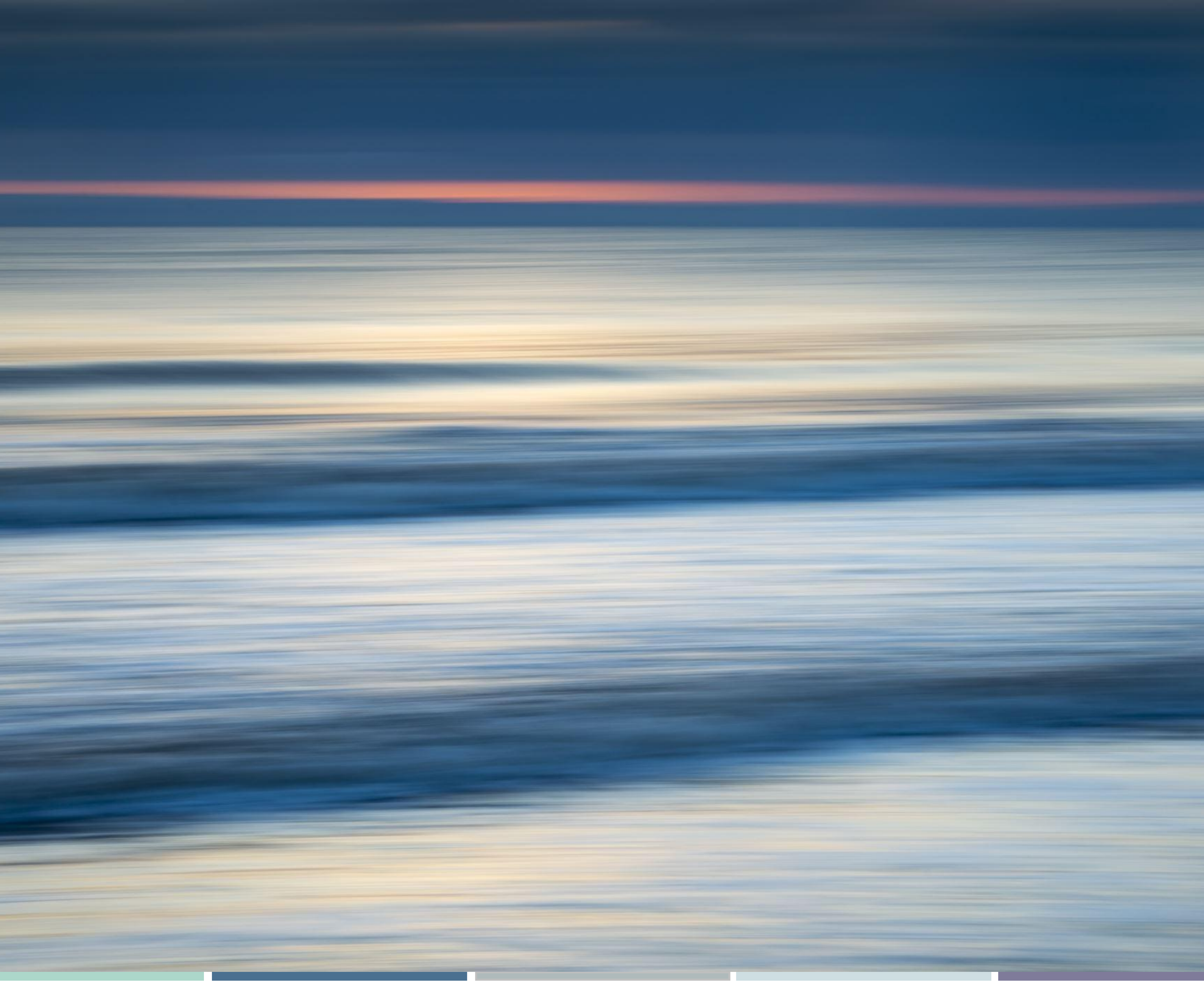

MAGELLAN ADVISORY PARTNERS

Industry Outlook 2026

Outlook and Activity

The Industry Outlook for this year identifies a number of structural changes influencing the industry's outlook for 2026. One of the trends is that firms are looking at consolidating their channel coverage models into a hybrid approach and they are increasingly doing this in certain regions or across their business.

Due to continued growth in ETFs, and sustained momentum in Private Credit, Private Markets continue to dominate anticipated inflows. EMEA is considered the most competitive region for asset retention, reflecting increased pressure across both Institutional and Wealth channels, while the United States continues to be the single largest source of expected inflows. Businesses are improving how they interact with customers through their distribution channels in tandem with these asset flow dynamics.

There has been a noticeable shift towards higher attendance in the workplace as working patterns have continued to change post COVID. In 2026, a combined Institutional and Wholesale approach will be the most popular model, and national leadership will be increasingly in charge of managing both channels.

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ABOUT THE
INDUSTRY OUTLOOK 2026

METHODOLOGY

All data collected is self reported by asset management professionals and has been aggregated to evaluate views and predictions across global client groups. We have carefully reviewed all data received and included all data points collected.

SAMPLE SIZE

Magellan Advisory Partners has collected data from over 80 Heads of Teams. To get an accurate representation of the market, we have surveyed firms across both the Alternative and Traditional asset management landscape whose AUM range from less than $1bn to more than $5trn.

Whether this be the first year that you have completed our survey or if you have been a participant every year, we would like to thank all those who have taken part, and we appreciate the time and effort to contribute to the overall outcome. If you would like to discuss further, please get in touch.

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GDPR DECLARATION

As a 'Data Processor' Magellan Advisory Partners fully comply with GDPR legislations, and all data subjects have been reassured that their data will be held securely and treated confidentially.

DISCLAIMER

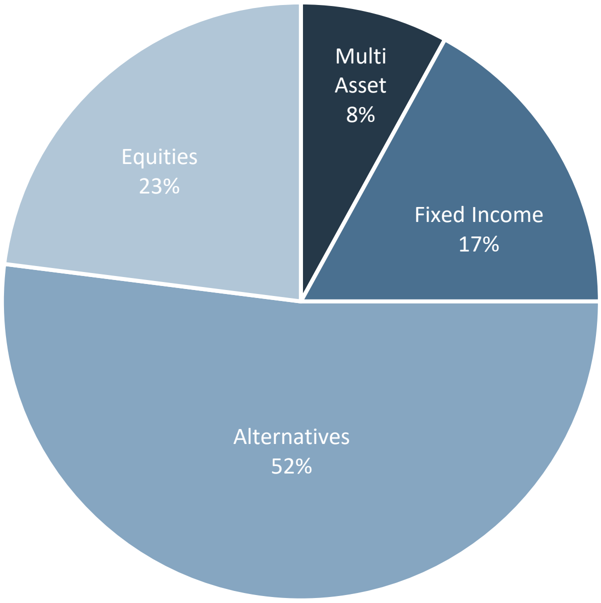
This report is based on the results of a survey conducted to gather the opinions, views, and predictions of individuals on the asset management industry. The information presented in this report reflects the responses obtained from the survey participants and is intended for informational purposes only.

This report does not provide professional advice or make any guarantees regarding the accuracy or reliability of the information presented. The future is inherently uncertain, and external factors beyond the scope of this survey may influence outcomes.

By accessing and utilising this report, readers acknowledge and accept the limitations outlined in this disclaimer.

PRIVATE MARKETS TO DOMINATE INFLOWS FOR A THIRD YEAR RUNNING

Alternatives are expected to dominate distribution pipelines in 2026, accounting for just over half of anticipated demand, driven primarily by Private Credit and Infrastructure, as well as other Private Market strategies. While Private Markets remain the principal source of expected wins, respondents also identify meaningful opportunities in Public Markets, particularly Equities. Fixed Income demand is more selective, focused on specific Credit opportunities rather than broad beta exposure, with Multi Asset strategies representing a smaller, more niche component of expected Public Market flows.



- **Private Credit** is expected to continue dominating inflows into Alternatives. The size of the Private Credit market at the beginning of 2025, was $3 trillion, compared to about $2 trillion in 2020, and with strong growth trajectory, is estimated to grow to approximately $5 trillion by 2029.

- On the Public Equities side, **Emerging Market Equities** comes out on top. A strengthening macro-economic backdrop and a weakening dollar over the past couple of months means that managers have confidence that Emerging Markets will once again, begin to attract more investment.

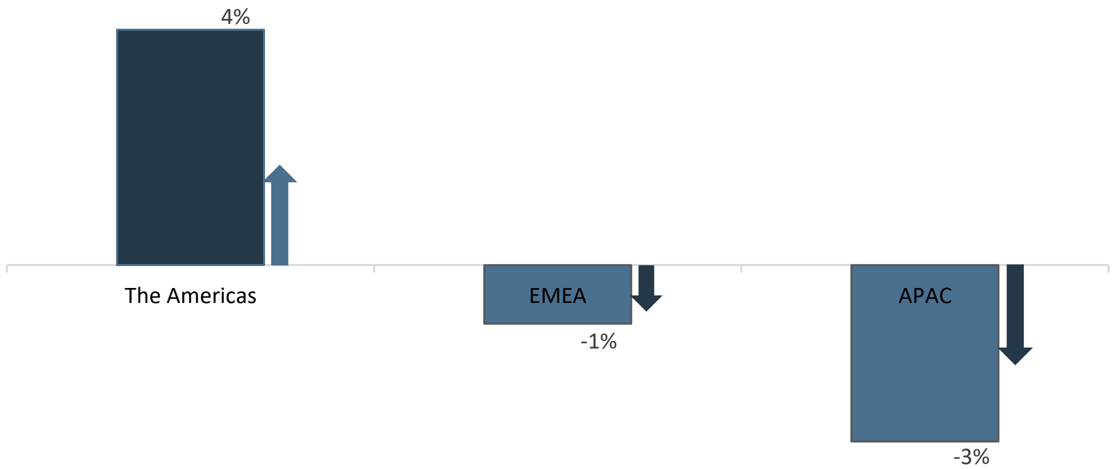
- After a strong year for Public Fixed Income in 2025, firms believe that **Investment Grade Credit** will be at the top of the expected demand list, closely followed by High Yield Credit and Emerging Market Debt. However, investors state that flexibility will be a key requirement for Fixed Income investors' portfolios in 2026.

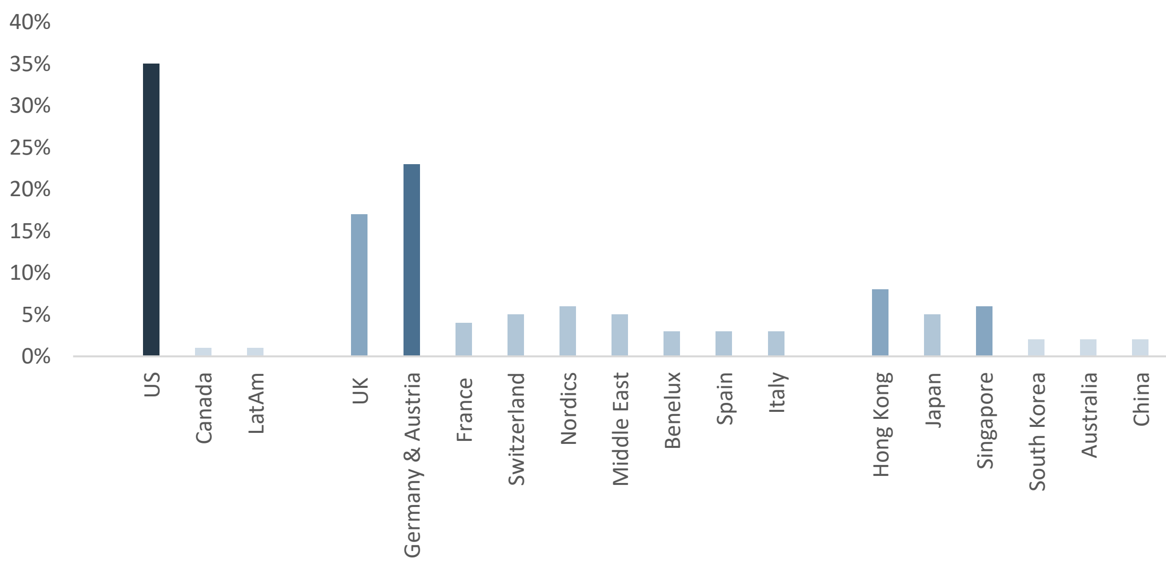
	Some Inflows	Moderate Inflows	Higher Inflows
PRIVATE MARKETS			
Private Credit			●
Private Equity			●
Infrastructure Debt			●
Infrastructure Equity			●
Secondaries (PE & Credit)		●	
Asset-Based Finance		●	
Real Estate Debt	●		
Real Estate Equity	●		
EQUITIES			
Emerging Market Equity		●	
Global Equity		●	
Value Equity	●		
US Equity	●		
Japan Equity	●		
European Equity	●		
FIXED INCOME			
Investment Grade Credit		●	
High Yield Credit		●	
Emerging Market Debt	●		
Cash/Money Markets	●		
Multi Sector Credit	●		
MULTI ASSET			
Absolute Return	●		
Liquid Alternatives	●		

AMERICAS TIPPED TO LEAD FLOWS AGAIN

Distribution leaders expect regional inflows in 2026 to be dominated by the Americas which accounts for **45%** of responses, reinforcing the US' position as the largest sources of inflows overall and within the region. EMEA follows closely at **39%**, reflecting broad based strength across key European markets, with Germany and Austria standing out as the leading sources of inflows. APAC, at **16%**, is expected to contribute more selectively, with inflows concentrated in a smaller number of markets, led by Hong Kong.

Compared with 2025, expected regional inflows in 2026 remain broadly consistent, with only modest rebalancing across regions. The Americas have edged higher year on year, strengthening their position as the largest source on anticipated inflows. EMEA remains broadly stable and a close second, continuing to reflect demand across European markets. APAC's share has shifted slightly relative to last year, with inflows increasingly concentrated in a narrower set of markets rather than across the region as a whole.

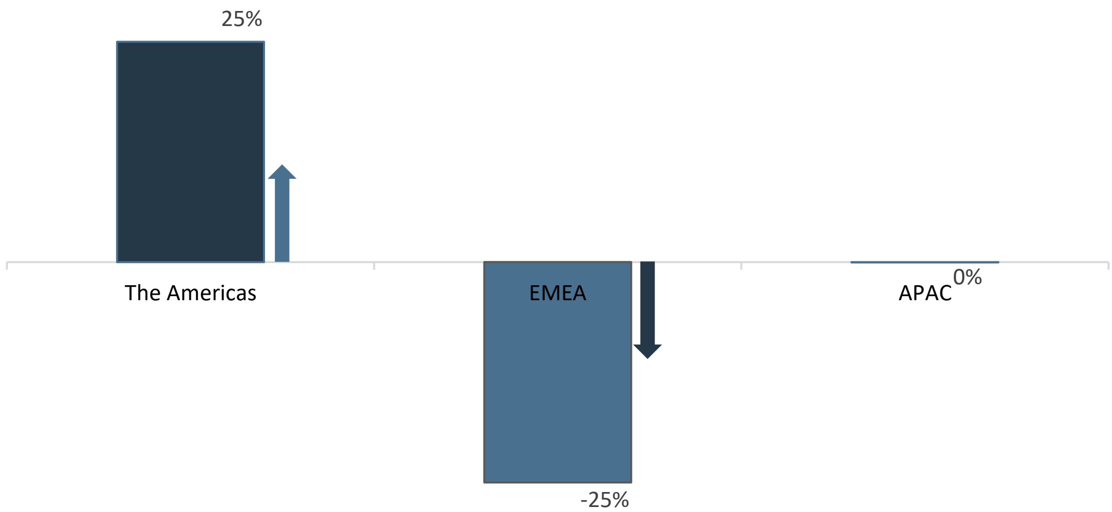


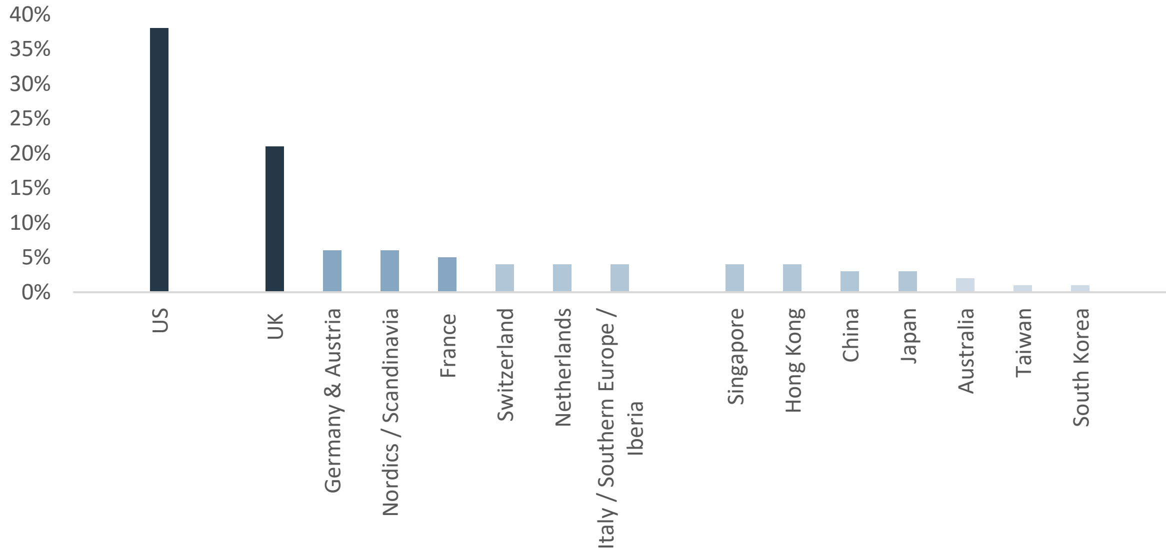


CHALLENGES IN EMEA CONTINUE & US RETENTION ISSUES MOUNT

Respondents expect retention risk in 2026 to be the highest in EMEA for the second year running, accounting for just over a half of responses **52%** . Within the region, the UK stands out as the largest source of retention risk. The Americas follow at **31%**, representing a notable increase compared to last year, with the US cited as the main driver of retention risk in the region. APAC, at **17%**, is viewed as comparatively less challenged overall, with retention risk remaining broadly unchanged year on year.

Compared with 2025, perceived retention risk in 2026 has become less concentrated in EMEA, which remains the most challenged region, but its share has fallen sharply. In contrast, perceived retention risk in the Americas has increased materially indicating a significant shift in respondent focus. APAC remains unchanged at 17%, with retention challenges continuing to be viewed as selective and market specific rather than broad based across the region.





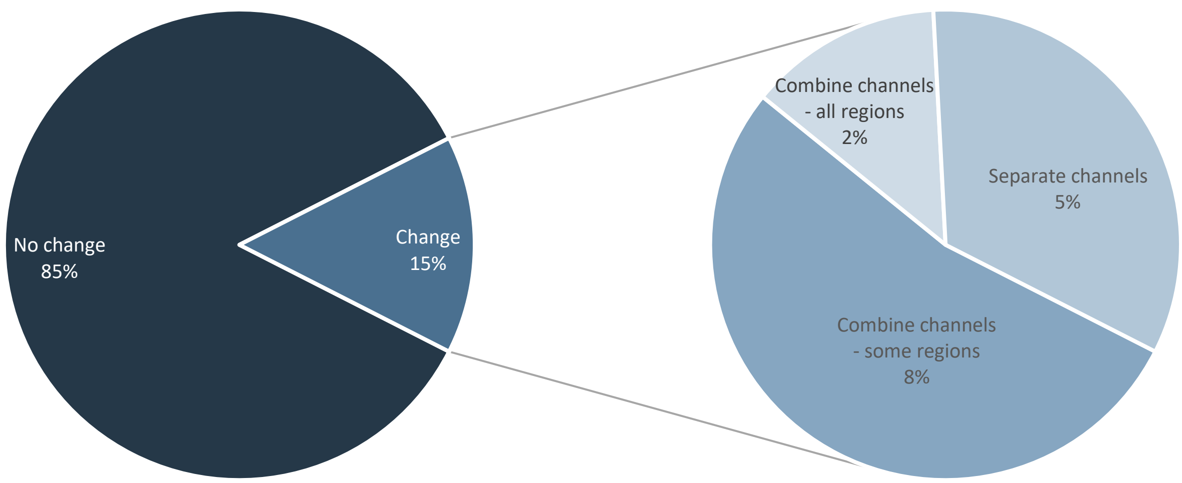
IS THE SPECIALIST CHANNEL MODEL FIT FOR PURPOSE?

A third of firms now operate under a combined global Institutional and Wholesale channel model, with country leadership overseeing both client segments. In addition, a further 37% of the market combine channel coverage in some parts of the world.

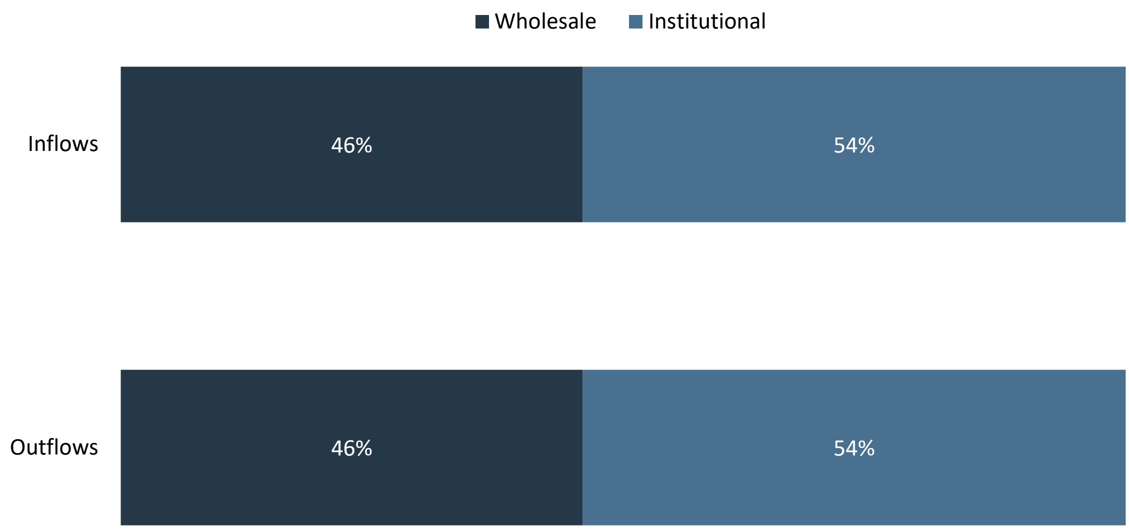
Fully separate channel structures are becoming less common, pointing to a continued shift toward more unified coverage models. Client Group Heads are under pressure to deliver revenue in all regions and a move towards a multi-channel approach is seen as a way to drive accountability at the country level. Leadership has grown frustrated at repeated failure in certain countries at the channel level and in order to justify the continued presence in certain markets, they need Country Heads to deliver positive results year on year.

FURTHER CHANNEL INTEGRATION EXPECTED

Looking at the year ahead, most firms do not anticipate changing their distribution structures. Among those that do expect change, the direction of travel is predominantly toward greater channel integration.



INSTITUTIONAL MONEY COMING IN & GOING OUT



54%

Of respondents believe that the majority of inflows in 2026 will come through the **Institutional** channel

54%

Of respondents believe that the majority of outflows will come through the **Institutional** channel

In 2025, respondents expected inflows to be led by the Wholesale channel, while outflows were more associated with Institutional. In 2026, expectations converge, with both inflow opportunity and outflow risk increasingly concentrated in Institutional Channels.

IS MORE PRIVATE MARKETS SALES DNA NEEDED?

The topic of the need for Private Market expertise in sales continues to be debated in most firms. A major factor at play is brand, larger firms typically have access to larger scale deals and smaller firms tend to have more niche relationships.

A clear developing trend is tier one alternative players looking for salespeople from mainstream asset management houses that have Private Markets experience whilst also understanding how to cross sell and build deeper long term client relationships.

On the flip side, traditional players that have grown Alternative product feel that they need deep Private Markets expertise in specific areas such as Private Credit in order to access the prospects that they need to target.

SPECIALIST SALES vs PRODUCT SPECIALISTS/CPMs

We asked all firms that have Private Markets capabilities how they structure their sales team to raise capital in the space:

71% Of respondents use a variant of the dedicated "Strategy Specialist" model to support the sales team – these specialists can either be more commercial, with a remit to be able to sell directly to their contact base, or, they perform a supporting/classical product specialist function for their area of specialism

22% Of respondents use the dedicated Alternative Sales team model. This typically sits within the Global Client Group and works alongside generalist country coverage teams with an outright remit to sell and raise capital, whether it's in isolation or in partnership with sales generalists

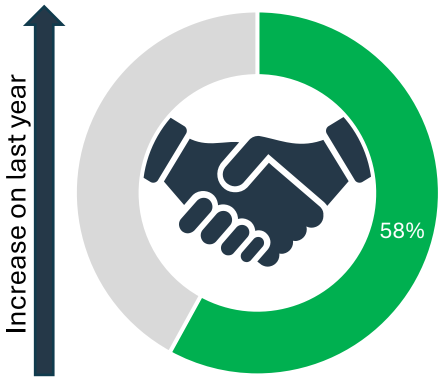
7% Of respondents exclusively use Placement Agents to raise capital for Private Markets strategies and do not have technical specialists or alternative salespeople within the business

THE FIGHT FOR PRODUCT DEVELOPMENT

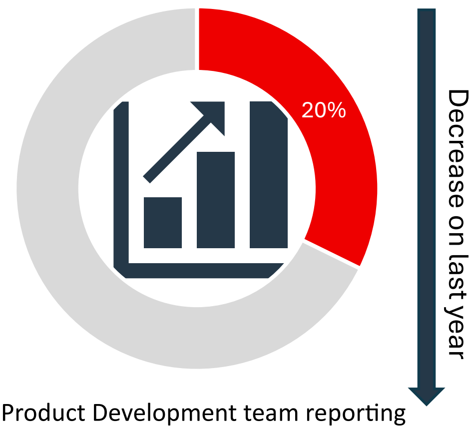
Product Development is most commonly positioned within Sales, Distribution or Client teams (58%), underscoring a strong industry emphasis on aligning product strategy closely with client demand and commercial priorities. While Product Development was historically more investment led (last year 25% of Product Development teams sat in investments), with new strategies primarily originating from portfolio management teams, evolving client requirements and shorter innovation cycles have increased the need for faster, more demand driven product creation.

This shift has intensified discussion around ownership and accountability for Product Development, particularly across sales, investment, marketing and strategy functions. Although no single organisational model has become definitive, the data suggests a clear tilt toward closer integration with distribution teams to improve responsiveness, accelerate time to market, and ensure product relevance.

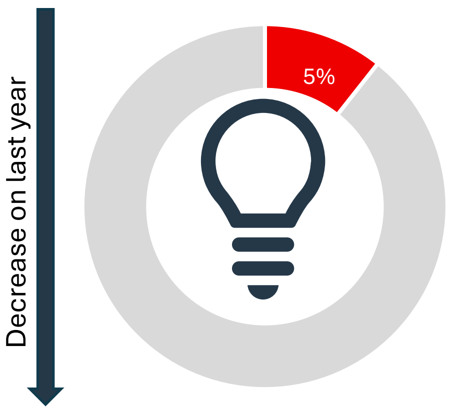
Our survey indicates that Product Development functions are currently organised across five primary models:



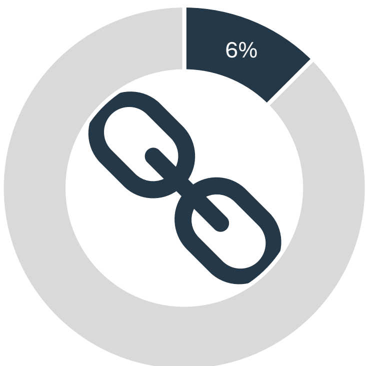
Product Development team reporting into Sales/Distribution/Client Group



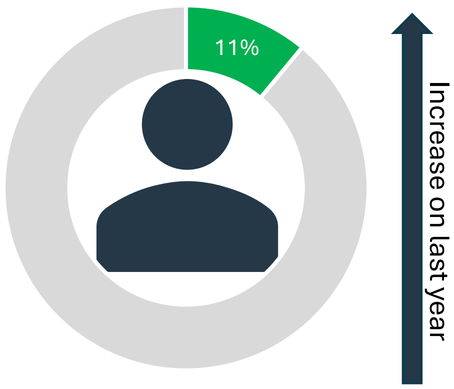
Product Development team reporting into Investments



Product Development team reporting into Marketing



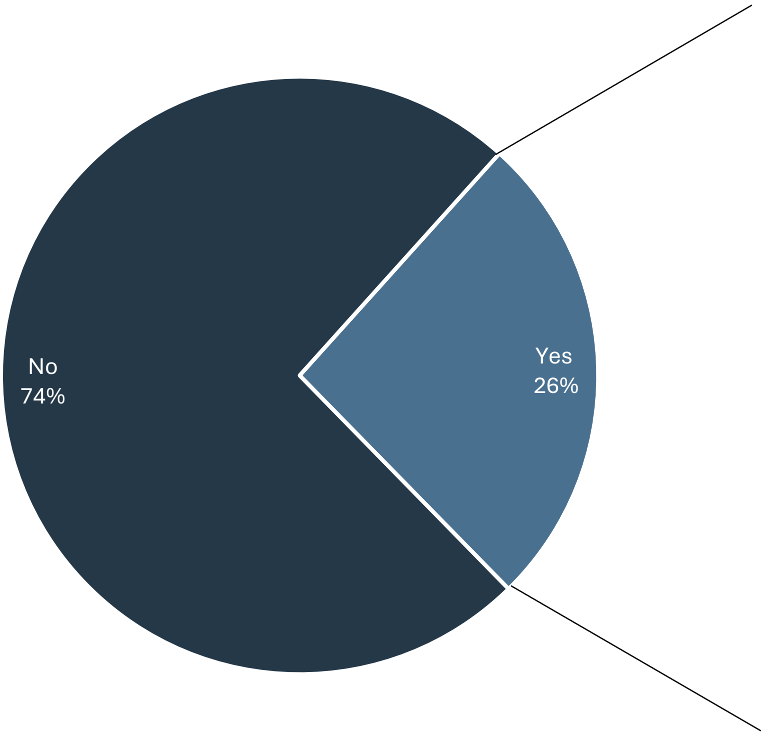
Product Development team has a dual report into Investments and Sales/Distribution/Client Group



Product Development team is a stand alone entity reporting into the C-Suite function

IS THERE A CASE FOR STRATEGIC PARTNERSHIPS?

While the majority of firms continue to operate independently, 26% have entered into formal strategic partnerships. These collaborations are increasingly tactical rather than purely scale driven, with a clear focus on expanding Private Market capabilities, accessing permanent capital, and bridging the gap between traditional and alternative investment platforms.



Alternative Asset Specialists (10%)

Partnerships with Private Market managers to build or scale capabilities across Private Credit, Infrastructure, Secondaries, and other Alternative strategies.

Large Diversified Asset Managers (6%)

Partnerships with global asset managers to enhance distribution, co-develop products, or access complementary investment and client capabilities.

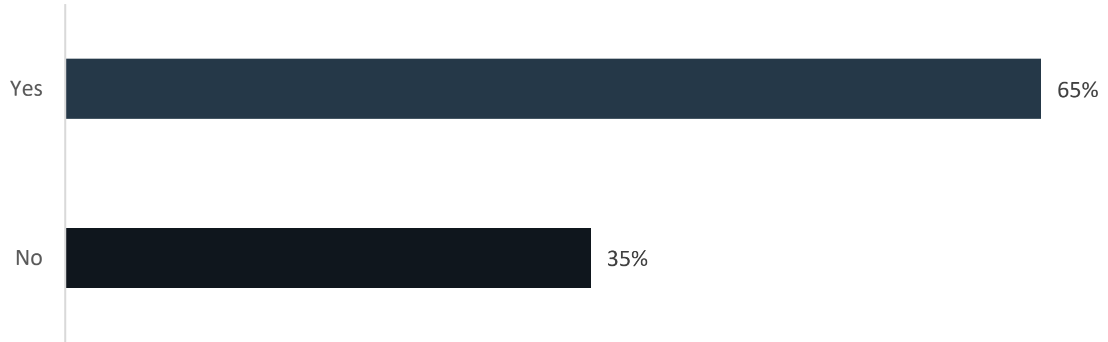
Insurance and Permanent Capital Providers (5%)

Collaborations with insurers or balance sheet capital providers to support long duration strategies, retirement solutions, and capital efficient growth.

Bespoke or Strategic Arrangements (5%)

Custom or strategic partnerships, including in house structures, late stage or venture capital collaborations, and M&A driven capability expansion aligned with client demand.

While only a minority of firms currently operate through formal partnerships, forward looking sentiment points to an industry at a strategic inflection point. Two thirds of respondents indicate openness to, or are actively considering, future partnerships, as asset managers balance the advantages of accelerated market entry and access to complementary capabilities against a continued preference for independence and in house development among the remaining third.

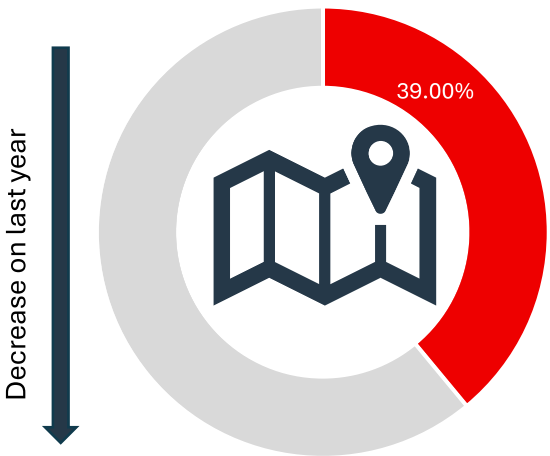


THE RISE OF PLACEMENT AGENT USAGE

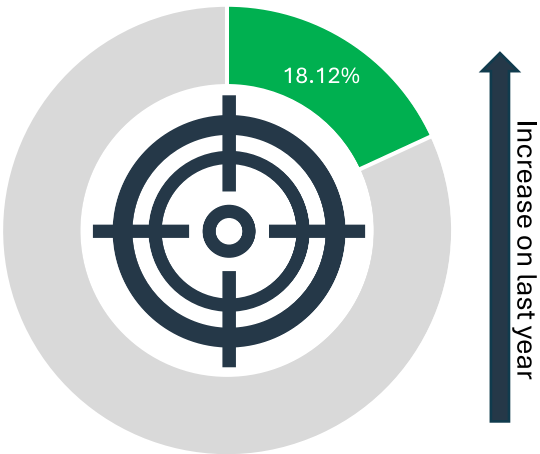
The survey indicates that Placement Agent usage remains highly selective rather than broad based. While a substantial proportion of firms do not use Placement Agents at all, the majority of those that do engage them in a limited and targeted way. This is most commonly on a geographic basis, with firms using Placement Agents in certain regions rather than across their global distribution platforms. A smaller share employ Placement Agents selectively by product, while only a very small minority use them across several geographies.

Where Placement Agents are used, they typically play a complementary role alongside in house distribution teams, particularly in markets where firms lack sufficient scale, local presence, or established client relationships. This selective deployment is most pronounced in Alternative strategies, where specialist Placement Agents can provide incremental access to Institutional capital without fully outsourcing client coverage.

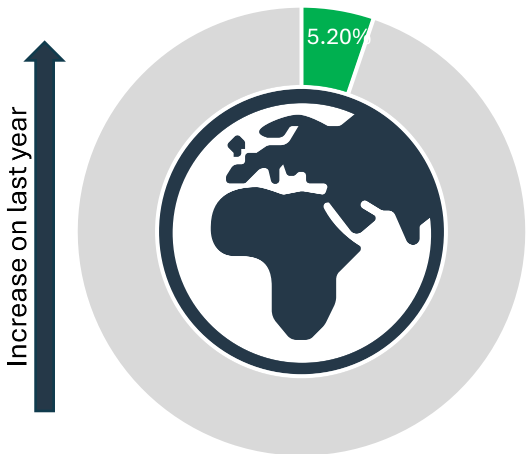
Traditional asset managers are also increasingly incorporating Placement Agents into their broader distribution toolkit, but in a controlled and regionally focused manner. Oversight of these relationships often sits with country or regional leadership, reinforcing alignment with overall business development priorities rather than signalling a wholesale shift away from internal sales capabilities.



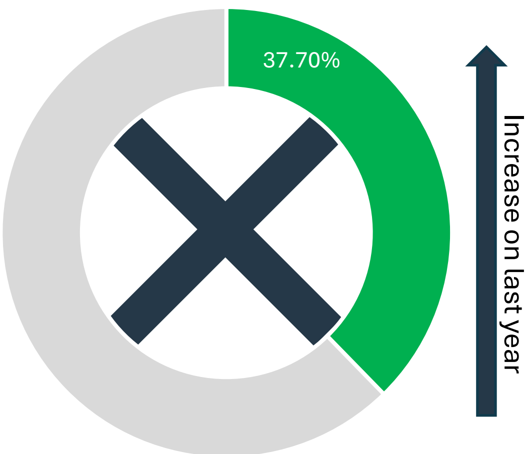
Use Placement Agents, but only for certain geographies



Use Placement Agents, but only for certain products



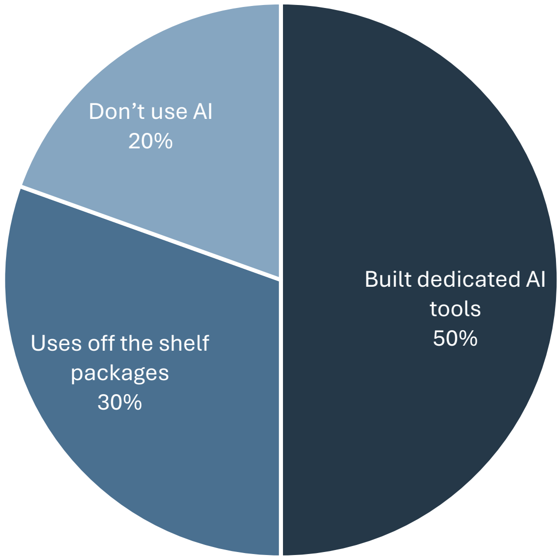
Use Placement Agents in several geographies



Do not use Placement Agents

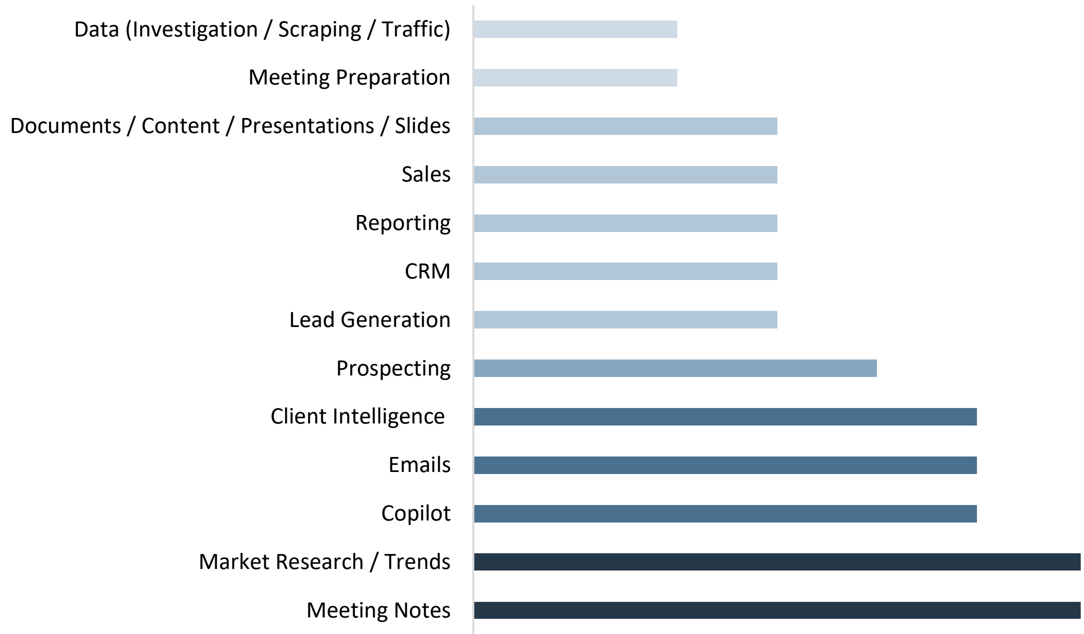
THE FUTURE OF AI IN DISTRIBUTION

Internal innovation is outpacing off the shelf adoption as firms seek a competitive edge. Currently, 50% of asset managers have moved beyond generic packages to build dedicated, proprietary AI tools, while 30% continue to leverage standard market solutions to streamline their distribution efforts.



The integration of AI is fundamentally reshaping the day to day activities of distribution teams. Respondents highlight a shift from manual administrative tasks to high value analysis, with AI acting as a force multiplier that allows teams to process market intel faster and focus more on direct client engagement.

Survey respondents use AI for the following purposes, listed from **least** to **most** common:



WHAT CHALLENGES LAY IN WAIT FOR 2026?

HEADWINDS TO COME

Fee compression, driven by investor pressure for lower costs and greater transparency, will continue to weigh on profit margins, increasing the challenge for active managers to clearly articulate and defend their value proposition. Meanwhile, ongoing competition from passive strategies is likely to keep drawing capital away from actively managed funds. At the same time, competitive intensity across the industry is rising, as both established firms and new entrants compete for a finite pool of assets.

In 2026, asset managers will operate in an increasingly complex environment shaped by geopolitical tensions, macroeconomic uncertainty, and structural industry change. Elevated geopolitical risks — including trade disputes and regional instability — are likely to heighten market volatility and complicate investment decision making. At the same time, performance pressures stemming from market dislocation and ongoing fee compression will test investor confidence and make asset retention more challenging. The continued expansion of Private Markets adds a further layer of pressure, as capital shifts away from traditional strategies, requiring managers to adapt their offerings or risk client attrition.

Large Institutional clients are increasingly consolidating mandates while demanding more customised solutions, resulting in fewer but larger allocations. Many firms continue to struggle to fully align investment capabilities with evolving client requirements. Where collaboration between investment and distribution teams is weak, this misalignment can lead to product offerings that fail to meet investor expectations, driving dissatisfaction and potential asset outflows. In parallel, on the wealth side, the ongoing “institutionalisation” of the client base is raising the bar further, with investors becoming more sophisticated and demanding in both the breadth and depth of capabilities they expect asset managers to deliver.

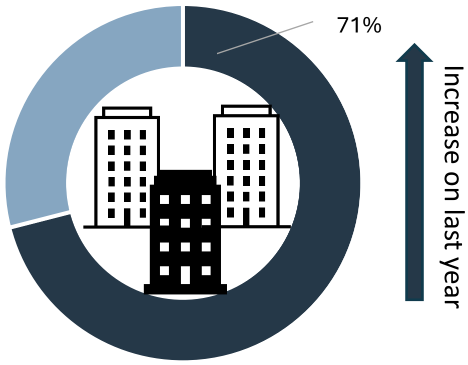
TIME TO START OPENING OFFICES AGAIN?

Over the past two years, many asset managers have sought cost efficiencies by rationalising the local office footprint of their global distribution teams. Looking ahead to 2026, this direction of travel appears to be stabilising.

The majority of firms expect to maintain their current office footprint, while a quarter plan to selectively increase the number of offices supporting their global distribution efforts. Only a small minority anticipate further reductions, pointing to a more measured and targeted approach to footprint decisions in the year ahead.

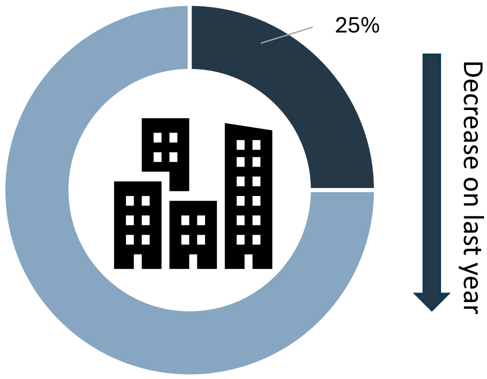
71%

Of respondents predict they will keep the **same number** of offices



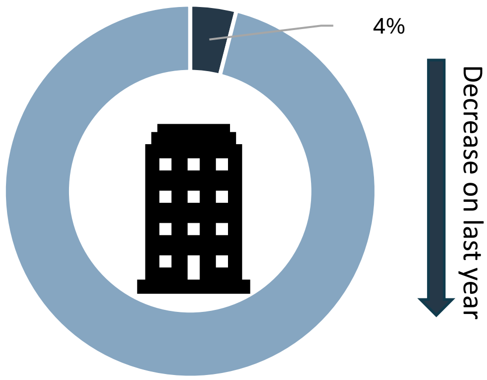
25%

Of respondents predict they will **increase the number** of offices



4%

Of respondents predict they will **decrease the number** of offices



HOW TO KEEP YOUR SUPERSTARS

The number of respondents expecting turnover of key staff has decreased significantly since Q1 2025, going from 45% to **29%** this year.

This group of respondents expect the three key reasons behind departures to be:

- A proliferation of competitor bids for talent
- Firm restructurings i.e. following a merger/acquisition
- Decreased bonus pools

THE PLACE TO BE

54% of respondents are looking to add additional headcount in 2026, so heads of teams will be looking to assess the most important practices that will entice high quality candidates to join.

This group of respondents expect the three key reasons behind attracting new talent to be:

- Positive company culture
- Strong company vision
- Career progression

IT'S GREAT TO BE BACK IN THE OFFICE

We asked the industry how many days in the office they expect the new normal will be for their teams in 2026. Team Heads within the EMEA region answered 3.5 days on average, in the APAC region that number rose to 4.2 days on average and in the Americas, 3.2 days was the overall average.

This doesn't tell the full story. In the US, cities like New York are already seeing a stronger return to office compared to places like Boston. Many Alternatives firms and US headquartered businesses are broadly communicating to employees worldwide that the expectation is four to five days in the office as we move through 2026. For now, however, the most common response in our global survey remains three to four days in the office as the prevailing norm.

3.8

Number of average days employees are in the office

(excluding fully flexible)

2026

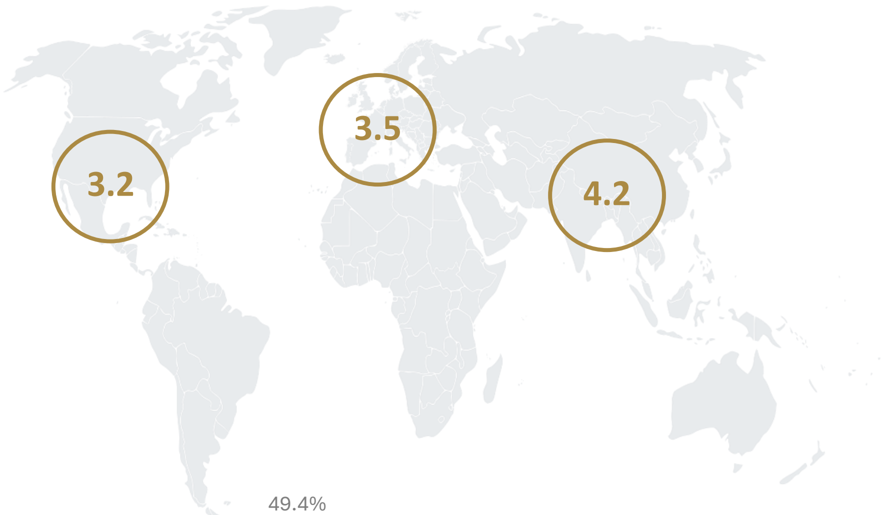
3.8 Days in the office

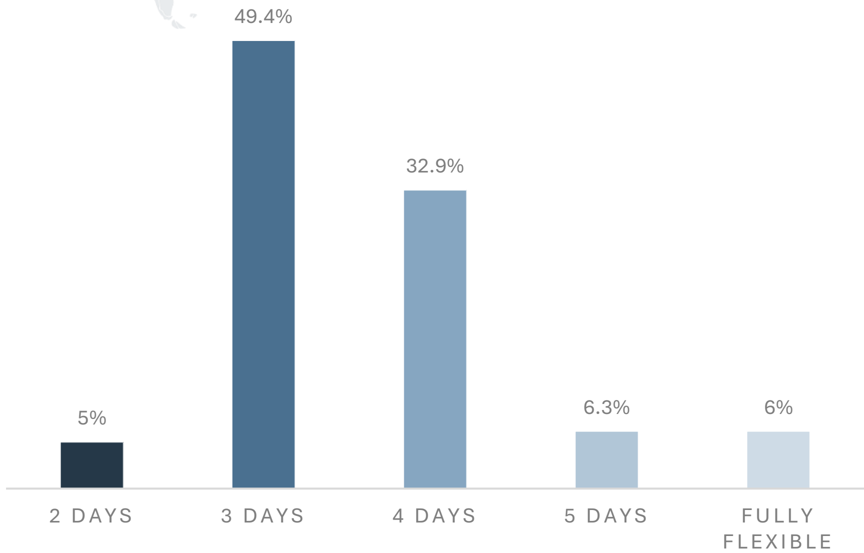
2025

3.3 days in the office

2024

3.2 days in the office





RFP ACTIVITY RAMPING UP

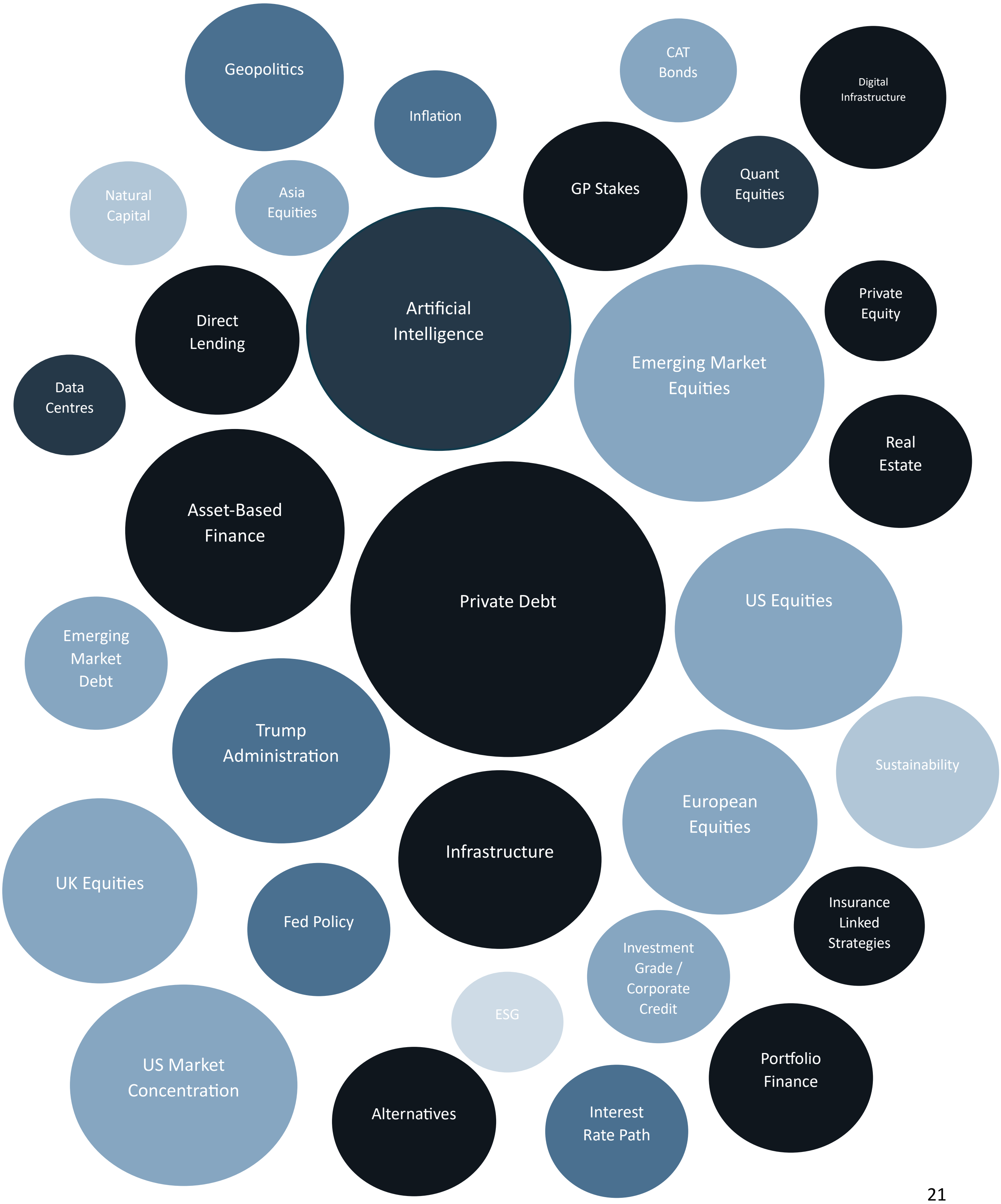
69% of respondents anticipate an increase in RFP/RFI activity for 2026. These expectations demonstrate the increase in search activity amongst prospects and illustrates that both Public Market and Private Market asset managers are feeling bullish for the year ahead.

An increase in RFP activity is still widely anticipated in 2026, with respondents expecting a ramp up.

Although this represents a decline on **18%** from last year.

WHATS ON THE CLIENT'S MIND?

This year, we invited participants to share their perspectives on the most talked about investor topics. While responses varied, we have identified clear themes and clear takeaways that are assumed to guide the year ahead.



Private Markets

Investor focus continues to deepen across Private Markets, with Private Credit and Direct Lending remaining central, alongside renewed interest in Infrastructure, Real Assets, and Asset-Based Finance. Discussions increasingly centre on portfolio mechanics — including liquidity, DPI and cashflow management, evergreen and semi liquid structures, and Credit quality within private allocations — reflecting a more mature and implementation focused approach to Private Market investing.

AI & Tech

AI has emerged as a dual theme discussion, spanning both investment opportunity and operational transformation. Investors are actively exploring exposure to AI driven growth areas such as hyperscalers, data centres, and digital Infrastructure, while also assessing how AI can enhance portfolio construction, risk management, and investment processes across asset classes.

Macro & Policy

Macro uncertainty remains a key driver of investor dialogue, with heightened focus on interest rate trajectories, inflation dynamics, and geopolitical risk. US policy developments — including potential changes to Federal Reserve leadership and broader political uncertainty — feature prominently, influencing discussions around duration, currency exposure, and regional asset allocation.

Fixed Income & Credit Quality

Investor attention is increasingly centred on income resilience and Credit quality, particularly in the context of late cycle risks. Discussions highlight relative value across Investment Grade, Structured Credit, EMD and Private IG, alongside concerns around downgrades, defaults and liability management exercises, as investors seek to balance yield generation with capital preservation.

Regional Equities & Concentration

Equity conversations are increasingly framed around concentration risk, particularly within US markets and technology heavy indices. Investors are assessing opportunities to rebalance toward European, UK and Emerging Market Equities, as well as non US strategies, in response to elevated valuations and the dominance of a narrow group of large cap names.

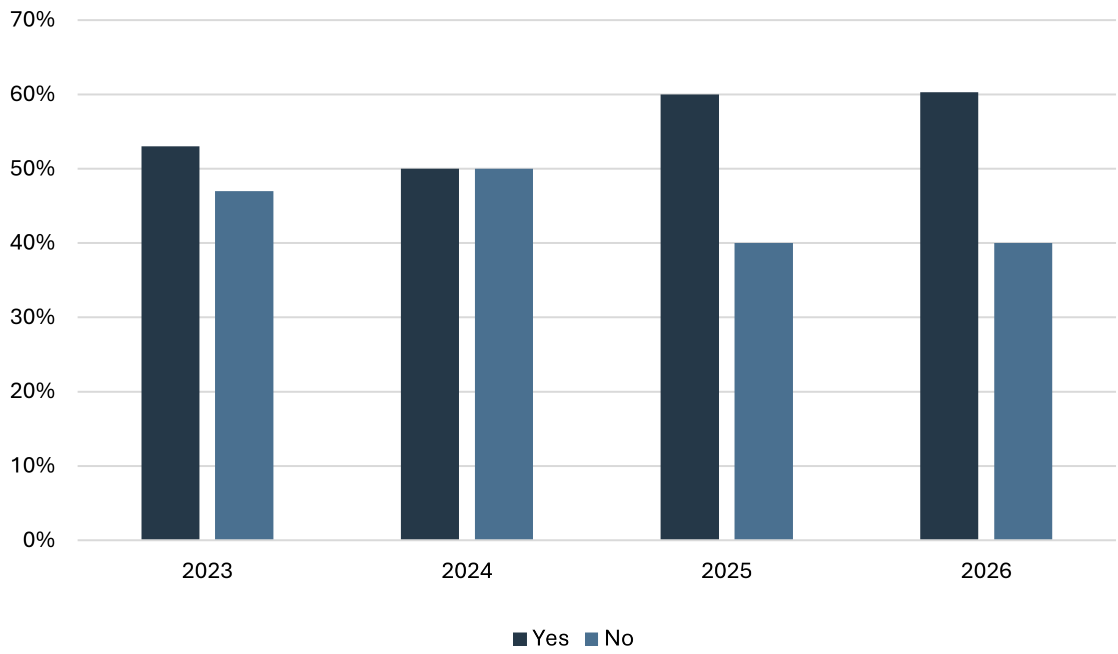
ESG & Specialised Solutions

While less dominant, ESG and specialised solutions continue to feature in targeted discussions, often as part of broader portfolio construction conversations. Topics include sustainability integration, SFDR developments, impact investing, and bespoke solution design, reflecting a shift from standalone ESG allocations toward more integrated, outcome oriented approaches.

2026 HIRING OUTLOOK

60% of our respondents are looking to grow their overall team size in 2026. This indicates that hiring sentiment has remained stable when compared over a three year period to previous Magellan Barometers.

There is clear stability in market sentiment amongst distribution professionals this year vs previous years. Many are reporting elevated search activity, higher volumes of RFP/RFI requests and an expectation that clients will transact on both Public and Private Market products.



KEY TAKEAWAYS FOR INVESTMENT MANAGEMENT EXECUTIVES IN 2026?

- Over the past year, hiring activity in distribution has centred on **Talent Upgrading**. There is more pressure than ever on distribution teams to deliver results, and several new global and regional leadership changes have been made over the past 12 months. Budgets are still rigid and sales leaders are having to improve team performance whilst keeping a handle on costs. We do not anticipate too much in the way of country hotspots/bubbles for sales talent and the consistent theme is to add good people where you can and manage underperformers out of the business. The war for high quality sales talent is most obvious not only just in the US but in EMEA, where some client rotation is expected, there is anticipated hiring activity in Germany and the UK.

- **Client Coverage Models** are a major focus area for leadership. Sales leaders are questioning if there are countries or regions where having a combined client focus makes more sense than having dedicated teams looking at Institutional and Wholesale clients (or even further segmentation into Insurance, Family Offices etc). Some of this is driven by investment consultant activity with firms like Mercer playing in the Wealth space. Another factor is continued underperformance by certain channel teams and therefore a move to a multi-channel approach, which drives accountability to country heads to make sure that they deliver results year on year and can adjust resources accordingly to focus on the client segments that make most sense at that time.

- **Product Development** continues to evolve and much of this is being pushed by sales teams. There is a clear shift away from firm's product development strategy being investment led ("build it and they will come") towards a commercially driven product engine that listens to market demands and builds accordingly and efficiently. Sales teams increasingly have more interaction with product development teams, and the hope is to ensure the right product gets to market quickly and thus the sales team have more relevant strategies to sell.

- There were some high profile **Strategic Partnerships** announced in 2025, and there is an expectation for this to continue in 2026. Many traditional and alternative firms are expected to use partnerships as a lower cost route to achieving strategic objectives.

- **AI Usage in Distribution** is evolving quickly in terms of what technology is used and how it is impacting sales processes. Firms have quickly moved on from using basic off the shelf AI for tasks such as meeting note taking and are now building customised AI tools to help sales teams generate leads, prepare for meetings, and suggest and build relevant follow-up materials.

- Finally, on **Compensation,** the divide forming in the asset management industry that we touched on last year continues. There are clearly three distinct sub groups in our data. On an upward bonus pool trajectory, you have the Private Markets houses who we anticipate will see another 20% increase in overall bonus pools in 2026 across all regions. There is the second group of houses that span the Public and Private Market landscape that we anticipate a slight increase for bonus pools, with greater upward pressure on comp for those that have a heavy Private Market product focus. The third group is those firms that are facing the most headwinds, typically with a pure or heavy active Public Markets machine to feed. The early data here suggests another 20% decrease in bonus pools and some tough decisions ahead to get costs under control whilst attempting to turn the business around.

- For the second year running the outlook is **Positive for 2026**. Good luck and thank you to everyone that has contributed to this year's industry outlook.

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