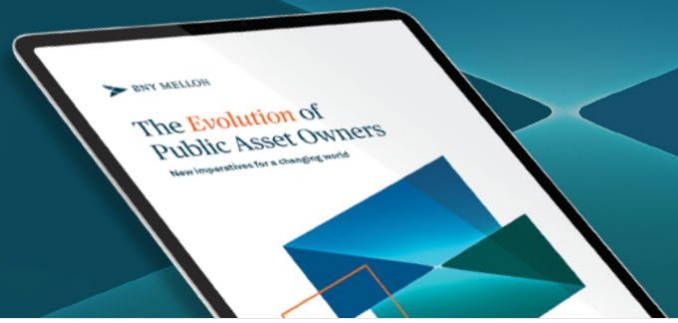


The *Evolution* of Public Asset Owners



How are public asset owners changing their investment strategies?

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One of the top priorities for central banks, public pension funds and sovereign wealth funds, is to rethink investment strategies to address evolving challenges and opportunities.

BNY Mellon's white paper, "The Evolution of Public Asset Owners," finds four key areas of change:

Firstly, we see a further push into alternatives, including infrastructure co-investments, but also directly or indirectly investing in the digital assets ecosystem.

Secondly, we found that a third of public asset owners plan to expand their securities lending programs in the next five years. This is enabled by an improved regulatory and controls framework, as well as more flexible securities lending platforms.

Thirdly, there's a further emphasis on ESG, and many asset owners have taken steps to apply responsible investments best practices across the totality of their portfolio. Some are more advanced than others, and all face an acute ESG data challenge.

Finally, these changes in investment strategy have a notable impact on the choice of internal versus external portfolio management. We found that approaches varied across institutions, depending on the asset class and in-house expertise.

We also found that approaches are highly dynamic, with 68% of respondents planning to change the balance of in-house versus external portfolio management over the next five years.

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