Bloomberg Intelligence

REPORT

Global Asset Managers 2026 Outlook

Global Asset Managers 2026 Outlook

Neil Sipes
Team: Banks
BI Industry Analyst

1. 2026 Outlook: Global Asset Managers

(Bloomberg Intelligence) -- THESIS: Global asset manager revenue outlooks are buoyed by near-record equity prices, while easing short-term rates reinforce a positive view for risk assets. The backdrop is attractive from a mix and deployment perspective, with JPMorgan among consistent organic-growth leaders. Still, secular fee and flow challenges persist, especially in active management, pressuring T. Rowe Price, while demand for lower-fee passive products like ETFs continues to favor category leader BlackRock, along with Invesco. Private markets are a key theme given their growth and fee profile, with M&A helping managers like Franklin build capabilities along with global banks like Goldman Sachs.

BI's Equity Strategy fair-value models suggest a supported market backdrop, though valuations remain sensitive to macro shifts that could erode earnings tailwinds. (12/18/25)

Table of Contents

Key Topics

What to Watch For NEW
Stocks: EPS Hinges on Markets NEW
Fees: Pressure on Two Fronts NEW
Margins: Cyclical Profits, M&A NEW
M&A: Paying Up for Alts NEW
ETFs: Setting New Records NEW
Banks: AWM Boosts Returns
Alts: Deals Key for PE Profits NEW
BDCs: Deal Flow, Steady Credit
Asia: Banks Capturing WM Flows
Europe: Consolidation Needed

Key Topics

What to Watch For

2. Three Keys for 2026: Global Asset Managers

(12/18/25)

Key Drivers

Organic Growth	Operating Leverage	Private Markets
BI View:	**BI View:**	**BI View:**
Investor sentiment remains a key swing factor for sustaining better organic growth, with a supportive backdrop and easing rates likely aiding deployment and risk assets. Passive products like ETFs continue to gain share amid active mutual fund pressure, as alternatives benefit from secular demand.	Margin expansion can continue if markets remain supportive, though volatility and asset-price pressure tied to uncertainty remain risks. Still, near-record global equity-market cap is a tailwind as revenue gains increasingly tied to markets help counter pressure from fee cuts and product demand.	Demand for alternatives should remain robust in 2026, driven by asset class allocations and new products. Large managers stand to attract the bulk of inflows. Potential for more deployment may drive fee-earning assets, fees and earnings, as investors look for better exit activity to lead profits.
Companies:	**Companies:**	**Companies:**
AB US, BLK US, BEN US, TROW US, IVZ US, JHG US, GS US, JPM US, UBSG SW, DWS GR	AB US, BEN US, BLK US, TROW US, IVZ US, GS US, JHG US, JPM US, UBSG SW, DWS GR	APO US, ARES US, BLK US, BEN US, BX US, CG US, BAM US, KKR US, GS US

Source: Bloomberg Intelligence

Stocks: EPS Hinges on Markets

Asset-Manager Stocks' 11x P/E Above Norms Amid Market Strength

Traditional asset-manager stock optimism reflects expectations that a firm backdrop will support revenue and earnings growth, with stocks up 19% for the year after recovering from the sharp April drop, though shy of the market's 21% gain. Forward P/E multiples have risen to 11x, one standard deviation above norms, yet still trade near typical 35-45% discounts to alternative managers and the broader market. (12/18/25)

3. Managers Up 19% on Backdrop, Trail Broader Market

Global large-cap asset manager stocks are up 19% in 2025 through mid December, aided by rising markets that support operating leverage and earnings growth, complemented by improved organic-growth trends. The gain trails the MSCI ACWI Index's 21%. The outlook remains constructive, yet sustained optimism depends on a stable macroeconomic backdrop and conducive markets. Invesco's 55% return leads the BI global peer group, on solid, albeit fee-dilutive, inflows and upside from the pending QQQ fund conversion, which is set to add to growth and earnings. That strength follows a weaker 2024, though was still better than laggard Franklin, which faces Western Asset pain.

T. Rowe is the laggard in 2025 as organic-growth expectations have worsened, with steep active equity outflows that begin in 2021 seen extending through 2027. (12/18/25)

BI Large-Cap Asset-Manager Peers' Total Return

4. P/E Multiple of 11x Above Norms on Fundamental View

The BI large-cap asset-manager peer group's forward P/E sits about one standard deviation above its five-year average, reflecting a firmer fundamental backdrop. This marks a sharp recovery from 2Q, when the group slipped to more than one standard deviation below norms as market tailwinds eroded amid volatility and economic-driven risk aversion. The current level is similar to valuation ranges during the strong asset-price backdrop of late 2020-21. At about 11x, the group trades above its 2023-24 average of 9.6x and well above the 8.9x level in 2022.

The five-year average stands at 10x, roughly a 40% discount to the MSCI ACWI Index, a gap that has widened after holding a premium through much of 2010 to mid-2014. The persistent discount reflects ongoing fee and margin pressure alongside structural organic-growth headwinds. (12/18/25)

Large-Cap Asset Managers' Best P/E Ratio

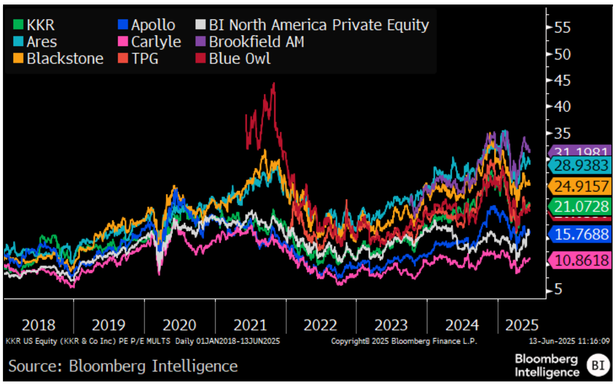
5. Alt-Manager Valuations Cautious for Better Flows, Fees and Exits

Contributing Analysts Paul Gulberg (Banks) & Michael Kaye (Financials)

US alternative manager valuations balance expanding core-fee fundamentals, with market concerns for exits, credit quality and overall growth. Credit could remain a growth driver, with other strategies gaining momentum from lower interest rates. Consensus sees about 20% growth in fee-related earnings and about 60% performance-fee upside in 2026, keying focus on profit growth. Shares fell a median 7% through Dec. 16, and most P/E multiples are ending a volatile year slightly lower -- at a 21x average.

Brookfield's valuation leads on lack of exit dependence as Ares' credit momentum holds, along with Blackstone. KKR's and TPG's growth helps. Apollo's multiple was aided by credit business, but insurance's slower growth has weighed. Carlyle still trails peers, and Blue Owl has faced weaker sentiment. (12/18/25)

PE Managers' Forward Multiples



6. S&P 500's Mag-Seven Reality Outstrips Macroeconomic Forecasts

Contributing Analysts Michael Casper (Strategy) & Gillian Wolff (Strategy)

Our Fair Value Model -- which has tracked the equal-weighted S&P 500 more closely than the cap-weighted version -- struggles with the Magnificent Seven's distortion of multiples. Current rates and macroeconomic consensus imply a fair value P/E of 21x -- well below the 25.1x trailing and 22.4x forward multiples. The level is closer to the forward multiple excluding the Magnificent Seven of 20.4x and the equal-weighted index's trailing valuation of 19.3x. Likewise, macroeconomic consensus implies 8.9% earnings growth over the next year vs. bottom-up estimates for 12.3% gains.

An upside scenario, where the Fed dramatically lowers rates and the economy reaccelerates, sees the S&P 500 north of 7,300. A typical recession scenario implies 4,492 is possible. (12/03/25)

Fair Value for S&P 500; Click to Download Model

Macro Model	PE	EPS	
2Y Yield	3.30	271.73	TTM EPS
10s2s	0.65	6.00	New Orders % Chg
BAA Spread	1.25	(0.50)	Bps Chg in 2Y
NTM EPS Growth*	17.00	0.10	Bps Chg in 12m MA UR
		5.00	CRB Commodity % Chg
Estimated ERP	1.468	8.92	NTM % Growth
Estimated PE	21.0x	$295.96	NTM EPS
Fair Value Estimate	6,206.64		

* Estimated 12M growth 12M Forward

Sources: Bloomberg, Bloomberg Intelligence, US Census Bureau

Source: Bloomberg Intelligence

7. Multiple Expansion Could Be Hard to Come By

Contributing Analysts Michael Casper (Strategy) & Gillian Wolff (Strategy)

Our Fair Value Model suggests the S&P 500's multiples are unlikely to expand, even if the Fed cuts rates faster than expected and the economy reaccelerates. If the interest-rate consensus proves correct, corporate credit spreads tighten to lows and EPS grows 17% between 4Q26 and 3Q27, in line with average quarterly forecasts, the equity benchmark should trade near 21x forward earnings in 12 months. That's below its 25.1x trailing multiple and the 22.4x forward P/E.

In an upside scenario, the Fed could gain leeway to trim rates further, fueling economic acceleration and lifting the index to 23.2x in the year ahead. In a recession scenario, policy would reverse but with a steeper yield curve and wider credit spreads, leaving the multiple at 20.2x as growth slows. (12/03/25)

BI's S&P 500 Valuation Scenarios

Macro Model	Scenario Analysis		
	Base	Bull	Bear
2Y Yield	3.30	2.00	1.75
10s2s	0.65	0.75	0.90
BAA Spread	1.25	1.15	4.50
NTM EPS Growth*	17.00	12.00	20.00
Estimated ERP	1.47	2.32	3.20
Estimated PE	21.0x	23.2x	20.2x

* Estimated 12M growth 12M Forward

Source: Bloomberg Intelligence

Fees: Pressure on Two Fronts

Asset Managers' 2-3% Annual Fee Compression a Two-Front Battle

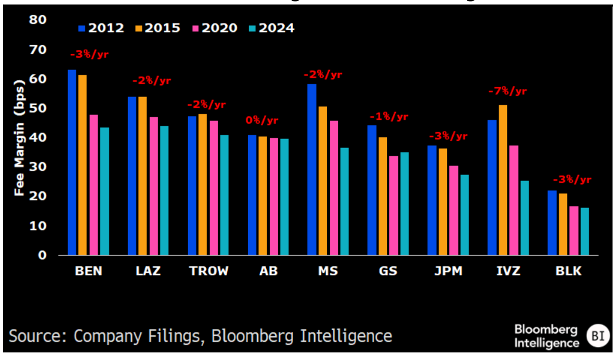
Fee compression presents a two-front challenge for asset managers, driven by product pricing and asset-mix shifts amid sustained demand for low-cost vehicles like ETFs. This is most evident at Invesco, where fee-rate declines have exceeded the 2-3% annual pace of BI-tracked peers. Markets are key, particularly for active-oriented managers, while alternatives expansion -- underscored by BlackRock's M&A -- offers longer-term support. (12/15/25)

8. Fee Pressure Is More than Just Price Cuts

Fee margins across global asset managers are likely to stay pressured as expense ratios fall and demand for lower-cost vehicles like ETFs attract flows and reshape asset bases. This two-front challenge has driven blended fee-rate compression of 2-3% annually across peers over the past decade. With pricing pressure persistent, market performance and organic growth take on greater importance to fundamentals, while scale and product breadth remain strategic priorities. Though secular trends are negative, cyclical market dynamics like wider return dispersion that supports active strategies, outperformance of higher-fee non-US equity markets and dollar weakness that benefits US managers can offer relief.

Franklin and Invesco have seen the steepest deal-driven cuts, while T. Rowe and AllianceBernstein have been more stable. (12/15/25)

Investment Management-Fee Margins

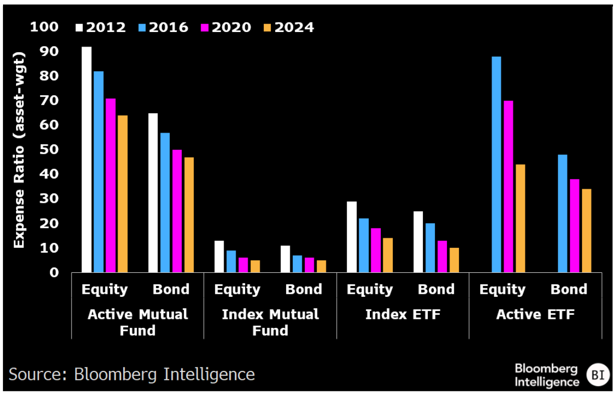


9. Mutual Fund Fees Ease 2-4% a Year, ETFs Fall Faster

Fee compression is set to extend as asset managers face sustained declines in revenue earned per dollar of managed assets, with a mix shift toward lower-fee vehicles adding to margin pressure and reinforcing the need for scale and product breadth. Since 2010, active mutual fund expense ratios have fallen 2-3% annually, reaching 64 bps for equities and 47 bps for bonds, down from 96 bps and 67 bps, according to ICI. Index funds have seen steeper 6-7% annual cuts, bringing fees to about 5 bps vs. closer to 20 bps in 2010. Index ETF fees near 10-15 bps have compressed at a similar pace, while newer active ETFs price at a premium to passive ETFs yet sit at only 70-80% of active mutual fund fees.

Across vehicle types, equity funds carry 30-40% richer fees than bond funds, a trend that has generally held long-term. (12/15/25)

Asset Weighted Expense Ratios

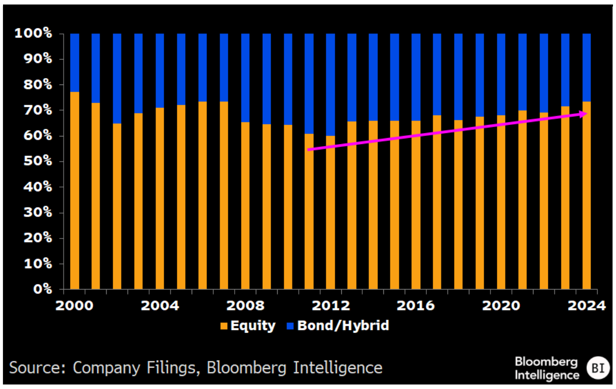


10. Equities Hits 74% of Fund Assets, Highest Since 2000

Relative product performance and investor allocations can meaningfully influence asset manager fee margins, with stronger equity markets improving the asset mix given that equities carry higher expense ratios than bonds. Recent strength since late 2023 has helped push equity assets' share to 74% of long-term US fund assets, its highest since 77% in 2000. The figure bottomed near 60% in 2012. Performance has been the primary driver, far outpacing the gains in fixed income, while flow trends remain mixed as active equity outflows offset much of passive demand.

Bond and hybrid funds have seen steadier flows, but softer market returns have held back asset growth, allowing their combined share to drift to 26% from a 40% peak in 2012. (12/15/25)

Mutual Fund Mix by Asset Class

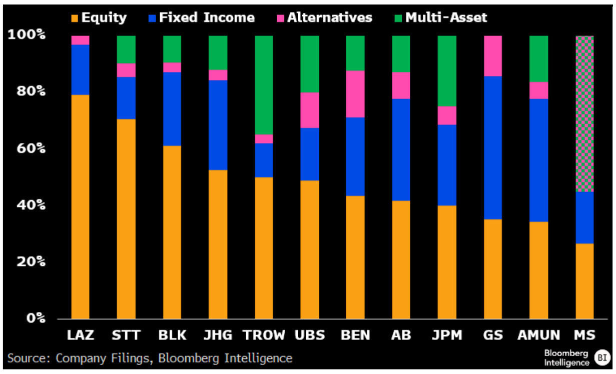


11. BlackRock, T. Rowe Equity Skew vs. Goldman Bond Tilt

Most managers skew toward equity products, making revenue trends sensitive to market performance. BlackRock's more than 60% equity share of long-term AUM is at the higher end of peers, whose median is 45-60%, even as recent deals have tilted its growth toward alternatives, where most managers are expanding from sub-10% median exposure. BlackRock's equity mix is below Lazard and State Street, whose high skews are tempered by broader revenue bases, but now above T. Rowe's tilt, which has narrowed and its reliance on its target-date franchise has increased.

Goldman is most geared to bonds at 50% of long-term AUM. Franklin's over 45% mix contracted to 25-30% amid Western pressures. Goldman's alts share is near Franklin's 16%, both inside the top 10 alongside BlackRock, whose scale keeps its asset-share proportionally smaller. (12/15/25)

Long-Term AUM Mix

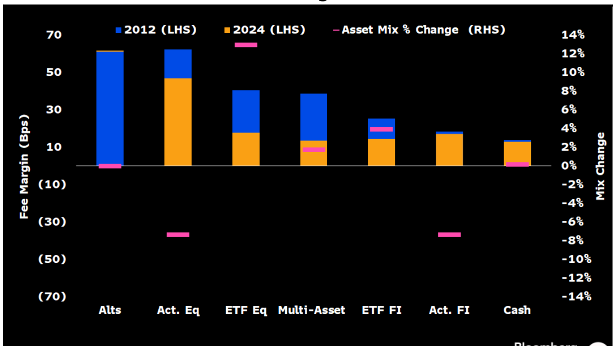


12. BlackRock's Fees Show Industry Mix Issue

BlackRock's fee-margin trends across product lines highlight the broader revenue pressure facing diversified asset managers. Fee rates have declined across most categories, though alternatives (the highest in absolute at about 60 bps) have proven most resilient. Related performance fees are additive, but they also introduce greater volatility to revenue. Higher-margin active equity strategies (45-50 bps) also remain more lucrative despite pressure, yet active equity and fixed income have lost share in BlackRock's overall asset mix.

Consistent with industry trends, equity ETFs -- and to a lesser extent, bond ETFs -- have gained ground, contributing to margin compression at fee rates near 15-20 bps. (12/15/25)

BlackRock's Fee Margins and Asset Mix



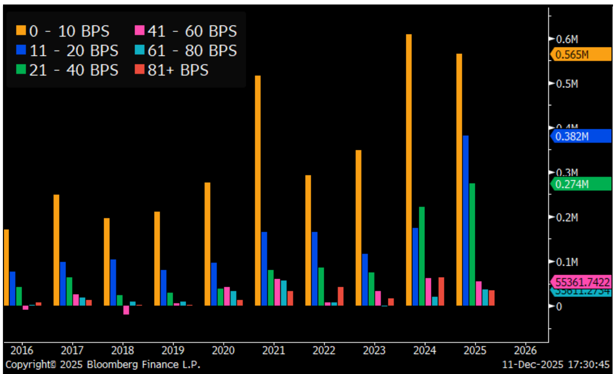
Source: Company Filings, Bloomberg Intelligence

13. Higher-Fee ETFs Gain Share in Record Flow Year

Fee compression is a central trend in ETF flows, yet recent flows point to a more balanced landscape as higher-priced strategies like active, thematic, smart-beta and crypto ETFs gain traction. Lower-fee products with expense ratios of 0-10 bps still dominated allocations at about 40-45% of flows in 2025, though it was their lowest share in a decade and below the 49-63% seen in 2016-24, evidencing rising capture by higher-fee buckets in a record flow year. ETFs priced at 11-20 bps drew 28% of flows and those at 21-40 bps drew 20%, each reaching their highest annual levels, with new launches as support.

ETFs with expense ratios above 41 bps secured roughly 10% of flows, in line with last year and still ahead of longer-term norms. (12/15/25)

Flows by Expense Ratio ($)



Source: ETF <GO>, Bloomberg Intelligence

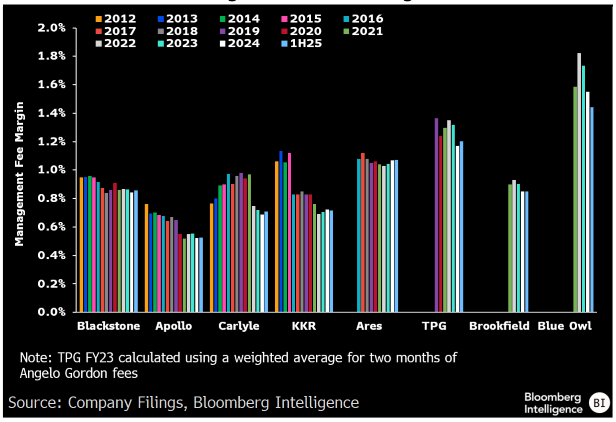
14. Shift to Credit, Insurance Weighs on Margins

Contributing Analysts Paul Gulberg (Banks) & Samuel Radowitz (Banks)

Long-term demand for private capital helps pricing for PE firms, though overall blended rates have declined as some acquire lower-margin credit and insurance-related assets. The average fee margin was 92 bps in 1H vs. 93 bps in 2024, 98 bps in 2023 and 93 bps in 2012. KKR's has declined 11 bps since 2019, reflecting a sizable insurance buildout, yet edged higher in recent years. Carlyle's fell 27 bps as the company expanded in credit and insurance. Apollo's is down 12 bps. TPG and Brookfield's have also eased, as they add credit and insurance assets. Others have been more stable. Blue Owl benefits from higher business development company fees. Tighter margins also reflect other product-mix changes and concessions at some of the biggest funds.

As of 1Q, average hedge-fund management fees had fallen 23 bps since 2011 to 1.34%. (08/14/25)

Management-Fee Margins



Margins: Cyclical Profits, M&A

Scale-, Scope-Driven M&A Key as Revenue Gains Depend on Markets

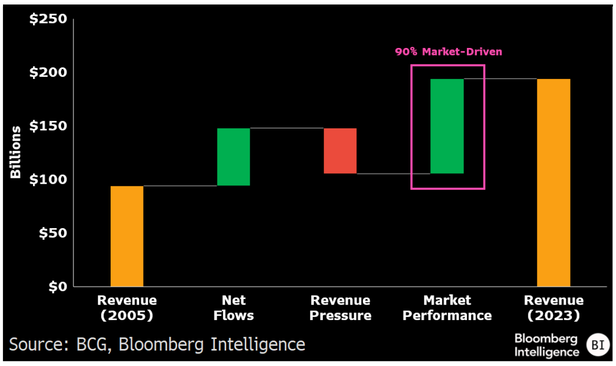
Asset-manager fundamentals hinge on markets, with gains driving nearly 90% of revenue growth in the past two decades. Cost structures amplify this dependence, offering leverage in upmarkets but compounding secular pressure in downturns. Breadth and scale are key insulators that keep M&A central, with recent activity tilted to capability-led deals in alternatives, ETFs and technology instead of financial-driven transactions. (12/17/25)

15. Structural Pressure on Fundamentals Begets M&A

Structural fee pressure, whether from repricing or product mix, remains a core profitability challenge for asset managers, reinforcing the M&A case for scale-driven leverage or expansion into higher-fee, faster-growing categories. Persistent top-line pressure, paired with a rising need to invest in product development, technology and compliance, adds to the challenge. With flows concentrated in lower-fee products, operating leverage has become increasingly dependent on market appreciation. BCG estimates that nearly 70% of revenue growth in 2024 was market-driven, following nearly 90% from 2005-23, as pricing and mix offset most organic gains.

BCG data across 70 firms show net revenue yields have declined to 24 bps from 31, while cost margins fell to just 17 bps from 21, compressing pretax profit per AUM dollar. (12/17/25)

Asset-Management Revenue Pool

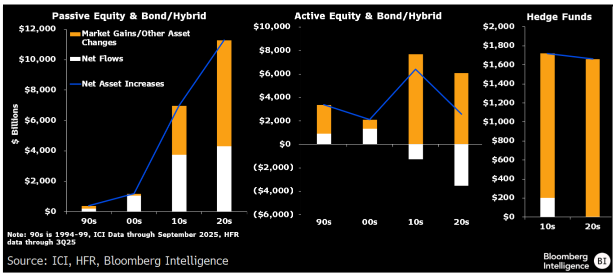


16. Cycles, Flows Dictate Fundamentals, M&A Incentives

Market performance is the dominant driver of asset-manager fundamentals, with rising markets expanding revenue and margins by leveraging a cost base that's roughly two-thirds fixed. That same structure creates pressure in downturns, as costs don't adjust as quickly as revenue declines. This asymmetry is more acute for active managers, which lack the flow support that has helped passive strategies grow through cycles. Since 2020, passive added roughly $7 trillion of market appreciation alongside over $4 trillion of inflows, while active absorbed $3-$4 trillion of outflows yet still grown, with market gains of $6 trillion.

Though stronger markets ease the near-term strain and improve positioning for M&A, markets remain cyclical, with downturns set to renew margin pressure and keep consolidation a secular theme. (12/17/25)

Markets Boost vs. Organic Growth

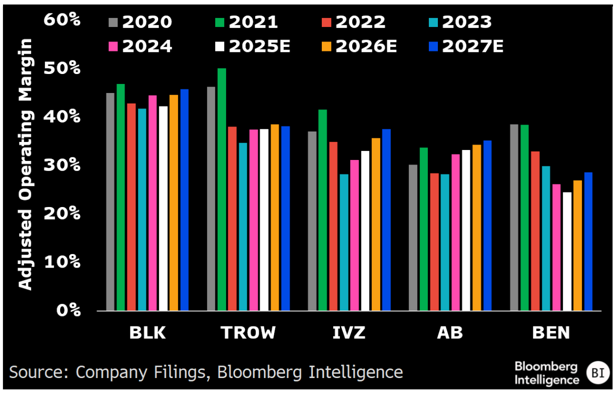


17. Margins Hinge on Markets Amid Push to Variablize Costs

Supportive markets bode well for 2026 profitability, as revenue gains on a largely fixed-cost base yield operating leverage. Consensus sees average AUM up a median 10% in 2026, driving 9% growth for revenue and 7% for costs. With only one-third of expenses market-linked, firms see leverage in upmarkets but limited downside defense, spurring efforts to variabilize costs and curb profit cyclicality. BlackRock stands out with about half its costs variable, supporting better profit resilience, while scale and tech underpin its 45%-plus margin goal ahead of outflow-pressured T. Rowe, which sees one-third market-linked.

Invesco targets mid-30% margins and an upper-30% range over time as it pushes variable mix to 30-35% vs. 25% as Franklin aims to restore 30%-plus margins as Western pressure fades. Its cost base is 35-40% variable. (12/17/25)

Asset Manager Operating Margins

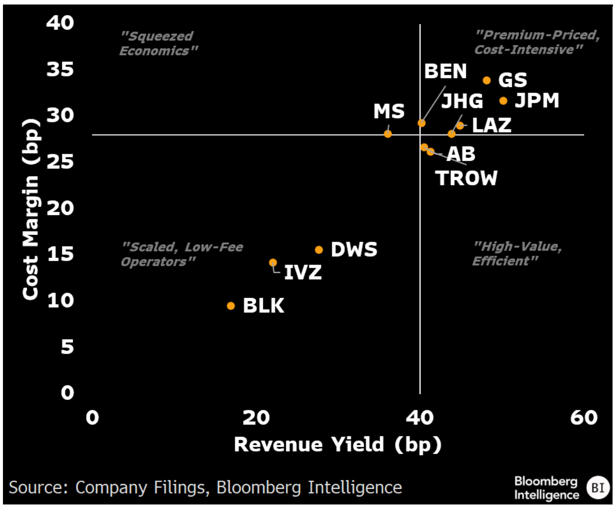


18. Scale Still Key to Operational Efficiency

Scale and scope remain core to M&A rationale, based on results from a BCG study across 270 firms with the largest operating with the leanest cost bases, supported by operating leverage through streamlined processes and tech-driven scale. Still, cost efficiency isn't fully linear. The sharpest declines occur below $300 billion in AUM, while complexity and cost ratios rise toward $500 billion. That might argue for consolidation in the midsize tier, where scale again supports optimization beyond that threshold. Savings are biggest in investment management and trading costs, which decline as a share of expenses, though tech spending rises.

BCG data show cost margins exceed 30 bps for sub-$50 billion firms, fall by half through $300 billion, then rise 15-20% at $500 billion before compressing toward 10 bps beyond $1.25 trillion. (12/17/25)

Revenue Yield vs. Cost Margin



19. Scale Deals Target 25-30% Cost Cuts for Efficiency

Scale has long been a central rationale for asset-manager consolidation, as larger asset bases allow costs to be better leveraged, supporting profitability in the face of secular top-line pressure. And while deal flow has skewed more capability-focused in recent years, scale still matters and can most quickly be achieved via M&A. Cost actions tend to be the largest synergy, with disclosing deals targeting a median 25-30% reduction in the acquired firm's cost base, or about 6-7 bps of its assets under management. Goals have varied, depending on product line, manager structure and deal rationale.

A 2017 E&Y survey found 43% of managers removed 10-29% of target costs, 39% achieved 30-39% and 18% exceeded that level. (12/17/25)

Scale-Driven M&A Aims for Efficiency

Year	Deal	Cost-Saves Goal	% of Target Cost Base	% of Combined Cost Base	Bps of Target AUM
2025	BNP-AXA	€550	40%	24%	6 bps
2024	Victory Capital-Amundi US	$100	46%	18%	10 bps
2023	Franklin-Putnam	$150	28%	3%	11 bps
2021	Amundi-Lyxor	€60	39%	4%	5 bps
2020	Morgan Stanley-Eaton Vance	$150	11%	4%	3 bps
2020	Franklin-Legg Mason	$200	11%	5%	2 bps
2017	Invesco-Oppenheimer Funds	$475	49%	16%	21 bps
2017	Standard Life-Aberdeen	£200	29%	12%	6 bps
2016	Henderson-Janus	$110	15%	8%	9 bps
	Median	-	29%	8%	6 bps

Source: Company Filings, Bloomberg Intelligence

Bloomberg Intelligence

20. Recent Deals Favor Capabilities vs. Scale

Capability-focused M&A has grown in importance as asset managers respond to client demand for broader offerings, particularly in private markets, ETFs and technology. Asset owners are consolidating relationships with fewer managers, steering deal activity toward capabilities where growth and fee prospects are stronger. Across asset-management deals we've tracked since 2020, more than 70% have been capability-focused, which we define as transactions adding less than 20% of the acquirer's managed assets, with most concentrated in alternatives. Scale remains competitively and operationally relevant, though such deals often carry higher integration risks and potential post-deal flow challenges.

Even so, with fee pressure pervasive and competitive gaps widening, smaller managers could become more inclined to pursue deals. (12/17/25)

Recent Asset Manager Transactions

Year	Acquirer	Target	Total AUM ($B)	Target / Acquirer AUM
	Traditional Asset Manager M&A			
2016	Henderson	Janus	124	158%
2017	Standard Life	Aberdeen	377	90%
2017	Invesco	Guggenheim	36.7	4%
2018	Invesco	OppenheimerFunds	250	26%
2020	Franklin	Legg Mason	806	117%
2020	Morgan Stanley	Eaton Vance	507	71%
2020	Macquarie	Waddell & Reed	131	32%
2020	BlackRock	Aperio	36	<1%
2021	GTCR, Reverece	WFAM	603	-
2021	Amundi	Lyxor	147	8%
2021	Ameriprise	Bank of Montreal	124	23%
2021	Goldman Sachs	NNIP	320	14%
2021	Franklin	O'Shaughnessy	6	<1%
2021	Victory Capital	WestEnd	18	11%
2022	Callodine	Manning & Napier	21	103%
2022	Perpetual	Pendal Asset Management	77	123%
2023	Franklin	Putnam Investments	136	10%
2024	BNP Paribas	AXA Investment Managers	950	84%
2025	Nomura	Macquarie US, EU Unit	180	31%
2025	Goldman Sachs	Innovator Capital Management	28	1%
2025	First Eagle	Diamond Hill	32	18%
	Alternative Asset Manager M&A			
2016	Legg Mason	Clarion Partners	33	5%
2018	Franklin	Benefit Street Partners	26	4%
2019	Brookfield	Oaktree Capital	120	34%
2021	Ares	Landmark Partners	19	9%
2021	StepStone	Greenspring	17	20%
2021	T. Rowe	Oak Hill Advisors	53	3%
2021	Franklin	Lexington Partners	55	4%
2021	Ares	AMP Capital Infrastructure	8	3%
2022	AllianceBernstein	CarVal	14	2%
2022	Franklin	Alcentra	38	3%
2023	TPG	Angelo Gordon	73	53%
2023	Rithm	Sculptor	34	-
2023	BlackRock	Kreos Capital	2	<1%
2023	Man Group	Varagon Capital Partners	15	10%
2023	BridgePoint	Energy Capital Partners	20	33%
2024	BlackRock	GIP	116	1%
2024	Blue Owl	Kuvare Asset Management	20	11%
2024	Blue Owl	Prima Capital Advisors	10	6%
2024	Aflac	Tree Line Capital Partners	1	-
2024	Brookfield	Castlelake	22	2%
2024	Blue Owl	Atalaya Capital Management	10	5%
2024	Janus Henderson	Victory Park Capital	3	1%
2024	Blue Owl	IPI Partners	11	4%
2024	Ares	GCP International	44	9%
2024	BlackRock	HPS Investment Partners	148	1%
2025	Apollo	Bridge Investment Group	50	7%
2025	TPG	Peppertree Capital	8	3%
2025	Franklin	Apera Asset Management	6	<1%
2025	Rithm	Crestline Management	17	45%
2025	Goldman Sachs	Industry Ventures	8	<1%

Source: Company Filings, Bloomberg Intelligence

Bloomberg Intelligence

M&A: Paying Up for Alts

Managers' Bid for Alts Above 6% of Assets on Growth, Fee Upside

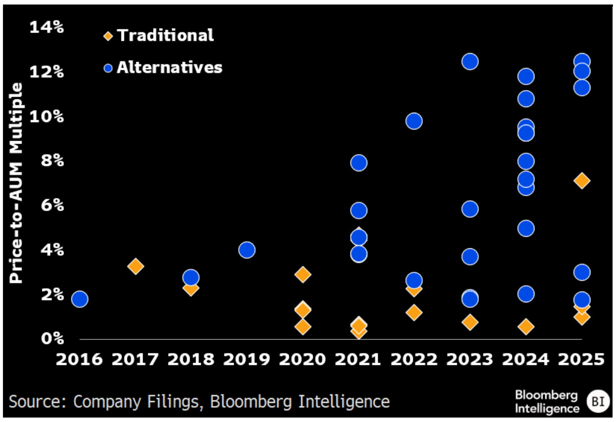
Asset managers will likely keep expanding alternatives through M&A, with many still underindexed to a category driving over half of industry revenue on a 20% asset share. Forecasts for roughly 9% annual revenue and asset growth through 2029 are boosting deal frequency and pricing, with recent transactions -- including BlackRock's 2024 M&A spree -- striking closer to double-digit price-to-assets under management than the 6% median. (12/16/25)

21. Recent Alts Deals Running Above 6% Price-to-AUM Median

Multiples for alternative-manager acquisitions have drifted higher in recent years, reflecting the category's solid growth and margin profile, with M&A a likely primary path to scale vs. organic builds, especially those with subscale platforms. Deals in 2024-25 show median valuations near 8% of AUM, above the 6% median across deals we track, indicating increased efforts to beef up offerings. Such figures compare with a 1-2% AUM multiple paid for traditional firms, though faster-growing platforms like ETFs can command more.

Valuations show wide dispersion, shaped by manager quality, underlying fee economics and specializations. Even so, the premium aligns with fundamentals as alts provide stronger organic growth, stickier revenue and materially higher net revenue margins than most traditional offerings. (12/16/25)

Price to AUM Multiples

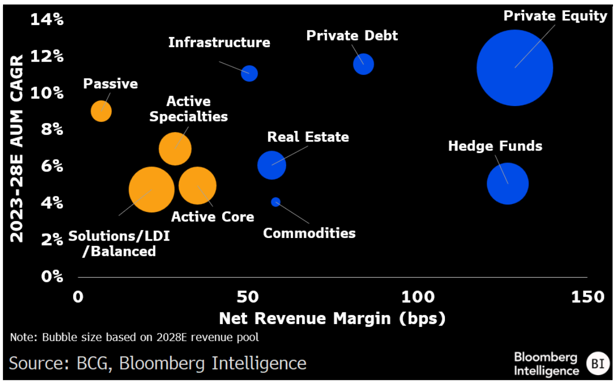


22. Bigger Fee Buckets Make Alts Growth More Meaningful

Alternatives are poised to stay a core expansion priority for traditional managers given the category's sizable revenue pool and stronger long-term growth outlook, especially as legacy active strategies shrink as a share of industry revenue. BCG projects alts revenue share rising to 56% in 2029 from 53% in 2024 as asset share moves to 20% vs. 18%, implying net revenue margins of roughly 100 bps. Active still provides meaningful economics, contributing about 30% of revenue on 40% of assets, though margins are closer to 25 bps. Passive can keep expanding to over 25% of assets, yet produce only 5% of revenue.

Within alts, private equity is the largest and highest revenue-margin category above 100 bps, similar to hedge funds, with private credit near 80 bps and commodities, real estate and infrastructure closer to 50 bps. (12/16/25)

Alts AUM Growth More Meaningful on Fees

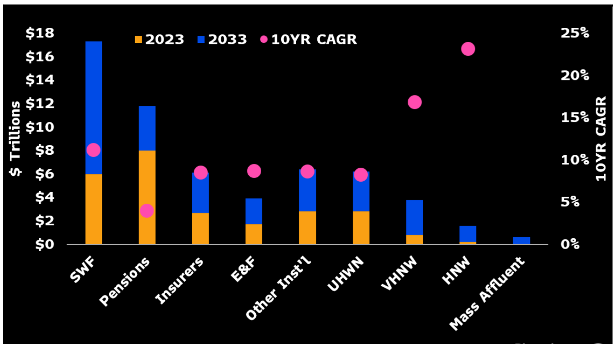


23. Private Markets Allocations Heading Higher

Broad demand for alternative assets across institutional and retail investors, paired with attractive fee economics, have pushed traditional managers to expand capabilities. Institutional allocators, long the dominant source of demand and led by sovereign wealth funds, are projected to nearly double invested assets to $46 trillion by 2033 from $24 trillion in 2023, a 7% CAGR, according to Bain. Though the institutional market is 5x larger than retail's $4 trillion, retail is poised to grow faster, with assets tripling to $12 trillion at a 12% CAGR. Growth is more pronounced in lower net-worth segments where current allocations are closer to zero.

Retail's share of total alts assets may exceed 20% in 2033 vs. 15%, narrowing the gap with institutional allocations, which are about 25% vs. 3% for retail. (12/16/25)

Private Markets Assets by Investor Type



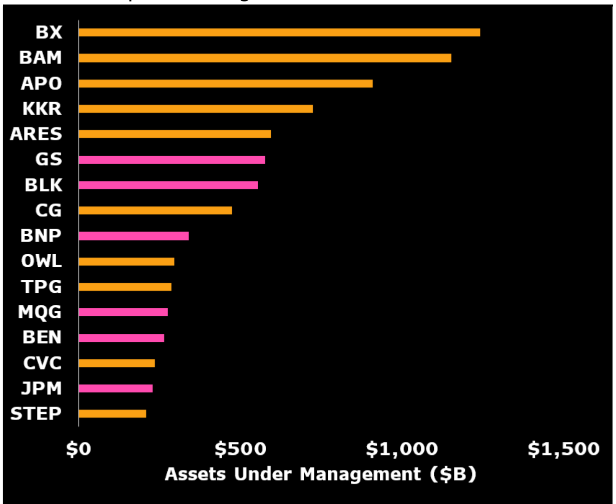
Source: Bain, Bloomberg Intelligence

24. BlackRock, Goldman Top 10 in Alts; Franklin Top 15

BlackRock ranks inside the top 10 in alternatives AUM among publicly traded managers, having expanded its platform through large M&A. The HPS acquisition moved it into the top five in private credit, while GIP's addition pushed it into the top three in infrastructure. Together, those segments now account for 55-60% of its alternatives client assets. Goldman also sits in the top 10, with private equity and hedge funds representing more than 50% of its alternatives assets under supervision. Franklin is in the top 15 through M&A, building a balanced mix across alternative credit via Benefit Street and Alcentra, secondaries through Lexington and real estate via Clarion.

Blackstone is the industry leader, yet the gap to Brookfield Asset Management is narrow. About one-third of the top 15 are traditional or bank-owned firms. (12/16/25)

Top 15 Managers of Alternative Assets



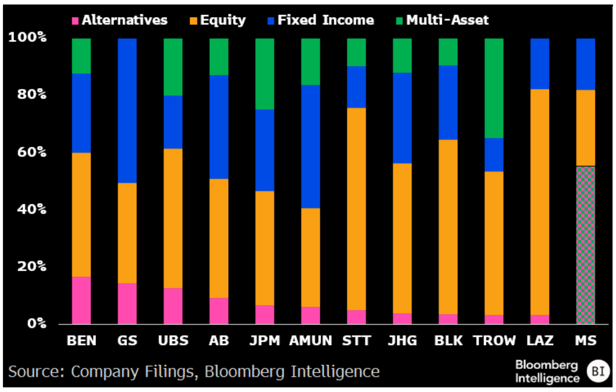
Source: Company Filings, Bloomberg Intelligence

25. Franklin, Goldman Most Skewed to Alts; BlackRock Bigger

Traditional and bank-owned asset managers are underindexed to alternatives, a category expected to generate a majority of industry revenue. BCG forecasts alts revenue and asset growth to be the best across categories, with asset share rising to 20% in 2029, driving over half of revenue. Across the managers we track, the median alts share of long-term AUM is below 10%, and while higher than in prior years, it underscores a gap many firms have been closing through M&A. Franklin's alts share is 17%, up from 3% in 2018 -- the most improved among peers -- driven by acquisitions. Goldman is close to 15%. BlackRock's recent deals have bolstered its franchise, yet its alts share is below the peer median, as scale keeps its asset share proportionally smaller.

The trio rank inside the top 15 in total alts assets. (12/16/25)

Alternatives Mix of Long-term AUM



26. Private Investments Expected to Grow; Credit, Infra, Equity Lead

Contributing Analysts Paul Gulberg (Banks) & Samuel Radowitz (Banks)

Investors have been rotating into alternative assets for years, and the asset class can keep seeing gains. Despite equity delays from the macro environment, the long-term appetite for such assets still remains. Private credit, infrastructure and equity are expected to lead growth, with potential for credit to more than double by 2030, according to Preqin. Real estate growth could be softer, while gains of other alternative strategies may be more modest. Demand for higher returns and uncorrelated market strategies, combined with larger managers and more product offerings, have institutionalized the growth of privately managed capital, and that's expanding to retail investors.

Traditional and hedge-fund managers are trying to enter private capital markets, yet the largest established managers should maintain their dominance. (11/18/25)

Alternatives Growth Favors Credit, Infrastructure

	2024-2030 Growth	2030 AUM ($T)	2024 AUM ($T)	2024-30 CAGR	2018-24 CAGR	2012-18 CAGR
Private Equity	88%	11.8	6.3	11%	15%	8%
Venture Capital	80%	3.5	1.9	10%	16%	12%
Private Debt	115%	4.5	2.1	14%	16%	13%
Real Estate	53%	3.0	2.0	7%	9%	8%
Infrastructure	107%	2.9	1.4	13%	14%	18%
Natural Resources	32%	0.4	0.3	5%	2%	12%
Hedge Funds	27%	6.0	4.7	4%	6%	7%
Total	71%	32.0	18.7	9%	11%	9%

NOTE: AUM values estimated using projected growth rates, totals may not sum due to rounding

Source: Preqin, Bloomberg Intelligence

Bloomberg Intelligence

ETFs: Setting New Records

ETFs Busted Every Record in 2025 – And '26 May Break Those Too

Contributing Analysts Eric Balchunas (Strategy)

ETFs have already rung up their best year ever -- setting records for flows, launches and trading volume -- a triple crown that raises the bar for 2026. Faster growth may come with the next catalyst: a wave of ETF share classes tied to established mutual funds. ETFs still represent only about one-third of mutual-fund assets, suggesting plenty of upside. (12/11/25)

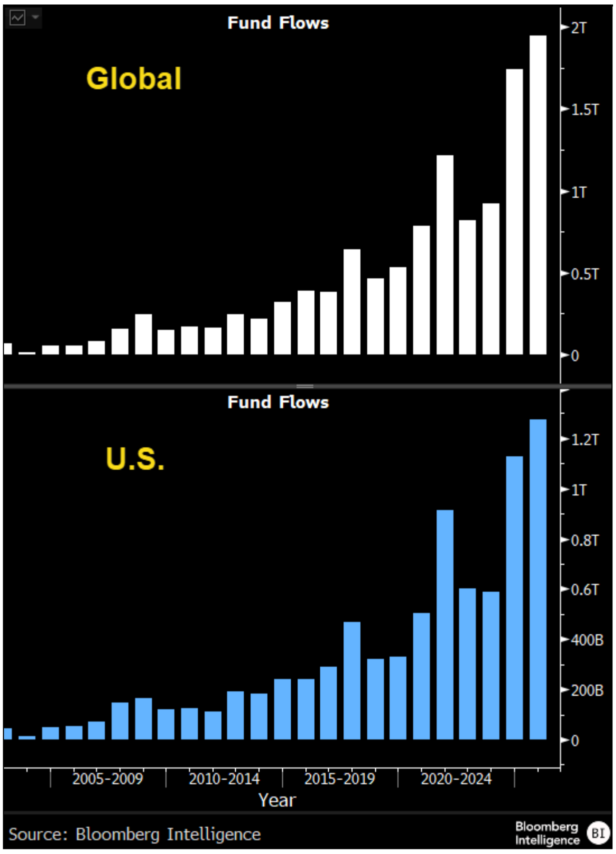
27. Doomers Ignored as ETF Flows Smash Record

Contributing Analysts **Eric Balchunas** (Strategy)

US ETFs will likely take in about $1.3 trillion in 2025, breaking the annual record by 17%. The unprecedented $5 billion-a-day pace was at odds with the expectations of many economists and experts, who repeatedly predicted downturns in US stocks and bonds. ETF investors allocated through it all while adding a little extra cash and gold alongside equities. As usual, cheap beta drove US flows, with two-thirds going to products charging 20 bps or less. Though this money tends to come in rain or shine, an off year for the stock market could curb excess flows and make a new record tougher to achieve.

Europe and Asia also had record flows, pushing global ETFs to $2 trillion in total. (12/11/25)

Global and US ETF Annual Flows



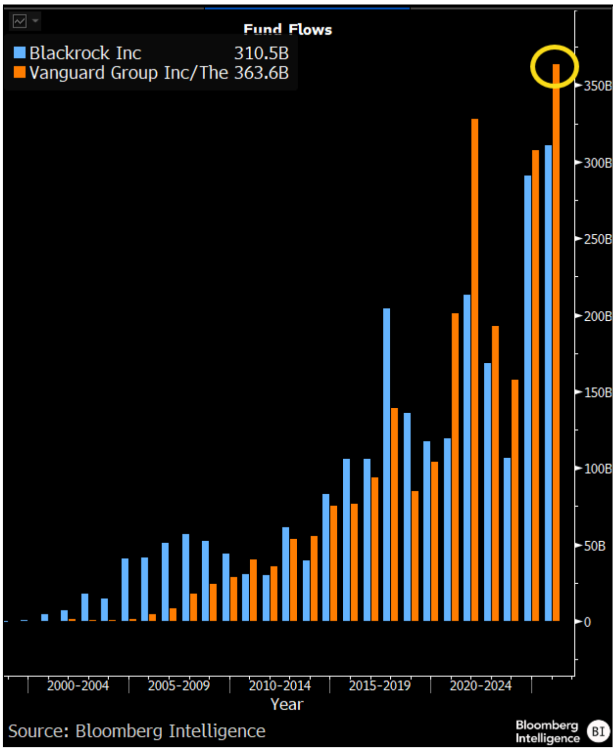
28. Vanguard and ETFs Are Match Made in Heaven

Contributing Analysts **Eric Balchunas** (Strategy)

Vanguard broke two major records in 2025: the most flows by a firm and the most by an individual ETF. The firm took in $360 billion through Dec. 5, already a record (breaking the one set in 2021), and has a real shot at exceeding $400 billion. All told, Vanguard ETFs took in an average of over $1 billion a day. The Vanguard S&P 500 ETF (VOO) added $124 billion and is on track to surpass $130 billion, breaking last year's record of $117 billion. Many US investors have adopted a "VOO and chill" strategy that's helped improve flow consistency.

While Vanguard and ETFs would thrive on their own, each has benefited from the other. Vanguard expands its distribution through ETFs, and ETFs gain the trust that Vanguard has built over 50 years. (12/11/25)

ETF Flows by 'Big Two' Issuers

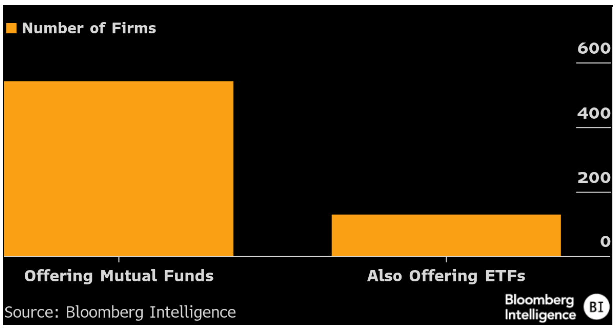


29. Mutual Funds Share Classes a Potential Tailwind

Contributing Analysts **David Cohne** (Strategy)

One reason 2026 could top this year's record: Mutual funds will be allowed to offer ETF share classes -- something only Vanguard had been able to do. Roughly 80 asset managers with about 3,000 mutual funds could debut ETF share classes next year, potentially driving a wave of launches and flows. Yet operational and distribution hurdles are significant -- firms need to integrate separate mutual fund and ETF trading systems, and intermediary compensation models must be reworked, which could slow adoption. But if the early movers show strong results, copycats will follow quickly, possibly triggering one of the fastest structural shifts the industry has seen. (12/11/25)

Mutual Fund Firms Offering ETFs



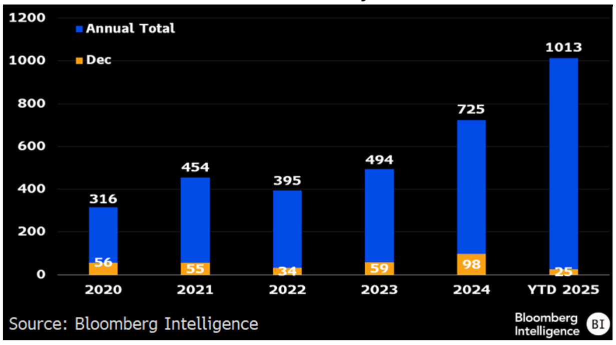
30. Over 1,000 ETFs Debuted in 2025; Few Will Matter

Contributing Analysts Eric Balchunas (Strategy)

No record was as thoroughly obliterated this year as ETF launches, which shattered the previous high by roughly 40%, with more than 1,000 new products hitting the market. That's an average of four a day in the US, and 10 globally. The surge in launches is a byproduct of record flows: The more money moves into ETFs, the more issuers rush to meet demand. There are now about 4,800 ETFs in the US, exceeding the count of listed stocks -- a statistic that used to sound alarms but is largely meaningless. There are roughly 6,000 mutual funds, after all. There are also more words than letters.

This is just how capitalism works. Some of these products won't make it, some will be hits, and most will fall in the middle. Still, the more products there are, the more onerous it can be for investors to pick one. (12/11/25)

ETF Launches by Year



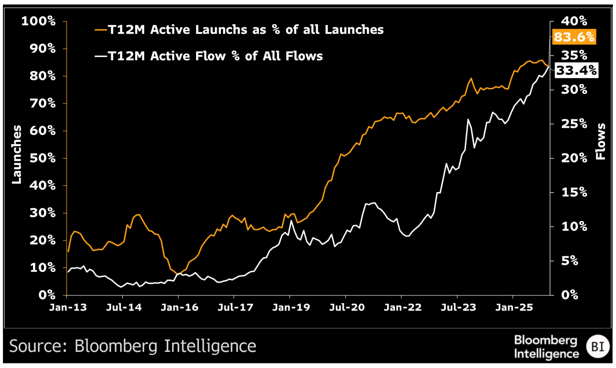
31. Active Accounts for 84% of Launches, 33% of Flows

Contributing Analysts Eric Balchunas (Strategy)

A breakdown of the record 1,100 launches shows 84% were active ETFs in one form or another despite active representing only about 10% of industry assets. Traditional stock- and bond-picking strategies from legacy mutual-fund firms were part of the mix, but roughly 40% of launches were buffer or leveraged ETFs, which are tools rather than traditional active. Active ETFs also captured one-third of net flows. For traditional active, one thing worked: lower fees. On the flip side, heightened volatility helped leveraged and thematic ETFs post strong results. Buffer and premium-income products largely served as solutions to investor anxiety yet still fall under the "active" label.

The broader takeaway: Organic success in active tends to come from getting cheaper or more creative. (12/11/25)

Active's Share of Launches and Flows



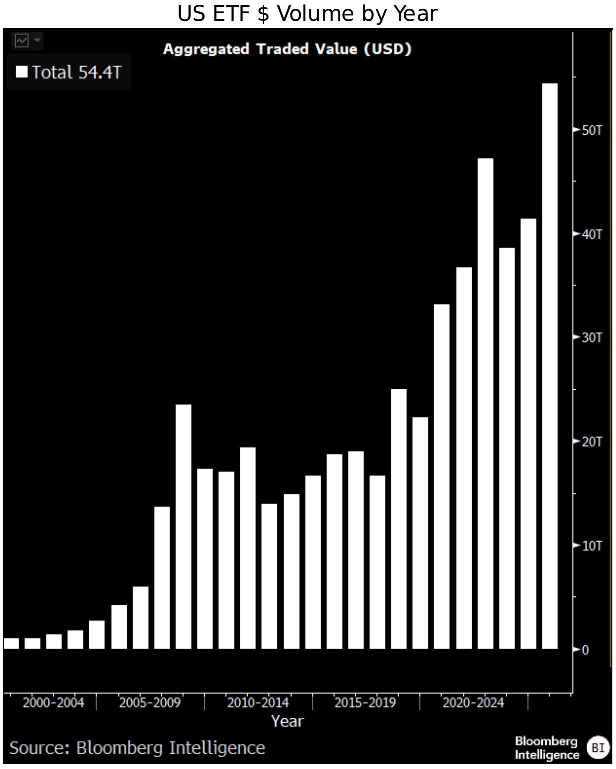
32. Trading at Record Despite (Mostly) Peaceful Year

Contributing Analysts Eric Balchunas (Strategy)

Perhaps the most surprising record this year was trading volume. Investors will likely trade about $60 trillion in ETF shares, 27% above the previous high in 2022. Volume tends to rise when the market is down, as in 2022. Though 2025 had some volatility around the March and April tariffs, it was an up year for the most part, with the S&P 500 producing positive returns for the past seven months.

Some volume growth simply stemmed from more products, issuers and users. The rest came from "degen" traders -- short-term, high-turnover speculators -- who helped leveraged ETFs account for 10% of total volume (about $5 trillion) despite representing only 1% of total assets. (12/11/25)

US ETF $ Volume by Year



Banks: AWM Boosts Returns

Wealth, Asset-Manager Focus Helps Boost Banks' Long-Term Returns

Contributing Analysts Alison Williams (Strategy and Markets) & Ravi Chelluri (Banks)

Asset prices support the asset- and wealth-management businesses, with the world's equity market capitalization reaching a record high in late October. We expect global banks to maintain a long-term focus on AWM units, given higher returns on equity and recurring revenue vs. generally more capital-intensive, transaction-driven trading. (10/30/25)

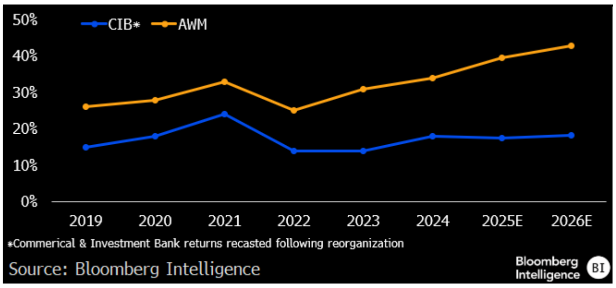
33. JPMorgan Illustrates Attractive Asset-Manager Returns

Contributing Analysts Alison Williams (Strategy and Markets) & Ravi Chelluri (Banks)

JPMorgan's asset- and wealth-management (AWM) returns have been aided by robust markets in 2025, with structural profitability supported by the less capital-intensive nature of the business vs. lending and trading activities. The secular outlook has been generally less hampered by regulation, though the industry isn't without challenges, including broad fee pressure and the need to spend on technology and compliance. JPMorgan's AWM unit's return on equity is well above that of its Commercial & Investment Bank unit (CIB). Targets suggest that management expects this in a normalized environment, with an AWM ROE goal of 25% or more vs. 16% for its CIB.

AWM's returns were 39% in 2025 through 3Q, up from 33% in the prior year, while CIB's 18% were flat. AWM's returns ranged from 25-34% in 2019-24 vs. CIB's 14-24%. (10/30/25)

JPMorgan's Asset & Wealth Management vs. CIB ROEs



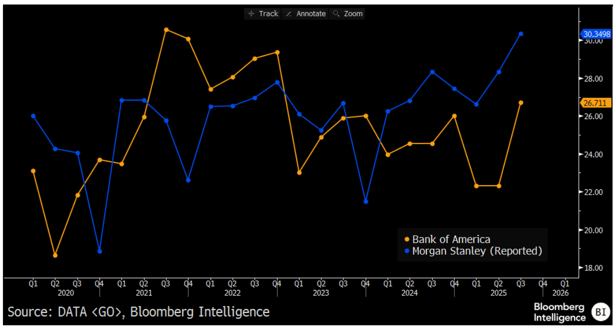
34. Asset Values Aid Wealth Profit Margin Outlook

Contributing Analysts Alison Williams (Strategy and Markets) & Ravi Chelluri (Banks)

Robust equities prices aid the outlook for pretax wealth-management profit margins for Morgan Stanley and BofA, though volatility could pose risk. Morgan Stanley's was 29% year to date, above 27% in the prior year and the 26-28% range in 2021-24 -- all adjusted for integration (25-27% with those costs). Its long-term target is 30% vs. the "high 20-30%" normalized goal that BofA has historically set for its unit. BofA's 24% in 2025 through 3Q is expected to improve to 26% in 2026-27, within the 25-28% range of 2021-24.

BofA and formerly Merrill Lynch -- which BofA bought during the financial crisis -- have generally led wirehouse margins, though Morgan Stanley's has more recently outpaced -- in 2023-3Q. Its acquisition of E*Trade closed in 4Q20, with integration completed in 4Q23. (10/29/25)

BofA & Morgan Stanley's Global Wealth Profit Trend

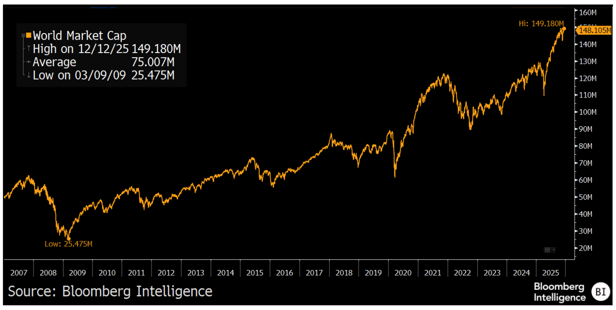


35. Global Market Capitalization Reaches New High in October

Contributing Analysts **Alison Williams** (Strategy and Markets) & **Ravi Chelluri** (Banks)

The world's market capitalization reached a record on Oct. 28, based on Bloomberg data. (10/29/25)

World Market Capitalization



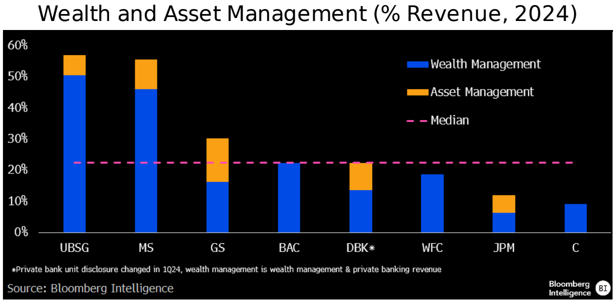
36. UBS, Morgan Stanley Lead Wealth Skew

Contributing Analysts **Alison Williams** (Strategy and Markets) & **Ravi Chelluri** (Banks)

UBS and Morgan Stanley earn a higher share of revenue from asset and wealth management than global peers, about 56-57% in 2024. UBS likely keeps at the high end after buying Credit Suisse, with 59% expected in 2025, similar to the 59-63% in 2022-23. Morgan Stanley has expanded its business with purchases like E*Trade, Eaton Vance and Smith Barney; former CEO James Gorman called its 2010 sale of Van Kampen to Invesco a mistake. Goldman (30%) is above BofA and Deutsche (22%), Wells Fargo, JPMorgan and Citi (about 10-20%).

Citi is aiming for high-single-digit to low-double-digit wealth annual revenue growth in the medium term. It sold its asset-management unit in 2005, entered into the Smith Barney joint venture with Morgan Stanley during the financial crisis and later divested it. Wells sold its asset-management unit in 2021. (10/29/25)

Wealth and Asset Management (% Revenue, 2024)



37. Active Balances Could Keep Managed-Asset Lead

Contributing Analysts Alison Williams (Strategy and Markets) & Ravi Chelluri (Banks)

Active assets and revenue may sustain a benefit from long-term market tailwinds in coming years, even as gains could trail the industry. BCG forecasts align with this view. Active was 45% of global assets in 2024, and core was the leading category with a 32% share. With 5-6% growth in active core and specialty assets, balances could reach $75 trillion in 2029 vs. $58 trillion in 2024, slipping to 41% of assets. We expect fee pressure to extends and BCG forecasts imply active core revenue grows slower than assets, compressing to 29% from 33%. BCG estimates imply passive products outperform in pricing power, after posting the most product pressure in 2019-24.

North America's $61.6 trillion of managed assets in 2024 remains the largest portion (48%) of the $128 trillion global market across alternative and traditional products. (10/29/25)

Global Asset Mgt. Products (Ranked by % 2029E Rev)

	Rev Margin Bps BI (E) 2024	AUM CAGR 2024-29E	Revenue Margin Impact 2024-29E	Revenue CAGR 2024-29E	2029E AUM $T	2029E Revenue $B	2029E % of Industry
Alternatives	97	9%	0%	9%	37	348	56%
Active Core	22	5%	0%	5%	53	108	17%
Active Specialties	36	6%	0%	6%	22	74	12%
Solutions/LDI/Balanced	26	6%	0%	6%	23	59	9%
Passive	7	10%	1%	11%	$48	$34	5%
Total	36	8%	0%	7%	$184	$623	100%

Source: Bloomberg Intelligence

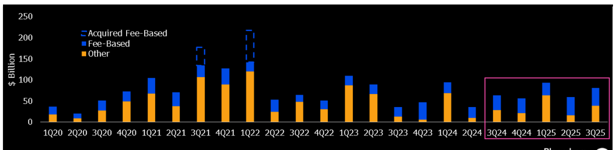
38. Morgan Stanley Wealth Aims for $10 Trillion in Assets

Contributing Analysts Alison Williams (Strategy and Markets)

Morgan Stanley aims for $10 trillion-plus in client assets from the $8.9 trillion in 3Q -- including $7.1 trillion in wealth and $1.8 trillion in asset management. Wealth's record of organic growth, with broad, diverse sources of net new assets across channels, shows franchise strength and progress toward the goal. The business posted $234 billion of wealth flows in 2025 through 3Q, with $115 billion in fee-based assets. Annualized organic growth of 5% was similar to 2024, though below the 6-7% range in 2022-23. Fee-based's 7% pace year-to-date through 3Q was at the high end of the 5-7% range in 2022-24. In the boom year of 2021, growth was 11%, with fee-based of 9%.

Fee-based flows back out acquired teams of $43 billion from $179 billion in 2021 and $75 billion from $163 billion in 2022. (10/29/25)

Morgan Stanley's Wealth Flows



Source: Bloomberg Intelligence

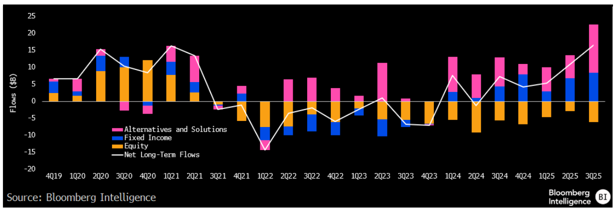
39. MSIM Flows Accelerate, Aided by Alternatives and Solutions

Contributing Analysts Alison Williams (Strategy and Markets)

Morgan Stanley's investment-management unit's long-term inflows accelerated in 3Q, with momentum in its Alternatives and Solutions products that more than doubled 2Q's pace. Flows related to fixed income also increased. Management noted strong demand for Parametric customized portfolios, with over half of 3Q's long-term inflows driven by Parametric. Equities have had 17 straight quarters of net redemptions, with outflows worsening in 3Q from 2Q.

MSIM's inflows in 2025 year to date and 2024 follow outflows in 2022-23. (10/30/25)

Alternatives Inflows in Recent Quarters

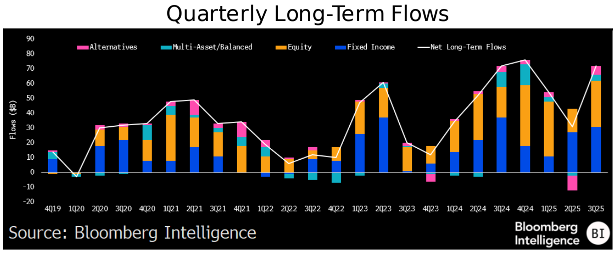


40. JPMorgan's Asset-Management Flows Accelerate in 3Q

Contributing Analysts Alison Williams (Strategy and Markets) & Ravi Chelluri (Banks)

Diversity of managed assets aids JPMorgan's flow stability, with inflows in each of the past 20 years. Long-term inflows accelerated in 3Q to just slightly below the record $76 billion in 4Q24. Demand was positive across asset classes, with equity inflows close to doubling the prior quarter, while fixed-income demand increased more modestly and multi-asset and alternatives reversed to inflows. (10/30/25)

Quarterly Long-Term Flows



41. JPMorgan Deals Possible, Management Highlights Challenges

Contributing Analysts Alison Williams (Strategy and Markets) & Ravi Chelluri (Banks)

JPMorgan CFO Jeremy Barnum signaled on the bank's 2Q earnings call in July, and at its May investor day, that acquisitions are always on the table, especially given robust excess capital. The bank has done fewer deals recently and points to lessons learned from past transactions, including that they're hard to digest and integrate, driving appropriate caution. (10/30/25)

Bloomberg Transcript

"So, we're doing what we want to do, but clearly it is a big amount of excess, and that does mean that everything is on the table, as it always is, and that includes potentially inorganic things. Now, obviously, that needs to be done carefully. I think acquisitions have a high bar, both financially, strategically, and importantly, in some cases, culturally."

Jeremy Barnum - CFO, JPMorgan
Earnings Call, July 15, 2025

Click to view entire transcript

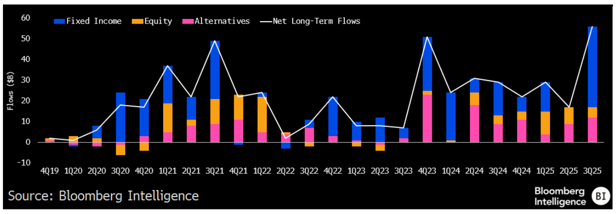
42. Goldman Sachs' Consistent Long-Term Inflows

Contributing Analysts Alison Williams (Strategy and Markets) & Ravi Chelluri (Banks)

Goldman's franchise demand is evident in several years of consistent long-term asset- and wealth-management inflows, with 3Q marking the 31st straight quarter of long-term fee-based net inflows. The overall pace jumped in the quarter to $56 billion, the most since $69 billion in 3Q19. Demand was positive across asset classes, led by fixed income.

Gross alternative-asset fundraising was a record $33 billion in 3Q, driving $70 billion year to date. Management raised its expectations for current-year fundraising to about $100 billion, from a prior view in line with the $72 billion annually in 2022-24. (10/30/25)

Asset- and Wealth-Management Long-Term Flows

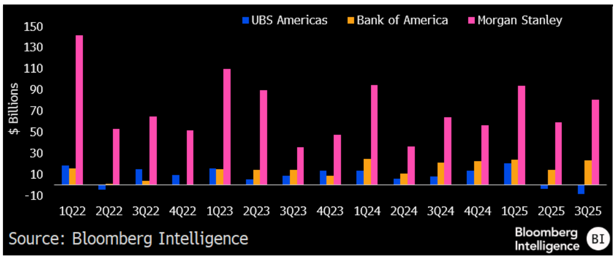


43. Morgan Stanley, BofA Wealth Flows Accelerate

Contributing Analysts Alison Williams (Strategy and Markets) & Ravi Chelluri (Banks)

UBS Americas redemptions worsened in 3Q from the typically seasonally weaker 2Q. UBS cited advisor movement after structural changes introduced last year, including to the compensation grid, as it seeks to improve the region's pretax margins. (10/30/25)

Wealth Net New Assets ($ Billions)

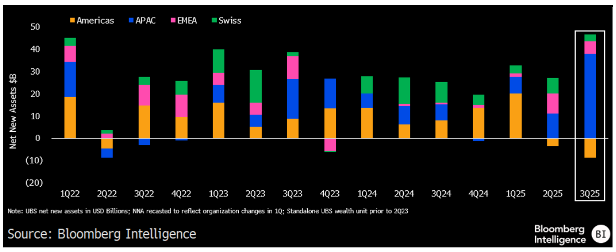


44. Asia Wealth Demand Drives Robust UBS Flows

Contributing Analysts Alison Williams (Strategy and Markets) & Ravi Chelluri (Banks)

Asia-Pacific's robust $38 billion in inflows benefited from client momentum across the region. Demand also included a small number of sizable flows linked to strategic holdings, according to UBS' management. (10/30/25)

UBS GWM Net New Assets



45. UBS' Asset-Management Flows Broadly Accelerate

Contributing Analysts Alison Williams (Strategy and Markets) & Ravi Chelluri (Banks)

UBS's asset-management unit rebounded to inflows in 3Q and is benefiting from the substantially completed integration of Credit Suisse. Quarterly flows were mostly negative for the unit in the prior couple of years, weighed by the post-acquisition integration. Demand across asset classes accelerated from 2Q. The real estate and private markets business had modest inflows in 3Q and is on track for another positive year, similar to 2022-24. Only two of the past 11 quarters have seen outflows in this business.

UBS' hedge-fund flows were the most since 4Q22, adding to positive demand in 1H after flat or negative quarterly demand in 2023-24. Healthy demand this year mirrors generally positive industry trends. (10/30/25)

Quarterly Long-Term Flows

46. Fixed-Income, Alternatives Flows Generally Positive in 1H

Contributing Analysts Alison Williams (Strategy and Markets) & Ravi Chelluri (Banks)

Organic growth at Man Group, JPMorgan and Amundi led BI-tracked peers in 1H, while Goldman Sachs also outperformed, with most BI-tracked managers posting inflows. Median growth for fixed-income and alternatives asset classes was positive, with the majority of managers that disclose a breakout seeing positive net flows, while equities was negative and multi-asset more neutral. (08/12/25)

Long-Term Organic Growth (Click for notes)

1H25 Organic Growth	Fixed Income	Equity	Alts	Multi-Asset	MMF	Long-Term	Long-Term* 2024	2023	2022	2021	2020	2019
Man Group*	-	-	-7%	-	-	21%	-2%	2%	2%	11%	2%	-1%
JPMorgan	9%	9%	-6%	0%	8%	6%	9%	7%	2%	8%	5%	7%
Amundi*	6%	12%	-9%	-1%	-10%	6%	2%	0%	0%	-	-	-
Invesco*	-	-	-	-	-	5%	6%	1%	0%	6%	-1%	-4%
Goldman Sachs*	2%	5%	8%	-	-4%	4%	5%	4%	3%	8%	3%	3%
DWS*	-0%	-5%	3%	-1%	-4%	3%	4%	2%	-2%	6%	2%	5%
State Street	17%	-2%	1%	20%	0%	3%	3%	2%	-1%	6%	1%	3%
Morgan Stanley*	10%	-5%	5%	-	-16%	3%	2%	-2%	-2%	5%	12%	5%
BlackRock*	2%	2%	13%	0%	5%	2%	5%	3%	4%	6%	4%	6%
Aberdeen Group	7%	-18%	1%	-11%	-12%	2%	-2%	-7%	-4%	-1%	-4%	-9%
Janus Henderson*	21%	-6%	28%	-6%	-	1%	1%	-0%	-8%	-4%	-7%	-8%
UBS	1%	-0%	1%	-1%	9%	0%	1%	-1%	0%	5%	11%	2%
AllianceBernstein*	0%	-6%	7%	-	-	-1%	0%	-1%	0%	4%	-0%	5%
Lazard	-8%	-2%	-	-	-	-3%	-15%	-3%	-6%	-4%	-5%	-4%
T. Rowe Price*	7%	-9%	3%	2%	-	-3%	-3%	-6%	-4%	-2%	0%	1%
Franklin	-19%	-2%	7%	6%	9%	-5%	-6%	-1%	-4%	0%	-4%	-2%
Median	4%	-2%	3%	0%	-2%	3%	1%	0%	-1%	5%	1%	2%

Source: Bloomberg Intelligence

Alts: Deals Key for PE Profits

PE Managers' Asset, Fee Gains Hold as Peers Eye Speedier Exits

Contributing Analysts Paul Gulberg (Banks) & Michael Kaye (Financials)

The big eight BI-covered private equity managers can maintain strong fundraising and deployment in 2026, underpinning consensus for 17% fee-generating-asset growth and 21% fee-related-earnings gains. The group had $855 billion of available capital as of 3Q, up 16% vs. 3Q24, led by Blackstone and Ares. But monetization has to accelerate to reach expected median 60% growth. Credit gains could hold despite concerns. Deals and rates may aid PE and real assets. (12/15/25)

47. Demand, Activity Momentum Are Key to Private-Capital Growth

Contributing Analysts Paul Gulberg (Banks) & Samuel Radowitz (Banks)

Apollo, Blackstone, Carlyle, KKR, Ares, TPG, Brookfield and Blue Owl are boosting assets and maintaining active deployments, aiding fees and FRE. Fundraising is likely to stay close to or top robust 2025 levels in 2026, helped by healthy insurance inflows. Further realization improvement is key to performance fees and accelerating distributable earnings. Despite recent concerns, credit strategies are likely to remain catalysts, while lower rates may support PE and real-asset improvement. Consensus sees median 2026 gains of 21% in profit and FRE and 17% in fee-earning assets. Performance fees may rise nearly 60%, yet vary by manager.

Fundamentals support core profit-growth expectations, but performance fees have to deliver. Activating fees, deployment and new assets will boost FRE, as managers seek stable-to-higher margins. (12/15/25)

PE Managers Profit-Trend Scenario (Download)

Key Growth Drivers Input	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
Organic Fee-Earning AUM Growth	14%	14%	17%	18%	15%	15%	7%	8%	18%	17%	19%	15%	18%	14%	21%	16%
Management Fee Margin	0.85%	0.85%	0.54%	0.54%	0.74%	0.75%	0.66%	0.67%	1.05%	1.06%	1.21%	1.19%	0.85%	0.85%	1.43%	1.41%
Transaction, Advisory and Other Fee	6%	11%	14%	12%	26%	15%	28%	13%	7%	7%	21%	19%	55%	22%	37%	15%
Fee Related Performance Revenue	36%	48%	22%	19%	25%	21%	23%	20%	58%	18%	17%	18%			36%	73%
Fee Related Earnings Margin	58%	59%	58%	60%	70%	71%	48%	49%	43%	44%	47%	50%	60%	62%	58%	59%
Insurance Related Earnings			11%	12%	13%	22%										
Net Realizations, Investment Income	44%	30%	118%	43%	56%	20%	48%	5%	77%	31%	61%	39%			322%	98%

	Blackstone		Apollo		KKR		Carlyle		Ares		TPG		Brookfield (BAM)		Blue Owl	
	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
Fee-Earning AUM ($B)	1,069	1,215	827	975	693	799	359	388	456	532	194	223	708	807	231	268
Management Fee (Margin)																
Management Fees	8,491	9,729	4,104	4,838	4,804	5,565	2,304	2,501	4,440	5,211	2,161	2,490	5,562	6,411	3,016	3,519
Transaction, Advisory and Other Fee	593	659	894	1,005	1,421	1,639	273	309	283	302	228	271	60	73	153	176
Management, Transaction & Advisory Fees	9,084	10,388	4,998	5,843	6,225	7,204	2,577	2,810	4,723	5,513	2,389	2,762	5,622	6,484	3,169	3,695
Fee Related Performance Revenue	2,329	3,453	315	377	230	279	213	256	454	537	46	54	0	0	10	18
FRE Margin																
Fee-Related Earnings	**6,660**	**8,180**	**3,106**	**3,701**	**4,512**	**5,301**	**1,339**	**1,503**	**2,221**	**2,668**	**1,137**	**1,402**	**3,385**	**3,988**	**1,841**	**2,183**
Growth	18%	23%	23%	19%	22%	17%	7%	12%	26%	20%	30%	23%	18%	18%	20%	19%
Insurance Earnings			**3,741**	**4,204**	**1,242**	**1,514**										
Net Realizations, Investment Income	2,793	3,617	430	617	1,845	2,214	746	784	332	435	355	493			5	11
Other	-600	-825	-425	-435	60	100	-100	-115	-45	-70	-180	-250	-375	-500	-215	-250
Taxes	802	994	953	1,125	1,492	1,778	263	287	182	220	73	92			79	95
Total Distributable Earnings	**8,051**	**9,978**	**5,898**	**6,962**	**6,167**	**7,351**	**1,723**	**1,884**	**2,326**	**2,813**	**1,239**	**1,554**	**3,010**	**3,488**	**1,552**	**1,849**
Growth	21%	24%	19%	18%	34%	19%	18%	9%	29%	21%	33%	25%	16%	16%	21%	19%

Source: Company Filings, MODL <GO>, Bloomberg Intelligence

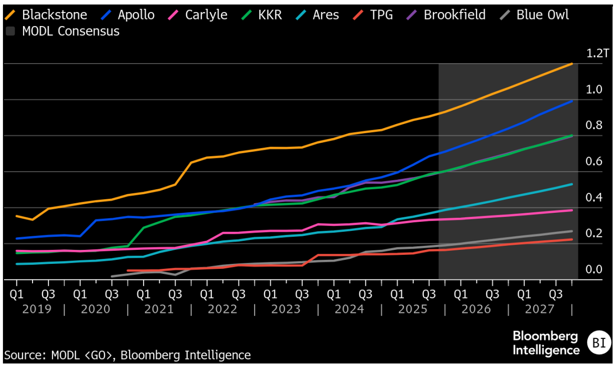
48. Realizations Momentum Key, Deployments Expand

Contributing Analysts Paul Gulberg (Banks) & Samuel Radowitz (Banks)

Deal activity is widely expected to remain robust in 2026, potentially supporting monetization activity and related revenue. Deployment has held up well 2025, but realizations were sluggish in 1H before improving significantly in 2H. With an expected 58% median increase for realized performance fees and investment income for the six largest US publicly traded managers in 2026, managers need to avoid another M&A market's "head fake," similar to early 2024 and 2025. Private credit continues to lead activity, with improvements in equity, real estate and infrastructure.

Most managers are on track to double assets and fee-related earnings within their five-year targets set after their latest investor days. For 2026, consensus forecasts a median 17% increase in fee-generating assets and 21% upside for fee-related earnings. (12/15/25)

PE Managers Fee-Earning Assets



49. Capital Levels Support Robust Deployment

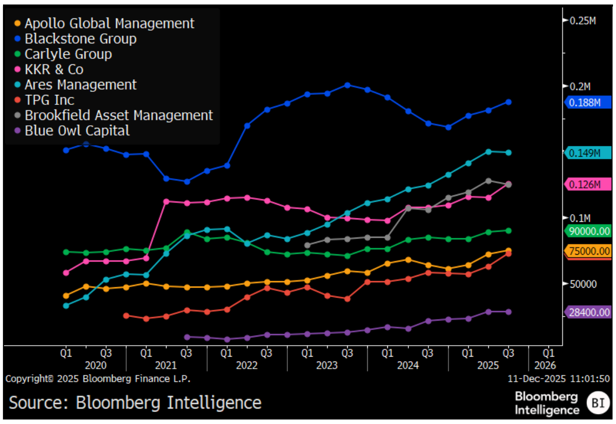
Contributing Analysts Paul Gulberg (Banks) & Samuel Radowitz (Banks)

Overall available cash remains sufficient to support the largest managers' deployment in 2026, as it continued to build in 2025, beating slower overall industry trends. The Big Eight BI-tracked

US private equity managers held $855 billion of available capital at the end of 3Q, up 4% sequentially and 16% from 3Q24. Blackstone accounts for $188 billion, which is up 9% vs. the prior-year period, followed by $150 billion at Ares. Private equity investment headwinds could ease further in 2026 and real estate may show continuing recovery progress -- each supported by lower interest rates. Other alternative-asset classes remain resilient, especially diversified private credit opportunities.

Valuation could shift to more neutral stance, bringing buyers and seller together for more activity. (12/15/25)

Public PE Manager Dry Powder



50. Individual Double-Digit Growth Goals Hold

Contributing Analysts Paul Gulberg (Banks) & Samuel Radowitz (Banks)

Managers are aiming to maintain the low-teens to low-20% annual growth rates needed to achieve medium-term goals following strong results in 2024-25. Credit-focused firms like Apollo and Ares remain on track for their 2028-29 targets and are well positioned to expand amid supportive industry trends. KKR, Brookfield and TPG could benefit from activating additional fees, while improving realizations might aid all peers. Optimism for a 2026 rebound in monetization relies on robust deal activity.

Anticipated 2026 gains should keep managers on their targeted path, as organic fundraising, inflows, deployment momentum and new products help maintain double-digit core growth. (12/15/25)

The Road to Five-Year Goals

	Target	Target Date	Current	CAGR to Target
Assets Under Management				
Apollo	$1.5 Trillion	2029	$908 Billion	13%
Ares	$750 Billion	2028	$596 Billion	8%
KKR	$1 Trillion	2028	$723 Billion	11%
Brookfield AM	$1.2 Trillion	2030	$580 Billion	16%
Blue Owl	$500 Billion	2029	$295 Billion	14%
Fee-Related Earnings				
Apollo	$4.5 Billion	2029	$2.4 Billion	17%
Ares	$2.65 Billion	2028	$1.6 Billion	17%
KKR	$4.50/Share	2026	$3.99/Share	13%
Brookfield AM	$5.85 Billion	2030	$2.8 Billion	16%
Blue Owl	$3.1+ Billion	2029	$1.4 Billion	22%

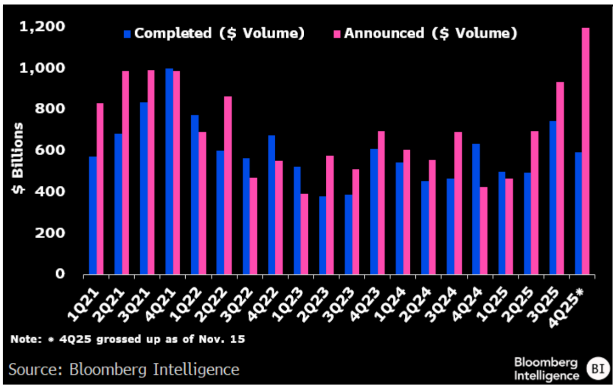
Source: Company Filings, Bloomberg Intelligence

Bloomberg Intelligence BI

51. Announcements Pace Record on Large-Cap M&A

Globally announced M&A volume is tracking at more than 2.5x the prior-year period, on pace for its strongest showing since 2007. North America has led, more than doubling from a year ago, with Europe 10% higher and Asia-Pacific down 25%. The surge is led by large-cap transactions, with the 10 biggest deals making up over 35% of quarter-to-date volume, extending 2025's trend of large-cap-driven strength. Completed volume, however, is 5-10% below 4Q24's pace. (11/20/25)

Global M&A Volume



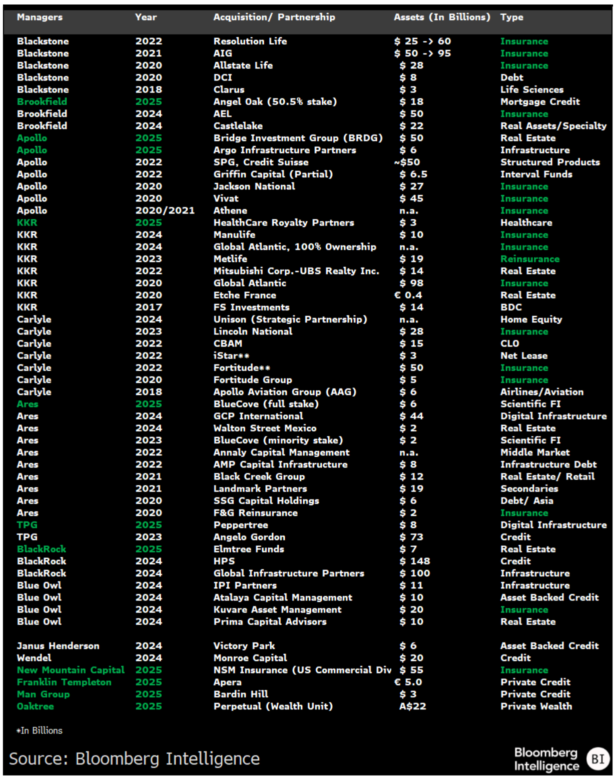
52. Organic Growth in Focus After Acquisitions Diversified Business

Contributing Analysts Paul Gulberg (Banks) & Samuel Radowitz (Banks)

Managers are shifting their focus to organic gains after expanding into fast-growing areas of private capital through acquisitions, asset purchases and strategic deals. Though private credit and digital-asset aggregators remain a focus, larger firms are broadening their scope -- Apollo added real estate and specialty infrastructure, while we still see some managers adding credit and private-wealth capabilities. Organically expanding insurance assets is key as managers target investment-grade credit, with Apollo and KKR leading in origination platforms. Blue Owl also made add-ons in 2024.

The build-out of credit, secondaries, Asia and retail is helping managers broaden offerings and cross-sell to limited partners with sizable commitments. The Big Eight managers' near-term additions will likely be limited and niche-focused. (12/15/25)

PE Strategic Acquisitions



Managers	Year	Acquisition/ Partnership	Assets (In Billions)	Type
Blackstone	2022	Resolution Life	$ 25 -> 60	Insurance
Blackstone	2021	AIG	$ 50 -> 95	Insurance
Blackstone	2020	Allstate Life	$ 28	Insurance
Blackstone	2020	DCI	$ 8	Debt
Blackstone	2018	Clarus	$ 3	Life Sciences
Brookfield	2025	Angel Oak (50.5% stake)	$ 18	Mortgage Credit
Brookfield	2024	AEL	$ 50	Insurance
Brookfield	2024	Castlelake	$ 22	Real Assets/Specialty
Apollo	2025	Bridge Investment Group (BRDG)	$ 50	Real Estate
Apollo	2025	Argo Infrastructure Partners	$ 6	Infrastructure
Apollo	2022	SPG, Credit Suisse	~$50	Structured Products
Apollo	2022	Griffin Capital (Partial)	$ 6.5	Interval Funds
Apollo	2020	Jackson National	$ 27	Insurance
Apollo	2020	Vivat	$ 45	Insurance
Apollo	2020/2021	Athene	n.a.	Insurance
KKR	2025	HealthCare Royalty Partners	$ 3	Healthcare
KKR	2024	Manulife	$ 10	Insurance
KKR	2024	Global Atlantic, 100% Ownership	n.a.	Insurance
KKR	2023	Metlife	$ 19	Reinsurance
KKR	2022	Mitsubishi Corp.-UBS Realty Inc.	$ 14	Real Estate
KKR	2020	Global Atlantic	$ 98	Insurance
KKR	2020	Etche France	€ 0.4	Real Estate
KKR	2017	FS Investments	$ 14	BDC
Carlyle	2024	Unison (Strategic Partnership)	n.a.	Home Equity
Carlyle	2023	Lincoln National	$ 28	Insurance
Carlyle	2022	CBAM	$ 15	CLO
Carlyle	2022	iStar**	$ 3	Net Lease
Carlyle	2022	Fortitude**	$ 50	Insurance
Carlyle	2020	Fortitude Group	$ 5	Insurance
Carlyle	2018	Apollo Aviation Group (AAG)	$ 6	Airlines/Aviation
Ares	2025	BlueCove (full stake)	$ 6	Scientific FI
Ares	2024	GCP International	$ 44	Digital Infrastructure
Ares	2024	Walton Street Mexico	$ 2	Real Estate
Ares	2023	BlueCove (minority stake)	$ 2	Scientific FI
Ares	2022	Annaly Capital Management	n.a.	Middle Market
Ares	2022	AMP Capital Infrastructure	$ 8	Infrastructure Debt
Ares	2021	Black Creek Group	$ 12	Real Estate/ Retail
Ares	2021	Landmark Partners	$ 19	Secondaries
Ares	2020	SSG Capital Holdings	$ 6	Debt/ Asia
Ares	2020	F&G Reinsurance	$ 2	Insurance
TPG	2025	Peppertree	$ 8	Digital Infrastructure
TPG	2023	Angelo Gordon	$ 73	Credit
BlackRock	2025	Elmtree Funds	$ 7	Real Estate
BlackRock	2024	HPS	$ 148	Credit
BlackRock	2024	Global Infrastructure Partners	$ 100	Infrastructure
Blue Owl	2024	IPI Partners	$ 11	Infrastructure
Blue Owl	2024	Atalaya Capital Management	$ 10	Asset Backed Credit
Blue Owl	2024	Kuvare Asset Management	$ 20	Insurance
Blue Owl	2024	Prima Capital Advisors	$ 10	Real Estate
Janus Henderson	2024	Victory Park	$ 6	Asset Backed Credit
Wendel	2024	Monroe Capital	$ 20	Credit
New Mountain Capital	2025	NSM Insurance (US Commercial Div	$ 55	Insurance
Franklin Templeton	2025	Apera	€ 5.0	Private Credit
Man Group	2025	Bardin Hill	$ 3	Private Credit
Oaktree	2025	Perpetual (Wealth Unit)	A$22	Private Wealth

*In Billions

Source: Bloomberg Intelligence

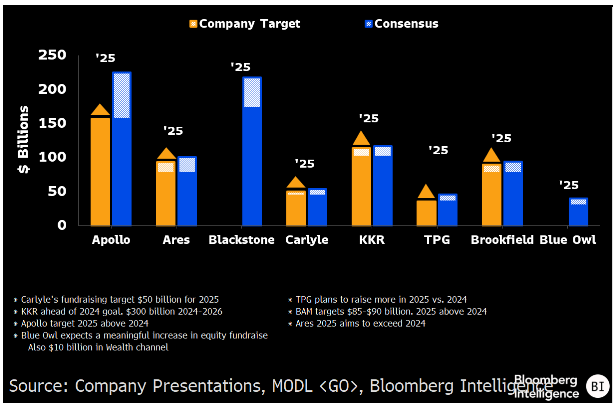
53. Most Can Beat 2025 Inflow Goals, Credit Lead Holds

Contributing Analysts Paul Gulberg (Banks) & Samuel Radowitz (Banks)

Most of the largest alternative firms noted expectations to exceed 2025 fundraising and inflow goals, as the biggest eight US managers consistently attracted capital in the last nine months. Private credit, secondaries and wealth are positioned to remain primary drivers, as the equity lag could ease into 2026. Apollo already exceeded its goal of beating 2024 inflows, topping $152 billion. Ares can beat $93 billion in 2024. KKR could bring in substantially more than 2024's $114 billion, tracking well ahead of 2024-26 cycle goals. Blackstone's inflows are set to top $200 billion, as the pace is expected to hold in 4Q.

Brookfield can exceed its $85-$90 billion goal this year, as Carlyle stands to raise more than its upsized, $50 billion in 2025. TPG may raise meaningfully more, already matching 2024's $30 billion in 1Q-3Q. (11/10/25)

PE Manager Fundraising Tracker: 3Q



Source: Company Presentations, MODL <GO>, Bloomberg Intelligence

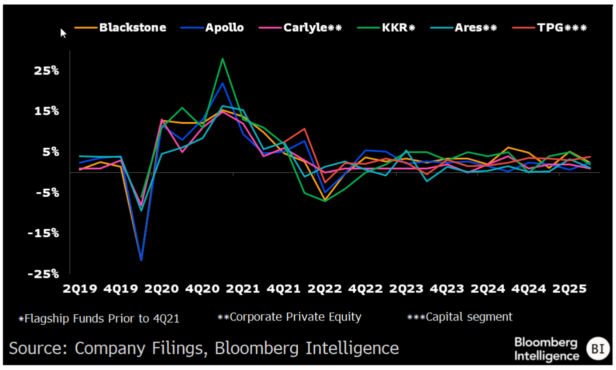
54. Large PE Manager Performance Typically Leads Over Cycle

Contributing Analysts Paul Gulberg (Banks) & Samuel Radowitz (Banks)

Private capital funds managed by the largest publicly traded firms are maintaining alternative-asset outperformance vs. public assets over a full cycle. Smoother returns could support the industry's expected gains over the S&P 500, even as public equity markets have extended their lead since the pandemic. PE gains typically top other strategies, though higher rates that fueled private credit's strong run could be waning. Real estate may show better growth with lower rates. Public equity-market volatility impacts private activity, but has had a limited effect on returns. Potential rate cuts could help lower the cost of capital for PE deployment, and resurging M&A is a positive for monetization.

Strong investment performance and more buyers support monetization, realizations and associated fees. (11/13/25)

Quarterly PE Fund Returns at Large Managers



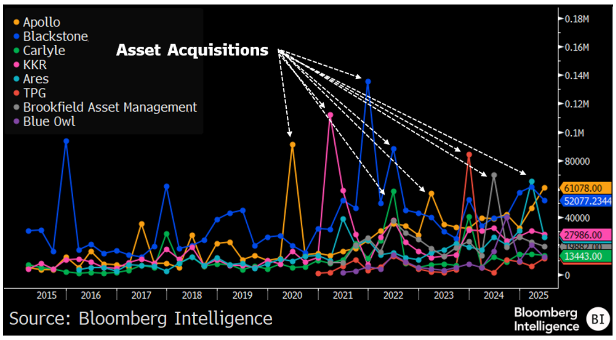
55. Largest Managers Still Lead, Maintain Pace

Contributing Analysts Paul Gulberg (Banks) & Samuel Radowitz (Banks)

The largest private capital managers continue to outpace softer industry fundraising, yet aren't immune to broader trends and might feel the effects of economic and geopolitical risks. Their dominance holds as investors gravitate to strong track records. Consensus for Blackstone's total inflows across asset classes is $214 billion in 2025 (up 25% from 2024). KKR is ahead of its 2024-26 goal of $300 billion, with consensus of $117 billion this year and $135 billion in 2026.

Apollo expects 2025 inflows above 2024's $152 billion, with a consensus of $204 billion (including the Bridge addition). Carlyle raised its 2025 inflows goal to $50 billion, ahead of 2024, and might see more expansion in 2026. Ares expects similar or higher fundraising this year, even with its two largest funds not raising; consensus sees a 6% gain. (10/10/25)

Publicly Traded Managers' Fundraising



BDCs: Deal Flow, Steady Credit

BDC Deal Flow Rebounding, Credit Holding Firm in Latest Results

Contributing Analysts Michael Kaye (Financials)

Steady credit and stronger deal flow should support business development company investor sentiment, even if lower base rates weigh on 2026 earnings. BDC results this year -- Ares Capital and Blackstone Secured Lending among them -- point to stable credit and improving origination volume. (11/14/25)

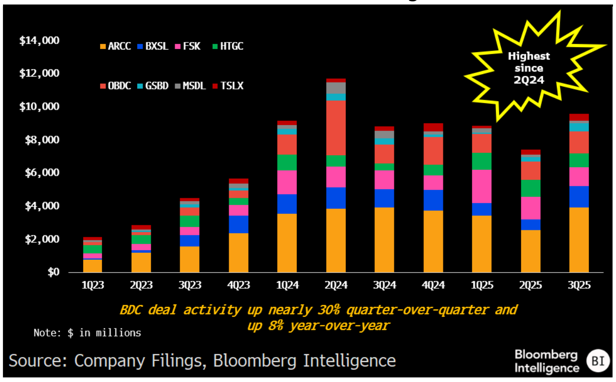
56. BDC Deal Flow Accelerates as M&A Starts to Rise

Contributing Analysts Michael Kaye (Financials)

BDCs are seeing a clear pickup in deal flow as M&A activity rebounds. Management teams described a healthier backdrop, with sponsors returning to the market as rate volatility subsides and bid-ask spreads on buyouts narrow. Greater tariff clarity and expectations for lower policy rates have bolstered confidence, leading to more active pipelines and broader deal reviews.

Transaction-flow gains are modestly supporting spreads on new loans. Ares Capital and Blackstone Secured Lending noted slight improvement in 3Q, pointing to a more constructive environment ahead. The sector appears to be in the early stages of an M&A recovery, which can sustain origination momentum into 2026. (11/14/25)

Deal Commitments Climb to Their Highest Since 2024



57. BDC Credit Remains Stable With Few Negative Surprises

Contributing Analysts Michael Kaye (Financials)

Credit performance across BDC portfolios is broadly stable, with nonaccrual rates holding steady and no major negative surprises. Management teams emphasized that recent headlines such as First Brands and Tricolor reflect isolated cases and not systemic weakness. Portfolio companies generally are exhibiting healthy fundamentals, with growing Ebitda and improving interest coverage ratios.

Though some BDCs reported modest net-asset value declines, these were mostly driven by idiosyncratic mark-to-market adjustments on long-troubled positions. Overall, credit trends are sound and can strengthen as borrowing costs ease with lower base rates. (11/14/25)

BDC Nonaccrual Metrics and Management Commentary

BDC	3Q25 (%)	2Q25 (%)	3Q24 (%)	Management Commentary
ARCC	1.8	2.0	1.3	"Credit quality of our portfolio continued to demonstrate strength and resilience."
BXSL	0.1	0.3	0.2	"We saw stable underlying fundamentals and growth in our portfolio, with the majority of assets flat or marked higher in the quarter."
FSK	5.0	5.3	3.8	"No new non-accruals this quarter and one investment removed from the list."
HTGC	1.2	0.2	2.6	"Credit quality of the debt investment portfolio remained strong and relatively the same quarter over quarter."
OBDC	2.7	1.6	2.1	"Portfolio fundamentals remain strong with no broad signs of stress or increased amendments."
GSBD	2.5	2.5	2.2	"We remain comfortable with risk dynamics in the private credit space, given the overall health of portfolio fundamentals."
MAIN	3.6	5.0	3.9	"The portfolio continues to perform at a high level."
MSDL	1.2	0.7	0.2	"Our borrowers have weathered heightened inflation and tariffs with remarkable resilience."
NMFC	3.0	2.3	3.8	"Credit trends of our underlying borrowers remain largely consistent with prior quarters."
TSLX	2.0	2.1	3.8	"We think credit issues are generally behind the industry."
Sector Median	2.25	2.05	2.4	Credit stable sectorwide.

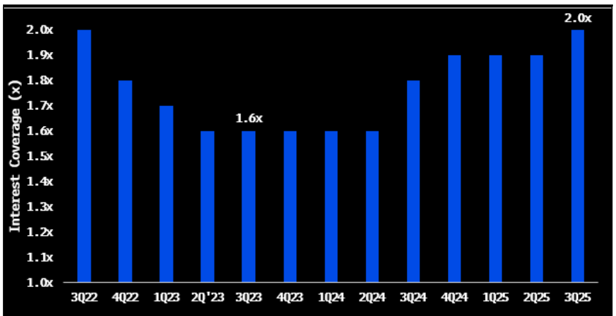
Source: Company Filings, Bloomberg Intelligence

58. BDC Credit Holds Up Amid Fed Tightening, Outlook Better

Contributing Analysts Michael Kaye (Financials)

The BDC industry deserves credit for navigating among the fastest Fed tightening cycles in history with limited credit fallout. Borrowers absorbed more than 500 bps of base-rate hikes, yet portfolio performance was solid thanks to strong underwriting, conservative leverage and active portfolio management. Nonaccruals edged up only modestly, and interest coverage is improving as rates normalize. We believe that this resilience underscores the sector's disciplined approach to credit risk. Easing policy rates should further reduce borrower stress and support credit stability. (11/14/25)

ARCC Portfolio Interest Coverage Has Rebounded



Ares Capital's portfolio company interest coverage has rebounded after 2023 trough

Source: Company Filings, Bloomberg Intelligence

59. Valuations Weak on Credit Fears, Offer Rebound Potential

Contributing Analysts Michael Kaye (Financials)

BDC valuations have compressed as sentiment toward private credit weakens amid high-profile borrower defaults like First Brands and Tricolor. These have fueled concern that broader credit deterioration might emerge, creating a negative feedback loop of risk aversion and selling pressure. The sector's sensitivity to lower base rates adds to caution, as rate cuts could further erode net investment income and dividend coverage. Though valuations trade below long-term averages, reflecting these risks, the discount also embeds the potential for mean reversion if credit performance remains stable and widespread defaults fail to materialize. (11/14/25)

BDC Valuation and Return Snapshot

	Current P/NAV	5-Year Median	vs. 5-Year Median(%)	YTD Total Return (%)
ARCC	1.02x	1.07x	-4%	0%
BSXL	0.99x	1.07x	-8%	-10%
FSK	0.71x	0.80x	-12%	-20%
GBDC	0.93x	0.99x	-6%	0%
MAIN	1.80x	1.66x	8%	7%
OBDC	0.81x	0.95x	-15%	-13%
GSBD	0.77x	1.03x	-26%	-7%
HTGC	1.47x	1.50x	-2%	-3%
MSDL	0.82x	0.97x	-15%	-12%
NMFC	0.80x	0.96x	-17%	-7%
OCSL	0.82x	0.96x	-15%	-2%
TSLX	1.25x	1.24x	1%	8%
BDC Median	0.88x	1.01x	-13%	-5%
S&P 500 YTD Total Return				17%

BDC valuations trade about 13% below five-year medians, with median total returns down 5% YTD versus the S&P 500's 17% gain.

Note: GBDC and OCSL based off of 2Q25 NAV, all others reflect 3Q25

Source: Company Filings, Bloomberg Intelligence

60. BDC Dividend Coverage Tightens as Earnings Moderate

Contributing Analysts Michael Kaye (Financials)

Dividend coverage has narrowed across BDCs as lower base rates and tighter lending spreads pressure portfolio yields. Net investment income declined faster than payouts, pushing average coverage toward the low-100% range from the mid-120s a year ago. A few BDCs already adjusted or signaled plans to adjust distributions -- FS KKR, Goldman Sachs BDC and Oaktree Specialty Lending among them -- to align with lower run-rate earnings. Though some BDCs still maintain modest spillover income to support payouts, the forward SOFR curve implies more moderation ahead, suggesting thinner cushions and with limited flexibility. (11/14/25)

BDC Dividend Coverage Snapshot

BDC	Latest Base Dividend Coverage (%)	1-Year Ago (%)	Change	Comment
ARCC	104	121	(17)	Thinning coverage
BXSL	106	118	(12)	Thinning coverage
FSK	89	116	(27)	Announced 2026 dividend cut
GBDC	100	123	(23)	Thinning coverage
HTGC	123	128	(5)	Coverage remains above average
OBDC	97	127	(30)	Thinning coverage
GSBD	125	127	(2)	Dividend was cut to reset payout
OCSL	93	100	(8)	Dividend was cut to reset payout
MAIN	135	135	(0)	Coverage remains above average
MSDL	100	132	(32)	At parity; coverage tightening
NMFC	100	106	(6)	Uses fee waivers to protect dividend
TSLX	115	124	(9)	Coverage remains above average
BDC Median	102	124	(21)	Coverage has compressed sectorwide

Note: GBDC and OCSL based off of 2Q25, all others reflect 3Q25

Source: Company Filings, Bloomberg Intelligence

61. BDC Outlook Sees Stable Credit, Room for Rerating

Contributing Analysts Michael Kaye (Financials)

As 2025 winds down, the sector appears fundamentally sound, yet sentiment is cautious. Credit fears tied to a few high-profile defaults appear overstated, we believe, given broadly stable portfolio performance. With most BDCs trading at discounts to net asset value and below five-year median valuations, improving deal activity and resilient credit trends can set up a more constructive backdrop into 2026.

Though moderating rates may temper portfolio yields, stronger deployment, modestly improving spreads and additional fee income from increased investment activity could help offset some of the earnings drag. If credit stability persists, valuations may offer upside as investor confidence returns. (11/14/25)

Tailwinds and Risks to Monitor

Tailwinds	Risks
Rate cuts improve borrower coverage and lower funding costs.	Faster-than-expected NII compression from rate declines.
M&A acceleration expands origination opportunity set.	Competitive pressure on spreads.
Potential multiple recovery as investor sentiment improves.	Isolated credit events sparking sentiment volatility.

Source: Bloomberg Intelligence

62. BDC 101: Core BDC Characteristics

Contributing Analysts Michael Kaye (Financials)

Business development companies were created by Congress in 1980 to expand capital access for small and midsized US businesses. BDCs provide financing to companies that often can't obtain funding from traditional sources like banks. In return for fulfilling this public policy mission, BDCs receive favorable tax treatment -- provided they adhere to strict regulatory and investment requirements designed to ensure transparency and accountability. (11/14/25)

Summary of Key BDC Features

Topic	Summary
Regulation & Structure	• Regulated under the Investment Company Act of 1940 and overseen by the SEC. • ≥ 70% of assets in U.S. small & mid-size businesses. • Asset coverage: 200% (1:1 Debt/Equity), or 150% (2:1 Debt/Equity) if elected. • Publish quarterly fair-value disclosures for each portfolio investment, providing a level of transparency unmatched by most financial institutions.
Tax Treatment	• Taxed as Regulated Investment Companies (RICs), allowing BDCs to avoid corporate income tax if they distrubte most of their earnigns to shareholders. • Must distribute ≥ 90% of taxable income to avoid corporate tax.
Earnings Model	• Earn net investment income from loans, dividends and fees minus expenses. • Total return adds realized / unrealized gains or losses on investments.
Key Benefits	• High dividend yields. • BDCs provide access to private credit, with public BDCs offering a liquid, exchange-traded format.
Key Risks	• Credit risk, valuation opacity, rate sensitivity, and competition from other BDCs, private lenders, and debt markets. • Prudent leverage and underwriting discipline are critical.

Source: Bloomberg Intelligence

Asia: Banks Capturing WM Flows

UBS Could Catch Up to HSBC, StanChart, DBS on Wealth in Asia

Contributing Analysts Sharnie Wong (Brokers and Exchanges) & Tomasz Noetzel (Banks)

UBS could recapture lost wealth management market share as it resumes hiring advisors in the Asia-Pacific region, bringing to an end two years of headcount cuts. HSBC and StanChart, where 1H wealth-asset growth was robust, could be in for more as investors rush to diversify against the uncertain macro outlook, and seek advice on navigating the global trade war and the AI race. (09/18/25)

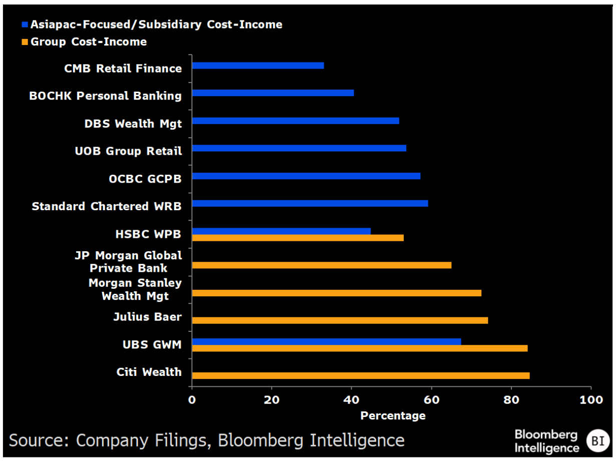
63. Asia's Lower Cost Income Than the Rest of the World

Contributing Analysts Sharnie Wong (Brokers and Exchanges) & Francis Chan (Banks)

Global managers could boost profit margin by expanding into Asia. The region's fast-rising wealth could fuel profitability despite cost pressures from competition for talent and spending on AI. Within the footprint of global firms like UBS and HSBC, the 2024 cost-income ratio of their wealth units in the Asia-Pacific region was 67% and 45%, far less than the 84% and 53% for their global-wealth business. The cost-income ratios of large Hong Kong- and Singapore-based banks ranged from 41-57% in 2024.

Firms are tapping generative AI to boost efficiencies across the value chain, improve client interaction, scale personalization and beef up compliance. In a 2024 study by Accenture, Asia-focused wealth managers' cost-income ratio could drop to 49% from 80% over three years with the help of genAI vs. 74% without genAI. (09/29/25)

Global vs. Asia Wealth Firms' Cost Income, 2024



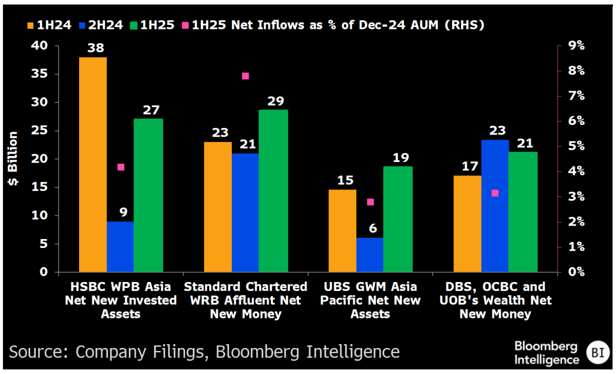
64. UBS Could Regain Wealth Share in Asia

Contributing Analysts Sharnie Wong (Brokers and Exchanges) & Tomasz Noetzel (Banks)

UBS could narrow the gap in its share of Asian wealth inflows vs. peers after falling behind in 2024, now that its post-merger layoffs are largely complete. UBS's advisor headcount in the region rose 1% sequentially in 2Q after tumbling 31% between June 2023 and March 2025. Its net new assets reached $18.6 billion in 1H compared to $20.7 billion for the full year in 2024. Large wealth managers in Asia -- including Standard Chartered, HSBC, UBS, DBS and OCBC -- saw robust inflows in 1H as Asia's structural growth in wealth creation extended the momentum from last year.

Client diversification needs, and demand for hedging and investment products should pick up amid increasingly volatile capital markets and heightened geopolitical risk. (09/18/25)

Net New Assets ($ Billion)



Source: Company Filings, Bloomberg Intelligence

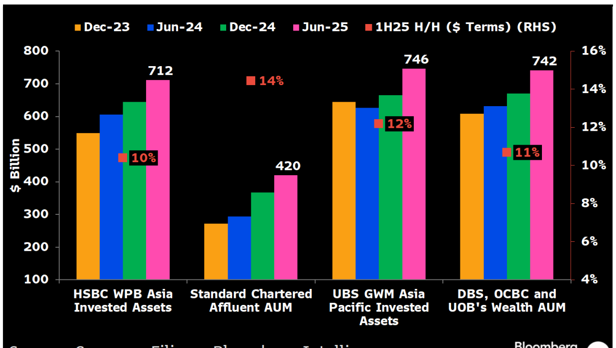
65. Hong Kong Could Lead Asia Wealth Growth

Contributing Analysts Sharnie Wong (Brokers and Exchanges) & Tomasz Noetzel (Banks)

HSBC and Standard Chartered saw high levels of client activity in Asia in 1H, led by Hong Kong. The city plays a unique role in connecting mainland China's capital markets with the rest of the world. Southbound investment demand could gain from the city's stock market surge, access to high growth tech stocks, higher interest rates in the US vs. mainland China and the onshore property slump. HSBC's new-to-bank clients in Hong Kong jumped 77% to a record 601,000 in 1H, after adding 800,000 in 2024, driven by an influx from the mainland. Standard Chartered's new-to-bank customers rose 6% to 136,000 in 1H.

The Singapore banks could have an edge in targeting Southeast Asia's wealthy and affluent Chinese seeking to move funds further abroad despite tighter anti-money laundering and sanction-screening rules in the city-state. (09/17/25)

Invested Assets/AUM ($ Billion)



Source: Company Filings, Bloomberg Intelligence

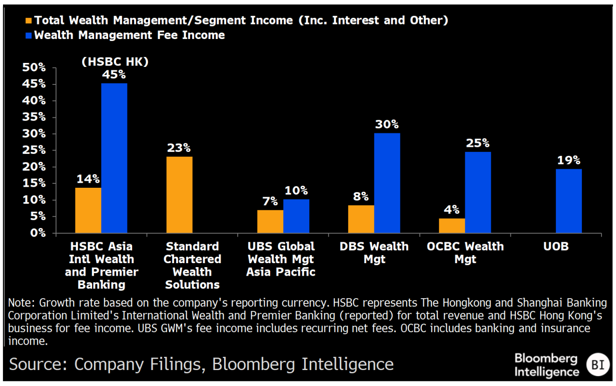
66. Wealth Management Leads Revenue Growth

Contributing Analysts Sharnie Wong (Brokers and Exchanges)

Wealth management fee income, which reached a record high in 1H for some of Asia's largest banks, could continue to lead revenue growth, partly offsetting margin pressure from potential Fed rate cuts in 4Q and 2026. The banks are investing heavily in Asia's key wealth hubs to broaden the breadth and depth of their products and advice, grow distribution channels and improve customer experience.

HSBC, Standard Chartered and DBS plan to expand wealth headcount, despite planned cuts for the group elsewhere. Standard Chartered said in December it plans to expand its team of relationship managers by 50% over the next five years. DBS Private Bank plans to hire 40 new relationship managers for its North Asia team this year after the number of Asia relationship managers rose 17% to 853 in 2024, according to Asian Private Banker. (09/17/25)

1H25 Wealth Management Income (YoY)



67. Private Banks Vie for Flows in Asia

Contributing Analysts Sharnie Wong (Brokers and Exchanges)

UBS, HSBC, DBS, Standard Chartered, JP Morgan and Julius Baer rank among Asia's largest private banks outside of mainland China. The region's high-net-worth population is set to outpace the rest of the world with support from entrepreneurs' wealth creation, inter-generational transfers and cross-border wealth diversification. The number of individuals worth over $10 million could grow by 8.7% between 2024 and 2028, faster than 6.9% for the world, according to Knight Frank.

Hong Kong is well positioned as a springboard to private-banking opportunities in the Greater Bay Area and the rest of mainland China. Hong Kong's government has promoted policies to attract wealthy individuals and family offices. Singapore could have an edge with Southeast Asia's wealthy and affluent Chinese seeking to move funds abroad. (05/18/25)

Private Banking Asia AUM League

Leading Private Banks in Asia (ex-China Onshore)	2023 Asia AUM $ Billion	2024 Asia AUM $ Billion	Y/Y	Asia As % of Total
Asia-Centric	**1,072**	**1,269**	**18%**	
HSBC	354	409	16%	47%
DBS	201	237	18%	n.a.
Standard Chartered	138	217	57%	n.a.
Bank of Singapore (OCBC)	116	124	7%	n.a.
UOB Private Wealth	94	98	4%	n.a.
CMB Private Banking	59	62	6%	10%
BOCHK Private Banking	52	57	10%	n.a.
Hang Seng Private Banking	36	39	8%	n.a.
CIMB Private Banking	23	27	14%	n.a.
Europe-Centric	**1,143**	**1,240**	**8%**	
UBS Wealth Mgt (inc. CS)	645	665	3%	16%
Julius Baer	140	173	24%	31%
LGT	115	132	15%	45%
BNP Paribas Wealth Mgt	80	92	14%	19%
Deutsche Bank Private Bank	76	81	6%	17%
Pictet Wealth Mgt	50	56	10%	18%
EFG Bank	37	42	15%	24%
US-Centric	**560**	**668**	**19%**	
JP Morgan Private Bank	169	213	26%	17%
Morgan Stanley Private Wealth Mgt	151	172	14%	3%
Citi	140	163	17%	n.a.
Goldman Sachs Private Wealth Mgt	100	120	20%	13%

Source: Asian Private Banker, Bloomberg Intelligence

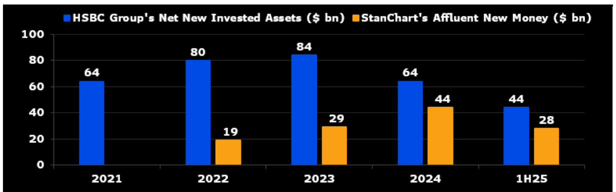
68. Wealth Boom Becomes HSBC, HK Peers' Key Growth Pillar

Contributing Analysts Francis Chan (Banks) & Sharnie Wong (Brokers and Exchanges)

HSBC and Hong Kong lenders will pursue more retail wealth than private banking as they push to build on their recent success. Mainland Chinese retail investors awaiting allocation offshore have been a profitable market niche amid Beijing's capital controls. Of HSBC Group's $2 trillion June wealth balance, private banking accounted for just $430 billion, with $1.1 trillion booked in the Asia holdco. Standard Chartered's affluent client assets amounted to $420 billion, most of which comes from Hong Kong, mainland China, Singapore and South Korea. Its private banking assets reached $217 billion in Asia in 2024, according to Asian Private Banker.

Mainland capital flows are also fueling a wealth boom at domestic-focused banks, a trend evident in BOCHK, Hang Seng and BEA's southbound cross-border customers. (09/09/25)

HSBC, StanChart, HK Banks' Wealth Business



($ bn)	HSBC Group's Wealth Balance	($ bn)	StanChart's Affluent AUMs	($ bn)	BOCHK's PB Assets
2021	1,670	2021	254	2020	38
2022	1,591	2022	258	2021	40
2023	1,727	2023	272	2022	45
2024	1,848	2024	367	1H23	52
1H25	2,014	1H25	420	2024	57

Bank of China (Hong Kong)	Hang Seng Bank	Bank of East Asia
Cross-Border High-End Customers Up 44% YoY	Mainland New-to-Bank Customer Up 20% YoY	Southbound Cross-Boundary Customers 54% YoY
New-to-Bank Personal High-End Customers Up 35% YoY	Prestige Family+ Account Opering up 51% YoY	Southbound Investment AUM Up 89% YoY
RMB Funds Distribution Sales Up ~50%	Affluent Customers Up 10% Annually for the Past 3 Years	Private Bank Non-Interest Income Up 43% YoY

Note: Data as of 1H25

Source: Company Filings, Bloomberg Intelligence

Bloomberg Intelligence

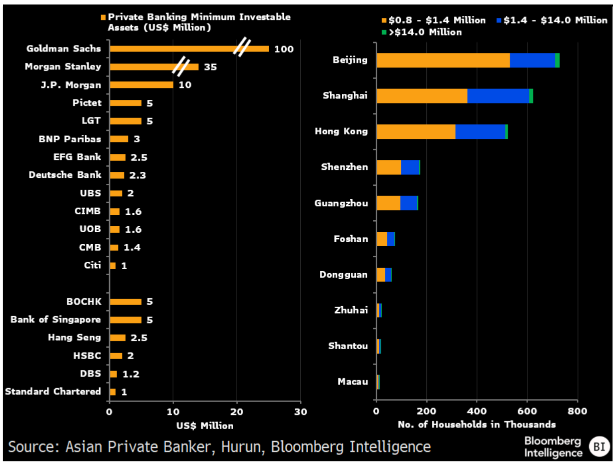
69. 'Retail Rich' Clients in China Find Gateway in Hong Kong

Contributing Analysts Francis Chan (Banks) & Sharnie Wong (Brokers and Exchanges)

Mainland China's affluent retail clients are finding a wealth management resource in Hong Kong banks, more so than for private banking. Since 2000, many ultra high-net-worth investors from China have already set up private banking accounts, a prelude to shifting funds outside the city. Goldman Sachs, Morgan Stanley and JPMorgan's private banking businesses require $10 million or more to get in the door, while some rivals may settle for $1-$5 million. HSBC, BOCHK and other commercial banks with wide branch networks are differentiated, and better positioned to attract retail wealth assets.

In Beijing, Shanghai and eight Greater Bay area cities, households with assets of $800,000-$1.4 million accounted for 49% of the 3.1 million households, and those with assets of $1.4-$13.8 million at 43%, according to Hurun Research. (09/09/25)

PB Minimum Investable Assets, Affluent Households



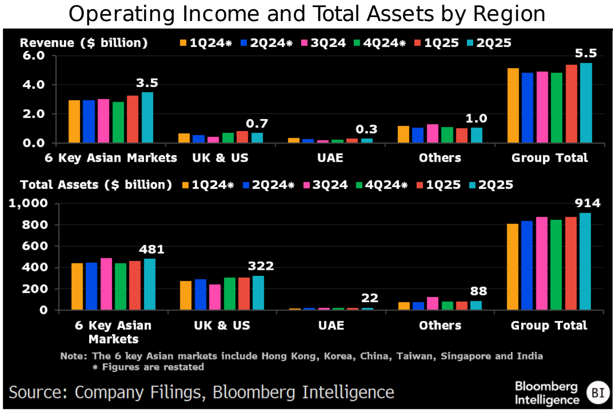
70. Hong Kong, China Play Key Roles in Network, Wealth Business

Contributing Analysts Francis Chan (Banks) & Tomasz Noetzel (Banks)

Standard Chartered's Hong Kong and China units could play a bigger role than Singapore for the network and wealth businesses in Asia, making them critical for its targets. Hong Kong is China's offshore wealth and institutional banking hub, and China is the key source of retail and corporate business in Hong Kong. Group wealth solution sales jumped 20% in 2Q, thanks to both units. Affluent new-wealth money rose 24% as well. Hong Kong and China had the biggest share of network income in Asia for the group. Hong Kong might have attracted the most new-to-bank affluent clients (135,000 for the group in 1H).

Underlying profit before tax in Hong Kong and China totaled $1.8 billion in 1H, or 220% of Singapore's $798 million. These markets have a similar 1.4%-1.5% pretax profit to total assets.
(08/07/25)

Operating Income and Total Assets by Region



71. Singapore Banks Poised to Capture Wealth Assets

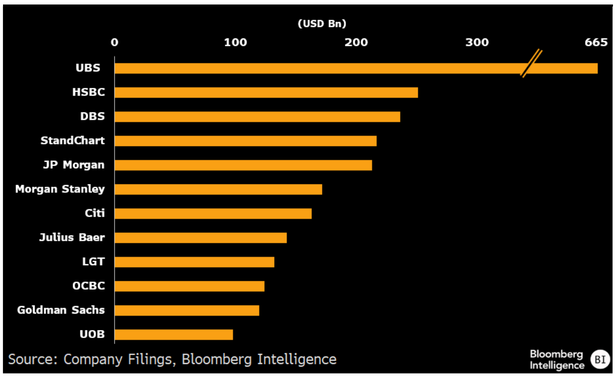
Contributing Analysts Sarah Jane Mahmud (Banks) & Alison Williams (Strategy and Markets)

DBS, OCBC and UOB join peers HSBC and Standard Chartered in being well-positioned to usher in a wave of new private-banking clients, capitalizing on ultra-wealthy investors' flight to stability as they push to safeguard their wealth from unknowns beyond their control. Some clients at UBS might seek to move money for protection against the Swiss lender's broader distractions, including regulatory scrutiny on its integration. The Swiss Financial Market Supervisory Authority

(FINMA) continues to review UBS's migration of $132 billion in net new assets, among other issues.

FINMA conducted 45 onsite reviews at UBS in 2024, the regulator's annual report reveals, and is seeking expanded supervisory power. The Asia-Pacific region is home to about 16% of the bank's global wealth-management assets. (09/18/25)

Asia-Pacific Private Banking Wealth Assets Managed



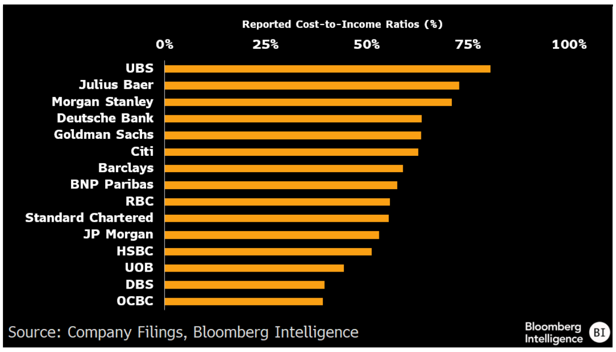
72. Hiring Push Sharpens Edges in Banks' Talent Battle

Contributing Analysts Sarah Jane Mahmud (Banks)

Singapore banks are poised to beef up their private-banking teams into 2026, with a boost from their superior cost-efficiency. The gloves are off in the battle for talent, with DBS seeking to strengthen its relationship management (RM) team headcount by 15% to almost 1,000 by year-end. Russian speakers are part of that mix, and the plan was 80% complete as of 2Q. OCBC is quickening its SE Asia-greater China expansion while UOB looks to expand its RM team by 44% to 400 members during the two years ending 2026. UOB has the smallest RM team among local banks, yet it has the highest revenue per RM, at $4.7 million vs. the $3.6 million global peer average, with a sharp focus on expanding organic wallet share.

Business expansion by foreign managers such as St. James Place and Schroders steps up the competitive pressure. (09/18/25)

Singapore Banks' Cost-to-Income Below Peers



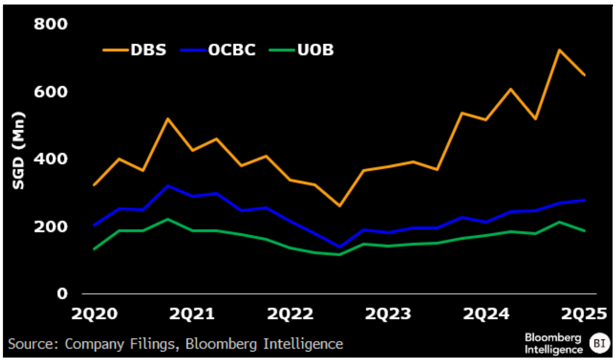
73. DBS Has an Edge, But Could Lack Global Clout

Contributing Analysts Sarah Jane Mahmud (Banks)

If DBS's private-banking assets were to rise by 17% -- on par with 2024's growth, and with the support of a larger team and digital-asset trading service DDex -- the lender's non-interest income could increase by 14%, by our analysis. This could backstop revenue generation from the headwinds facing net-interest-income growth. Yet, as with OCBC and UOB, DBS might lack clout when competing for new business due to global connectivity's growing importance with families, especially those seeking a one-stop shop with services that transcend barriers of time and location.

UBS's total wealth assets -- spanning five continents -- rose to more than $4.5 trillion in 2Q from $2.8 trillion prior to the acquisition. DBS has about S$442 billion ($346 billion) spread across Singapore, Hong Kong, Indonesia, India and greater China. (09/18/25)

Singapore Banks' Wealth Management Fee Income



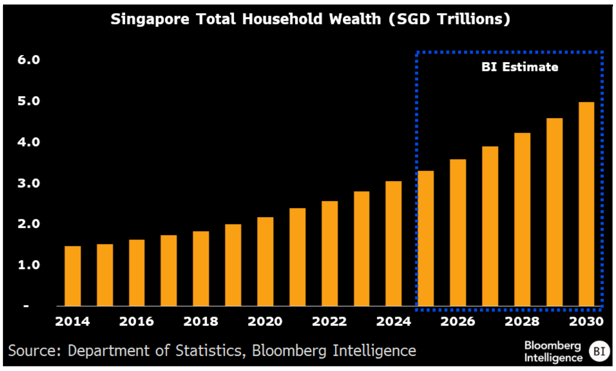
74. Regulation Might Be Singapore's Secret Recipe

Contributing Analysts Sarah Jane Mahmud (Banks)

As Singapore continues to attract the wealthy elite, including from the UK and China, the island-state is becoming a private-banking battleground. Domestic wealth is rising and could climb around 54% to S$4.5 trillion through 2030, a CAGR of 8%, after gaining over 50% from 2019 to 2024. Cross-border flows could also grow 8-9% a year through 2030, inching closer to S$3 trillion, according to our analysis based on BCG estimates. Singapore's sound regulatory framework that embraces digital-asset investing, low taxes, political stability and a golden visa scheme is a big part of its appeal. Although anti-money-laundering and sanctions-screening rules are tightening, they are less strict than in Europe and the US, speeding up onboarding.

Of banks that disclose APAC assets under management UBS leads with $746 billion. (09/17/25)

Household Wealth Continues to Grow

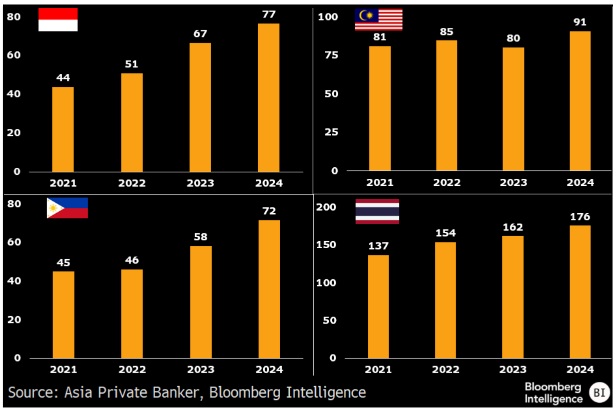


75. Bright Spots Keep Emerging in Southeast Asia

Contributing Analysts Sarah Jane Mahmud (Banks)

Banks continue to beef up their teams across Southeast Asia to capitalize on the region's burgeoning wealth. Those in the Philippines, including BDO Private Banking, led the way with improved digital offerings and product expansion, helping boost assets under management (AUM) by 24% in 2024. Bank Central Asia Wealth Management and Indonesian peers follow, with digital transformation and robo-advisory developments helping lift AUM by 15%. Maybank Private Banking and peers in Malaysia follow, with strong demand for Islamic wealth services helping boost AUM by 14%. In Thailand, AUM at Krungthai Bank Wealth Management and others rose 9%, with potential for further growth into 2026 as they partner up with foreign managers such as Goldman Sachs Asset Management and Julius Baer. (09/18/25)

Southeast Asia Assets Under Management (USD)



Source: Asia Private Banker, Bloomberg Intelligence

76. Local Banks Dominate Southeast Asia Wealth

Contributing Analysts Sarah Jane Mahmud (Banks)

(09/18/25)

Southeast Asian Banks' AUM League Tables

	2024 AUM (USD Billions)	2023 AUM (USD Billions)	Yoy Change (%)		2024 AUM (USD Billions)	2023 AUM (USD Billions)	Yoy Change (%)
Mandiri Private	20.60	17.93	14.89%	Public Bank	22.80	21.12	7.95%
Bank Central Asia	16.60	12.96	28.09%	UOB	16.90	16.13	4.77%
Bank Rakyat	13.40	11.60	15.52%	CIMB Private Banking	15.90	14.00	13.57%
	2024 AUM (USD Billions)	2023 AUM (USD Billions)	Yoy Change (%)		2024 AUM (USD Billions)	2023 AUM (USD Billions)	Yoy Change (%)
Bank of the Philippine Islands	25.90	21.93	18.10%	TMB Thanachatt	34.00	29.86	13.86%
BDO Private Banking	17.30	12.15	42.39%	KBank Private Banking	27.10	26.52	2.19%
Metrobank Private Wealth	9.80	8.31	17.93%	SCB Private Banking	26.70	26.40	1.14%

Source: Asia Private Banker, Bloomberg Intelligence

Bloomberg Intelligence BI

77. Robust Wealth Job Market; Bankers' Re-Employment

Contributing Analysts Francis Chan (Banks) & Sharnie Wong (Brokers and Exchanges)

Hong Kong's finance job market could feature continuously robust opportunities in wealth management and a higher rate of re-employment of bankers. Layoffs in investment banking and institutional segments including sales and research remain par for the course among global banks, and some bankers are finding new opportunities in expanding Chinese firms. Haitong International, BOCI Securities, China Merchants Securities, China Galaxy Securities and GF Securities made senior banking hires over the past 12 months, according to Bloomberg News. Meanwhile, HSBC, Standard Chartered, Citigroup, UBS, DBS and OCBC may increase hiring in wealth management and private banking to target mainland Chinese clients.

The pace of investment banking hiring hinges on an IPO recovery in Hong Kong, which BI estimates will top $22 billion in 2025. (05/14/25)

Finance Layoffs, Hiring in Hong Kong

Senior Mangament Hiring			
News By Date	Company	Personnel (Previous Firms)	Position
Apr 2025	Deutsche Bank	Sandi Li (Generation Management, Credit Suisse)	Head of Equity Linked (APAC)
Feb 2025	Haitong International	Patrick Tsang (UBS)	Vice Chairman
Mar 2025	BOCI Securities	Wu Ziwei (Morgan Stanley)	Investment Banking
Feb 2025	HSBC	George Sun (BNP Paribas)	Head of Debt Markets (Asia)
Sep 2024	Nomura	Murphy Lo (Credit Suisse)	Wealth Management Group Head (North Asia)
Aug 2024	China Merchants Securities	Jasmine Fan (Morgan Stanley)	Managing Director (Healthcare Investment Banking)
Oct 2023	China Galaxy Securities	Yang Shuo (Merrill Lynch)	Investment Banking
Sep 2023	GF Securities	Yu Hui (JPMorgan)	Investment Banking
Layoffs, Job Losses			
News By Date	Company	Number of Staff Affected	Areas
Mar 2025	Bank of America	16 in HK	Investment Banking
Feb 2025	HSBC	40 in HK	Investment Banking
Nov 2024	BNP Paribas	7 in HK, 3 in Mainland China	Investment Banking, Corporate Finance and Equity Capital Markets
Nov 2024	UBS	2 in HK, 2 in SG	Loan Syndication Bankers
Jul 2024	Nomura	10 in Asia Incl. HK	Investment Banking
May 2024	JPMorgan	At Least 6 in HK	Investment Banking
New Hiring			
News By Date	Company	(Potential) Hiring Details	Areas
Apr 2025	OCBC	To Hire 20-30 in Greater China	Private Banking
Dec 2024	OCBC	Boosted No. of Relationship Managers by 30% in HK; Plans to Hire More	Private Banking
Dec 2024	StanChart	Expand Workforce by 50% in HK, SG, UAE by 2028; Double Investment to $1.5 Billion	Private Banking
Dec 2024	UBS	Hire Staff in HK to double China AUM	Wealth Management
Sep 2024	Citigroup	To Hire Talent in HK	Wealth Management
Aug 2024	Nomura	To Hire 15-18 in HK	Wealth Management
May 2024	DBS	Expand Headcount by 25% in HK	Wealth Management

Source: News Sources, Bloomberg Intelligence

Bloomberg Intelligence BI

Europe: Consolidation Needed

European Asset Managers Need Consolidation to Restore Returns

Contributing Analysts Kevin Ryan (Insurance) & Lento Tang (Banks)

Margin compression from the rise of low-cost tracker funds and structurally higher expenses has driven European asset managers' returns below their cost of capital. Consolidation might be the only path to regain scale and profitability, with the bid for Janus Henderson potentially the start of this process. (11/03/25)

78. Returns Below Cost of Capital Demand Action

Contributing Analysts Kevin Ryan (Insurance) & Lento Tang (Banks)

European asset managers we cover don't make returns above their cost of capital, a problem that markets appear to overlook as our sample of six companies trade at an average 2.6x tangible equity. This imbalance won't likely persist in the medium term. It demands the asset managers make their balance sheets work harder or reduce their size. Restructuring or scale-driven M&A looks necessary to narrow the gap between the cost of capital and returns. (11/03/25)

Returns Lag

	Price, Local Currency	Price/Tangible Equity	WACC	ROIC
Aberdeen	204	1.0	10.9	0.09
Amundi	63	2.5	9.6	8.8
DWS	55	3.2	12.8	9.8
Janus Henderson	44	2.1	11.0	7.2
M&G	266	4.2	7.0	-0.8
Schroders	378	2.3	8.4	4.4
Average		2.6	10.0	4.9

1H 2025 Balance Sheet Numbers

Source: Company Filings, Bloomberg Intelligence

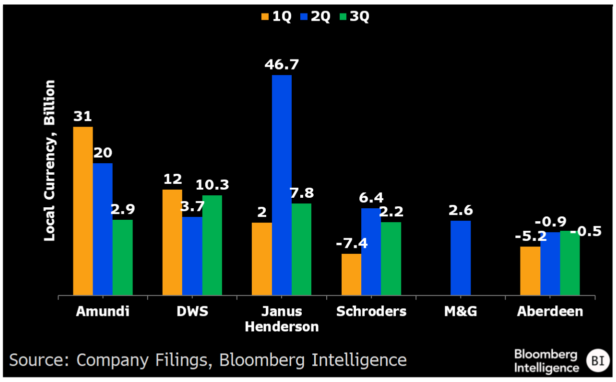
Bloomberg Intelligence BI

79. Tracker Popularity, Inflation Continue Squeezing Margins

Contributing Analysts Kevin Ryan (Insurance) & Lento Tang (Banks)

Volatile investment markets have curbed new inflows to asset managers as the inexorable rise of index-tracking ETFs has squeezed margins; 73% of Janus Henderson's 3Q net inflows were into trackers for example. With most costs fixed and people the largest expense, scope for further savings is limited after widespread headcount cuts at firms recently. If average assets under management don't keep rising profits contract. Managing assets for third parties in regulated markets also means that compliance and technology costs are also fixed. (11/03/25)

Net Inflows, Local Currency

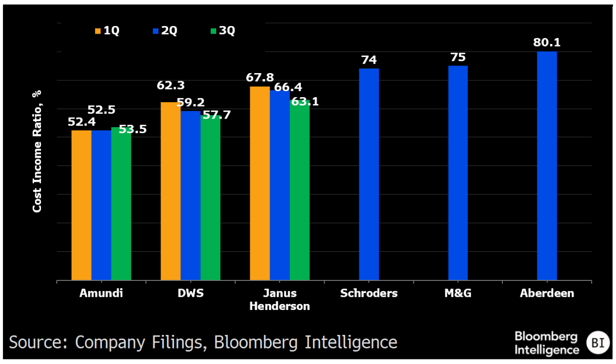


80. Deep Cost Cuts Already Made Don't Fix Structural Weakness

Contributing Analysts Kevin Ryan (Insurance) & Lento Tang (Banks)

Most asset managers have already executed deep cost cuts, leaving limited room for further savings. As operating leverage fades, M&A is the next lever. Janus Henderson's cost-income ratio peaked at 86.8% in 2022, showing that progress is possible. The most-aggressive cost-saving target in the firms we cover is M&G's £200 million in savings by end-2025, or 25% of the 2023 cost base. Aberdeen is targeting £150 million of annual savings by the end of this year, 13% of the 2023 cost base when the program began. Janus Henderson had a more-modest $45 million savings target achieved in 2023, which was 4% of the total expense base. (11/03/25)

Cost Income Ratios

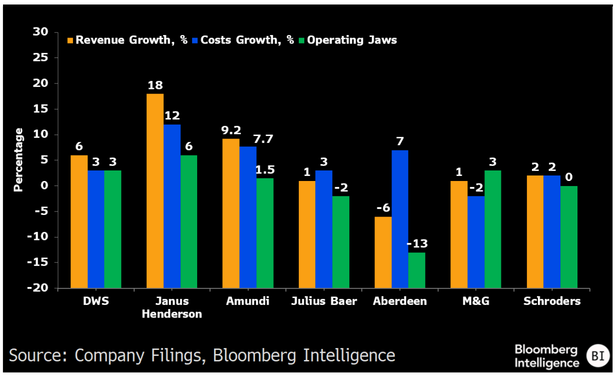


81. Scale Still Key as Hard-Won Operating-Jaws Gains Show

Contributing Analysts Kevin Ryan (Insurance) & Lento Tang (Banks)

DWS, Janus Henderson and Amundi have improved efficiency after multi-year cost cuts but revenue expansion remains elusive. More scale might be needed to jump-start margin progress. Operating jaws, the difference between revenue and cost growth, show that even the strongest names are battling thin margins. M&G is also making progress, but all the asset managers we cover have only made modest, hard-won gains. (11/03/25)

Operating Jaws, %



To contact the analyst for this research:

Neil Sipes at nsipes3@bloomberg.net