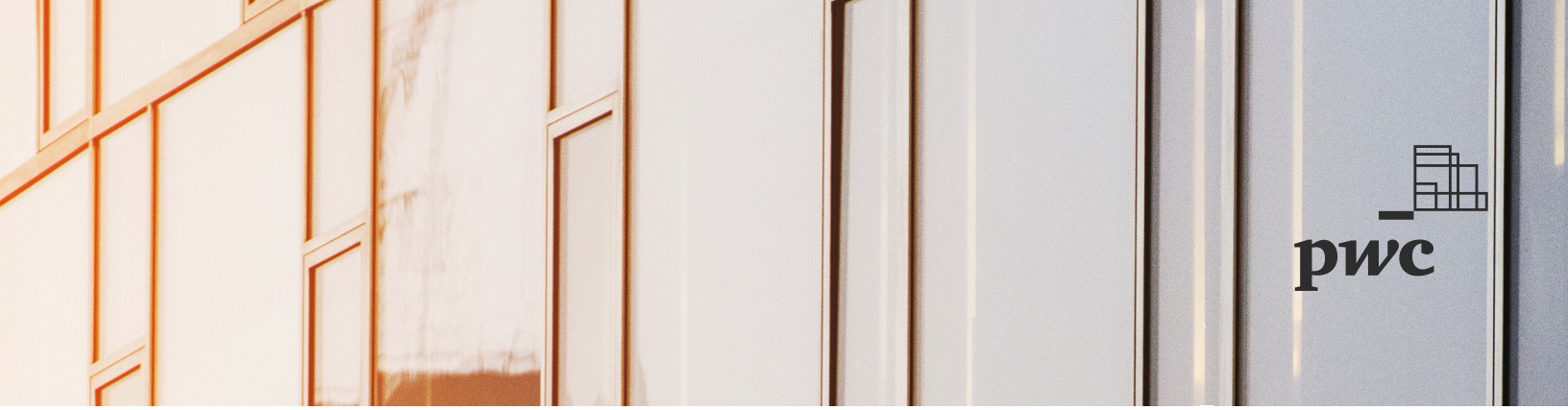
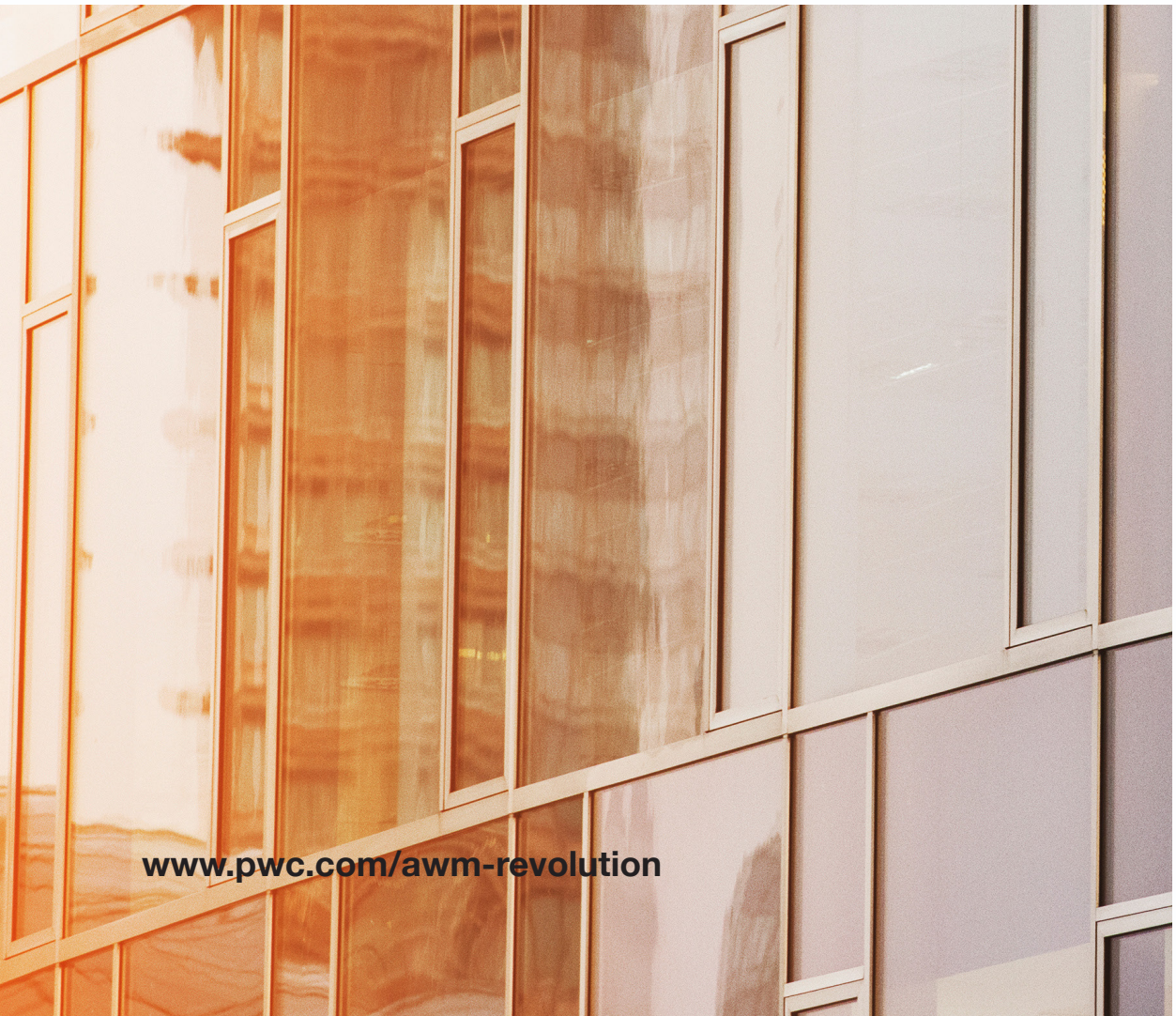


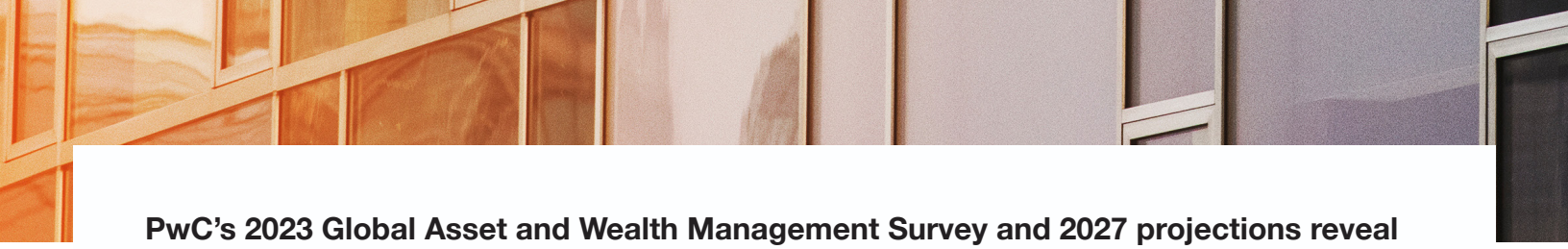
Asset and wealth management revolution 2023: The new context







www.pwc.com/awm-revolution



PwC's 2023 Global Asset and Wealth Management Survey and 2027 projections reveal how shifting investor expectations will disrupt the status quo. For industry players, the choice is simple—adapt to the new context or fail.

By 2027, 16% of existing asset and wealth management (AWM) organisations will have been swallowed up or have fallen by the wayside—twice the historical rate of turnover. This challenging data point underscores key takeaways from our latest industry projections and a survey of 250 asset managers and 250 institutional investors: the AWM industry is grappling with a set of existential challenges exceeding those of any previous era. Areas that have long been critical—digital transformation, shifting investor expectations, consolidation and "retailisation"—are gaining new ground and posing fresh questions against a backdrop of social, economic and geopolitical disruption. Faced with these challenges, leaders should focus on how they can successfully adapt to thrive in the changing industry landscape.

Five key imperatives for survival and success

1

Steering through once-in-a-career upheaval

Inflation, market volatility and interest rate movements are by far the biggest concerns for both investors and asset managers over the next 12 to 24 months. Outperforming the market, and even outperforming low-risk deposits and money market funds, will be challenging in this exacting, post-covid environment.

2

Getting closer to the customer

The opening up of private markets and shifts in investment allocation—including greater demand for exchange-traded funds (ETFs)—are transforming the competitive landscape and the frontiers for growth, amid a US$68 trillion transfer of wealth from baby boomers to millennials by 2030.

3

Embracing experimentation and change

Nearly 90% of institutional investors in our survey believe that the use of disruptive technologies (including big data, AI and blockchain) will lead to better outcomes and returns from their portfolio. But despite widespread investment and deployment of these technologies, this is the area of investor expectation that asset managers continue to find most challenging.

4

Delivering at scale amid cost and competitive pressures

As industry concentration picks up speed, we expect the top ten asset managers to control around half of all mutual fund assets globally by 2027. Alongside their increasing role in funding and influencing the real economy and retaking centre stage, some asset managers may even consider a more holistic approach to financial wellness, with banking and insurance solutions attained through mergers and acquisitions (M&A), joint ventures or alliances.

5

Standing up to intensifying scrutiny

Sixty percent of asset managers believe environmental, social and governance (ESG) expertise will be essential for their portfolio management team in today's market—although the right talent has become increasingly difficult to find. Beyond this, the growing spotlight on AWM's power over the economy prompts fundamental questions about such organisations' purpose and relevance.

The good news is that the AWM industry has shown remarkable resilience in adapting to changing market conditions and evolving investor demands over the years. Indeed, as near-term pressures mount, we're already seeing the emergence of a new breed of AWM organisation: tech-enabled, customer-focused, and prepared to operate across a wide range of asset types, both within and outside traditional AWM. By 2027, we expect the industry will be transformed and—as a result—it will be imperative for leadership to adapt accordingly (see the graphic below).

Diary of an AWM CEO in 2027

Monday 7 June 2027

8AM

8.00am
Briefing with brand consultants and customer relationship team on boosting our trust rating and Net Promoter Score and picking digital influencers to promote the new wealth products

9AM

9.00am
Call with Chief Innovation Officer to discuss results from the latest sandbox trial. Need quick decision on go-ahead and prep for board meeting to review blockchain settlement and custodian arrangements

10AM

10.00am
Meeting with the Supermart Stores CEO to agree to revenue sharing arrangement and establish who will own the customer relationship and data in our joint digital loyalty points project

11AM

11.00am
Meeting with Chief Investment Officer on launching a fund for tokenised securities

12PM

Noon
Briefing from corporate affairs ahead of televised appearance before legislative committee. Be ready for grilling on net-zero investment, lending to small and medium-sized enterprises (SMEs) and safeguards against greenwashing, followed by update from corporate affairs on media and market reaction to appearance before committee

1PM

2PM

2.00pm
Meeting with the corporate strategy team to discuss possible targets for private and/or neobank acquisitions

3PM

3.00pm
Meeting with Chief Operating Officer to discuss further refining the outsourcing model to manage costs by ensuring that only core functions are retained

4PM

5PM

5.00pm
Employee town hall on ethnic and gender pay-gap study results and actions ahead

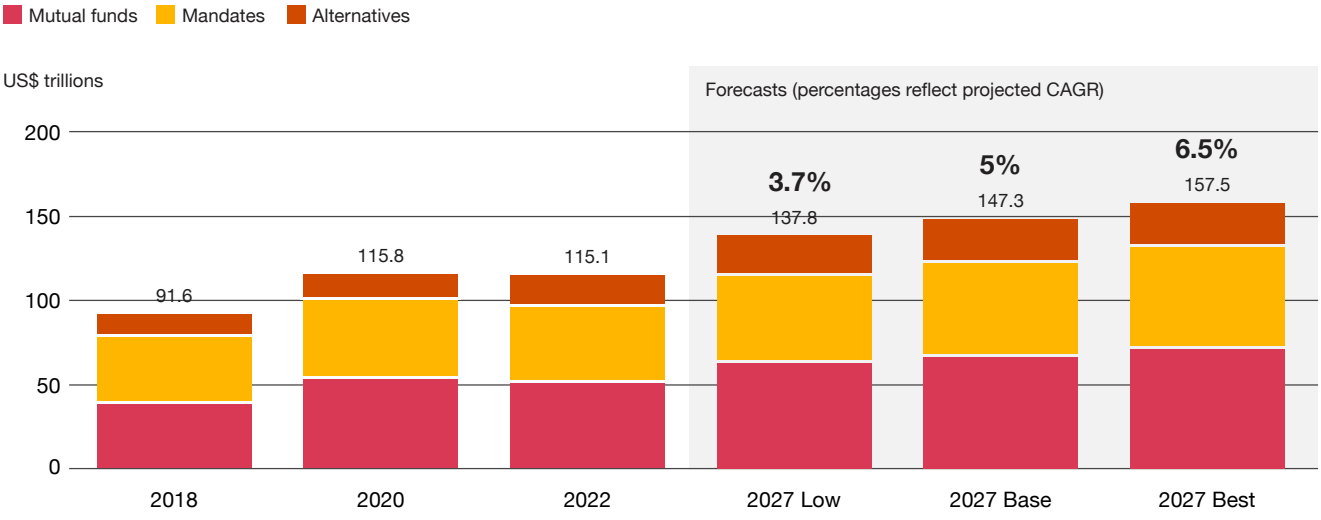


1. Steering through once-in-a-career upheaval

Asset managers faced a tough year in 2022, with assets under management (AuM) falling to US$115.1 trillion, nearly 10% below the 2021 high (US$127.5 trillion). This represented the greatest decline in a decade. Looking to the next two years, inflation, market volatility, and interest rate movements are by far the biggest concerns for both investors and asset managers. However, we expect to see a rebound by 2027, with AuM reaching a base case of US$147.3 trillion, representing a compound annual growth rate (CAGR) of 5% (see chart below).

Global AuM is set to rebound by 2027

CAGR 2018 to 2022 = **5.9%**



Note: Totals may not equal sums shown due to rounding.
Sources: PwC Global AWM & ESG Research Centre, Refinitiv Lipper, Preqin

Many working in the asset management industry have little or no experience operating in this uncertain economic and high-interest environment, which may be prolonged by labour shortages and geopolitical instability. While navigating through the immediate storm, they also have to focus on the decisions and investments needed to transform their businesses and deliver long-term viability and growth.

Alpha will be more difficult to find, and the beta from rising markets may be challenged by money market funds and even bank deposits. We've already seen some flight from equity to the safer yields of bonds and money market funds (see table below). There also have been significant reallocations: (a) those towards passive investments as investors look for a transparent, liquid and low-cost option; and (b) those towards private markets as investors ramp up the search for returns and hedges against market volatility.

Global AuM by asset class (US$ trillion)

Products	2018	2020	2022	2027f Low	2027f Base	2027f Best	CAGR (2018–2022)	CAGR Low	CAGR Base	CAGR Best
Global AuM	**91.6**	**115.8**	**115.1**	**137.9**	**147.3**	**157.4**	**5.9%**	**3.7%**	**5.0%**	**6.5%**
Mutual funds	**39.3**	**53.6**	**52.2**	**64.0**	**67.7**	**72.3**	**7.4%**	**4.2%**	**5.3%**	**6.7%**
of which active investments	30.3	39.4	35.9	41.0	43.6	47.0	4.4%	2.7%	3.9%	5.5%
of which passive investments	9.0	14.2	16.3	23.1	24.2	25.3	15.9%	7.2%	8.2%	9.1%
of which ETFs only	4.8	7.9	9.1	13.4	14.1	14.8	17.3%	7.9%	9.0%	10.1%
Mandates	**39.5**	**47.1**	**44.9**	**51.5**	**55.9**	**59.9**	**3.2%**	**2.8%**	**4.5%**	**6.0%**
of which active investments	30.4	34.6	30.9	32.5	35.8	38.6	0.4%	1.0%	3.0%	4.6%
of which passive investments	9.1	12.5	14.0	19.1	20.1	21.3	11.4%	6.3%	7.5%	8.7%
Alternatives	**12.8**	**15.1**	**18.0**	**22.3**	**23.7**	**25.3**	**8.9%**	**4.4%**	**5.6%**	**7.0%**

Notes: AuM in US$ trillion. Percentages shown may not total 100 due to rounding. Totals may not equal sums shown due to rounding.
Sources: PwC Global AWM & ESG Research Centre, Refinitiv Lipper, Preqin

The resulting risk for active managers who operate primarily in the public markets is that they may continue to lose market share. Moreover, if interest rates linger around 4% through 2024 and beyond, private markets managers will need to significantly raise their target internal rates of return (IRR) simply to compete, just as tough economic conditions and the end of cheap funding make this more difficult. Data and predictive analytics will play a greater role in finding unique investment propositions outside the mainstream in an increasingly crowded market.

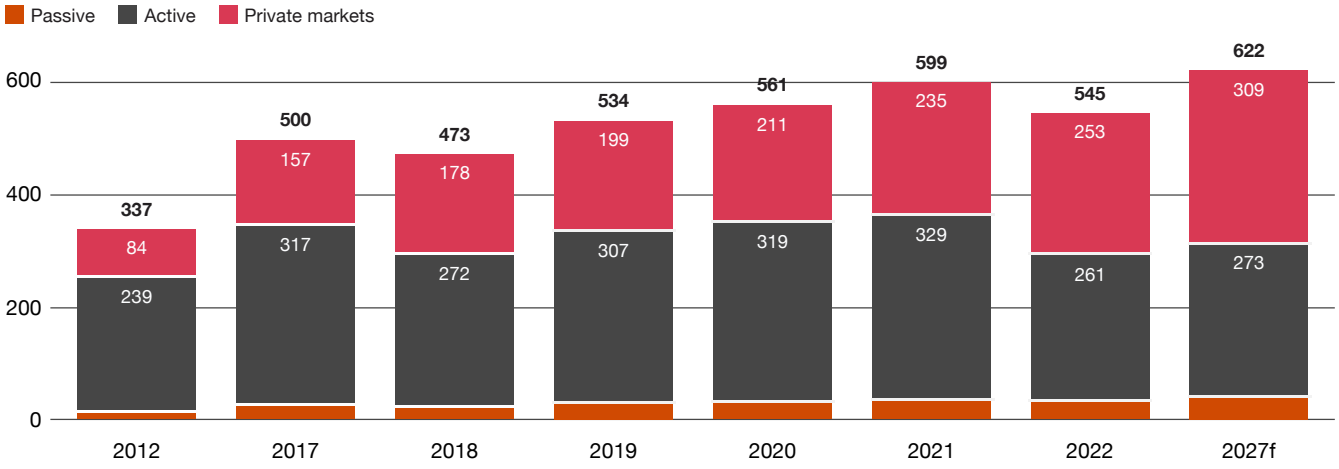
Significant reallocations mean active managers who operate primarily in the public markets may lose market share.

Growth returns

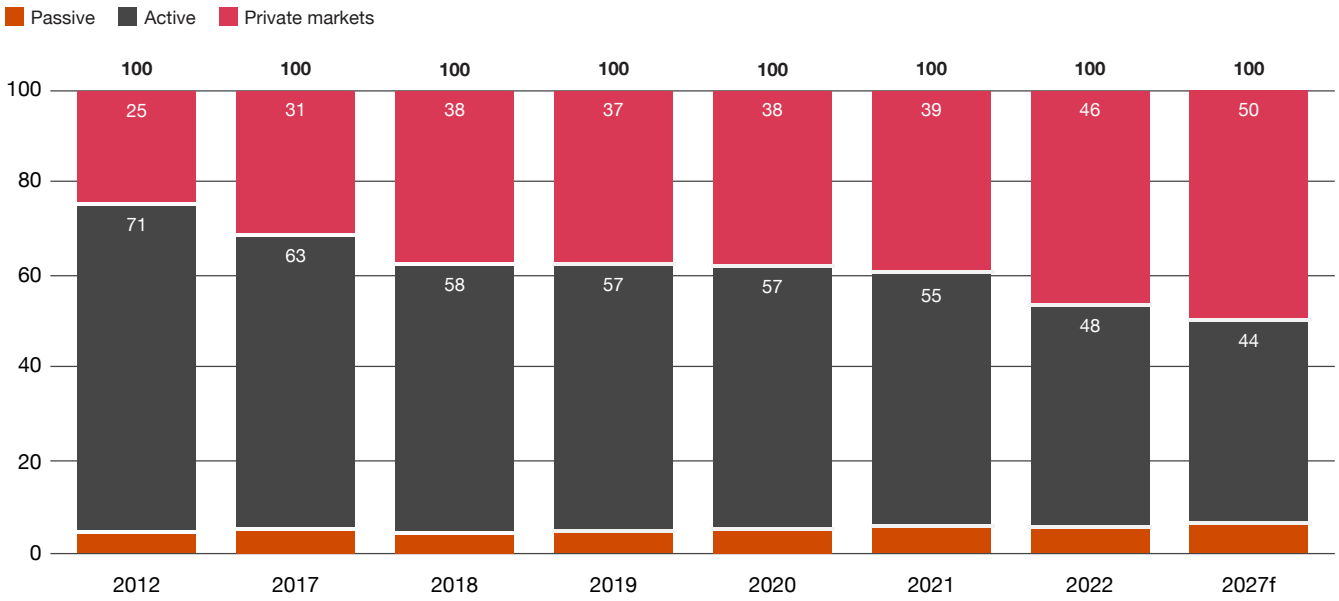
As the global economy heads back into growth, and inflationary and interest rate pressures ease, global asset management revenues will bounce back to reach US$622.1 billion by 2027, topping the record highs of US$599.1 billion generated in 2021. We anticipate that this increase will be led by a continued surge in private markets revenues, which will account for around half of global asset management revenues by 2027, up sharply from 37.6% in 2020 (see charts below).

Global asset management revenues forecasted to top record highs by 2027

Global asset management revenues (US$ billion)



Share of total revenues (%)



Note: Private markets revenue includes management fees and carried interest. Private markets excludes hedge funds.
Sources: PwC Global AWM & ESG Research Centre, Lipper, Preqin, Pitchbook

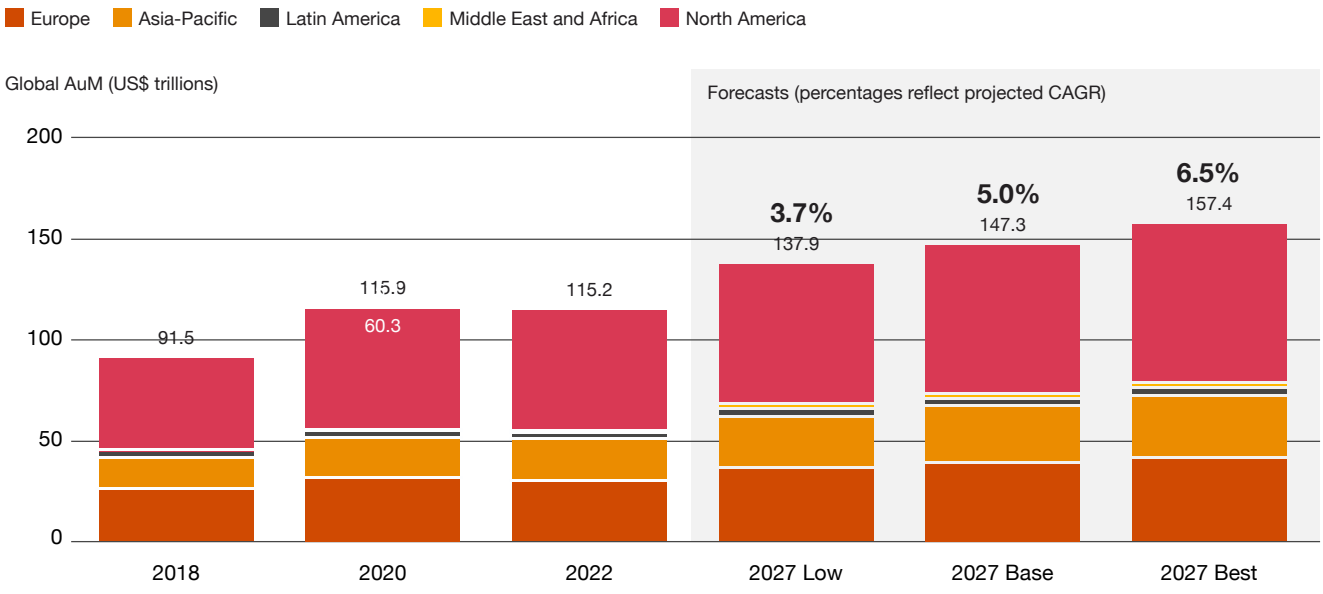
The search for growth and yield is taking AWM organisations into new segments, geographies and asset classes, with all the expected results: additional complexity, operational demands and risk of being spread too thin across subscale offerings.

Frontier and emerging markets

Asia-Pacific, along with frontier and emerging markets in Africa and the Middle East, will set the pace of growth in AuM. According to our base-case scenario, growth rates in Asia-Pacific will be roughly 50% higher than in North America by 2027. Previously slow industry expansion in the Middle East—due to complex regulatory environments—is expected to pick up, as AWM organisations seeking new markets for revenue growth have renewed impetus to make inroads into these highly valuable, if challenging, regions (see chart below).

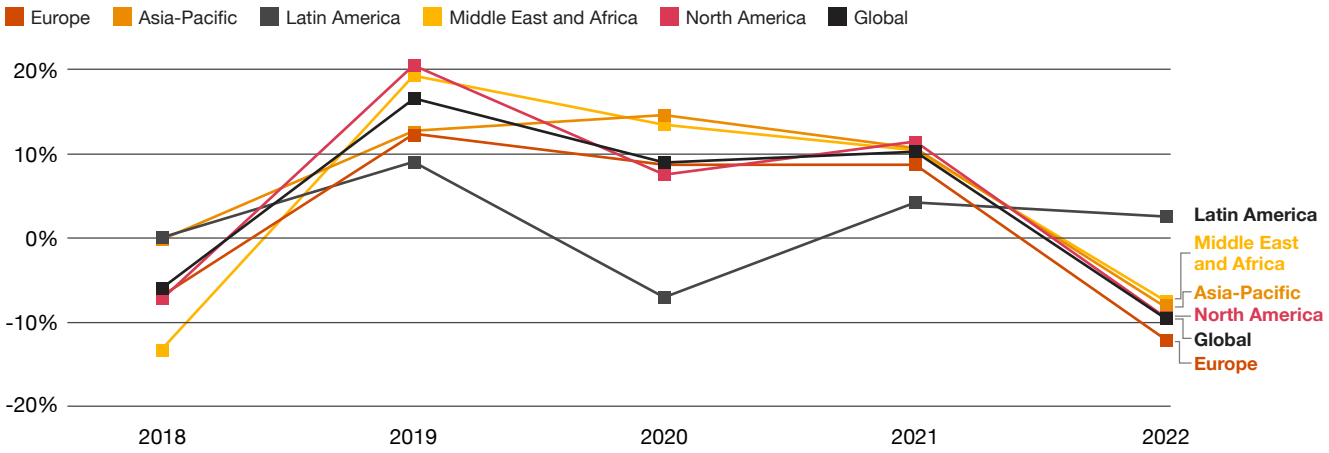
AuM growth rates in Asia-Pacific will be roughly 50% higher than North America by 2027

CAGR 2018 to 2022 = **5.9%**



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

Year-on-year growth



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

The way forward

Identify and focus on your unique selling point (USP)

- Even the largest players won't have the scale and expertise to compete in all of today's emerging markets. So it's important to focus on what you're good at. You can then drive your efficiency and profitability from being the best at delivering that USP through scale, talent and technology, while rationalising subscale areas of your product suite.

Buy in what you can't excel in

- Offerings outside your core USP can be bought in from partners with the capabilities to do this well. These offerings could be services outside AWM as well as within it, such as insurance or specialist lending.

- By learning more about your investors and developing the data and analytics to understand their needs, you can still deliver insight and value even when using third-party distributors. By eliminating subscale operations, you can also cut out unnecessary complexity and cost.



2. Getting closer to the customer

One of the most salient takeaways from our survey is that the retail market offers vast and still largely untapped openings for growth. Booming segments of high-net-worth (HNW) and mass affluent investors are looking for more differentiated products. As with growth in the industry overall, the main drivers of demand are the opening up of private markets and shifts in investment allocation—including the continued growth in ETFs.

But retailisation brings a whole new set of risks, expectations and operational challenges into the mix—and getting the customer proposition right has new urgency against a backdrop of an unprecedented transfer of wealth from baby boomers to millennials that will be occurring in the coming years.

Private markets open up

Regulatory approval for structures such as the European long-term investment funds (ELTIF), along with the inclusion of some managed private equity funds, private business development companies, interval funds and non-traded real estate investment trusts (REITs) in 401(k) plans are opening up private markets investment to individual investors.

This isn't democratisation quite yet, as the main customer base will be HNW investors with investable assets of at least US$1 million. The dominance of the HNW segment is reflected in the fact that we expect their total assets to reach US$139.6 trillion by 2027 (see table below).

Clients' assets (US$ trillion)

Clients	2018	2020	2022f	2027f Low	2027f Base	2027f Best	CAGR (2018–2022)	CAGR 2027 (Low)	CAGR 2027 (Base)	CAGR 2027 (High)
Pension assets	46.0	56.8	54.4	61.1	64.9	69.2	4.2%	2.4%	3.6%	5.0%
Insurance companies	31.2	35.9	33.9	38.6	40.6	42.7	2.0%	2.7%	3.7%	4.7%
Sovereign wealth funds	8.4	9.9	11.4	13.5	14.5	15.2	7.8%	3.6%	5.0%	6.0%
HNW individuals	73.5	103.5	107.3	132.2	139.6	147.4	9.9%	4.3%	5.4%	6.6%
Mass affluent	64.6	88.5	84.5	101.2	107.1	113.0	7.0%	3.7%	4.8%	6.0%
Total client assets	**223.8**	**294.6**	**291.4**	**346.6**	**366.7**	**387.5**	**6.8%**	**3.5%**	**4.7%**	**5.9%**
Total AuM	91.6	115.8	115.1	137.9	147.3	157.4	5.9%	3.7%	5.0%	6.5%
Penetration rate	**40.9%**	**39.3%**	**39.5%**	**39.8%**	**40.2%**	**40.6%**	NA	NA	NA	NA

Notes: Percentages shown may not total 100 due to rounding. Totals may not equal sums shown due to rounding.
Sources: PwC Global AWM & ESG Research Centre, OECD, Lipper, Pension Fund and Insurance Associations

HNW individuals want more from wealth managers and will switch firms if they don't get it. **Research we carried out among HNW individuals in the US** found that many are reconsidering their wealth management relationships as they seek access to an increased variety among products and services—including private markets. But many AWM organisations have found it difficult to extend access to private markets in practice, and the operational challenges are compounded by widespread pushback from financial advisers.

A significant part of this HNW opportunity stems from the generational shift in funds as millennials begin to inherit the wealth accumulated by their baby boomer parents. More than US$68 trillion could be **passed on from baby boomers to millennials** by 2030. This will heighten the calls for tech-enabled services. Millennial expectations are also likely to spur further demand for ESG, crypto/digital and private markets investments.

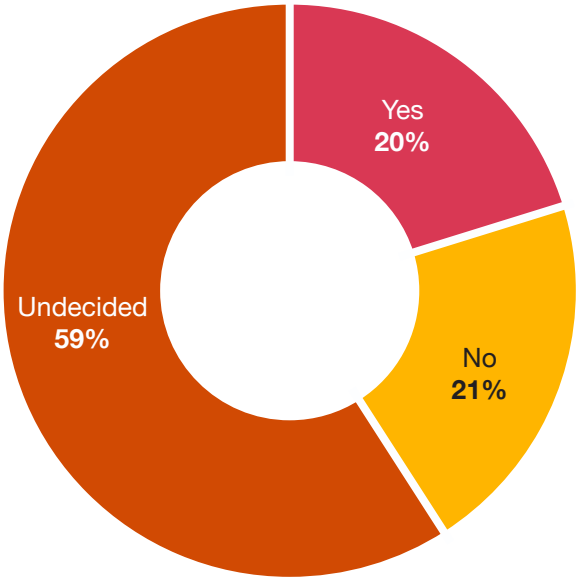
ETF goes direct

ETF managers surveyed in PwC's ***ETF 2027: A world of new possibilities*** said they expect the biggest surge in demand over the next two to three years to come from individual investors. This is reinforced by our findings, which show that the growth potential includes active as well as passive ETFs. Nearly a quarter of institutional investors said they are considering investing in active ETFs in the next 12 to 24 months.

Along with new launches, the growth in active ETF AuM includes the conversion of existing mutual funds. Some asset managers have already begun this work, while almost 60% who are considering investing in active ETFs say they are considering converting up to 5% of their mutual fund offering (see charts below). The big challenge for traditional managers is how to sustain margins in the face of lower fees than they are generally accustomed to. This calls for a clear focus on scale, operating costs and digital distribution.

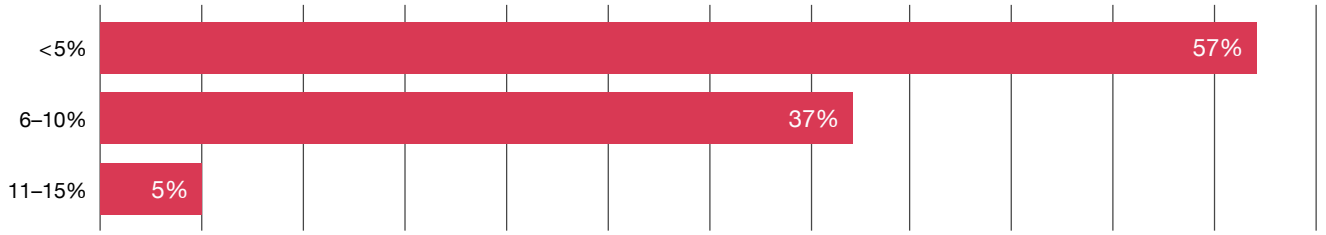
Asset managers are considering converting part of their mutual fund offering to active ETFs

Question: Are you considering closing/ converting part of your mutual fund offering and opening an active ETF range within the next 12 to 24 months?



Source: PwC Global AWM & ESG Research Centre

Question: What proportion of your mutual fund offering are you considering closing/ converting into an active ETF range within the next 12 to 24 months?



Source: PwC Global AWM & ESG Research Centre

The way forward

Go where your customers go

- Develop customer profiling and experience needed to bring highly bespoke, high-touch wealth management services to a much larger customer base. You can accomplish this through your own development and acquisition, or via a partner with the necessary name recognition and distribution capabilities.

Consider a wider set of potential partners

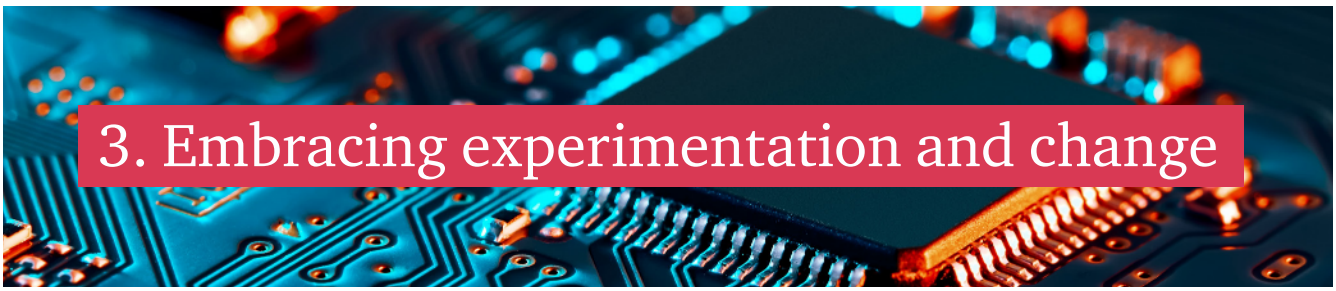
- Customers, especially younger ones, won't come to you. So you need to find where they congregate, what influences their choices, and how to establish presence and relevance. Looking beyond financial services, potential partners could include supermarket chains and online marketplaces, or even such non-traditional channels as game portals, for the generations coming into the marketplace.

Rethink your client relationship strategy

- For those seeking to offer solutions to a wider customer base, the initial focus will be HNW individuals. The foundations include enhanced customer profiling that synthesises structured data (such as adviser notes and portfolio information) with unstructured data (in areas such as texts and blog posts) to anticipate and respond to demand. In parallel, it's important to improve mobile capabilities and virtual collaboration tools so you can offer seamless multichannel engagement (including in-person engagement) that HNW clients—millennials, in particular—now expect.

Create new offerings

- As you extend your product offering, it's vital to bring advisers on board through education and support with client risk assessment. The longer-term challenge is how to manage the complexities and reporting demands of these complex investments, which is likely to require specialist third-party support.



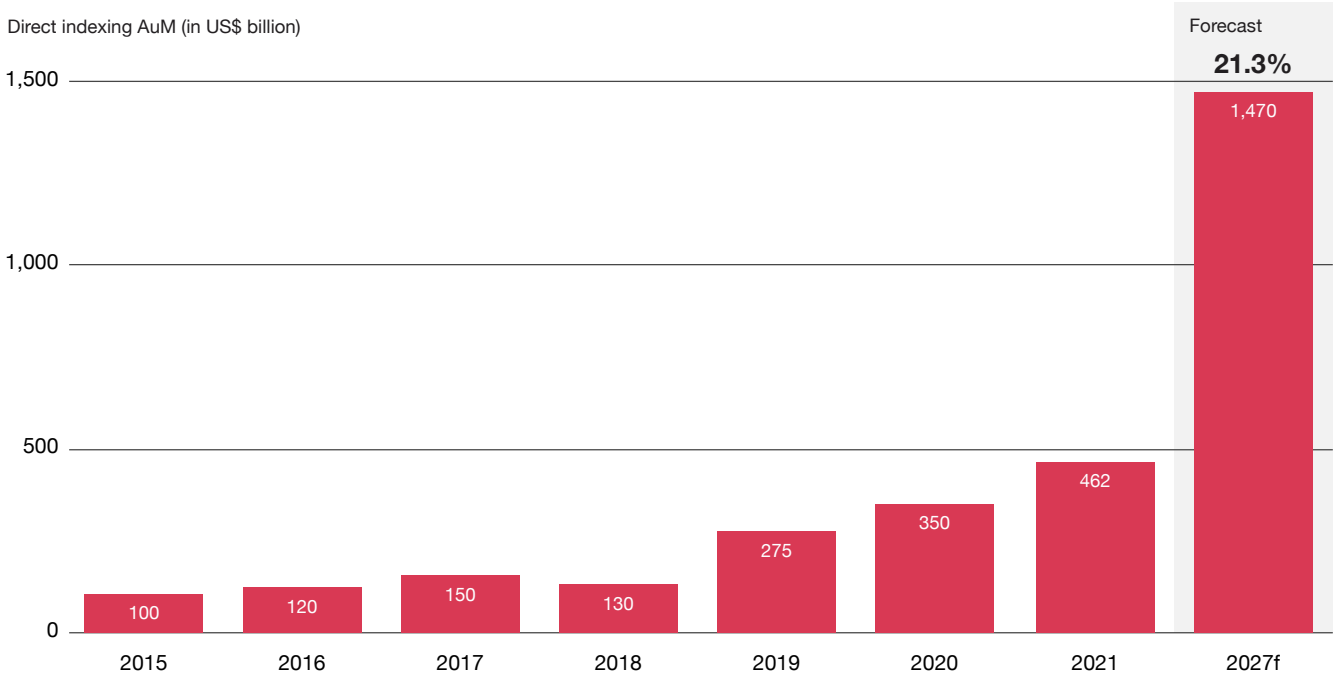
3. Embracing experimentation and change

Technology is revolutionising how you go to market and what customers expect. Nearly 90% of institutional investors believe that the use of disruptive technological tools (including big data, AI and blockchain) will lead to better outcomes and returns from their portfolio. More than 90% of asset managers are already using these new technologies to enhance investment performance, but this is the area of investor expectation that they continue to find most challenging.

We're already seeing the impact of digital-first models and direct investment platforms catering to a younger demographic. Individualised indexing, for example, is gaining popularity, particularly among investors seeking tax optimisation benefits, as well as those interested in ESG, factor investing and algorithmic portfolio construction. Nearly 40% of institutional investors are planning to invest in custom indexing products in the coming 12 to 24 months. Almost half of asset managers expect to add individualised indexing solutions to their offering in the next 12 to 24 months. By 2027, we expect direct indexed AuM to have more than tripled to reach US$1.47 trillion, roughly 1% of total AuM (see chart below).

Direct indexing AuM is expected to more than triple by 2027

CAGR 2015 to 2021 = **29.1%**



Sources: PwC Global AWM & ESG Research Centre, PwC forecasts based on historical data from Cerulli Associates

The new market infrastructure

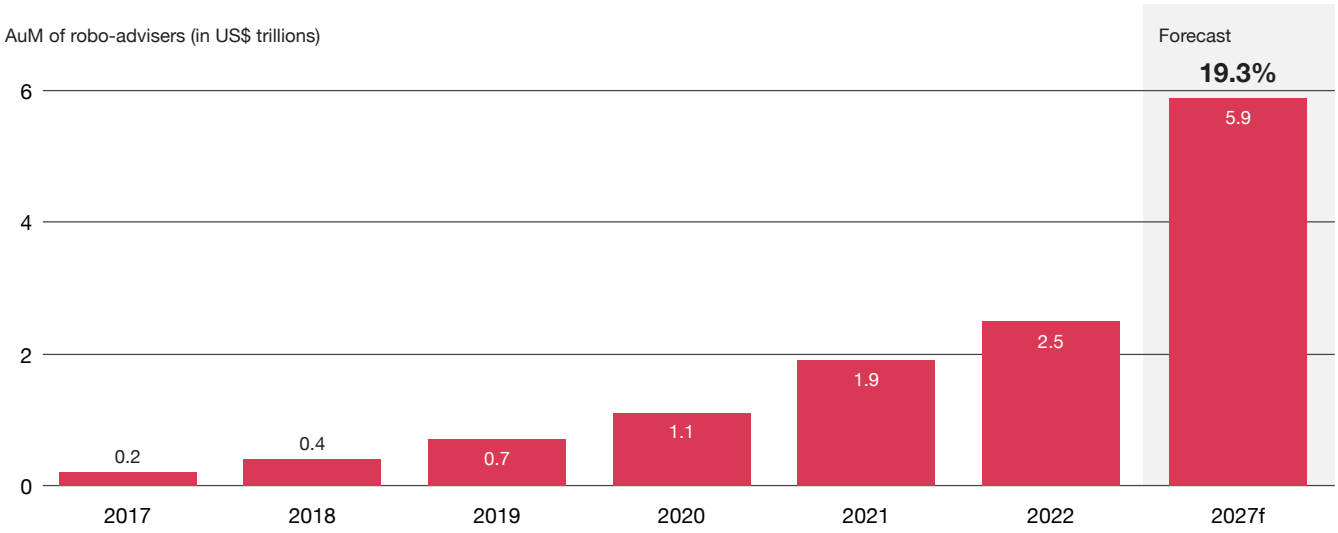
Technology is also upending the way investments are traded, securities are held and contracts are settled. Whole swathes of the existing industry infrastructure could become redundant as a result.

Tokenisation takes this shake-up further by increasing market accessibility and simplifying the fund infrastructure. Tokenised securities are blockchain-enabled smart contracts that create a token to assign ownership and confer rights such as dividend payments. To date, the focus has primarily been real assets, but tokenisation could be applied in principle to almost any kind of investment—effectively revolutionising the time, expense and administration spent on trade settlement, custodianship and payment approval.

The enablers for this increasingly digitised market include the latest advances in AI. Some leaders have already been innovating with generative AI in the middle and back office, and applications such as robo-advice are gaining momentum in some markets. Our predictions show that assets managed by robo-advisers will reach US$5.9 trillion by 2027, more than double the figure of US$2.5 trillion in 2022 (see chart below). But in some markets, adoption has been slower, suggesting that more work is needed to make this model viable. Further AI-enabled developments range from enhanced trading strategies to **generative AI** paving the way for closer analysis of unstructured data.

Robo-advice is gaining momentum—and doing so at speed

CAGR 2015 to 2022 = **66.8%**



Sources: PwC Global AWM & ESG Research Centre, PwC forecasts based on historical data from Statista

Together, these developments represent an inflection moment for AWM, creating openings for industry democratisation and growth on the one side and the serious risk of disintermediation on the other.

The way forward

Rethink your systems infrastructure

- To keep pace with today's rapidly evolving systems, consider outsourcing non-client-facing, mid-office, and back-office requirements to a managed service provider with the scale and resources to ensure that both tech platforms and the skills of the talent needed to run them are fully up to date. For example, do you need an entire legal or finance department in-house, or could you outsource the basics of such functions to lower-cost, more efficient providers and focus instead on the company-specific elements?

Lead with the new

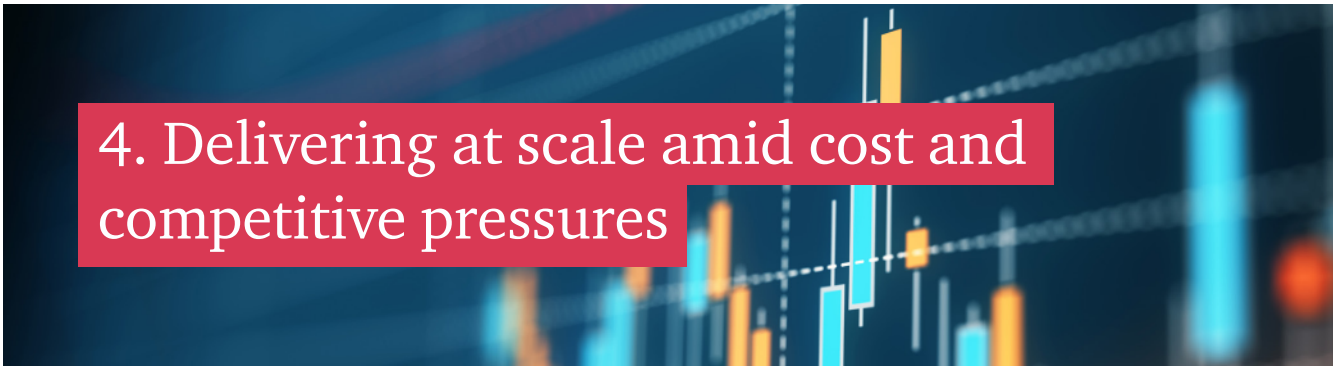
- Get ahead of the curve by setting up innovation labs and sandbox trials that will allow you to develop, test and move to market quickly on tokenisation and other game-changing frontier tech.

Gear up for mass customisation ahead

- Broaden your retail presence through AI and robo-advice as a way to offer the kinds of personalised solutions that would once have been reserved for HNW clients. But remember that the need to sustain a hybrid human and digital delivery model will remain.

Manage risks

- You can't move forward on AI without managing risks among investors, employees and regulators. This underlines the need for maintaining robust governance and data protection, while being **responsible and responsive** to concerns about data security, stewardship and unintended consequences.



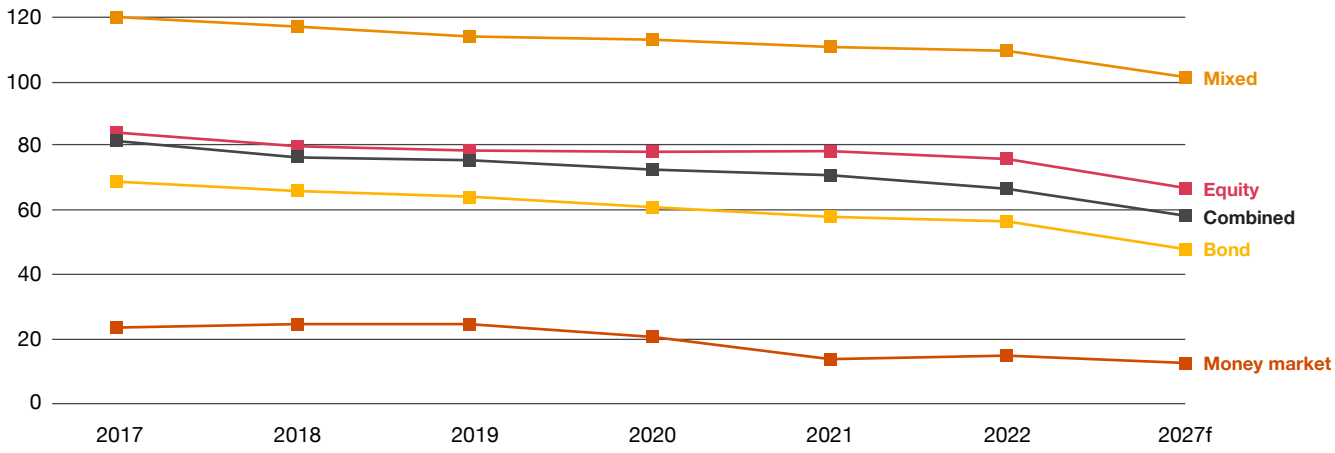
4. Delivering at scale amid cost and competitive pressures

A combination of competition and investor pressure continues to drive down fees. Passive funds have seen the sharpest drops in total expense ratios (TERs)—the total cost of running or managing a fund—but active funds will see faster falls in the years ahead. Our survey shows that asset managers expect the drops to continue over the next 12 to 24 months—and they could go on even longer. By 2027, we expect that the TER of active investment

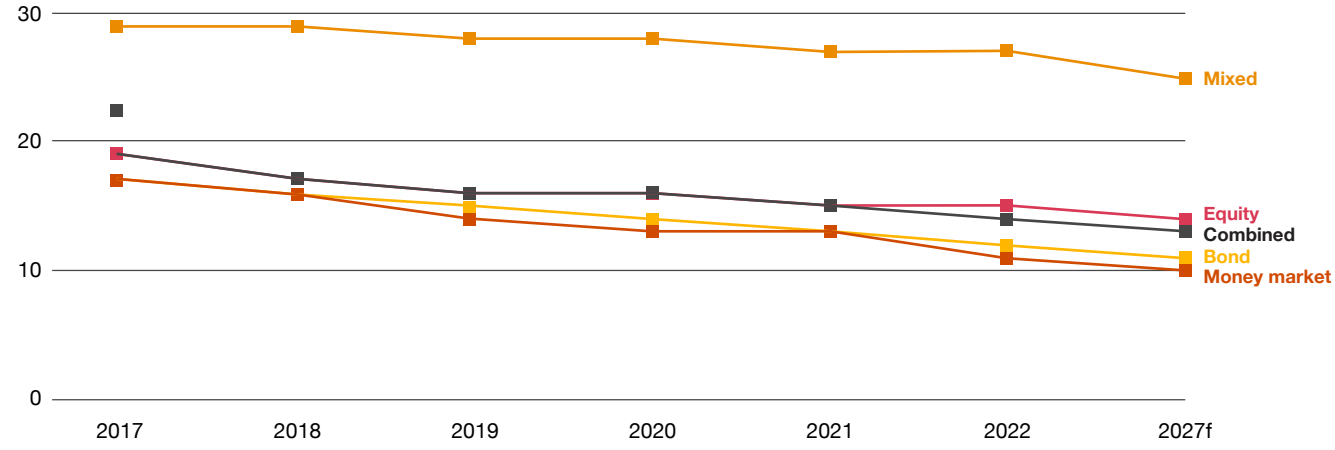
funds will decrease by 12% from 2022, to 59 basis points (bps), whereas the historically lower TER of passive investment funds will drop by 9% from 2022, to 13 bps (see charts below).

Global TERs continue to drop and are likely to plummet further

Global TER of investment funds in basis points (bps): **Active**



Global TER of investment funds in basis points (bps): **Passive**

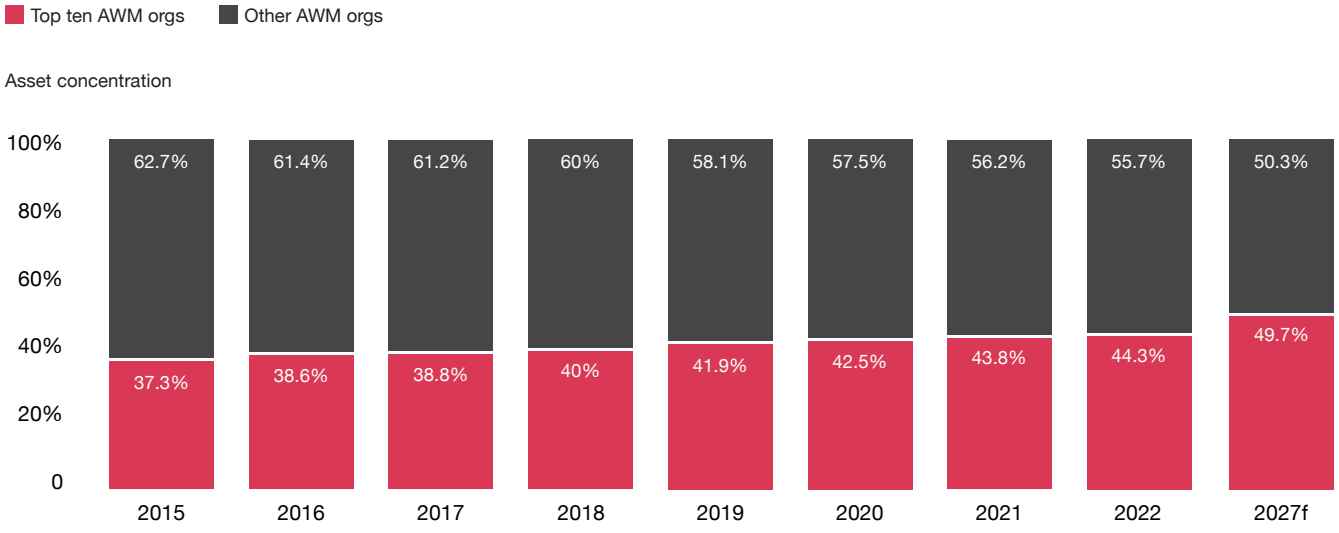


Note: Data includes mutual funds and ETFs domiciled in Europe, the US, (Middle East and Africa) MEA, and (Latin America) LATAM.
TERs are based on their asset weight. Data does not include passive money market funds domiciled in the US and passive mixed funds in LATAM.
Sources: PwC Global AWM Market Research Centre, Lipper

Greater transparency and easier comparison are leading to some adjustment to fees, but investors are no longer the main driving force for fee reduction. Indeed, more than 70% of institutional investors are at least somewhat satisfied with the fees being charged for equities. Of those investors who are dissatisfied, the majority would prefer to negotiate a reduction in fees of up to 5% with existing managers rather than switch.

The biggest downward push on fees is now coming from within the AWM industry, as large managers are able to exert a combination of scale and investment in the latest technologies to undercut competitors. Further consolidation and increased concentration within the industry could reinforce these advantages. By 2027, we expect the top ten traditional asset managers to control around half of mutual fund AuM, up from 42.5% in 2020 (see chart below).

The top ten traditional asset managers are taking control of half of all mutual fund AuM

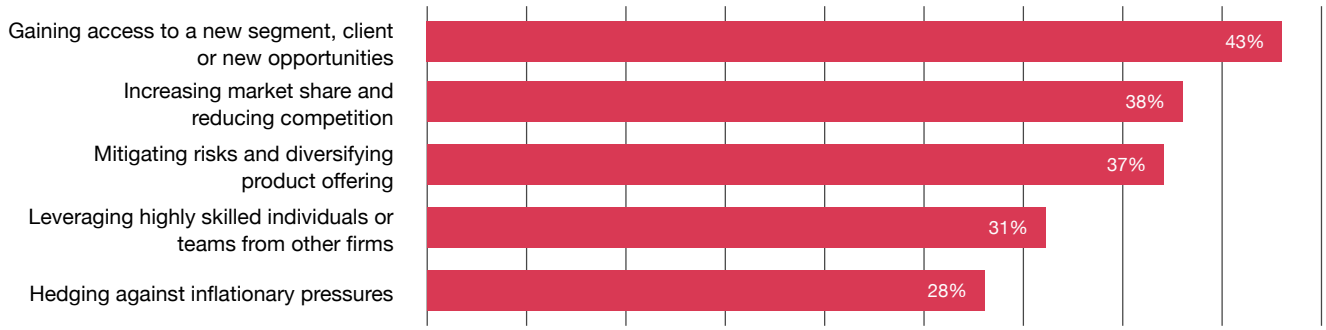


Sources: PwC Global AWM & ESG Research Centre, Refinitiv Lipper

Resurgence in M&A and partnerships

Nearly three-quarters of asset managers (73%) are considering a strategic consolidation with another asset manager in the coming months. Gaining access to new segments, building market share and mitigating risks will drive deal appetite over the next year and beyond (see chart below), though some transactions may be held up by valuation uncertainty and funding constraints in the short term.

Factors for asset managers to consolidate within the next two years



Source: PwC Global AWM & ESG Research Centre

The need for control of distribution and the client relationship is also likely to spur vertical integration as AWM organisations bring together expertise from private banking, wealth management and other client access points with the core value drivers of investment performance.

Nearly three-quarters of asset managers (73%) are considering a strategic consolidation with another asset manager in the coming months.

The way forward

Hone in on your targets

- With interest rates high and access to capital limited, large-scale deals may be confined to buyers who have significant cash reserves. But innovative alliances and small-scale tech-focused and talent-focused deals are still possible and could provide transformational results.

Look beyond scale

- Strengthening scale and reach through horizontal integration may not be enough on its own. M&A can be the key to acquiring the distribution capabilities and the vertical integration that create openings for cross-selling and the direct customer relationship. As investor expectations evolve, acquisition can also help to secure the capabilities needed to deliver the right experience and product mix.



5. Standing up to intensifying scrutiny

The growing spotlight on AWM and its role in society raises fundamental questions about your purpose and relevance as an organisation.

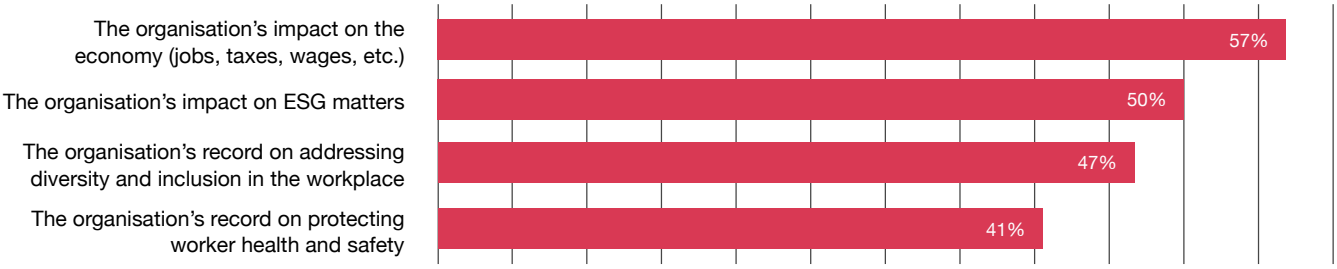
AWM organisations are embracing purpose-led growth in areas such as funding for the net-zero transition and extending private credit to (small and medium-sized enterprises) SMEs. But opportunities remain to drive innovation and growth within ESG investing and the wider economy, while reshaping public perceptions and attracting new talent and investment. Alongside this are imperatives to **improve diversity and inclusion** across the industry,

with some investors adding diversity scoring to their decisions about which asset managers they select.

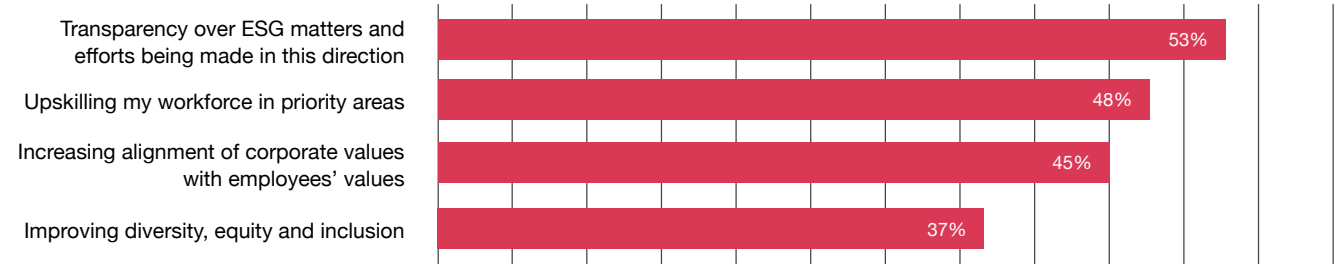
Looking forward, we expect to see an increased effort from asset managers to include societal considerations in their performance in order to significantly improve how employees—and next-gen investors—perceive them. Fifty-three percent of AWM firms are making efforts to improve transparency over ESG matters and efforts in this direction (see chart below).

Calls for social action require more transparency from asset managers

Employees increasingly demand disclosure over social attributes



Employers are taking action to meet employee expectations



Source: PwC Global AWM & ESG Research Centre

But there is also ever more regulatory scrutiny over the systemic risks of concentrating so much power and wealth within a small set of large and growing AWM organisations. In the context of ageing populations and dwindling public pensions—what many see as an impending pensions crisis—this includes potential new rules for the industry for fees, reporting and product innovation to get out in front of the crisis.

There are also questions over accountability, especially as the value of private markets comes to exceed that of public markets and AWM organisations increase their footprint in areas such as infrastructure, social housing and business lending.

The way forward

Embrace a more public face

- AWM leaders will have to accept a much more prominent public profile as they seek to sustain their social as well as regulatory licence to operate. There will also be growing pressure to put societal outcomes in areas such as accelerating the green transition at the forefront of strategic decision-making and how performance is managed and judged.

Define and deliver the right investor outcomes

- The already bright regulatory spotlight on investor outcomes is set to intensify in the wake of recent fund value fluctuations. But rather than seeing the incoming regulations as simply a compliance exercise, consider that they could provide a catalyst for improving and differentiating outcomes. The opportunities include using the latest advances in customer profiling and fund customisation to better understand and meet the investor's financial goals and expectations in areas such as ESG.

Lead, don't follow

- Both regulatory and public expectations will keep rising—and will be difficult to predict. This highlights the need to respond quickly to those expectations, such as the focus on support for natural ecosystems. For example, with biodiversity being built into regulatory taxonomies and new **reporting requirements** coming down the line, incorporating it into your investment and product development strategies now would enable you to get ahead and differentiate your funds.

Driving long-term growth

As we look ahead, we believe the AWM industry will need to continue to adapt to evolving investor needs and market conditions, while also addressing the shift towards more personalised, digital-first solutions. Firms that can effectively leverage technology, build meaningful inroads to new and existing customers, and deliver exceptional client experiences will be well-positioned to thrive in this rapidly evolving landscape.
Overall, our survey reinforces the fact that the industry remains a vital component of the global financial system, poised to drive long-term growth and wealth creation for individuals and institutions alike.

About the survey

PwC's 2023 Global Asset and Wealth Management Survey is an international survey of global asset managers and institutional investors.

The survey aimed to assess the current AWM industry's response to recent macroeconomic and business environment changes, gather insights on the direction in which those changes are likely to take the industry in the coming years, and evaluate industry players' level of preparedness for this evolution of the AWM landscape.

The asset manager survey sample comprised 250 respondents. The respondent base was cross-sectional in terms of role, firm size and tranche.

The institutional investors survey sample also consisted of 250 respondents. Respondents covered a broad spectrum of AuM size, with more than half boasting assets of over US$10 billion. Public and private pension funds together accounted for more than 60% of the institutional investor respondent base.

Methodology for the PwC 2027 industry projections

For our projections, we used econometric modelling to obtain our estimates. The relevant indicators (AuM, client assets, revenues, etc.) were used as the target variable (generally based on data from 2004 to 2022), and various macroeconomic indicators from the International Monetary Fund (IMF) were used as explanatory variables. Statistical software was used to test various models, and statistically significant models for each country or region were shortlisted. Additionally, we have included PwC experts' points of view on future key trends within the different industries.

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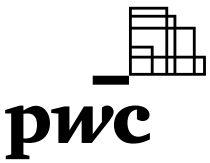
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Asset and wealth management revolution 2023: The new context



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