



CAPTRUST

February 8, 2023

Company	Ticker	Sector	Industry
Bank of New York Mellon Corp	BK-US	Financials	Capital Markets

Business Description

The Bank of New York Mellon Corp. is a bank holding company, which engages in the provision of financial services. It operates through the following segments: Securities Services, Market and Wealth Services, Investment and Wealth Management, and Other segment. The Securities Services segment includes Asset Servicing business, which provides global custody, fund accounting, integrated middle-office solutions, transfer agency and data and analytics solutions. The Market and Wealth Services segment comprises industry leaders pershing and clearance and collateral management, and treasury services business. The Investment and Wealth Management segment provides services to institutional and retail investors, as well as investment management, wealth and estate planning. The Other segment which includes the leasing portfolio, corporate treasury activities, derivatives and other trading activity. The company was founded by Alexander Hamilton on June 9, 1784 and is headquartered in New York, NY.

Price Chart



Key Info & Metrics

Empirical Research Rank:	2
Date Purchased:	07/16/2020
Price:	\$51.43
52-Week Range:	\$37.29 - \$63.66
Dividend Yield:	2.82%
Market Cap (\$M):	\$41,570
Forward Price-to-Earnings:	10
Total Return	
Year-to-Date:	13.8%
1 Year:	-14.6%
3 Year:	19.2%
5 Year:	6.6%

Investment Case - Updated: November 6, 2022

Bank of New York Mellon (BK) is the largest of the custody banks, the 'plumbers' that do the back-office work in the investment world. For years, declining fee rates for custody services have overshadowed growth in assets under Custody/Administration (AUC/A). These fee rates have troughed and growth in servicing revenues has resumed. The industry has been consolidating to include only five meaningful players, another indicator of stable fee rates to come. With interest rates so low, the custody banks have been rebating fees on money market funds. If rates were to rise, this would be a meaningful revenue stream for BK. Lastly, BK has been adding to its 'full suite' capabilities, which is likely to be the primary competitive differentiator going forward. One of those is the ability to custody and service cryptocurrency holdings. We expect more services to enhance the bank's offering.

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