.

**Romaine Bostick:** That's Hanneke Smits. She leads the investment management arm of BNY Mellon. From the Beverly Hills Hilton here at the Milken Institute Global Conference, Romaine Bostick here. This is Bloomberg.

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