Voice of the Asset Owner Survey 2025
Qualitative Insights

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A global survey of institutional investor priorities & perspectives

Introduction

Institutional asset owners (AOs) remain bound by a strong sense of fiduciary duty to their beneficiaries and key stakeholders and have stayed grounded in their long-term focus despite intensifying market pressures, geopolitical uncertainty, and regulatory change. This sense of duty showed consistently throughout our conversations with an incredibly diverse and globally far-reaching set of AOs during the qualitative phase of the annual Morningstar Voice of the Asset Owner Survey.

Now entering our fourth year for the survey, the depth and breadth of our research and insight into the asset owner community is improving exponentially. As we build on our conversations, we are learning more and more about the challenges facing AOs and how they are working through them. Our level of understanding is deepening, helping us to ask more insightful questions and identify emerging trends among this consistently evolving set of global investors.

Our AO clients are engaging more and more with the survey each year. With the help of Opinium Research, we conducted a series of live in-depth interviews with 25 asset owners across North America, Europe, and Asia-Pacific this year—nearly double the 14 we spoke with in 2024. We came away from these conversations with a solid sense for the toughest issues facing this cohort today. Common threads included:

- World Order Disrupted: Geopolitical shifts drive rethink on asset allocation. Asset owners are trying to make sense of the shifting geopolitical, public policy, and market landscape, balancing short-term pressures with longer-term fiduciary commitments. Current market uncertainty and long-term strategic considerations are causing AOs to reconsider their asset mix, rethinking their geographic allocations including US versus non-US assets and increasingly considering private markets.
- ESG Re-examined & Deconstructed. Asset owners remain committed to sustainable investing but are less wedded to “ESG” as a term. They are choosing to focus more on the process than what it’s called, treating “E,” “S,” and “G” as individual parts versus the sum of the parts, even combining the “S” and the “G” in certain cases for practical reasons. Fiduciary duty and practicality of purpose is driving more sophistication across all three of these factors when it comes to implementation, including developing specific strategies across different asset classes and creating strategies for alignment with their fund managers.

- Rollbacks & Blowbacks: Regulatory Fine-Tuning. Regulation continues to be viewed as a double-edged sword by AOs—helpful in some cases and not so helpful in others. Potential negative repercussions of rollbacks—as well as some positive aspects—were voiced. Asset owners view regulation and policy tools as helpful for setting standards and encouraging disclosure, but at the same time view the market and materiality as the ultimate policing mechanism. Asset owners also see industry collaboration through associations and collectives as a useful way to help influence better regulatory outcomes.
- Climate Strategy Evolving. Asset owners continue to view climate as a material investment factor and are evolving while recommitting to their climate investment strategies. New climate approaches and outlooks vary by asset owner and by market. For some, portfolio decarbonization alone is not doing enough to address real-world emissions reduction, which is the ultimate source of systemic risk and thus needs to be connected to their portfolio strategy.

World Order Disrupted: Geopolitical shifts drive rethink on asset allocation

Given that most interviews were conducted in April 2025—when the initial impact of global tariff announcements by the US presidential administration was being felt in global markets—it is no surprise that geopolitical uncertainty was top of mind. Prospects of a global trade war and resulting market dislocation, concerns around the status of the Ukraine-Russia conflict, global economic volatility, and US-China relations came up consistently in our conversations.

Many asset owners seem torn between long-term fiduciary commitments and short-term macro dislocations in the market. Faced with unprecedented situations and a global script still largely unwritten, many asset owners appear to be holding fast and waiting for more clarity before making short-term portfolio moves.

> "And of all those things that are going to dramatically impact everyone's portfolios, I do think it's beyond the financial part. Because, you know, we are in the process of seeing the world order disrupted. And so there could be other domino effects that come as well."

Public Pension Plan (US)

> "I think the key, of course, is economic growth and we have the import issues with Mr. Trump and other countries, so geopolitical issues... I think there are a lot of uncertainties in the world and nobody knows what to expect. It's unpredictable."

Insurance General Account (NL)

> "Part of the reason we do strategic allocation and not tactical is because we don't believe that tactical over the long-term actually adds value... And so, although it's very hard at the moment, we're trying to look through the near-term noise."

Superannuation Fund (NZ)

> "Geopolitics is definitely a major concern right now. We're also seeing signs of de-globalization—not just through tariffs, but in how these shifts may influence prices and inflation. These dynamics aren't always immediately visible in the data, but they're shaping the economics landscape in important ways."

Public Pension Plan (Canada)

> "So, it originates in the White House, but obviously everybody else is having to react. And because of the degree to which things are interacting—you've got the political environment, the various conflicts and so on still continuing—it makes it very difficult to know how it might turn out, or which pressure points will turn out to matter because things are so integrated. So yes, it's disruption of a type which is very difficult to join the dots for how it may develop."

Corporate Pension Plan (US)

Amid heightened geopolitical uncertainty and volatility, AOs are actively evaluating and thinking about the mix of markets, assets, and investments in their global portfolios, with some considering emerging markets. Several of the interviewees shared their hesitancy to throw too many eggs into the US market basket and are considering adjusting away from US assets given the current state of play.

In addition, private markets are increasingly being seen as a strategic investment allocation with AOs able to have a more direct influence over company operations and, potentially, less regulatory restrictions. It comes as no surprise that with the growing interest in private equity investing across all global regions, asset owners are expressing a need for stronger and more comprehensive data on private companies and markets.

> "We are looking at regional diversification, for example moving some assets from Europe versus North America. We're also looking at selecting new managers for emerging market mandates. We did make a commitment to increase the percentage of asset allocation to private markets, which at the moment is quite small but is intended to increase over time."
>
> Pension Plan (UK)

> "The point you have raised before is still valid; do we have the right ESG standards and criteria as part of the private equity strategies? The one comment I would make; I've done a lot of investment in public and private equity strategies with ESG integration and typically these private equity professionals, investment managers, perform in line with peers, and may exhibit more steady returns."
>
> Public Pension Plan (US)

> "I think we've seen peak exposure to the US, and we'll be lowering our weighting. And the way we're thinking at the moment is likely to be up-weighting to Europe and potentially bringing some funds back onshore."
>
> Superannuation Fund (Australia)

> "Where we're starting to put more money to work is private credit... And historically, we had very little in private equity. But in the last 12 months, we've started to look for opportunities in the private equity space and that would continue."
>
> Superannuation Fund (Australia)

> "One of the areas we've always struggled with is around getting data for private markets companies. And I think one of the things in CSRD was that companies in scope would have to get quite a lot of information from their supply chain, and while those might not need to directly report, there will be potentially positive impacts on getting more data, at least from companies in Europe."
>
> Public Pension Plan (UK)

> "... we could take some really really bad stuff in private equity and make it really really good because we have more control there. Actually having more initial carbon emission exposure in private equity and having a steeper downward transition path can deliver more meaningful emission reduction outcomes. This could enable us to both deliver more impact and achieve better investment returns."
>
> Superannuation Fund (Australia)

"ESG" Re-examined and Deconstructed

Our conversations reaffirmed that the concept of sustainability and sustainable investing is alive and well among the world's largest institutional investors. How the various component parts of sustainability are treated, and whether the term "ESG" as an umbrella concept will continue to be used, on the other hand, are very much up for discussion.

When asked about the debate around "ESG," many AOs consider it a productive dialogue on certain levels. While there is recognition that a blanket term like "ESG" can sometimes be a good way to readily identify a concept, many feel that this "marketing term" has become polarized, leaving the industry open to concerns of oversimplification or accusations of greenwashing. While there is no consensus on what a more appropriate term might be, "sustainable investing" and "responsible investing" came up in many discussions.

Mainly, the asset owners seem less concerned about what ESG is called versus how it is implemented across their global portfolios.

"We have not changed any use of terminology and we are still firmly referring to sustainable investing, responsible investment, ESG and sustainability. We're not diluting the language in any sort of form and it's very important that asset owners maintain consistency and persistence as forms of dilution might have happened from asset managers because they're under political attack."

Corporate Pension Plan (UK)

"And it's a terrible thing, really, that we have to defend our need to consider these things in investment analysis, when it's not only important in and of itself, it is important financially to do this stuff. And yet we find ourself on the back foot having to defend it. So that's a very poor state of affairs. But that's a US comment: outside the US, you've seen for example in the UK that you've still got the TCFD reporting and so von. So it's a very different environment there."

Corporate Pension Plan (US)

"We have discussed recently also with external experts and so on that this rebranding of ESG maybe isn't all negative because when you use umbrellas such as ESG, sustainability or CSR there are thousands of different topics under them... Over time if we start calling things what they are instead of putting them under labels like ESG, I think it can be good."

Insurance Company (Nordics)

"When I started working on ESG integration into investing more than a decade ago, my thinking was that it would just go away as a concept. Ultimately, we win the war when we don't need to say the letters ESG any more, right? Because it just becomes part of good investing. Everybody knows that these risks are real and they are going to pay attention to them. And whether or not they call it ESG—maybe management quality, community or associate engagement, positive brand image, etc., portfolio managers have been incorporating this information into their security selection and portfolio construction, because we all know there are risks and opportunities out there."

Public Pension Fund (US)

The asset owners we spoke with seem to be much more comfortable breaking ESG down into its component parts of Environmental, Social, and Governance, agreeing that the underlying components of ESG have intrinsic merit. When they are presented for what they represent on their own (i.e., not part of an "ESG" strategy), they may attract less attention. These factors are being integrated broadly across portfolios.

Environment, or climate, is viewed as the most tangible factor, and asset owners are asking for better, faster, and more comprehensive data in this area including physical risk modeling, natural capital, and biodiversity.

Views on social factors are mixed due to political challenges to DEI and the perception of social factors as being very difficult to measure. Some asset owners suggest that combining social with governance factors could lead to more tangibility in this area. Providing further support of the increasing practice of breaking ESG down into its component parts for more tangibility, ESG ratings and indexes were perceived as high level and generic—not the sole basis for decision-making, but rather as topline analysis to be supported by more specific underlying metrics and data.

"We certainly have expectations and we engage with our companies and the asset managers we deal with to try to set expectations around S issues like obviously diversity, equity, inclusion etc. But also worker safety, you know broad social issues around a transition of workforce etc. I think there's a big issue coming around the just transition for the impact of AI for instance. I think that's not a not an immaterial one that could really impact workforce and society."

Superannuation Fund (Australia)

"...we spend quite a lot of time with our fund managers. And we also assess their exclusions, integration strategies, engagement and stewardship... the last thing we do is that we always screen the fund portfolio and try to figure out is this really a mirror of what they said they did, what's in the portfolio. And we might follow up with questions. Okay, this holding there, how does that fit in with what you said there?"

Insurance Company (Nordics)

"ESG does apply to our whole portfolio, the extent that it can be applied, of course, differed by asset class, say hedge fund, it's more difficult, but we have had a conversation with all our fund managers, we asked them to basically apply to the extent possible. And I think here is where I can make a distinction between ESG and sustainability. So, I think sustainability, maybe it's a bit more about the investment opportunities rather than just the risk...There are sectors like infrastructure issues, which is by nature, it's more conducive for us to find investment, sustainable investment opportunities in the infrastructure sector, say, compared to hedge fund. So, when it comes to ESG, it's applied across the whole portfolio. But when it comes to finding sustainable investment opportunities, we do focus on certain asset classes."

Public Pension Fund (UK)

"We're also engaging on deforestation, working alongside other investors. Until now, much of the focus has been on climate change, but there's growing attention on biodiversity—and the important systemic connection it has to climate-related risks."

Public Pension Plan (Canada)

Rollbacks & Blowbacks: Regulatory Fine-Tuning

Running a close second to changing trade policy is changing regulation. And while regional nuances certainly exist, the current regulatory rollbacks in the US and Europe around sustainable investing definitely warrant the concerns of all the asset owners we spoke to.

Based on our discussions, the asset owner community appears to be looking for more clarity and consistency around regulation to make cross-border investing easier and more straightforward. Concerns were also expressed around regulatory rollbacks occurring in the US with the new administration and, to a certain extent, in Europe with the EU Omnibus Proposal. Asset owners seem concerned primarily from a tactical standpoint, i.e., less data and information requirements put on companies and markets may translate into less tangible data to help make decisions and chart a global investment direction.

Yet, at the same time, some asset owners are viewing the regulatory rollbacks in a more positive light, viewing more simplification as, potentially, a route to more clarity and less bureaucracy.

> "It's not so much the regulatory changes as the lack of regulatory clarity in terms of what to expect."

Corporate Pension Plan (US)

> "The idea of more transparency and disclosure at its core is good, that transparency creates accountability... But then on the flip side is that regulations are hard to get right and will not always be very useful in the end..."

Insurance Company (Nordics)

> "I think having standardization and requirements around regulated reporting is a necessary outcome as well. But making it as simple and pragmatic as it can be with standardized taxonomy is critical."

Superannuation Fund (Australia)

> "In one spectrum, regulation has been a great push for our industry, for ESG, because it's meant that companies have had to disclose more, it's meant that it has been taken seriously, it's meant that we've been able as a corporate to justify putting more resource to sustainability so that we could do so properly, more than just a tick box exercise."

Pension Risk Transfer Partner (UK)

> "I think that the industry faces some tension around this because there has been no standardization around the taxonomy or the way of measuring a number of these types of issues. And that has led to confusion ultimately around sort of end investors and consumers..."

Superannuation Fund (Australia)

> "Policy engagement may need to happen to spur more real world investment opportunities. It's not that we don't want to invest more in renewable energy infrastructures, just that actually it can take quite a long time to not get it up and running but to actually connect it to the grid, and that's more of a barrier to increasing it than institutional investors not wanting to invest in it... I feel like we're almost losing so much time over having arguments about rhetoric and maybe we just need to get our heads down a bit and then get on with the actual work."

Public Pension Fund (UK)

Climate Strategy Evolving: Reassessing "What Works"

Our conversations with AOs reinforced how committed they are to climate as a material investment factor, as well as their growing sophistication and evolution of their climate investment strategies. Now that net zero targets have been in place for multiple years, asset owners are taking stock of what is working and what isn't. Initial approaches that focused on portfolio decarbonization are now being reassessed for their real-world efficacy and their ability to address the systemic risk of climate change in the real economy. Differentiation of approach by asset classes is a key theme that has emerged in this year's discussions, with more attention dedicated to private markets and the opportunities they present to finance solutions and infrastructure or enable direct engagement with portfolio companies that can impact operational behavior.

While regulatory and political headwinds have sharpened and news of asset manager departures from net zero alliances have captured headlines, asset owners are clearly doubling down on engagement and stewardship as a means of closing the transition gap. Efforts to seek alignment with external fund managers and general partners, continued involvement in industry coalitions, and, at times, policy engagement are all aspects of AOs' holistic approach to tackling the systemic risks they face as long-term investors. Of course, with the growing sophistication of climate-related investment approaches by asset owners, many continue to express a desire for more sophisticated, timely, and high-quality climate-related data.

"...we're not investing in a net zero product because our focus is on real-world decarbonization to address the systemic risks that climate change poses to our portfolios and to the global economy. Net zero product tends to be about portfolio decarbonization. If we were just focused on portfolio decarbonization, that's a lot easier to make happen, but that's not what we're looking for... The second is that because it is about real-world decarbonization, it's really focused on engagement with portfolio companies to move towards decarbonization."

Public Pension Fund (US)

"I think our view has always been that the real world decarbonisation is more important. So we have set some medium and long-term portfolio decarbonisation targets, but they're not year- over- year targets, so that's because we want to give ourselves flexibility to pursue or give money to, to give capital to companies that may be heavily carbonised now but are on the right track for real decarbonisation."

Public Pension Fund (UK)

"Portfolio decarbonization versus real world emissions reduction: "So, you can measure the numbers. But if you become too tied up on one measurement, you can do things which are making you look better on that measure, but you're not actually changing anything in the real world—what you don't want to be doing is managing the metric as opposed to managing the underlying."

Corporate Pension Plan (US)

"The whole logic behind our approach to climate risk is that it's an unrewarded or consistently under-rewarded risk in portfolios, and so being better able to identify and understand that risk would mean we could better mitigate and avoid it where we think it's less rewarded."

Superannuation Fund (Australia)

Conclusions & next steps

The insights gathered during the qualitative phase of our annual survey will shape the development of the questions to be asked during the subsequent, broader quantitative phase (phase 2), which will be fielded and published during the second half of the year. During phase two, we'll drill down deeper into these themes that came across loud and clear and probe further on questions related to market disruption, asset allocation, regulatory and policy changes, and the relevancy of "ESG" as a term.

Our sincere thanks to the investment professionals who participated in the qualitative phase of our 2025 study. We are looking forward to engaging further with you, our clients, key stakeholders, and the broader market in the coming months and sharing the results of our quantitative survey in September.

About Morningstar Indexes

As the fastest growing global index provider for the last three years according to Burton-Taylor, Morningstar Indexes was built to keep up with the evolving needs of investors—and to be a leading-edge advocate for them. Our rich heritage as a transparent, investor-focused leader in data and research uniquely equips us to support individuals, institutions, wealth managers and advisors in navigating investment opportunities across all major asset classes, styles and strategies. From assessing risk and return with traditional benchmarks to helping investors effectively incorporate ESG objectives into their investment process, our range of index solutions spans an investment landscape as diverse as investors themselves. We help investors answer today's increasingly complex questions so that they can more easily reach tomorrow's goals. For more information, visit indexes.morningstar.com.

MORNINGSTAR Indexes

About Morningstar Sustainalytics

Morningstar Sustainalytics is a leading ESG data, research, and ratings firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Morningstar Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG information and assessments into their investment processes. The firm also works with hundreds of companies and their financial intermediaries to help them consider material sustainability factors in policies, practices, and capital projects. With 17 offices globally, Morningstar Sustainalytics has more than 1,800 staff members, including more than 850 analysts with varied multidisciplinary expertise across more than 40 industry groups. For more information, visit www.sustainalytics.com.

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