

2026 Global Asset Management Center Index Report



CEIBS Lujiazui International Institute of Finance

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Executive Summary

In 2026, the global asset management industry is at a critical stage of simultaneous adjustment in the macroeconomic environment, technological paradigm and market structure. On the one hand, the global economy continues to experience medium-to-low-speed growth. The International Monetary Fund projects global economic growth of around 3.0% in 2026, with inflation at about 4.7%. Energy price volatility, geopolitical conflicts and uncertainty over trade policy continue to affect cross-border capital flows. On the other hand, the expansion of artificial intelligence investment, divergence in interest-rate cycles among major economies and capital inflows back into emerging markets are driving a repricing of global assets. Asset managers are placing greater emphasis on market liquidity, risk-hedging capacity, the stability of long-term capital and the convenience of cross-border allocation. Competition among global asset management centers is therefore shifting from a primary focus on the scale of financial assets to competition based on integrated advantages across capital, markets, institutions, products, technology, talent and the institutional environment.

Against this backdrop, this report optimizes and restructures the evaluation framework for global asset management centers. It develops an assessment framework composed of eight first-level indicators: sources of capital, investable assets, asset management institutions, asset management products and activities, asset management technology, tax and talent environment, growth dynamics, and institutional opening-up. These are further divided into 30 second-level indicators and 65 third-level indicators to provide a comprehensive assessment of major global asset management centers. Compared with previous years, the most important adjustment this year is the inclusion of “institutional opening-up” as a standalone first-level indicator. This indicator focuses on market access and national treatment, cross-border capital flows, cross-border product access, risk-management instruments, custody and settlement arrangements, cross-border data rules and regulatory cooperation. It assesses whether international asset management institutions can conduct business in a given city on a long-term, stable and predictable basis. Accordingly, this report evaluates not only the existing scale of a city’s capital, assets, institutions and products, but also the institutional conditions that support the sustained operation of cross-border asset management activities, thereby providing a more complete assessment of the resource-allocation capacity of global asset management centers.

The overall evaluation results show that New York remains the world’s leading center, with a score of 93.62. Although its score declined by 4.29 points compared with 2025, New York continues

to maintain full-chain advantages in long-term capital, equity and bond markets, leading asset managers, fund products and asset management technology. London rose to second place with a score of 88.04, up 3.46 points and one position from the previous year, demonstrating the continued resilience of its global institutional network, cross-border asset allocation capabilities, and bond, foreign-exchange and derivatives trading functions. Shanghai rose to third place with a score of 87.05, up 2.83 points and two positions from the previous year. This marks the first time Shanghai has entered the global top three, making it the highest-ranked asset management center in Asia. Competition at the top of the global asset management center rankings is beginning to shift from a primarily transatlantic contest among European and American cities to a new configuration in which New York remains the leader, London preserves its role as an international hub, and Shanghai accelerates its entry into the first tier.

Competition from fourth to tenth place is even more intense. Toronto rose from seventh to fourth with a score of 86.08, making it one of the strongest upward performers this year. Paris ranked fifth with 85.35 points, Boston sixth with 85.03 points, Frankfurt seventh with 84.96 points, Tokyo eighth after rising from eleventh with 84.93 points, Chicago ninth with 84.51 points, and Beijing tenth after rising from sixteenth with 83.38 points. Beijing recorded the largest rise among the sample cities, climbing six positions, while Toronto and Tokyo each rose by three positions. Hong Kong fell to eleventh with 83.25 points, and Singapore dropped to fourteenth with 81.18 points. The changes in their scores were much smaller than the changes in their rankings, indicating that their internationalization, tax advantages and cross-border platform functions remain in place. However, as competition intensifies in the global middle tier, the constraints posed by limited local investable asset capacity and insufficient scale of global headquarters institutions have become more prominent.

From an overall perspective, global asset management centers are forming three representative competitive models. The first is the super-integrated center represented by New York, which relies on mutually reinforcing cycles among global capital, ultra-large-scale markets, leading institutions and the technology industry. The second is the cross-border network model represented by London, Paris, Frankfurt, Luxembourg and Dublin. These centers rely on unified or highly interconnected fund rules, cross-border product passports and professional service systems to form regional networks that combine institutional management, fund registration and global distribution. The third is the large-market growth model represented by Shanghai. This model first builds scale advantages on the basis of domestic capital markets and funding resources, and then gradually extends into asset management products, institutional clustering, technology applications and international business. The global asset management landscape is therefore not a simple story of “the East rising and the West declining.” Rather, it is evolving into a multi-center system of functional specialization, in which the United States maintains its advantages in capital and technology pricing, Europe retains

its institutional and product-platform advantages, and China continues to narrow the gap through large markets and rapid growth.

Shanghai's entry into the global top three reflects a clear pattern of medium- and long-term accumulation. From 2021 to 2026, Shanghai's ranking rose from eighth to third, while its score increased from 83.70 to 87.05. The Asian regional landscape is gradually shifting toward a new configuration in which Shanghai takes the lead, Tokyo retains its mature-market strengths, and Hong Kong and Singapore continue to perform cross-border platform functions.

Shanghai's ranking improvement first derives from the continued expansion of its investable asset base. In 2026, Shanghai ranked second globally in investable assets, behind only New York. From 2025 to 2026, Shanghai's equity market capitalization rose from US\$7.62 trillion to US\$10.12 trillion, while its bond market balance increased from approximately US\$25 trillion to US\$28.74 trillion. The number of listed bonds rose from 33,207 to 36,628. Equities, bonds, futures and options, and ETFs together constitute a relatively complete RMB asset system, providing greater capacity for index funds, quantitative strategies, derivatives investment and global asset allocation.

Second, Shanghai is accelerating the transformation of its underlying markets into asset management products. Shanghai rose to seventh place in asset management products and activities. Its open-end fund net assets increased from approximately US\$1.21 trillion to US\$1.64 trillion, representing growth of 35.5%. Net sales over the previous 12 months shifted from a net outflow of around US\$31.3 billion to a net inflow of US\$152.5 billion. ETF net assets increased from US\$161.9 billion to US\$219.8 billion, up 35.8%, while the number of products rose from 607 to 840. By the end of 2025, ETF assets on the Shanghai Stock Exchange had reached RMB 4.2 trillion, up 55% year on year. Holdings by medium- and long-term capital increased by around 65%, indicating that ETFs are becoming an important vehicle for long-term capital to enter the capital market.

Third, technology capabilities and growth momentum have also supported Shanghai's ranking. Shanghai ranked fifth in asset management technology, entering the global top six together with Beijing. This reflects China's increasingly solid foundation in data infrastructure, artificial intelligence, robo-advisory services and fintech applications. Shanghai ranked second in growth dynamics, behind only Beijing, and this growth was built on a relatively large market base rather than a low-base effect. In addition, Shanghai's score for institutional opening-up increased from 65 in 2021 to 82.5 in 2026, a cumulative gain of 17.5 points. Improvements over the past two years have mainly come from progress in cross-border fund and ETF access, capital-account arrangements, risk-management instruments and cross-border data rules for asset management.

However, Shanghai still faces clear structural weaknesses. It ranked tenth in asset management institutions and thirteenth in the tax and talent environment, creating a significant gap relative to its

second-place ranking in investable assets, second-place ranking in growth dynamics and fifth-place ranking in asset management technology. Although the AUM of Shanghai's top five locally headquartered asset managers increased from US\$2.19 trillion to US\$2.59 trillion, and the number of global top-50 asset managers headquartered in Shanghai rose from one to two, Shanghai still lags behind New York, London and Boston in global headquarters, investment decision-making centers and international allocation teams. Whether Shanghai can further improve its ranking will depend not only on expanding the scale of RMB assets, but also on enabling global institutions to enter, trade, hedge and convert RMB assets more conveniently, and to conduct sustained China and Asia asset management activities from Shanghai.

In the special reports, Special Report I analyzes the application of artificial intelligence in the asset management industry and related risk prevention. Artificial intelligence is entering the full asset management value chain, including investment research, portfolio construction, trade execution, risk control and operations management. At the current stage, human-machine collaborative AI-enhanced funds are more likely to generate relatively stable excess returns. At the same time, model bias, data-quality issues, strategy crowding and market resonance risks are also rising. Going forward, while technological innovation should be encouraged, it will also be necessary to improve algorithmic transparency, model explainability and institutional governance capacity.

Special Report II examines the asset allocation and product strategies of leading global asset managers. From 2015 to the first quarter of 2026, the AUM of the world's top ten asset managers increased from approximately US\$19 trillion to US\$55 trillion, representing a compound annual growth rate of about 10.2%. The leading advantages of BlackRock and Vanguard expanded further, while passive investment, ETFs, alternative assets, technology platforms and global mergers and acquisitions became the main drivers of expansion among leading institutions. Industry competition is shifting from single-product capabilities toward integrated competition across asset allocation, technology platforms, private-market capabilities and global service networks.

Special Report III discusses changes in global asset allocation in 2026 and the outlook for 2027. In the first quarter of 2026, incremental revenue in the global asset management industry still came mainly from market gains, while competition for sustained net new capital intensified further. Looking ahead to 2027, global allocation is expected to move gradually away from traditional stock-bond portfolios and single-dollar-asset exposure toward multi-asset, multi-currency and multi-region portfolios. For Shanghai, the ultimate goal is to transform the scale advantage of RMB assets into the institutional capacity, product capacity and risk-management capacity required for sustainable allocation by global institutions

Chapter 1

2026 Global Asset Management Center Rankings and Shifts in the Competitive Landscape

Key Findings In 2026, competition among global asset management centers enters a new phase of adjustment. Compared with 2021-2025, when competition was driven primarily by asset scale and institutional concentration, 2026 displays a more pronounced institutional dimension. On the one hand, global capital continues to concentrate in a small number of core cities with deep capital markets, leading institutions and strong technology-industry foundations, further reinforcing the overall advantage of the United States—especially New York. On the other hand, emerging asset-management markets, represented by China, are strengthening their global resource-allocation capabilities through capital-market expansion, the development of index investing and greater financial opening-up, while Shanghai continues to rise in the overall ranking.

Overall, the core group of global asset management centers remains stable, but the gap at the top has narrowed, while reshuffling in the middle tier has accelerated. Shanghai, Toronto and Beijing move up, whereas platform-type centers such as Hong Kong, Singapore and Luxembourg come under relative ranking pressure.

Section 1 Overall Rankings

1. New York and London Demonstrate Resilience; Shanghai Enters the Global Top Three for the First Time

The 2026 Global Asset Management Center Index shows that New York remains in first place with an overall score of 93.62. London ranks second with 88.04, while Shanghai rises to third with 87.05. Toronto, Paris, Boston, Frankfurt, Tokyo, Chicago and Beijing follow, completing the global top ten asset management centers in 2026.

Table 1-1 Overall Rankings of the World's Top10 Asset Management Centers, 2026

Asset Management Center	2026 Score	2026 Rank	2025 Score	2025 Rank	Change in Score	Change in Rank
New York	93.62	1	97.91	1	-4.29	0
London	88.04	2	84.58	3	3.46	1
Shanghai	87.05	3	84.22	5	2.83	2
Toronto	86.08	4	84	7	2.08	3
Paris	85.35	5	84.72	2	0.63	-3
Boston	85.03	6	84.45	4	0.58	-2
Frankfurt	84.96	7	83.81	8	1.15	1
Tokyo	84.93	8	82.23	11	2.7	3
Chicago	84.51	9	84.2	6	0.31	-3
Beijing	83.38	10	81.45	16	1.93	6

Source: CEIBS Lujiazui International Institute of Finance

Looking at the six-year ranking trajectory from 2021 to 2026, New York is the only city to have remained in first place throughout. Although the gap has narrowed, it still holds a clear lead over other asset management centers in 2026. Its advantage has evolved from the traditional strength of capital-market scale into a broader, mutually reinforcing advantage spanning capital, markets, institutions, products and technology.

From the perspective of global asset-allocation trends, this result has a strong real-world

foundation. Research by the European Central Bank shows^① that euro-area investors' holdings of U.S. equities have increased roughly fourfold over the past decade, significantly faster than the growth of their overall equity holdings; investment funds have become the most important financial intermediary through which euro-area investors hold U.S. equities. In recent years, U.S. macroeconomic factors—especially the expansion of investment driven by artificial intelligence—have been an important force behind European capital flows into U.S. equity markets. New York's lead therefore reflects more than the large scale of the domestic U.S. asset-management industry: it also indicates that global asset allocation continues to exhibit a clear pattern in which investors access U.S. assets through institutions based in New York.

London returns to second place in 2026. Over the six-year period, London ranked second in both 2021 and 2022, fell to third in 2023 and 2025, returned to second in 2024, and again moved back to second in 2026. Over the longer term, London is unlikely to challenge New York's absolute lead, but its stability as a global asset management center remains markedly stronger than that of most continental European cities. London is supported by two core strengths: first, the continued concentration of leading asset managers and globally oriented operating networks; and second, a strong supply of investable assets and robust global asset-allocation capabilities.

Table 1-2 Historical Distribution of the Top Three Global Asset Management Centers, 2021-2026

Year	1st-place City	1st-place Score	2nd-place City	2nd-place Score	3rd-place City	3rd-place Score
2021	New York	96.70	London	89.20	Boston	87.10
2022	New York	97.20	London	87.30	Boston	86.60
2023	New York	96.02	Paris	84.95	London	84.38
2024	New York	95.53	London	86.04	Chicago	85.96
2025	New York	97.91	Paris	84.72	London	84.58
2026	New York	93.62	London	88.04	Shanghai	87.05

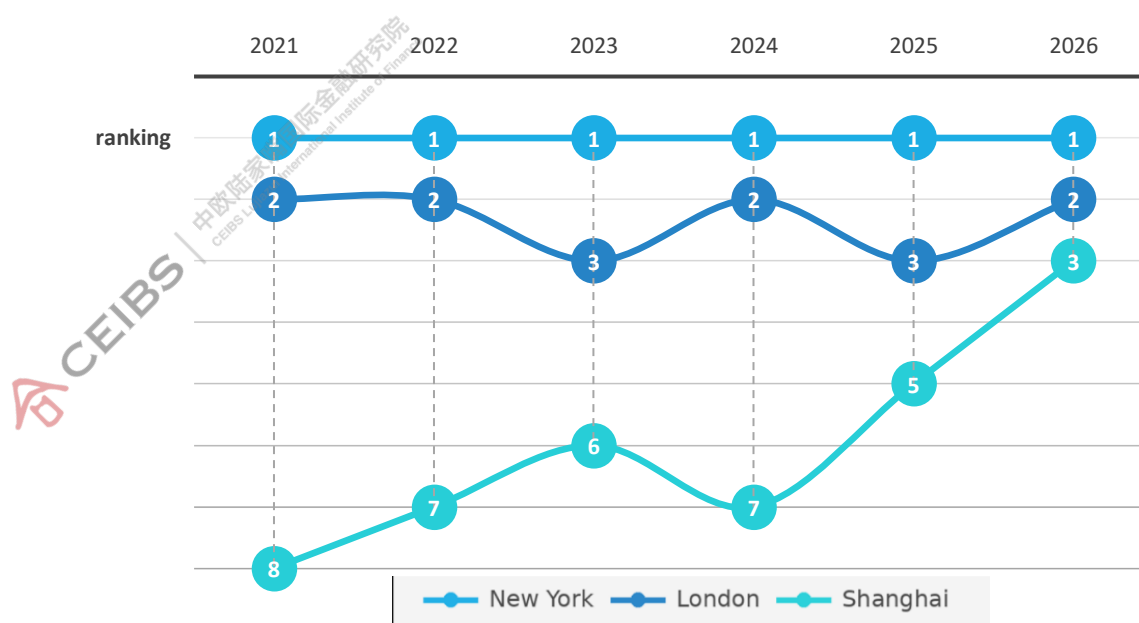
Source: CEIBS Lujiazui International Institute of Finance

The most notable ranking change in 2026 is Shanghai. In recent years, Shanghai has shown a clear stepwise upward trend. It rose successively from eighth to sixth between 2021 and 2023, briefly slipped back to seventh in 2024, climbed to fifth in 2025, and advanced further to third in 2026. In other words, Shanghai's entry into the top three reflects a clear process of medium- and

^① https://www.ecb.europa.eu/press/financial-stability-publications/fsr/focus/2026/html/ecb.fsrbox202605_04~fd7b91dd22.ga.html

long-term accumulation. It is also a landmark shift: from 2021 to 2025, all top-three positions were occupied by European or U.S. cities; in 2026, an Asian city appears in the top three for the first time. From the perspective of the global competitive landscape, the top tier of global asset management centers is therefore beginning to shift from predominantly intra-European and U.S. competition toward a structure in which a major Asian financial center has entered the highest global tier.

Figure 1-1 Historical Rankings of New York, London and Shanghai as Asset Management Centers, 2021-2026



Source: CEIBS Lujiiazui International Institute of Finance

Shanghai's higher ranking is not driven by a single indicator. First, Shanghai ranks second in Investable Assets in 2026, behind only New York and up from third in 2025. Equities, bonds, futures and derivatives, together with a steadily expanding ETF market, form a relatively complete investable-asset system. In the first half of 2026, 2,318 companies listed on the Shanghai Stock Exchange generated RMB 26.22 trillion in operating revenue, up 6.3% year on year, and RMB 2.82 trillion in net profit, up 17.6%, with profit growth reaching one of its highest levels since 2022. By the end of August 2026, STAR Market ETFs had exceeded RMB 364 billion in assets, up around 20% year on year^①. Although the latter figure falls outside the statistical cutoff for some components of this index, the trend it reflects is consistent with the improvement in Shanghai's 2026 rankings

^①Shanghai Stock Exchange, "New Momentum, Improved Structure and Stronger Performance—Review of 2026 Interim Results of SSE-listed Companies," published August 30, 2026, https://www.sse.com.cn/aboutus/mediacenter/hotanddd/c/c_20260830_10830362.shtml

for Investable Assets and asset-management activities.

Second, Shanghai remains in the global first tier in asset management technology. This reflects the continued accumulation of fintech infrastructure, digital capabilities and technology investment by asset managers, while also illustrating how global AI competition is extending more rapidly into high-value financial applications. Competition in AI is moving beyond foundation models, computing power and semiconductors toward investment research, trading, risk control, operations and client services. The United States retains a clear first-mover advantage in intelligent research, quantitative trading and risk management, supported by leading foundation models, cloud-computing platforms, the semiconductor industry and the global networks of large asset managers. China, meanwhile, is developing strong catch-up capabilities in financial AI applications, supported by its very large financial market, abundant use cases and rapid diffusion of technology. Shanghai brings together national financial markets, leading financial institutions, technology companies and high-end talent, providing a relatively complete ecosystem for deploying AI throughout the asset-management value chain, including asset allocation, securities research, trade execution, risk identification and back-office operations. Shanghai's stronger competitiveness in asset management technology therefore reflects not merely an increase in technology firms or R&D spending, but more importantly the conversion of technological capabilities into higher productivity and stronger risk-management capacity in asset management.

Third, Shanghai's Growth Dynamics ranking rises further from third in 2025 to second in 2026. Shanghai records relatively strong growth across multiple incremental indicators, including equity market capitalization, the bond market, ETFs, alternative assets and asset management technology. Rapid ETF expansion, a larger range of cross-border products and improvements in derivatives markets are enabling the scale of the underlying capital markets to translate more fully into asset-management activity. This change is important. A long-standing structural feature of Shanghai's development as an international financial center has been that its market scale has outpaced the development of its asset-management institutions and that the scale of investable assets has exceeded local investment-management capacity: the capital market has been large, but the concentration of leading global asset managers and international asset-management business has not fully matched that scale. The changes in 2026 indicate that this gap has begun to narrow.

Fourth, the policy direction signaled at the 2026 Lujiazui Forum is closely aligned with institutional opening-up. The China Securities Regulatory Commission proposed studying a pilot program for RMB foreign-exchange futures, optimizing the QFII regime, allowing QFIIs to participate in domestic government-bond futures, supporting foreign investors in establishing wholly foreign-owned or joint-venture securities, fund-management and futures institutions, and

advancing major reform and opening-up measures in equity and bond financing, institutional development and offshore finance on a pilot basis in Shanghai. The significance of these reforms is not simply to increase the number of financial products, but to address gradually the insufficient institutional connectivity and risk-management instruments that constrain Shanghai's transition from a large market into a global asset-allocation center.

2. Reshuffling of the Second and Third Tiers, with Toronto Posting the Most Notable Rise

The fourth through tenth positions are the most competitive segment among global asset management centers. Another city that stands out in the 2026 overall ranking is Toronto. It ranked seventh in 2025 and rises further to fourth in 2026, posting rapid gains over the past two years. Toronto's proximity to the U.S. market, together with its large banks, pension funds, insurers and asset managers, forms a relatively complete long-term capital ecosystem. In a more volatile macroeconomic environment, large pension funds and insurers can provide greater stability to investment in private markets, infrastructure and alternative assets. Toronto's rise therefore reflects a structural shift in the global asset-management industry from reliance on public markets alone toward a model in which public and private markets are increasingly important in parallel.

Paris falls from second place in 2025 to fifth in 2026. Its strengths remain concentrated in Europe's institutional framework, openness and large asset managers, while relative declines in technology and certain product and business indicators weigh on its overall ranking. Boston drops from fourth in 2025 to sixth. Although it remains home to world-class asset managers, the advantage generated by institutional concentration alone has weakened to some extent.

Frankfurt, by contrast, shows a clear structural upward trend. It briefly reached fourth in 2024 and remains seventh in 2026. Compared with Toronto, Frankfurt's rise began earlier, and since 2023 it has established a relatively stable position in the top ten, making it representative of the improving competitiveness of continental European asset management centers.

Tokyo has remained relatively stable around eighth to eleventh place over the longer term. In 2026 it rises from eleventh to eighth and re-enters the Top 10, illustrating the relatively low volatility characteristic of a large, mature financial center.

3. Divergence in Asia: Mainland Chinese Centers Rise while Singapore and Hong Kong Move Down Relatively

Over the six-year period, the number of Asian cities in the global top ten has remained relatively stable. Four Asian cities were in the top ten in each year from 2021 to 2024; the number fell to two in 2025 (Shanghai at No. 5 and Hong Kong at No. 10), before recovering to three in 2026

(Shanghai at No. 3, Tokyo at No. 8 and Beijing at No. 10), while Hong Kong fell to No. 11. Overall, Asia has undergone a clear internal reshuffling, with changes both in the composition of leading cities and in tier positions. In 2021, Hong Kong (No. 4) and Singapore (No. 5) were the leading Asian centers, while Shanghai ranked eighth and Tokyo tenth—a typical pattern in which international platform-type financial centers led and large domestic-market centers followed. By 2026, Shanghai has risen to third and become Asia’s highest-ranked city; Tokyo has climbed to eighth; and Beijing has entered the top ten. In other words, Asia’s leadership structure has shifted from a Hong Kong-Singapore dual-platform model toward a new pattern led by Shanghai, with Hong Kong and Singapore under relative pressure.

Table 1-3 Historical Distribution of Asian Asset Management Centers in the Rankings, 2021-2026

Year	Asian Asset Management Centers in the Global Top 10
2021	Shanghai (No. 8), Hong Kong (No. 4), Singapore (No. 5), Tokyo (No. 10)
2022	Shanghai (No. 7), Hong Kong (No. 5), Singapore (No. 4)
2023	Shanghai (No. 6), Hong Kong (No. 10), Singapore (No. 5), Tokyo (No. 9)
2024	Shanghai (No. 7), Hong Kong (No. 9), Singapore (No. 6), Tokyo (No. 10)
2025	Shanghai (No. 5), Hong Kong (No. 10)
2026	Shanghai (No. 3), Beijing (No. 10), Tokyo (No. 8)

Source: CEIBS Lujiazui International Institute of Finance

Table 1-4 Historical Comparison of Rankings and Scores for Shanghai, Hong Kong and Singapore, 2021-2026

Year	Shanghai Rank	Shanghai Score	Hong Kong Rank	Hong Kong Score	Singapore Rank	Singapore Score
2021	8	83.70	4	84.70	5	84.60
2022	7	84.80	5	84.90	4	85.00
2023	6	83.42	10	82.87	5	83.47
2024	7	85.08	9	84.82	6	85.21
2025	5	84.22	10	82.45	13	82.03
2026	3	87.05	11	83.25	14	81.18

Source: CEIBS Lujiazui International Institute of Finance

The relative rise and fall of Shanghai, Hong Kong and Singapore is central to this shift. In 2021, Hong Kong and Singapore ranked fourth and fifth globally with scores of 84.7 and 84.6, respectively, while Shanghai ranked eighth with 83.7. The score gap among the three cities was less than one point, indicating broadly similar competitiveness among Asia’s leading centers. Since then, Shanghai’s ranking has generally continued to improve, rising from eighth in 2021 to third in 2026,

with its score reaching 87.05. Over the same period, Hong Kong fell from fourth to eleventh and Singapore from fifth to fourteenth. Importantly, the decline in the rankings of Hong Kong and Singapore is much larger than the change in their scores. Compared with 2021, Hong Kong's 2026 score is only 1.45 points lower, yet its ranking falls by seven places; Singapore's score falls by 3.42 points, while its ranking drops by nine places. Hong Kong's score even rises from 82.45 in 2025 to 83.25 in 2026, although its ranking still slips from tenth to eleventh. This suggests that the lower rankings of Hong Kong and Singapore do not primarily indicate a sharp deterioration in their own asset-management competitiveness. Rather, they reflect much more intense competition in the global middle tier and a weakening of their relative advantages. The rise of Toronto, Frankfurt, Tokyo and Beijing has produced a more pronounced reshuffling among cities that had previously clustered within a narrow score range. Shanghai, by contrast, records both an absolute increase in score and stronger support across multiple dimensions, including Sources of Capital, Investable Assets, institutional concentration, Asset Management Technology and Growth Dynamics; its score and ranking therefore improve simultaneously. Overall, the relationship between Shanghai on the one hand and Hong Kong and Singapore on the other is not one of simple substitution, but of deeper functional differentiation. Shanghai is moving into the global first tier on the strength of its very large domestic capital market and comprehensive asset-management value chain, while Hong Kong and Singapore retain strong international and cross-border platform functions. Yet as competition among the world's major asset management centers becomes increasingly dense, their platform advantages alone are no longer sufficient to sustain their former high rankings.

Section 2 Rankings by Dimension

1. Sources of Capital

The Sources of Capital ranking displays a strong national dimension. The four U.S. sample cities collectively occupy the leading positions, followed by London in fifth place, with Shanghai and Beijing tied for sixth. Hong Kong ranks eighth, Toronto ninth and Paris tenth, forming a second tier. Shanghai has a very large pool of potential capital—including bank deposits, foreign-exchange reserves, insurance funds and sovereign wealth funds—but, compared with the United States, the market-oriented deployment of long-term pension assets and net international capital inflows remains relatively weak. These resources have therefore not yet translated into a higher Sources of Capital ranking.

Hong Kong, by contrast, derives much of its advantage from international capital flows and

wealth-management assets. However, the limited scale of its local pool of long-term capital leaves it below the major U.S. and mainland Chinese centers. Tokyo ranks only eleventh and Singapore fifteenth. Although both cities have strong wealth-management or fund-registration functions, the scale of local bank, pension, insurance and sovereign capital is insufficient to support a higher ranking.

2. Investable Assets

The Investable Assets ranking most directly reflects the scale, variety and liquidity of assets that an asset management center can make available for investment. New York ranks first, Shanghai second, Mumbai third, and London and Tokyo fourth and fifth, respectively. This indicates that the global landscape of investable assets is evolving from one dominated mainly by mature European and U.S. markets toward a more multipolar structure comprising large capital markets in the United States, China, India, Japan and the United Kingdom.

Shanghai's second-place ranking is one of the most prominent strengths in its current competitiveness as an international asset management center. Its stocks, bonds, futures and options, together with an expanding ETF asset base, have placed Shanghai in the global first tier for asset supply. Beijing, by comparison, ranks only thirteenth, showing that although it hosts many financial-sector headquarters and nationwide financial resources, exchange-traded capital markets are not concentrated there. Hong Kong ranks ninth and Singapore seventh, highlighting the limited capacity of local securities markets as a clear weakness of Asia's traditional international financial centers. The divergence within the United States is also pronounced: New York ranks first, while Chicago is only sixteenth, and both Boston and Los Angeles rank seventeenth.

Luxembourg and Dublin rank fourteenth and fifteenth, respectively, and similarly exemplify centers with strong product platforms but weak local underlying markets. Investable assets therefore effectively define the capacity ceiling of a global asset management center and represent the area in which Shanghai is currently best positioned to convert scale into a global allocation advantage. The next step is not simply to enlarge the market further, but to improve the investability, liquidity and accessibility of risk-management tools for RMB-denominated equities, bonds and derivatives for global institutions.

3. Asset Management Institutions

The ranking of Asset Management Institutions displays a highly typical pattern of global-headquarters concentration. New York ranks first, London second, Boston third, Tokyo fourth, Paris fifth and Frankfurt sixth, forming the first tier of cities with the highest concentration of leading global asset managers. Compared with the Investable Assets ranking, this indicator is more heavily

tilted toward mature European and U.S. markets, reflecting the continued concentration of major asset-management headquarters, global business decision-making centers and international branch networks in the United States and Europe.

Shanghai ranks tenth. Although this places it ahead of Los Angeles, Hong Kong, Singapore and Beijing, it is clearly below Shanghai's second-place positions in Investable Assets and Growth Dynamics. This creates Shanghai's most distinctive structural feature at present: its market is stronger than its institutions. Hong Kong ranks twelfth and Singapore thirteenth. Both host large numbers of branches of international asset managers, but lack global headquarters and core asset-allocation decision-making functions; their role as international operating platforms is stronger than their role as global headquarters centers.

Zurich ranks ninth, notably higher than its twelfth-place ranking in Investable Assets, indicating that Switzerland has built a strong institutional base around private banking and wealth-management institutions. Paris and Frankfurt likewise display a pattern in which institutions are stronger than local markets.

For Shanghai, this is one of the dimensions where the greatest breakthrough is needed. Only by attracting more leading global asset managers to establish regional headquarters, investment decision centers, product-development centers and global asset-allocation teams in Shanghai can the city's very large capital-market scale be fully translated into the agglomeration advantages of a global asset-management industry.

4. Asset Management Products and Activities

The Asset Management Products and Activities ranking measures whether capital and investable assets can be further transformed into funds, ETFs, alternative assets and other standardized asset-management products. New York remains first and is the world's largest center for fund products and asset-management activity. European cities have a particularly strong collective position on this dimension: Luxembourg ranks second, Frankfurt third, Toronto fourth, Dublin fifth and Paris sixth. Luxembourg and Dublin rank substantially higher here than in Investable Assets and Asset Management Institutions, reflecting their typical roles as cross-border fund-registration and product-platform centers.

Shanghai ranks seventh, placing it near the top of the second tier and significantly above its tenth-place ranking in Asset Management Institutions. This indicates that China's large capital market is being converted relatively quickly into public funds, ETFs and alternative asset-management products. Beijing ranks only fifteenth, further showing that Shanghai is more strongly positioned as the center of market-based products and trading activities within China's asset-

management industry, while Beijing is more characterized by the concentration of large financial institutions and capital resources.

London ranks tenth, below its second-place position in Asset Management Institutions and fourth-place position in Investable Assets. Although London remains one of the world's most important investment-management decision centers, some fund-registration and cross-border issuance functions have been diverted to EU platforms such as Luxembourg and Dublin.

For Shanghai, seventh place indicates that a relatively strong product market has already formed, but it remains primarily dependent on the domestic market compared with New York and Europe's platform-type centers. The key to further strengthening competitiveness is to develop more cross-border ETFs, international fund products, alternative assets and global asset-allocation products, allowing RMB-denominated investable assets to enter a wider range of global institutional portfolios through standardized asset-management vehicles.

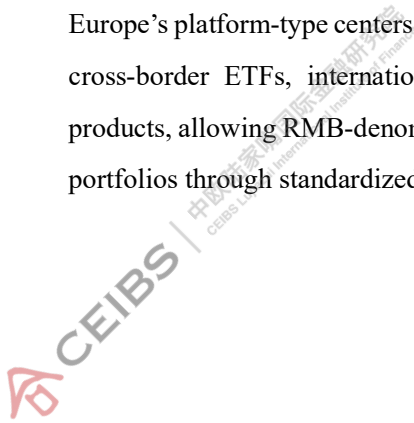


Table 1-5 Rankings of Major Asset Management Centers by Dimension, 2026

Sources of Capital		Investable Assets		Asset Management Institutions		Products & Activities		AM Technology		Tax & Talent		Growth Dynamics		Institutional Opening-up	
Rank	City	Rank	City	Rank	City	Rank	City	Rank	City	Rank	City	Rank	City	Rank	City
1	Boston	1	New York	1	New York	1	New York	1	Chicago	1	Hong Kong	1	Beijing	1	Dublin
1	New York	2	Shanghai	2	London	2	Luxembourg	2	Los Angeles	2	Singapore	2	Shanghai	1	Luxembourg
1	Chicago	3	Mumbai	3	Boston	3	Frankfurt	3	New York	3	Zurich	3	Sao Paulo	1	Frankfurt
1	Los Angeles	4	London	4	Tokyo	4	Toronto	4	Boston	4	Luxembourg	4	Toronto	1	Paris
5	London	5	Tokyo	5	Paris	5	Dublin	5	Shanghai	5	Frankfurt	5	Zurich	1	Hong Kong
6	Beijing	6	Frankfurt	6	Frankfurt	6	Paris	6	Beijing	6	New York	6	London	6	London
6	Shanghai	7	Singapore	7	Chicago	7	Shanghai	7	London	7	Beijing	7	Paris	6	Toronto
8	Hong Kong	8	Toronto	8	Toronto	8	Sao Paulo	8	Toronto	8	Chicago	8	Tokyo	6	Singapore
9	Toronto	9	Hong Kong	9	Zurich	9	Boston	9	Tokyo	9	London	9	Singapore	9	Zurich
10	Paris	10	Paris	10	Shanghai	10	London	10	Singapore	10	Toronto	10	Hong Kong	10	Boston
11	Tokyo	11	Sao Paulo	11	Los Angeles	11	Chicago	11	Frankfurt	11	Dublin	11	Frankfurt	10	New York
12	Frankfurt	12	Zurich	12	Hong Kong	12	Tokyo	12	Paris	12	Boston	12	Mumbai	10	Chicago
13	Mumbai	13	Beijing	13	Singapore	13	Zurich	13	Hong Kong	13	Shanghai	13	New York	10	Los Angeles
14	Sao Paulo	14	Luxembourg	14	Luxembourg	14	Hong Kong	14	Luxembourg	14	Sao Paulo	14	Luxembourg	10	Tokyo
15	Singapore	15	Dublin	15	Beijing	15	Beijing	15	Zurich	15	Paris	15	Dublin	15	Shanghai

Source: CEIBS Lujiuzui International Institute of Finance

5. Asset Management Technology

Asset Management Technology is one of the eight dimensions with the highest degree of regional concentration: the top six positions are occupied almost entirely by U.S. and Chinese cities. Chicago ranks first, Los Angeles second, New York third, Boston fourth, Shanghai fifth and Beijing sixth, pointing to a clear U.S.-China dual-center structure in global asset-management technology. This closely mirrors the geographic distribution of the AI industry itself. The AI investment boom in 2026 is reshaping not only the technology sector, but also the data infrastructure, research, advisory, trading and risk-control models of the asset-management industry. The IMF views technology investment as an important force in the 2026 global economy that is offsetting, to some extent, shocks from geopolitical and energy-related factors.

Compared with the rankings of traditional financial centers, this result has a different implication. Chicago and Los Angeles are not the strongest cities globally in asset managers, products or investable assets, but they have built substantial advantages in fintech, data infrastructure, the AI industry and technology capital. New York combines both financial and technology resources and therefore ranks third. Shanghai's fifth-place position and Beijing's sixth-place position indicate that China has already established a strong foundation in data centers, AI, foundation models, robo-advisory and financial patents. Technology is increasingly becoming an important incremental factor helping Chinese asset management centers narrow the gap with traditional European and U.S. financial centers.

By comparison, London ranks seventh, Toronto eighth and Tokyo ninth, leaving a degree of separation from the leading U.S. and Chinese cities. Paris ranks twelfth, Hong Kong thirteenth, Luxembourg fourteenth, Zurich fifteenth and Dublin sixteenth, indicating that the institutional and product advantages of Europe's traditional fund and wealth-management centers have not automatically translated into asset-management technology advantages. Singapore ranks tenth, ahead of some European centers but still outside the global first tier.

6. Tax and Talent Environment

The Tax and Talent Environment ranking is clearly misaligned with market size. Hong Kong ranks first, Singapore second, Zurich third, Luxembourg fourth, Frankfurt fifth, New York sixth, Beijing seventh and Chicago eighth. This demonstrates the direct attraction that lower tax burdens, a high degree of internationalization and the concentration of financial professionals exert on global asset management centers. Although Hong Kong and Singapore are not among the global leaders in investable assets, institutional headquarters or product scale, simple tax systems, relatively low personal tax burdens and ease of international talent mobility allow them to continue attracting global fund managers, family offices and international asset-management institutions. Zurich and

Luxembourg exhibit similar characteristics.

Shanghai, by contrast, ranks only thirteenth, making this one of its weaker positions among the eight dimensions. It continues to face clear constraints in the internationalization of financial talent, personal income-tax burdens and the ecosystem of global professional services. The contrast with Hong Kong is particularly sharp: Shanghai ranks second in Investable Assets, second in Growth Dynamics and fifth in technology, but thirteenth in Tax and Talent; Hong Kong ranks ninth in Investable Assets and twelfth in institutions, yet sustains the competitiveness of its international asset-management platform through first-place positions in Tax and Talent and Institutional Opening-up. Shanghai's principal constraints in the competition among global asset management centers are increasingly concentrated in the soft environment. Capital-market scale can expand rapidly through market development and financial products can grow through institutional innovation, but improvements in the pool of high-end global asset-management talent, the personal income-tax environment and the ecosystem of international professional services usually take longer.

7. Growth Dynamics

The Growth Dynamics ranking provides a perspective distinct from that of existing competitive strength. Beijing and Shanghai occupy the top two positions, making growth the most prominent shared advantage of Chinese cities among the eight dimensions. Sao Paulo ranks third, Toronto fourth, Zurich fifth, London sixth, Paris seventh and Tokyo eighth, indicating that growth momentum is shifting more toward emerging and fast-growing markets.

Shanghai's second-place position is particularly notable compared with Beijing, because Shanghai already ranks second in Investable Assets and seventh in Products and Activities. In other words, its high growth is occurring on top of a large existing market base. This means Shanghai's advantage is not merely a low-base effect, but reflects simultaneous expansion across equities, bonds, ETFs, alternative assets and asset-management institutions. Beijing's growth is more concentrated in institutions, financial assets and market activities.

New York ranks only thirteenth, while Boston is sixteenth, Chicago seventeenth and Los Angeles eighteenth. U.S. cities remain dominant in capital, institutions, products and technology, but rank much lower in growth, fundamentally reflecting the high-base effect of very large markets. Singapore ranks ninth, Hong Kong tenth, Frankfurt eleventh and Luxembourg fourteenth, similarly indicating that growth tends to slow once the existing businesses of mature platform-type centers reach a high level of development.

New York represents the advantage of existing scale, while Shanghai represents an incremental growth advantage. Whether the global asset-management landscape changes more rapidly in the

future will depend on whether these incremental advantages can be continuously converted into stronger institutional and international business advantages.

8. Institutional Opening-up

Institutional Opening-up is the dimension with the clearest regional pattern among the eight indicators. Dublin, Luxembourg, Frankfurt, Paris and Hong Kong are tied for first; London, Toronto and Singapore are tied for sixth; Zurich ranks ninth; Boston, New York, Chicago, Los Angeles and Tokyo are tied for tenth; Shanghai ranks fifteenth, Sao Paulo sixteenth, Beijing seventeenth and Mumbai eighteenth. European cities collectively rank highly, showing that unified fund regimes, cross-border product passporting, free capital movement and stable, transparent market-access rules are among the most important competitive advantages of European asset management centers. Hong Kong is also tied for first. Combined with its first-place position in Tax and Talent, this provides an important foundation for Hong Kong to retain its role in global cross-border asset management.

Shanghai ranks fifteenth and Beijing seventeenth, representing the clearest institutional weakness of Chinese cities at present. Shanghai is already close to or within the global first tier in Investable Assets, Growth Dynamics and technology, but capital-account openness, cross-border product recognition, the business scope available to foreign institutions, risk-management instruments and alignment with international rules have not yet reached the levels seen in Europe, the United States or Hong Kong.

Appendix: 2026 Evaluation Framework

To reflect more accurately the functional structure and changing competitiveness of global asset management centers, the 2026 Global Asset Management Center Index reorganizes the previous evaluation framework into a new system of eight primary indicators, 30 secondary indicators and 65 tertiary indicators covering capital, assets, institutions, products, talent, technology, growth and the institutional environment. The new framework directly evaluates the core functions of an asset management center.

Table 1-6 2026 Global Asset Management Center Index: Evaluation Framework

Primary Indicator	Secondary Indicators	No. of Tertiary Indicators	Main Evaluation Focus
Sources of Capital	Bank and insurance funds; pensions; official long-term capital; cross-border capital	7	Measures the local, long-term and cross-border capital base supporting the city
Investable Assets	Asset returns; securities supply; market size; derivatives markets; market-financing function	8	Measures the returns, scale, diversity and trading activity of investable assets
Asset Management Institutions	Competitiveness of leading local institutions; concentration of global asset managers	3	Measures the scale of local institutions and the concentration of major global institutions
Asset Management Products and Activities	Open-end funds; ETFs; sustainable asset management; alternative asset management	13	Measures fund-product scale, capital flows and specialized business capabilities
Tax and Talent Environment	Tax costs; financial talent supply	5	Measures operating costs for asset managers and the professional-talent base
Asset Management Technology	Digital infrastructure; AI innovation resources; asset-management technology output; digital asset-management applications	6	Measures the support provided to asset management by digital technology, AI and robo-advisory
Growth Dynamics	Growth of investable assets, asset managers, traditional funds, sustainable asset management and alternatives	17	Measures the pace of development of markets, institutions and asset-management activities
Institutional Opening-up	Institutional market access; product passporting; cross-border allocation; data and regulatory coordination	10	Measures the institutional conditions supporting cross-border asset-management activities

Table 1-7 2026 Global Asset Management Center Index: Indicators and Data Sources

Primary Indicator	Secondary Indicator	Tertiary Indicator	Data Source
Sources of Capital	Bank and Insurance Funds	Bank Deposits	CEIC; monetary authorities
		Insurance Premium Volume	Swiss Re Sigma; local insurance regulators
	Pensions	Private Pension Assets	OECD Global Pension Statistics
		Public Pension Funds (PPFs) AUM	OECD; Global SWF; fund annual reports
	Official Long-term Capital	Foreign Exchange Reserves	Monetary authorities; IMF IFS
		Sovereign Wealth Funds (SWFs) AUM	Global SWF; SWFI; sovereign wealth fund annual reports
	Cross-border Capital	Financial Account Balance	Monetary authorities; IMF Balance of Payments database
Investable Assets	Asset Returns	10-year Government Bond Real Yield (1 year)	Wind; Bloomberg; national ministries of finance or central banks
		One-year Return of Major Stock Index	Bloomberg; exchanges
	Securities Supply	Number of Listed Stocks	WFE; exchanges
		Number of Listed Bonds	
	Market Size	Equity Market Capitalization	BIS; WFE; exchanges and monetary authorities
		Outstanding Bond Market Size	
		Futures and Options Trading Volume	WFE; FIA; exchanges
	Market Financing Function	Number of IPOs	WFE; exchanges
Asset Management Institutions	Competitiveness of Leading Local Institutions	AUM of Top 5 Asset Managers Headquartered Locally	Asset managers' annual and interim reports and official websites
	Concentration of Global Asset Managers	Number of Headquarters of Global Top 50 Asset Managers in the City	Global institutional rankings; official websites; regulatory registries
		Number of Branches of Global Top 50 Asset Managers in the City	Official websites; local regulators

Asset Management Products and Activities	Open-end Funds	Open-end Fund Net Assets	IIFA; local regulators; exchanges
		Open-end Fund Net Sales	IIFA; local regulators
		Number of Open-end Funds	
	ETF	ETF Net Assets	IIFA; exchanges; ETF databases
		ETF Net Sales	IIFA; exchanges; ETF databases
		Number of ETFs	Exchanges; ETF databases
	Sustainable Asset Management	Number of ESG Indices	Exchanges; index providers
		Number of ESG ETFs	Exchanges; fund databases
		Number of ESG Derivatives	Exchanges
		Number of ESG Bonds	Exchanges; sustainable bond databases
	Alternative Asset Management	Number of Alternative Asset Funds	IIFA; fund industry associations; exchanges
		Net Assets of Alternative Asset Funds	
		Net Sales of Alternative Asset Funds	
Tax and Talent Environment	Tax Costs	Statutory Corporate Income Tax Rate	KPMG; local tax authorities
		Capital Gains Tax Rate	
		Top Personal Income Tax Rate	
	Financial Talent Supply	Financial-sector Employment	City statistical bureaus; labor force surveys
		Financial-sector Employment / Non-farm Employment	
Asset Management Technology	Digital Infrastructure	Number of Data Centers	Data Center Map
	AI Innovation Resources	AI Venture Capital Investment	Statista
		Number of AI Foundation Models	Epoch AI
	Asset Management Patents	Asset Management Patent Output	EPO、IMF
		Asset Management Patent Quality	EPO
	Digital Asset Management Applications	Average AUM per Robo-advisory Account	Statista

Growth Dynamics	Growth of Investable Assets	Growth in Number of Listed Stocks	WFE; exchanges
		Growth in Number of Listed Bonds	
		Growth in Equity Market Capitalization	
		Growth in Outstanding Bond Market Size	
		Growth in Futures and Options Trading Volume	
		Growth in Number of IPOs	
	Growth of Asset Management Institutions	AUM Growth of Top 5 Asset Managers Headquartered Locally	Calculated from institution disclosures
	Growth of Traditional Fund Business	Growth in Open-end Fund Net Assets	IIFA; fund industry associations
		Growth in Number of Open-end Funds	
		Growth in ETF Net Assets	
	Growth of Alternative Asset Management Business	Growth in Number of Alternative Asset Funds	IIFA; fund industry associations
		Growth in Net Assets of Alternative Asset Funds	
	Growth of Asset Management Technology	Growth in Number of Data Centers	Data Center Map
		Growth in Asset Management Patent Output	EPO、IMF
		Growth in Average AUM per Robo-advisory Account	Statista
Institutional Opening-up	Institutional Market Access and National Treatment	Market Access for Core Asset Management Licenses and Foreign Ownership	Laws and regulations of relevant jurisdictions; OECD STRI; WTO I-TIP
		Modes of Institutional Entry and National Treatment in Business Scope	
	Product Access and Business Passporting	Cross-border Fund Registration, Passporting and Sales Accessibility	Local regulators; regional and bilateral official agreements
		Availability of Risk Management Instruments	Regulatory rules; central banks; exchanges and

			clearinghouse rules
	Cross-border Allocation and Financial Infrastructure	Foreign Capital Access to Local Capital Markets	IMF AREAER; monetary authorities and securities regulators
		Overseas Asset Allocation by Local Institutions and Residents	
		Convenience of Cross-border Payments and Transactions	
		Cross-border Custody, Clearing and Settlement Connectivity	Central banks; CSDs; CCPs; official market-infrastructure sources
	Data and Regulatory Coordination	Cross-border Flow of Financial Data	Data-protection laws; financial regulatory rules; relevant OECD databases
		Cross-border Regulatory Cooperation and Risk Resolution	IOSCO MMoU/EMMoU; bilateral agreements between regulators

Section 3 Key Features of the Competitive Landscape

In 2026 to date, the global economy has remained on a relatively low growth trajectory. The IMF expects global growth of 3.0% in 2026, while global inflation has risen to around 4.7%. Energy shocks and geopolitical factors have again become important variables in global financial markets. Asset managers have therefore shown a stronger preference for markets with high liquidity, mature financial infrastructure and comprehensive hedging instruments. A pronounced safe-asset and liquidity premium is emerging among global asset management centers, helping New York and London maintain their advantages. Against this backdrop, the adjustment in the global ranking displays several key features.

1. The AI Investment Cycle Extends the U.S. Advantage from Capital Markets into Asset Management

AI has evolved from a technology-sector theme into an important macroeconomic variable influencing global capital flows. ECB research indicates that rapid development of the U.S. AI industry and the associated expansion in capital expenditure have become important macroeconomic drivers of increased euro-area investment in U.S. equities, particularly technology stocks.^① This shift affects asset management centers through at least three channels. First, the rising

^① https://www.ecb.europa.eu/press/financial-stability-publications/fsr/focus/2026/html/ecb.fsrbox202605_04~fd7b91dd22.ga.htm

market capitalization of leading AI companies expands the U.S. investable-asset base and increases New York's weight in global equity allocation. Second, the large financing needs generated around AI—including equity, bonds, private credit and infrastructure financing—further expand U.S. asset-management activity. Third, AI itself is being deployed by large asset managers in research, trading, advisory and risk management, creating a positive feedback loop among technology companies, capital markets, asset managers and asset-management technology. New York, Chicago, Los Angeles and Boston therefore rank highly in both Sources of Capital and Asset Management Technology not as two independent phenomena, but as two manifestations of the U.S. technology-capital cycle within asset management.

This leadership also comes with valuation and concentration risks. The Federal Reserve's May 2026 Financial Stability Report^① notes that U.S. equity risk premiums remain clearly below historical averages and at generally low levels. The S&P 500 forward price-to-earnings ratio is near the upper end of its historical distribution, while the equity risk premium is close to a 20-year low; AI valuations, private credit and geopolitical risks have also become key financial-stability concerns for market participants. New York's advantage therefore has a clear dual character: on the one hand, high valuations and technology investment create a powerful attraction for capital; on the other, the extent of its global lead is becoming increasingly dependent on the persistence of high-valued assets and the technology-capital cycle.

2. China's Asset Management Centers Enter a Second Stage of Development

The ranking changes of Chinese cities represent a different development model. In recent years, Shanghai and Beijing have drawn their principal advantages from China's very large pool of bank savings, foreign-exchange reserves and capital-market scale. The changes in 2026, however, show that competitive advantages are beginning to transmit from capital and market size into products and institutions. Shanghai ranks second in Investable Assets, seventh in Products and Activities, fifth in Asset Management Technology and second in Growth Dynamics; Beijing ranks first in Growth Dynamics. These dimensions are beginning to reinforce one another.

The largest remaining difference between China and the United States and Europe lies in Institutional Opening-up and the concentration of global asset managers. In New York, markets and institutions are closely integrated, while Europe connects multiple countries into a single asset-management market through unified fund rules. Shanghai has a large financial market, but there remains room to strengthen the links between this market and international capital, global asset

^① <https://www.federalreserve.gov/publications/2026-may-financial-stability-report-overview.htm>

managers and cross-border products. Whether Shanghai can continue to improve its ranking will increasingly depend not on whether its securities market can continue expanding, but on whether China's large pool of RMB assets can enter global institutional portfolios more easily and whether global institutions can more readily use Shanghai as a base for managing Chinese and Asian assets.

3. Three Competitive Models for Global Asset Management Centers Have Taken Shape

The ranking changes from 2021 to 2026 suggest that global asset management centers are gradually forming three distinct development models. The first is the super-integrated asset management center represented by New York, characterized by the high concentration of global capital, very large financial markets, leading asset managers and the technology industry, with each factor reinforcing the others. New York has therefore not only remained first for an extended period, but also maintained a clear gap over the second-ranked city. The second is the cross-border network model represented by London, Paris, Frankfurt, Luxembourg and Dublin. None of these cities can replicate New York on its own, but through European capital markets, fund regimes and cross-border operations they form a regional network with clear competitive advantages in global asset-management products, institutions and institutional openness. The third is the domestic-market growth model represented by Shanghai. Its advantages originate in a very large domestic capital market and capital base and are gradually spreading into asset-management products, technology and international business.

Shanghai's rise to third place in 2026 indicates that the third model has begun to achieve global competitiveness. At the same time, the gaps between Shanghai and London, and between Shanghai and New York, show that two critical steps remain before a domestic-market growth center can become a fully integrated asset management center: first, a further concentration of leading global asset managers and professional talent; and second, institutionalized and regular connectivity between RMB assets and the global asset-allocation system.

Overall, the global asset-management-center landscape in 2026 cannot be reduced to a simple narrative of "the East rising and the West declining" or "Europe and the United States weakening as emerging markets rise." Instead, a more complex division of functions is taking shape: the United States continues to hold the advantage in global capital and technology pricing; Europe retains its strengths in cross-border networks and product platforms; and China is steadily narrowing the gap on the strength of its large capital market and rapid technological growth.

Chapter 2

Decomposing the Core Competitiveness of Global Asset Management Centers

Key Findings The competitiveness of global asset management centers is not determined simply by the scale of assets under management, but by the combined effects of capital supply, investable assets, asset management institutions, products and activities, tax and talent conditions, and growth momentum. Changes in third-level indicators between 2025 and 2026 show that, even as global AUM continues to expand overall, the competitive advantages of individual cities are diverging further. New York continues to reinforce its end-to-end advantage through its vast pool of long-term capital, deep capital markets and concentration of leading institutions; London remains resilient in global investment management and cross-border capital allocation; Luxembourg, Dublin and Frankfurt further demonstrate Europe's strengths as fund-product platforms; and Shanghai shows strong expansion in investable assets, asset-management products and growth dynamics, while retaining structural weaknesses in the concentration of leading global institutions and in the tax and talent environment.

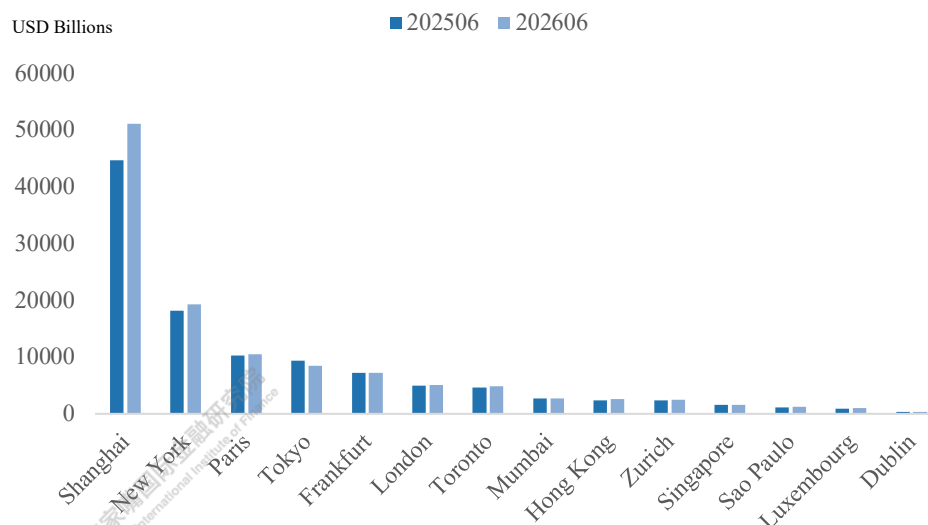
Section 1 Sources of Capital: Long-Term Capital and Cross-Border Flows Are Widening the Gap Among Asset Management Centers

1. Bank and Insurance Funds, and Pensions

Sources of capital determine the amount of capital that the asset-management industry can mobilize on a sustained basis, but different types of capital contribute to an asset management center in different ways. Bank deposits provide a broad wealth base, while insurance funds and pensions have longer investment horizons and more stable allocation needs, making them more readily convertible into allocations to equities, bonds, funds and alternative assets. Assessing a city's strength in Sources of Capital therefore requires looking beyond the scale of household savings to the share of those savings that can enter capital markets through insurance, pension systems and professional asset managers.

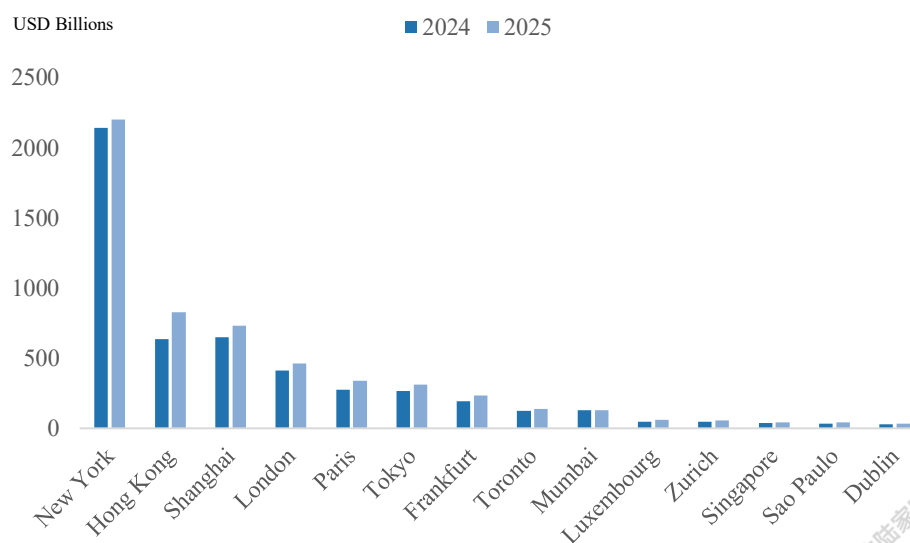
In terms of bank deposits, China has the most pronounced aggregate-scale advantage. From June 2025 to June 2026, bank deposits in mainland China, represented by Shanghai, increased from US\$44.69 trillion to US\$51.06 trillion, up 14.2%, reaching a scale approximately 2.6 times that of the United States. Over the same period, bank deposits in the United States rose from US\$18.19 trillion to US\$19.34 trillion, those in France increased from US\$10.28 trillion to US\$10.45 trillion, those in Germany from US\$7.18 trillion to US\$7.26 trillion, and those in the United Kingdom from US\$4.93 trillion to US\$5.05 trillion. This shows that China's financial assets remain relatively concentrated within the banking system, and that its advantage in deposit scale has not yet been fully translated into advantages in asset management products or long-term capital.

The structure of insurance funds is different. U.S. insurance funds rose from USD 2.14 trillion to USD 2.20 trillion and remained the world's largest, but increased by only 2.7%. Hong Kong rose from USD 637.8 billion to USD 827.0 billion, up 29.7%; China's insurance funds, represented by Shanghai, increased from USD 649.3 billion to USD 730.2 billion, up 12.5%; Paris rose from USD 275.4 billion to USD 339.7 billion, up 23.3%; and London from USD 412.7 billion to USD 464.9 billion, up 12.6%. Insurance funds grew significantly faster in Hong Kong, Paris and Shanghai than in the United States, indicating that insurance capital is becoming an increasingly important source of new long-term capital in these centers.

Figure 2-1 Bank Deposits (June 2025-June 2026)

Note: 1. The data are reported at the country/region level. For comparability, each country/region is represented by its principal asset management center. 2. Sao Paulo data as of Q1 2026.

Source: CEIBS Lujiiazui International Institute of Finance

Figure 2-2 Premium Balances (2024-2025)

Note: The data are reported at the country/region level. For comparability, each country/region is represented by its principal asset management center.

Source: CEIBS Lujiiazui International Institute of Finance

Pension systems have an even more direct impact on the competitiveness of asset management centers. U.S. private pension assets increased from USD 42.90 trillion to USD 49.40 trillion, up 15.2%, far exceeding the other sample economies. Canada rose from USD 3.54 trillion to USD 3.85 trillion, the United Kingdom from USD 2.94 trillion to USD 3.01 trillion, and Switzerland from USD 1.50

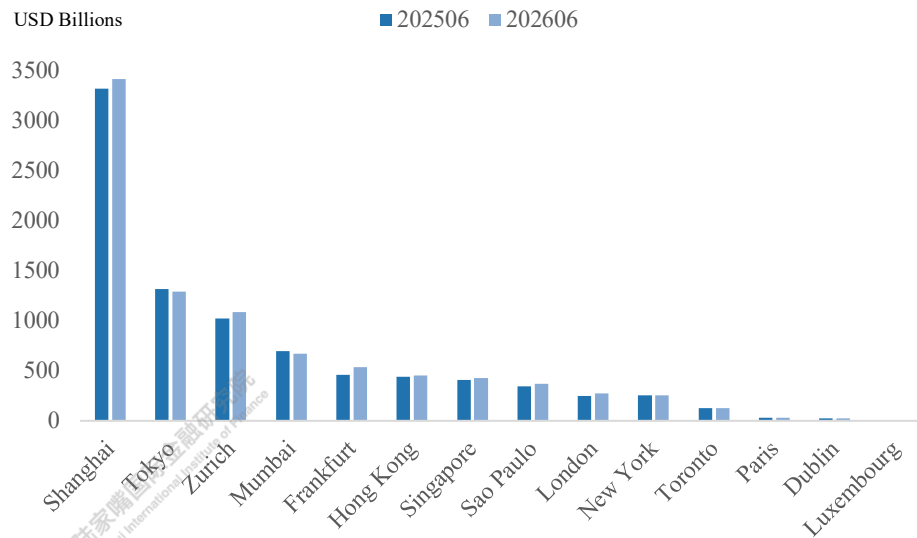
trillion to USD 1.82 trillion. China still has a very large gap in private pension assets relative to the United States, Canada and the United Kingdom. The U.S. advantage in Sources of Capital therefore reflects not only household wealth and the scale of bank deposits, but also the conversion of a large savings pool, through pension, insurance and fund systems, into institutional capital that flows continuously into capital markets. China has the larger bank-deposit pool, but raising the conversion rate remains essential if this advantage is to be fully realized.

2. Official Long-Term Capital

Public pension funds, foreign-exchange reserves and sovereign wealth funds are the principal components of official long-term capital. Compared with private pensions, these pools of capital are generally larger, have longer investment horizons and possess stronger countercyclical allocation capacity, enabling them to provide stable funding for infrastructure, private equity, long-duration bonds and global asset allocation. However, the scale of official capital does not automatically translate into local asset-management competitiveness. What matters is whether the assets are managed on a market-oriented and professional basis and whether local asset managers participate in the investment process.

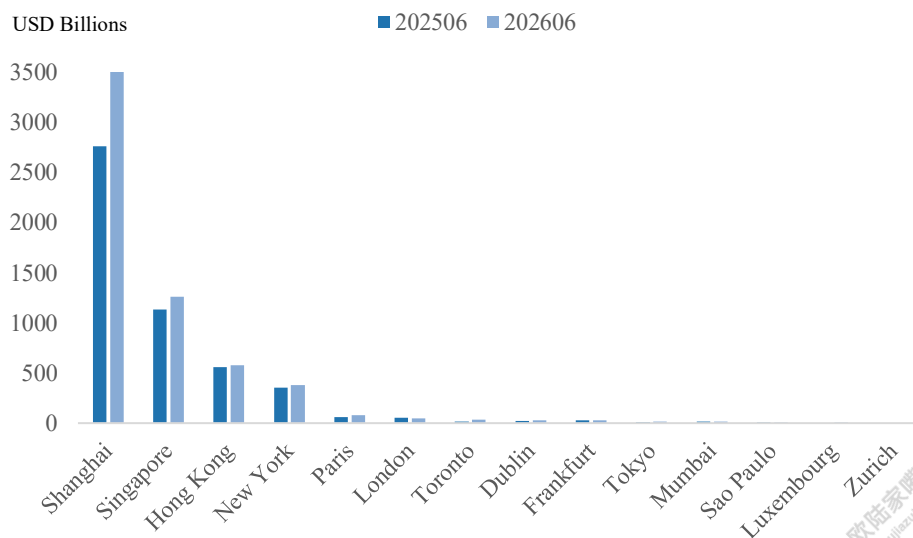
In public pension funds, the United States increased from USD 11.77 trillion to USD 12.64 trillion, retaining an overwhelming lead. Japan rose from USD 2.22 trillion to USD 2.50 trillion, Canada from USD 1.84 trillion to USD 2.04 trillion, the United Kingdom from USD 596 billion to USD 784 billion, and China from USD 599 billion to USD 652 billion. The United States and Canada combine large public pension pools with relatively high levels of market-based investment, generating sustained demand for both public-market and alternative assets. Canadian pension funds allocate extensively to infrastructure, real estate, private equity and overseas assets, an important reason for Toronto's strong performance in long-term capital and alternative asset management.

Foreign-exchange reserves and sovereign wealth funds, by contrast, highlight the strengths of Asian centers. In June 2026, China's foreign-exchange reserves reached USD 3.42 trillion, well above Japan's USD 1.29 trillion, Switzerland's USD 1.09 trillion and India's USD 666.9 billion. In sovereign wealth funds, China's related assets rose from USD 2.77 trillion to USD 3.56 trillion, Singapore from USD 1.14 trillion to USD 1.26 trillion, and Hong Kong from USD 559.0 billion to USD 580.3 billion, while the corresponding U.S. pool was approximately USD 378 billion. Large Asian economies and international financial centers therefore command substantial official pools of capital, providing a foundation for cross-border asset allocation and long-term investment.

Figure 2-3 Foreign-Exchange Reserves (Jun 2025-Jun 2026)

Note: The data are reported at the country/region level. For comparability, each country/region is represented by its principal asset management center.

Source: CEIBS Lujiazui International Institute of Finance

Figure 2-4 Sovereign Wealth Funds (SWFs) Size (Jun 2025-Jun 2026)

Note: The data are reported at the country/region level. For comparability, each country/region is represented by its principal asset management center.

Source: CEIBS Lujiazui International Institute of Finance

Yet the contribution of official capital to city-level competitiveness differs markedly. Singapore can connect sovereign capital with local asset managers and international investment

networks through market-oriented institutions such as Temasek and GIC, while Canada's public pension funds directly support Toronto's alternative-investment and overseas-allocation businesses. China has larger foreign-exchange reserves, sovereign wealth funds and public pension assets, but investment decision-making and management functions are not all concentrated in Shanghai, limiting the business spillovers received by local asset managers. Shanghai's next stage should therefore involve more than expanding the scale of long-term capital. Through manager selection, delegated mandates, fund products and professional services, it needs to convert the national advantage in official long-term capital into city-level asset-management business.

3. Cross-Border Capital

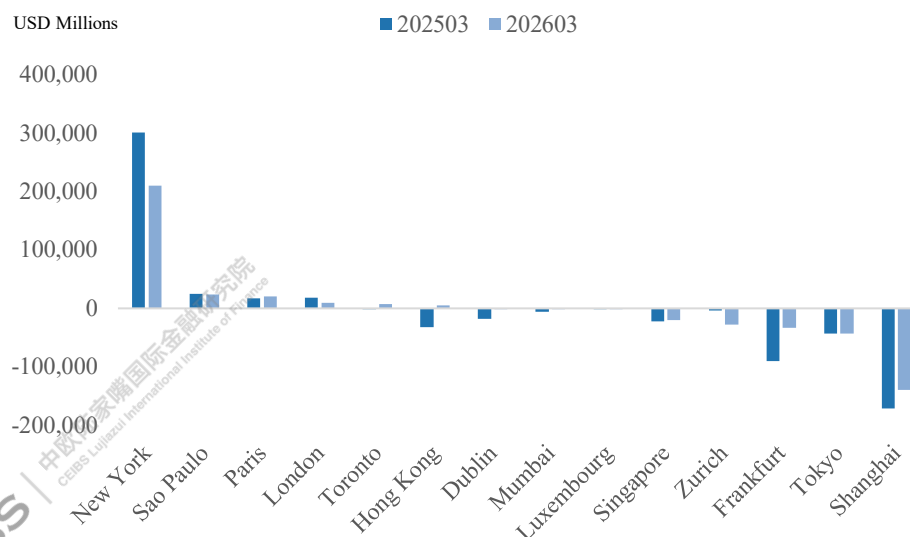
The non-reserve financial account captures the extent to which an economy absorbs or exports international capital through direct investment, portfolio investment and other financial transactions, making it an important measure of an asset management center's ability to attract cross-border capital. Unlike stock measures such as bank deposits and pension assets, cross-border flows more directly indicate whether international investors are willing to enter the local market on a sustained basis and whether local assets can be incorporated into global portfolios.

In the first quarter of 2026, the U.S. non-reserve financial account recorded a net inflow of approximately USD 209.6 billion. Although below the USD 300.9 billion recorded in the same period of 2025, it remained far above the other sample economies, indicating that global capital continues to use U.S. asset management centers such as New York to allocate to U.S. equities, bonds and fund products. Brazil and France recorded net inflows of about USD 23.4 billion and USD 20.0 billion, respectively, while the United Kingdom recorded approximately USD 9.5 billion. Canada shifted from a net outflow of around USD 1.4 billion in the same period of 2025 to a net inflow of roughly USD 7.0 billion, while Hong Kong moved from a net outflow of about USD 32.0 billion to a net inflow of around USD 4.8 billion, showing a clear improvement in the two markets' ability to attract international capital.

Outflows narrowed in several European and Asian economies. Germany's net outflow fell from approximately USD 89.9 billion to USD 33.2 billion; Ireland, represented by Dublin, from USD 17.7 billion to USD 1.1 billion; and India from USD 5.5 billion to USD 1.2 billion. China's non-reserve financial account improved from a net outflow of about USD 171.7 billion to USD 140.1 billion, a reduction of roughly USD 31.6 billion. Even so, relative to its enormous bank-deposit base, foreign-exchange reserves and sovereign capital, the cross-border capital indicator remains weak.

Japan and Singapore also continued to record net outflows of approximately USD 42.6 billion and USD 20.1 billion, respectively.

Figure 2-5 Non-Reserve Financial Account Balance (Mar 2025-Mar 2026)



Note: The data are reported at the country/region level. For comparability, each country/region is represented by its principal asset management center.

Source: CEIBS Lujiazui International Institute of Finance

These changes show that competition in Sources of Capital is increasingly following two distinct routes: the scale of domestic long-term capital and the ability to participate in international capital circulation. The United States combines a vast pension system with sustained international capital inflows, giving it the most complete funding structure. Canada derives a long-term capital advantage from market-based pension management and cross-border investment; Hong Kong relies primarily on international capital and wealth-management funds to restore its capital-attraction capacity; and China has an exceptionally large domestic pool of funds, but still lacks sufficient market-based conversion and two-way cross-border allocation. Shanghai will need to advance both the entry of long-term capital into capital markets and the facilitation of cross-border investment if China's domestic savings advantage is to be converted into a true capital-allocation advantage for a global asset management center.

Section 2 Investable Assets: Capital-Market Depth Is Decisive

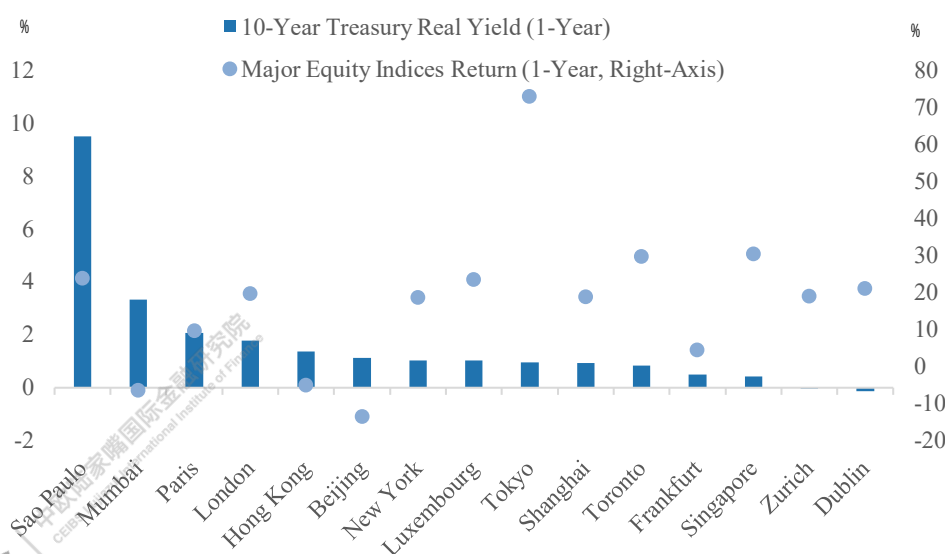
1. Asset Returns

The competitiveness of investable assets depends not only on market scale, but also on whether those assets offer attractive risk-return characteristics. Equity and bond returns across the sample cities diverged sharply in 2026, indicating that global asset allocation is no longer centered on a single market but is being regionally rebalanced in response to differences in economic growth, inflation, interest rates and valuations.

For long-term government bond yields, Brazil, represented by Sao Paulo, reached 9.52%, and India, represented by Mumbai, 3.33%, both clearly above the levels in Europe, the United States and East Asia and reflecting the higher nominal yields and risk compensation available in emerging markets. Paris, London and Hong Kong stood at approximately 2.07%, 1.77% and 1.38%, respectively; New York, Tokyo and Shanghai at around 1.04%, 0.96% and 0.94%; while Zurich and Dublin were close to zero or negative. Higher yields can increase the appeal of bonds to global investors, but they are often associated with greater inflation, exchange-rate and credit risk and therefore cannot be equated mechanically with stronger asset-management-center competitiveness.

Equity-market performance was equally differentiated. Major indices in several developed and Asian markets posted relatively strong returns, supported by valuation recovery, exchange-rate movements and industry cycles; London, New York, Shanghai, Toronto, Singapore and Zurich all recorded positive returns. Hong Kong's main equity index posted an approximately -4.95% one-year return, Mumbai about -6.47%, while the market indicator represented by Beijing was also negative. Short-term changes in asset returns affect fund net asset values, ETF assets and international capital flows, but a mature asset management center cannot rely on short-term market appreciation alone. It also needs a multi-asset supply and deep derivatives markets to reduce return volatility. In aggregate, stable equity and bond returns, ample liquidity and a complete range of hedging instruments create more durable competitiveness than high returns on any single asset class.

Figure 2-6 10-Year Treasury Real Yield (1-Year) & Major Equity Indices Return (1-Year)
(Jun 2025-Jun 2026)



Source: CEIBS Lujiazui International Institute of Finance

2. Securities Supply

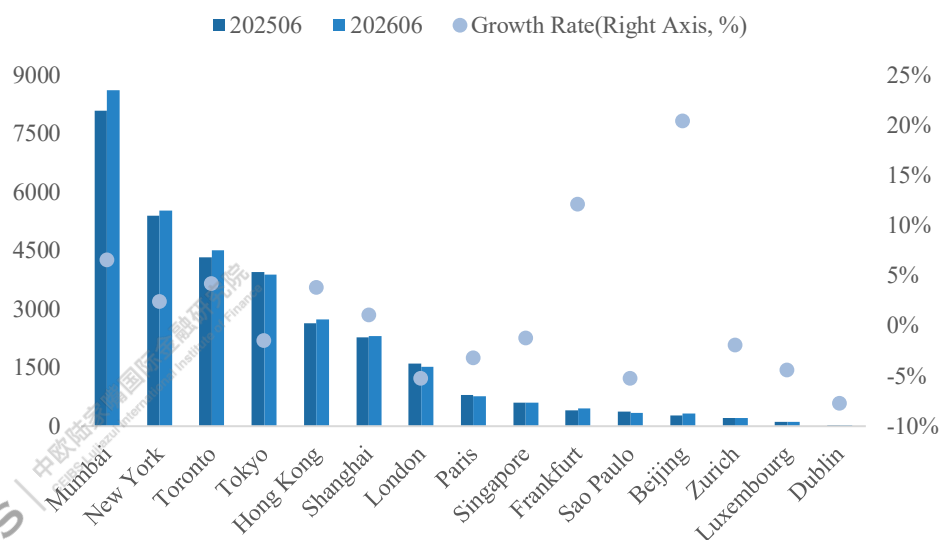
The number of securities determines the range of instruments available to asset managers and also affects index construction, fund-product development and portfolio diversification. In 2026, the global supply of listed equities remained concentrated in large capital markets. Mumbai had 8,635 listed stocks, New York 5,532, Toronto 4,524, Tokyo 3,899, Hong Kong 2,748 and Shanghai 2,314. These cities account for the bulk of the world's equity-asset supply, although the direction of change differs across markets.

From June 2025 to June 2026, the number of listed stocks increased by 539 in Mumbai, or 6.7%; by 134 in New York; by 186 in Toronto; by 103 in Hong Kong; and by 26 in Shanghai. Beijing rose from 268 to 323 listed stocks, an increase of 20.5%, while Frankfurt rose from 409 to 459, up 12.2%. At the same time, London fell from 1,614 listed stocks to 1,530 and Tokyo from 3,955 to 3,899, while Paris, Singapore, Zurich, Luxembourg and Dublin also declined. This indicates that some mature markets are experiencing a contraction in the number of listed companies.

IPO activity more directly reflects incremental financing capacity. In 2026, Mumbai led with 208 IPOs, followed by New York with 175, Hong Kong with 156, Tokyo with 100, Beijing with 56, Shanghai with 42 and Singapore with 30. Hong Kong's IPO count rose from 82 to 156, Beijing from 19 to 56 and Singapore from 10 to 30, representing substantial recoveries. Mumbai, by contrast, declined from 263 to 208, New York from 192 to 175, and Tokyo from 116 to 100. Hong Kong's

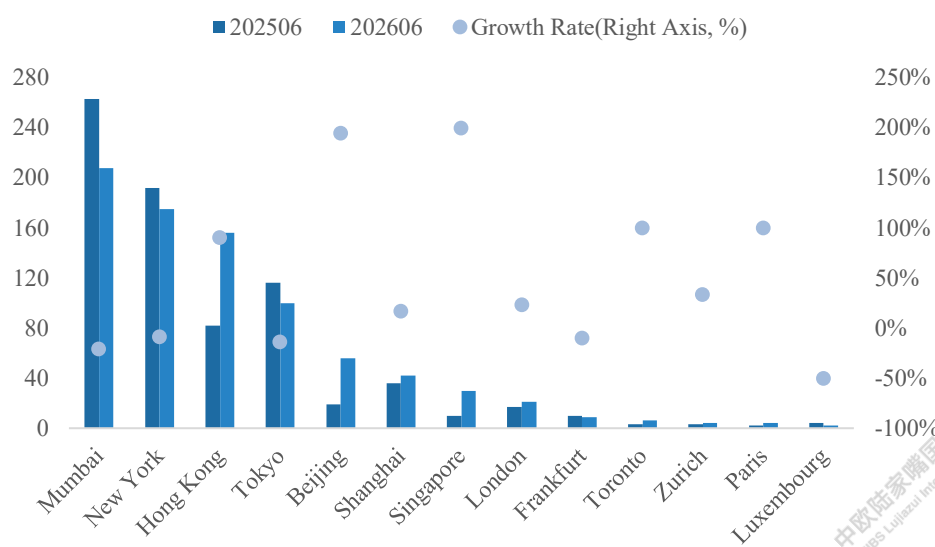
primary-market function has therefore recovered markedly, while Mumbai and New York retain large securities-supply bases despite lower IPO counts.

Figure 2-7 Listed Stock Count and Growth Rate (Jun 2025-Jun 2026)



Source: CEIBS Lujiazui International Institute of Finance

Figure 2-8 IPO Count and Growth Rate (Jun 2025-Jun 2026)

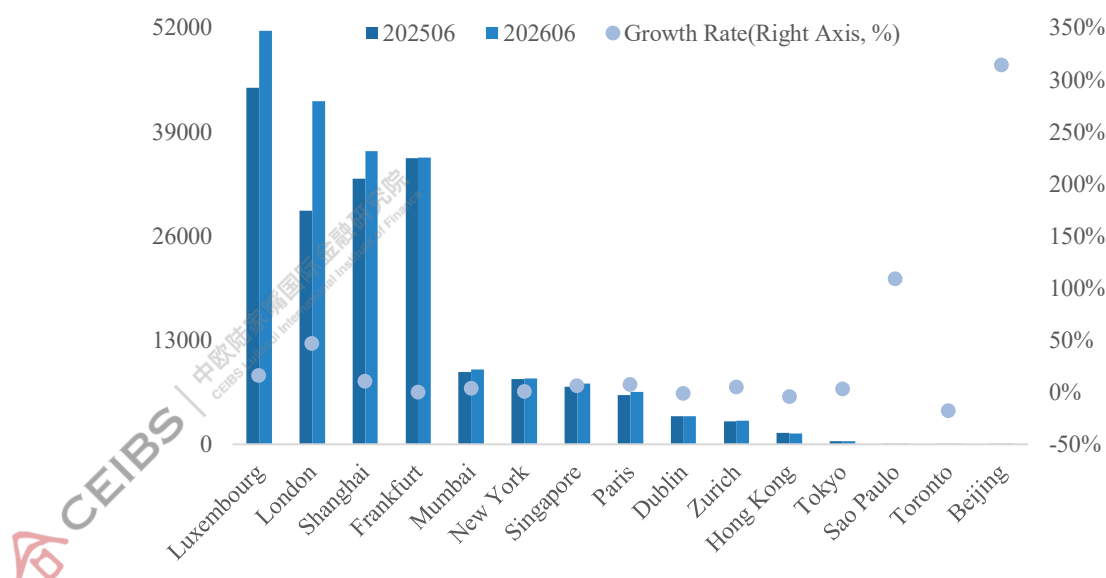


Source: CEIBS Lujiazui International Institute of Finance

In bonds, Luxembourg had 51,663 outstanding listed issues, London 42,899, Shanghai 36,628 and Frankfurt 35,829, well above the other cities. The number of listed bonds increased by 47.0% in London, 16.1% in Luxembourg and 10.3% in Shanghai, reflecting two distinct supply models: cross-border bond-listing platforms and large domestic bond markets. Whether securities supply

translates into an asset-management advantage also depends on liquidity, index coverage, disclosure and the ease of cross-border investment. Shanghai already has a broad supply of equities and bonds; the next priority is to move from increasing quantity toward improving investability and the efficiency with which securities are converted into asset-management products.

Figure 2-9 Listed Bond Count and Growth Rate (Jun 2025-Jun 2026)

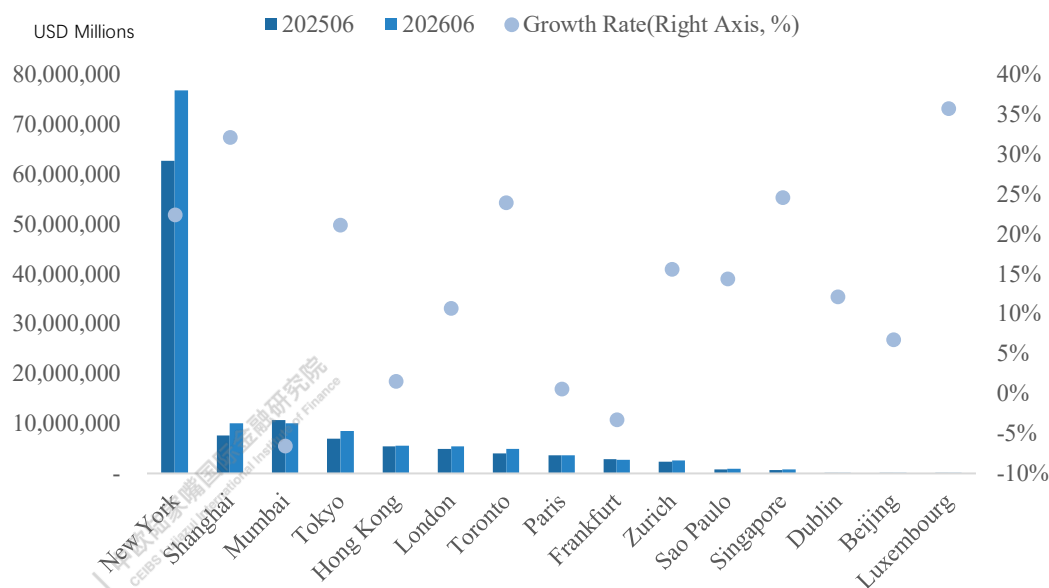


Source: CEIBS Lujiiazui International Institute of Finance

3. Market Scale

Market scale sets the upper limit on the volume of assets that asset managers can allocate. In 2026, New York's equity-market capitalization reached USD 76.87 trillion, up 22.4% year on year, maintaining an overwhelming lead. Shanghai rose from USD 7.66 trillion to USD 10.12 trillion, an increase of 32.2%, overtaking Mumbai's USD 10.03 trillion to move into second place. Tokyo increased from USD 7.03 trillion to USD 8.52 trillion, up 21.1%, while London and Toronto rose to USD 5.49 trillion and USD 4.92 trillion, respectively. Mumbai's equity-market capitalization declined by 6.6% and Frankfurt's by 3.3%, illustrating that a large number of listed companies does not necessarily produce a corresponding increase in market capitalization.

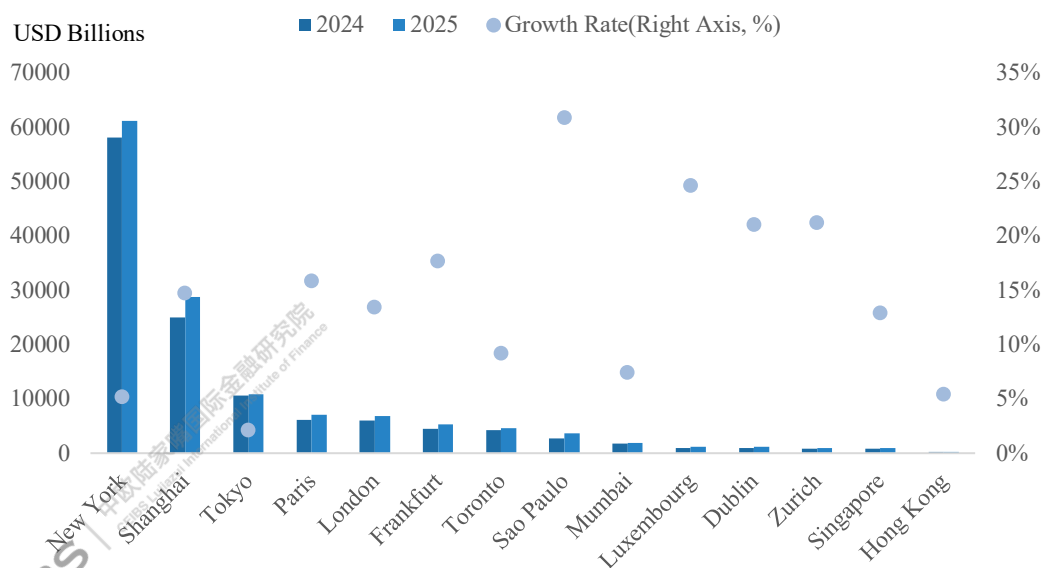
Bond markets are similarly concentrated. The outstanding U.S. bond market, represented by New York, expanded from USD 58.16 trillion to USD 61.18 trillion. China's bond market, represented by Shanghai, rose from USD 25.05 trillion to USD 28.74 trillion, an increase of 14.7%. Tokyo reached USD 10.82 trillion, while Paris, London and Frankfurt reached USD 7.12 trillion, USD 6.88 trillion and USD 5.26 trillion, respectively. The simultaneous expansion of China's equity and bond markets gives Shanghai the asset base required to develop fixed-income funds, bond ETFs, multi-asset strategies and interest-rate risk-management products.

Figure 2-10 Equity Market Capitalization and Growth Rate (Jun 2025-Jun 2026)

Source: CEIBS Lujiazui International Institute of Finance

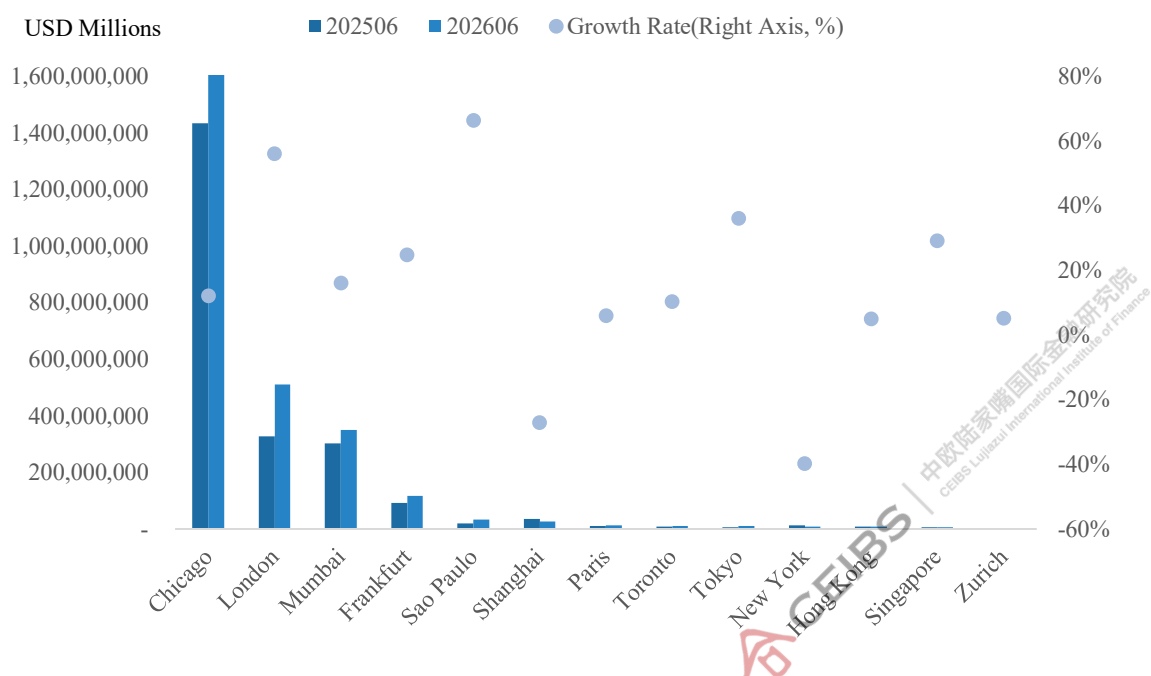
Futures and options markets display a clear pattern of specialization. Chicago recorded approximately USD 1,610 trillion in turnover over the half year, retaining its position as the world's largest derivatives trading center. London recorded about USD 511 trillion, up 56.1% year on year; Mumbai about USD 351 trillion; and Frankfurt about USD 116 trillion. Shanghai recorded approximately USD 26.54 trillion, down 27.1% year on year, while the corresponding New York indicator declined by 39.7%. These results show that equity and bond market scale determines asset capacity, while derivatives markets determine whether assets can be efficiently priced, leveraged and hedged. Shanghai's investable-asset base is already in the global first tier, but its range of derivatives, scope for cross-border participation and ease of risk management still need to improve.

Figure 2-11 Outstanding Bond Market Size and Growth Rate
(2024-2025)



Source: CEIBS Lujiazui International Institute of Finance

Figure 2-12 Futures and Options Turnover (Six Months) and Growth Rate
(Jun 2025-Jun 2026)



Source: CEIBS Lujiazui International Institute of Finance

Section 3 Asset Management Institutions: Greater Industry

Concentration Increases the Value of Headquarters

Economies

Asset management institutions are the core intermediaries connecting capital with assets. Rather than focusing on the number of financial institutions in general, this report emphasizes three variables: the AUM of the five largest asset managers headquartered locally, the number of headquarters of the world's top 50 asset managers located in the city, and the number of local branches of those top 50 firms. These indicators capture, respectively, the strength of leading local institutions, the concentration of global decision-making centers and the reach of international business networks.

1. Competitiveness of Leading Local Institutions

Competition among global asset managers is characterized by a highly concentrated top tier. The AUM of New York's five largest institutions rose from USD 23.95 trillion to USD 27.93 trillion, an increase of 16.6% year on year. BlackRock reached USD 15.3 trillion, accounting for 54.8% of the top-five total in New York, while JPMorgan increased from USD 4.35 trillion to USD 5.14 trillion. Boston's top five rose from USD 15.18 trillion to USD 18.42 trillion, up 21.3%, with Fidelity and State Street reaching USD 7.8 trillion and USD 6.28 trillion, respectively. Expansion in New York and Boston reflects not only capital-market appreciation, but also economies of scale in ETFs, index investing, pension management, custody services and technology platforms. Once large institutions have built integrated product, distribution, data and risk-management platforms, marginal management costs decline and incremental assets tend to concentrate further among the leaders.

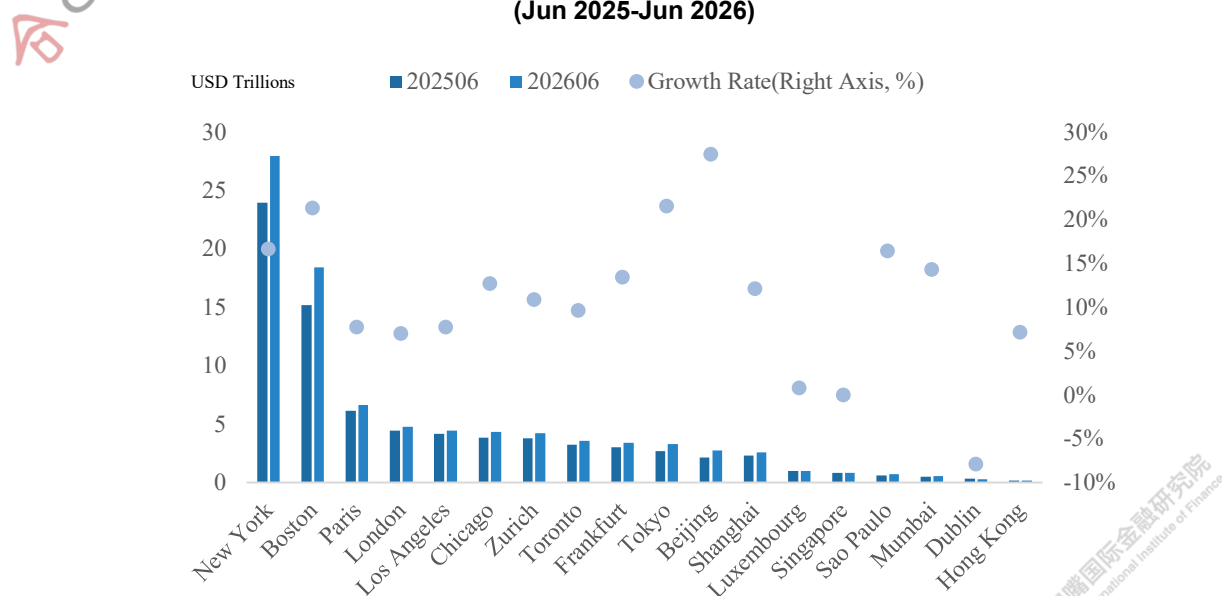
European cities follow a different institutional development model. The AUM of Paris's five largest institutions reached USD 6.62 trillion, up 7.7% year on year, with Amundi and BNP Paribas Asset Management at USD 2.94 trillion and USD 1.82 trillion, respectively, highlighting the support provided by large bank-affiliated asset managers. London reached USD 4.77 trillion, up 7.0%, although the scale of its locally headquartered firms does not fully capture London's global influence: its more important role is to manage mandates for international clients and make cross-border investment decisions. Frankfurt reached USD 3.40 trillion, up 13.4%, driven mainly by DWS, Union Investment and AllianzGI. Zurich reached USD 4.20 trillion, with UBS accounting for 53.1%,

illustrating a city model that combines wealth management with institutional asset management.

Leading institutions in Chinese cities are growing rapidly, but remain relatively small compared with the scale of the underlying capital markets. In 2026, the combined AUM of the five largest locally headquartered institutions in Beijing and Shanghai was RMB 18.60 trillion and RMB 17.64 trillion, up 23.5% and 9.2%, respectively. Using the original table's exchange rate of RMB 6.9 per U.S. dollar for 2026, these amounts are approximately USD 2.70 trillion and USD 2.56 trillion, placing the two cities roughly eleventh and twelfth.

This result reveals an important structural difference in China's asset management centers. Shanghai ranks second globally in Investable Assets, yet the AUM of its five largest local asset managers is equivalent to only 9.2% of New York's and 13.9% of Boston's. Shanghai's vast equity, bond and derivatives markets have therefore not yet been fully translated into locally managed AUM. The city still exhibits a structure in which market scale has outpaced institutional scale and asset supply remains stronger than investment-management capacity.

Figure 2-13 AUM and Growth of the Top Five Asset Managers Headquartered Locally
(Jun 2025-Jun 2026)



Source: CEIBS Lujiazui International Institute of Finance

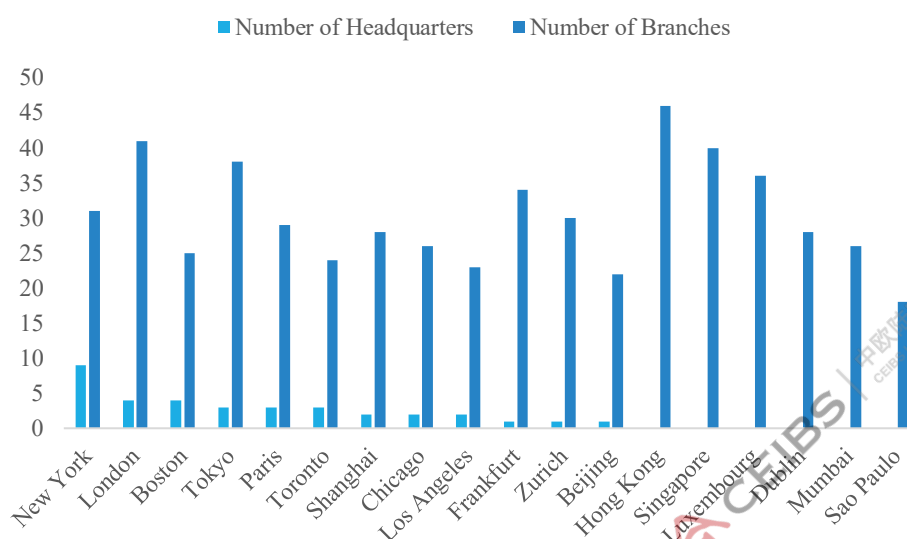
2. Concentration of Global Asset Managers

The distribution of headquarters and branches of the world's top 50 asset managers reveals two different urban functions. Headquarters indicate the concentration of global strategy, asset-allocation and product decision-making, while branches more often reflect market coverage and client-service networks. Figure 2-14 shows that New York hosts nine headquarters of global top-50

asset managers; London and Boston each host four; Tokyo, Paris and Toronto each host three; and Shanghai, Chicago and Los Angeles each host two. New York's advantage in headquarters is far greater than that of any other city, indicating that core decision-making power in the global asset-management industry remains highly concentrated in the United States.

The distribution of branches presents a different pattern. Hong Kong hosts 46 branches of global top-50 firms, London 41, Singapore 40, Tokyo 38, Luxembourg 36, Frankfurt 34, New York 31, Zurich 30, Paris 29, and Shanghai and Dublin 28 each. Hong Kong, Singapore and Luxembourg have no headquarters of global top-50 asset managers but host large numbers of branches, reflecting their typical roles as international operating platforms, fund-domicile centers or regional sales hubs. Boston, by contrast, hosts four headquarters but only 25 branches, making it a highly concentrated center for specialist investment-management headquarters. The number of global top-50 branches in London increased from 38 to 41, underscoring the continued strength of its global business network. The latest statistics from the UK's Investment Association show that assets under management in the UK investment-management industry reached a record GBP 11.1 trillion in 2025, up 11% year on year; assets managed for overseas clients increased 15% to GBP 5.9 trillion, accounting for 53% of total UK-managed assets. London's advantage therefore does not derive solely from domestic UK capital, but from its continuing role in managing a large volume of global investment mandates.^①

Figure 2-14 Number of Headquarters and Branches of the Global Top 50 Asset Managers
(Jun 2026)



Source: CEIBS Lujiazui International Institute of Finance

^① <https://www.sifma.org/news/blog/2026-capital-markets-fact-book-key-findings>

Table 2-1 Concentration of the Top Five Locally Headquartered Asset Managers in Major Global Asset Management Centers, June 2026

Rank	City	Largest Institution	Largest Institution AUM (USD tn)	Top 1 Share	Institutional Profile
1	New York	BlackRock	15.300	54.8%	Super-integrated
2	Boston	Fidelity	7.800	42.3%	Specialized headquarters
3	Paris	Amundi	2.940	44.4%	European institutional
4	London	Legal & General	1.620	34.0%	Global network
5	Los Angeles	Capital Group	3.200	71.7%	Single-leader
6	Chicago	Northern Trust	2.000	46.1%	Specialized institutional
7	Zurich	UBS	2.230	53.1%	Wealth management
8	Toronto	Sun Life Financial	1.190	33.6%	Pension-linked
9	Frankfurt	DWS	1.360	40.0%	European institutional
10	Tokyo	Nomura	0.960	29.2%	Diversified domestic
11	Beijing	China Life Asset Management	1.297	48.1%	Insurance- and bank-led
12	Shanghai	Ping An Asset Management	0.894	35.0%	Insurance asset management-led
13	Luxembourg	Nordea AM	0.380	38.0%	Fund platform
14	Singapore	DBS Private Bank	0.389	48.6%	Regional platform
15	Sao Paulo	BTG Pactual	0.261	37.2%	Growth-oriented
16	Mumbai	SBI Funds	0.146	26.0%	Growth-oriented
17	Dublin	Irish Life	0.176	58.2%	Fund platform
18	Hong Kong	PAG	0.055	37.6%	Regional platform

Source: Research team calculations based on institutional websites

Beijing and Shanghai differ not only in asset-management scale, but also in institutional composition and concentration. In 2026, the AUM of Beijing's five largest institutions totaled RMB 18.60 trillion. China Life Asset Management accounted for RMB 8.95 trillion, up 37.7% year on

year and representing 48.1% of the Beijing top-five total. China Asset Management, ICBC Credit Suisse Asset Management, ABC Wealth Management and ICBC Wealth Management recorded RMB 2.91 trillion, RMB 2.50 trillion, RMB 2.15 trillion and RMB 2.09 trillion, respectively. The HHI among Beijing's top five was approximately 0.300, higher than in Shanghai and Shenzhen, indicating that Beijing's growth is more dependent on the single leading institution, China Life Asset Management. Beijing's advantage derives mainly from the headquarters of central financial institutions, insurance capital and wealth-management resources of state-owned banks rather than from trading-oriented capital markets.

Table 2-2 AUM of the Five Largest Asset Managers Headquartered in Beijing and Shanghai, June 2026

City	Institution	Institution Type	2025 AUM (RMB tn)	2026 AUM (RMB tn)	YoY Growth	Share of City Top Five
Beijing	China Life Asset Management	Insurance Asset Management	6.50	8.95	37.7%	48.1%
	China Asset Management (ChinaAMC)	Public Fund Manager	2.85	2.91	2.1%	15.6%
	ICBC Credit Suisse Asset Management	Public Fund Manager	2.00	2.50	25.0%	13.4%
	ABC Wealth Management	Bank Wealth Management	1.75	2.15	22.9%	11.6%
	ICBC Wealth Management	Bank Wealth Management	1.85	2.09	13.0%	11.2%
Shanghai	Ping An Asset Management	Insurance Asset Management	5.91	6.17	4.4%	35.0%
	Taikang Asset Management	Insurance Asset Management	4.50	4.80	6.7%	27.2%
	CITIC Wealth Management	Bank Wealth Management	2.11	2.49	18.0%	14.1%
	Fullgoal Fund Management	Public Fund Manager	1.70	2.20	29.4%	12.5%
	PICC Asset Management	Insurance Asset Management	1.94	1.98	2.1%	11.2%

Source: Research team calculations based on institutional websites

Shanghai's five largest institutions had combined AUM of RMB 17.64 trillion. Ping An Asset Management accounted for RMB 6.17 trillion, Taikang Asset Management RMB 4.80 trillion and PICC Asset Management RMB 1.98 trillion. Together, the three insurance asset managers held RMB 12.95 trillion, or 73.4% of Shanghai's top-five total. CITIC Wealth Management and Fullgoal Fund Management recorded RMB 2.49 trillion and RMB 2.20 trillion, respectively. Shanghai's largest institution accounted for 35.0% of the total, and the HHI among the top five was approximately 0.244, below Beijing's, indicating a more balanced distribution of institutional scale; however, the composition remains clearly tilted toward insurance asset management.

Shanghai's incremental growth in 2026 came more from Fullgoal Fund Management and CITIC Wealth Management, which expanded by 29.4% and 18.0%, respectively; Ping An Asset Management and Taikang Asset Management grew by 4.4% and 6.7%. Shanghai's institutional scale is therefore still expanding, but the traditional large insurance asset managers have entered a relatively stable growth phase, while public fund managers and bank wealth-management companies are becoming important marginal sources of growth. Shanghai benefits from the long duration of insurance capital and its close links with capital markets, which support bond, equity and long-term asset allocation. Its weakness is the limited presence of globally oriented public fund managers, alternative-investment institutions and third-party asset-management platforms serving overseas clients.

Section 4 Asset Management Products and Activities: ETF

Expansion Accelerates

The Asset Management Products and Activities indicator shows the instruments through which assets are managed. It covers the asset scale, net sales and number of products across open-end funds, ETFs, alternative asset funds and ESG-related products. At its core, the indicator assesses whether an asset management center can convert capital and investable assets into standardized products that can be sold and allocated across borders.

1. Open-End Funds

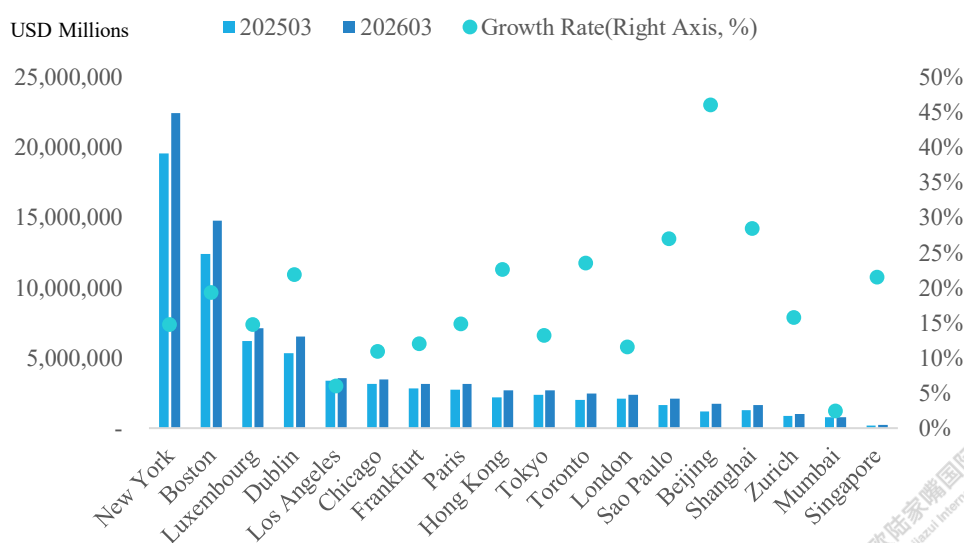
In the first quarter of 2026, assets in regulated open-end funds globally reached USD 87.23 trillion and net fund inflows totaled USD 931 billion, confirming that open-end funds remain a principal channel through which households and institutions participate in capital markets. Across cities, however, fund assets are shaped not only by local markets and household wealth, but also by

fund-domiciliation regimes, cross-border distribution networks and the concentration of large asset managers.

Net assets of open-end funds in New York rose from USD 19.58 trillion to USD 22.46 trillion, retaining first place, while Boston increased from USD 12.41 trillion to USD 14.81 trillion, ranking second. Both cities derive scale advantages from large asset managers, pension assets and U.S. capital markets. Luxembourg and Dublin increased from USD 6.22 trillion and USD 5.35 trillion to USD 7.14 trillion and USD 6.52 trillion, respectively, demonstrating the continuing competitiveness of Europe's fund-domiciliation and cross-border distribution platforms. Frankfurt, Paris, Hong Kong and Tokyo each had between USD 2.69 trillion and USD 3.17 trillion, forming the second tier.

By growth rate, incremental open-end fund assets over the past 12 months were more widely distributed toward fast-growing markets and cross-border platforms. Beijing grew by 46.0%, Shanghai by 28.5%, Sao Paulo by 27.0%, Toronto by 23.5%, Hong Kong by 22.6%, Dublin by 21.9% and Boston by 19.4%. Shanghai's open-end fund net assets increased from USD 1.27 trillion to USD 1.64 trillion. Although the scale remains below that of the major European and U.S. centers, the rapid growth shows that capital-market expansion is increasingly being converted into fund products.

Figure 2-15 Open-End Fund Net Assets and Growth Rate (Mar 2025-Mar 2026)



Source: CEIBS Lujiazui International Institute of Finance

2. ETFs

ETFs are the fastest-growing asset-management product in 2026. Global ETF assets reached USD 19.40 trillion, with net inflows of USD 578 billion, indicating that low-cost, transparent and index-based investment is becoming increasingly central to asset allocation. ETFs convert

underlying equities, bonds, commodities and other assets into standardized products while providing long-term capital and cross-border investors with lower-cost allocation channels. They therefore capture an asset management center's product innovation and trading capabilities more directly than conventional open-end funds.

New York's ETF net assets rose from USD 5.27 trillion to USD 6.86 trillion, retaining first place, while Boston increased from USD 3.34 trillion to USD 4.53 trillion. London and Dublin each reached approximately USD 2.24 trillion, with London reflecting trading and institutional-management strengths and Dublin fund-domiciliation advantages. Los Angeles and Chicago each exceeded USD 1 trillion, while Tokyo, Luxembourg and Toronto reached USD 717.5 billion, USD 641.2 billion and USD 627.7 billion, respectively. The ETF market now displays a structure in which the United States leads in scale, European cross-border platforms are prominent, and Asia is catching up rapidly.

In growth terms, Sao Paulo increased by 141.2%, Toronto by 49.3%, Beijing by 46.3%, Zurich by 44.3%, Singapore and Luxembourg by about 43% each, Boston by 35.5%, London by 34.3% and Dublin by 33.6%. Shanghai's ETF assets rose from USD 170.8 billion to USD 219.8 billion, an increase of 28.7%. Local market data show that by the end of 2025, ETF assets on the Shanghai Stock Exchange had reached RMB 4.2 trillion, up 55% year on year, while holdings by medium- and long-term capital increased by approximately 65%. This indicates that Shanghai's ETF expansion is no longer driven only by short-term trading, but is increasingly serving as a vehicle through which long-term capital enters the market and RMB assets are standardized for allocation.

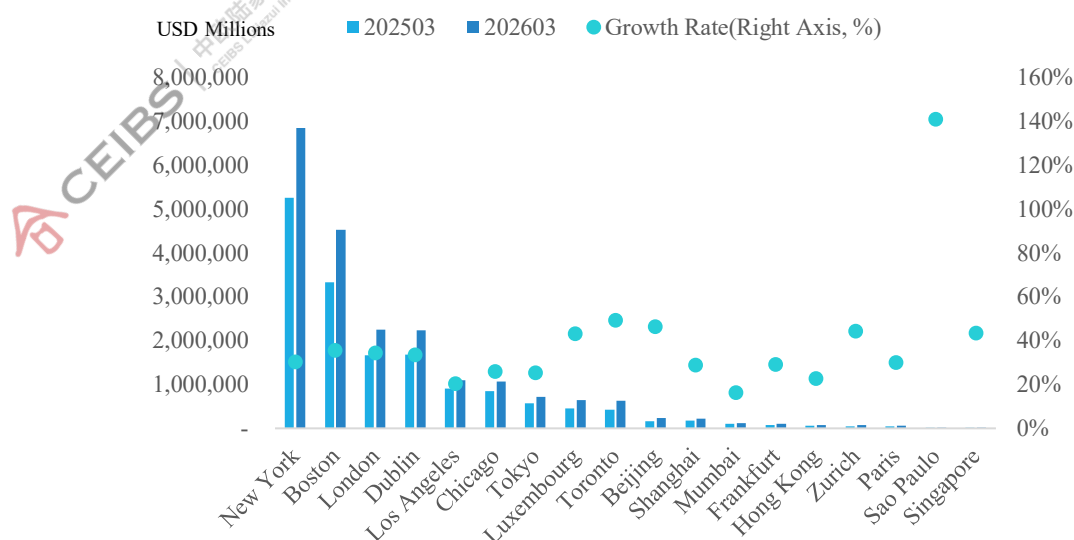
Taken together, the open-end fund and ETF data reveal several regional differences. First, Europe's advantage is concentrated in its fund-product platforms. In 2025, total net assets of European UCITS and AIFs reached EUR 25.2 trillion, including approximately EUR 16.7 trillion in UCITS and EUR 8.5 trillion in AIFs. UCITS recorded EUR 819 billion in net sales during the year, while UCITS ETFs posted a record third consecutive year of net sales, reaching approximately EUR 348 billion. This cross-border fund regime and product-domiciliation system directly supports the high rankings of Luxembourg, Dublin and Frankfurt. EFAMA statistics show that Ireland was the principal domicile for inflows into European equity UCITS in 2025, recording EUR 187 billion in net inflows, while also attracting EUR 122 billion in net inflows into bond UCITS, fully demonstrating its role as an ETF and cross-border fund-domiciliation platform.^{①②}

^① <https://www.efama.org/newsroom/news/q4-2025-ended-year-high-note-strong-performance-bond-and-equity-funds>

^② <https://www.efama.org/sites/default/files/files/quarterly-statistical-release-q4-2025.pdf>

Second, Shanghai's ETF expansion has a clear domestic market foundation. Shanghai Stock Exchange data show that ETF assets in the Shanghai market reached RMB 4.2 trillion at the end of 2025, up 55% year on year, including approximately RMB 2.7 trillion in equity ETFs, up 30%. Holdings of Shanghai-listed ETFs by medium- and long-term capital increased by about 65% and contributed more than 40% of the growth in ETF assets. ETF expansion is therefore not simply the result of short-term trading; ETFs are becoming an important instrument for long-term institutional capital to enter the equity market. This is particularly important for Shanghai's development as a global asset management center because ETFs can transform China's vast equity and bond markets into standardized investment products that are easier for domestic and international institutions to allocate.

Figure 2-16 ETF Net Assets and Growth Rate (Mar 2025-Mar 2026)



Source: CEIBS Lujiazui International Institute of Finance

Third, London presents an important structural case. Overall AUM in the UK investment-management industry increased year on year, but 12-month net sales remained weak. Data from the UK's Investment Association also show that UK retail funds recorded net outflows of GBP 2.3 billion in 2025, broadly unchanged from 2024, including GBP 16.8 billion in net outflows from equity funds. At the same time, money-market funds recorded a record GBP 6.9 billion in net inflows. UK ETF assets increased by 56.7%, while 12-month ETF net sales rose from USD 25.0 billion to USD 302.1 billion. These figures indicate that more capital is shifting from active to passive products. The UK fund market has not contracted as a whole; rather, it has undergone a clear

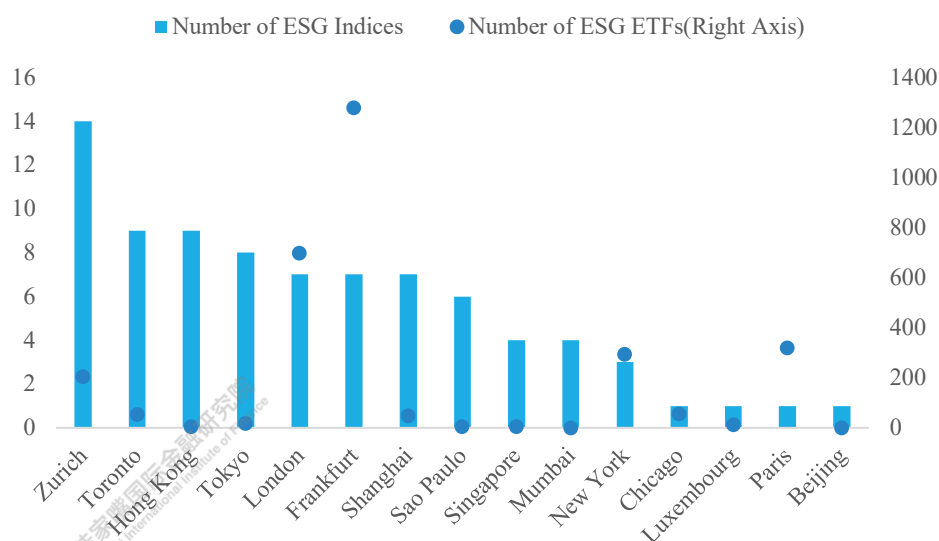
defensive reallocation of assets against the backdrop of elevated U.S. equity valuations and greater macroeconomic uncertainty.^①

3. Sustainable Asset Management

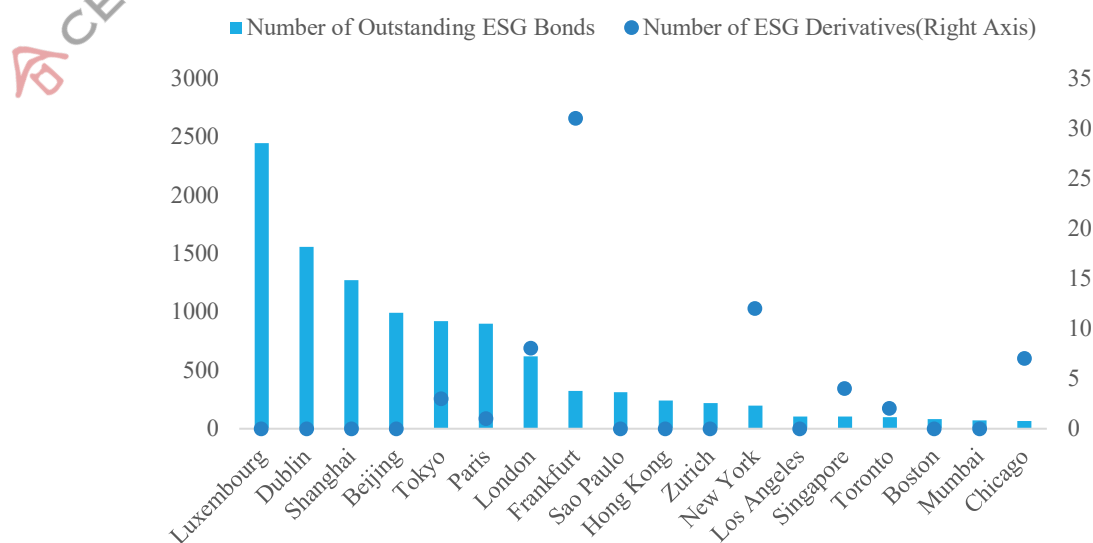
Global sustainable asset management has not produced a single city that leads across every dimension. Instead, specialization is emerging, with index development, ETF products, green bonds and ESG derivatives concentrating in different centers. Zurich leads in the number of ESG indices with 14, followed by Toronto and Hong Kong with nine each, Tokyo with eight, and London, Frankfurt and Shanghai with seven each. This shows that traditional wealth-management centers, international financial centers and large capital markets are all actively developing sustainable-investment benchmarks. Yet a large number of indices does not automatically translate into a large ETF product base. Frankfurt has the largest number of ESG ETFs at 1,280, followed by London with 700, Paris with 321, New York with 295 and Zurich with 205. Shanghai has seven ESG indices but only 50 related ETFs, leaving a substantial gap relative to Frankfurt and London. Europe has therefore used UCITS product rules, cross-border fund passports and mature distribution networks to convert sustainable-investment concepts more fully into standardized funds that can be traded and distributed across borders.

Green and sustainable bond markets display a different pattern. Luxembourg has 2,443 outstanding ESG bonds, ranking first; Dublin has 1,556; Shanghai ranks third with 1,270; followed by Beijing with 990, Tokyo with 920, Paris with 900 and London with 620. Shanghai has already entered the global first tier in ESG bonds, reflecting the strong product supply created by China's green-financing demand, the capacity of its exchange bond markets and policy support for green finance. ESG derivatives, however, reveal a different weakness: Shanghai, Beijing, Luxembourg and Dublin each record zero products, compared with 31 in Frankfurt, 12 in New York, eight in London, seven in Chicago and four in Singapore. Shanghai's sustainable asset-management business therefore has a structural profile of strong bond supply, insufficient ETF conversion and relatively few risk-management instruments. The next stage should promote the indexation and ETF conversion of green bonds, expand futures and options linked to carbon-emission rights, green bonds and ESG indices, establish unified and comparable environmental-disclosure and product-certification standards, and strengthen cooperation with overseas index providers, exchanges and fund-domiciliation platforms. Only by converting the supply of green assets into standardized products with liquidity, transparency and hedging capacity can Shanghai translate its scale advantage in sustainable asset management into international allocation capacity.

^① <https://www.theia.org/news/press-releases/annual-retail-fund-outflows-steady-investors-favour-diversified-and-defensive>

Figure 2-17 Number of ESG Indices and ETFs (Jun 2026)

Source: CEIBS Lujiazui International Institute of Finance

Figure 2-18 Number of ESG Derivatives and Outstanding Bonds (Jun 2026)

Source: CEIBS Lujiazui International Institute of Finance

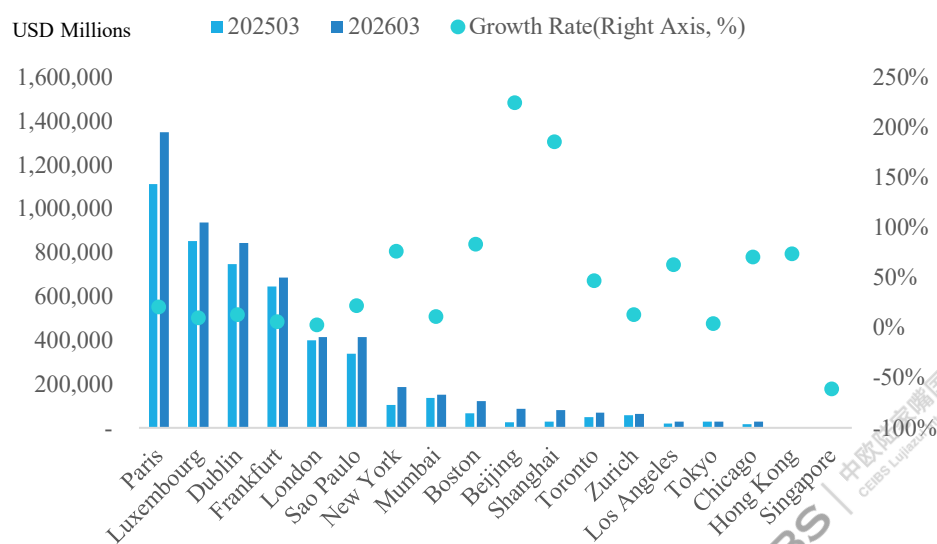
4. Alternative Asset Management

From March 2025 to March 2026, global alternative asset funds continued to expand, but cities diverged sharply in both existing scale and growth. Net assets of alternative asset funds in Paris increased from USD 1.1125 trillion to USD 1.3491 trillion, up 21.3%, retaining the world's largest scale. Luxembourg rose from USD 853.424 billion to USD 938.232 billion, up 9.9%; Dublin from USD 746.751 billion to USD 844.624 billion, up 13.1%; and Frankfurt from USD 646.068 billion to USD 684.930 billion, up 6.0%. These four European centers occupy the leading positions by scale,

indicating that they have developed relatively mature value chains in alternative-investment fund domiciliation, cross-border fundraising, custody, valuation and professional services. London increased from USD 400.322 billion to USD 413.754 billion, up only 3.4%. Although it retains a large asset base and strong investment-management capacity, its growth is clearly slower than that of Paris, Dublin and some emerging centers.

At the same time, U.S. and Chinese cities show strong catch-up momentum. Net assets of alternative asset funds in New York rose from USD 105.025 billion to USD 185.479 billion, up 76.6%; Boston from USD 66.567 billion to USD 122.324 billion, up 83.8%; Chicago increased by 70.7% and Los Angeles by 63.1%, indicating that private equity, private credit, real estate and infrastructure investment are becoming increasingly concentrated among leading U.S. asset managers. Growth in Chinese cities is even more pronounced: Beijing rose from USD 26.527 billion to USD 86.279 billion, up 225.3%, while Shanghai increased from USD 28.501 billion to USD 81.555 billion, up 186.2%, making them the two fastest-growing centers in the sample. Toronto also rose from USD 47.689 billion to USD 70.282 billion, up 47.4%, reflecting the role of Canadian pension funds in driving infrastructure and private-market investment. Singapore, by contrast, declined from USD 511 million to USD 201 million, down 60.7%, making it the only sample city with a pronounced contraction.

Figure 2-19 Alternative Asset Fund Net Assets and Growth Rate (Mar 2025-Mar 2026)



Source: CEIBS Lujiazui International Institute of Finance

Overall, alternative asset management is developing a competitive structure characterized by European platforms leading in scale, U.S. institutions standing out in investment capabilities, and

Chinese markets expanding rapidly. Shanghai's growth is significant, but its absolute scale is only about USD 81.6 billion, well below Paris at roughly USD 1.35 trillion and Luxembourg at about USD 938.2 billion, and part of its current growth reflects a low-base effect. Shanghai will need to build a more complete product chain spanning private equity, private credit, infrastructure, real estate investment trusts and secondary fund-interest markets, while improving mechanisms for long-term capital participation, valuation and pricing, information disclosure, custody and settlement, and exit channels. Only by attracting stable participation from pensions, insurers, sovereign capital and overseas long-term investors, and by developing alternative investment managers with global fundraising and cross-border allocation capabilities, can Shanghai convert rapid growth into durable scale advantages and international competitiveness.

Section 5 Asset Management Technology: Strong AI

Innovation Resources

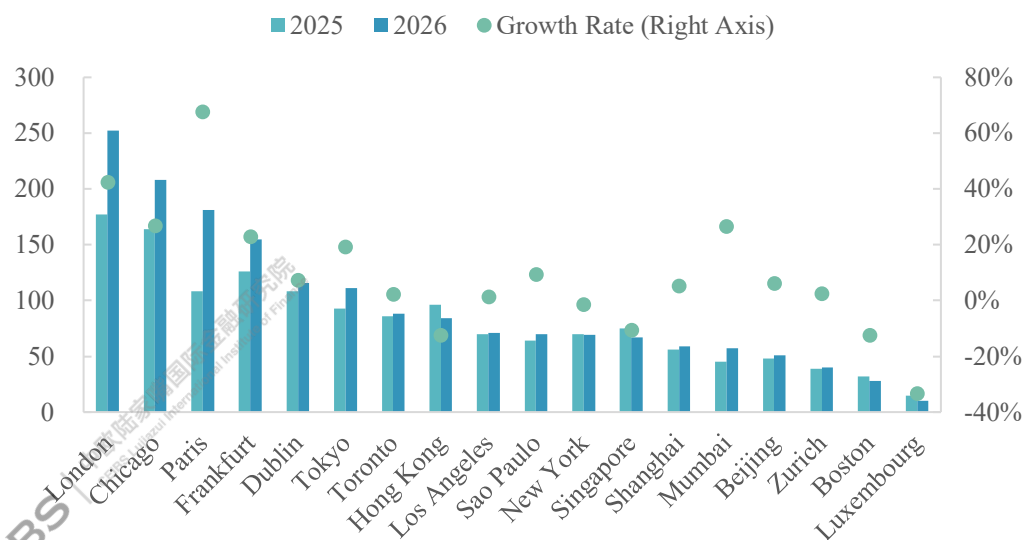
1. Digital Infrastructure

Leading global cities expanded digital infrastructure substantially, while offshore asset management centers generally contracted. London and Chicago, the two asset management centers with the most developed digital infrastructure, added 75 and 44 data centers, respectively, further extending their lead. London's expansion was driven primarily by the UK's national AI strategy, the AI Opportunities Action Plan, which prioritizes data-center investment and planning and aims to expand public compute capacity twentyfold. This has supported technological advances in hyperscale data centers across the London region and accelerated the release of computing demand. Chicago's rapid data-center expansion, meanwhile, has benefited from abundant power resources, dense fiber networks and tax incentives targeted at data centers.

The Asia-Pacific region is becoming more differentiated as emerging markets continue to rise. The number of data centers in Shanghai and Beijing grew steadily, each increasing by three by the end of the second quarter compared with a year earlier. Mumbai added 12 data centers, supported by relatively favorable power costs and the rise of the digital economy, making it a new data-center hotspot in the Asia-Pacific region. Hong Kong and Singapore, by contrast, lost 12 and eight data centers, respectively. Severe constraints on land and electricity, together with cost pressures and

technological upgrading, are accelerating the exit of traditional small and medium-sized facilities in both markets.

Figure 2-20 Number of Data Centers in Major Asset Management Centers (Jun 2026)



Source: Data Center Map

Computing infrastructure in smaller offshore asset management centers has contracted markedly. Luxembourg is constrained by limited resource endowments and relatively modest local computing demand. Its focus is on high-value-added wealth-management services rather than large-scale computing and storage, contributing to a significant reduction in data-center capacity, with five fewer facilities than a year earlier.

2. AI Innovation Resources

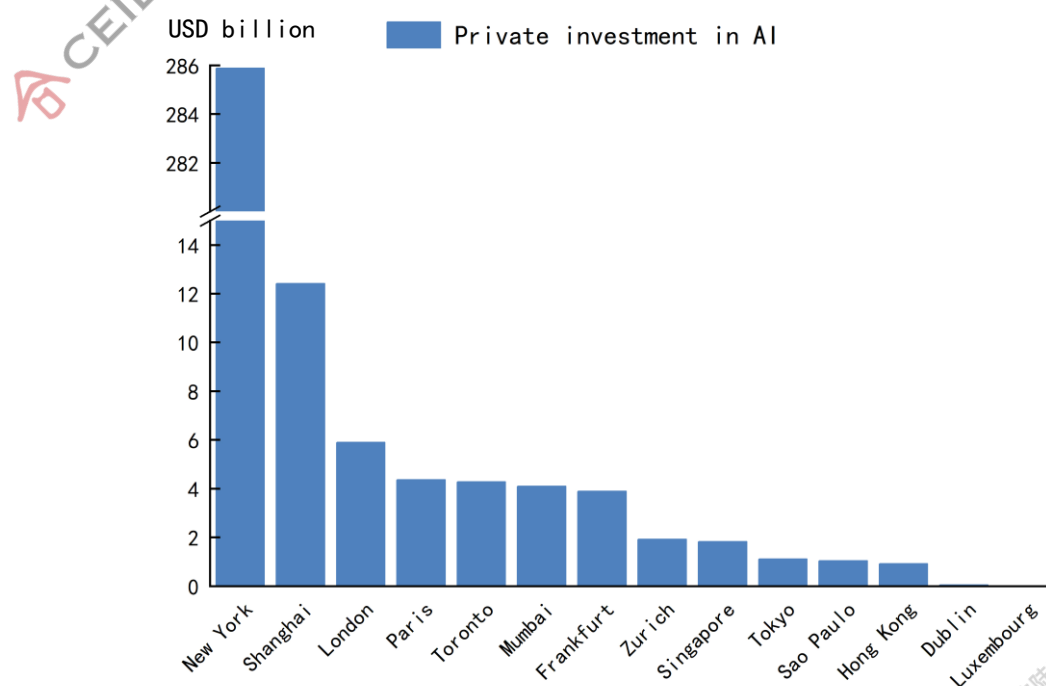
1) Private investment in AI. Global private AI investment is becoming increasingly unipolar, with the United States holding an exceptionally large lead. Supported by a complete AI industry ecosystem, highly developed private capital markets and the enormous capital expenditure of technology giants, U.S. private AI investment reached USD 285.88 billion in 2025, providing substantial funding for the domestic AI industry. New York, the world's largest asset management center, also benefits from this investment, as the scale of financing available to AI provides a strong market-financing foundation for the development of asset-management technology in the city.

China ranks second globally in private AI investment, but at a substantial distance from the United States. On the one hand, China's large internet and manufacturing application base, broad commercialization opportunities and deep engineering talent pool have generated numerous domestic AI start-ups and directed capital toward foundation models, AI applications and robotics. On the other hand, geopolitical frictions have constrained access to advanced chips, encouraging an

AI development path that places greater emphasis on efficiency rather than simply on massive capital investment. In addition, government-guided funds in China are not included in private-investment statistics, which to some extent magnifies the measured gap between Chinese and U.S. private AI investment. Overall, the development of China's AI industry provides an important technological foundation for Shanghai's asset-management technology.

Traditional European powers and India form a third tier. The United Kingdom, France and Germany have strong research capabilities, but lack leading firms in top-tier foundation models, and the shortage of high-quality AI investment targets has constrained private capital deployment to some extent. At the same time, AI regulation has raised compliance costs and, to a degree, weighed on local AI innovation and capital investment. India, as a representative emerging market, benefits from its demographic dividend and established IT industry, which also supports the development of asset-management technology in Mumbai.

Figure 2-21 Private AI Investment in Major Asset Management Centers (2025)



Note: Some missing observations are compiled from publicly available information.

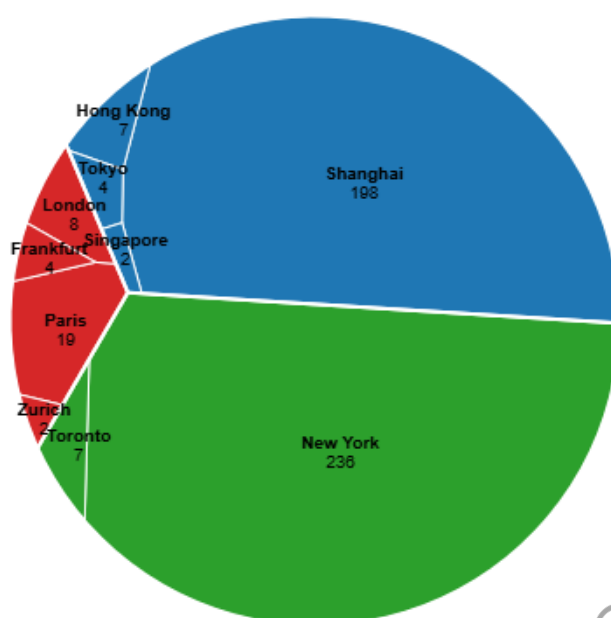
Source: Statista

2) Number of Large-scale AI Models. Asset management centers provide rich application scenarios for AI, while AI foundation models in turn provide an important technological base for innovation in asset management centers. The supply of frontier technology is therefore an important component of an asset management center's innovation capacity. As a defining technology and core

driver of the fourth technological revolution, AI is being deeply integrated across industries. In asset management, it is reshaping business processes, industry structures and the global competitive landscape, making the number of AI foundation models an important indicator of technological innovation capacity.

Overall, global AI foundation models display a bipolar structure dominated by China and the United States, providing strong technological support for innovation in the two countries' asset management centers. By the second quarter of 2026, the United States had 236 AI foundation models with training compute exceeding 10^{23} floating-point operations (FLOPs), while China had 198, far more than any other country or region. Because AI foundation models can diffuse rapidly within a national market, their non-exclusive nature makes advanced model capabilities broadly accessible to domestic asset management centers. As technological innovation accelerates, competition among global asset management centers is shifting from scale toward technology, and technology gaps will increasingly translate into competitive advantages. General-purpose foundation models are the technological base for sector-specific models; accordingly, the China-U.S. lead in foundation models is likely to substantially promote asset-management technology innovation in New York and Shanghai and help create new barriers to global competition.

Figure 2-22 Number of Large-scale AI Models in Major Asset Management Centers (Jun 2026)



Source: Epoch AI

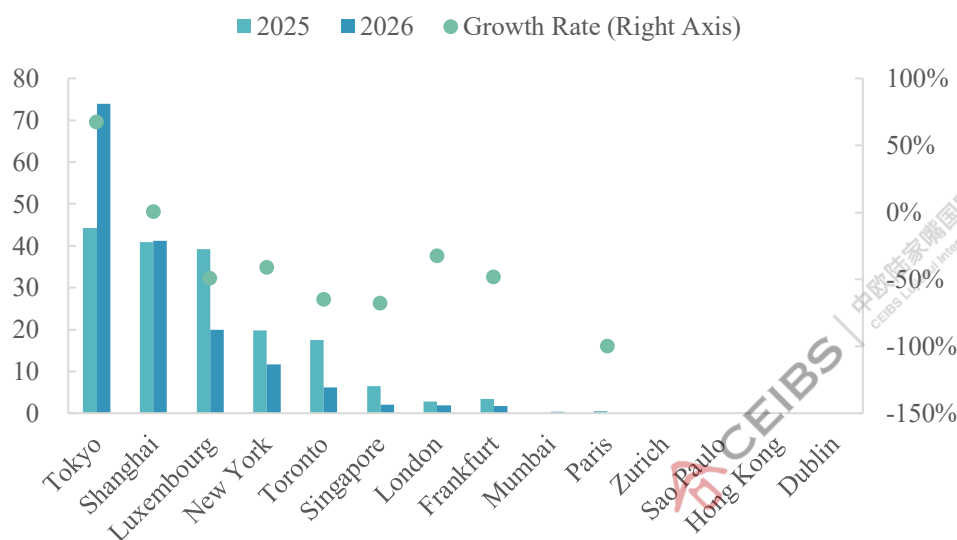
3. Asset Management Patent

1) Asset-management patent output. Patents are an important carrier of technological

innovation, and the number of asset-management patents adjusted for purchasing-power-parity GDP provides a useful measure of both innovation scale and output efficiency in the asset-management industry. Overall, Tokyo and Shanghai rank in the first tier of major global asset management centers for asset-management patent output. By the second quarter of 2026, their output stood at 73.93 and 41.13 patents per USD 1 trillion of PPP GDP, respectively, and both showed an upward trend, while most other major centers recorded declines over the same period.

This mainly reflects the large and rapidly growing number of asset-management patent grants in Japan and China, indicating very active industry-level innovation and providing strong innovative momentum for Tokyo and Shanghai. By the second quarter of 2026, Japan and China had 241 and 818 granted asset-management patents, respectively, up 97 and 12 from a year earlier. The United States, by contrast, still had a relatively large patent base but recorded a significant contraction: the number of asset-management patents in the first half of 2026 was 122 lower than a year earlier, translating into a marked weakening of industry innovation momentum at the asset-management-center level. After controlling for economic scale, China's asset-management patent output ranks second globally, providing strong innovative momentum for Shanghai through patents, technology transfer and the commercialization of knowledge. Innovation efficiency in Shanghai's asset-management sector is rooted in China's strong emphasis on intellectual property and, supported by large market demand and a substantial industrial base, the innovative capacity of Shanghai-based asset managers continues to improve.

Figure 2-23 Asset Management Patent Technology Output in Major Asset Management Centers (Jun 2026)

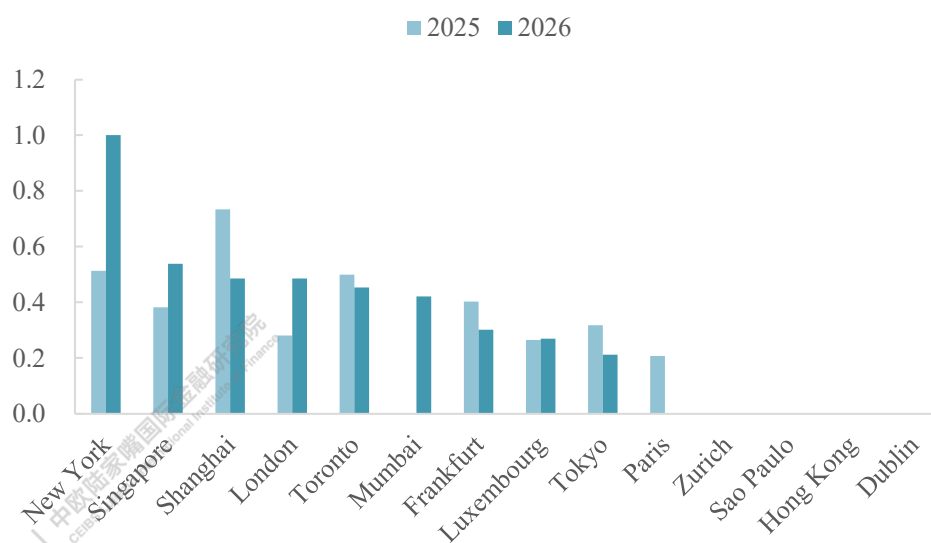


Source: EPO, IMF and CEIBS Lujiazui International Institute of Finance

2) Asset-management patent quality. Beyond patent quantity, patent quality is another important dimension of innovation capacity in asset management. Overall, the United States, Singapore and China are in the global first tier for asset-management patent quality, supporting the commercialization and value realization of innovation in their local asset management centers. New York and Shanghai rank among the global leaders in both patent quantity and patent quality, demonstrating strong innovative capacity in asset management. In New York, although patent quantity declined in the first half of 2026, patent quality improved substantially. This was driven mainly by greater patent depth, as citation counts increased sharply from a year earlier and technological diffusion supported value creation.

Shanghai's asset-management patent quality depends more heavily on patent depth. Patent breadth is influenced by differences across countries in patent fee structures, examination standards, protection strategies and legal rules, which helps explain the relatively moderate number of claims in Shanghai's asset-management patents. By contrast, Shanghai ranks second among major global asset management centers in patent depth, with frontier patents diffusing rapidly through the market and being converted into practical technologies. Shanghai's patent-quality score declined from a year earlier, but this primarily reflects relative dilution rather than an absolute deterioration. Citation counts for Shanghai patents remained stable and total citations were higher than in New York; however, because Shanghai had several times as many patents, those citations were spread across a much larger base. The improvement in New York's patent depth therefore produced a relative decline in Shanghai's measured patent depth.

Tokyo's asset-management patent quality declined as both patent breadth and patent depth weakened: Japanese asset-management patents recorded lower numbers of claims and fewer citations. Tokyo also did not rank among the leading asset management centers in overall patent quality, mainly because of a weakness in patent breadth, with a relatively small number of claims limiting the scope of patent protection. The remaining centers have relatively small samples of valid asset-management patents, which itself provides some indication of the level of innovation activity in their local industries; they are not discussed further here.

Figure 2-24 Asset Management Patent Quality in Major Asset Management Centers**(Jun 2026)**

Source: EPO, Unified Patents and CEIBS Lujiazui International Institute of Finance

4. Digital Asset Management Applications

Average AuM per user of Robo-Advisors is rising clearly across the world, indicating that the application of AI in asset management is deepening. The United Kingdom recorded the largest increase, with average AUM per robo-advisory account rising by USD 34,500 from a year earlier, an increase of 19.70%. Japan recorded only a USD 900 increase, or 1.52%, indicating a relatively slower pace of AI adoption in the advisory segment.

Robo-advisory models across the major global asset management centers are diverging along two distinct paths: high-end customization and scalable mass-market access. Luxembourg and Zurich are typical examples of the high-end customized model, with average AUM per robo-advisory account of USD 244,600 and USD 243,700, respectively. Both are important European cross-border fund centers and private-banking hubs with large high-net-worth client bases. AI provides digital support for advisory services, so their overall user bases are relatively small but average assets per account are high. New York, by contrast, represents the scalable mass-market model. U.S. robo-advisory is led by traditional asset-management groups such as Vanguard and Fidelity together with fintech firms such as Betterment and Wealthfront. Their target clients are more heavily concentrated among mass retail investors, with lower minimum investments and management fees, resulting in broad coverage but a larger share of small retail accounts and therefore lower average AUM per account.

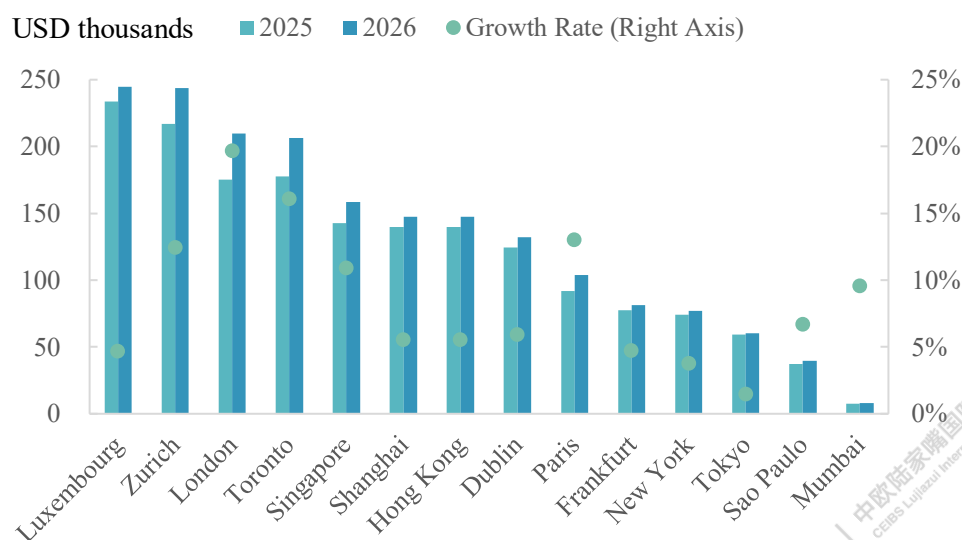
The United Kingdom and Canada are the fastest-growing markets in average robo-advisory

AUM per account. By the second quarter of 2026, both were in the global second tier, with year-on-year growth of 19.70% and 16.10%, respectively, deepening the asset-management technology capabilities of London and Toronto. The United Kingdom has gained greater regulatory flexibility since Brexit while maintaining regulatory equivalence with the European Union. Against the backdrop of higher robo-advisory compliance pressure under the EU AI regulatory framework, this regulatory-arbitrage channel has, to some extent, allowed the UK to deepen the use of robo-advisory in its asset management center.

Singapore and China are the Asia-Pacific region's catch-up markets in robo-advisory. By the second quarter of 2026, average AUM per robo-advisory account stood at USD 158,400 in Singapore and USD 147,500 in China, with year-on-year growth of 10.92% and 5.58%, respectively. Singapore leverages the cross-border advantages created by its institutional environment to attract a broad client base from Southeast Asia and Greater China, supporting its cross-border wealth-management business. Growth in Shanghai's average robo-advisory AUM has been driven jointly by breakthroughs in AI technology and rising demand for professional asset management as local household wealth expands.

Figure 2-25 Average AuM per user of Robo-Advisors in Major Asset Management

Centers (Jun 2026)



Source: Statista Market Insights

Section 6 Tax and Talent Environment

Asset management is highly internationally mobile. The headquarters of a management company, the domicile of its funds and the workplace of its portfolio managers do not necessarily need to be in the same city. Tax and talent conditions therefore have a greater effect on asset management centers than on traditional banking centers. Corporate income tax affects operating economics and retained profits; top personal income-tax rates influence the mobility of fund managers and other specialized professionals; and capital-gains tax directly affects investor product choices. At the same time, employment in finance and insurance reflects the scale of the financial industry, while its share of local employment reflects specialization and agglomeration. On a combined assessment of these factors, Hong Kong ranks first in 2026, Singapore second, Zurich third and Luxembourg fourth, indicating that platform-type and wealth-management centers retain clear advantages in the tax environment. Tax and talent conditions differ from market scale in one important respect: they typically improve only slowly, but have long-term effects on the location choices of global institutional headquarters and high-end positions.

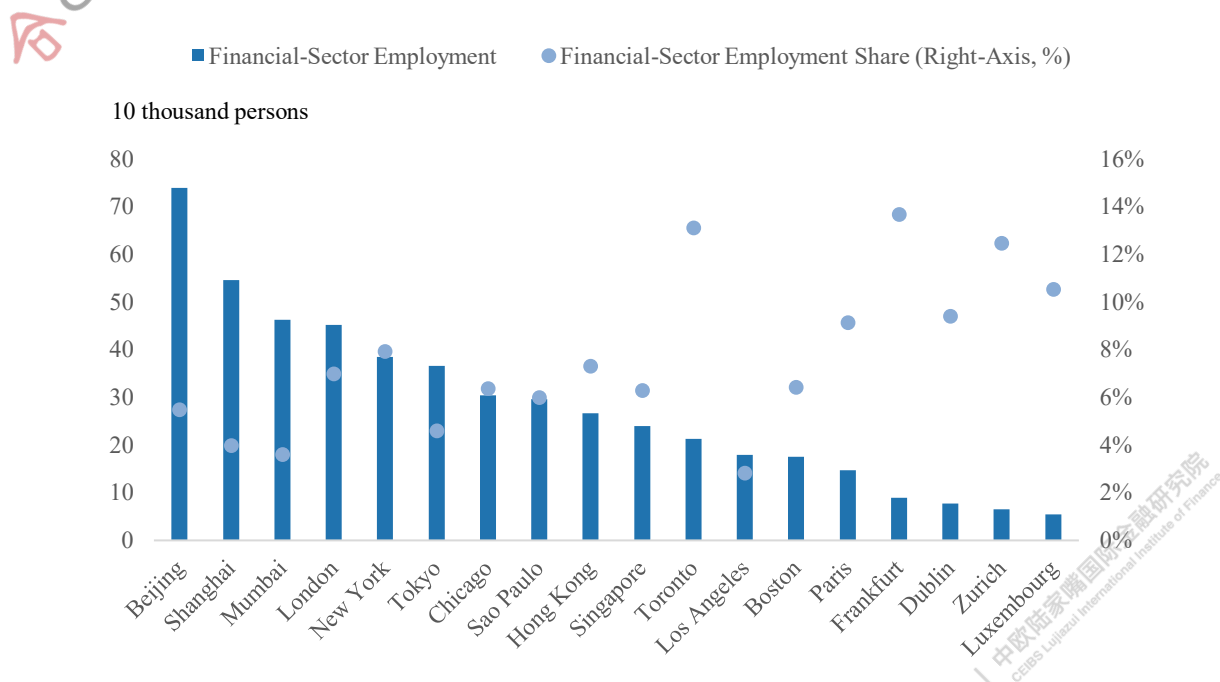
Financial-sector employment and the financial sector's share of employment capture, respectively, the scale effect and the degree of specialization in an asset management center's talent base, but neither can by itself be equated with competitiveness in asset-management talent. A larger financial-sector workforce generally indicates a more complete value chain spanning banking, securities, insurance, funds, custody, accounting, legal services and financial technology, creating a larger labor market for asset-management activities. A higher financial-employment share indicates greater specialization of finance within the city's economic structure and makes knowledge spillovers, talent mobility and the clustering of professional services more likely. The first measure, however, may be inflated by large traditional banking and insurance workforces, while the second may be amplified by a relatively small denominator for total city employment.

In 2026, financial-sector employment accounted for 13.67% of employment in Frankfurt, 13.12% in Toronto, 12.48% in Zurich, 10.54% in Luxembourg, 9.41% in Dublin and 9.14% in Paris, significantly above Beijing's 5.47% and Shanghai's 3.98%. These cities have developed high levels of financial specialization through different combinations of bank and asset-manager headquarters, pension management, private banking, fund domiciliation and cross-border back-office services. High density allows investment management, custody and valuation, fund administration, tax and legal services, and cross-border compliance functions to form specialized divisions of labor within

a compact geographic area, reducing coordination costs for asset managers.

Three distinct talent-concentration models therefore emerge. New York and London are comprehensive centers combining large scale with relatively high density: New York has 385,000 financial-sector employees, accounting for 7.93% of employment, while London has 452,000, or 6.99%. Both possess broad financial talent pools and a high concentration of global headquarters, investment-decision and product-innovation roles. Frankfurt, Zurich, Luxembourg and Dublin are functional centers with more limited absolute scale but high specialization density, with advantages concentrated in specific business segments. Beijing and Shanghai follow a large diversified-city model with substantial absolute financial employment but relatively low density. Finance is embedded in much larger and more diversified urban economies, so the financial-employment share is reduced by a large total-employment denominator. Shanghai's 3.98% share therefore should not be interpreted simply as evidence of a weak talent base, but it does indicate that financial and asset-management activity has not yet developed a degree of specialization commensurate with the scale of its capital markets.

Figure 2-26 Financial-Sector Employment and Share of Nonfarm Employment (May 2026)



Note: Data for Shanghai and Beijing are as of 2023.

Source: CEIBS Lujiazui International Institute of Finance

Chapter 3

Institutional Opening-up: Global Landscape and Shanghai's Progress

Key Findings Institutional Opening-up does not mean removing all regulation. Rather, it means using stable, transparent and predictable rules to create sustainable channels for cross-border institutions, products, capital, infrastructure, data and supervisory cooperation. Shanghai scored 82.5 in 2026, up 17.5 points from 2021 and 7.5 points from 2025, and 10 points above Beijing. At the same time, it remained five points below the United States and Japan and 15 points below the EU sample cities, reflecting both the institutional leap achieved over the past two years and the objective gap that remains with mature open markets.

The sources of Shanghai's marked improvement in 2025-2026 are clear: the 2025 increase came from cross-border fund and ETF product access, while the 2026 increase came from capital-account arrangements, risk-management tools and rules governing cross-border transfer of asset-management data. Post-licensing national treatment for foreign institutions, outbound allocation by residents and institutions, ordinary account-based foreign exchange, and general-purpose custody pathways remain the main gaps relative to the EU.

Section 1 Background and Practical Significance of Evaluating Institutional Opening-up

1. Institutional Opening-up Is a Foundation for Global Resource Allocation

Global asset management centers are first and foremost concentrations of capital, investable assets, institutions and professional services, but their international competitiveness is not determined solely by the size of local funding pools or capital markets. For multinational asset managers, institutional rules determine whether they can enter a city, obtain licensing treatment comparable to that of local institutions, offer cross-border fund products to clients, repatriate capital and returns reliably, use derivatives to manage risk, and transfer data across borders within the group. These institutional arrangements constitute both the entry cost and the ongoing operating cost of cross-border asset-management business. By affecting product supply, client coverage, asset-allocation efficiency and risk-management capacity, they ultimately shape the concentration of international institutions and the scale of cross-border capital flows.

From the perspective of asset-management operations, Institutional Opening-up strengthens the competitiveness of an asset management center through four main channels. First, it reduces the fixed costs of institutional entry and license conversion, enabling international firms to establish a complete local business chain. Second, it broadens the range of cross-border products that can be sold and assets that can be invested in, increasing the global diversification of portfolios. Third, it reduces transaction frictions in accounts, foreign exchange, custody, clearing and hedging, improving capital turnover and risk-management efficiency. Fourth, it establishes executable mechanisms for data transfer and cross-border supervisory cooperation, allowing group operations, compliance and risk control, and regulatory enforcement to connect across jurisdictions. Together, these mechanisms determine whether a city can evolve from merely having a large capital market into an asset management center capable of allocating resources globally.

2. The Global Opening Environment Is Showing Signs of Reversal

Institutional Opening-up does not simply mean deregulation, nor does it imply removing necessary safeguards over capital flows, data security and financial risks. High-standard institutional openness means translating necessary prudential regulation into clear, stable, non-discriminatory and enforceable rules, so that market participants can anticipate entry conditions, compliance costs and risk boundaries. This index does not deduct points for generally applicable prudential requirements such as anti-money-laundering rules, tax reporting, client suitability, market-

manipulation controls and systemic-risk management. A lower openness score is assigned only when cross-border participants face additional foreign-ownership limits, quotas, closed channels, destination restrictions or transaction-by-transaction approvals.

More importantly, Institutional Opening-up is not a one-way, irreversible or linear process. In some markets, the global opening environment is now moving in the opposite direction. Since 2025, the United States has introduced prohibitions or notification requirements for outbound investment in specified technology sectors involving countries of concern, and has used the Data Security Program to restrict certain transactions involving sensitive personal data. Mature markets including the European Union, the United Kingdom and Japan also retain prudential boundaries in data protection, critical infrastructure and third-country market access. Mature markets therefore cannot be assumed to deserve full scores simply because of their historical reputation for openness, just as emerging markets cannot be presumed to score poorly merely because they rely on quotas, connectivity programs or pilot schemes. Institutional evaluation must identify both opening measures and newly imposed restrictions under the same standard. This is also what makes the indicator capable of being updated year by year.

Most existing financial evaluation systems place greater weight on market outcomes. The earlier Global Asset Management Center Index, for example, included indicators such as the number of foreign asset managers and their AUM. Such measures capture the results produced by openness, but they are less effective at identifying the institutional causes behind those results. A very large domestic market may still obtain a high score on market outcomes because of its vast domestic asset and client base even if cross-border product distribution, residents' outbound allocation and cross-border transfer of financial data remain tightly constrained. Conversely, a specialized center with a small local market may develop into a global asset-management platform through fund passports, cross-border custody and harmonized regulatory rules. Without a separate measure of institutional conditions, an evaluation may overstate the importance of domestic market size and fail to capture a center's true capacity for global resource allocation.

Accordingly, the 2026 Global Asset Management Center Index introduces Institutional Opening-up as a standalone first-level indicator, comprising four second-level indicators and ten third-level indicators. It adds an independent assessment of the sustainability of cross-border business to the existing evaluation of capital, assets, institutions, products, talent and technology, and growth dynamics. Institutional Opening-up is cross-validated against outcome indicators such as the number of foreign institutions and the scale of cross-border capital flows, but is not double-counted. The former asks whether the rules permit and facilitate business activity; the latter asks whether openness has already been translated into market outcomes.

Section 2 Evaluation Framework, Indicator Definitions and Scoring Methodology

1. Defining the Evaluation Chain

The Institutional Opening-up indicators follow the actual sequence of cross-border asset-management activity. A foreign institution first needs to establish a legal entity and obtain a license; it then needs to provide cross-border products to clients and conduct two-way asset allocation; it must subsequently use accounts, foreign exchange, custody and clearing arrangements, and derivatives to complete transactions; and finally it must handle intra-group data transfers and cross-border supervisory cooperation. Based on this chain, the framework contains four second-level indicators - Institutional and Business Access, Product and Capital-Market Openness, Cross-Border Transactions and Financial Infrastructure, and Data and Regulatory Environment - together comprising ten third-level indicators.

Table 3-1 Structure of the Second- and Third-Level Indicators for Institutional Opening-up

Second-Level Indicator	Third-Level Indicator	Core Evaluation Question
Institutional and Business Access	1 Foreign ownership and legal-entity establishment restrictions	Whether foreign institutions can enter and, after entry, operate on rules broadly comparable to those applied to local institutions
	2 Scope of asset-management licenses and national treatment	
Product and Capital-Market Openness	3 Cross-border fund and ETF product access	Whether products can be sold across borders and whether capital inflows and outflows have broad, stable institutional channels
	4 Foreign investor access to the local securities market	
	5 Outbound asset allocation by local institutions and residents	
Cross-Border Transactions and Financial Infrastructure	6 Cross-border capital accounts, FX and repatriation of returns	Whether cross-border investment can complete payments, post-trade processing and hedging of major risks
	7 Cross-border custody, clearing and settlement access	
	8 Access to cross-border derivatives and risk-management tools	
Data and Regulatory Environment	9 Cross-border financial-data transfer and localization restrictions	Whether multinational institutions can lawfully transfer business data and supervisors can exchange information and provide cross-border enforcement assistance
	10 Cross-border supervisory cooperation, information exchange and enforcement assistance	

Source: CEIBS Lujiiazui International Institute of Finance

2. Indicator Definitions and Scoring Standards

1) Institutional and business access. 'Foreign ownership and legal-entity establishment restrictions' assesses only whether foreign investors can establish or acquire local asset-management institutions and whether foreign ownership caps, special government approvals or prohibitions apply. General requirements concerning capital adequacy, fitness and propriety of personnel, and risk management are not treated as openness restrictions. 'Scope of asset-management licenses and national treatment' further assesses the permitted business scope, client scope and ongoing regulatory treatment after a core asset-management license has been obtained. The two indicators are evaluated separately to avoid treating the removal of foreign ownership caps as equivalent to full national treatment. Mainland China, for example, removed foreign ownership limits on securities companies and fund management companies in 2020, but structural conditions remain in cross-border operations, product scope and business connectivity. The two indicators are therefore scored at 100 and 75, respectively.

2) Product and capital-market openness. 'Cross-border fund and ETF product access' examines both the entry of overseas funds into the local market and the access of local funds to overseas markets. It covers functionally equivalent mechanisms including mutual recognition of funds, fund passports, ETF connectivity and cross-market listings. 'Foreign investor access to the local securities market' evaluates the capital-inflow side, focusing on whether non-resident investment in equities, bonds and funds is subject to qualification requirements, quotas, closed channels, asset-scope restrictions or low-threshold ex ante filing requirements. 'Outbound asset allocation by local institutions and residents' evaluates the capital-outflow side, identifying both China-style aggregate and institutional quotas and U.S.-style prohibitions or notification requirements directed at specific countries and technology sectors. Only by separating inflows, outflows and product access can the framework distinguish a market that merely attracts foreign capital in one direction from one that genuinely supports two-way allocation.

3) Cross-border transactions and financial infrastructure. 'Cross-border capital accounts, foreign exchange and repatriation of returns' assesses whether non-residents can use formal accounts to make and receive investment payments, convert currencies, and repatriate principal and returns, with particular attention to transaction-by-transaction capital-account approvals, segregated special accounts, use restrictions and quotas. 'Accessibility of cross-border custody, clearing and settlement' assesses whether investors can reliably complete post-trade processing through ordinary licensed custodians, brokers and local infrastructure; it does not require foreign investors to become direct members of a central securities depository. 'Access to cross-border derivatives and risk-management tools' assesses whether the four main categories of risk - interest rate, foreign exchange, equity and

commodity risk - can be managed through derivatives, repo, securities lending and collateral arrangements. The three indicators correspond respectively to the cash leg, securities leg and risk-management leg of cross-border investment, rather than combining all cross-border infrastructure into a single broad measure.

4) Data and regulatory environment. 'Cross-border transfer of financial data and localization restrictions' evaluates whether transfers of client, transaction, operational and risk data face localization requirements, ex ante assessments, quantitative thresholds, destination restrictions or country-of-concern restrictions, while also considering whether the asset-management industry has directly executable lists, operational guidelines or safe harbors. 'Cross-border supervisory cooperation, information exchange and enforcement assistance' uses Appendix A of the IOSCO Multilateral Memorandum of Understanding (MMoU) as the international benchmark for cross-border regulatory cooperation. Under this common standard, the United States, China, the European Union and Japan all receive 100 points.

Table 3-2 Five-Tier Scoring Standards for Institutional Opening-up

Score	Institutional Status	General Assessment
0	Generally prohibited or no lawful pathway	Cross-border institutions, products, capital, data or infrastructure are generally inaccessible or unusable
25	Only case-specific access, very limited exceptions or narrow pilots	Institutional pathways are unstable and cover only a very limited range of entities and business
50	A formal pathway exists, but restrictions remain material	Still constrained by aggregate or institutional quotas, asset scope, case-by-case approvals, data thresholds or a single channel
75	Broadly open, but structural boundaries remain	Most core business can be conducted, but dedicated registration, entity restrictions, destination limits or important tool gaps remain
100	Open under general rules or functionally equivalent access achieved	No general ownership caps, quotas, closed channels or duplicative entity review; only generally applicable prudential regulation applies

Note: 0, 25, 50, 75 and 100 are institutional-status bands, not percentages of openness.

Table 3-3 Full-Score Standards and Main Grounds for Deduction for the Ten Third-Level

Indicators		
Third-Level Indicator	100-Point Standard	Primary Grounds for Deduction
Foreign Ownership & Entity Establishment	No foreign ownership cap; establishment follows general rules for local institutions	Ownership cap, special approval or prohibition
AM License Scope & National Treatment	License scope and ongoing supervision are in principle the same as for local institutions	Additional conditions on clients, products, cross-border operations or ongoing supervision
Cross-Border Fund & ETF Access	A unified market or multiple functionally equivalent mechanisms provide two-way access for major products	A single narrow mechanism, duplicative entity review or access limited to professional investors
Foreign Investor Access to Local Securities	Broad investment access through ordinary registration or brokerage channels	Qualification requirements, quotas, closed channels, asset-scope limits or low-threshold ex ante approval
Outbound Allocation by Local Institutions/Residents	Global allocation permitted under general prudential rules	Aggregate/institutional quotas; prohibitions or notification requirements for specified countries or technology sectors
Cross-Border Accounts, FX & Repatriation	Ordinary accounts can be used for conversion and repatriation	Transaction-by-transaction approval, segregated accounts, entity/use restrictions or quotas
Cross-Border Custody/Clearing/Settlement	Continuous access to local infrastructure through ordinary licensed intermediaries	Dependence on designated channels, dedicated custody or limited asset links
Cross-Border Derivatives & Risk Tools	Major risk types and principal tools are accessible through licensed intermediaries	Material gaps in eligible entities, permitted uses or risk-type coverage
Financial Data Transfer & Localization	No general localization, ex ante assessment, quantitative threshold or destination restriction	Restrictions involving important data, thresholds, security assessments or countries of concern
Supervisory Cooperation & Enforcement Assistance	The regulator is an Appendix A signatory to the IOSCO MMoU	Appendix A benchmark for information exchange and investigative assistance not yet met

Source: Research team, based on the OECD Codes of Liberalization of Capital Movements, the IMF Annual Report on Exchange Arrangements and Exchange Restrictions, the IOSCO MMoU, and the laws, regulations and supervisory rules of the relevant jurisdictions.

3. Scoring Methodology

First, a uniform observation date is used. June 30 is the observation point for every year, and the assessment includes only institutional documents, mutual-recognition arrangements and financial infrastructure that have entered into force or become operational by that date. Policy directions that have merely been announced but are not yet effective do not directly raise a score; policies with published operating rules and a formal implementation path may be counted. Measures announced at the 2026 Lujiazui Forum are included in the 2026 scoring if formal trading arrangements or operating guidelines had been established by June 30. Additional trading volumes or expansions implemented after July are reserved for subsequent annual assessments.

Second, jurisdiction-wide rules are combined with city-specific increments. The sample cities are the ranking units, but most financial rules are set at the national level or by a unified jurisdiction. Cities within the same jurisdiction therefore share a common baseline in principle. For example, the four U.S. sample cities are assessed under the same national rules, while EU member-state cities share the rules of the EU single market. A city-specific increment is awarded only when a pilot program, exchange connection, account framework or operating guideline is explicitly implemented in a particular city and has become executable. Shanghai's difference from Beijing therefore reflects city-specific institutions such as the Shanghai Stock Exchange's cross-border ETF network, Shanghai FTZ accounts and offshore business, and the Lingang cross-border data guidelines, rather than any discretionary adjustment.

Third, functional equivalence rather than identical labels is applied. Different jurisdictions use different institutional forms to achieve openness, so the evaluation does not require identical names; it compares whether the underlying economic functions are equivalent. Mutual recognition of funds, ETF connectivity, fund passports and cross-market listings can jointly achieve product access. Swap Connect, QFII derivatives access, the opening of futures and options markets, and offshore RMB foreign-exchange trading can jointly cover major risk categories. Where several stable mechanisms together provide the same economic function, the same score band is assigned. This principle applies not only to Shanghai and Hong Kong but also to institutional forms such as the United Kingdom's Overseas Funds Regime and Singapore's ASEAN Collective Investment Schemes Framework. A unified market mechanism, or several stable mechanisms in combination, can reach the 100-point standard for cross-border product access if they jointly provide two-way access for major fund and ETF products without material duplicative entity-level review.

Fourth, restrictions are deducted symmetrically. China's capital-account quotas, data-export assessments and dedicated connectivity channels, and U.S. notification requirements for outbound investment involving countries of concern and restrictions on sensitive-data transactions, are all

scored down according to the target, scope and intensity of the constraint. The decline in the U.S. scores for 'outbound asset allocation by local institutions and residents' and 'cross-border transfer of financial data and localization restrictions' from 100 to 75 in 2025 is a direct result of applying this common standard. Tightening in mature markets can therefore lower annual scores, while rule improvements in emerging markets can raise them, ensuring that the indicator remains dynamically updateable.

Fifth, equal weighting is used. The ten third-level indicators within Institutional Opening-up each carry a weight of 10%, and a city's annual score is the arithmetic mean of the ten indicator scores. Although the tenth indicator, 'cross-border supervisory cooperation, information exchange and enforcement assistance', is currently scored at 100 for all existing sample cities and therefore does not affect the cross-sectional ranking, it remains necessary for monitoring future sample expansion, changes in signatory status and any deterioration in supervisory cooperation.

Sixth, an evidence hierarchy is established. Evidence is prioritized in the following order: laws and administrative regulations; formal rules issued by supervisory authorities; announcements by exchanges and financial-market infrastructures; and databases maintained by international organizations. Media reports and institutional case studies are used only to verify that a policy is operational. Historical years are backcast using the same indicator definitions and the same score-band anchors.

Section 3 The Global Landscape and Typology of Institutional Opening-up in 2026

1. Overall Distribution

In 2026, the average Institutional Opening-up score across all sample cities was 88.75, with a median of 90.0, a maximum of 97.5, a minimum of 65.0, a range of 32.5 points and a population standard deviation of 9.36 points. Compared with 2021, the mean increased by 0.69 points from 88.06, the median fell from 92.5 to 90.0, and the standard deviation declined from 11.98 to 9.36. This was not the result of a synchronized global increase, but of two opposing trends: Shanghai, Beijing and Sao Paulo gradually improved through connectivity programs, data rules and reforms to cross-border infrastructure, while the United States fell by five points after introducing outbound-investment security reviews and data-transaction restrictions in 2025. The sample cities therefore show some convergence, although their institutional structures remain clearly differentiated.

Table 3-4 Scores on the Ten Institutional Opening-up Indicators in Major Asset Management Centers (June 30, 2026)

#	City	Jurisdiction	Foreign Ownership / Entity Setup	AM License / National Treatment	Fund/ETF Access	Foreign Investor Access	Outbound Allocation	Accounts, FX & Repatriation	Custody/Clearing/Settlement	Derivatives/ Risk Tools	Cross-Border Data Rules	Supervisory Cooperation	Equal-Weight Score
1	Dublin	EU	100	100	100	100	100	100	100	100	75	100	97.5
2	Luxembourg	EU	100	100	100	100	100	100	100	100	75	100	97.5
3	Frankfurt	EU	100	100	100	100	100	100	100	100	75	100	97.5
4	Paris	EU	100	100	100	100	100	100	100	100	75	100	97.5
5	Hong Kong	Hong Kong SAR	100	100	75	100	100	100	100	100	100	100	97.5
6	London	United Kingdom	100	100	75	100	100	100	100	100	75	100	95.0
7	Toronto	Canada	100	100	50	100	100	100	100	100	100	100	95.0
8	Singapore	Singapore	100	100	75	100	100	100	100	100	75	100	95.0
9	Zurich	Switzerland	100	100	50	100	100	100	100	100	75	100	92.5
10	Boston	United States	100	100	25	100	75	100	100	100	75	100	87.5

#	City	Jurisdiction	Foreign Ownership / Entity Setup	AM License / National Treatment	Fund/ETF Access	Foreign Investor Access	Outbound Allocation	Accounts, FX & Repatriation	Custody/Clearing/Settlement	Derivatives/ Risk Tools	Cross-Border Data Rules	Supervisory Cooperation	Equal-Weight Score
11	New York	United States	100	100	25	100	75	100	100	100	75	100	87.5
12	Chicago	United States	100	100	25	100	75	100	100	100	75	100	87.5
13	Los Angeles	United States	100	100	25	100	75	100	100	100	75	100	87.5
14	Tokyo	Japan	100	75	50	75	100	100	100	100	75	100	87.5
15	Shanghai	China (Shanghai)	100	75	100	75	50	75	75	100	75	100	82.5

Looking at the mean scores of the ten indicators across major asset management centers in 2026, rules governing foreign ownership, custody and settlement, and risk-management tools have already converged to a relatively high degree. By contrast, cross-border fund and ETF product access and cross-border financial data remain the two areas with the greatest variation. The principal boundaries of global Institutional Opening-up have therefore shifted away from traditional foreign-ownership restrictions toward cross-border product distribution, two-way asset allocation, data security and digital regulation.

Table 3-5 Institutional Opening-up Scores, Rankings and Types of Major Asset

Management Centers in 2026

Rank	City	Score	Type
1	Dublin	97.5	Highly Open
1	Luxembourg	97.5	Highly Open
1	Frankfurt	97.5	Highly Open
1	Paris	97.5	Highly Open
1	Hong Kong	97.5	Highly Open
6	London	95.0	Highly Open
6	Toronto	95.0	Highly Open
6	Singapore	95.0	Highly Open
9	Zurich	92.5	Open
10	Boston	87.5	Open
10	New York	87.5	Open
10	Chicago	87.5	Open
10	Los Angeles	87.5	Open
10	Tokyo	87.5	Open
15	Shanghai	82.5	Channel-based

Note: The ten third-level indicators are equally weighted. Tied cities share the same rank. Type thresholds are: 95 points and above = Highly Open; 85-95 = Open; 70-85 = Channel-based.

2. Categories of Openness

Highly Open. This category comprises eight cities: Dublin, Luxembourg, Frankfurt, Paris, Hong Kong, London, Toronto and Singapore. The four EU cities rely on free movement of capital, the UCITS product passport, harmonized investment-services rules, TARGET2-Securities and the recognition framework for third-country infrastructure to create a complete chain across institutions, products, capital and infrastructure. All four score 97.5, with the main deduction arising from conditions on international data transfers under the GDPR framework. Hong Kong combines ordinary market access, mutual recognition of funds and multi-layered financial-infrastructure connectivity and also scores 97.5. After the United Kingdom's Overseas Funds Regime entered a

stable application phase in 2025, London's 'cross-border fund and ETF product access' score rose from 50 to 75, lifting its overall score from 92.5 to 95. Singapore and Toronto, meanwhile, function as specialized international hubs supported respectively by regional fund frameworks and open capital and data rules.

Open. This category comprises Zurich, the four U.S. cities and Tokyo, for a total of six cities. The United States scores 100 on institutional access, securities investment, foreign exchange, custody and settlement, and derivatives, but Section 7(d) of the Investment Company Act places stringent restrictions on the public distribution in the United States of funds registered overseas, leaving 'cross-border fund and ETF product access' at only 25. Outbound-investment security rules and the Data Security Program introduced in 2025 also reduced I5 and I9 from 100 to 75, bringing the four U.S. cities down from 92.5 to 87.5. This result shows that being the world's largest asset-management market does not mean that every cross-border institutional dimension falls within the highest openness band. Tokyo's weaknesses are concentrated in licensing treatment for foreign institutions, cross-border product access and non-resident securities-market access, resulting in a score of 87.5. Zurich's main constraint lies in the distribution scope of foreign collective investment schemes, and it scores 92.5.

Channel-based: connectivity and pilot mechanisms gradually substitute for comprehensive controls. Shanghai, Beijing and Sao Paulo fall within the 70-85 range. These markets do not lack cross-border business; rather, such business relies more heavily on specified qualifications, quotas, designated channels, special accounts or regional pilots. The advantage is that business coverage can be expanded continuously through controllable channels without removing all capital-account management at once. The limitation is greater institutional fragmentation, as firms must manage multiple qualifications, accounts and business boundaries simultaneously. Shanghai receives city-specific increments from exchange connectivity, offshore accounts, risk-management arrangements and data-operating guidelines, reaching 82.5 in 2026 and approaching the threshold for the Open category. Beijing mainly uses the nationwide institutional baseline and scores 72.5. Sao Paulo reaches 75 following reforms to foreign-exchange law and international data-transfer rules.

Three conclusions follow. First, the leaders in institutional openness are not limited to very large capital markets. Platform centers such as Luxembourg, Dublin, Hong Kong and Singapore can also occupy the first tier by relying on rule mutual recognition and infrastructure connectivity. Second, product access and cross-border data have become the main variables determining city type, and future annual changes are also most likely to originate in these two areas. Third, geopolitics is producing selective tightening even in mature markets.

Section 4 Stages and Current State of Institutional Opening-up in Shanghai

1. Four Stages of Development

Shanghai's Institutional Opening-up score increased from 65 in 2021 to 82.5 in 2026, a cumulative gain of 17.5 points. Specifically, the score remained at 65 in both 2021 and 2022, rose to 70 in 2023, stayed at 70 in 2024, increased to 75 in 2025 and then advanced to 82.5 in 2026. Its ranking improved from a tie for 16th in 2021 to 15th in both 2025 and 2026. Because the sample contains a concentration of high-scoring cities and many ties, improvements in score do not translate directly into ranking gains of the same magnitude. Even so, dividing the period into stages clearly reveals the structural adjustments that have taken place in Shanghai.

Stage 1: institutional access opened first, while cross-border functions remained constrained. In 2021-2022, Shanghai had already removed foreign ownership limits on securities and fund management companies. Stable channels existed for foreign licensing, overseas-investor access and cross-border settlement, but they remained subject to dedicated rules. Cross-border products, outbound allocation, account-based foreign exchange and risk-management tools had limited coverage. Cross-border transfers of financial data were still governed mainly by general principles and case-by-case compliance pressures. Cross-border regulatory cooperation scored 100 under the IOSCO MMoU Appendix A benchmark. The defining feature of this stage was that institutions could enter, but the full cross-border operating chain was not yet complete.

Stage 2: Swap Connect and executable data-compliance pathways emerged. Shanghai's score rose from 65 to 70 in 2023, driven mainly by upgrades in two indicators. Swap Connect was launched in May 2023, providing overseas investors with a stable channel for managing interest-rate risk in RMB bonds. Executable pathways were also established through the security assessment for outbound data transfers and the standard contract mechanism for cross-border transfers of personal information. In 2024, the Provisions on Facilitating and Regulating Cross-Border Data Flows added exemptions and adjusted quantitative thresholds, although important data and large-scale personal information remained subject to assessment requirements.

Table 3-6 Six-Year Scores for Shanghai on the Ten Institutional Opening-up Indicators

Third-Level Indicator	2021	2022	2023	2024	2025	2026
Foreign Ownership & Entity Establishment	100	100	100	100	100	100
AM License Scope & National Treatment	75	75	75	75	75	75
Cross-Border Fund & ETF Access	50	50	50	50	100	100
Foreign Investor Access to Local Securities	75	75	75	75	75	75
Outbound Allocation by Local Institutions/Residents	50	50	50	50	50	50
Cross-Border Accounts, FX & Repatriation	50	50	50	50	50	75
Cross-Border Custody/Clearing/Settlement	75	75	75	75	75	75
Cross-Border Derivatives & Risk Tools	50	50	75	75	75	100
Financial Data Transfer & Localization	25	25	50	50	50	75
Supervisory Cooperation & Enforcement Assistance	100	100	100	100	100	100
Equal-Weight Score	65.0	65.0	70.0	70.0	75.0	82.5

Source: Backcast scoring based on institutional documents in force as of June 30 of each year.

Stage 3: cross-border fund and ETF product access achieved a single-indicator breakthrough in 2025. Shanghai's score rose from 70 to 75, with the entire increase coming from 'cross-border fund and ETF product access'. Effective January 1, 2025, the China Securities Regulatory Commission raised the permitted share of Mainland-Hong Kong Mutual Recognition of Funds sold in the host market from 50% to 80%, allowed overseas affiliated institutions within the same group to undertake investment-management functions, and created room for additional conventional fund types. Shanghai also had ETF connectivity and cross-market product arrangements linking the Shanghai Stock Exchange with Hong Kong, Singapore, Brazil and other markets. After the first China-Brazil ETF connectivity product was launched in May 2025, Shanghai had formed a combined mechanism of 'fund mutual recognition + multi-market ETF connectivity'. Under the functional-equivalence principle, these stable mechanisms together provide two-way access for major funds and ETFs, so 'cross-border fund and ETF product access' is scored at 100.

Stage 4: three indicators were upgraded simultaneously in 2026. Shanghai's score rose by 7.5 points from 75 to 82.5, with gains in capital accounts, risk management and data compliance,

indicating that Institutional Opening-up had begun to extend from 'market connectivity' to the full cross-border business chain. First, account and repatriation scenarios broadened. Measures related to offshore bonds in the Shanghai Free Trade Zone and regulations in Pudong New Area created a formal institutional chain covering issuance, accounts, registration and custody, clearing and settlement, and the outward remittance of principal and interest. Of the 70 tasks under the 18 cross-border finance measures, 65 had already been implemented, while free-trade accounts and offshore accounts were supporting a wider range of cross-border scenarios. Accordingly, cross-border capital accounts, currency conversion and repatriation of returns moved from 'a formal pathway exists but restrictions are material' to 'stable coverage across multiple scenarios'. However, these businesses still rely on specified eligible entities, dedicated accounts and segregation between offshore and onshore activities, and capital-account boundaries have not been fully removed. Second, a combination of major risk-management tools came into place. In June 2026, six banks - Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, Bank of Communications and China CITIC Bank - were authorized to use the China Foreign Exchange Trade System platform to conduct offshore RMB foreign-exchange trading in the Shanghai FTZ, completing the first spot, forward and swap transactions in currency pairs involving the U.S. dollar, euro, Japanese yen, Hong Kong dollar, pound sterling and Canadian dollar. Together with Swap Connect, QFII derivatives access and the opening of Shanghai's futures and options markets to overseas participants, this pilot enables non-residents to manage major interest-rate, foreign-exchange, equity and commodity risks through different licensed channels. Third, the data regime moved from general compliance pathways toward sector-specific operational guidance. The Lingang Special Area of the Shanghai FTZ established cross-border data operational guidelines for the securities and public-fund sectors, and by June 2026 six wholly foreign-owned fund management companies had completed cross-border data transfers. Asset managers therefore no longer had to rely solely on general security-assessment or standard-contract rules, but had access to an executable pathway tailored to industry scenarios. Important-data identification, quantitative thresholds and security-assessment requirements nevertheless remain, so the indicator does not receive a score of 100.

2. Remaining Gaps with the United States, Japan and Other Markets

First, the difference between Shanghai and Beijing is now generated by localized pilot arrangements. Shanghai scored ten points above Beijing in 2026. The two cities share nationwide rules covering foreign ownership, QFII, Bond Connect, Swap Connect, outbound-data transfers and IOSCO cooperation, but Shanghai has city-specific institutions including multi-market ETF connectivity through the Shanghai Stock Exchange, offshore business in the Shanghai FTZ, offshore

RMB foreign-exchange trading and Lingang asset-management data guidelines. Shanghai's lead therefore reflects scoring of executable city-level institutional increments rather than discretionary adjustment. Shanghai was only 2.5 points ahead of Beijing in 2025, but the gap widened to ten points in 2026, indicating that policies associated with the Lujiazui Forum and the development of offshore financial arrangements have begun to translate into identifiable city functions.

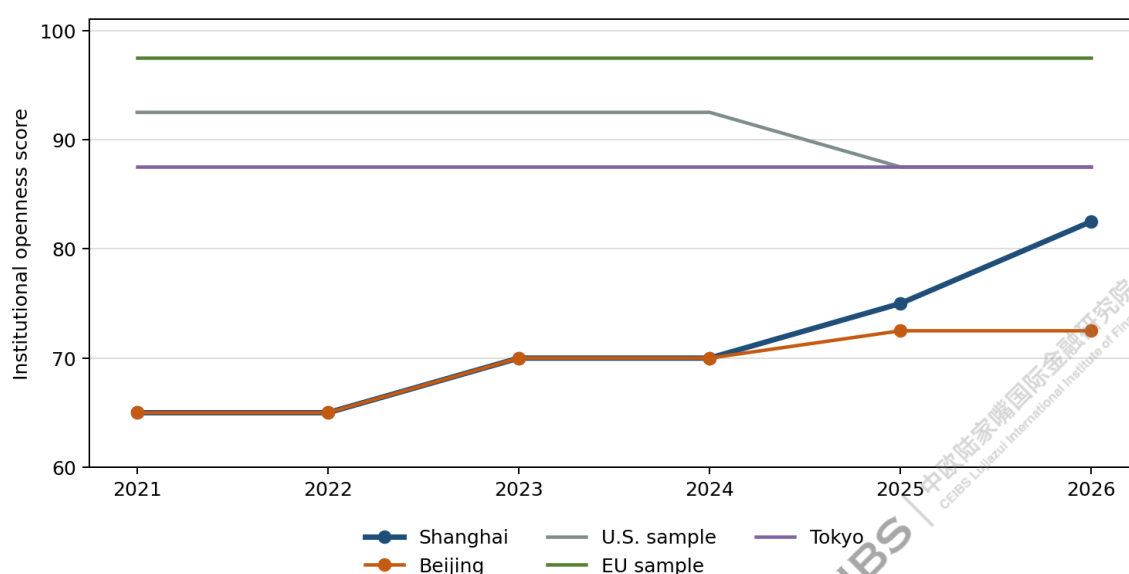
Table 3-7 Shanghai's Institutional Opening-up Gap with Major Comparators in 2026

Comparator	Comparator Score	Shanghai Gap
Beijing	72.5	+10.0
Four U.S. Cities	87.5	-5.0
EU Sample Cities	97.5	-15.0
Tokyo	87.5	-5.0

Note: The gap is calculated as Shanghai's score minus the comparator's score. The EU sample cities are Dublin, Luxembourg, Frankfurt and Paris.

Source: CEIBS Lujiazui International Institute of Finance

Figure 3-1 Institutional Opening-up Scores: Shanghai, Beijing and Major Mature Markets (2021-2026)



Note: The EU sample comprises Dublin, Luxembourg, Frankfurt and Paris; the U.S. sample comprises Boston, New York, Chicago and Los Angeles.

Source: CEIBS Lujiazui International Institute of Finance

Second, Shanghai's gap with the United States, the European Union and Japan has shifted from

broad-based underperformance to structural differences. In 2026, Shanghai scores five points below the United States and Japan and 15 points below the EU. Compared with the United States, Shanghai scores 75 points higher on cross-border fund and ETF product access, but 25 points lower on each of post-licensing national treatment, ordinary non-resident market access, outbound asset allocation, ordinary account-based foreign exchange, and ordinary custody access. Compared with the EU, Shanghai has already reached the same score band on most indicators, with the remaining gap concentrated entirely in cross-border institutional arrangements. Compared with Japan, Shanghai scores 50 points higher on cross-border products but a combined 100 points lower across outbound allocation, account-based foreign exchange and custody and settlement. Shanghai should therefore target reforms at the remaining links that continue to constrain the efficiency of global asset allocation.

From 2021 to 2026, Shanghai's Institutional Opening-up progressed in stages from foreign ownership liberalization and expanded connectivity to the parallel improvement of offshore accounts, risk-management tools and data rules. Product access achieved a single-indicator breakthrough in 2025, while several parts of the cross-border business chain were upgraded in 2026. Shanghai thus moved from a nationwide channel-based market broadly similar to Beijing toward an asset management center with clear city-specific institutional advantages and a score close to the threshold for the global Open category. The next stage should focus on five areas. First, further implement post-entry national treatment for foreign institutions, translating ownership liberalization into substantive equivalence in product scope, client access and cross-border operations. Second, gradually move from channel-based opening through QFII, connectivity programs and dedicated accounts toward a market-access framework with harmonized rules, streamlined registration and substitutable channels. Third, expand stable quotas and eligible product ranges for outbound asset allocation by local institutions and residents, further narrowing the gap with the EU. Fourth, further standardize rules governing capital transfers among free-trade accounts, offshore accounts and ordinary onshore accounts, improving the cross-border movement of principal, returns and collateral. Fifth, extend the securities and public-fund data guidelines to private funds, insurance asset management, bank wealth management, custody and other sectors, while developing clearer important-data identification and compliance safe harbors.

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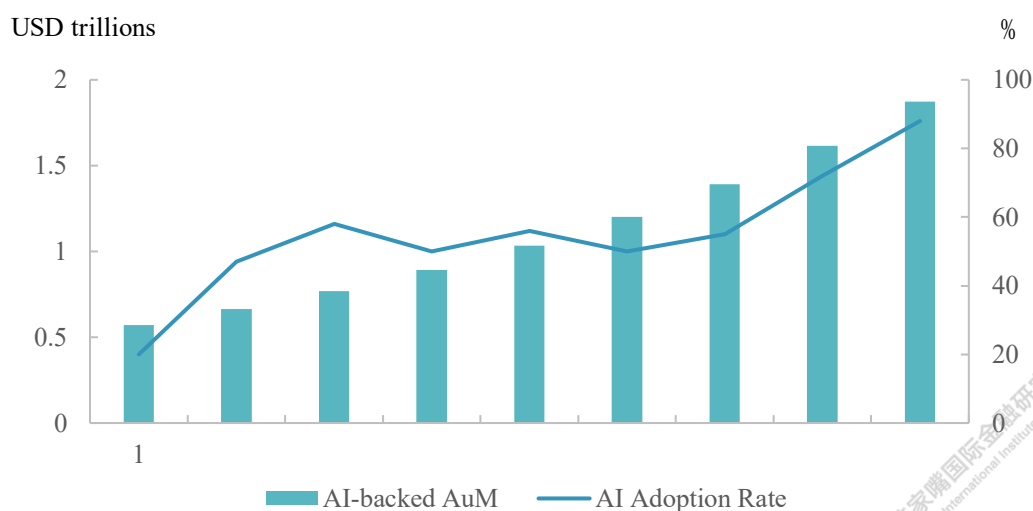
AI Applications in Asset Management and Associated Risk Management

Key Findings Artificial intelligence is rapidly reshaping the asset-management ecosystem, and the deepening application of AI is creating both new opportunities and new challenges for the industry. AI has given rise to two distinct models: AI-driven funds and AI-enhanced funds. At the current stage, AI-enhanced funds that combine machine intelligence with human judgment have generated excess returns primarily through superior security selection. Yet technological gains are typically accompanied by new risks. Alongside the efficiency revolution brought by AI, asset managers and regulators must also address model risk, behavioral risk and market risk in order to balance innovation with financial stability. Internationally, the United States has taken a technology-neutral approach by extending existing regulatory frameworks to AI applications, while the European Union has adopted dedicated legislation and the United Kingdom has relied more heavily on regulatory sandboxes and live testing. These approaches offer useful reference points for managing AI-related risks in asset management.

Section 1 Overview of AI Applications in Portfolio Management

Amid the latest wave of technological change, artificial intelligence is transforming industries across the economy. Asset management is a knowledge-intensive business and is therefore particularly sensitive to technological change. Driven by the dual objectives of reducing costs and enhancing returns, asset managers are integrating AI more deeply across the entire portfolio-management process. AI adoption has become increasingly widespread: in 2025, 88% of asset-management institutions used AI in at least one functional area. Roughly one-third had progressed to scaled deployment and were working to extend AI across multiple business units. Globally, assets managed using AI were estimated at about USD 1.2 trillion in 2022 and are projected to reach USD 2.5 trillion by 2027, implying a compound annual growth rate of 16%. On this basis, AI-enabled assets under management are estimated to have reached approximately USD 1.87 trillion in 2025.^①

Figure 4-1 Estimated Global AI-Enabled AUM and AI Adoption Rate



Note: Certain missing values are estimated using the specified compound annual growth rate.

Sources: McKinsey; Raccoon AI

Traditional portfolio management and AI-based portfolio management differ materially across the investment process. In data processing, traditional approaches rely mainly on static historical data, with structured data predominating. AI, by contrast, provides powerful large-scale analytical

^① <https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai>

capabilities and can rapidly process both structured and unstructured information, including news reports, social-media sentiment, corporate financial statements and economic indicators. This broadens the information base for fundamental analysis, flow monitoring, sentiment analysis and public-opinion tracking. In investment decision-making, traditional portfolio management is driven largely by individual experience and intuition, whereas AI-based portfolio management relies more heavily on objective data and model algorithms to assess risk and return. Rebalancing under traditional approaches is usually triggered at fixed intervals or by fixed thresholds; by the time rebalancing occurs, allocations may already have deviated materially from the strategic asset allocation, creating style drift and departures from investment objectives. Trade execution under traditional approaches is also slower because of manual intervention, producing hidden costs such as delay costs. AI can automate execution and respond more quickly, substantially narrowing implementation shortfalls. In risk management, traditional methods rely mainly on historical risk assessment and manual mitigation, while AI enables real-time monitoring and dynamic early-warning systems that support more proactive risk mitigation.

The contrast becomes more pronounced during periods of substantial market volatility. Traditional investment approaches tend to respond relatively slowly, whereas AI-based portfolio management can react rapidly and, to some extent, anticipate changes before they occur, making risk management more proactive and targeted. The two approaches also differ significantly in the degree of human involvement. Traditional management relies more heavily on direct human intervention, while AI-based portfolio management generally combines automated decision support with human oversight and more limited manual participation. Overall, traditional portfolio management depends heavily on subjective judgment and is therefore more exposed to behavioral bias. AI-based management is more data-driven and algorithm-supported, which can materially reduce biases arising from bounded rationality.

Table 4-1 Traditional versus AI-Based Portfolio Management

Area	Traditional Portfolio Management	AI-Based Portfolio Management
Data Processing	Static historical data, primarily structured	Dynamic real-time data, including substantial unstructured data
Investment Decision-Making	Driven by individual experience and intuition	Based on objective data and model algorithms
Portfolio Rebalancing	Fixed intervals or thresholds, with implementation lags	Automated rebalancing based on predictive indicators
Trade Execution	Manual trading and slower execution	Automated trading with rapid response
Risk Management	Historical risk assessment and manual risk mitigation	Dynamic risk assessment and proactive risk mitigation
Response to Market Volatility	Slow response to market volatility	Rapid response with some capacity to anticipate volatility
Human Involvement	Heavy reliance on human intervention	Human oversight with limited intervention
Behavioral Bias	Subjective judgment and behavioral bias	Data-driven and algorithm-supported

As AI has become more deeply integrated with real-world business applications, asset managers have developed a growing number of domain-specific large-model platforms. The most prominent example is BlackRock's Aladdin platform, which integrates sophisticated risk analytics with portfolio management, trading, operations and accounting tools on a unified platform serving institutional investors, wealth managers and asset servicers. The platform now supports more than USD 25 trillion in assets. Morgan Stanley's AI adviser assistant, JPMorgan's LLM Suite, Amundi's ALTO platform, Goldman Sachs' autonomous agents and UBS Red have likewise embedded AI into core functions including investment research, trading and compliance, helping asset managers reduce costs and improve operating efficiency.

Table 4-2 Overview of AI Model Applications by Leading Asset Managers

Institution	Platform	Core Use Cases	Technical Details
BlackRock	Aladdin	Portfolio management; trade execution	Distributed computing + federated learning + real-time processing engine
JPMorgan	LLM Suite	Investment-research support; coding assistance	Private-cloud deployment; multi- model integration
Morgan Stanley	AI@MSDebrief	Automated generation of meeting notes	RAG architecture + GPT-4; vectorization of internal documents
Amundi	ALTO	Investment research; distribution; ESG	Integrated research and distribution; cross- platform integration
Goldman Sachs	Autonomous Agents	Accounting processing; client review	Claude integration to build autonomous execution workflows
UBS	UBS Red	Investment advisory; client service	Azure OpenAI Service + Azyure AI Search

Sources: NotebookLM; Harvest Wealth

Section 2 Sources of Alpha in AI-Enhanced Funds: Sector Allocation or Security Selection?

In recent years, artificial intelligence has moved from proof-of-concept experimentation to large-scale commercial deployment. In asset management, the application of AI to investment management has gradually produced two representative models: AI-driven funds and AI-enhanced funds. AI-driven funds rely on AI algorithms to lead investment decisions and seek to automate the full process of security selection, market timing and portfolio optimization. AI-enhanced funds use a human-machine collaborative model that combines AI assistance with human judgment, embedding AI tools within a traditional active-management framework.

Against this background, we compare the performance of representative AI funds, evaluate their risk-adjusted returns and conduct performance attribution. The objective is to assess systematically the performance characteristics of the two models and decompose their sources of return, thereby providing a clearer view of the practical contribution of AI to investment management at the current stage.

1. Performance Trends: Long-Term Stability and Short-Term

Outperformance

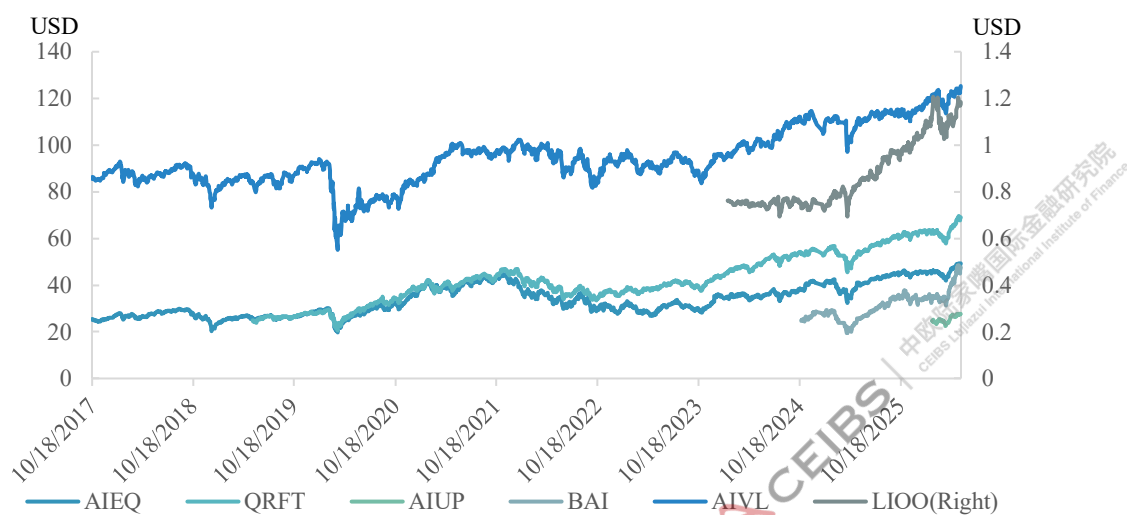
Globally, AI-driven funds are currently dominated by technology companies, with traditional asset managers playing a secondary role. Representative products include the AIEQ fund launched by EquBot in 2017, the QRFT fund launched by Qraft Technologies in 2019, the AIUP fund launched by FINQ in 2026, and the LIOO fund jointly launched by Lion Global Investors and Nomura Asset Management in 2024. AI-enhanced funds, by contrast, are led mainly by traditional asset managers, with representative products including BlackRock's BAI fund and WisdomTree's AIVL fund.

Overall, the representative AI funds have all generated substantial returns since inception. As of May 22, 2026, QRFT and AIEQ had the highest cumulative returns since inception, at 176.28% and 95.52%, respectively, corresponding to compound annualized returns of 15.61% and 8.11%. Their longer operating histories have played an important role in the accumulation of returns. By contrast, BAI and AIUP recorded the highest compound annualized returns, at 49.92% and 48.21%, respectively. Both had been in existence for less than two years, yet their allocation strategies generated cumulative returns of 90.78% and 12.51%.

Table 4-3 Representative AI Funds Globally

Fund	Full Fund Name	Sponsor	Inception Date	Performance Benchmark
AIEQ	Amplify AI Powered Equity ETF	EquBot	2017-10-17	S&P 500
QRFT	QRAFT AI-Enhanced U.S. Large Cap ETF	Qraft Technologies	2019-5-21	S&P 500
LIOO	Lion-Nomura Japan Active ETF (Powered by AI)	Lion Global Investors, Nomura Asset Management	2024-1-31	TOPIX
AIUP	FINQ FIRST U.S. Large Cap AI-Managed Equity ETF	FINQ	2026-2-5	S&P 500
BAI	iShares A.I. Innovation and Tech Active ETF	BlackRock	2024-10-21	S&P 500
AIVL	WisdomTree U.S. AI Enhanced Value Fund	WisdomTree	2006-6-16	S&P 500

Sources: Institutional websites

Figure 4-2 Performance Comparison of AI-Driven and AI-Enhanced Funds

Note: Data are through May 22, 2026. LIOO has been converted from Singapore dollars to U.S. dollars. Given the substantial difference between the current stage of AI development and that of 2006, the analysis period for AIVL is aligned with that of AIEQ.

Sources: Refinitiv; Wind

2. Risk-Adjusted Return Analysis: Benchmarks and Risk Levels

Fund performance should not be assessed solely on the basis of short- or long-term returns; benchmark-relative performance and risk must also be considered.

Once performance benchmarks are taken into account, it becomes clear that the use of AI does not necessarily generate excess returns. AIEQ, QRFT, AIUP, BAI and AIVL invest mainly in U.S. large-cap equities and therefore use the S&P 500 as their benchmark. LIOO, by contrast, invests in Japanese equities and uses the Tokyo Stock Price Index (TOPIX). Among the six representative funds, only AIEQ and AIVL failed to outperform their benchmarks. The other four generated benchmark-relative excess returns, with BAI recording the largest excess return, at 63.06%.

After adjusting for risk, AI-enhanced funds appear to perform best at the current stage. BAI has the highest Sharpe ratio, indicating that each unit of risk has generated 1.27 units of return above the risk-free rate. AIUP, LIOO and QRFT follow, while AIEQ and AIVL perform the weakest on this measure. When systematic risk is considered, Jensen's alpha provides a more direct measure of active-management skill by quantifying returns above the level implied by the fund's exposure to systematic risk. BAI records the highest Jensen's alpha, at 1.19, indicating the strongest security-selection and market-timing performance under AI assistance and a substantial outperformance relative to the expected return implied by the CAPM. This suggests that the AI-enhanced model has generated the greatest value among the representative funds examined.

Table 4-4 Risk-Adjusted Returns of AI-Driven and AI-Enhanced Funds

Fund	Excess Return	Sharpe Ratio	Jensen's Alpha
AIEQ	-96.27%	0.25	-1.25
QRFT	15.37%	0.62	0.32
LIOO	3.01%	0.67	0.22
AIUP	4.70%	0.68	-
BAI	63.06%	1.27	1.19
AIVL	-145.54%	0.05	-0.67

Note: The risk-free rate is the latest one-year U.S. Treasury yield as of the cutoff date. Excess returns are calculated from each fund's inception to the cutoff date; for comparability, the AIVL analysis period is aligned with AIEQ. Because AIUP had been in existence for less than one year, Jensen's alpha could not yet be calculated. For the Sharpe ratio, the standard deviation of returns over the fund's life is annualized from the standard deviation of daily returns.

Sources: Refinitiv; Wind

3. Performance Attribution: Sector Allocation and Security Selection

To decompose the sources of returns generated by AI funds in greater detail, we use BAI, the

best-performing fund in the sample, as a case study and apply the Brinson-Fachler model to attribute its performance since the beginning of 2026.

Overall, BAI's excess return has been driven primarily by security selection rather than sector allocation. Since the beginning of 2026, BAI has generated an excess return of 34.40% relative to the S&P 500. Of this total, the sector-allocation effect accounts for 6.90 percentage points, while the security-selection effect contributes 27.50 percentage points.

Table 4-5 BAI Performance Attribution Using the Brinson-Fachler Model

Sector	Portfolio Weight	Benchmark Weight	Active Weight	Benchmark Return	Sector-Allocation Effect	Security-Selection Effect	Excess Return
Information Technology	86.03%	35.0%	51.03%	18.14%	9.26%	-	-
Financials	0	12.0%	-12.00%	-5.36%	0.64%	-	-
Communication Services	4.54%	11.0%	-6.46%	9.03%	-0.58%	-	-
Consumer Discretionary	2.55%	10.0%	-7.45%	2.33%	-0.17%	-	-
Industrials	4.96%	8.8%	-3.84%	10.58%	-0.41%	-	-
Health Care	0	8.5%	-8.50%	-3.39%	0.29%	-	-
Consumer Staples	0	4.9%	-4.90%	10.11%	-0.50%	-	-
Energy	0	3.5%	-3.50%	31.52%	-1.10%	-	-
Utilities	0	2.3%	-2.30%	5.88%	-0.14%	-	-
Real Estate	0	1.9%	-1.90%	10.93%	-0.21%	-	-
Materials	0	1.9%	-1.90%	9.91%	-0.19%	-	-
Total	-	-	-	-	6.90%	27.50%	34.40%

Note: The sample period is January 1-May 22, 2026. Because BAI does not disclose sector-level portfolio returns, the security-selection effect is derived residually from the portfolio's total excess return.

Sources: Refinitiv; BlackRock; S&P Global

From a sector-allocation perspective, the overweight position in information technology contributed 9.26 percentage points of active return. BAI allocated 86.03% of the portfolio to the sector, far above the benchmark weight of 35.00%. Underweights in financials and health care also helped the portfolio avoid negative sector returns and generated modest positive allocation effects. By contrast, underweights in most other sectors reduced performance to varying degrees. The underweight in energy, for example, contributed -1.10 percentage points of excess return.

From a security-selection perspective, AI-assisted stock selection is the core engine of BAI's

excess return. The fund combines AI tools with human judgment to identify individual securities, and this active process has produced returns well above broad sector benchmarks. It is therefore the principal source of the fund's alpha and reflects the model's strengths in security pricing, factor discovery and the identification of trading signals. Security selection under the human-machine collaborative model contributed 27.50 percentage points of excess return, accounting for approximately 80% of the portfolio's total excess return. Taken together, both AI-driven and AI-enhanced funds can generate sustained returns over time, but this does not imply persistent benchmark outperformance. At the current stage, AI-enhanced funds that combine AI assistance with human intervention have achieved stronger excess returns, largely because of superior individual-security selection and comparatively strong sector-allocation capabilities. The dispersion in performance even among funds using similar AI approaches also demonstrates that AI is not a universal solution. Model design, training data and execution mechanisms all affect final investment outcomes. Continuous strategy iteration and algorithmic optimization are therefore necessary to improve the stability and sustainability of AI-generated alpha.

Section 3 Risks and Challenges of AI-Enabled Asset Management

Artificial intelligence is reshaping the development of the asset-management industry in unprecedented ways. Yet technological gains are usually accompanied by new vulnerabilities. Accordingly, the efficiency improvements associated with AI need to be considered alongside the risks and challenges created by its adoption so that innovation and financial stability can be balanced. This section examines model risks arising from data and algorithms, behavioral risks generated through investment strategies and trading behavior, and market risks arising both within individual markets and across markets.

1. Model Risk

At the data level, poor data quality can lead to an underestimation of tail risk. AI is highly data-dependent, making data quality critical to the reliability of AI-based investment decisions. Contaminated training corpora, data noise and sample bias occur frequently in financial markets, and the resulting garbage-in, garbage-out (GIGO) problem can distort strategy backtests and trading triggers. Financial data are also typically non-stationary because they are affected by changes in the macroeconomic environment, financial cycles and policy regimes. Under these conditions, survivorship bias in sample selection can lead to overestimation of expected returns and

underestimation of tail risk, causing AI-generated strategies to perform well in backtests but deliver weaker returns in live trading.

At the algorithmic level, black-box models create transparency risk. The opacity inherent in generative AI limits the interpretability of decision-making, while model complexity makes investment decisions difficult to trace and widens the gap between machine logic and human understanding. AI performance often depends on high-dimensional nonlinear fitting, yet improvements in model accuracy are frequently achieved at the expense of transparency. Investment decisions, by contrast, need to be supported by intuitive and explainable causal analysis, while regulatory compliance requires standardized explanations. This creates a three-way tension among accuracy, compliance and transparency. Overall, the complexity of AI models reduces explainability and can undermine decision transparency, regulatory compliance and investor trust in asset-management applications.

2. Behavioral Risk

At the investment-strategy level, model homogenization creates strategy-crowding risk. Mainstream AI systems often use similar model architectures, draw on overlapping training data and optimize toward comparable objectives. As a result, AI-generated investment strategies can converge naturally, causing alpha to decay rapidly and ultimately undermining the effectiveness of the strategy. First, model architectures are similar. Transformer architectures have become dominant in both large language models and financial forecasting models, leading to similar underlying operating logic and outputs. Second, training data are highly overlapping. Asset managers rely heavily on the same macroeconomic indicators, public financial statements and a relatively concentrated group of data vendors, which increases overlap in model inputs and encourages correlated trading behavior. Third, optimization objectives are similar. Domain-specific large models in asset management often seek to maximize risk-adjusted returns, and the similarity of objective functions further compresses strategic diversity.

At the trading-behavior level, technological convenience can increase the risk of market manipulation. While generative AI facilitates legitimate investment activity, it can also make manipulation easier through information dissemination, trade execution and regulatory evasion. First, the low-cost generation and dissemination of false information can intensify information-based manipulation. Generative AI can produce large volumes of false or adversarial content, contaminate information corpora, and use targeted distribution to influence market narratives and investor sentiment. Second, automated trading can amplify transaction-based manipulation. AI can support intelligent order splitting, order routing and automated scanning of market depth, making practices such as spoofing, layering, wash trading and pump-and-dump schemes easier to execute.

Third, algorithmic opacity increases the concealment of manipulative behavior. The lack of explainability in AI decisions makes subjective manipulative intent harder to establish and can weaken the effectiveness of look-through supervisory review, increasing the difficulty of market surveillance and enforcement.

3. Market Risk

Within individual markets, procyclicality can amplify crash risk. Because AI models are trained on historical data, they have an inherent tendency to extrapolate market momentum, increasing risk exposure during expansions and deleveraging aggressively during downturns. This creates a procyclical buy-high/sell-low dynamic. In bull markets, AI strategies may continue adding exposure, pushing valuations higher and progressively further away from fundamentals, thereby contributing to the accumulation of asset bubbles and increasing the probability of a subsequent crash. When a turning point arrives, AI models can identify a downward trend quickly, and rapid automated execution can trigger an abrupt evaporation of liquidity, amplifying price volatility and market-crash risk.

Across markets, homogenized trading can increase cross-market interconnectedness and contagion. Traditional portfolio theory holds that diversification across countries and asset classes reduces portfolio risk because correlations among those assets are relatively low. The deeper integration of AI with investment management, however, is strengthening cross-market linkages. At the technological level, AI models can process multidimensional data across markets simultaneously, weakening traditional asset boundaries. Cross-market arbitrage spanning equities, bonds, foreign exchange and commodities can increase correlations across otherwise distinct markets. At the behavioral level, convergent AI-generated strategies inevitably produce more homogeneous trading. When investors in different markets respond similarly to the same external shock, their actions can reinforce one another and accelerate the transmission of risk across markets.

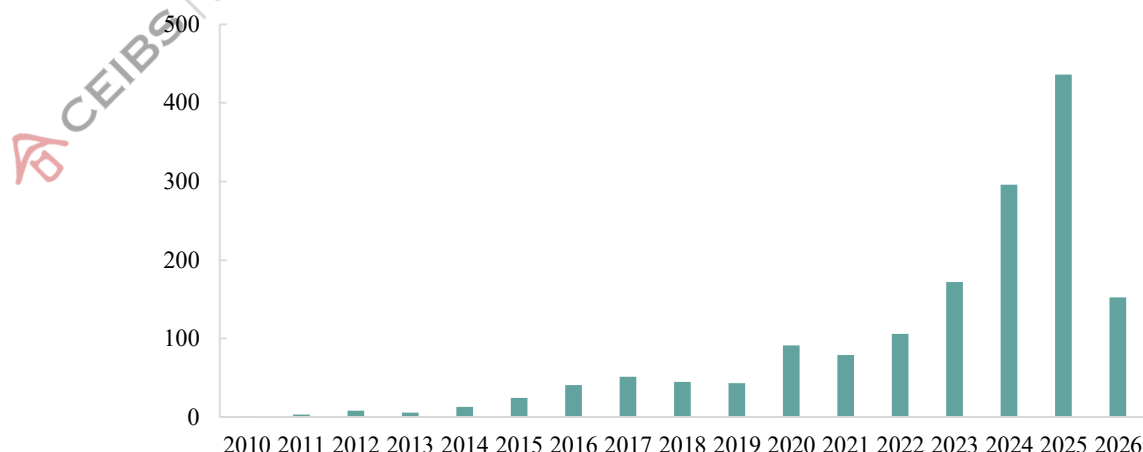
Table 4-6 Risks of AI-Enabled Asset Management

Risk Category	Risk Level	Specific Risk	Risk Driver	Affected Object
Model Risk	Micro	Underestimation of tail risk	Data-quality problems	AI models
	Micro	Transparency risk	Algorithmic black box	AI models
Behavioral Risk	Meso	Strategy-crowding risk	Model homogenization	Investment strategies
	Meso	Market-manipulation risk	Technological facilitation	Trading behavior
Market Risk	Macro	Crash risk	Procyclicality	Within financial markets
	Macro	Cross-market contagion risk	Homogenized trading	Across financial markets

Section 4 AI Risk Management and Regulation in Global Asset Management

In recent years, AI technologies have matured and their commercial applications have deepened. While this has improved productivity, it has also created new sources of risk. After an initial emergence phase and a period of gradual accumulation, AI-related technology incidents have begun to rise sharply. Globally, only one AI risk incident was recorded in 2010, compared with 91 in 2020. The number then entered a phase of exponential growth, reaching 436 incidents in 2025. The trend indicates that technological innovation needs to be accompanied by a modern risk-management and regulatory framework capable of balancing development with safety.

Figure 4-3 Number of AI Risk Incidents Globally



Note: Data through July 20, 2026.

Source: AI Incident Database

1. United States: Extending Existing Regulatory Frameworks to AI Through a Technology-Neutral Approach

The United States has not enacted a dedicated AI statute for asset management. Instead, it has relied on the existing securities-law framework and extended it to AI-enabled asset management, combining the application of existing law with more targeted regulatory guidance. AI-enabled asset-management activities therefore remain subject to existing statutes such as the Securities Act, the Securities Exchange Act and the Investment Advisers Act, supplemented by regulatory guidance, risk alerts, interpretive guidance and targeted enforcement. This technology-neutral approach increases regulatory flexibility and adaptability and reduces the risk that lengthy legislative cycles will leave regulation behind technological change.

U.S. regulation of AI in asset management has progressed through three broad stages: framework formation, expansion of regulatory coverage and stronger enforcement. During the framework-building stage, the Securities and Exchange Commission (SEC) issued its first dedicated regulatory guidance for robo-advisers in February 2017. The guidance emphasized that technology changes the form in which services are delivered but does not alter the substance of fiduciary obligations, and it established a supervisory framework covering disclosure, suitability and compliance. In the expansion stage, the SEC conducted examinations of robo-advisers under the existing framework, issued risk alerts on common compliance deficiencies, and addressed potential conflicts of interest arising from the use of emerging technologies and predictive data analytics. In the enforcement-strengthening stage, the SEC used AI interpretive guidance to shape market expectations and followed up by establishing an AI task force and issuing recommendations on AI-related disclosures.^{①②③④⑤}

Table 4-7 Selected SEC Documents and Initiatives on AI Regulation

Date	Regulatory Initiative / Document	Main Content
2017-2	Robo-Adviser Regulatory Guidance	First systematic articulation of disclosure, suitability and compliance-program requirements for robo-advisers
2021-11	Robo-Adviser Risk Alert	Reported examination findings and identified common industry-wide compliance deficiencies
2023-7	Predictive Data Analytics Conflicts-of-Interest Rule	Required broker-dealers and investment advisers to identify and eliminate conflicts of interest arising from predictive data analytics
2025-6	AI Interpretive Guidance	Formally set expectations for regulated entities in areas including trading, compliance and risk management
2025-8	AI Task Force	Accelerated internal AI integration, enabling staff to improve efficiency while maintaining governance
2025-12	Recommendations on Disclosure of AI's Operational Impact	Explored an AI disclosure framework, focusing on AI's impact on internal operations and financial reporting

Source: SEC

^① <https://www.sec.gov/investment/im-guidance-2017-02.pdf>

^② <https://www.sec.gov/files/exams-cia-risk-alert.pdf>

^③ <https://www.sec.gov/files/rules/proposed/2023/34-97990.pdf>

^④ <https://www.sec.gov/newsroom/press-releases/2025-103-sec-creates-task-force-tap-artificial-intelligence-enhanced-innovation-efficiency-across-agency>

^⑤ <https://www.sec.gov/files/approved-artificial-intelligence-disclosure-recommendation-120425.pdf>

2. European Union: Risk-Tiered Regulation Under Dedicated AI Legislation

The European Union is at the forefront of AI governance and in 2024 adopted the world's first dedicated AI legislation, the Artificial Intelligence Act. In financial services, the EU framework focuses primarily on the risk level associated with specific use cases and divides AI applications into four categories: unacceptable risk, high risk, limited risk and minimal risk. Unacceptable-risk systems pose an inherent threat to human dignity or fundamental rights, including social-scoring systems that evaluate individuals' social behavior and information-based manipulation that distorts behavior through false information. High-risk systems include cases in which AI is used as a safety component or is itself a regulated product, covering areas such as the creditworthiness assessment of natural persons and risk assessment and pricing in life and health insurance. Limited-risk applications can create misunderstanding when interacting with users or generating content, as in intelligent customer service and meeting transcription. Minimal-risk applications do not materially affect human decision-making or fundamental rights and include functions such as email filtering and data aggregation.^①

On the basis of this risk classification, the EU applies differentiated regulatory requirements. The four categories are subject, respectively, to strict prohibition, mandatory compliance requirements, transparency obligations and no mandatory obligations. Unacceptable-risk applications are prohibited outright; deployment of a prohibited AI system can result in a fine of up to EUR 35 million or 7% of global annual turnover. High-risk AI systems are permitted but must, before deployment, undergo conformity assessment, be supported by detailed technical documentation, be registered in the EU database, and establish data-governance measures, human-oversight mechanisms and record-keeping procedures. Limited-risk applications are not restricted from deployment but trigger transparency and user-disclosure requirements. Minimal-risk applications carry no mandatory obligations, although institutions may voluntarily adopt codes of conduct and ethical-AI principles.

^① <https://eur-lex.europa.eu/eli/reg/2024/1689/oj/eng>

Table 4-8 Risk Classification Under the EU Artificial Intelligence Act

Risk Level	Risk Definition	Regulatory Requirement	Illustrative Use Cases
Unacceptable Risk	Threats to human rights and safety	Strictly prohibited	Social scoring; information-based manipulation
High Risk	Use in critical areas	Mandatory compliance	Credit assessment; insurance pricing
Limited Risk	Interactive AI	Transparency obligations	AI customer service; meeting summaries
Minimal Risk	Assistive AI	No mandatory obligations	AI search; data aggregation

Source: EUR-Lex

3. United Kingdom: Testing AI Risks Through Regulatory Sandboxes and Live Testing

The United Kingdom combines principles-based regulation under the existing regulatory framework with the use of regulatory sandboxes. A Pro-Innovation Approach to AI Regulation, published by the Department for Science, Innovation and Technology (DSIT) in March 2023, is the central policy document for the UK's AI regulatory approach. It established the overall objective of balancing risk management with the maximization of innovation opportunities. The white paper set out five principles for regulators: safety, transparency, fairness, accountability and contestability.^①

In asset management, UK regulators have not advocated rapid new legislation, taking the view that the existing regulatory framework can address many AI-related risks. In August 2025, the Financial Conduct Authority (FCA) issued the guidance document AI and the FCA, establishing an approach centered on consumer protection and compliance accountability. The Consumer Duty provides the FCA's principal client-facing lens, requiring AI-related financial products to be transparent and fair and not to mislead consumers. The Senior Managers and Certification Regime places responsibility on senior managers and emphasizes the safe use of AI. In September 2025, the FCA also launched AI Live Testing, working with financial institutions to test AI systems under real-world market conditions and identify potential risks at an early stage. AI Live Testing is effectively an enhanced regulatory sandbox for firms developing and testing AI-based financial products, using live monitoring to provide a more predictable regulatory framework for AI investment applications. The Bank of England's

^① <https://www.gov.uk/government/publications/ai-regulation-a-pro-innovation-approach>

approach focuses mainly on physical infrastructure, soft infrastructure and cross-market coordination.^{①②③④⑤}

Table 4-9 UK Regulatory Measures on Artificial Intelligence

Date	Responsible Authority	Regulatory Measure	Main Content
2023-3	Department for Science, Innovation and Technology	A Pro-Innovation Approach to AI Regulation	Set out five regulatory principles: safety, transparency, fairness, accountability and contestability
2024-2	Department for Science, Innovation and Technology	Implementing the UK's AI Regulatory Principles: Initial Guidance for Regulators	Help regulators identify regulatory gaps and address emerging regulatory risks
2025-8	Financial Conduct Authority	AI and the FCA	No additional regulatory layer; use the existing framework to balance AI-related opportunities and risks
2025-9	Financial Conduct Authority	AI Live Testing	Framework validation and testing of AI systems
2025-10	Bank of England	The Bank of England's Approach to Innovation in Artificial Intelligence, Distributed Ledger Technology and Quantum Computing	Provide physical infrastructure, soft infrastructure, cross-market coordination and forward-looking risk monitoring

Sources: FCA; BoE; DSIT

^① <https://www.fca.org.uk/firms/innovation/ai-approach>

^② <https://www.fca.org.uk/firms/consumer-duty>

^③ <https://www.fca.org.uk/firms/senior-managers-certification-regime>

^④ <https://www.fca.org.uk/publications/feedback-statements/fs25-5-ai-live-testing>

^⑤ <https://www.bankofengland.co.uk/report/2025/the-boes-approach-to-innovation-in-ai-dlt-quantum-computing>

Special Report II

Asset Allocation and Product Strategies of Leading Global Asset Managers

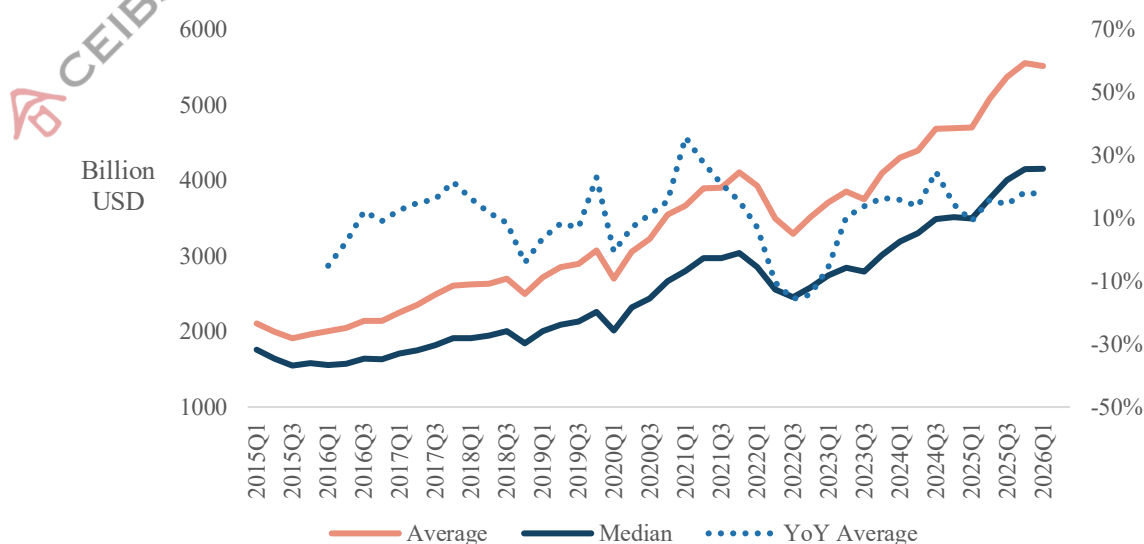
Key Findings From 2015 to the first quarter of 2026, the AUM of the world's top ten asset managers increased from approximately USD 19 trillion to USD 55 trillion, implying a compound annual growth rate of about 10.2%. This expansion was not linear. It passed through the rise of passive investing, the pandemic shock and subsequent rebound, the adjustment caused by global rate hikes, and a renewed expansion driven by artificial intelligence and alternative assets. BlackRock and Vanguard continued to widen their lead, while the market-siphoning and platform effects of leading institutions became more pronounced.

Competition among leading institutions has shifted from single-product capabilities toward integrated competition in asset allocation, M&A integration, technology platforms and global networks. U.S. institutions have expanded more through ETFs, technology platforms and alternative assets, while European institutions place greater emphasis on multi-asset capabilities and cross-border distribution channels. The Middle East and Asia-Pacific have become important destinations for new business expansion. Looking ahead, industry concentration is likely to continue rising, but asset allocation will become more diversified. Technology investment, private-market capabilities and regionalized services will be the core variables determining the quality of growth.

Section 1 Evolution of AUM Among the Global Top Ten Asset Managers

From 2015 to the first quarter of 2026, the global asset-management industry maintained a broadly upward trajectory despite multiple macroeconomic shocks. The world's ten largest asset managers expanded substantially, with combined assets under management (AUM) rising from about USD 19 trillion to USD 55 trillion, equivalent to an eleven-year compound growth rate of 10.2%. This growth path was not linear or smooth. Instead, it displayed distinct phases of volatility, reflecting the transmission of global macroeconomic cycles, shifts in monetary policy and changes in asset valuations to the scale of asset management.

Figure 5-1 AUM Trends of the Top 10 Asset Managers, 2015Q1-2026Q2



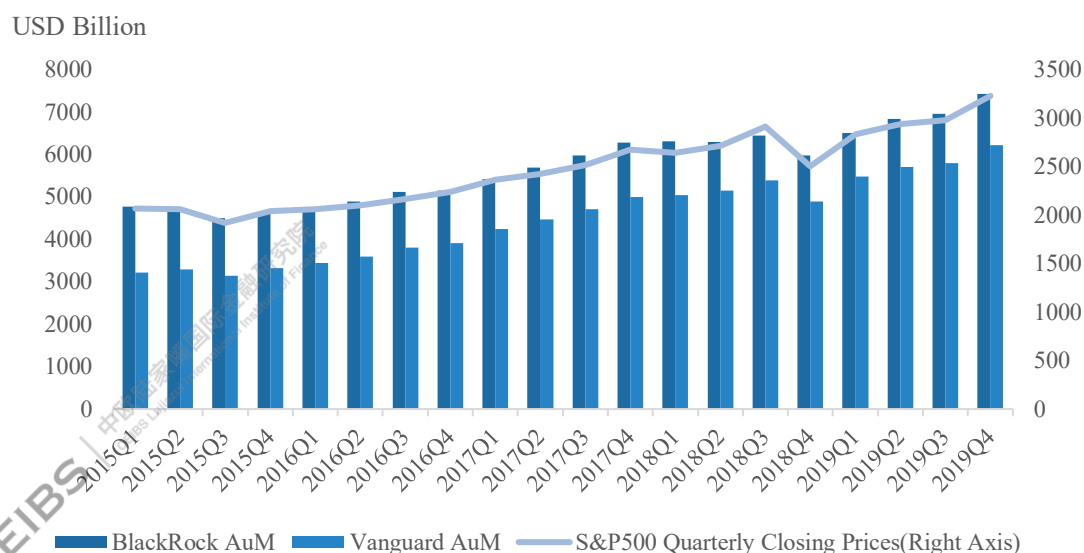
Note: Goldman Sachs' AUM data are reported as AUS (assets under supervision). The Q2 2026 data for Vanguard, Fidelity and Capital Group use their respective Q1 figures.

Sources: Official company websites; Morningstar

Phase 1: Steady Growth and the Rise of Passive Investing (2015Q1-2019Q4). During this period, the combined AUM of the top ten asset managers increased steadily from USD 19 trillion to USD 31 trillion. The defining features of this phase were the equity bull market and the rise of passive investing. Sustained gains in major global equity markets provided the beta foundation for growth in equity assets. At the same time, passive investment vehicles such as ETFs entered a phase of rapid expansion. Vanguard and BlackRock stood out in this phase: Vanguard's AUM surged from USD 3.2 trillion to USD 6.2 trillion, while BlackRock's AUM rose from USD 4.7 trillion to USD

7.4 trillion. Together, the two firms contributed more than 40% of the total increase among the top ten institutions, revealing an early trend toward concentration and marking a shift in the industry's competitive structure.

Figure 5-2 BlackRock and Vanguard AUM versus the S&P 500 Quarterly Close, 2015-2019



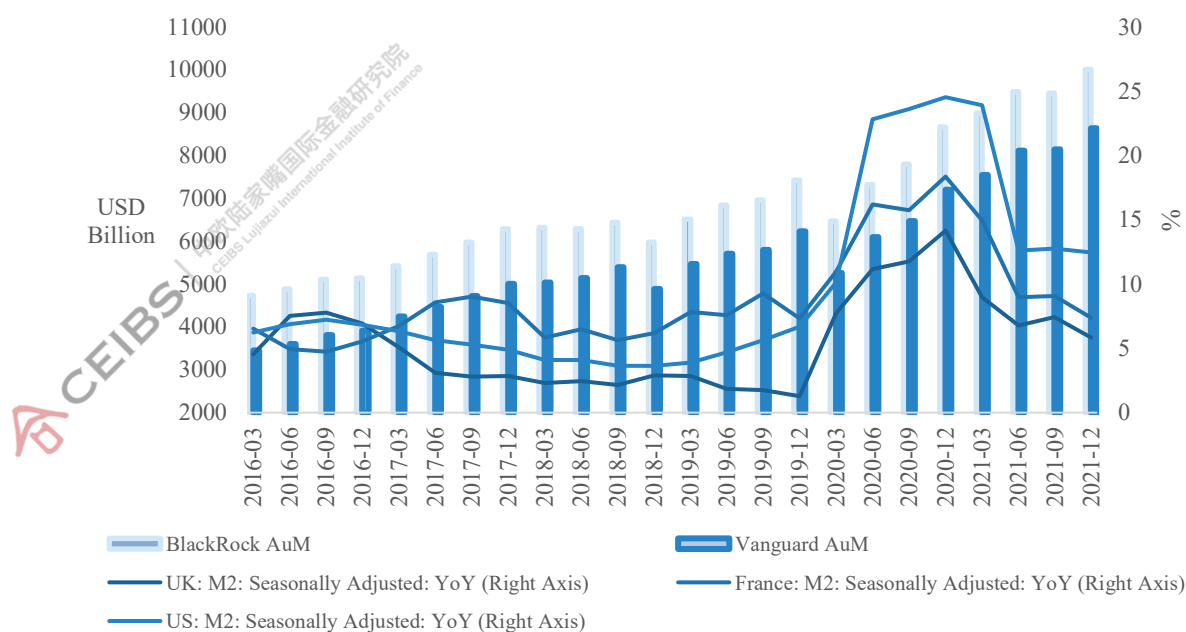
Sources: Official company websites; Wind; Morningstar

Phase 2: Pandemic Shock and V-Shaped Recovery (2020-2021). The outbreak of COVID-19 in early 2020 generated a severe negative shock to the global asset-management industry. The combined AUM of the top ten institutions fell by 12.2% quarter on quarter to a cyclical trough of USD 27 trillion. As global central banks implemented large-scale monetary easing and governments launched fiscal stimulus programs, global asset prices recovered rapidly and reached new highs. By the fourth quarter of 2021, the combined AUM of the ten institutions had rebounded sharply to USD 41 trillion, fully demonstrating the resilience and recovery capacity of leading institutions. Vanguard and BlackRock again became the main contributors to growth, with their AUM rising from USD 5.3 trillion and USD 6.5 trillion to USD 8.6 trillion and USD 10 trillion, respectively. Their combined increase accounted for nearly half of the total increase among the ten institutions.

Phase 3: Rate-Hike Adjustment and the Impact of Exchange-Rate Volatility (2022Q1-2022Q3). As the Federal Reserve began an aggressive rate-hiking cycle to curb high inflation, the global asset-management industry entered a short but painful adjustment period. In 2022, the simultaneous sell-off in equities and bonds, combined with the negative exchange-rate effects of a stronger U.S. dollar, drove the combined AUM of the top ten institutions down rapidly from USD 40 trillion to USD 33 trillion. This adjustment highlighted the high sensitivity of AUM to the monetary-policy environment: higher interest rates directly depressed fixed-income valuations and also reduced the

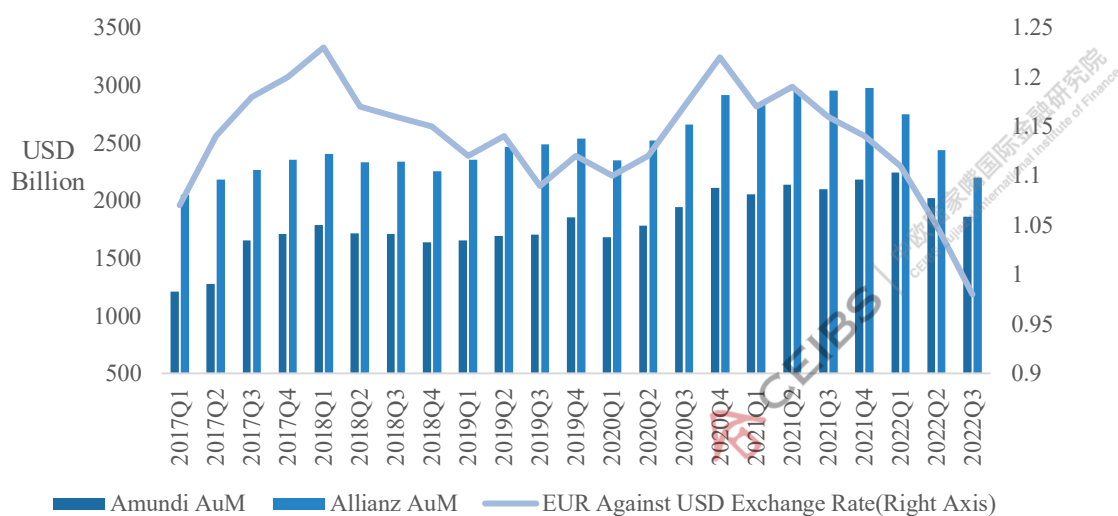
attractiveness of equities through a higher discount rate. Notably, leading European institutions were hit more severely in this phase. Amundi and Allianz saw their AUM decline from USD 2.2 trillion and USD 2.8 trillion to USD 1.9 trillion and USD 2.2 trillion, respectively, representing drops of 17.2% and 20.0% within only half a year. This demonstrates the additional exchange-rate risk faced by cross-currency asset-management products during periods of U.S. dollar strength.

Figure 5-3 Year-on-Year M2 Growth in the United States, the United Kingdom and France, and AUM Changes at BlackRock and Vanguard, 2016-2021



Sources: Wind; official company websites; Morningstar

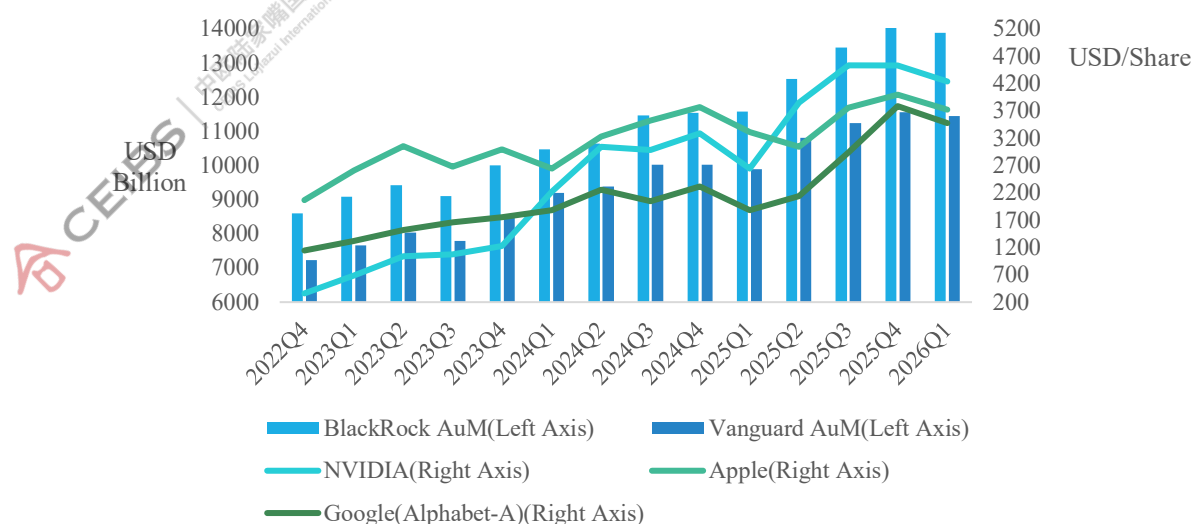
Figure 5-4 EUR/USD Exchange Rate and AUM of Amundi and Allianz, 2017Q1-2022Q3



Sources: exchange-rates.org; official company websites

Phase 4: Strong Recovery (2022Q4-2026Q1). Since the fourth quarter of 2022, the global asset-management industry has entered a new phase of strong recovery. The combined AUM of the top ten institutions reached a record high of USD 55 trillion in the first quarter of 2026. The core drivers of this round of growth include the global technology-stock bull market triggered by the AI revolution, the continued expansion of ETF products and the rapid growth of alternative investments. BlackRock and Vanguard further consolidated their leading positions, with AUM increasing from USD 8.6 trillion and USD 7.2 trillion to USD 14 trillion and USD 11 trillion, respectively. Together, the two firms contributed 48% of the total increase during this phase.

Figure 5-5 BlackRock and Vanguard AUM and the Market Capitalization of Three Major U.S. Technology Giants, 2022Q4-2026Q1



Sources: Official company websites; Wind; Morningstar

Section 2 Development Strategies and Expansion Paths of Leading Asset Managers

1. Divergent Investment Strategies in the United States and Europe

1) U.S. and European Institutions Focus Respectively on Passive and Active Investing

The core difference between leading U.S. and European asset managers first lies in the foundations of their investment strategies. U.S. institutions use passive investing as their principal engine. BlackRock and Vanguard have built highly diversified ETF product suites, covering

leveraged, inverse and actively managed ETFs, among other categories. A more flexible U.S. regulatory environment has greatly accelerated product iteration. As a result, BlackRock's iShares platform and Vanguard's low-cost index funds have used economies of scale to attract massive inflows through extremely low fees, then spread fixed costs over a very large asset base. This has created a virtuous cycle of low fees, high scale and low cost, making them global benchmarks for passive investing.

By contrast, European institutions are rooted more heavily in active management, which is closely related to their long-standing retail-client structure and advisory culture. However, under competitive pressure from U.S. passive giants, European institutions have been forced to accelerate their transition. Amundi quickly filled its passive-investment gap by acquiring Lyxor, while Allianz has relied on PIMCO's active fixed-income capabilities to maintain its competitive position. Even so, the passivization of the European market still lags behind, and product innovation remains concentrated mainly in thematic passive products such as ESG products, with insufficient structural and tool-based innovation.

This strategic divergence has produced a clear performance gap between U.S. and European institutions during bull markets. In technology-driven equity bull markets, U.S. institutions' passive products can capture beta more fully, while European institutions, constrained by active-management position limits and security-selection capacity, find it difficult to keep pace with market gains.

Figure 5-6 Year-on-Year Growth of BlackRock, Allianz and the S&P 500, 2021Q2-2026Q2

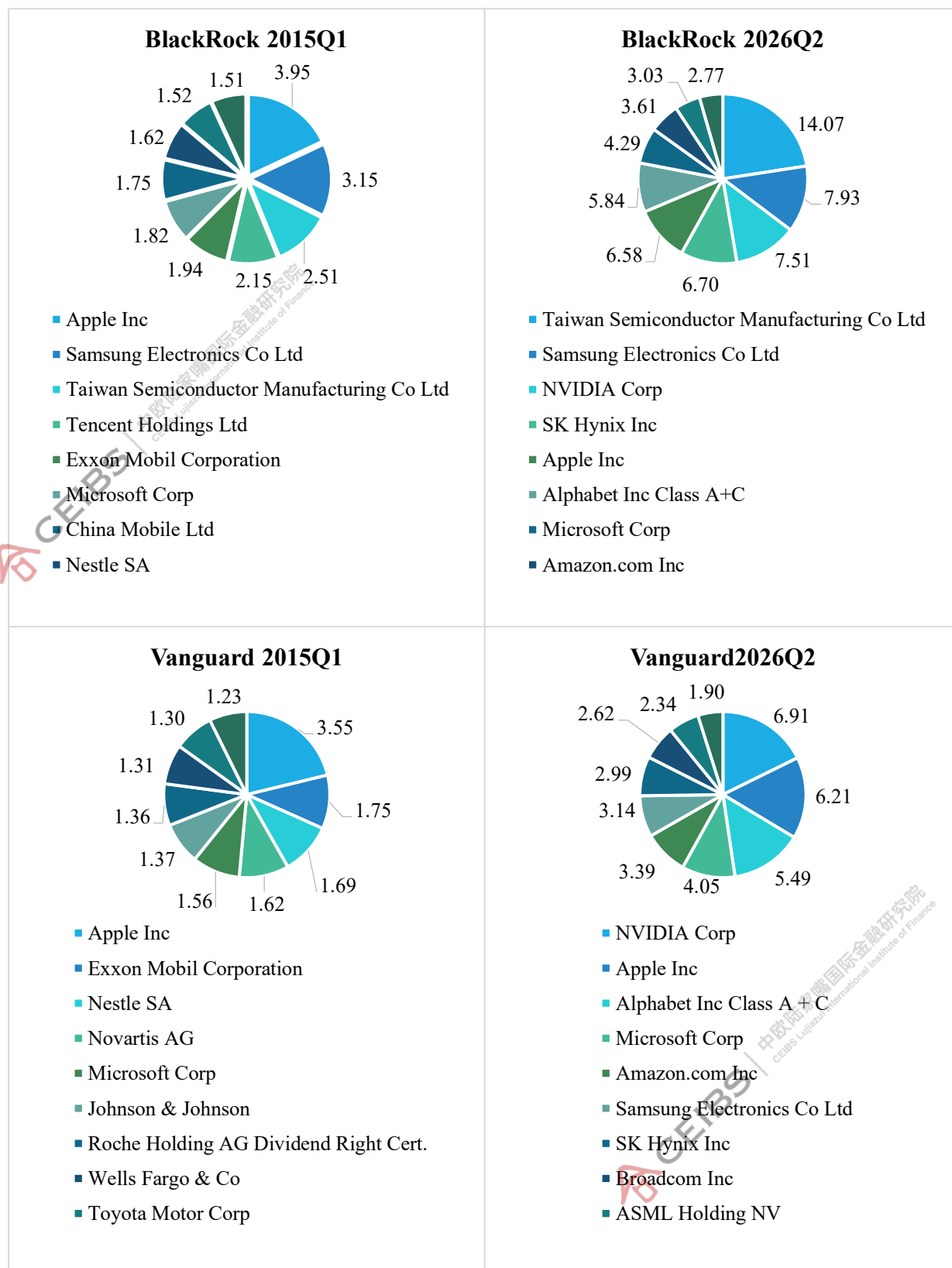


Sources: Official company websites; Wind

2) Rising Allocation to Technology Stocks

Since 2015, the share of technology stocks in the equity products of leading asset managers has continued to increase. In the second quarter of 2026, all of the top ten holdings in BlackRock's and Vanguard's three largest equity ETFs were technology companies. In the first quarter of 2015, the corresponding figures were only four and two technology companies, respectively. The underlying reason is that the U.S. technology sector has experienced a long structural bull market. Its earnings resilience, growth potential and valuation returns have significantly outperformed traditional industries, making it a core anchor for institutional allocation. Around 2015, the U.S. equity market still relied mainly on traditional sectors such as consumer goods, industrials and financials for earnings. The technology sector was still in the middle-to-late stage of the mobile-internet cycle, and its industrial dividends had not yet been fully released. The revenue scale and market influence of leading technology companies were relatively limited. Asset managers therefore maintained relatively cautious allocations to technology stocks and lower position weights. Thereafter, the U.S. technology sector successively entered three major technology waves - cloud computing, industrial digitalization and generative AI. Technology giants such as Microsoft, Amazon, Nvidia and Apple continued to expand their business boundaries, with revenue and net profit maintaining double-digit growth for many years and far outpacing the overall growth rate of the S&P 500.

Figure 5-7 Changes in the Holdings of BlackRock's and Vanguard's Top Three Equity ETFs, 2015Q1-2026Q2



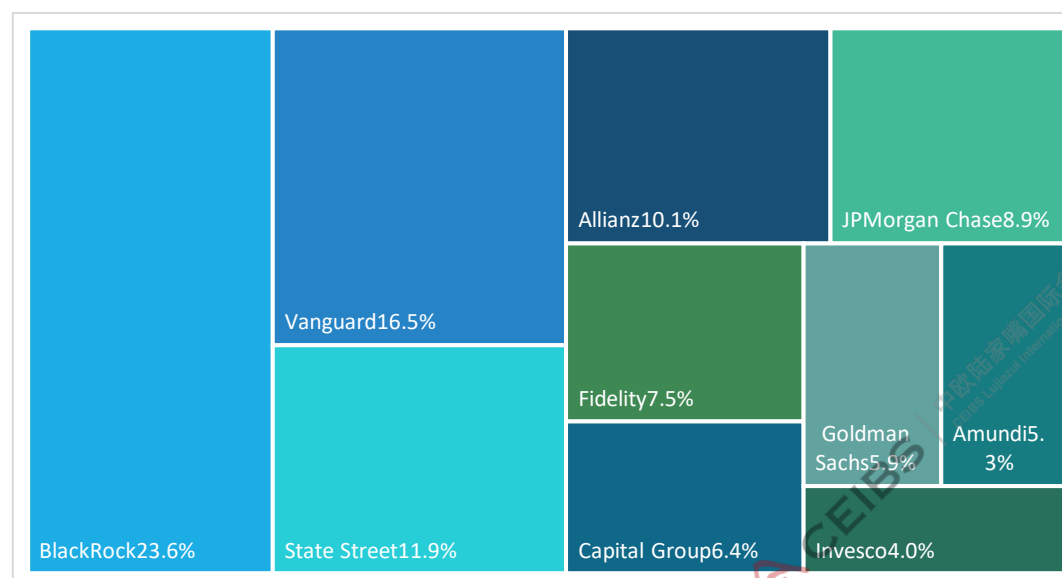
Sources: EPFR; Morningstar

2. Market-Siphoning Effects of Leading Institutions

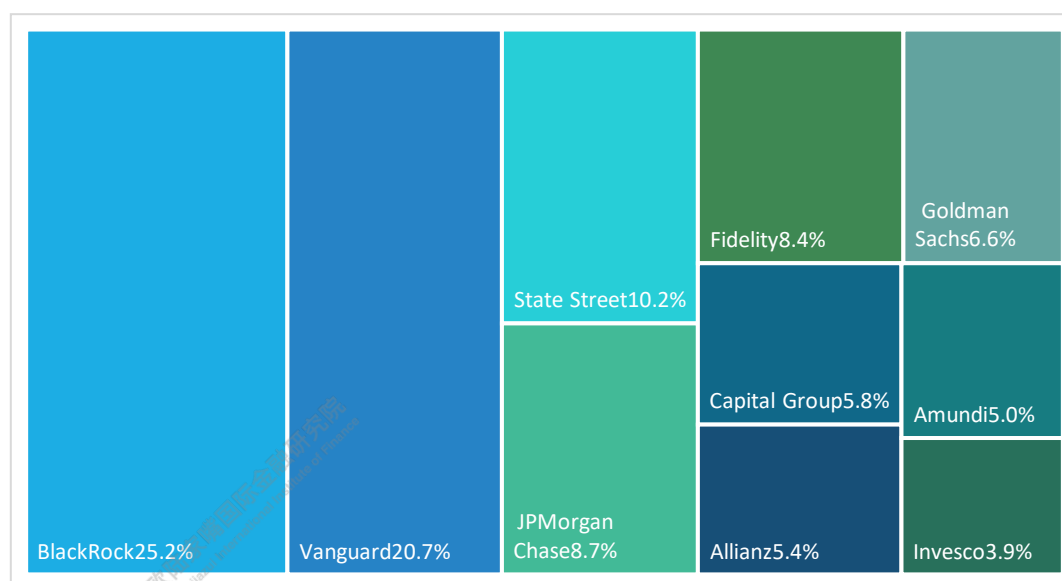
Scale advantages are being directly converted into growth advantages, creating a positive feedback loop. According to the data, global asset-management AUM reached USD 118.7 trillion in 2024, and the industry was highly concentrated. The top ten asset managers accounted for 34.8% of total industry AUM, up 4.8 percentage points from 2020. BlackRock alone held USD 10.65 trillion in AUM, representing 9% of the industry and placing it firmly at the top of the global asset-management rankings. This growth differential is reflected not only in asset expansion, but also directly in profitability. Leading institutions achieved an average return on equity (ROE) of 18.7%, 5.2 percentage points above the industry average. High profitability allows leading institutions to invest more heavily in technology R&D, talent acquisition and global distribution networks, thereby further consolidating their market position.

A comparison of geographic concentration in the second quarter of 2015 and the first quarter of 2026 shows contrasting patterns. Competition in Europe was more intense in 2015 than in 2026, with HHI readings of 0.023 and 0.005, respectively; by contrast, the competitive structure among the eight U.S. institutions moved in the opposite direction, with HHI rising from 0.716 to 0.802. BlackRock and Vanguard have long accounted for nearly half of the AUM of the top ten institutions, with CR2 at 40.1% and 45.9%, respectively. The top five also accounted for a high share of total AUM, with CR5 at 70.9% and 73.2%, respectively. These figures fully illustrate the market-siphoning effect of leading institutions.

Figure 5-8 AUM Share of the Top 10 Asset Managers, 2015Q2



Sources: Official company websites; Morningstar

Figure 5-9 AUM Share of the Top 10 Asset Managers, 2026Q1

Sources: Official company websites; Morningstar

3. Different Paths of Expansion

1) Scale Expansion Through Mergers and Acquisitions

The top ten institutions can be divided into two broad categories: insurance-affiliated asset managers and non-insurance asset managers. Both groups pursue expansion around scale economies.

The expansion path of non-insurance asset managers combines two models: external mergers and acquisitions and endogenous institutional innovation. BlackRock's acquisition of Barclays Global Investors (BGI) in 2009 gave it direct control of the iShares ETF platform, establishing its dominance in passive investing. In sharp contrast to BlackRock's aggressive M&A strategy, Vanguard achieved scale expansion entirely through institutional innovation and organic growth, building a cost advantage that is difficult for the rest of the industry to replicate. As the world's first asset manager mutually owned by its fund shareholders, Vanguard's distinctive governance structure enables it to maintain fees far below industry averages over the long term, thereby creating exceptionally strong price competitiveness.

Insurance-affiliated asset managers combine the stability of insurers' proprietary capital with the market-oriented expansion needs of third-party business. Their growth path is characterized by using M&A integration to fill capability gaps. Allianz, as a global leader in insurance asset management, expanded AUM rapidly through its acquisition of PIMCO. Allianz's insurance assets provide a stable long-term source of capital for its asset-management business, while asset-management performance in turn supports its core insurance business. Amundi strengthened its business and accelerated AUM growth by acquiring institutions such as Pioneer Investments and

Lyxor. It has also improved operating efficiency by building the ALTO financial-technology platform.

Overall, the growth logic of insurance-affiliated institutions clearly reflects the logic of using acquisitions to address capability gaps. Allianz established its global position by acquiring a leading fixed-income institution, while Amundi used acquisitions to transform its business from active to passive management and from institutional to retail clients.

Table 5-1 M&A History of BlackRock, Allianz and Amundi

	Year of Acquisition	Acquired Company	Company Type
BlackRock	2005	State Street Research & Management Company ^①	Investment Management
	2006	Merrill Lynch Investment Managers ^②	Investment Management
	2009	Barclays Global Investors ^③	Asset Management
	2012	Claymore Canada ^④	ETF Operator
	2012	Swiss Re Private Equity Partners AG ^⑤	PE/Infrastructure Fund of Funds
	2015	FutureAdvisor ^⑥	Digital Wealth Management
	2017	Cachematrix ^⑦	Fintech Service Provider
	2018	Tennenbaum Capital Partners ^⑧	Alternative Investment Management
	2018	Citibanamex(Asset Management Business Only) ^⑨	Asset Management

^① www.sec.gov/Archives/edgar/data/1060021/000119312504148930/dex991.htm,

www.sec.gov/Archives/edgar/data/1060021/000119312505014715/dex991.htm

^② investor.bankofamerica.com/regulatory-and-other-filings/select-sec-filings/content/0000950123-06-012207/y25597exv99w1.htm#:~:text=NEW%20YORK%2C%20October%202%20%20On%20September%2029%2C,of%20the%20world%20s%20largest%20independent%20investment%20management%20firms.

^③ www.sec.gov/Archives/edgar/data/1364742/000134100409001192/blackrock_ex99-1.htm, www.marketswiki.com/wiki/Barclays_Global_Investors#:~:text=BGI%20is%20the%20asset%20management%20arm%20of%20British,the%20U.S.%20and%20a%20dozen%20global%20investment%20markets.

^④ ir.blackrock.com/news-and-events/press-releases/press-releases-details/2012/BlackRock-to-Acquire-Claymore-Investments/default.aspx

^⑤ ir.blackrock.com/news-and-events/press-releases/press-releases-details/2012/BlackRock-to-Acquire-Swiss-Re-Private-Equity-Partners-AG-Announces-Strategic-Alternative-Investment-Partnership-with-Swiss-Re-Enhances-Private-Equity-Fund-of-Funds-Capabilities-Deepens-Presence-in-Switzerland/default.aspx

^⑥ ir.blackrock.com/news-and-events/press-releases/press-releases-details/2015/BlackRock-to-Acquire-FutureAdvisor/default.aspx

^⑦ ir.blackrock.com/news-and-events/press-releases/press-releases-details/2017/BlackRock-to-Acquire-Cachematrix/default.aspx

^⑧ www.blackrock.com/corporate/newsroom/media/press-releases/blackrock-to-acquire-tennenbaum-capital-partners

^⑨ ir.blackrock.com/news-and-events/press-releases/press-releases-details/2018/BlackRock-Completes-Acquisition-of-Asset-Management-Business-of-Citibanamex/default.aspx

	2019	eFront ^①	Alternative Investment Management Software Provider
	2021	Aperio ^②	Provider of Tax-Optimized Custom-Index Equity Portfolios
	2023	Kreos Capital ^③	Private Debt Manager
	2024	Global Infrastructure Partners ^④	Infrastructure Fund Management Company
	2025	Preqin ^⑤	Private Markets Data Provider
	2025	HPS Investment Partners ^⑥	Alternative Investments
	2025	ElmTree Funds ^⑦	Real Estate Private Equity Company
Allianz	2000	PIMCO ^⑧	Investment Management
	2001	Nicholas-Applegate Capital Management ^⑨	Hedge Fund
	2001	Dresdner Bank ^⑩	Bank
	2016	Rogge Global Partners(It was acquired by Allianz Global Investors, an asset management subsidiary of Allianz) ^⑪	Fixed Income Asset Management
Amundi	2013	Smith Breeden ^⑫	Fixed Income Asset Management
	2014	Bawag PSK Invest ^⑬	Asset Management
	2016	Kleinwort Benson Investors ^⑭	Asset Management
	2016	Pioneer Investments ^⑮	Asset Management

① www.blackrock.com/corporate/newsroom/media/press-releases/blackrock-efront-acquisition

② ir.blackrock.com/news-and-events/press-releases/press-releases-details/2021/BlackRock-Completes-Acquisition-of-Aperio/default.aspx

③ ir.blackrock.com/news-and-events/press-releases/press-releases-details/2023/BlackRock-Inc.-to-Acquire-Private-Debt-Manager-Kreos-Capital/default.aspx

④ www.blackrock.com/corporate/newsroom/media/press-releases/blackrock-completes-acquisition-of-global-infrastructure-partners

⑤ www.blackrock.com/corporate/newsroom/media/press-releases/blackrock-completes-preqin-acquisition

⑥ www.blackrock.com/corporate/newsroom/media/press-releases/blackrock-acquires-hps-investment-partners

⑦ www.blackrock.com/corporate/newsroom/media/press-releases/blackrock-acquires-elm-tree-funds

⑧ www.allianzgi.com/en/our-firm/our-history

⑨ www.allianzgi.com/en/our-firm/our-history

⑩ www.allianzgi.com/en/our-firm/our-history

⑪ hk.allianzgi.com/en-hk/our-firm/press-centre/allianzgi-completes-acquisition-of-rogge-global-partners

⑫ about.amundi.com/article/amundi-acquisition-smith-breedden-finalized#:~:text=Amundi%20Smith%20Breedden%20today%20announced%20that%2C%20following%20completion,Smith%20Breedden%20Associates%20is%20now%20Amundi%20Smith%20Breedden.

⑬ about.amundi.com/article/amundi-acquires-bawag-psk-invest

⑭ about.amundi.com/article/acquisition-kbi-amundi-finalised

⑮ about.amundi.com/article/project-acquisition-pioneer-investments

	2020	Sabadell Asset Management ^①	Asset Management
	2021	Lyxor ^②	ETF Operator
	2024	Alpha Associates ^③	Asset Management
	2024	Aixigo ^④	Technology Company

Sources: Official company websites; company quarterly reports; SEC

2) Investment in Financial Technology

Differences in technology enablement have further widened the gap between leading institutions. U.S. institutions have invested more aggressively in financial technology and have developed exportable capabilities. BlackRock's Aladdin risk-management system not only supports internal investment decision-making, but has also become an important external revenue source. Since 2017, revenue from the Aladdin platform has been included in technology and risk-management revenue. Although the disclosure line was changed again to technology services revenue in the second quarter of 2018 and to technology services and subscription revenue in the first quarter of 2025, Aladdin has remained the main source of revenue under this category. Technology services revenue increased from USD 200 million in the second quarter of 2018 to USD 600 million in the same quarter of 2026, representing an eight-year compound growth rate of 14.7%. By comparison, European institutions' technology investment is more pragmatic, focusing mainly on acquiring technology companies - such as Amundi's acquisition of Aixigo - to strengthen digital capabilities in specific segments. They generally lack systematic technology platforms with external output capacity.

^① www.credit-agricole.com/en/finance/financial-press-releases/banco-sabadell-and-amundi-announce-their-strategic-partnership-in-spain-alongside-amundi-s-acquisition-of-sabadell-asset-management

^② about.amundi.com/article/acquisition-lyxor

^③ about.amundi.com/article/acquisition-alpha-associates

^④ www.amunditechnology.com/article/amundi-acquires-aixigo

Table 5-2 Financial-Technology Platforms of the Top 10 Asset Managers and Related Disclosures

Asset Manager	Platform	Main Disclosed Data
BlackRock	Aladdin	Principal contributor to USD 600 million in technology services revenue in Q2 2026
Vanguard	Expert Insights	
Fidelity	Optimus	
State Street	State Street Alpha	Contributed to USD 380 billion of additional assets under custody and/or administration in Q2 2025
JPMorgan	Spectrum	Platform AUM reached USD 4 trillion in Q4 2025
Goldman Sachs	Marquee	
Capital Group	The Capital System	Over the 40 years through Q4 2025, 64% of its American Funds exceeded the rolling one-year return of their Morningstar category peers
Allianz (PIMCO)	OPTI	
Amundi	ALTO	EUR 9 trillion managed on the platform
Invesco	Invesco Vision	

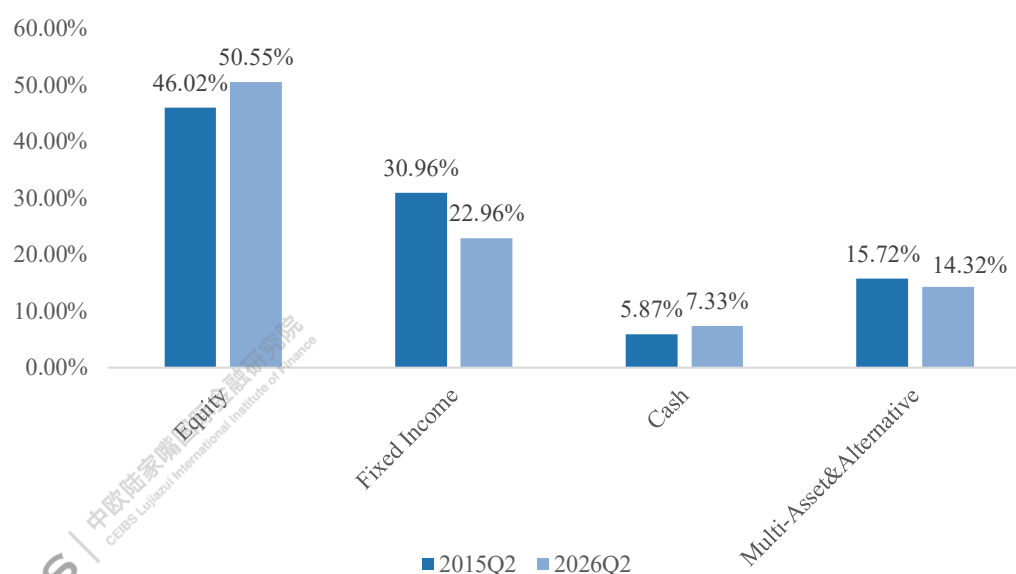
Source: Official company websites

Section 3 Changes in Asset Allocation Among Leading Global Asset Managers and Their Drivers

1. Overview of Asset Allocation Among Leading Institutions

From 2015 to the first half of 2026, the asset-allocation structure of the world's top ten asset managers underwent a profound and systemic reshaping. This reflected the combined effects of traditional asset-class rotation, macro-cycle fluctuations and shifts in investor risk appetite. According to aggregate data for the ten leading institutions, the allocation shares of five core asset classes - equities, fixed income, multi-asset products, alternative investments and cash/liquidity products - diverged markedly. Equity assets increased as a share of the total and became the core engine of industry scale expansion. Fixed-income assets generally increased in absolute terms, but their relative share declined at most institutions. The share of cash and liquidity products rose over time, while the shares of multi-asset and alternative assets declined slightly.

Figure 5-10 Changes in Allocation Shares to Equities, Fixed Income, Cash, Multi-Asset Products and Alternative Assets Among the Top 10 Asset Managers, 2015Q2-2026Q2



Note: Goldman Sachs' AUM data are reported as AUS (assets under supervision). Invesco's equity and fixed-income product sizes declined in Q2 2025 because of a change in disclosure methodology. The Q2 2026 data for Vanguard, Fidelity and Capital Group use their respective Q1 figures.

Sources: Official company websites; Morningstar

This structural shift in asset allocation reflects the evolution of the global asset-management industry from a single-asset-driven model toward a multi-asset coordination model. During the prolonged low-interest-rate and ample-liquidity environment of 2015-2021, equity-asset valuation expansion was pronounced, prompting U.S. institutions represented by BlackRock and Vanguard to significantly increase equity allocations in order to capture market beta. However, the macro environment reversed in 2022. The Federal Reserve's aggressive rate hikes triggered simultaneous declines in equity and bond markets, weakening the effectiveness of the traditional 60/40 portfolio and increasing the allocation value of cash-management products. By 2025, as the AI technology wave drove a rebound in U.S. equities and expectations of rate cuts became established, the industry's asset-allocation structure entered another period of dynamic adjustment, characterized by equity dominance and elevated cash positions.

As discussed above, leading asset managers have all used acquisitions to achieve scale growth and strengthen their business capabilities, but their asset-allocation strategies differ. U.S. independent asset managers, such as BlackRock and Vanguard, generally adopt high-equity-share strategies to align with the passive-investing trend. European asset managers, such as Amundi and Allianz, continue to anchor their business in fixed income in order to match the stability needs of

the liability side. U.S. bank-affiliated institutions, such as JPMorgan and Goldman Sachs, rely on parent-bank resources and seek a balance among equities, liquidity products and fixed-income assets. This strategic differentiation largely explains differences in the performance of leading institutions over the past decade.

2. Impact of the Interest-Rate Cycle

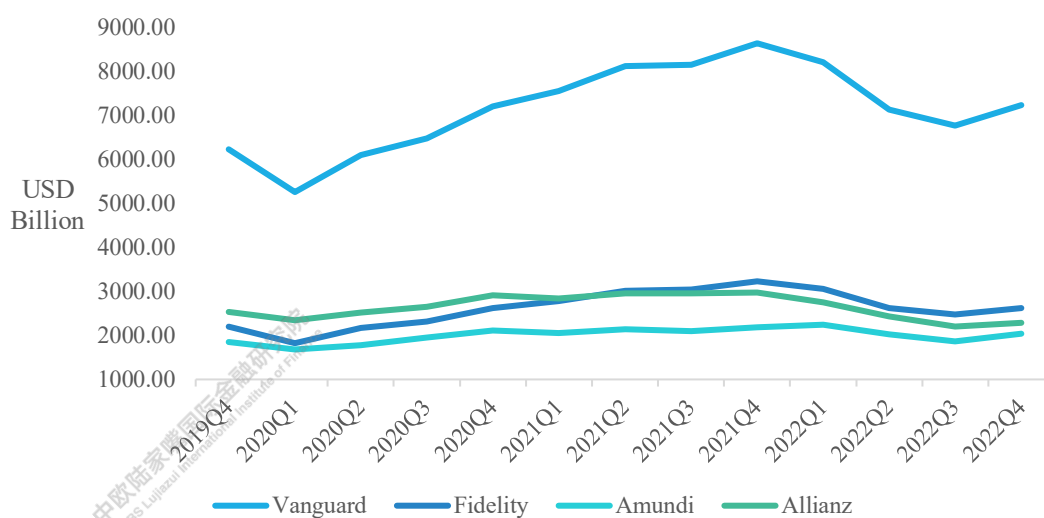
Looking back over 2015-2025, the global monetary-policy environment displayed pronounced phase-based fluctuations. From 2015 to 2018, the Federal Reserve was in its first rate-hiking cycle. During the same period, China's monetary policy remained relatively independent, creating an initial divergence between tighter U.S. policy and easier Chinese policy. In this phase, global asset managers could still benefit from scale growth driven by equity-valuation repair under a moderate rate-upcycle environment. By the fourth quarter of 2018, the S&P 500 had recorded a three-year compound growth rate of 7.0%, supporting steady AUM expansion at institutions such as BlackRock and Vanguard.

From 2019 to 2021, monetary policy shifted toward broad easing. The Federal Reserve began a rate-cutting cycle in 2019, and after the pandemic broke out in 2020 it implemented unlimited quantitative easing (QE). Unprecedented liquidity expansion drove a sharp rise in risk-asset prices. This was also reflected in the equity holdings of the two institutions with the highest equity shares, Vanguard and Fidelity.

However, the macro environment reversed sharply in 2022. To address high inflation, the Federal Reserve raised rates aggressively by 425 basis points over the year. This extreme surge in interest rates triggered a global equity-bond double sell-off, causing the industry's only negative AUM growth in the past decade. During the aggressive Fed hiking cycle, higher rates exerted a significant valuation-suppression effect, prompting leading global institutions to adopt more defensive asset-allocation strategies. Allianz and Amundi, as the two institutions with the highest fixed-income product shares, saw the share of their fixed-income products decline in line with industry trends.

From 2024 to 2025, as inflationary pressures eased, the Federal Reserve entered a phase of rate-cut expectations, and the policy-rate range fell from 5.5% to 3.75%. With the Fed entering an easing cycle and the AI technology wave providing an additional catalyst, the importance of the equity-asset allocation logic increased further. By the second quarter of 2025, the Shanghai Composite Index and the S&P 500 had risen by 16.1% and 13.6% year on year, respectively. From a global perspective, the rate-cut cycle had a broad positive effect on equities. BlackRock and Vanguard, the two passive-product giants, also recorded year-on-year AUM increases of 17.7% and 15.1%, respectively.

Figure 5-11 AUM History of the Two Institutions with the Highest Equity and Fixed-Income Shares, 2019-2022



Sources: Official company websites; Morningstar

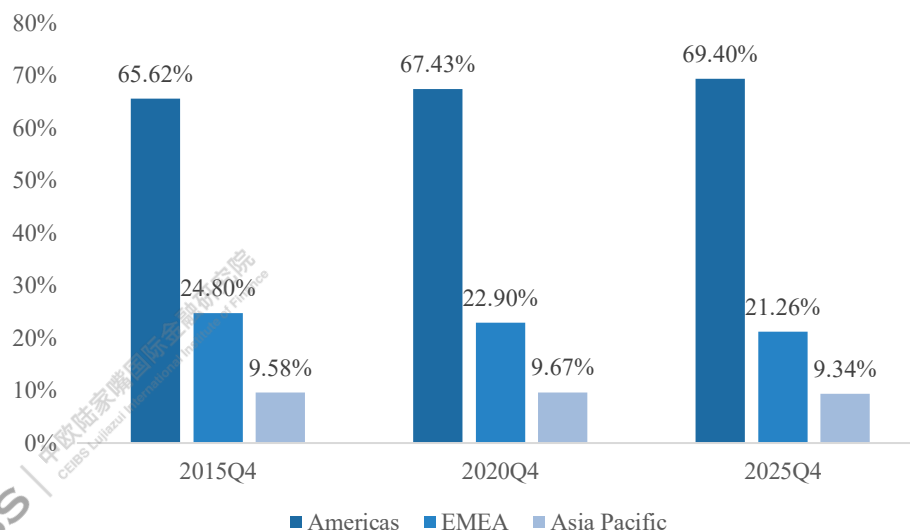
3. Multipolar Rise of Emerging Asset-Management Centers in Asia-Pacific and the Middle East

After 2022, amid a weakening of the credit foundation of the U.S. dollar, leading European asset managers represented by Amundi were among the first to adjust their global strategies, gradually positioning Asia as a "second home market." In the early stage, they established a presence through joint ventures and acquisitions; in the middle stage, they deepened their market presence through localized products and channels; and over the longer term, they sought scaled expansion through financial-technology platforms. The data show that Asia's share of Amundi's global AUM increased from 10.1% in the second quarter of 2015 to 19.6% in the first quarter of 2026.

In addition, as the center of global wealth shifts eastward and geopolitical structures are reconfigured, Middle Eastern asset-management centers have developed rapidly. In the first half of 2025, Abu Dhabi Global Market (ADGM) had 541 asset-management institutions managing 209 funds, with AUM increasing by 42% year on year. During the same period, the Dubai International Financial Centre (DIFC) had more than 592 wealth and asset-management companies, up 34.6% year on year. Many international asset-management giants have incorporated Middle Eastern financial centers into their global footprints. On the one hand, they provide local investment products; on the other, they attract Middle Eastern capital to reallocate global resources across petrochemicals, data centers, new energy, technology and other sectors. As of June 2025, Saudi Arabia's asset-management industry had approximately USD 306.1 billion in AUM, up 21% year

on year.

Figure 5-12 Regional Business Structure of BlackRock, State Street, JPMorgan, Goldman Sachs, Allianz and Invesco, 2015Q4-2025Q4



Note: For this consolidated calculation, the 2018 year-end data for Goldman Sachs and the 2019 year-end data for Allianz are used as the 2015 year-end data for the two institutions. State Street's Americas data for year-end 2015 and year-end 2020 refer to North America. JPMorgan's Americas data equal the sum of its Latin America/Caribbean and North America data. Goldman Sachs' Asia-Pacific data refer to its Asia data. Allianz's 2019 and 2020 year-end EMEA data refer to its Europe data, and the data cover only its two asset-management subsidiaries, PIMCO and Allianz Global Investors. Invesco's 2015 year-end Americas data equal the sum of U.S. and Canada data; its EMEA data equal the sum of U.K. and continental Europe data; and its Asia-Pacific data refer to Asia data. Its 2020 year-end EMEA data equal the sum of U.K. and EMEA data, while Asia-Pacific data refer to Asia data.

Source: Official company websites

Table 5-3 Entry Timeline of Leading Global Asset Managers into Middle Eastern Markets, 2018-2026

Asset Manager	Entry Date	Entry Location	Business Focus
Citi	2018-2019	Riyadh (regional headquarters) + ADGM (branch)	Institutional investors, including governments and sovereign wealth funds
Morgan Stanley	April 2024	Riyadh (regional headquarters) + ADGM (branch)	Institutional investors, including governments and sovereign wealth funds
Goldman Sachs	May 2024	Riyadh (regional headquarters)	Private wealth management
BlackRock	2024	Riyadh + DIFC + ADGM (branches)	Private markets and AI for qualified investors; mutual funds for global investors
UBS	October 2025	DIFC + ADGM (branches)	Ultra-high-net-worth clients
HSBC	Planned	DIFC (branch)	Wealth-management center
Franklin Templeton	2024	Riyadh (branch)	Platform offering global products to Saudi investors
State Street	October 2025	Riyadh (regional headquarters)	Platform offering global products to Saudi investors
Capital Group	Planned	ADGM (branch)	Platform offering global products to UAE investors
Barings	2026	ADGM (branch)	Deeper relationships with institutional investors, sovereign wealth funds and family offices in the Middle East and the Gulf
Bain Capital	2026	ADGM (branch)	Deeper relationships with capital, clients, talent and strategic partners in the Middle East
Citadel	2025-2026	DIFC (branch)	

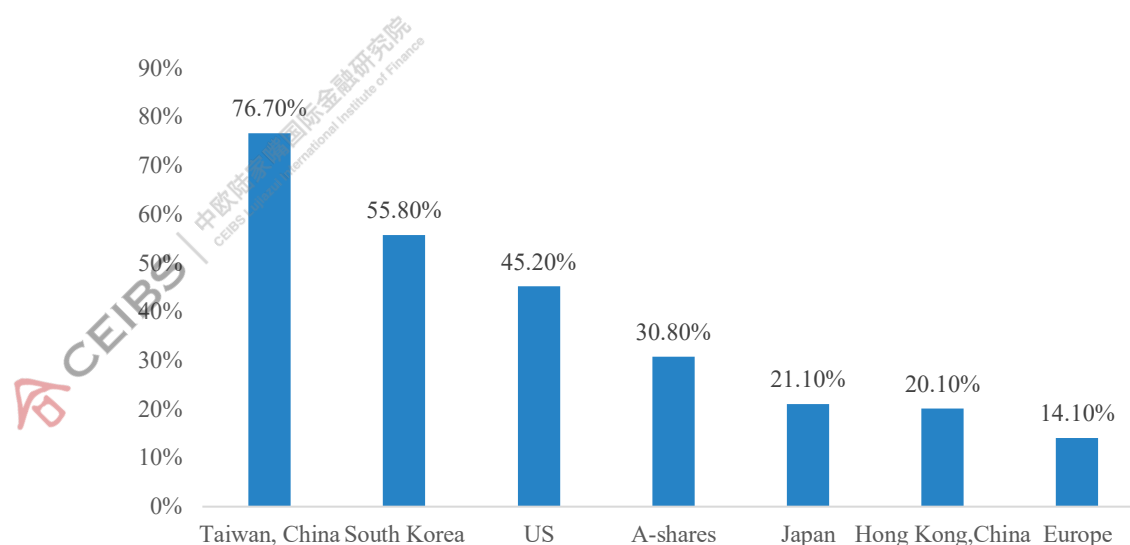
Sources: Official company websites; ADGM; DIFC; Saudi CMA announcements; Property News International

4. AI-Driven Transformation of the Wealth-Management Paradigm and Technology-Stock-Led Equity Allocation

Technological progress has not only changed the form and distribution channels of asset-management products; it has also fundamentally reshaped the logic of global equity allocation, making the technology sector the core source of global asset beta. The data show that the market-

capitalization share of the technology sector in major global markets has reached unprecedented levels: 45.2% in the U.S. market, 55.8% in Korea and as high as 76.7% in Taiwan, China. Even in the A-share market, where traditional industries have historically played a larger role, the technology sector's market-capitalization share has reached 30.8%. This structural change means that global equity-market movements now depend heavily on the performance of the technology industry; global bull markets and market recoveries are essentially being driven by the AI industrial wave.

Figure 5-13 Technology-Sector Share of Market Capitalization in Major Global Capital Markets, May 2026



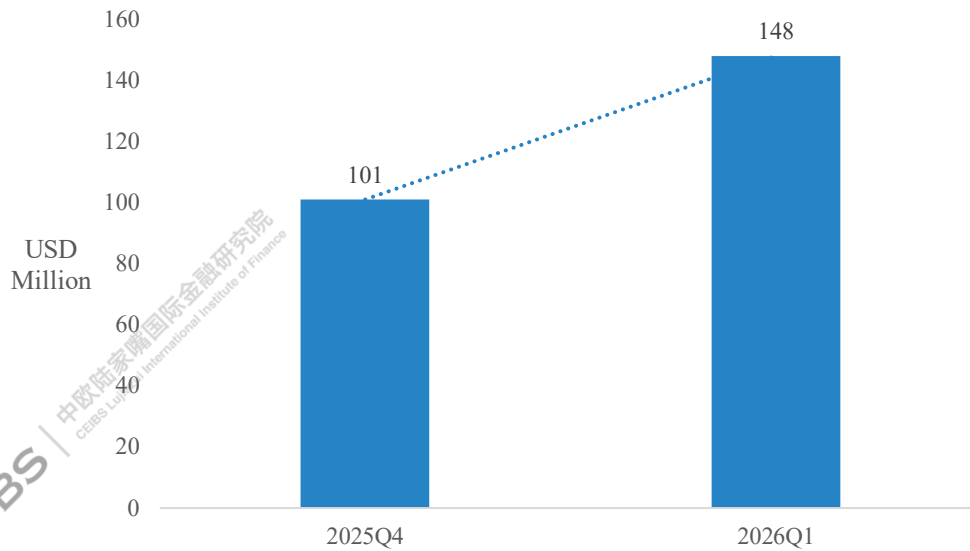
Sources: Wind; Industrial Securities

With the rapid development of AI technology, asset managers are increasing their investment in this technology to strengthen multiple business functions. According to a KPMG survey of the asset-management and private-funds industry released in the first quarter of 2026, capital continues to flow into artificial intelligence. The survey shows that respondents expect their average AI investment over the next 12 months to reach USD 148 million, nearly 1.5 times the level reported in the fourth quarter of 2025. This indicates that the industry's recognition of AI's value is moving from observation and exploration toward large-scale investment backed by real capital.

At the same time, the rapid iteration of AI is also encouraging investors to allocate more capital to the technology sector. By the second quarter of this year, the year-on-year growth rate of the STAR 50 Index had surged to 120.04%, far exceeding the 18.87% gain of the Shanghai Composite Index. The Nasdaq 100 likewise recorded year-on-year growth of 33.5%, exceeding the 20.86% gain of the S&P 500. This data pattern reveals the essence of the current market rally. AI has become the most important pricing theme in global equity markets. Against the backdrop of continued

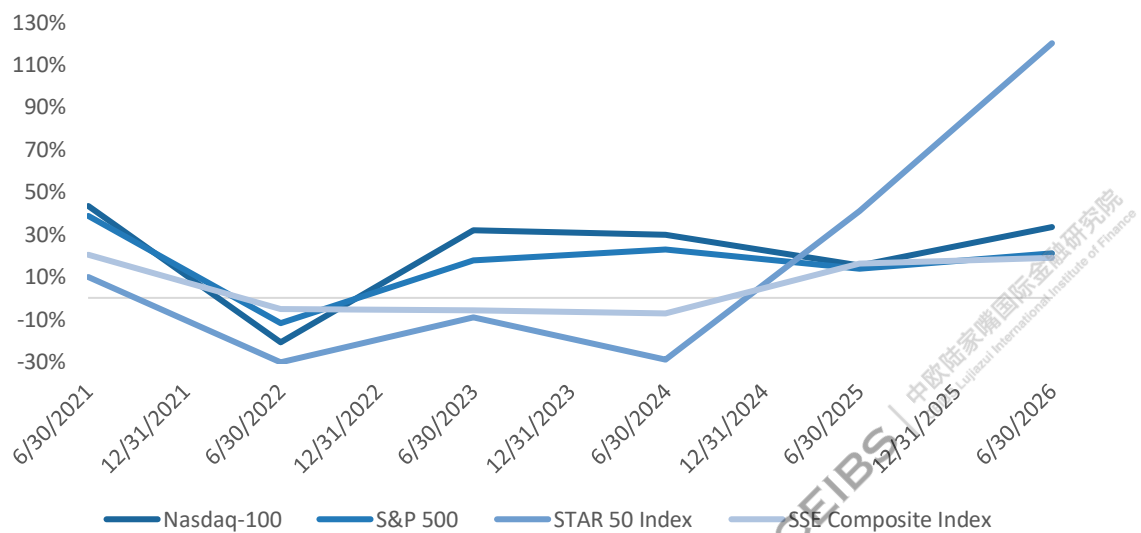
expansion in global AI capital expenditure, technology growth assets are likely to remain a core direction for global capital allocation over the coming period.

Figure 5-14 Changes in Average AI Investment in the Asset-Management and Private-Funds Industry, 2025Q4-2026Q1



Source: KPMG

Figure 5-15 Historical Year-on-Year Growth of Representative U.S. and Chinese Technology-Sector and Broad-Market Indices, 2021Q2-2026Q2



Source: Wind

Special Report III

Global Asset Allocation in 2026 and the 2027 Outlook

Key Findings In 2026, the global asset-management industry is at a critical turning point in asset pricing. On the surface, global assets under management continue to expand. Yet in sharp contrast to that scale growth, net new money in 2025 amounted to only 2.2% of beginning-of-year AUM, and more than 80% of industry revenue growth came from financial-market appreciation rather than sustained net inflows. This indicates that the global asset-management industry has entered a phase in which asset scale continues to grow, but competition for incremental capital has become significantly more intense.

Since the start of 2026, this structure has evolved further. Global asset allocation is no longer a simple cyclical rotation between risk assets and safe-haven assets. Instead, a deeper regional and asset-class rebalancing has emerged under the combined influence of U.S. fiscal expansion, artificial-intelligence capital expenditure, Middle Eastern energy shocks, persistent global inflation, renminbi appreciation, normalization of Japanese interest rates and renewed capital inflows into emerging markets.

Section 1 Intensifying Competition for Incremental Global Capital

As of the first quarter of 2026, assets held in regulated open-end funds worldwide had reached USD 87.23 trillion, still 17.1% higher than the USD 74.50 trillion recorded in the first quarter of 2025. Within this total, equity funds held USD 41.46 trillion, bond funds USD 16.95 trillion, money market funds USD 13.47 trillion, and ETFs USD 19.40 trillion. ETFs already accounted for roughly 22% of global open-end fund assets and remained one of the most important sources of incremental capital.

Capital flows are even more important. In the first quarter of 2026, global open-end funds registered net inflows of USD 931 billion. Bond funds attracted USD 385 billion, equity funds USD 196 billion and money market funds USD 193 billion, while ETFs recorded quarterly net inflows of USD 578 billion. Bond-fund inflows were almost twice those into equity funds, indicating that after the reset in yields, fixed-income assets have once again become an important source of return in institutional portfolios. This structure points to three clear changes in the global asset-management industry in 2026.

First, ETFs are continuing to replace traditional high-fee active funds as the core vehicle through which capital enters capital markets. BCG has noted that institutional asset-management fee rates have declined by about 3% per year on average over the past 15 years, while passive funds and ETFs have captured an increasing share of new money. Although global AUM has more than tripled, industry profit margins have remained around 30%; revenue has grown at an average annual rate of 5.1%, while costs have risen by 5.4%. Scale expansion has therefore not automatically translated into higher profitability.

Second, bonds have regained investable yield, rather than serving only as portfolio hedges. This is fundamentally different from the 2010s. During the prolonged zero-rate period, institutions had to increase allocations to equities, real estate and private assets to obtain returns. By 2026, however, U.S. Treasuries, European bonds and selected emerging-market bonds were again offering higher nominal and real yields, prompting large pension funds, insurance companies and sovereign wealth funds to reassess the strategic weight of fixed income.

Third, alternative assets are shifting from being a pure return-enhancement tool to becoming an important part of the financing system. In particular, as bank capital regulation tightens,

infrastructure investment rises and AI data centers require large amounts of capital, private credit, infrastructure funds and private equity are assuming a growing direct-financing role. Asia currently accounts for only about 4% of the global private-credit market, but large sovereign wealth funds, insurers and pension funds are increasing allocations. Preqin expects Asia-Pacific private-credit AUM to potentially reach USD 142 billion by 2030.

Accordingly, the global asset-management industry in 2026 has not entered a simple phase of declining risk appetite. Rather, equities, bonds and alternative assets are all expanding at the same time, while capital has become more selective with respect to valuations, duration and regional allocation.

Section 2 U.S. Treasury Supply and AI Investment Are Reshaping Real Interest Rates

1. U.S. Treasuries Have Entered a New Supply Cycle

The most important variable shaping global asset allocation in 2026 remains the U.S. Treasury market. However, the logic driving U.S. Treasuries has changed significantly.

Over the past decade or more, market analysis of U.S. Treasuries often focused primarily on the Federal Reserve: economic weakness implied rate cuts; rate cuts implied lower long-term bond yields; and lower yields pushed bond prices higher. After 2026, however, U.S. Treasury yields can no longer be explained by the policy rate alone. Fiscal deficits, Treasury issuance, term premia, demand from foreign investors and private financing competition generated by AI capital expenditure all need to be considered at the same time.

As of July 2026, the outstanding stock of marketable U.S. Treasury securities had reached USD 31.5 trillion, up 8.6% year on year. Treasury issuance in the first seven months of 2026 amounted to USD 18.9 trillion, up 10.2% year on year, while average daily trading volume reached USD 1.21 trillion, up 12.1%. In August, the U.S. Treasury estimated that it would need net marketable borrowing of USD 739 billion in the third quarter of 2026 alone, USD 68 billion higher than its May estimate, and a further USD 628 billion in the fourth quarter.

The expansion of supply has already been transmitted to long-term rates. As of August 31, 2026, the official U.S. Treasury yield curve showed a 2-year Treasury yield of 4.34%, a 10-year

yield of 4.75%, a 20-year yield of 5.24% and a 30-year yield of 5.25%. The yield curve has once again become clearly upward-sloping.

This means that in 2026, U.S. Treasury risk is concentrated more at the long end of the curve than at the short end. In July, the Federal Reserve still kept the federal funds target range at 3.50%-3.75%, but the 10-year and 30-year Treasury yields were already significantly higher than the policy rate. This gap reflects not only expectations of future rate hikes, but more importantly the higher term compensation demanded by long-duration bond investors. The Federal Reserve's May Financial Stability Report clearly noted that U.S. Treasury term premia had increased and that Treasury-market liquidity had deteriorated at times of heightened interest-rate volatility.

The IMF's April 2026 Global Financial Stability Report further emphasized that high government debt and greater reliance on short-maturity financing had increased refinancing risks in major sovereign bond markets, and that auction days were having a much stronger impact on long-term yields. This shows that markets have begun to price the supply of additional government debt itself, rather than pricing only central-bank monetary policy.

On the demand side, foreign buying has also changed structurally. U.S. Treasury TIC data show that Japan's holdings of U.S. Treasuries declined from USD 1.186 trillion in December 2025 to USD 1.117 trillion in June 2026, a reduction of about USD 68.8 billion over six months. Mainland China's holdings fell from USD 684.4 billion to USD 633.4 billion, a decline of USD 51.0 billion. Over the same period, the United Kingdom's holdings rose from USD 863.1 billion to USD 939.9 billion, but this did not fully offset the marginal pressure created by reductions by Japan and China.

Japan deserves particular attention. In early September 2026, the 10-year Japanese government bond yield had risen to around 3%, its highest level since 1996, and Japanese domestic bonds were once again offering attractive nominal returns. Japanese investment institutions therefore no longer needed to purchase U.S. dollar bonds on the same scale as during the zero-rate era. By August 22, Japanese investors had sold a net amount of roughly JPY 3 trillion of overseas bonds during the year, the largest net sale of foreign bonds since 2022.

This report therefore argues that even if short-term policy rates decline in 2027, fiscal deficits and Treasury supply may still keep 10-year and 30-year yields at relatively high levels, or even produce a further steepening of the yield curve in which short-end rates fall while long-end rates do not. Conversely, if energy prices and inflation remain persistently high and the Federal Reserve raises policy rates again, both the short and long ends of the curve could come under pressure.

2. AI Investment Is Further Raising the Real-Rate Center of Gravity

Another important change in 2026 is that artificial intelligence is no longer affecting only equity markets; it is beginning to affect the global cost of capital.

Federal Reserve Chair Warsh stated in an August 2026 Jackson Hole speech that earlier discussions had focused heavily on the global savings glut and the shortage of long-term investment opportunities, whereas capital is now flowing in large volumes into AI-related infrastructure. U.S. investment in equipment and intangible assets grew by about 9% over the past four quarters, the fastest pace since 2021, and more than half of the growth in capital expenditure may have come from AI infrastructure.

The significance is that the U.S. government and U.S. corporations are both becoming major borrowers in capital markets at the same time. In the past, higher Treasury yields often implied that private investment was being crowded out. Today, however, large U.S. technology companies also need to finance data centers, chips, power infrastructure and cloud computing on a sustained basis. The simultaneous growth of private capital demand and government Treasury supply suggests that the world is gradually moving away from the 2010s environment of capital abundance and scarcity of high-quality assets toward one of expanding demand for high-quality capital. Under these circumstances, even if inflation eventually falls back, real interest rates may not return to pre-pandemic lows.

For asset managers, this will have three implications. First, long-duration growth stocks that previously relied on low rates to support valuation expansion will face a higher discount-rate constraint. U.S. equities may still rise on the back of AI-driven earnings growth, but valuations will increasingly need to be validated by actual profits rather than relying mainly on falling interest rates. Second, fixed-income assets have regained meaningful allocation value, but investors need to distinguish more carefully between coupon income and duration risk. Amundi's 2026 mid-year outlook clearly states that global bond markets have entered a new phase after the yield reset: higher yields have restored the allocation value of fixed income, but in an environment of elevated government debt and uncertain fiscal and monetary-policy paths, investors should remain cautious on long-dated sovereign bonds and avoid excessive one-way duration positioning. Third, traditional 60/40 portfolios need to incorporate more real assets, gold, commodities, infrastructure and private assets. The IMF has noted that as supply shocks become more frequent, the negative correlation between stocks and bonds has weakened and the probability of simultaneous stock-bond declines

has increased. U.S. Treasuries therefore remain the world's most important liquidity asset, but they may no longer provide the same stable portfolio-hedging effect as in the past.^①

Section 3 The International Allocation Value of RMB Assets

Alongside the rise in U.S. Treasury yields, the renminbi strengthened significantly in 2026. Federal Reserve H.10 data show that the USD/CNY exchange rate fell from 6.9931 on December 31, 2025 to 6.7260 on August 28, 2026. Based on the change in the USD/CNY quotation, the renminbi appreciated by roughly 3.8% against the U.S. dollar in the first eight months of 2026. Over a longer horizon, Reuters data indicate that the renminbi had strengthened for about 20 consecutive months from its previous low, appreciating by nearly 9% against the dollar and reaching a roughly three-and-a-half-year high by the end of August 2026.^{②③}

The appreciation of the renminbi matters far more to the global asset-management industry than an ordinary exchange-rate movement. First, it directly increases the U.S. dollar-denominated returns earned by foreign investors holding Chinese assets. For example, if a renminbi bond delivers a 3% local-currency return while the renminbi appreciates by 4% against the U.S. dollar, the unhedged total return for a dollar-based investor can rise to roughly 7%. Conversely, during periods of sustained renminbi depreciation, even stable renminbi bond prices can be offset by exchange-rate losses, weakening the international appeal of such assets.

Second, renminbi appreciation increases the U.S. dollar value of Chinese assets in global AUM statistics. Even if the local-currency prices of renminbi assets remain unchanged, a 3%-4% currency appreciation can produce a corresponding increase in their dollar-denominated asset value. A shift in renminbi expectations from persistent depreciation toward two-way fluctuation or even moderate appreciation will therefore directly improve the risk-return profile of renminbi assets for global asset managers.

More importantly, the renminbi's appreciation in 2026 did not occur against a backdrop of persistent cross-border capital outflows. Data from the State Administration of Foreign Exchange show that in the first half of 2026, China's non-bank sector recorded net cross-border capital inflows of USD 247.2 billion, while banks' foreign-exchange settlement and sales registered a surplus of USD 271.2 billion. At the same time, foreign investment inflows recovered overall. In the first five

^①<https://www.amundi.com/globaldistributor/bonds-new-policy-order>

^②<https://www.federalreserve.gov/releases/h10/20260105>; <https://www.federalreserve.gov/releases/H10/current>

^③<https://www.reuters.com/world/asia-pacific/china-reins-rising-yuan-weak-domestic-demand-clouds-outlook-2026-08-31/>

months of 2026, various types of foreign investment recorded net inflows of about USD 160 billion, including more than USD 50 billion of net foreign equity direct investment inflows.^①

At the same time, cross-border use of the renminbi expanded markedly. In the first half of 2026, Chinese banks' customer-related cross-border receipts and payments reached USD 9.2 trillion, up 21% year on year. The renminbi's share in cross-border receipts and payments increased to 52.9%, 1.3 percentage points higher than in full-year 2025. Turnover in the onshore RMB foreign-exchange market reached USD 22.1 trillion, up 5% year on year, with foreign-exchange derivatives accounting for 62% of the total.

The scale of renminbi assets themselves also continued to grow. As of end-June 2026, the total assets of China's asset-management products reached RMB 124.8 trillion, up 12.7% year on year and RMB 4.6 trillion higher than at the beginning of the year. Public mutual funds amounted to RMB 42.9 trillion, bank wealth-management products RMB 34.8 trillion, asset-management trusts RMB 25.3 trillion, and other asset-management products offered by insurers, securities firms, fund companies and futures firms RMB 21.8 trillion in aggregate. Asset-management products held RMB 9.5 trillion of equities, up 26.2% year on year, and RMB 38.2 trillion of bonds, up 8.4%.^②

This indicates that renminbi assets are beginning to display a combination that had not been fully present in recent years: expansion of local-currency assets, currency appreciation, net cross-border capital inflows and capital-market opening are occurring at the same time.

However, there is still considerable room to increase the international allocation to China's bond market. Data from the People's Bank of China show that foreign institutions' holdings of Chinese bonds declined from about RMB 4.2 trillion at the end of 2024 to about RMB 3.5 trillion at the end of 2025, and further to RMB 3.2 trillion at the end of March 2026, accounting for 1.6% of the domestic bond market under custody. This indicates that although the renminbi exchange rate has stabilized and bond-market opening mechanisms have continued to improve, the China-U.S. interest-rate differential, changes in global rates and shifts in institutional asset allocation have continued to constrain foreign investors' additional allocations to renminbi bonds. At the same time, the base of foreign institutional participants has continued to expand. By August 2025, 1,170 foreign institutions from 80 countries and regions had entered China's bond market.^③

This report therefore does not argue that the renminbi has entered a one-way and sustained appreciation cycle. China remains in a relatively low-rate environment, domestic demand is still

^①<https://www.safe.gov.cn/safe/2026/0717/27705.html>

^②<https://jrj.sh.gov.cn/ZXYW178/20260716/78fb9d5f18d449dea71b098e1cd299ce.html>

^③https://cif.mofcom.gov.cn/cif/html/upload/20260427092123218_2026%E5%B9%B43%E6%9C%88%E9%87%91%E8%9E%8D%E5%B8%82%E5%9C%BA%E8%BF%90%E8%A1%8C%E6%83%85%E5%86%B5.pd

weak, and the export sector needs the exchange rate to remain competitive. By the end of August, the market had already observed a central-bank inclination to restrain excessively rapid renminbi appreciation, while market institutions' forecasts for the USD/CNY exchange rate at the end of 2026 were broadly concentrated around 6.68-6.72. The implication is that expectations of sustained one-way renminbi depreciation have weakened materially, and the exchange rate is beginning to become a potential positive-return source for international allocations to renminbi assets, rather than only a source of risk.

Section 4 The Competitive Phase of Global Assets and Global Asset Management

1. Characteristics of Global Asset Reallocation

Capital flows in 2026 show that global asset reallocation has already begun. First, U.S. assets remain at the core of global portfolios; this has not changed fundamentally. U.S. Treasury TIC data show that in June 2026, foreign investors made net purchases of USD 207.1 billion of long-term U.S. securities, including USD 169.8 billion by foreign private investors and USD 37.3 billion by foreign official institutions. After including short-term U.S. securities and banking flows, overall TIC net capital inflows into the United States reached USD 133.5 billion in that month. The United States has the world's largest capital market, the deepest liquidity and the strongest technology-sector earnings capacity; in the short term, there is no possibility that another market can replace the United States as a whole.^①

On the other hand, however, capital is no longer increasing its allocation to U.S. assets unconditionally. In the week ended August 26, U.S. equity funds recorded net outflows of USD 22.3 billion, while European equity funds attracted USD 7.9 billion and Asian equity funds USD 4.8 billion. Emerging-market equity and bond funds drew in about USD 700 million and USD 1.0 billion, respectively. At the same time, global gold and precious-metals funds attracted USD 4.2 billion in weekly inflows, the highest level in roughly six months.^②

This shift is consistent with the strategic judgment of large asset managers. Vanguard's capital-market model, updated in July 2026, lowered the 10-year nominal annualized expected return for

^①<https://home.treasury.gov/news/press-releases/sb0606>

^②<https://www.reuters.com/world/china/global-markets-flows-graphic-2026-08-28/>. One week of fund-flow data cannot by itself prove a long-term de-Americanization trend. In the following week, i.e. the week ended September 2, U.S. equity funds still recorded outflows of USD 11.12 billion, while inflows into European equity funds expanded further to USD 13.09 billion and inflows into Asian equity funds reached USD 4.22 billion, indicating that this diversification trend lasted for at least two consecutive weeks.

U.S. equities from 4.9%-6.9% at the end of the first quarter to 4.2%-6.2%, below the 4.5%-6.5% expected return for developed-market equities excluding the United States. The reason is not a deterioration in U.S. corporate earnings fundamentals, but the further expansion of U.S. equity valuations from already elevated levels following the market rally in the second quarter. Vanguard believes that gains in U.S. equities since the start of 2026 have still been supported mainly by earnings growth and upward revisions to earnings expectations. However, as AI-related growth expectations and high valuations have already been priced in to a considerable degree, medium- to long-term returns will depend more on the delivery of earnings and less on continued expansion in valuation multiples.^①

Global reallocation is also visible in Japan. For a long time, Japanese households and institutions were among the most important capital exporters in the world. Zero interest rates led Japanese insurers, banks and pension funds to invest heavily in overseas assets such as U.S. Treasuries and European government bonds. Once the 10-year Japanese government bond yield rose to around 3%, however, domestic bonds again offered allocation value. Japanese investment in overseas bonds has therefore begun to flow back. This may not only reduce Japanese demand for U.S. Treasuries, but also signal a change in the structure of global long-term capital supply.

Emerging markets are also experiencing a different capital-flow structure from the past. IMF research shows that since the global financial crisis, cross-border portfolio investment into emerging markets has expanded substantially, with cumulative inflows approaching USD 4 trillion by 2025 - roughly eight times the earlier level - and with new capital mainly taking the form of debt securities investment. Portfolio debt liabilities in emerging markets have risen on average from about 9% of GDP in 2006 to roughly 15% today, and in about one-fifth of emerging-market economies they even exceed 20% of GDP. At the same time, around 80% of this capital is provided by non-bank financial institutions such as investment funds, hedge funds, pension funds and insurance companies, a share that has doubled from 20 years earlier.^②

Global asset reallocation is therefore shifting from the previous high concentration in large U.S. growth stocks and U.S. Treasuries toward a more diversified mix of core U.S. technology assets, emerging-market bonds, gold and real assets, and private markets. This will be one of the most important structural trends in global asset managers' asset allocation in 2027.

^①<https://corporate.vanguard.com/content/corporatesite/us/en/corp/vemo/vemo-return-forecasts.html>

^②<https://www.imf.org/-/media/files/publications/gfsr/2026/april/english/ch2.pdf>

2. The Global Asset-Management Industry Will Enter a Phase of Multi-Asset, Multi-Currency and Multi-Center Competition

The core logic of the past decade or more was that the United States enjoyed a triple advantage: the dollar was the global reserve currency, U.S. Treasuries were the global risk-free asset, and U.S. technology stocks offered the world's strongest growth. Global pension funds, insurance companies, sovereign wealth funds, mutual funds and ETFs could therefore increase allocations to the dollar, U.S. Treasuries and U.S. equities at the same time, creating a highly self-reinforcing capital cycle. This cycle will still exist in 2027, but it has already begun to change at the margin.

U.S. Treasuries require a higher term premium because of expanding supply and fiscal risk; U.S. equities require stronger earnings growth because of high valuations; rising domestic interest rates in Japan may bring part of Japanese capital back home; Europe is attempting to attract long-term savings through deeper capital markets; renminbi appreciation and the expansion of China's capital markets are increasing the allocation value of renminbi assets; and gold, infrastructure and private assets are re-entering the core portfolios of institutional investors. As a result, the future global asset-management industry is more likely to form a structure of U.S. centrality with multipolar diversification, rather than a simple replacement of the United States by another single market.

For large global asset managers, the competitive capabilities that truly matter will also change accordingly. In the past, exposure to U.S. market beta and asset-scale expansion was often sufficient to generate AUM growth. In the future, institutions will need stronger capabilities in global allocation, currency management, fixed-income duration management, private-market investing and cross-market product design.

In this sense, 2027 may become an important dividing line for the global asset-management industry. Global capital is likely to move gradually from the concentrated allocation to dollar assets that dominated the past decade or more toward a more complex reallocation across U.S. Treasuries, global equities, renminbi assets, emerging-market bonds, gold and private assets. U.S. Treasuries will remain the global pricing anchor, but they will no longer be a one-way bull-market asset. The dollar will remain the dominant currency, but the allocation value of non-dollar assets such as renminbi assets is beginning to rise. The United States will remain the world's largest asset-management market, but wealth growth, asset expansion and cross-border investment in Asia are becoming one of the most important sources of incremental global AUM growth in the next phase.