November 2026

Asset Management Revolution 2026

Competing for a broader role in asset management, with economics that work



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Introduction

Distributors and institutional investors want more from the asset managers they work with. Increasingly, they expect managers not simply to provide products but to help shape portfolios, tailor solutions around client outcomes, and connect investment data and reporting into their own systems and processes. This is the clear message from our survey of 250 asset managers, 100 institutional investors, and 100 distributors.

Our findings point to a growing but highly competitive market in which relevance to the client's broader portfolio and operating model is becoming more important than product or brand alone. Our research also shows how asset managers face an increasingly important strategic choice about where and how they can add distinctive value. More than half (56%) of distributors—who are part of an ecosystem that includes private, retail, and universal banks; independent wealth managers; brokerages; and investment management platforms—now rank fit with the client outcome among their top fund-selection criteria. This compares to just 22% of distributors who say the same for brand and reputation. Institutional investors, meanwhile, rank being a full solution provider as the most important role they expect asset managers to play.

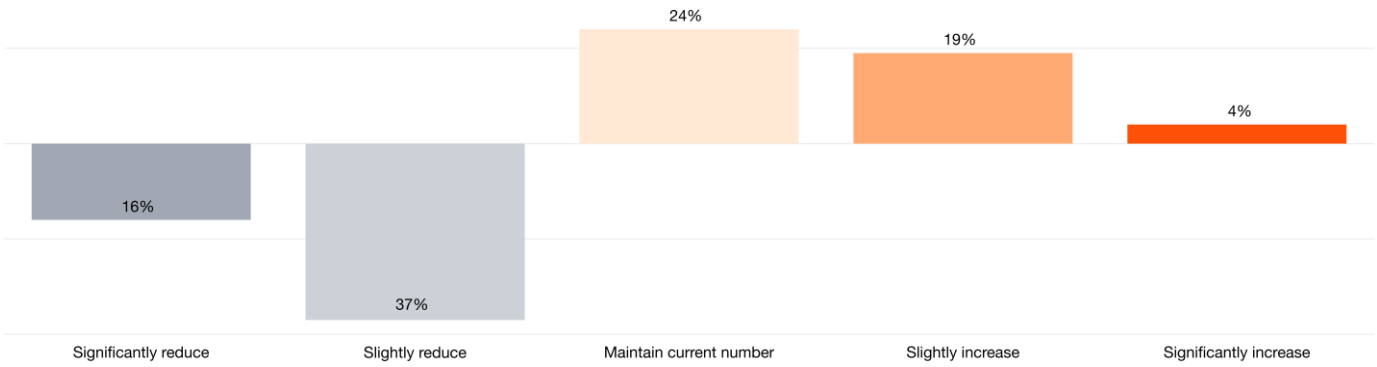
53%

of distributors expect to work with fewer asset managers over the next 24 months.

The stakes are rising further as distributors continue to rationalise their manager relationships. While consolidation isn't new, our findings put a clear number and time frame around the trend: more than half (53%) of distributors expect to work with fewer asset managers over the next 24 months. With a smaller number of managers likely to account for a greater share of distributor relationships, the value of each mandate rises. For asset managers, it's increasingly important to be more distinctive and relevant to the clients they're best placed to serve.

53% of distributors expect to streamline their manager relationships, with 23% planning an increase

Q. Within the next 24 months, do you expect to add, reduce, or maintain the number of asset manager relationships your firm actively distributes?



Source: PwC Global AWM & ESG Research Centre

12%

of managers have deployed the technological capabilities—with a strong focus on AI—to support outcome-led propositions at scale.

A broader role with distributors and institutional investors also brings higher costs and requires investment in technology, data, customisation, and client integration. Many managers are still building those capabilities. Only 12% of managers have deployed the technological capabilities—with a strong focus on AI—to support outcome-led propositions at scale. A smaller proportion (11%) of managers say their technology investment is significantly reducing the cost of serving customised propositions. This capability gap is exacerbated by a visibility challenge that makes it hard to gauge whether enhanced offerings are delivering a viable return. Only 40% of asset managers can measure the profitability of customised or solution-led propositions with high confidence.

The challenge of reaching profitable scale is visible across a range of client outcomes. Retirement income is the clearest example. Asset managers see it as the area of strongest client demand, yet half of them say it's the hardest outcome to deliver profitably at scale. Similar delivery challenges are evident in customised portfolio construction and tax-aware outcomes, pointing to a broader execution gap as the industry moves towards more outcome-led propositions.

Asset managers are struggling to profitably deliver key client outcomes



Note: This chart is based on two questions. Asset managers (n = 250) were asked: which outcomes are most difficult for your firm to deliver profitably at scale?* They were also asked: which client outcomes are creating the strongest demand for your organisation's capabilities?** Respondents selected up to three options.

Source: PwC Global AWM & ESG Research Centre

What role to play and how to make it pay

Managers now need to make important choices. Which client relationships are worth investing in? What role can they credibly play? Where can they make the economics work? A broader role makes sense where it strengthens the client relationship and can be delivered at a viable return. Drawing on the findings from our survey and our work with both asset managers and their clients, we believe there are five key priorities for asset management firms.

1. Outcome enablement. Explain where an investment fits into the portfolio and how it helps deliver the client solution.

2. Customisation. Personalise offerings around the needs of a specific client or segment.

3. Technology. Provide the infrastructure that allows a manager to play a broader client role profitably at scale.

4. Client integration. Connect investment data and reporting with clients' own systems and processes.

5. Wrapper-ready capabilities. Package investments in structures that work across client segments and distribution channels.

Later in this report, we go into detail on these priorities. How they're applied depends on the strengths and focus of the business. So, in addition to looking at how to meet client expectations, we explore the implications of these changing demands for the four business model archetypes (full-scale private-to-public hypermarkets, solutions platforms, low-cost manufacturers, and niche champions) we identified in Asset and Wealth Management Revolution 2025.



A rising market

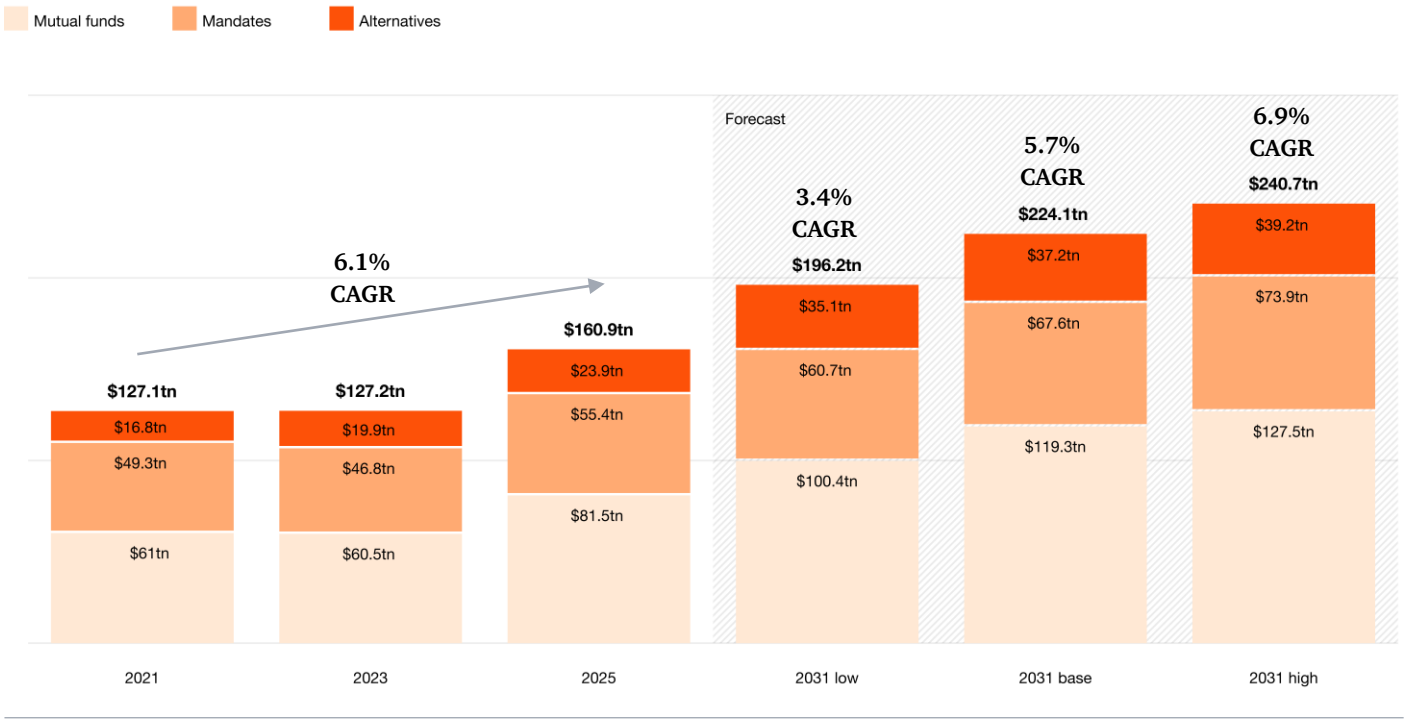
More assets, little change in share

The backdrop to these shifts in market demand is a significant expansion in total assets but not, in our projections, a step change in the industry's penetration of the underlying client asset pool. We project assets under management (AUM) will rise to US$224.1 trillion in 2031 from $160.9 trillion in 2025. Over the same period, the pension, insurance, sovereign wealth, high-net-worth, and mass-affluent assets in our model are projected to grow to $535.8 trillion from $386.5 trillion. Low-cost investment vehicles also continue to see rapid growth, with exchange-traded fund (ETF) assets expected to nearly double to US$38.5 trillion by 2031. (For a full product breakdown, see the table on page 9.)

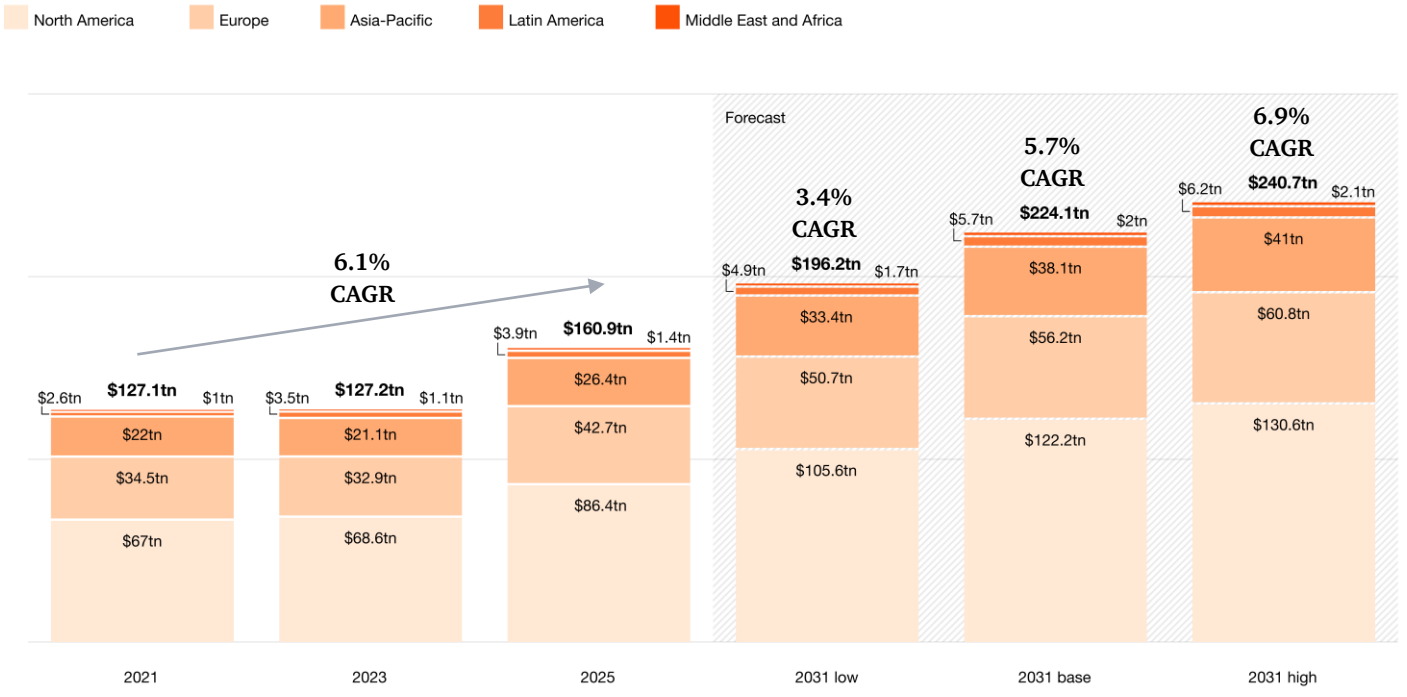


Asset managers' global AUM is set to reach US$224.1 trillion by 2031

AUM by product



AUM by region



Note: Data excludes funds of funds and secondaries. Figures shown are in US dollars. Totals might not equal sums shown due to rounding.
Sources: PwC Global AWM & ESG Research Centre, LSEG Lipper, Preqin, Monterey Insight

ETFs are set to nearly double to US$38.5 trillion by 2031, with $10.4 trillion in net flows

Products	2021	2023	2025	2031f low	2031f base	2031f high	CAGR 2021–25	CAGR low	CAGR base	CAGR high
Global AUM	**127.1**	**127.2**	**160.9**	**196.2**	**224.1**	**240.7**	**6.1%**	**3.4%**	**5.7%**	**6.9%**
Mutual funds	**60.9**	**60.5**	**81.5**	**100.4**	**119.3**	**127.5**	**7.5%**	**3.5%**	**6.6%**	**7.7%**
of which active investments	43.3	40.1	52.5	58.6	65.2	68.8	4.9%	1.8%	3.7%	4.6%
of which passive investments	17.6	20.4	29.0	41.9	54.1	58.8	13.3%	6.3%	10.9%	12.5%
of which ETFs only*	10.1	11.5	19.6	33.7	38.5	41.0	17.8%	9.5%	11.9%	13.1%
Mandates	**49.3**	**46.8**	**55.4**	**60.7**	**67.6**	**73.9**	**2.9%**	**1.5%**	**3.4%**	**4.9%**
of which active investments	35.1	33.2	38.5	39.2	43.5	45.8	2.3%	0.3%	2.1%	3.0%
of which passive investments	14.3	13.7	17.0	21.4	24.1	28.1	4.4%	4.0%	6.0%	8.8%
Alternatives	**16.8**	**19.9**	**23.9**	**35.1**	**37.2**	**39.2**	**9.2%**	**6.6%**	**7.6%**	**8.6%**

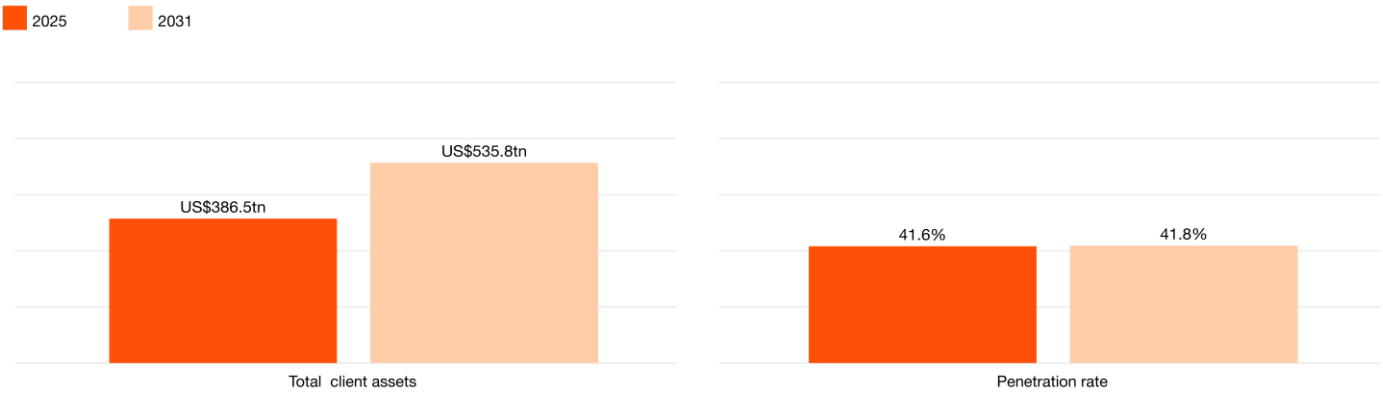
Note: Data excludes funds of funds and secondaries. Totals might not equal sums shown due to rounding. *ETFs include both passives and actives. ETFs are shown for reference and are already included in the active and passive mutual fund totals above.

Figures shown are in US dollars.

Sources: PwC Global AWM & ESG Research Centre, LSEG Lipper, Preqin

In fact, most of the projected increase in AUM comes from the expansion of the underlying pool of client assets, rather than asset managers capturing a materially greater share of it. The asset management industry's share of those assets barely changes, rising to 41.8% from 41.6%.

Asset managers are expected to see little growth in their share of the underlying client asset pool



Note: Penetration rate measures the percentage of total client assets that are managed by asset managers.
Source: PwC Global AWM & ESG Research Centre, LSEG Lipper, Preqin

Nor will assets be distributed evenly. North America alone is projected to account for $35.8 trillion of the $63.2 trillion increase in global AUM by 2031. At the same time, our survey suggests that the centre of gravity for solution-led growth may be broader. About seven in ten asset managers identify Asia-Pacific (73%) and North America (68%) as the markets most likely to drive growth in outcome-oriented solutions over the next five years, compared with 54% for Europe. The strategic question, therefore, isn't simply how to participate in a rising market but where to compete, which client pools to prioritise, and how to capture a greater share of clients' expanding needs.

Shifting priorities

How can asset managers keep pace with client expectations?

The shift in buyer expectations is accelerating. But both manager readiness and the economics of cost and return are failing to keep pace. So how can managers make themselves indispensable while still being profitable? Consider these five key priorities.

1. Outcome enablement

What buyers want

41%

of institutions want a broader manager role in portfolio-construction advice. Almost half **(49%)** of distributors say portfolio-construction tools would make them more likely to increase distribution of managers' products.

Are asset managers ready?

38%

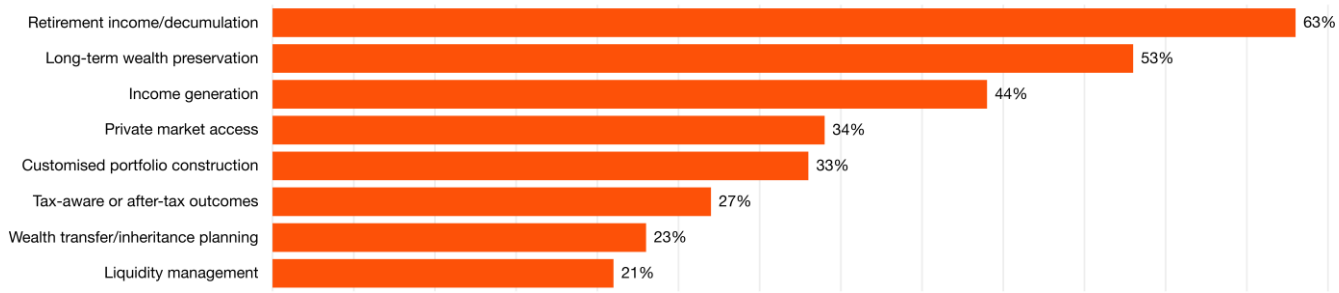
of asset managers say they're fully ready to deliver portfolio-construction support at scale.

The demand for greater portfolio support is clear, with survey respondents eyeing a bigger role for asset managers in providing various types of advice and tools. Institutional investors, for example, want portfolio advice connected to liabilities, capital, and governance. Insurers may focus on liquidity and capital efficiency. Pension and life insurance portfolios need asset managers to help them match and manage long-dated liabilities.

On the distribution side, as many distributors look to help their clients build financial resilience and fund longer retirements, they want asset managers to help them offer model portfolios, retirement propositions, and private market allocations. They're also looking to managers to provide the education and reporting to help build confidence and understanding within their client base.

Distributors cite retirement income as the top outcome for clients

Q. Which end-client outcomes are becoming most important in your proposition?



Note: Respondents selected up to three options.
Source: PwC Global AWM & ESG Research Centre

Ageing is a key factor reshaping institutional demand. About three-quarters (77%) of institutional investors have already seen ageing materially affect their liabilities, and more than half (55%) say the shift from accumulation to drawdown has had a significant effect on their investment strategy. Reflecting that shift, 48% name meeting liability and funding objectives as their most important investment outcome.

Retirement solutions bring complex and far-reaching challenges, including portfolio construction, drawdown design, liability management, education, and reporting. For managers, the question is whether they can deliver that support repeatedly, at economics that work for both sides.

2. Customisation

What buyers want

54%

of institutions cite bespoke mandates as a priority. The same percentage would pay a premium for bespoke mandate design.

Are asset managers ready?

44%

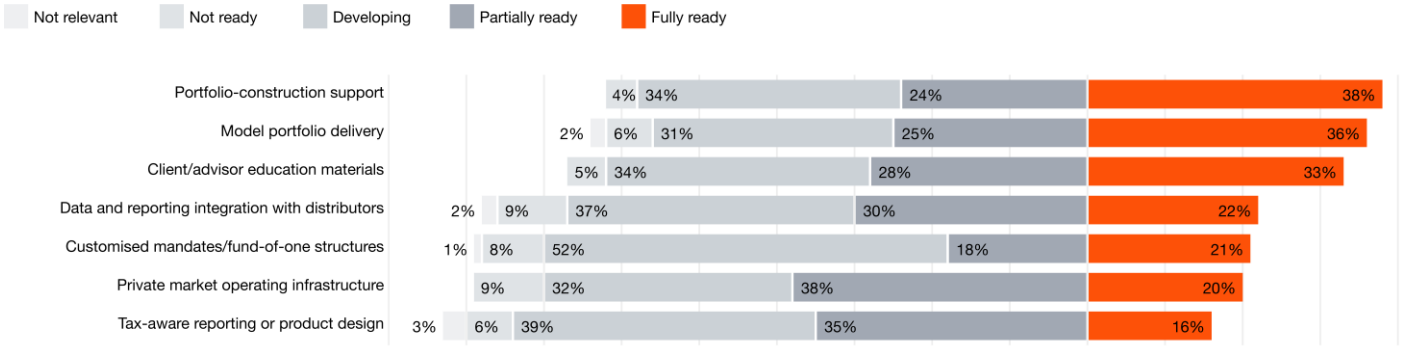
of institutions identify limited customisation as a manager gap.

The race to deliver solutions for complex end-client needs is increasing demand for customisation. Institutional investors want investment arrangements that reflect their own liabilities, tax position, liquidity needs, and governance requirements. Bespoke mandates are the most frequently cited form of customisation, at 54%, followed by private market co-investments at 49%, tax- or jurisdiction-aware structuring at 38%, and liquidity terms aligned to liabilities at 37%. More than half (54%) of institutional investors would be prepared to pay an asset manager a premium for bespoke mandate design.

But few managers can deliver this kind of customisation profitably at scale. Only one in five (21%) say they're fully ready to provide customised mandates or fund-of-one structures, while 44% of institutional investors identify limited customisation as a manager capability gap.

Few asset managers are fully ready to deliver the customisations institutional investors are seeking

Q. How ready is your organisation to deliver these capabilities at scale?



Note: Percentages shown might not total 100 due to rounding.
Source: PwC Global AWM & ESG Research Centre

The aim is, therefore, to offer repeatable customisation rather than deliver bespoke work anew for every client. This will require asset managers to develop common investment and engagement platforms, data, and controls that can be configured in different ways. They'll also need a strong understanding of the economics so they can confidently measure the profitability of each customised or solution-led offering.

3. Technology

What buyers want

8%

of distributors have personalisation technology in place, despite ranking it among the key capabilities that would enable outcome-led solutions.

Are asset managers ready?

43%

of asset managers cite scalable personalisation technology as a leading capability gap.

Technology holds the key to delivering client outcomes at speed and scale without compromising profitability. When asked which single capability would most improve their ability to deliver outcome-led solutions, distributors point to portfolio-construction technology and AI-supported advice. Yet many haven't fully built these capabilities in-house, creating an opportunity for asset managers to provide the necessary support.

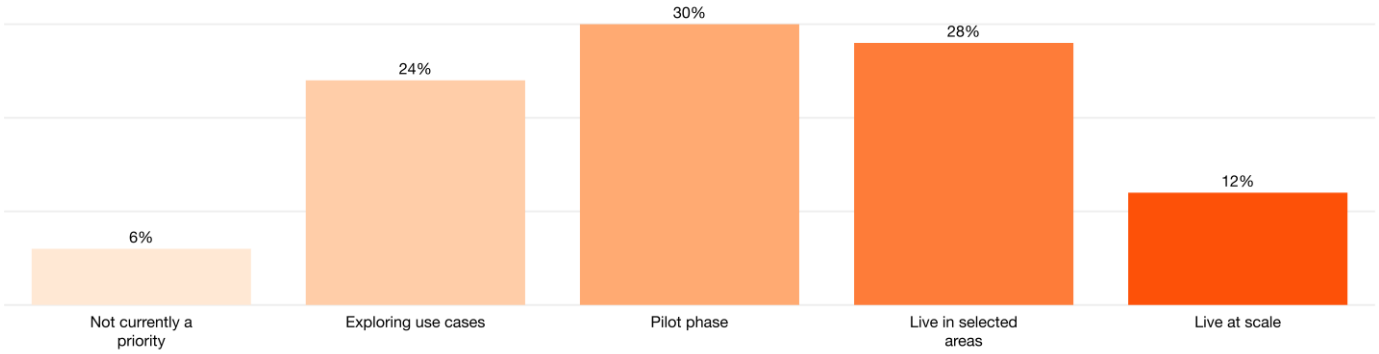
On the institutional side, AI is enhancing the quality and speed of processes ranging from investment allocation to regulatory reporting. This includes portfolio insight and balancing to match liabilities against complex and illiquid assets such as private equity.

But our survey highlights a gap between clients' technology-related needs and ambitions and the capabilities of the asset managers they work with. More than two in five asset managers (43%) cite technology for scalable personalisation as their most important capability gap.

A key technology is AI, which can automate much of the work involved in portfolio construction, rebalancing, tax management, and servicing. There's also interest in tokenisation, which may eventually change how some investments are owned and serviced, despite limited adoption so far. But these types of technology capabilities aren't enough on their own. What's needed is a broader shift towards an operating model in which technology, data, controls, and economics work together rather than as a collection of isolated digital projects.

The majority of asset managers are at the early stages of deploying AI

Q. What is the maturity of your AI technology use for outcome-led propositions?



Source: PwC Global AWM & ESG Research Centre

4. Client integration

What buyers want

Asked in open text what asset managers should prioritise for improvements, distributors answered: simpler and more transparent communication.

Are asset managers ready?

51%

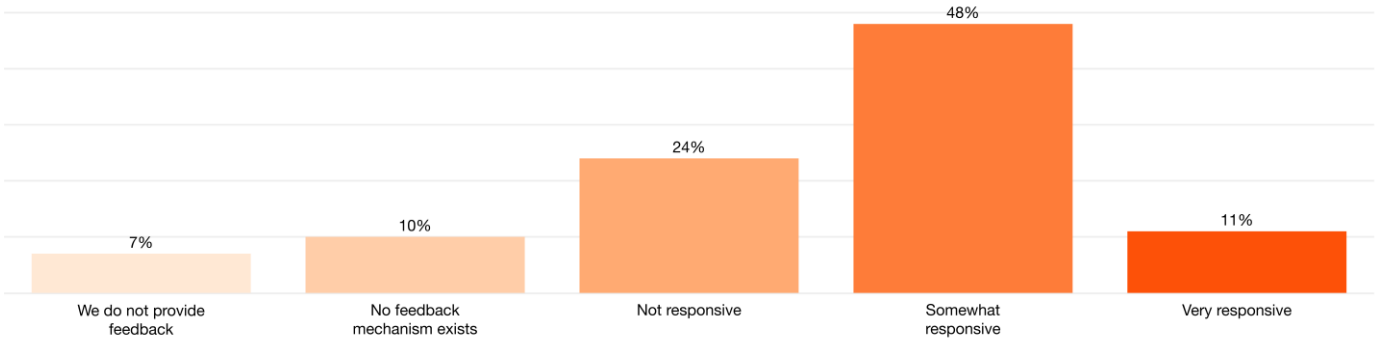
of distributors say poor data integration limits personalisation, while **41%** have no effective feedback loop with the asset managers whose products they distribute.

As their relationships with asset managers deepen, clients want them to offer more integration with their internal systems and data platforms. Distributors and institutional investors increasingly expect investment data, reporting, and portfolio information to connect directly with their own systems and processes. The practical test is whether an investment can be incorporated, monitored, and reported on without creating additional work for the buyer.

But the integration gap is significant. More than half (51%) of distributors say poor connectivity with asset manager data limits personalised outcomes. On the institutional side, 46% of investors want managers to enhance reporting and data transparency. Feedback is weak, too. More than four in ten distributors (41%) have no effective feedback loop with the managers whose products they distribute, for reasons ranging from a lack of formal mechanisms to unresponsive managers.

Only 11% of distributors say their asset managers are very responsive to feedback

Q. How responsive are asset managers to your feedback on product or solution gaps?



Source: PwC Global AWM & ESG Research Centre

Managers with insights allowing them to see how products are being used, and who respond when client needs change, are harder to displace. Clean data and reporting flows also reduce the manual work required to support deeper relationships with clients.

5. Wrapper-ready capabilities

What buyers want

88%

of institutions have increased private market exposure, while **77%** of distributors say access matters to their future proposition.

Are asset managers ready?

15%

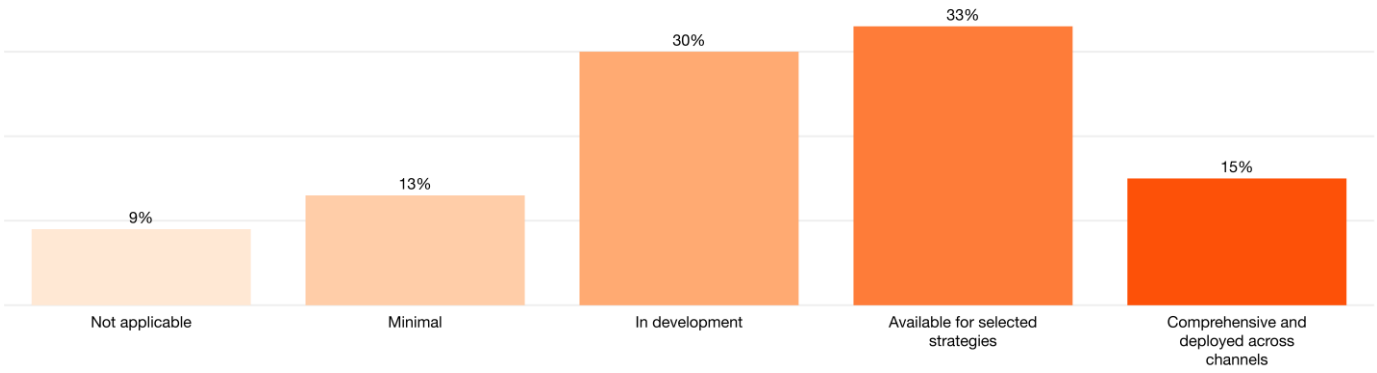
of managers have deployed private market investor education comprehensively across channels. Just **14%** are developing or deploying tokenised/fractionalised vehicles for broader segments.

The static penetration rates identified in our research highlight the need to make propositions more attractive and accessible to a wider set of clients. This means proactively developing the access structures and wrappers—from semi-liquid, evergreen, and feeder funds to insurance or pension wrappers and long-term asset vehicles—that can bring new pools of capital into a broader range of assets. But structure alone isn't enough. Managers also need to offer the education, solution fit, and other supports required to make the wrapper marketable and deliver client outcomes.

The growth in retail interest in private market investments underscores current shifts in demand. In fact, 77% of distributors say private market access is important or very important to their future client proposition, with many citing adviser and investor education as a key way asset managers can help them improve distribution of these investments. But only 15% of asset managers have deployed investor education comprehensively across channels.

Most asset managers report limited deployment of private market investor education

Q. How developed is your investor education approach for private markets?



Source: PwC Global AWM & ESG Research Centre

Structure is part of the answer. In the UK, long-term asset funds (LTAFs) provide a route authorised by the Financial Conduct Authority into long-term and illiquid assets. In the European Union, European long-term investment funds (ELTIFs) provide a regulated long-term fund framework that can be marketed across member states to retail and professional investors. In the US, interval funds use a registered closed-end structure with periodic repurchase offers but don't offer daily liquidity. In Asia-Pacific, Singapore has consulted on a long-term investment fund framework for retail access to private markets; Japan now allows retail investment trusts to hold up to 15% in unlisted shares; and Hong Kong has clarified the route for closed-ended private asset funds to list on its stock exchange.

The regimes differ, but each illustrates the same commercial task: making less-liquid exposures usable within the liquidity, suitability, and servicing requirements of a distribution channel.

Looking ahead, it's important to be ready for the acceleration in demand for tokenised assets. PwC's 2025 analysis projected tokenised fund AUM to reach $715 billion by 2030. But only 14% of managers say they're developing or deploying tokenised or fractionalised vehicles for broader investor segments.

Strategic archetypes

Four models, different roles

Our survey findings underline the need for focus and playing to strengths. Not every manager can and should take on every part of the evolving role. Some will continue to compete as efficient providers of investment components; others will take greater responsibility for portfolio construction, implementation, and client outcomes and seek a greater share of flows and value in return. The question is where deeper involvement creates enough value to justify the investment required.

The direction depends on the business model, the capabilities a firm already owns, and the client role it's best positioned to play.

As you can see below, firms aligned with one of the four business model archetypes mentioned earlier in this report face different priorities.

Full-scale private-to-public hypermarkets

Large global investment platforms spanning both public and private markets, offering broad product coverage and distribution reach

Broad asset-class reach and manufacturing scale give these firms the strongest opportunity to assemble solutions across public and private markets. The commercial test is whether clients experience the firm as a single, integrated business, with its products and services working together to meet their needs.

Where to focus

- Configure public and private capabilities, portfolio construction, and outcome-oriented reporting into propositions clients can buy as one.
- Use shared data and relationship ownership to make customisation repeatable across channels and present one firm to the client.

Solutions platforms

Portfolio-construction engines embedded in wealth platforms or institutional mandates that combine internal and third-party capabilities to deliver outcome-based solutions

Client proximity puts solutions platforms closest to the portfolio, but this positioning only becomes an advantage if delivery scales. The key is to industrialise portfolio construction, reporting, and customisation and use partners to fill product or private market gaps where building internally would cost more than it returns.

Where to focus

- Build common portfolio, data, and reporting infrastructure so each additional client or customisation adds limited incremental cost.
- Decide which investment capabilities to own and where external managers or partners can broaden the solution more efficiently.

Low-cost manufacturers

Industrial-scale providers of simple, transparent investment products designed for models, platforms, and outsourced solutions

Scale and cost leadership remain the core of this model. Being the cheapest component in someone else's portfolio is unlikely, on its own, to create much additional differentiation.

Where to focus

- Sharpen differentiation around the product through transparent data, model portfolio compatibility, portfolio-construction tools, and seamless platform integration.
- Build more portfolio capability in-house to increase the value of fitting seamlessly into someone else's architecture.

Niche champions

Focused specialists with deep expertise in a particular asset class, capability, region, or client segment

Specialist expertise creates value where it's hard to replicate, but access can't be assumed. For private market specialists, regionally relevant structures such as LTAFs, ELTIFs, and US interval funds can help translate investment capability into a form wealth channels can use.

Where to focus

- Partner with multi-asset platforms, wealth managers, or larger manufacturers to extend reach without diluting the specialist proposition.
- Develop advisor-ready education and reporting to make complex exposures easier to adopt.

Questions for asset managers

Choosing where to be indispensable

Delivering the outcomes clients expect doesn't require every manager to become a solutions provider. But it does depend on having clarity about where to add more value, the capabilities needed to deliver it, and the discipline necessary to make the economics work.

Our research raises a set of fundamental questions for asset manager leaders:

1. **What do we want clients to choose us for?**
   Where do we have the strongest right to play a broader role? Where is our advantage strongest, and which clients value it?
2. **How much of that role should we own?**
   Which capabilities need to sit inside the firm, and where can partners do the job better?
3. **Can we deliver it at scale?**
   Do our technology, data, and operating model allow us to deepen the client relationship without adding cost at the same rate?
4. **Can we make it pay?**
   Do we understand the economics well enough to know where customisation and deeper involvement create value, and which offerings clients will pay for?

The managers who address these questions will not only be hard to replace but will also be in the strongest position to drive profitable growth.

Acknowledgements

This article reflects the insights and contributions of PwC partners on the Asset Management Revolution editorial board: Albertha Charles (Chair), Maja Baiocco, Declan Byrne, Roland Kastoun, Barry Knee, Steven Libby, Andy O'Callaghan, Paul Pak, Andrew Thorne, Joseph Wiggins, and Dariush Yazdani.

About the survey

PwC's 2026 Asset Management Revolution report is based on an international survey of 250 asset managers, 100 institutional investors, and 100 distributors from 36 countries and regions. Respondents covered a broad spectrum of AUM size, with more than half boasting assets of more than US$20 billion.

PwC projections for compound annual growth rates are based on econometric modelling and incorporate a variety of economic indicators and PwC expert opinions. We provide three scenarios—low, base, and high case—that are each built on different sets of assumptions about global and industry-specific trends.



Asset Management Revolution 2026

Competing for a broader role in asset management, with economics that work

https://www.pwc.com/gx/en/1/industries/financial-services/asset-management-revolution.html

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