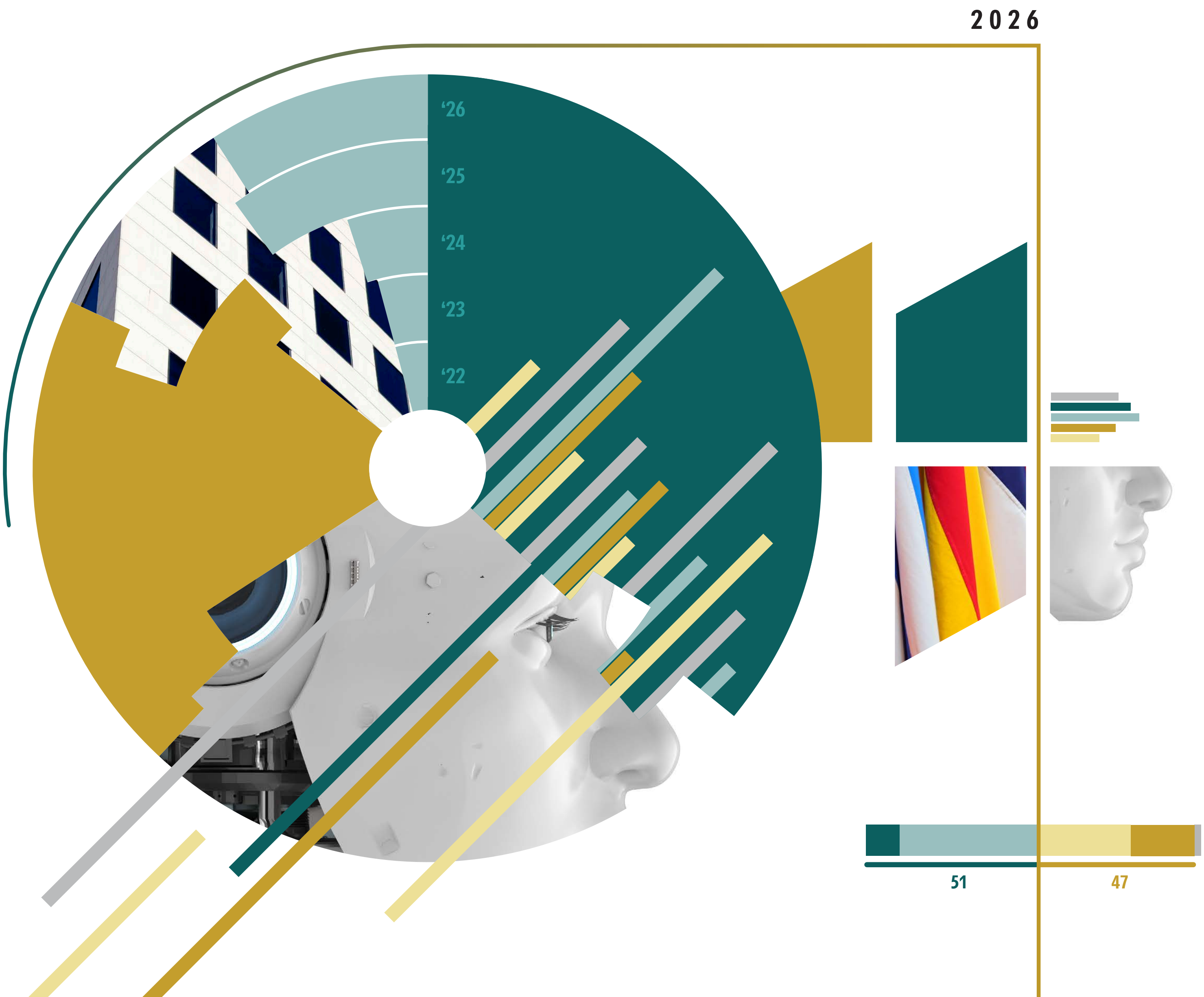
Asset Owner Perspectives Survey 2026

Quantitative Analysis

Conducted by Morningstar Indexes and Morningstar Sustainalytics

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Our fifth annual global survey of institutional investors' priorities and perspectives

Morningstar's flagship institutional investor survey, formerly known as the Voice of the Asset Owner Survey, marks its fifth year in 2026. Part of the Morningstar Investor Perspectives research series, the study is designed to gauge the pulse of the global asset owner community and better understand the challenges facing institutional asset owners such as pension funds, insurance general accounts, family offices, foundations, outsourced chief investment officers, and sovereign wealth funds.

The 2026 findings show asset owners balancing long-term priorities with immediate market pressures. Sustainability is embedded in investment practice, but inflation, market concentration, geopolitical risk, and the rapid expansion of AI increasingly shape the agenda. Confidence in regulation has softened, while demand is rising for useful, decision-ready data. At the same time, asset owners maintain a generally positive outlook on U.S. markets and view private assets as a potential source of diversification and return.

Phase One—What we heard: Qualitative insights from direct conversations

Earlier in 2026, as part of the qualitative phase of our survey, we held in-depth, one-on-one conversations with 25 asset owners from North America, Europe, and Asia-Pacific (APAC). The goal of these discussions was to surface key themes and perspectives to inform the broader quantitative study. Common threads included geopolitical uncertainty and portfolio resilience, the growing influence of AI, evolving views on private markets and climate investing, and persistent challenges related to data, regulation, and transparency. Read the full analysis.

Phase Two: Quantitative analysis

In July 2026, we launched the second phase of our annual survey—a quantitative study designed to delve deeper into the key themes surfaced during our initial qualitative discussions. The survey captured responses from 504 asset owners of a variety of types, sizes, and geographies. The results are organized around the following key themes:

1. Balancing Opportunity and Constraints in Private Markets
2. AI Adoption and Investment Implications
3. Geopolitics and Portfolio Positioning
4. The Evolving ESG Landscape

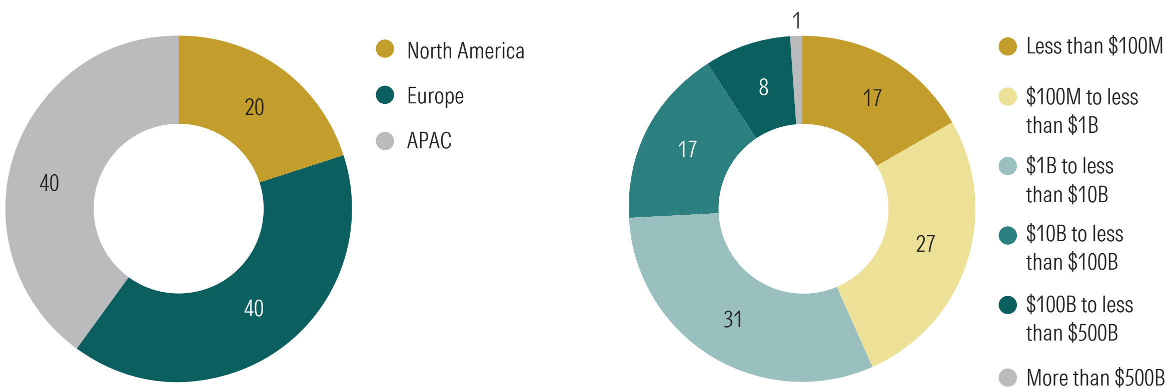
Who did we talk to?

The quantitative phase surveyed 504 asset owners in 2026. Respondents were distributed across North America (20%), Europe (40%), and Asia-Pacific (40%).

Those surveyed included outsourced chief investment officers, or OCIOs, (21%), family offices (20%), insurance general accounts (19%), pension funds (15%), endowments / foundations (13%), and charitable/religious foundations (10%). Sovereign wealth funds were also represented.

Over one-half of the asset owners surveyed represent institutions managing $1 billion or more in assets (57%), and more than one out of four (26%) manage $10 billion or more in assets.

Regional distribution (%) and AUM tier distribution (%)



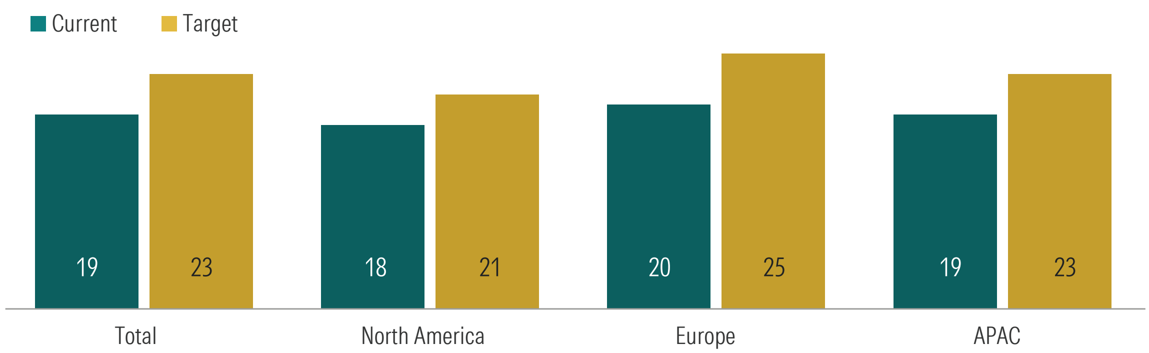
Balancing opportunity and constraints in private markets

As private markets play a significant role in institutional portfolios, we broadened our analysis this year to better understand where asset owners are allocating capital, why and where they plan to increase exposure, and what obstacles may stand in the way.

Asset owners target higher private market allocations

Asset owners continue to demonstrate strong interest in private markets, with average allocations expected to increase from 19% of AUM today to 23% within five years. The most ambitious targets are found in Europe, where investors expect private markets to account for 25% of AUM, compared with 21% in North America and 23% in APAC. The results suggest that private markets remain a strategic growth area for institutional portfolios globally.

Current and five-year targeted percentage of total AUM invested in private markets (average) (%)



Diversification and return potential drive interest in private markets

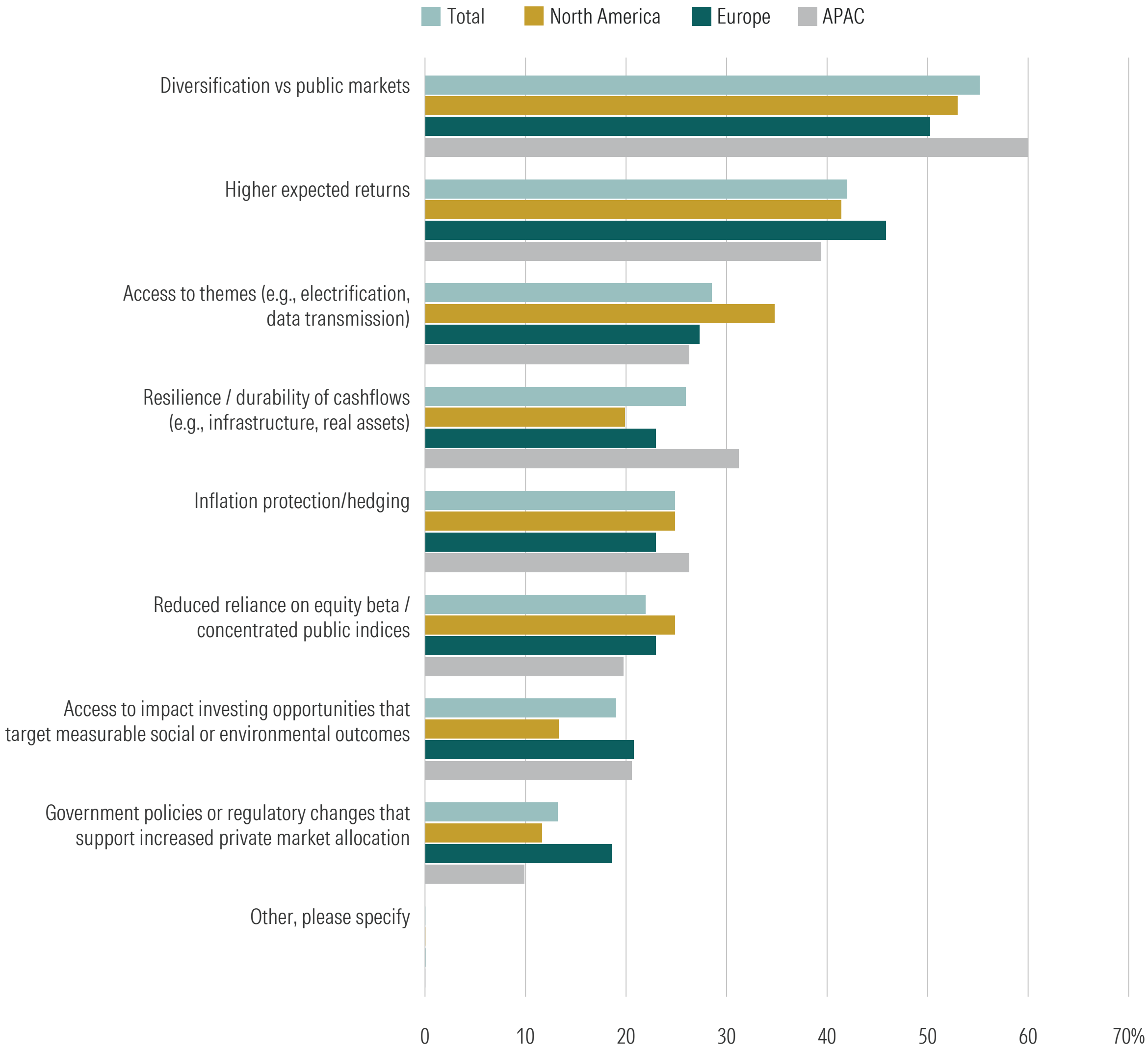
Among asset owners planning to increase their private markets exposure, diversification from public markets (56%) is the leading driver, followed by higher expected returns (42%). Respondents also cite access to long-term structural themes such as electrification and data transmission (29%), as well as the resilience of cash flows associated with infrastructure and other real assets (26%), as important reasons for expanding private market allocations.

Notable regional differences include APAC's stronger emphasis on diversification (60%) and resilient cash flows (31%), while European investors are more likely to cite higher expected returns (46%) and government policies or regulatory changes supporting private markets (19%).[1] Overall, the findings suggest that asset owners are primarily turning to private markets to diversify portfolios and access return opportunities that may be less available in public markets.

1 Regional figures for this question are based on small bases (APAC n=46, Europe n=32, North America n=21) and are indicative of broad direction rather than statistically reliable differences

Country-level results (not shown) reveal notable differences in the motivations behind increasing private market allocations. Hong Kong (81%), Singapore (70%), China (67%), and Canada (66%) are particularly focused on diversification from public markets, well above the global average of 56%. China also stands out for its emphasis on thematic opportunities (40%) and impact investing (33%), while placing relatively little importance on higher expected returns (13%), suggesting a broader strategic rationale for private market investing.

Rationale for increasing exposure to private markets over the next five years (%)



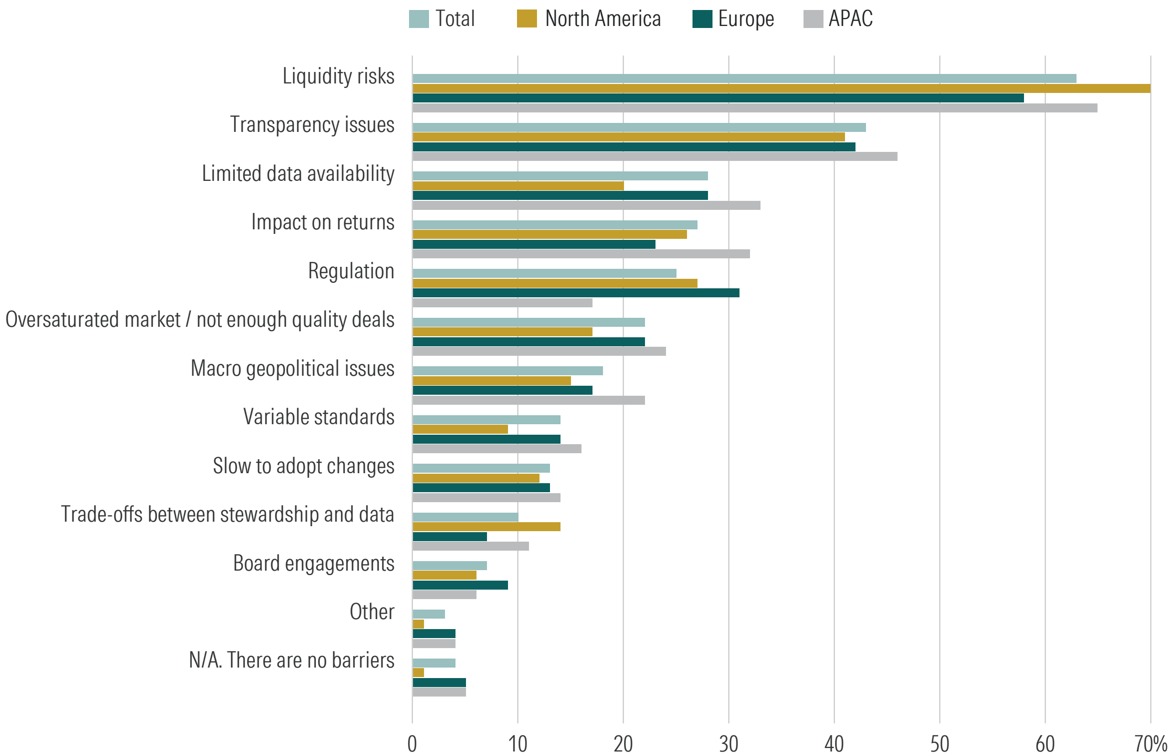
Liquidity and transparency are meaningful constraints

Liquidity is the dominant barrier to increasing private market allocations, cited by 63% of asset owners globally, and is particularly pronounced in North America (70%) and APAC (65%). Transparency issues (43%) rank as the second most common obstacle, followed by limited data availability (28%), concerns about the impact on returns (27%), and regulation (25%).

Regional differences suggest varying concerns:

- North American respondents are more focused on liquidity risk (70%), while APAC investors are more likely to cite limited data availability (33%), return concerns (32%), and macro geopolitical issues (22%).
- European asset owners stand out for their greater emphasis on regulatory barriers (31%), compared with 27% in North America and 17% in APAC.

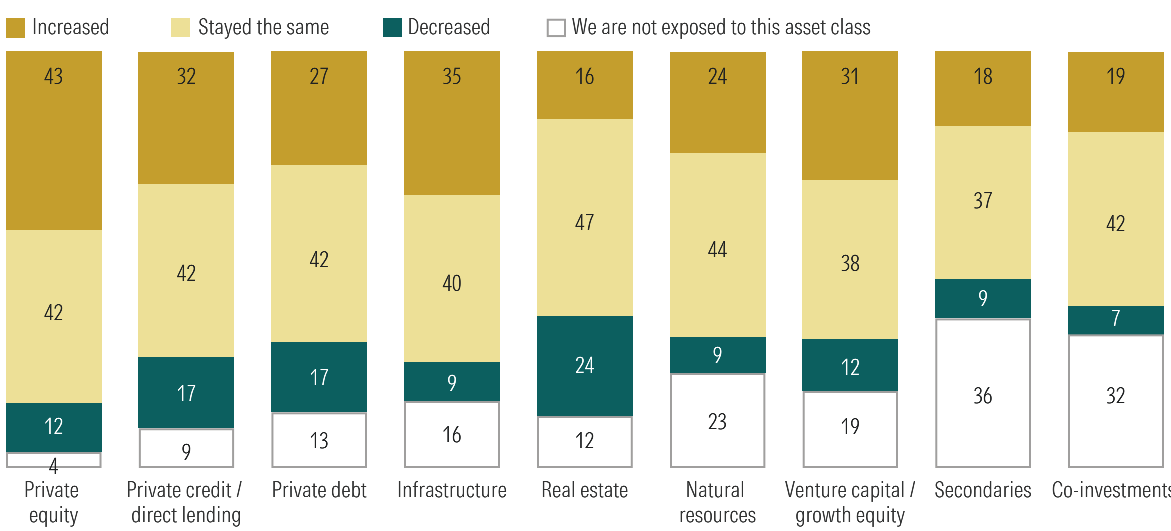
Barriers to increasing exposure to private markets (%)



Investors are selective about where they allocate capital

Asset owners appear to be taking a selective approach to private markets, directing new capital primarily toward private equity (43%), infrastructure (35%), private credit / direct lending (32%) while maintaining relatively stable allocations elsewhere. Notably, real estate stands out as the only private market segment where respondents were more likely to report decreasing than increasing exposure, suggesting continued caution toward the asset class despite broader interest in private markets

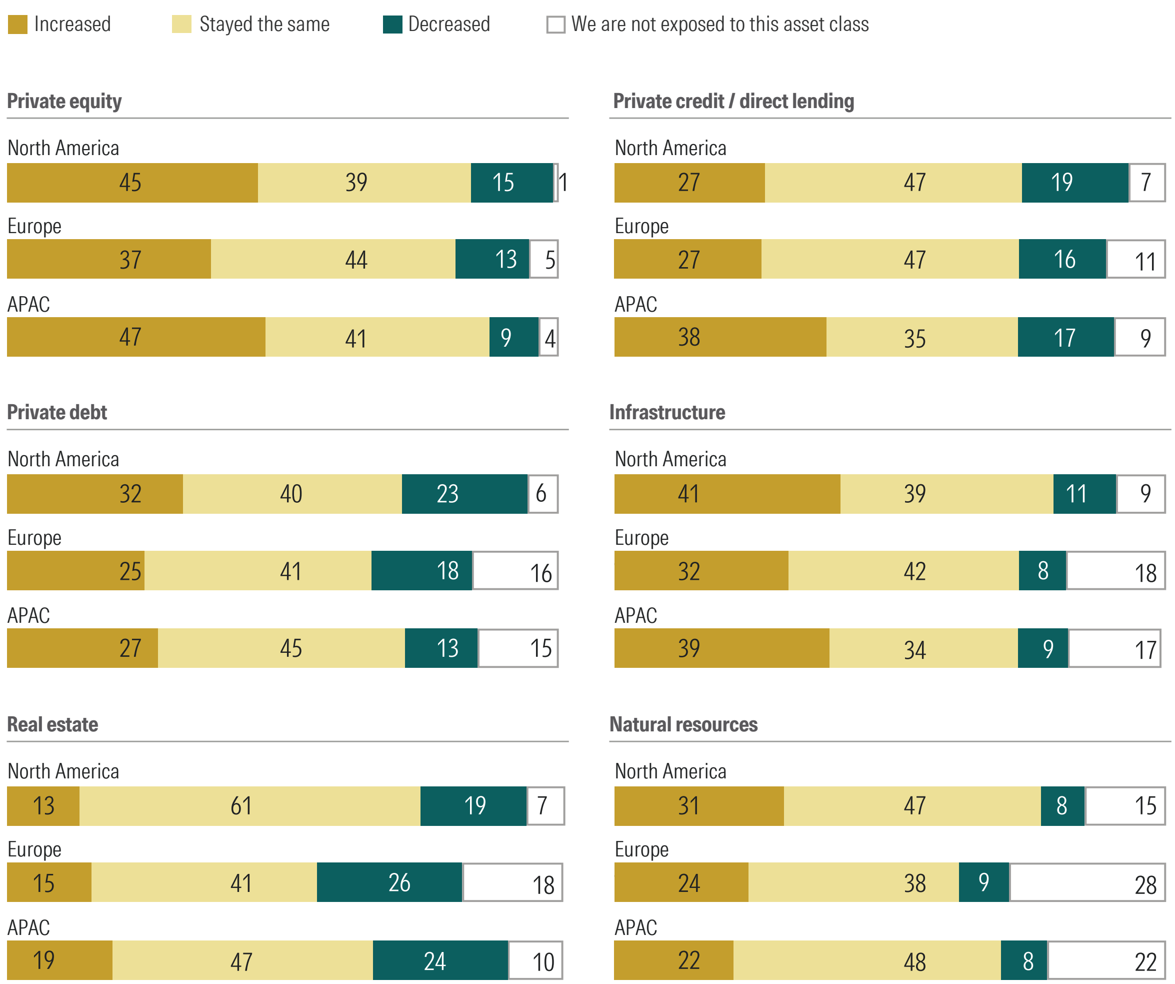
Whether exposure to specific private market assets has increased, decreased, or stayed the same in the last 12 months (%).

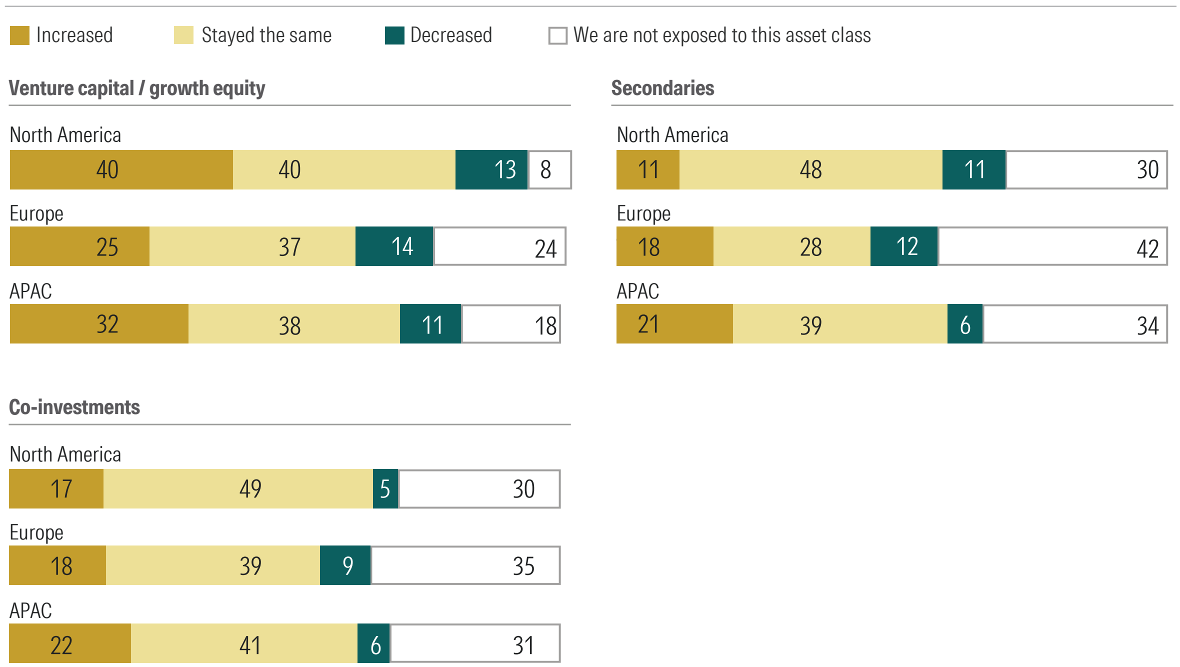


Regional results indicate that North American and APAC investors tend to maintain broader private market exposures, while European investors take a more selective approach:

- APAC respondents are the most likely to report increasing allocations to private equity (47%) private credit/direct lending (38%), and co-investments (22%), while North American asset owners lead in infrastructure (41%), venture capital/growth equity (40%), and private debt (32%).
- European investors appear more selective in their private market exposures. They report the highest level of reduced real estate exposure (26%) and are the least likely to be invested in venture capital/growth equity, secondaries, and natural resources.
- Overall, North American and APAC respondents appear more active across a wider range of private market asset classes, while European investors maintain a narrower set of exposures and show greater caution toward certain segments.

Whether exposure to specific private market assets has increased, decreased, or stayed the same in the last 12 months (regional view) (%).





AI Adoption and Investment Implications

AI is increasingly influencing both investment decision-making and organizational operations. This year's survey examines the role AI plays in asset owners' investment processes, where respondents expect it to deliver value, and the risks they believe could emerge as AI's influence on markets and investment portfolios continues to grow.

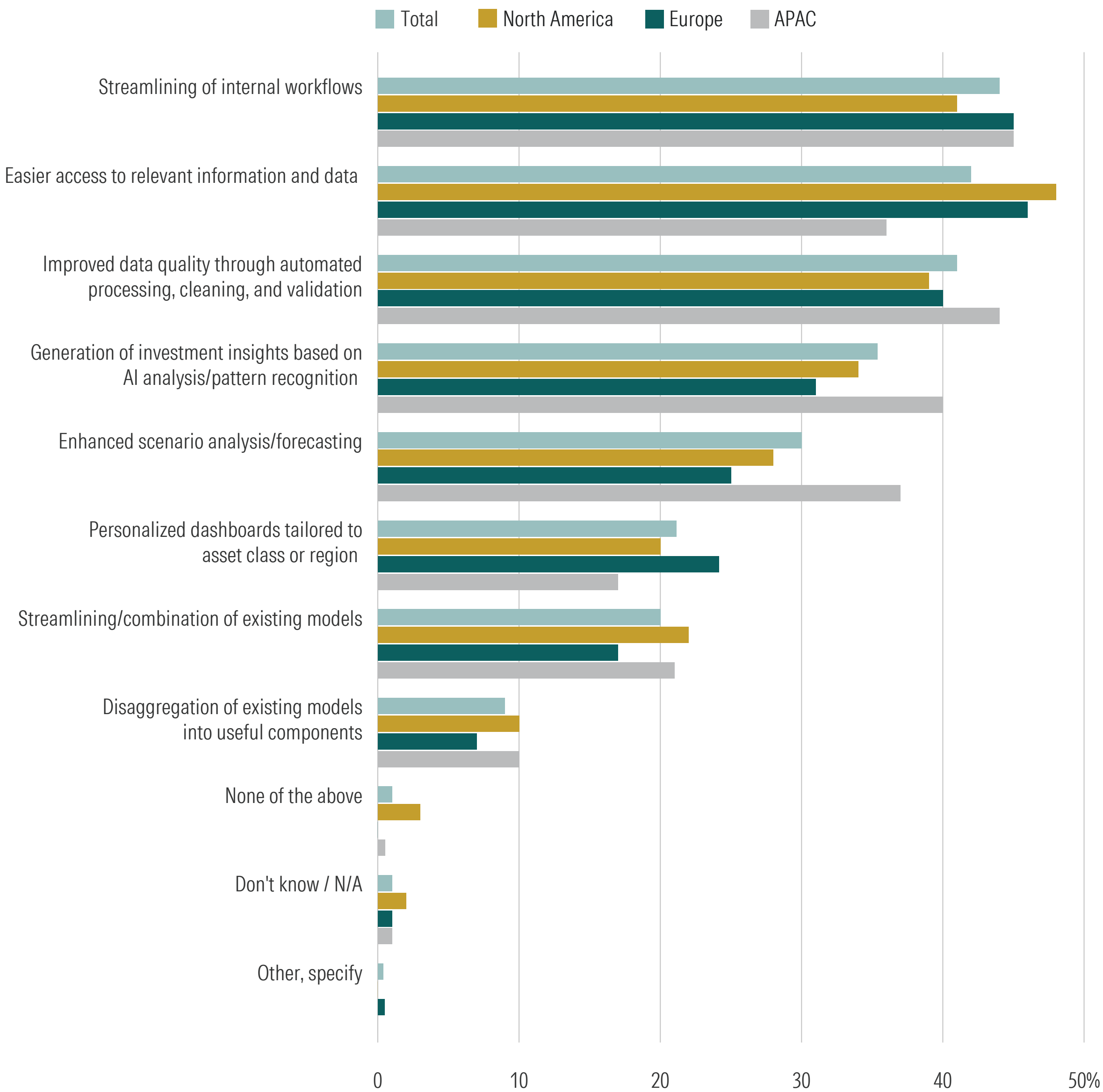
AI is expected to enhance efficiency and decision-making

Asset owners view AI primarily as a tool to enhance efficiency and support better investment decisions. Respondents identify the greatest opportunities in improving workflows (44%), information access (42%), and data quality (41%), while also recognizing AI's potential to strengthen investment research and forecasting (35%). By contrast, relatively little interest is directed toward rebuilding or disaggregating existing models, suggesting that AI is currently viewed more as an enhancement to existing investment processes than a replacement for them.

Regional differences reveal varying priorities for AI adoption:

- APAC respondents place greater emphasis on AI's analytical capabilities. They are more likely than other regions to cite data quality improvements (44%), AI-driven investment insights (40%), and forecasting (37%) as valuable uses of AI.
- North American and European asset owners are more focused on productivity and information management. Access to relevant information and data ranks particularly high in North America (48%) and Europe (46%), while workflow efficiency is the leading use case in both Europe (45%) and APAC (45%).

Areas in which asset owners expect AI technologies (for example, large language models, machine learning) to be the most useful in their investment operations (%)

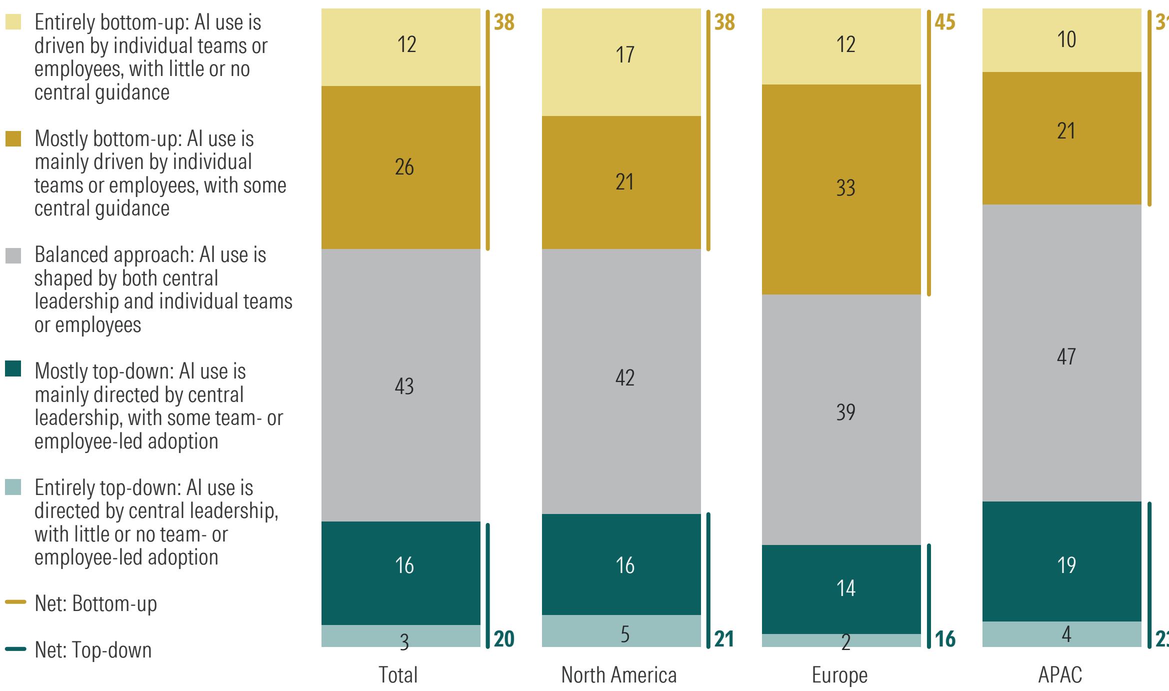


Bottom-up innovation plays a leading role in AI adoption

To better understand how AI adoption is taking shape within organizations, we asked respondents whether their firm's approach is primarily driven by executive leadership, employee-led innovation, or a combination of both.

We learned that AI adoption is driven more by employees than by executive mandates. Globally, assert owners are nearly twice as likely to report a bottom-up approach (38%) as a top-down approach (20%), although the largest share of respondents (43%) describe their organization as taking a balanced approach that combines leadership direction with employee-led innovation. Regionally, Europe is the most bottom-up market, while APAC shows the strongest top-down tendencies, suggesting different approaches to AI governance and implementation across regions.

Who is driving the use of AI?

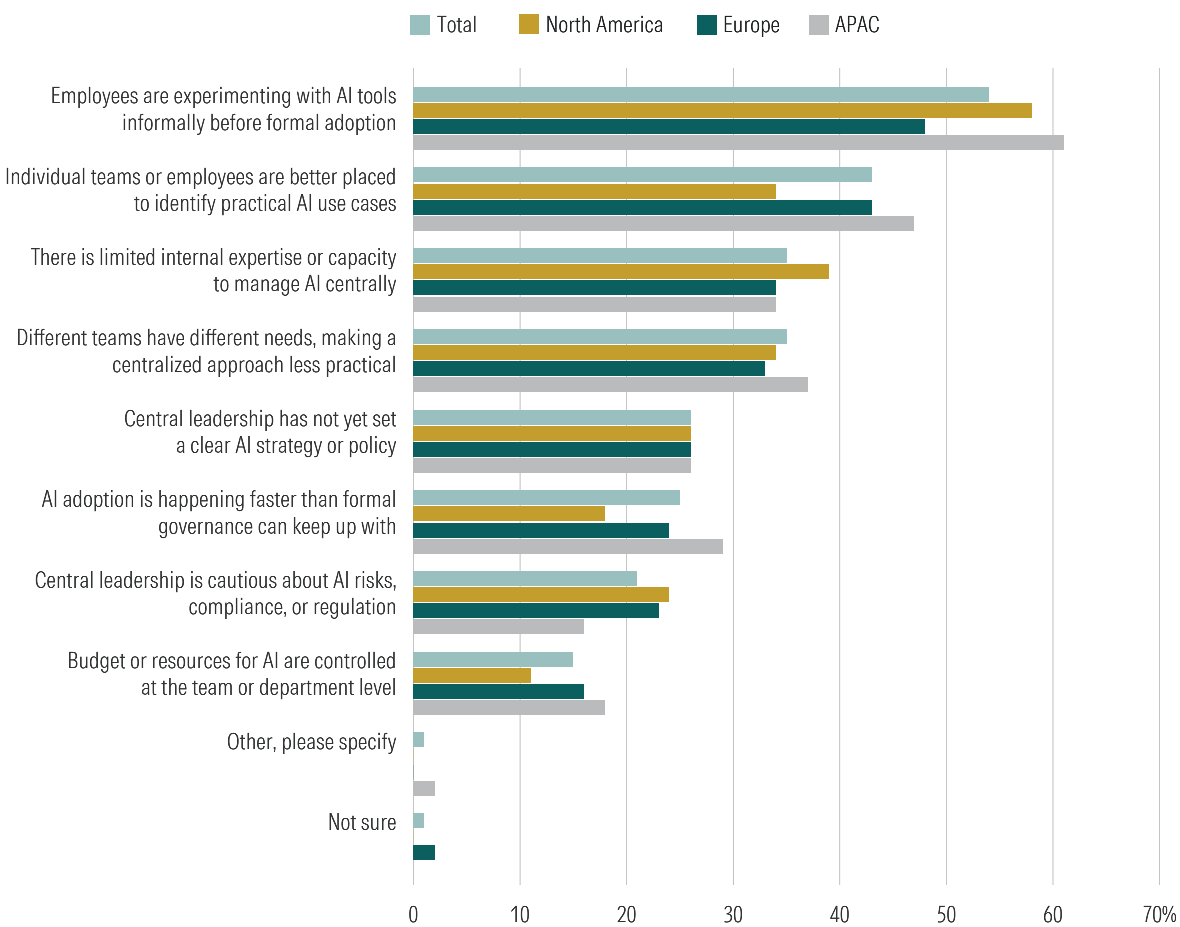


Experimentation drives bottom-up AI adoption

Among organizations where AI adoption is primarily bottom-up, the most common explanation is that employees are experimenting with AI tools informally before formal adoption (54%), followed by the view that individual teams are best placed to identify practical AI use cases (43%). Roughly one-third of respondents also cite limited internal expertise to manage AI centrally (35%) and the challenge of serving different team needs through a centralized approach (35%).

Notable regional differences include APAC's greater reliance on grassroots experimentation (61%) and its higher likelihood of reporting that AI adoption is moving faster than governance can keep pace (29%), while North American organizations are more likely to cite limited internal expertise or capacity to manage AI centrally (39%).

Why AI usage is mostly or entirely bottom up (%)

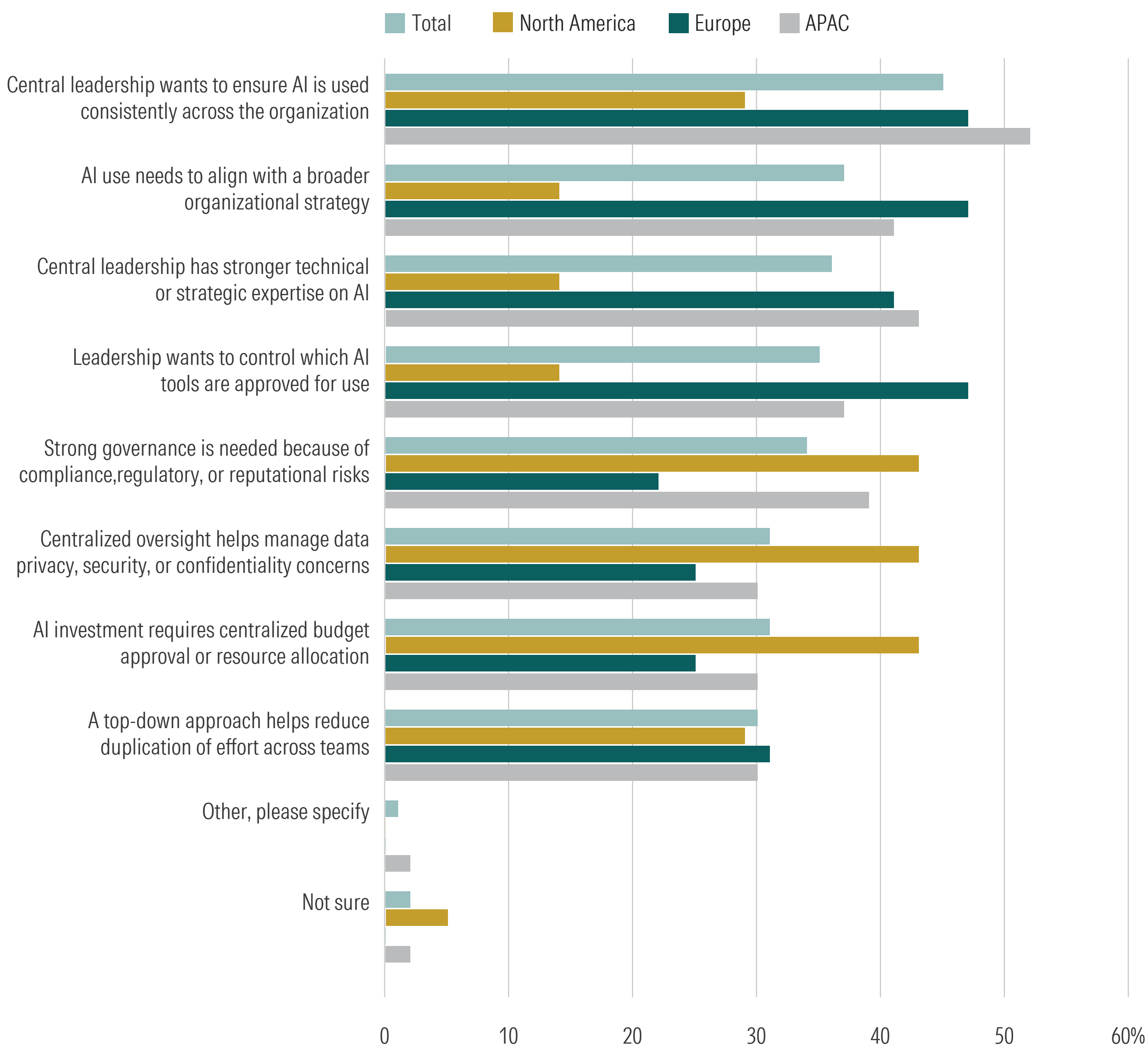


Governance and consistency drive top-down AI adoption

Among organizations where AI adoption is primarily top-down, the leading rationale is the desire to ensure AI is used consistently across the organization (45%), followed by aligning AI use with a broader organizational strategy (37%) and leveraging central leadership's technical or strategic expertise (36%). Respondents also frequently cite the need to control which AI tools are approved for use (35%) and to address governance, risk, and compliance considerations (34%).

Notable regional differences include APAC's stronger emphasis on consistency (52%) and leadership expertise (43%), while European organizations place greater weight on aligning AI with organizational strategy (47%) and controlling approved AI tools (47%). In contrast, North American respondents are more likely to cite compliance, regulatory, and reputational risks (43%), as well as data privacy and security concerns (43%), as drivers of a centralized approach.

Why AI usage is mostly or entirely top-down (%)?



AI's Investment Implications Extend Well Beyond Technology Adoption

Asset owners express the greatest concern about whether elevated AI-related valuations and capital expenditure can be supported by future returns, with nearly three-quarters (73%) reporting concern. Respondents are also wary of growing concentration risks, including dependence on a small group of companies, markets, and infrastructure providers. By comparison, concerns about labor market disruption and AI-driven crowding are more evenly divided. Notably, nearly 6 out of 10 asset owners are concerned about AI-driven demand for data centers and power leading to increased energy costs and/or inflation.

In terms of investment decisions, how concerned, if at all, are you about the following?

Geopolitics and portfolio positioning

Geopolitical developments continue to shape the investment landscape, influencing both how asset owners assess risk and how they position portfolios. This year, we explored not only the geopolitical issues that concern institutional investors most, but also whether those concerns are affecting allocations to U.S.-based assets and the factors driving those allocation decisions.

Asset owners monitor a broad set of geopolitical considerations

Geopolitical developments continue to play a significant role in investment decision-making, with rising inflation emerging as the most influential factor globally. More than three-quarters of asset owners (76%) describe inflation as material to their investment decisions, including 82% in APAC, 74% in Europe, and 68% in North America.

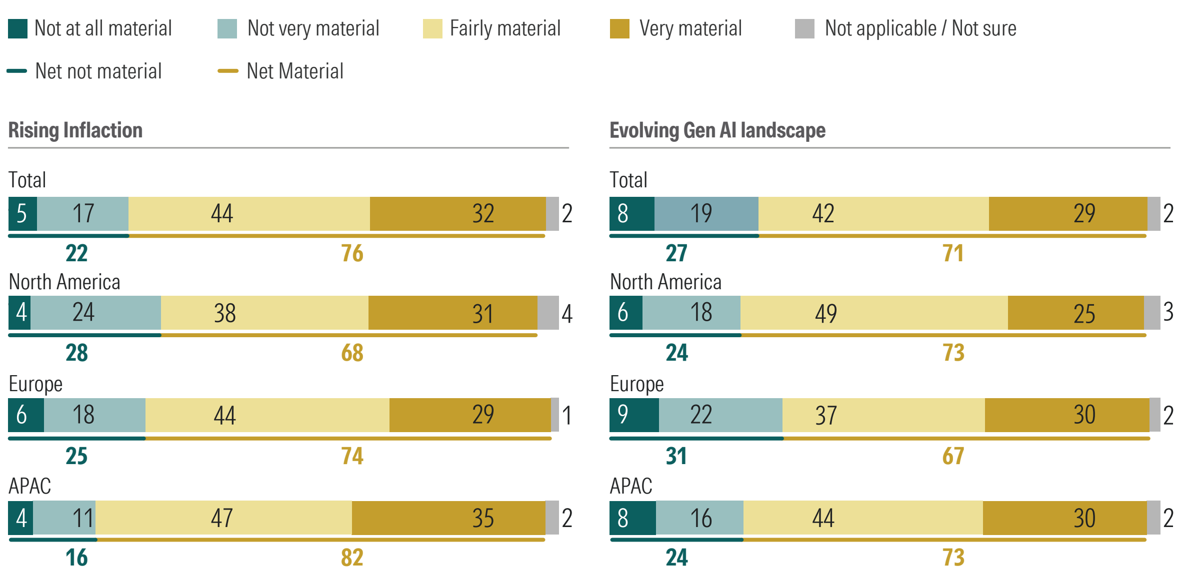
The evolving Gen AI landscape (71%) and the energy and supply chain crisis (66%) were also widely viewed as material, highlighting investor focus on both technological disruption and economic resilience.

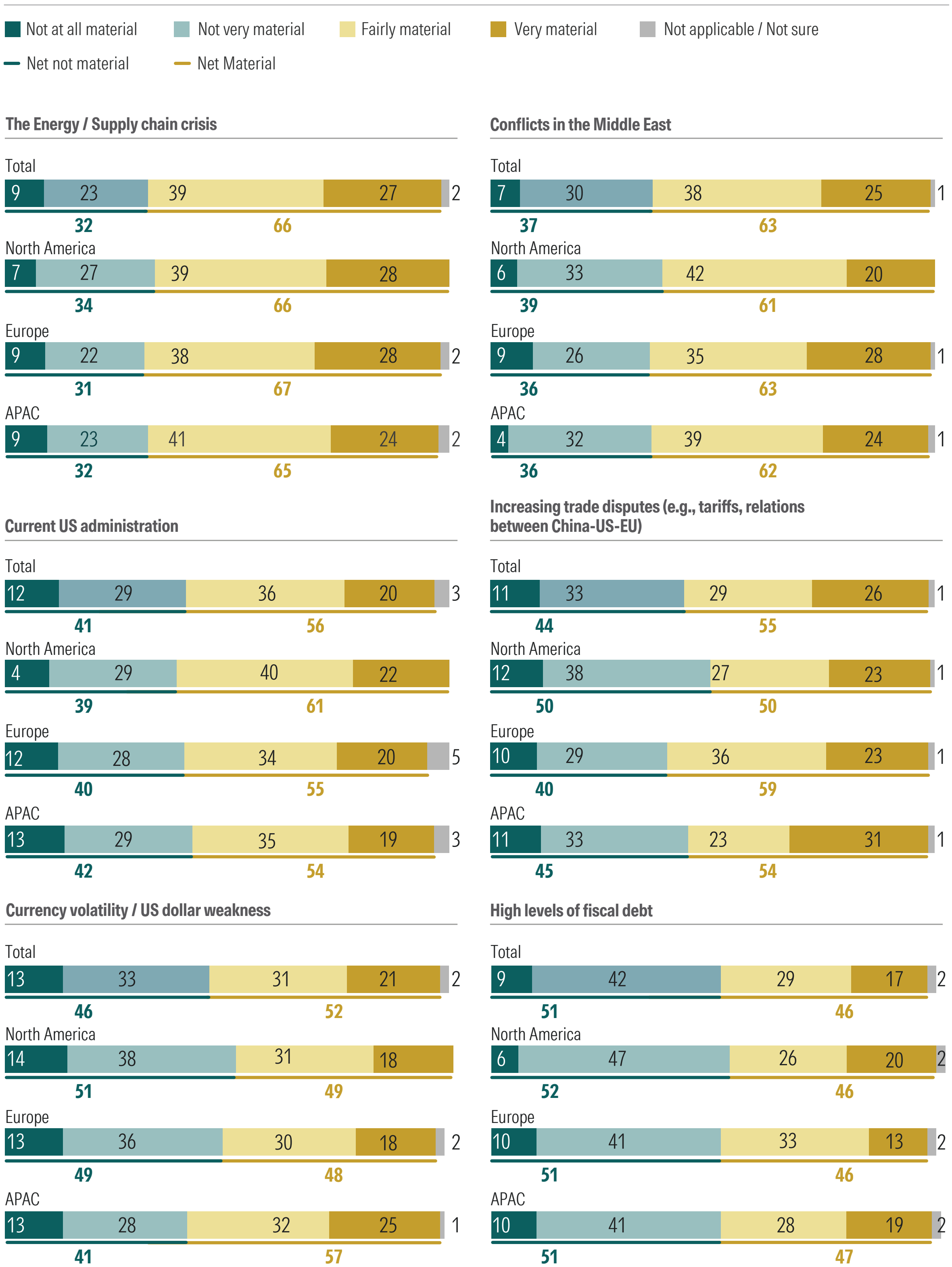
In contrast, traditional geopolitical issues such as the Russia-Ukraine war (44%) and high levels of fiscal debt (46%) were less likely to be considered material than issues directly affecting economic growth, markets, and corporate operations.

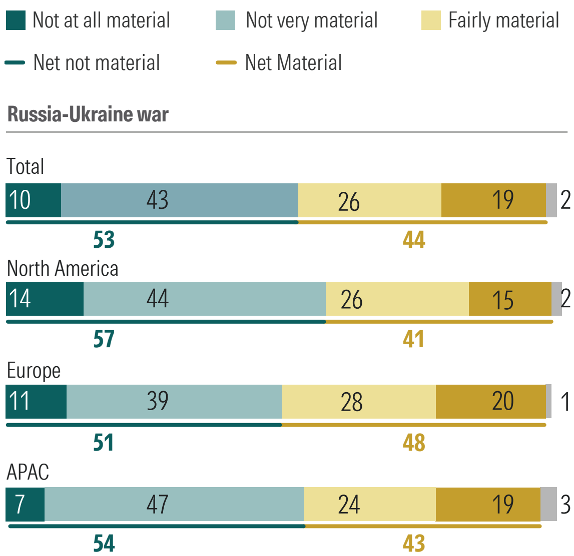
Regional differences were evident across several issues:

- Europe (59%) and APAC (54%) respondents were the most likely to cite increasing trade disputes as material, reflecting the regions' close exposure to global trade flows and U.S.-China relations.
- The current U.S. administration was viewed as most material in North America (61%), compared with 55% in Europe and 54% in APAC.
- Europe reported the highest level of concern about the Russia-Ukraine war (48%), while APAC respondents were most likely to view currency volatility and U.S. dollar weakness as material (57%).

Issues most material to asset owners' investment decisions (%)




Not at all material
Not very material
Fairly material
Very material
Not applicable / Not sure
Net not material
Net Material
The Energy / Supply chain crisis
Total 9 23 39 27 2
32 66
North America 7 27 39 28
34 66
Europe 9 22 38 28 2
31 67
APAC 9 23 41 24 2
32 65
Conflicts in the Middle East
Total 7 30 38 25 1
37 63
North America 6 33 42 20
39 61
Europe 9 26 35 28 1
36 63
APAC 4 32 39 24 1
36 62
Current US administration
Total 12 29 36 20 3
41 56
North America 4 29 40 22
39 61
Europe 12 28 34 20 5
40 55
APAC 13 29 35 19 3
42 54
Increasing trade disputes (e.g., tariffs, relations between China-US-EU)
Total 11 33 29 26 1
44 55
North America 12 38 27 23 1
50 50
Europe 10 29 36 23 1
40 59
APAC 11 33 23 31 1
45 54
Currency volatility / US dollar weakness
Total 13 33 31 21 2
46 52
North America 14 38 31 18
51 49
Europe 13 36 30 18 2
49 48
APAC 13 28 32 25 1
41 57
High levels of fiscal debt
Total 9 42 29 17 2
51 46
North America 6 47 26 20 2
52 46
Europe 10 41 33 13 2
51 46
APAC 10 41 28 19 2
51 47



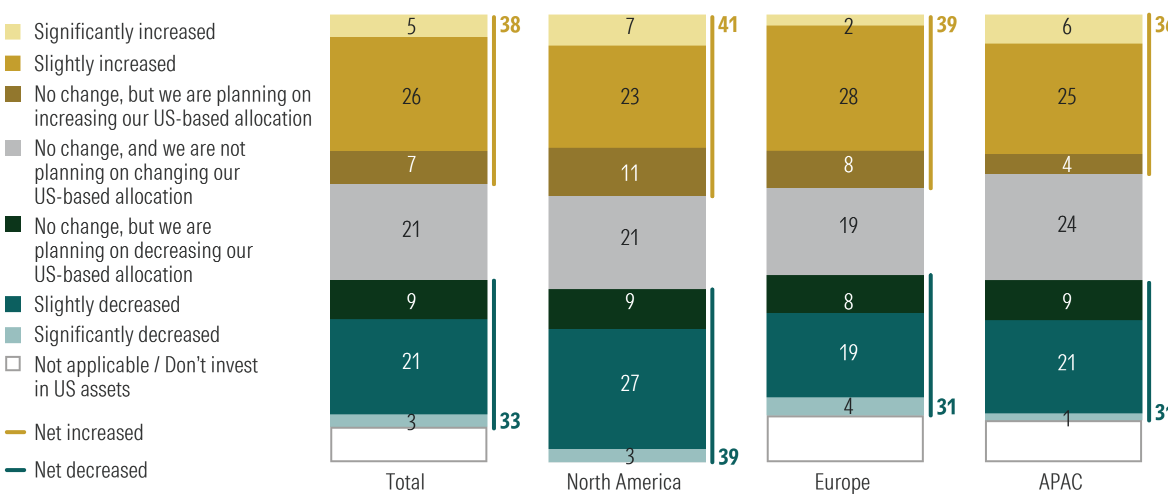
Views on U.S. assets are more positive than negative

Despite ongoing geopolitical and economic uncertainty, sentiment toward U.S.-based assets remains mildly positive. More than one-third of asset owners (38%) report having increased or intending to increase their allocation to U.S assets, compared with 33% who have reduced or expect to reduce their allocation.

North American respondents are the most polarized, with 41% reporting increased allocations and 39% reporting decreased allocations. European asset owners are modestly more likely to increase than decrease their allocations to U.S. assets, with a net increase of +8 points (39% versus 31%), while APAC respondents also remain net positive (36% versus 31%).

China (not shown) stands out as the most positive market, with 50% of asset owners reporting having increased or planning to increase allocations to U.S. assets compared with 31% reporting decreases. At the other end of the spectrum, Canada and Japan (not shown) were the only countries where more respondents reported decreasing their U.S. allocation than increasing it over the last 12 months. In Canada, 42% reduced their exposure compared with 38% who increased it, while in Japan the figures were 27% and 25%, respectively.

How allocations to U.S.-based assets have changed over the past 12 months (%)

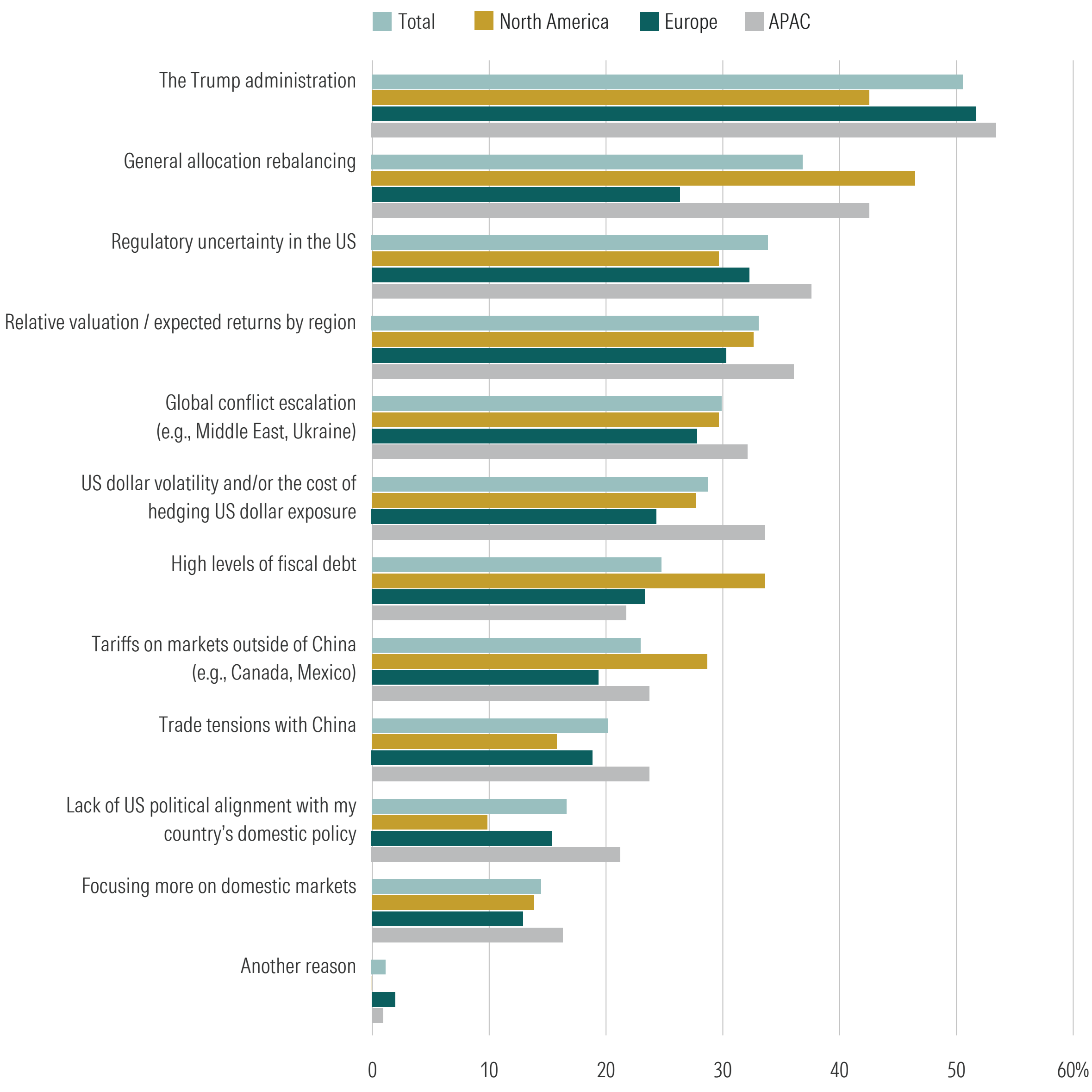


Allocation decisions reflect both opportunity and caution

The Trump administration is the most frequently cited factor shaping asset owners' approach to U.S.-based assets, selected by 51% of respondents globally. This is followed by general allocation rebalancing (37%), regulatory uncertainty in the U.S. (34%), and relative valuations and expected returns by region (33%), suggesting that both political developments and traditional portfolio management considerations are influencing allocation decisions. Geopolitical concerns also feature prominently, with global conflict escalation (30%), U.S. dollar volatility (29%), and high levels of fiscal debt (25%) all cited by a meaningful share of respondents.

APAC investors appear particularly sensitive to U.S. policy, trade, and currency risks, while North American investors are more focused on portfolio rebalancing and fiscal concerns.

Factors influencing allocation to U.S.-based assets (%)



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The evolving ESG landscape

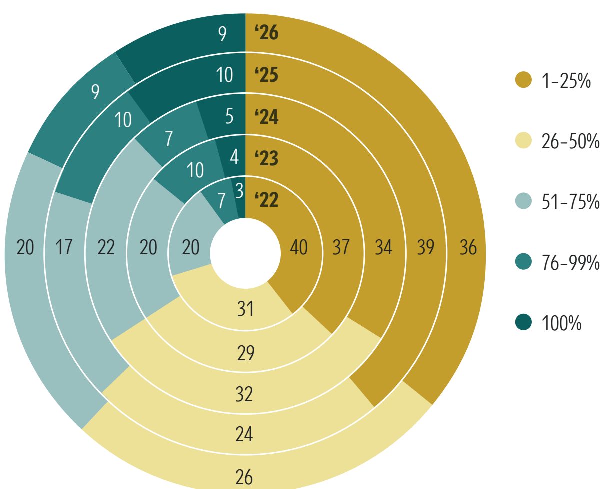
ESG remains embedded in investment decision-making for many asset owners, but priorities continue to shift. This year's results explore how ESG integration is evolving, whether investors still view ESG as material and compatible with fiduciary duty, the role of stewardship and climate-transition strategies, changing views on regulation, and the growing importance of data quality and analytical tools in supporting ESG programs.

ESG adoption and integration

ESG integration has stabilized following several years of growth

Of the asset owners who apply ESG considerations to their AUM, 18% report that ESG considerations are applied to more than 75% of their AUM, a slight decline of 2 percentage points from last year but still well above 2024 levels (12%). Meanwhile, the proportion reporting that ESG considerations are applied to 100% of their AUM remains elevated at 9%, nearly triple the level reported in 2022 (3%). Overall, ESG integration remains widespread among asset owners, with a substantially larger share applying ESG considerations across most of their assets than was the case just a few years ago.

Percentage of total AUM with ESG considerations applied (%)

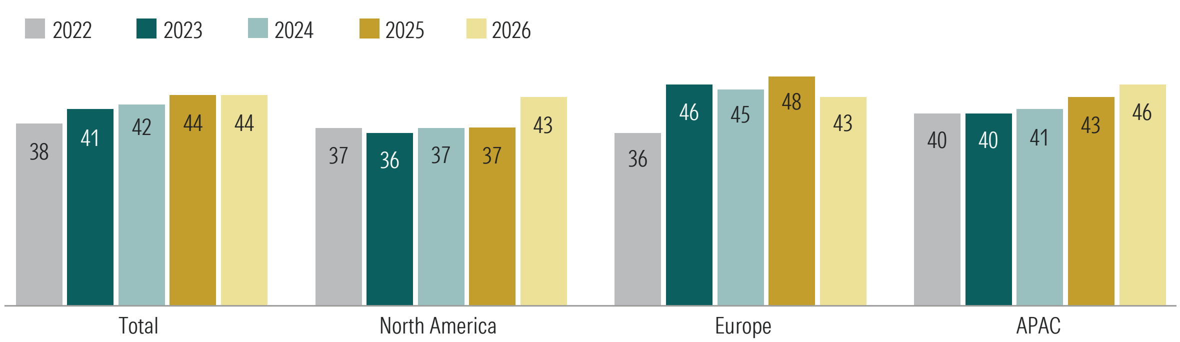


While ESG integration has stabilized globally after several years of growth, regional adoption levels continue to shift. The average proportion of survey respondents' total AUM taking ESG factors into account is 44%, unchanged globally from 2025 but up from 38% since we began this survey in 2022.

Regionally, APAC (46%) reported the highest level of ESG integration, followed by North America (43%) and Europe (43%). North America recorded the largest year-over-year increase, rising 6 points from 37% in 2025 to 43% in 2026, while Europe experienced a decline from 48% to 43% over the same period. North America's jump from 37% to 43% appears to be driven primarily by the U.S., where asset owners report an average of 50% of AUM incorporating ESG considerations (not shown), far above Canada's 37% (not shown). This higher U.S. result likely contributed to North America's higher regional average.

* Question was only applied to asset owners who invest at least 1% of their assets with ESG factors considered

Percentage of total AUM with ESG considerations applied (total and regional averages) (%) *

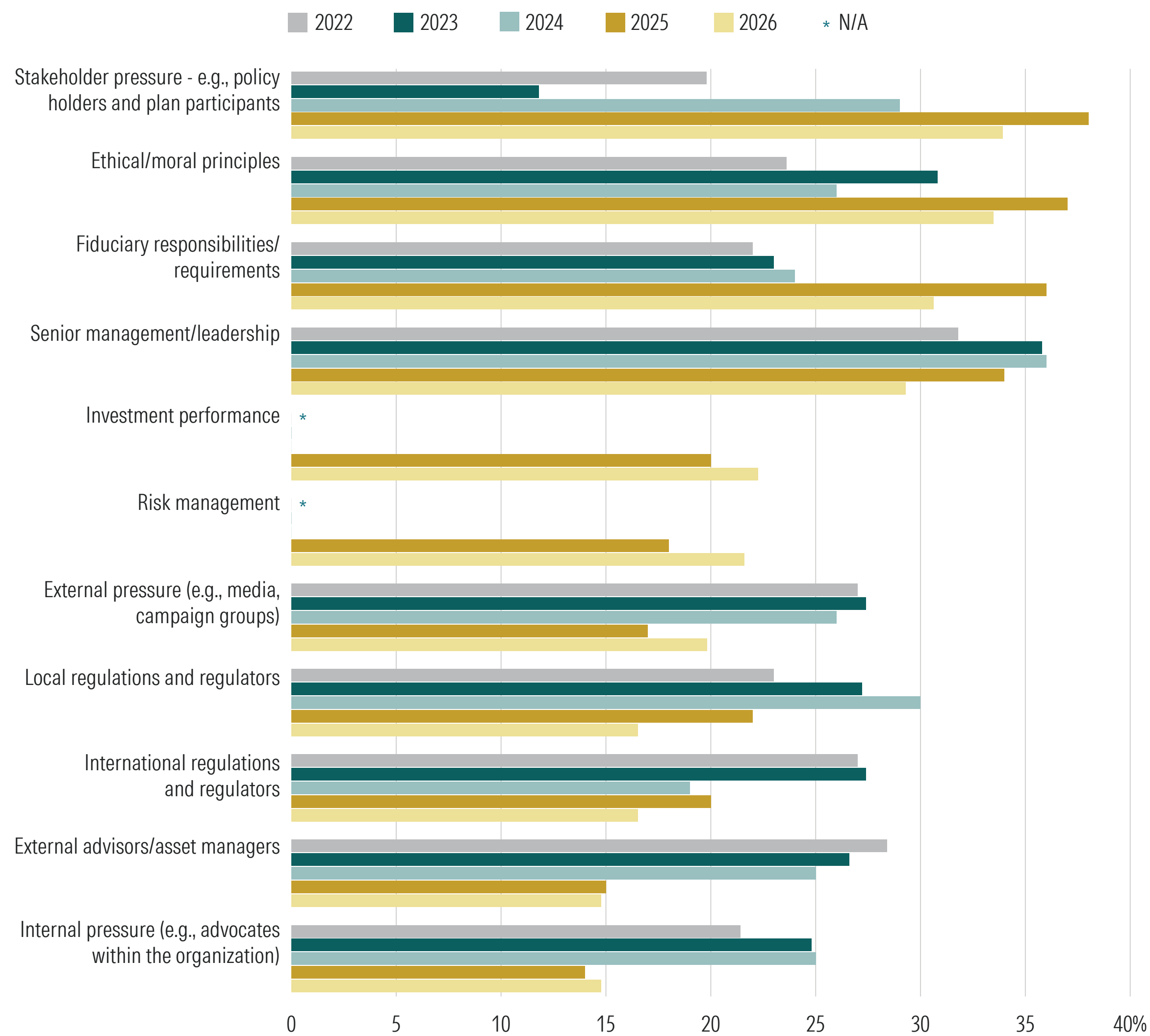


Values, stakeholders, and investment outcomes drive ESG adoption

For the fifth year in a row, we asked asset owners to select the three most important reasons their organization has chosen to consider ESG factors in their investment process. Overall, the findings suggest that asset owners are increasingly motivated by a combination of stakeholder expectations, organizational values, and investment outcomes rather than by regulatory pressure alone.

The primary motivations continue to be driven by stakeholder expectations and ethics-based considerations. In 2026, stakeholder pressure (34%) and ethical or moral principles (33%) ranked as the top reasons for ESG adoption, followed closely by fiduciary responsibilities and requirements (31%) and support from senior management or leadership (29%). Notably, investment-related considerations have become more prominent, with investment performance (22%) and risk management (22%) both increasing compared to last year. By contrast, regulatory drivers have declined in importance, with only 17% citing local regulations and regulators and 17% citing international regulations and regulators, down from much higher levels in years prior.

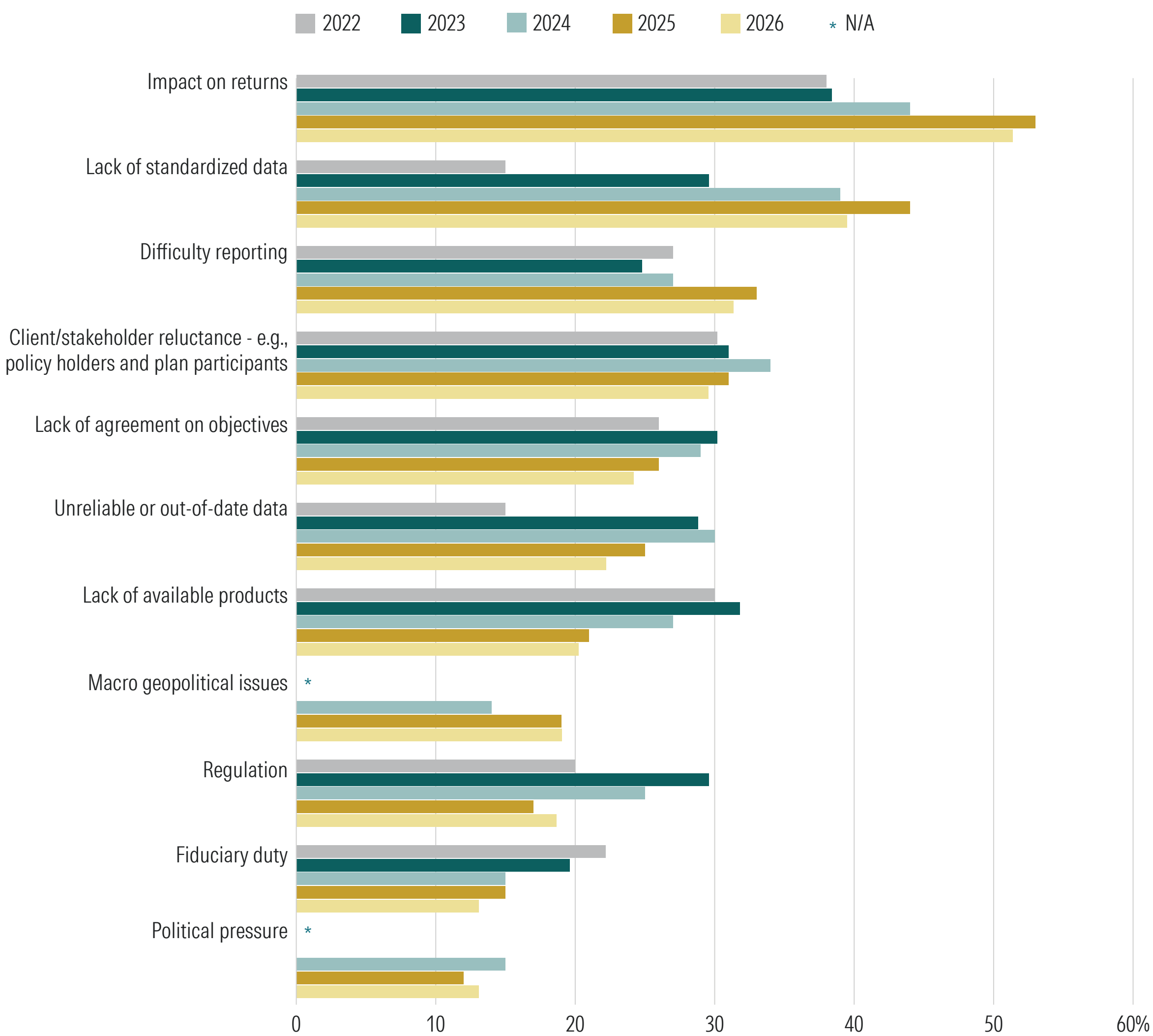
Rationale for considering ESG in the investment process – top three (%)



Performance concerns and data challenges remain key obstacles

While data quality and reporting issues continue to hinder ESG adoption, concerns about the potential impact on investment returns have become the most prominent obstacle among asset owners in 2026. The leading barrier to considering ESG factors in the investment process remains concerns about investment performance, cited by 51% of asset owners in 2026. Data-related challenges also continue to be significant, with 39% pointing to a lack of standardized data and 22% citing unreliable or out-of-date information, although both measures have improved from their recent peaks. Concerns around reporting complexity (31%) and client or stakeholder reluctance (30%) remain common, while perceptions of political pressure (13%) and fiduciary duty concerns (13%) are relatively less significant barriers.

Barriers to pursuing an ESG investment strategy—top three (%)



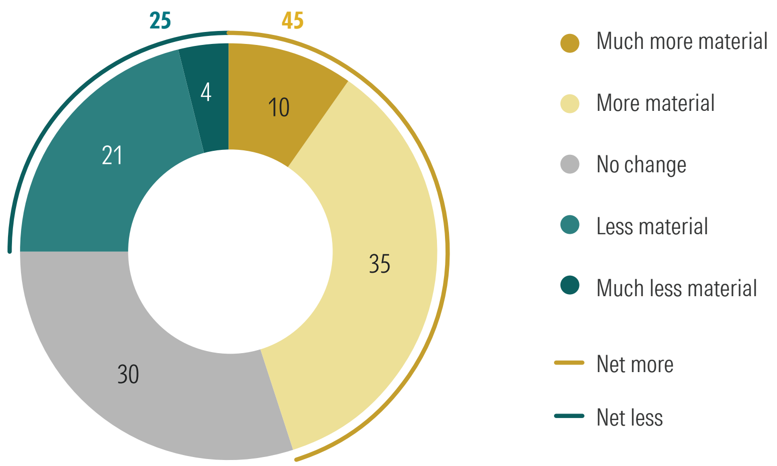
ESG's role in investment decision making

Asset owners more likely to say ESG has become more material than less material

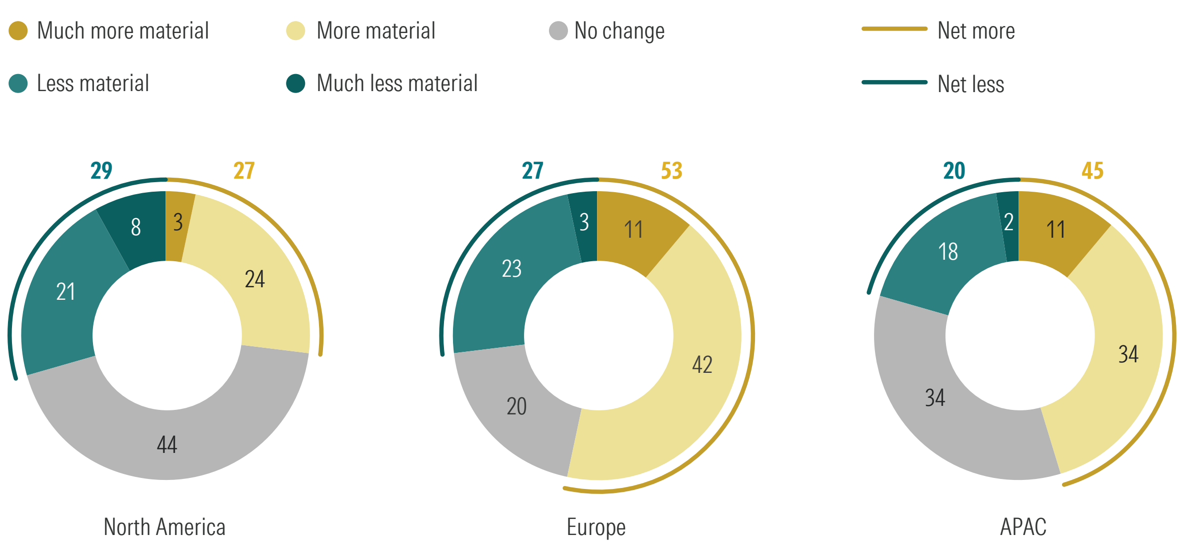
Among respondents who take ESG into account, 45% say it has become more material over the past five years compared with 25% who say it has become less material. However, the regional results reveal a diverging picture:

- Europe remains the strongest advocate for ESG integration, posting a net +26 point gap between those reporting ESG is more more material (53%) and less material (27%).
- APAC follows closely with a net +25-point margin.
- By contrast, North America is the only region where more respondents say ESG has become less material (29%) than more material (27%).

Whether ESG has become more or less material in the past five years (%) *



Whether ESG has become more material or less material in the past five years (regional average) (%) *

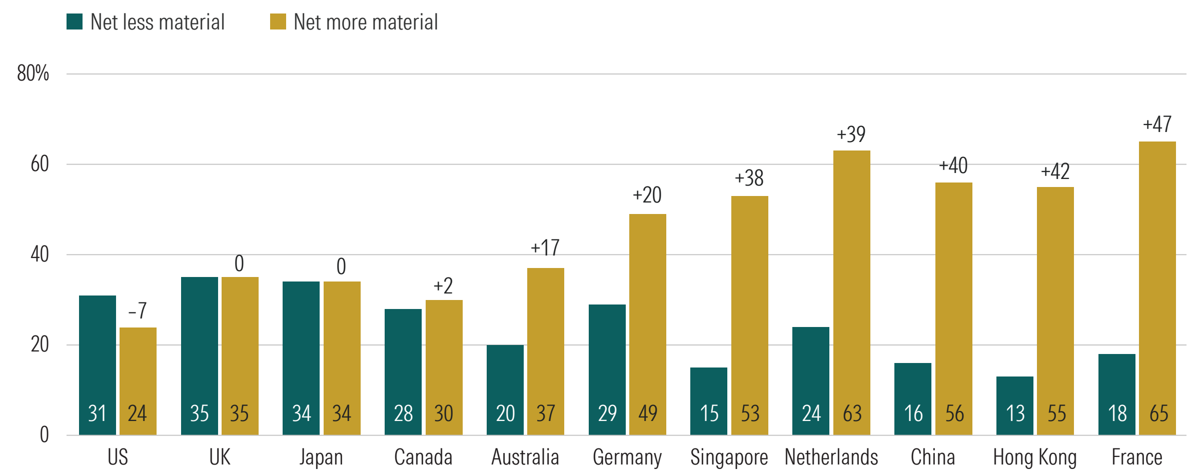


* Question was only applied to asset owners who invest at least 1% of their assets with ESG factors considered

We further analyzed the results by comparing the "net more material" and "net less material" answers on a country-by-country basis, and the U.S. was the only market with a negative net score, with slightly more respondents saying ESG has become less material (31%) than more material (24%) over the past five years. In contrast, although China no longer exhibits the near-universal consensus seen in 2025 (+91 points, not shown), it remains among the top three markets where ESG's importance has increased the most, underscoring the continued strength of ESG integration across much of Europe and Asia. Asset owners in France (+47 points), Hong Kong (+42 points), the Netherlands (+39 points), and Singapore (+38 points) also overwhelmingly report that ESG has become more influential in investment decisions.

* Question was only applied to asset owners who invest at least 1% of their assets with ESG factors considered

Whether ESG has become more material or less material in the past five years (country-level comparison of "net more" and "net less" responses) (%) *

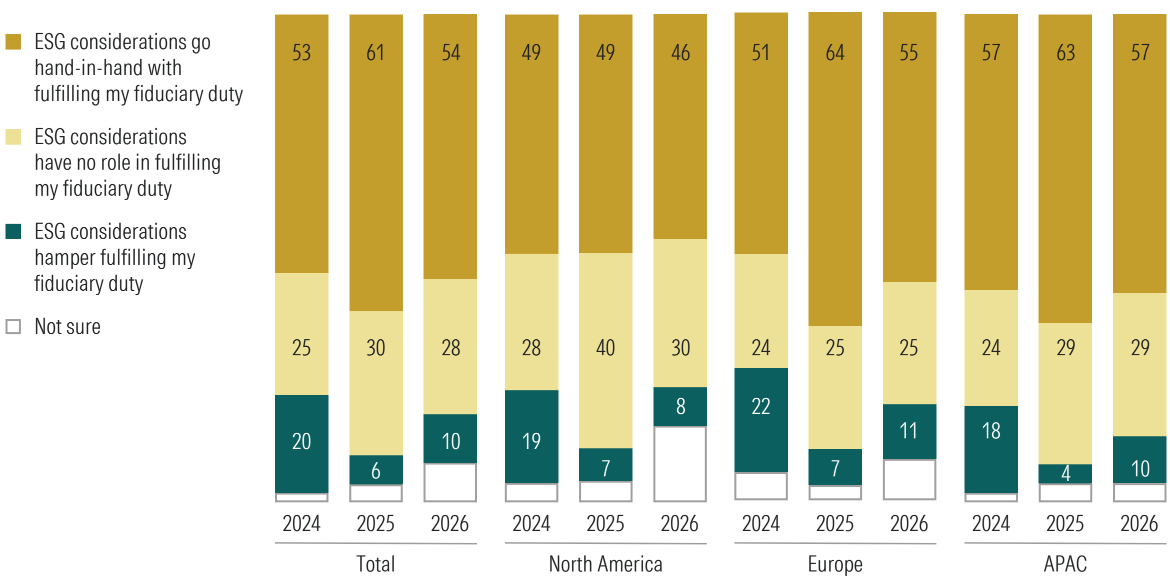


Most asset owners view ESG as compatible with fiduciary duty

Most asset owners (54%) believe that ESG considerations go hand-in-hand with fulfilling their fiduciary duty, although this represents a decline from 61% in 2025. At the same time, the proportion who believe ESG hampers their ability to fulfill fiduciary duty increased to 10%, up from 6% last year, but still well below the 20% reported in 2024.

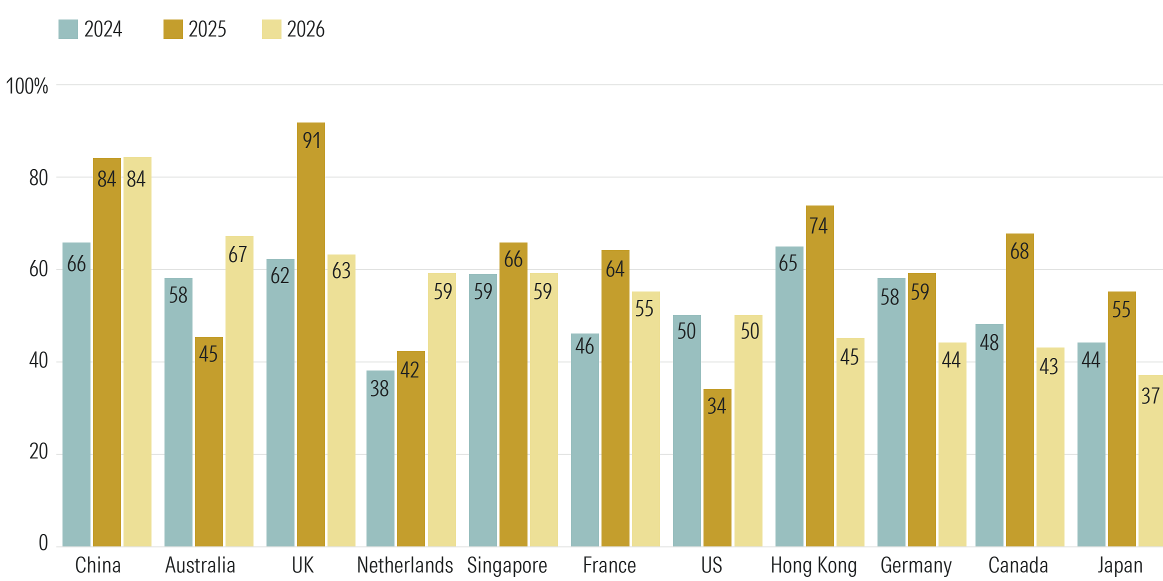
Regional results show broad agreement that ESG and fiduciary duty are compatible, with majorities in APAC (57%), Europe (55%), and North America (46%) holding this view. North American respondents are somewhat less likely than their peers in Europe and APAC to see ESG as aligned with fiduciary duty, while a larger share (30%) believe ESG has no role in fulfilling fiduciary obligations.

How ESG considerations contribute to fulfilling fiduciary duty (%) *



To explore country-specific nuances, this exhibit shows the proportion of respondents in each market who believe ESG considerations go hand-in-hand with fulfilling fiduciary duty. Perceptions vary considerably across countries. China continues to stand out, with 84% of asset owners agreeing that ESG considerations align with fiduciary duty, unchanged from 2025 and the highest level of agreement among all markets surveyed. At the other end of the spectrum, Japan reports the lowest level of agreement (37%), followed by Canada (43%) and Hong Kong (45%). The U.S. recorded a notable increase in agreement, rising from 34% in 2025 to 50% in 2026. In contrast, several markets saw declines, most notably the U.K., where agreement fell from 91% to 63%, although it remains among the higher levels reported globally.

Proportion of respondents who said ESG considerations go hand-in-hand with fulfilling fiduciary duty (%) *



* Question was only applied to asset owners who invest at least 1% of their assets with ESG factors considered

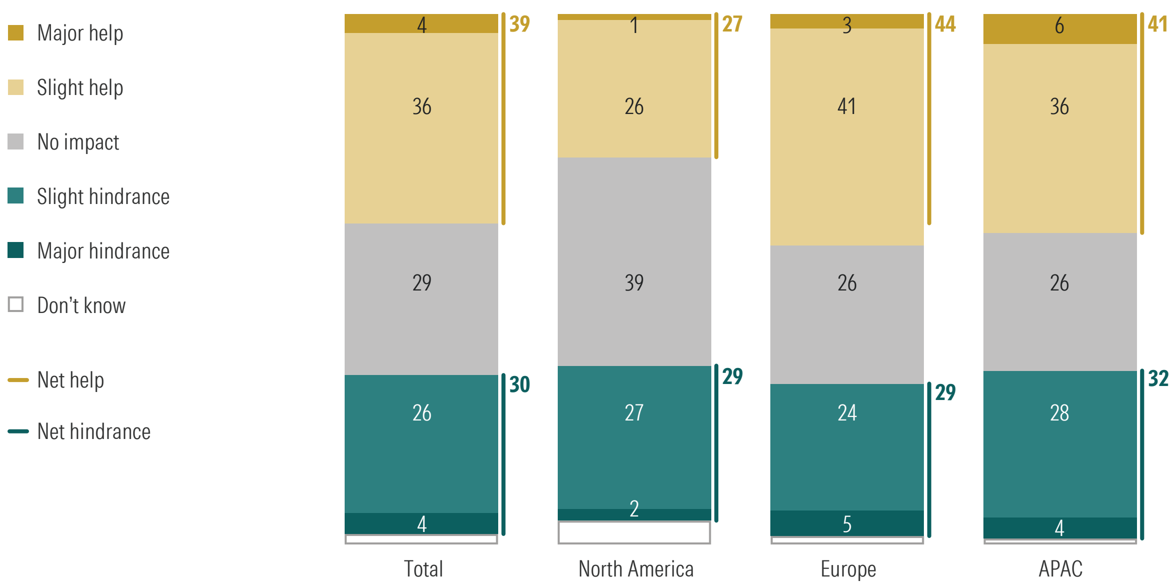
ESG regulation and policy

ESG regulation is viewed more as a help than a hindrance

Overall, asset owners are modestly more likely to view ESG regulations as a help rather than a hindrance to their ESG investing approach, although opinions vary by region. European respondents are the most supportive, while North American asset owners express more mixed views. Across all regions, a substantial share of respondents report that ESG regulations have had no meaningful impact on their approach, indicating that regulatory developments are only one of several factors shaping ESG investment practices.

Whether ESG regulations are a help or a hindrance (%) *

* Question was only applied to asset owners who invest at least 1% of their assets with ESG factors considered

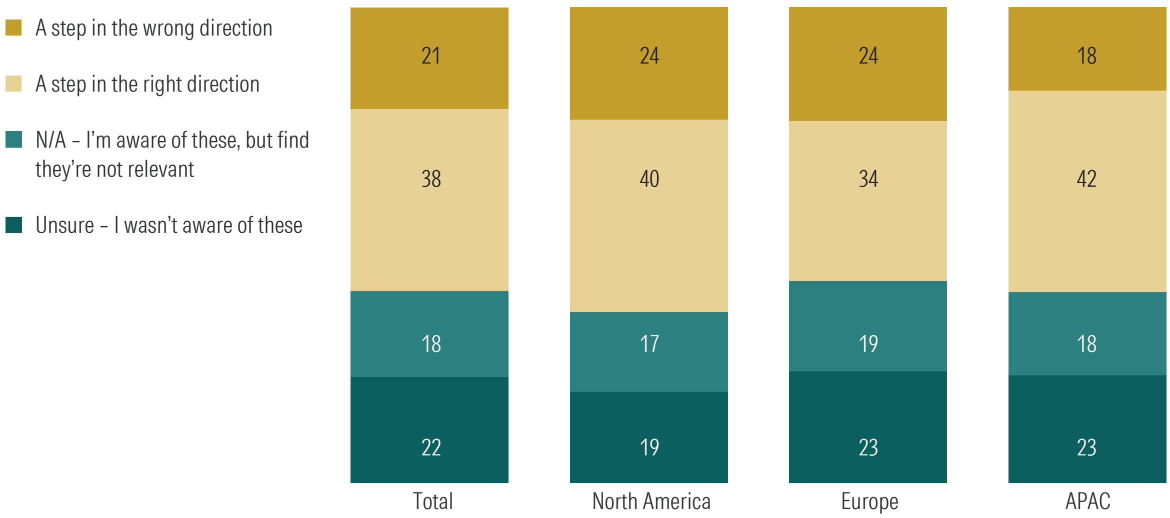


Recent U.S. Regulatory Changes Receive More Support than Opposition

Recent U.S. regulatory and corporate reporting changes such as changes to SEC climate-disclosure requirements, cybersecurity disclosure requirements, and shareholder proposal guidance are viewed more favorably than unfavorably, with 38% describing them as a step in the right direction versus 21% who see them as a step in the wrong direction.

APAC investors are the most supportive (42%), while North American and European respondents are somewhat more critical. Notably, 40% of respondents either do not view the changes as relevant or were unaware of them, suggesting that their impact has yet to resonate broadly across the global asset owner community.

Reactions to recent U.S. regulatory and corporate reporting changes, such as changes to SEC climate-disclosure requirements, cybersecurity disclosure requirements, and shareholder proposal guidance (%)*

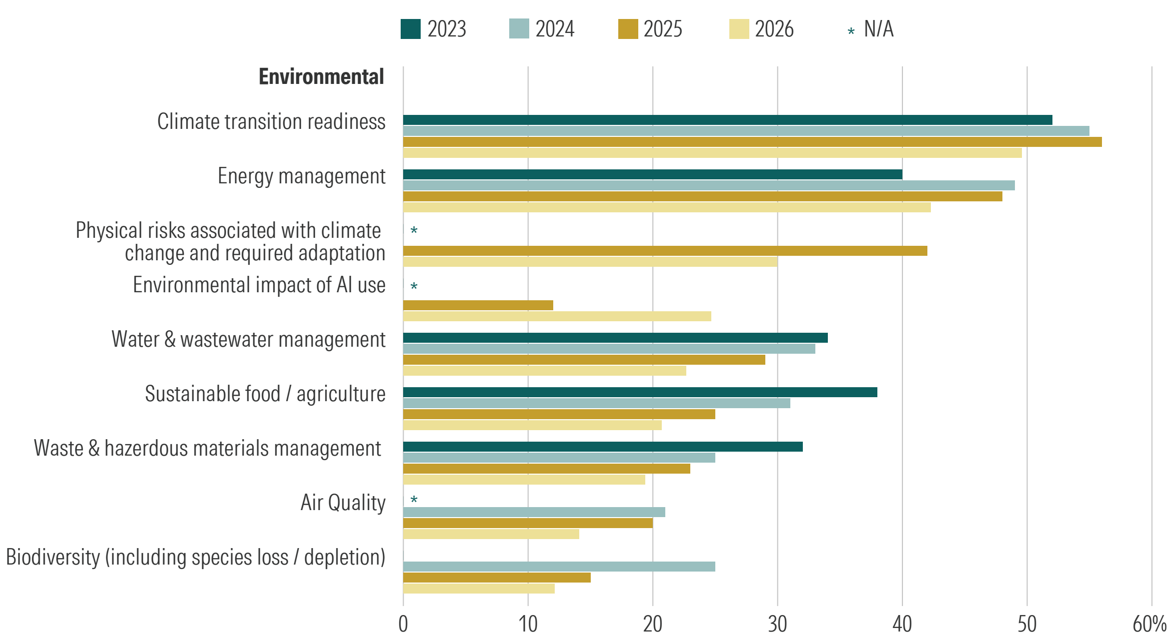


ESG materiality is evolving

Climate issues remain dominant, but new environmental risks are emerging

While climate transition readiness (50%) and energy management (42%) remain the leading environmental considerations for asset owners, the standout finding in 2026 is the rapid rise of concerns around the environmental impact of AI use, which increased from 12% to 25% year over year.

Environmental issues most material to asset owners' investment decisions (top 5) (%) *



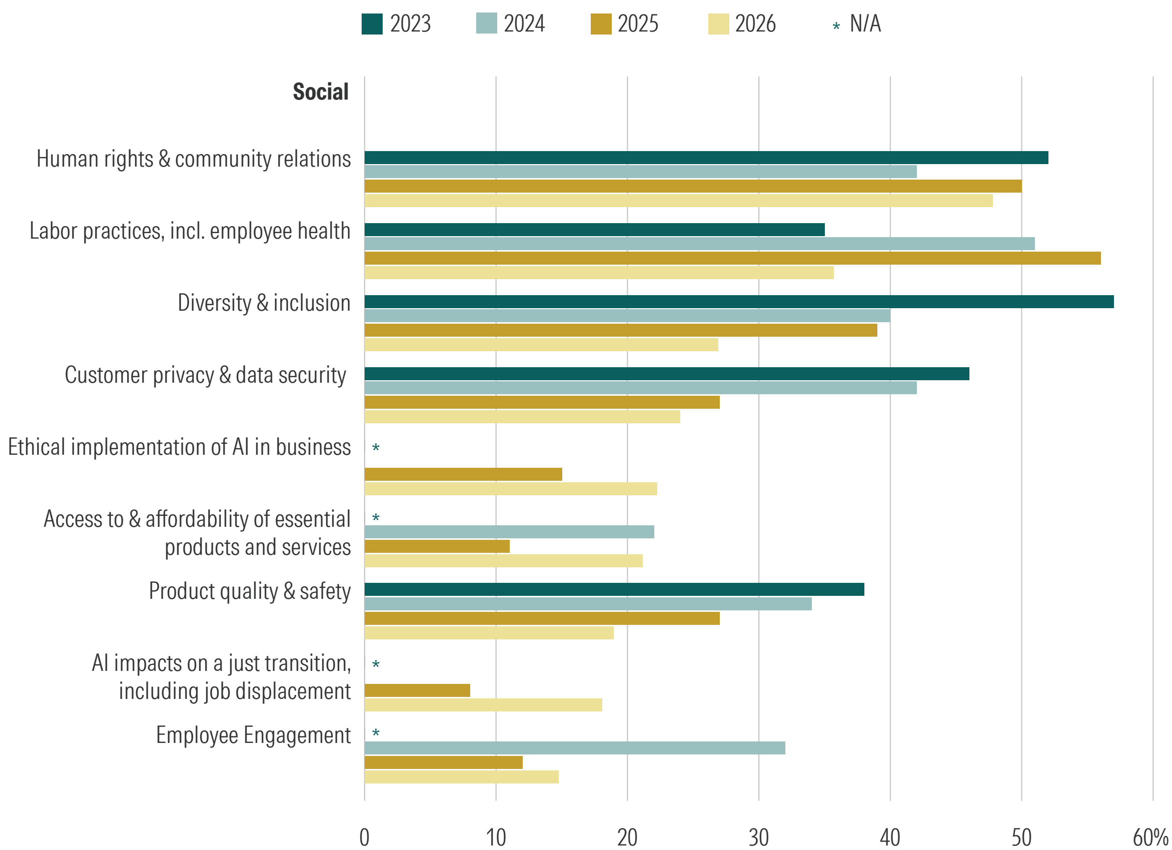
* Question was only applied to asset owners who invest at least 1% of their assets with ESG factors considered

Traditional social issues give way to AI-related concerns

Human rights and community relations remain the leading social issue influencing investment decisions, cited by 48% of asset owners. However, the standout finding in 2026 is the emergence of AI-related concerns as a major social consideration. Both the ethical implementation of AI in business (22%) and AI's impact on workforce displacement and a just transition (18%) saw substantial increases year over year, reflecting growing awareness of AI's broader societal impacts. At the same time, several issues that have traditionally dominated the social agenda, including labor practices, diversity and inclusion, customer privacy, and product safety, declined in importance, suggesting a shift in focus toward managing the opportunities and risks associated with rapidly evolving technologies.

* Question was only applied to asset owners who invest at least 1% of their assets with ESG factors considered

Social issues most material to asset owners' investment decisions (top 5) (%) *

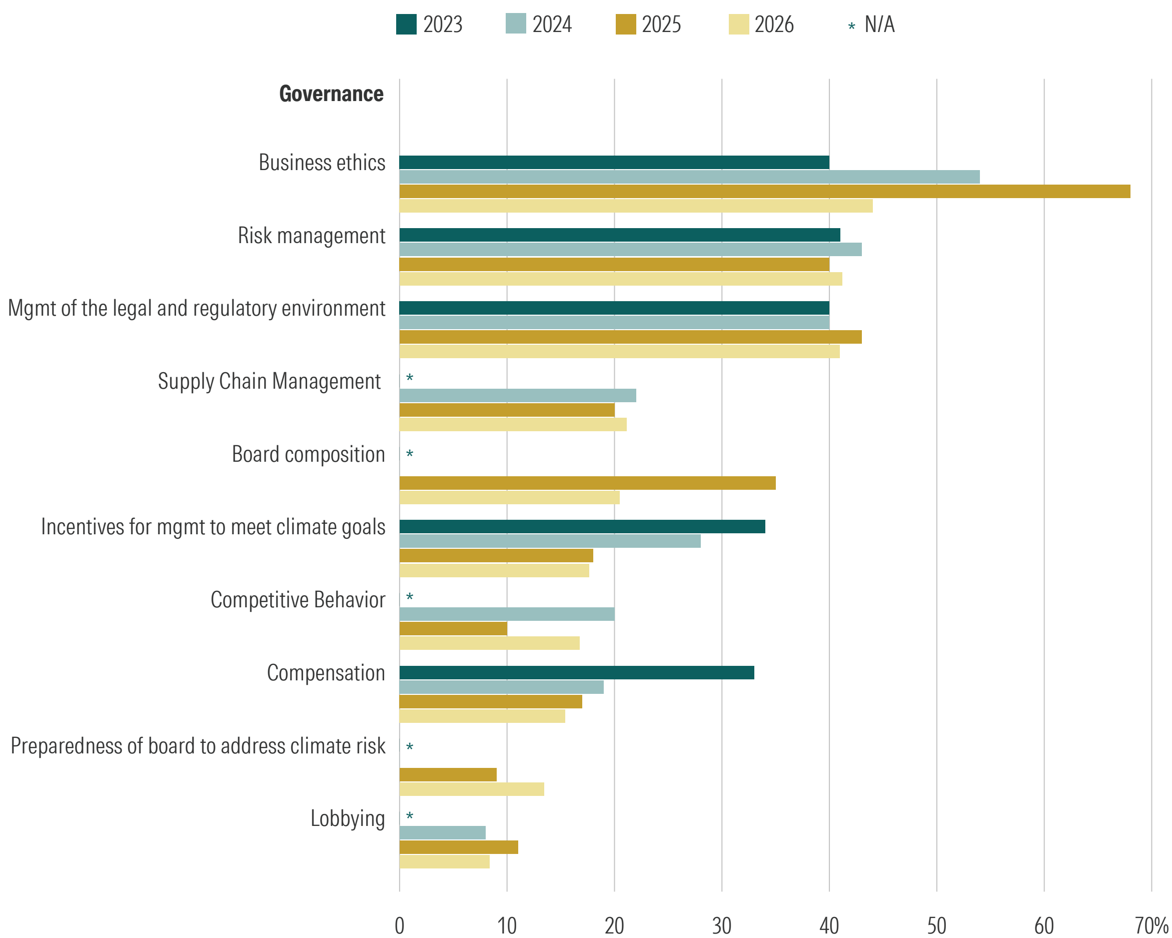


Governance focus turns toward oversight and resilience

While business ethics (44%), risk management (41%), and management of the legal and regulatory environment (41%) remain the leading governance considerations, many traditional governance issues have declined in importance over the past several years. Notably, the share of asset owners citing management incentives tied to climate goals has nearly halved since 2023, while interest in compensation and board composition has also declined significantly. In contrast, competitive behavior and board preparedness to address climate risk both gained prominence in 2026, suggesting that asset owners are increasingly focused on governance practices that enhance organizational resilience and long-term decision-making.

* Question was only applied to asset owners who invest at least 1% of their assets with ESG factors considered

Governance issues most material to asset owners' investment decisions (top 5) (%) *



Climate transition and stewardship

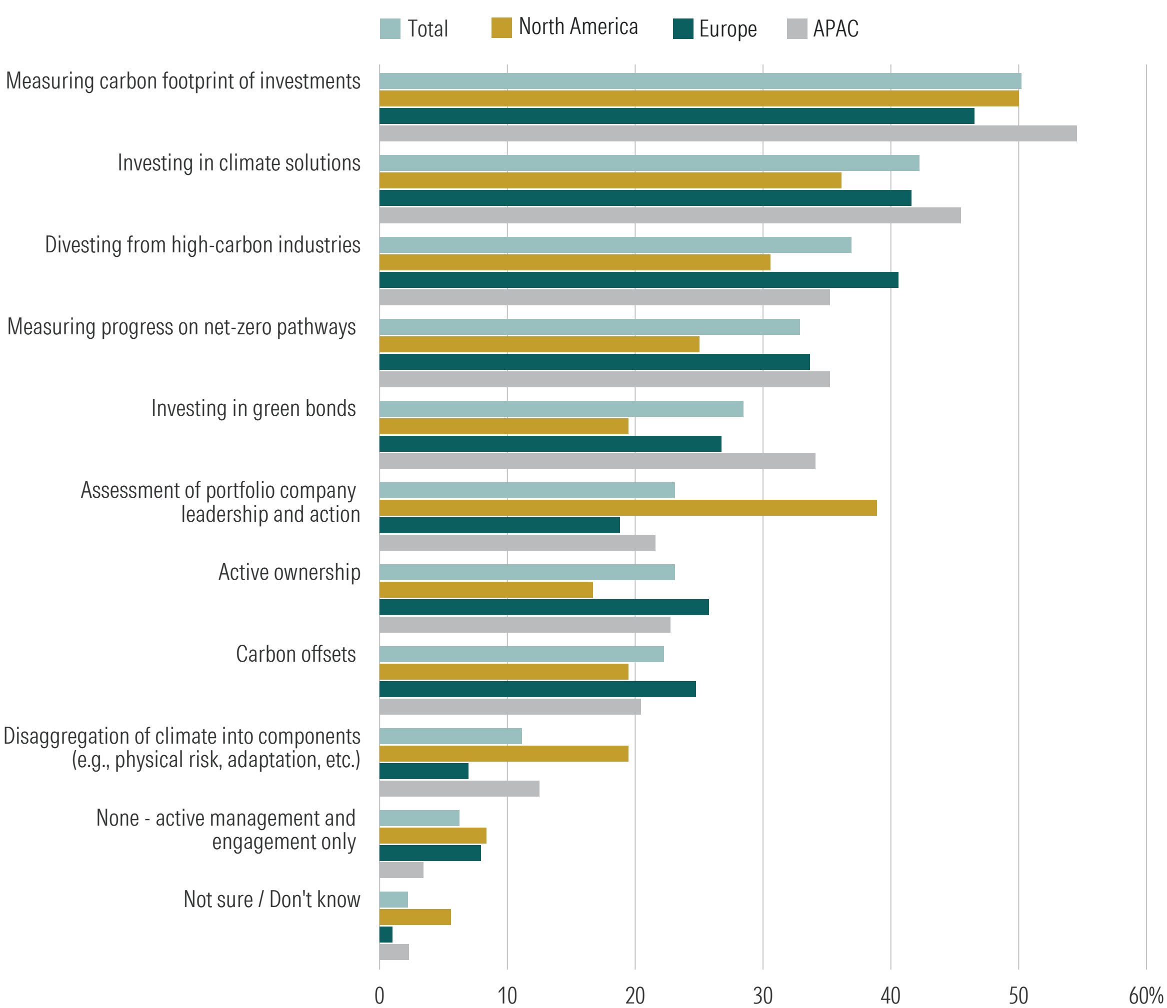
Asset owners favor practical climate transition strategies

Asset owners are shifting toward more practical, measurable approaches to climate transition readiness rather than broad net-zero monitoring initiatives, with regional preferences shaping how those strategies are implemented. While measuring the carbon footprint of investments (50%) remains the most common climate-related practice, interest in several approaches associated with net-zero frameworks has declined over the past year, including measuring progress on net-zero pathways (-10 points) and carbon offsets (-8 points). At the same time, divestment from high-carbon industries remained stable at 37%, suggesting that investors continue to focus on tangible portfolio actions even as enthusiasm for certain climate-management tools moderates.

Regional differences highlight distinct approaches to climate transition readiness. European asset owners are the most likely to divest from high-carbon industries (41%) and engage in active ownership (26%), while APAC leads in measuring the carbon footprint of investments (55%) and investing in green bonds (34%). In contrast, North American respondents place greater emphasis on assessing portfolio company leadership and climate-related actions (39%), nearly double the proportion reported in Europe (19%).

** Question was only applied to asset owners who indicated climate transition readiness is material

Measures taken to promote climate transition readiness in asset owners' investments (%) **



2 Market figures for this question are derived from small bases (n=13 to n=31) and are indicative of broad direction rather than statistically reliable differences.

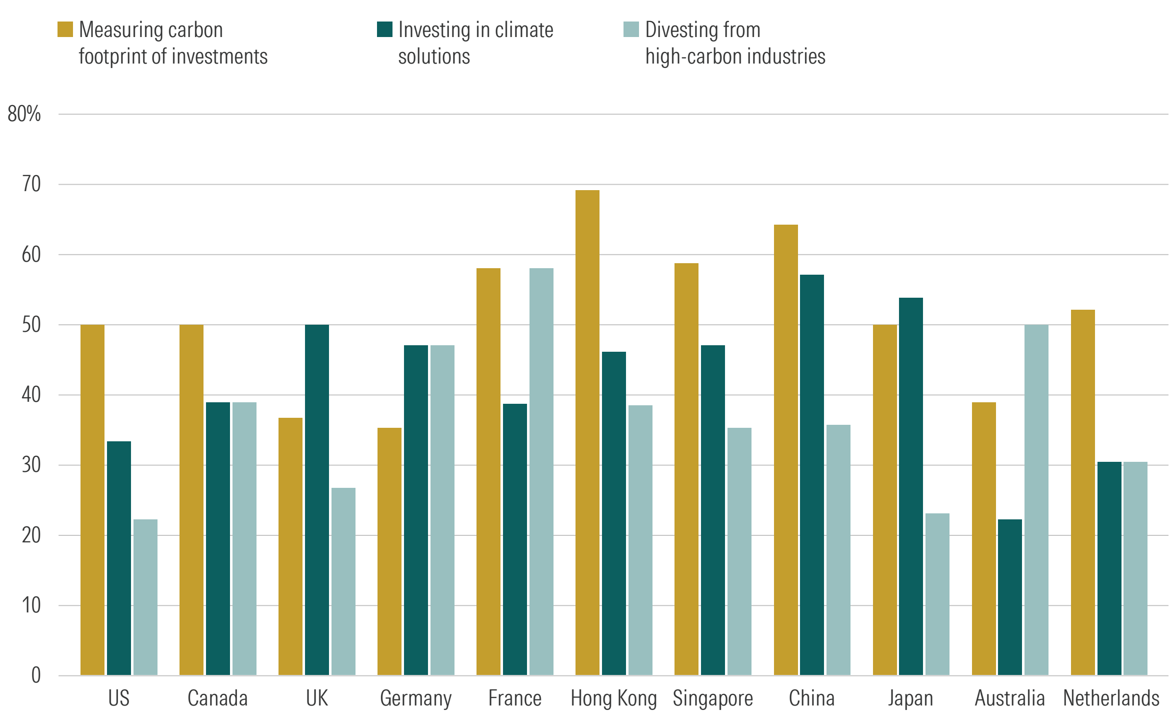
Climate transition approaches differ across markets

To explore regional preferences, we examined the three measures most frequently selected by asset owners overall: measuring carbon footprint of investments; investing in climate solutions; and divesting from high-carbon industries. We then compared the proportion of asset owners in each country that selected these measures.[2]

- Asian markets, particularly Hong Kong (69%), China (64%), and Singapore (59%), are among the most likely to focus on carbon measurement, compared with a global average of 50%.
- Meanwhile, China (57%), Japan (54%), and the UK (50%) show the strongest emphasis in investing in climate solutions, exceeding the global average of 42%.
- France (58%), Australia (50%), and Germany (47%), place greater emphasis on divestment from high-carbon industries than the global average (37%), highlighting a stronger preference for exclusion-based approaches to climate transition readiness.
- The U.S. differs from many of its peers, placing less emphasis on divestment (22%) and investing in climate solutions (33%) while matching the global average for carbon footprint measurement (50%).
- Notably, France is the only market where divestment from high-carbon industries (58%) is tied with carbon footprint measurement (58%) as the leading climate-transition strategy, far exceeding investment in climate solutions (39%). This highlights France's comparatively strong emphasis on portfolio exclusions as part of climate-transition readiness.

** Question was only applied to asset owners who indicated climate transition readiness is material

Global top-three measures to promote climate transition readiness and variation across countries (%) **

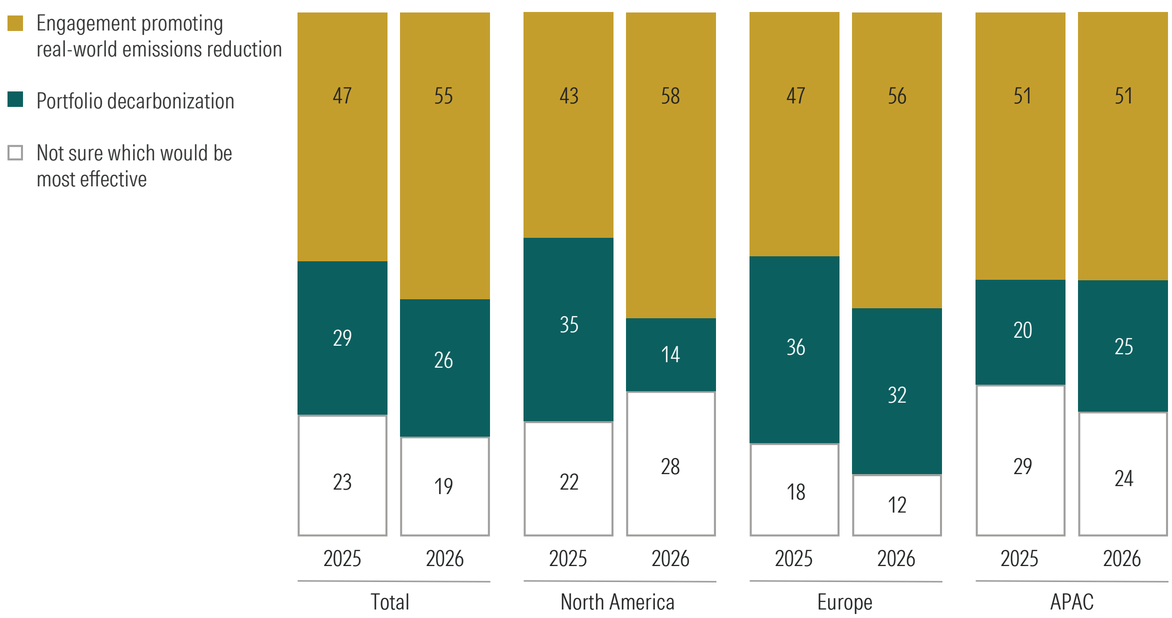


Engagement gains support as a climate transition tool

There is growing recognition that supporting emissions reductions at the company level may have a greater real-world impact than portfolio reallocation alone. When asked to select whether engagement promoting real-world emissions reduction or portfolio decarbonization would be the most likely to promote climate transition readiness in their investments, a majority of asset owners (55%) stated that engagement aimed at reducing emissions would be the most effective method, up significantly from 47% in 2025. Support for this approach is evident across all regions, with particularly strong gains since last year in North America (+15 points) and Europe (+10 points). While portfolio decarbonization remains more popular in Europe (32%) than elsewhere, fewer than one-third of respondents globally view it as the most effective strategy.

** Question was only applied to asset owners who indicated climate transition readiness is material

Engagement or portfolio decarbonization? **

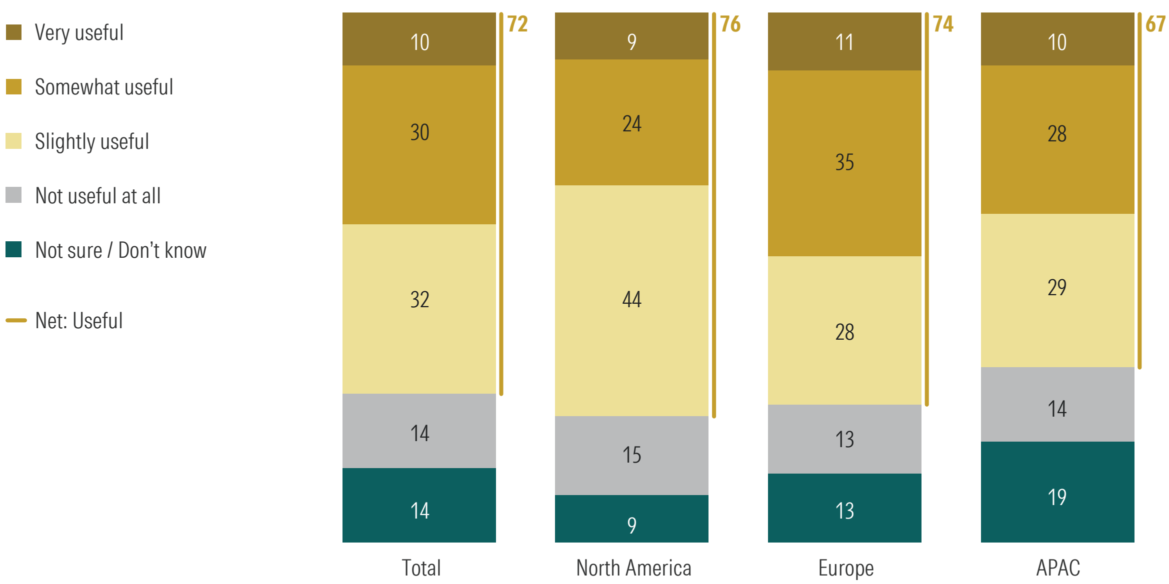


Stewardship is viewed as an important mechanism for advancing ESG objectives

Stewardship, including proxy voting, is widely viewed as a valuable tool for implementing ESG programs. Globally, 72% of asset owners consider stewardship to be useful, compared with 14% who say it is not useful at all. North America reports the highest net usefulness score (76%), followed by Europe (74%) and APAC (67%), indicating broad support for stewardship across regions. While relatively few respondents classify stewardship as very useful (10%), a large majority regard it as at least somewhat beneficial, suggesting that stewardship remains an important, if not primary, mechanism for advancing ESG objectives.

* Question was only applied to asset owners who invest at least 1% of their assets with ESG factors considered

Usefulness of stewardship (including proxy voting) in driving the implementation of ESG programs (%)*



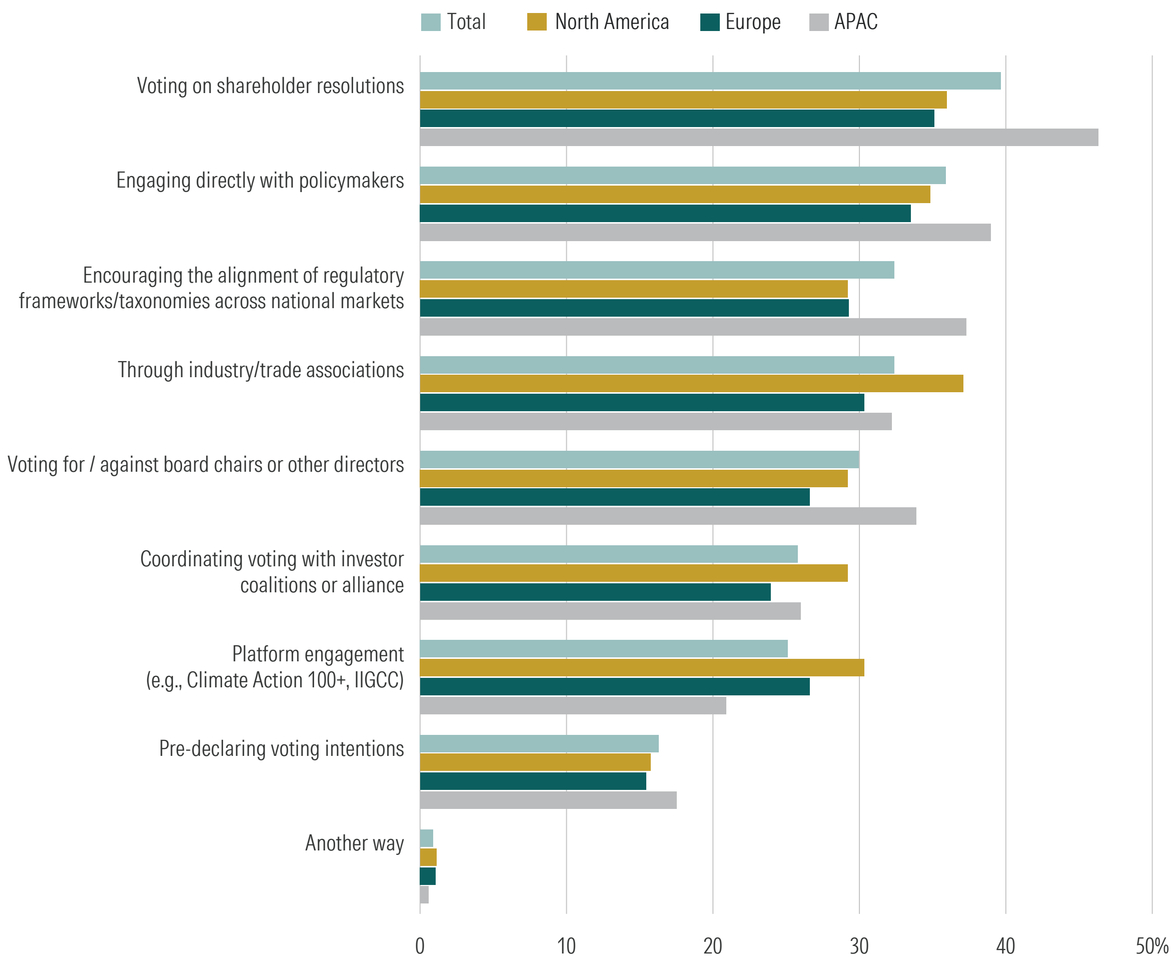
Asset owners take a multi-pronged approach to stewardship

Voting on shareholder resolutions remains the most common stewardship activity (40%), followed by direct engagement with policymakers and regulators (36%). Asset owners also frequently engage through efforts to align regulatory frameworks across markets (32%) and through industry or trade associations (32%).

While approaches are broadly consistent across regions, APAC investors place greater emphasis on shareholder voting and regulatory engagement, whereas North American investors are more likely to engage through industry associations and collaborative platforms.

* Question was only applied to asset owners who invest at least 1% of their assets with ESG factors considered

Methods of active ownership employed (%) *

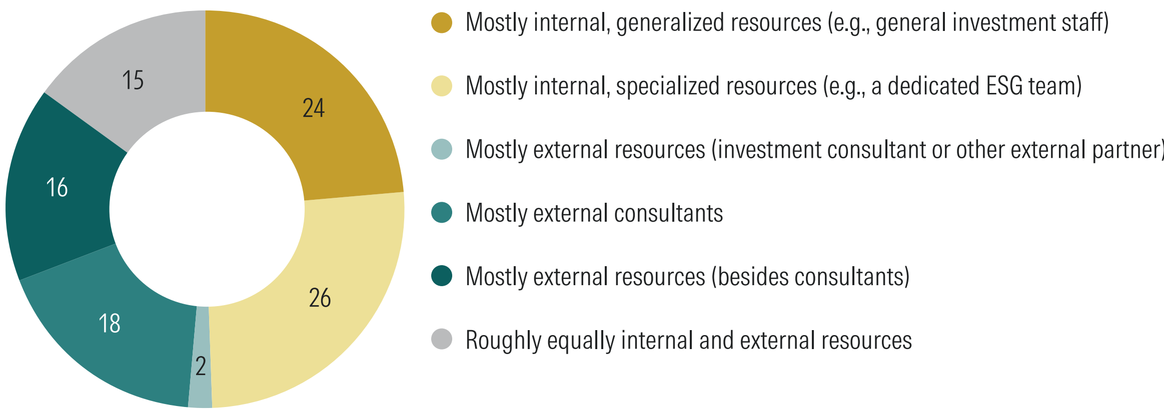


Building more effective ESG programs

Internal ESG teams play a central role in ESG programs

Dedicated internal ESG teams (26%) and general investment staff (24%) are the most common sources of support for ESG programs, highlighting the importance of internal capabilities. A notable trend is the increased reliance on specialized internal ESG resources compared with 2023 (26% vs. 15% - not shown).

Who asset owners rely on most in the operation of their ESG programs (%) *



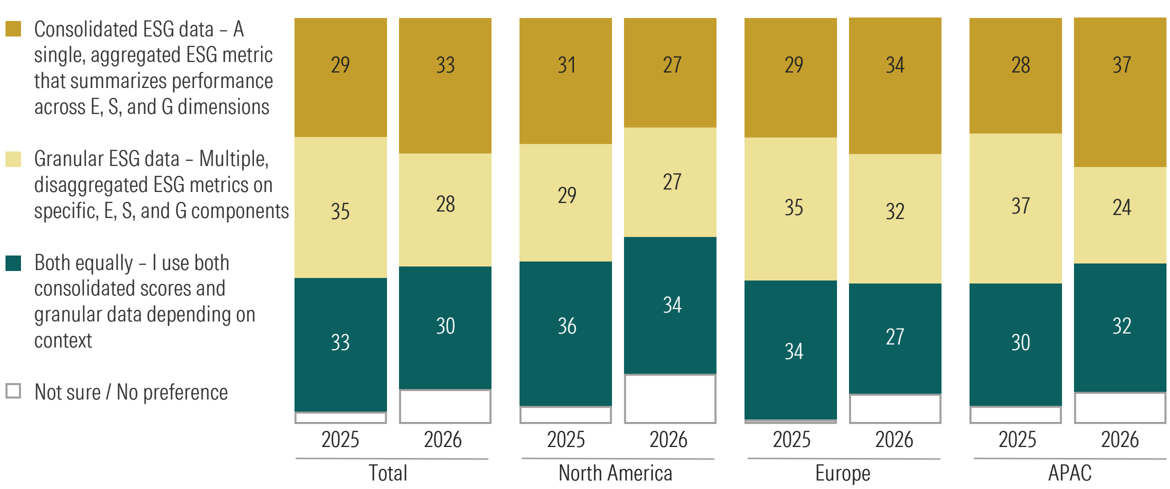
Asset owners show growing interest in simplified ESG insights

Asset owners show no clear preference for a single approach to ESG data presentation, although consolidated ESG metrics emerged as the most favored option in 2026 (33%), narrowly ahead of granular ESG data (28%) and those who prefer to use both approaches depending on the context (30%).

Compared with 2025, there was a notable shift away from granular ESG data (35% to 28%) and toward consolidated metrics (29% to 33%). Regional differences are most pronounced in APAC, where respondents are significantly more likely to favor consolidated ESG metrics (37%) and less likely to prefer granular ESG data (24%). By contrast, preferences in North America and Europe are more evenly distributed across the different approaches.

* Question was only applied to asset owners who invest at least 1% of their assets with ESG factors considered

Preference for granular or consolidated ESG data (%) *



Demand is shifting toward forward-looking ESG analytics

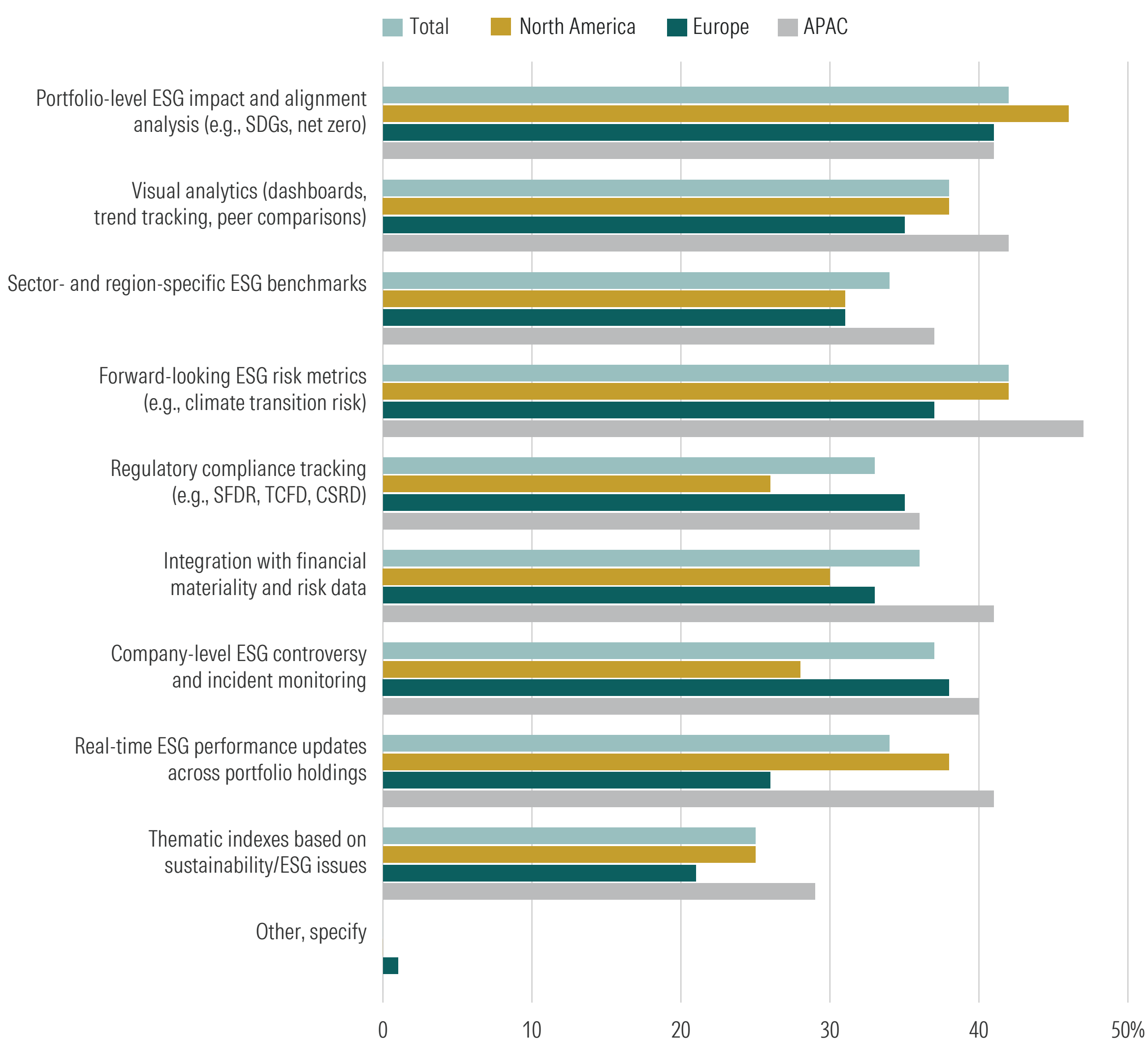
In prior years we learned that asset owners utilize a combination of ESG ratings, indexes, and data. Last year, rather than asking them to rank the relative importance of these tools, we presented nine specific features and asked respondents to indicate which they consider valuable in the context of ESG ratings, indexes, and data.

We asked this same question this year, and one notable shift from 2025 is the declining interest in several traditional ESG data features, including sector- and region-specific benchmarks (48% to 34%) and regulatory compliance tracking (45% to 33%). These findings suggest asset owners place greater value on prioritize tools that help assess future risks and portfolio impacts over those focused primarily on reporting, benchmarking, or compliance.

Regional differences are most evident in APAC, where respondents show stronger demand for forward-looking ESG risk metrics (47%), real-time ESG performance updates (41%), and company-level controversy monitoring (40%).

* Question was only applied to asset owners who invest at least 1% of their assets with ESG factors considered

Which features or tools in ESG ratings, indexes, or data platforms asset owners would find valuable (%) *



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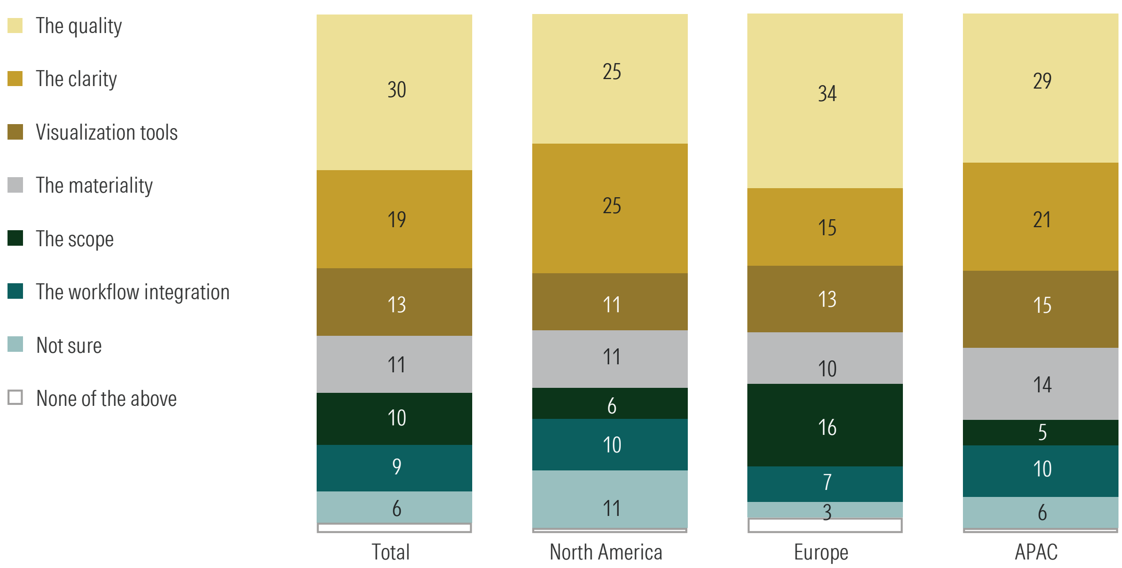
Data quality and clarity top ESG improvement priorities

We also asked which element of ESG ratings, indexes, and data needs the most improvement (only one could be selected). Data quality is viewed as the greatest area for improvement in ESG ratings, data, and indexes over the next five years, cited by 30% of asset owners. Clarity (19%) and visualization tools (13%) rank a distant second and third, suggesting that investors are less concerned with the amount of ESG data available and more focused on improving the reliability, usability, and interpretation of existing information. While regional differences are modest, European respondents place the greatest emphasis on data quality (34%), while North American respondents are more likely to prioritize clarity (25%).

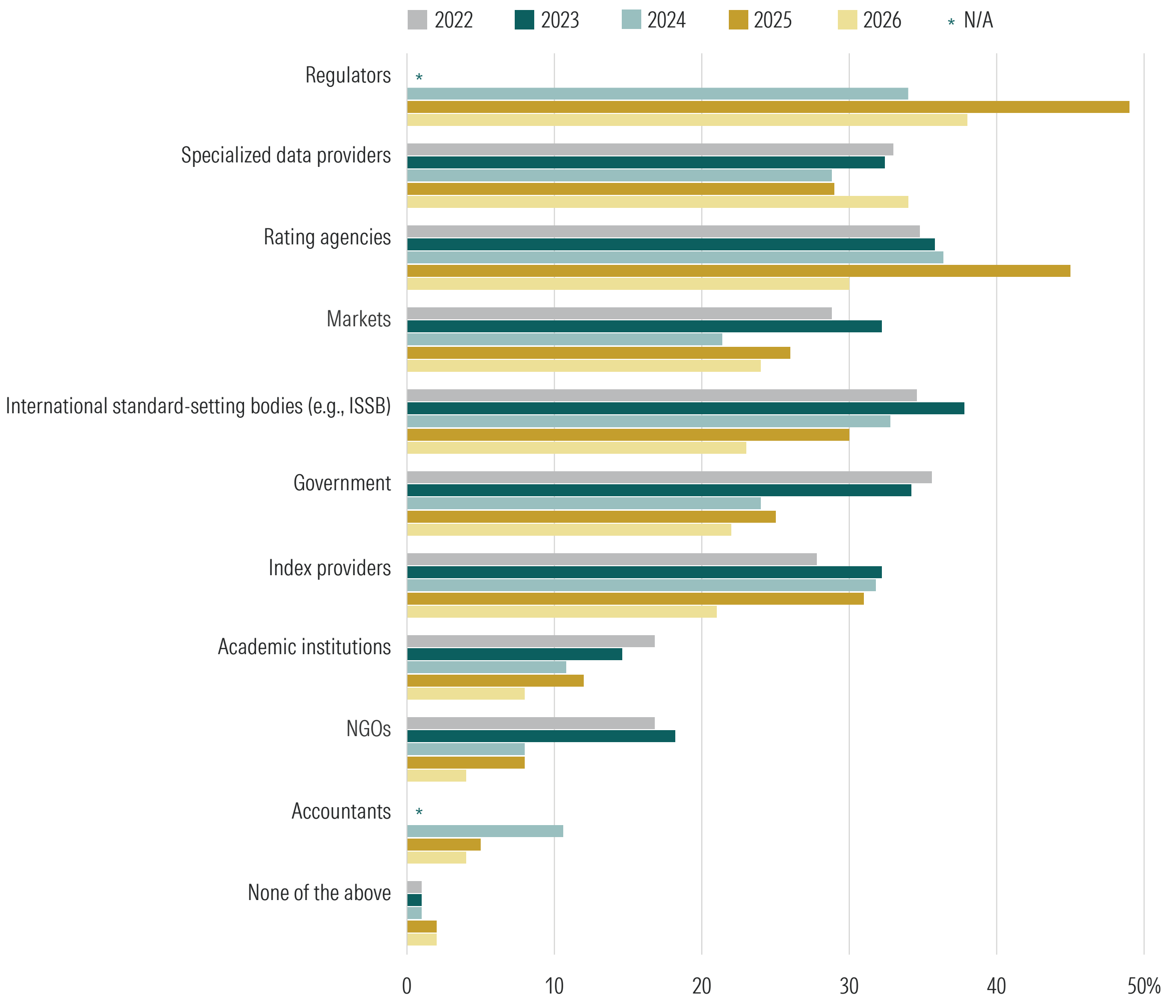
Which of the following elements of ESG ratings, indexes, and data needs the most improvement over the next five years?



Responsibility for ESG improvement extends across the ecosystem

Asset owners continue to place the greatest responsibility for improving ESG data, ratings, and indexes on regulators (38%), although this share has declined from 49% in 2025. Specialized data providers (34%) and rating agencies (30%) now rank close behind, underscoring the growing importance of market-led solutions. Meanwhile, fewer respondents point to governments, international standard-setting bodies, and index providers than in previous years, suggesting responsibility is increasingly viewed as residing with organizations that develop, manage, and distribute ESG-related data and analytics.

Where the most responsibility for improving ESG data, ratings, and indexes lies (%)



Conclusion

As institutional investors navigate an increasingly complex environment, the 2026 findings suggest that asset owners are balancing long-term priorities with a rapidly changing market, regulatory, and technological landscape. Private markets continue to attract interest as they seek diversification and return opportunities, while AI is moving from experimentation toward practical implementation across investment organizations.
At the same time, geopolitical developments remain an important influence on portfolio positioning, and ESG considerations continue to shape investment decision-making, albeit with evolving priorities and varying regional perspectives.

One of the clearest themes emerging from this year's survey is the importance of pragmatism. Across topics ranging from climate-transition strategies and stewardship to AI adoption and ESG data, asset owners consistently favor approaches that support better decision-making, improve data quality, and deliver measurable outcomes. While perspectives differ across regions and markets, respondents remain focused on building resilient portfolios and investment processes that can adapt to an increasingly dynamic environment.

Asset owners play a significant role in shaping the broader investment ecosystem through their allocation decisions, governance practices, and engagement activities. As their priorities continue to evolve, understanding these perspectives can help asset managers, policymakers, and other market participants identify emerging trends, anticipate changing needs, and make better-informed decisions in support of long-term investment objectives.

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