

BNY Mellon Merges Two OCIO Units into New Division

By [Mariana Lemann](#)

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BNY Mellon Investment Management has merged two outsourced CIO (OCIO) units into a single revamped division, a move designed to bolster the firm's ability to compete for discretionary mandates.

The merged unit includes a team of 70 professionals led by head of investor solutions **Jamie Lewin**. The combined division manages \$11 billion in multi-asset portfolios and advises on \$110.8 billion in client assets from approximately 100 institutional investor clients. Approximately 80% of the multi-asset portfolios are within liability-driven investing strategies.

The new unit offers an open-architecture manager platform that includes investment strategies from BNY Mellon's eight specialist investment firms. In addition, it will offer wealth management advisory services, custodial and servicing capabilities.

To power the launch, BNY Mellon renamed a registered investment advisor legal entity originally formed in June 2015 to BNY Mellon Investor Solutions on Jan. 1, 2020, according is the firm's most recent form ADV.

"There was an existing registered investment advisor, which focused exclusively on providing multi-asset portfolio management services, but not necessarily OCIO services," Lewin says. "Rather than set up a new RIA, what we did was essentially repurposed that RIA in order to be able to be part of our growth strategy around the OCIO."

Lewin, who was formerly head of product strategy and performance management for BNY Mellon Investment Management, "began work on the project in earnest in January 2019," a company spokesman writes in an email. "[I]t took several months to fully transition into the new role."

A [LinkedIn profile](#) indicates Lewin took the role of head of investor solutions in January 2019. Lewin reports to **BNY Mellon Wealth Management** CEO **Catherine Keating**.

Lewin's former role was split between **David DiPetrillo**, who assumed responsibility for product strategy for North America, and **Charlie Dolan**, who took over performance management, according to the spokesman.

The OCIO marketplace is increasingly appealing to asset managers seeking to capitalize on asset owners' desire to cede investment decision discretion to OCIO providers and the pursuit of higher-fee offerings, says **Laura Levesque**, associate director of **Cerulli Associates'** institutional research practice.

Working with an OCIO provider, asset owners can have "better governance of the portfolio, there's less bias that might be part of an investment committee, ... and OCIOs tend to have higher levels of investment expertise," Levesque says. "You see more and more asset owners moving to that model and in the past, we've had some pretty strong AUM growth."

BNY Mellon also has its eyes on emerging demand from investor segments beyond traditional OCIO clientele, such as pension plans, endowments and foundations.

"The pension plans and the nonprofit segments are quite important and will continue to be important. But we also see a broader group of clients coming asking us about [OCIO services]," Keating says. "One of the segments that we see really looking for institutional expertise on these things is the financial advisor community, the registered investment advisors and others."

While managers can chase new investor segments, competition has increased in the OCIO marketplace, says **Brad Alford**, founder and principal of **Alpha Capital Management**. One challenge for asset managers in the OCIO space is the number of propriety products they may want to include, he says.

"There's certainly plan sponsors or asset owners who want no proprietary products and conflicts of interest," Alford says. "It is very hard to fire someone you work with."

Lewin highlights that the open-architecture nature of BNY Mellon's OCIO services prevents conflicts of interest.

"I can't stress enough that being ... an open-architecture investment platform... when we are engaged with a client, exclusively their interests and their preferences come first ... and that includes the selection of investment managers on their behalf," he says.

As a provider of multiple types of financial services, BNY Mellon needs to manage custody clients' potential perceptions around the newly merged OCIO business.

"Their OCIO clients custody billions of dollars with them," Alford says. "They are now going to be their competitors. You have to be careful not to bite the hand that feeds you."

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