

WHAT'S DRIVING EUROPEAN PENSION FUNDS TO ALTERNATIVE INVESTMENTS?

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Well, if you look at Europe in specific and you would examine the top 50 pension funds' asset allocation, on average they allocate around 15% to alternatives to date, so that has dramatically risen over the past decade and will likely continue to rise in the future. Where they would traditionally pick real estate and private equity and infrastructure, you see it trending towards other asset classes as well, so commodity, mortgages etc. they do that for two reasons, on the one hand to create alpha, on the other hand also to diversify their portfolios, because they have to do that as a long-term investor. That brings along some complexity, because where large pension funds would have the resources or the tools, actually, to administrate these types of products, the mid to small size lack these resources and expertise and often look at specialists to help them out, and this is a field where BNY Mellon can add value through its administration services of alternatives.



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