53% of distributors expect to work with fewer asset managers, as global AuM projected to hit US$224 trillion by 2031: PwC



More than half (53%) of distributors expect to work with fewer Asset Managers (AMs) over the next 24 months as capability gaps by AMs to deliver more outcome-focused client services weigh, according to PwC's 2026 Global Asset Management Revolution report, launched today.

The report, which surveyed 250 asset managers, 100 institutional investors and 100 distributors, finds that more than half of distributors (56%) now rank fit with client outcome among their top selection criteria – ahead of performance (49%), fees (44%) or brand and reputation (22%).

Retirement strategies are the clearest example of client demand running ahead of AM capability. Almost two-thirds (63%) of distributors and almost half of AMs (48%) cite retirement income among the most important end-client outcomes for their proposition – yet (50%) of AMs rank it among the hardest outcomes to deliver profitably at scale.

This comes as more than three-fourths (77%) of institutional investors say population ageing has materially affected their liabilities, while more than half (55%) say the shift from accumulation to drawdown has had a significant effect on their investment strategy.

As asset managers look to AI and other technologies to support service delivery and compete with lower-cost providers, only 11% say technology investment is significantly reducing the cost of serving customised propositions.

Albertha Charles, Global Asset and Wealth Management Leader, PwC UK, said: *"Asset managers are poised for robust growth as underlying client assets continue to rise. But the opportunity is becoming harder to capture. Distributor lists are narrowing, low-cost, technology-enabled alternatives are intensifying competition, and capability gaps risk leaving some managers unable to keep pace. The managers best placed to capture that growth will be those that can offer customisation and portfolio support at scale".*

Retirement is reshaping demand as broader capability gaps persist.

When distributors were asked what client outcomes were most important to their proposition – 63% said retirement income/decumulation, ahead of long-term wealth preservation (53%), income generation (44%) and private market access (34%). More than half (54%) of institutional investors would pay a premium for bespoke mandate design, yet roughly only one in five (21%) AMs say they are fully ready to provide customised mandates at scale. At the same time, almost half (49%) of distributors say portfolio-construction tools would make them more likely to increase distribution of a manager's products – yet less than two-fifths (38%) of AMs say they are fully ready to deliver portfolio-construction support at scale.

AI and technological investment are yet to translate into lower-cost delivery at scale.

While AI can automate more of the work involved in portfolio construction, rebalancing, tax management and servicing – only 11% of AMs say technology investment is significantly reducing the cost of serving customised propositions.

Despite 56% of distributors ranking fit with client outcome among their top selection criteria, only 12% of asset managers have deployed the technological capabilities – with a strong focus on AI –to support those propositions live at scale. This comes as more than two in five (43%) cite technology for scalable personalisation as their most important capability gap.

That capability gap is compounded by limited visibility over the economics – only 40% of AMs can measure the profitability of customised or solution-led propositions with high confidence.

Global assets under management to hit US$224 trillion by 2031 – with North America to account for more than half the AuM increase.

Assets under management (AuM) held globally by asset managers are projected to hit US$224.1 trillion by 2031, growing at a CAGR of 5.7%.

Growth is projected across every region. Latin America has the highest projected CAGR at 6.6%, followed by Asia Pacific at 6.3%. Europe is projected to grow at 4.7%.

This comes as the underlying pool of client assets is expanding. Pension, insurance, sovereign wealth, high-net-worth and mass-affluent assets in our models are projected to rise from US$386.5 trillion in 2025 to US$535.8 trillion by 2031, growing at a CAGR of 5.6%. High-net-worth (HNW) and mass-affluent assets are projected to account for around two-thirds (67%) of that client asset pool by 2031.

While an estimated US$63.2 trillion AuM is up for grabs by 2031 – the industry's share of that underlying pool is projected to barely move – from 41.6% to 41.8%. North America alone is projected to account for more than half (US$35.8 trillion) of the AuM increase, growing at a CAGR of 5.9%.

Low-cost investment alternatives continue to see pronounced growth. Exchange-traded funds (ETFs) are expected to nearly double to US$38.5 trillion by 2031, growing at a CAGR of 11.9%.

Consistent with last year's findings, alternatives continue to remain in focus – with the asset class projected to grow at 7.6% CAGR. Over the last five years, almost nine-in-ten (88%) institutional investors have increased private-markets exposure.

Albertha Charles, Global Asset and Wealth Management Leader, PwC UK, concluded: *"Clients want more than a fund. Whether it is helping an institutional investor achieve the outcomes it's seeking, or a distributor deliver better outcomes for its clients, asset managers are being asked to play a broader role. That can make a manager much more valuable, but it also brings greater complexity and cost. That means ensuring products and services evolve with shifting demographic needs and using technology to make that deeper client support economically sustainable at scale".*