

INVESTMENT FIRM OF THE FUTURE

Our *Investment Firm of the Future* report analyzes how firms can adapt to thrive in the fast-changing investment landscape. We examine asset management trends alongside positive actions that can be taken by individual firms or the industry as a whole.

Scenarios

The report leverages the four scenarios first described in our *Future State of the Investment Profession* report, which will each have a fundamental influence on how the investment industry evolves.



Fintech Disruption

New technologies promote new business models; disruption and creative destruction are endemic



Parallel Worlds

Engagement in society differs by geography, generation, and social group; effects on financial services participation and preferences



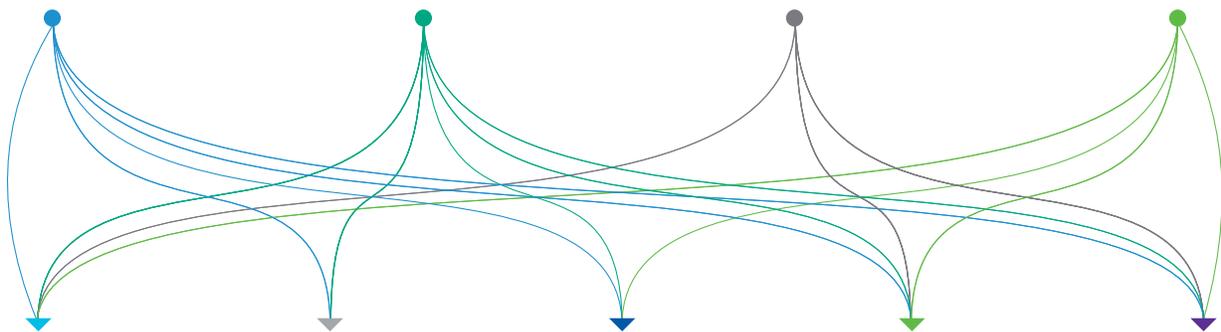
Lower for Longer

Interest rates stay low, global growth disappoints, and political instability rises



Purposeful Capitalism

Investment industry becomes more professional, ethical, and client-centric



Business Model



Operating Model



People Model



Investment Model



Distribution Model

Narratives

Across five models, we outline narratives that bring the above scenarios to life at a more detailed level for investment firms. Themes include:

Business Model

- Successful firms don't dodge industry realities
- Professionalism emerges as key business driver

Operating Model

- The power of people plus automation
- The power of platforms and customization

People Model

- Step-change in collective intelligence
- Firms working on cultural edge

Investment Model

- Traditional investment models overturned
- Sustainability embedded across the industry

Distribution Model

- Smarter client segmentation
- Technology can engender trust

Shifts

These scenarios and narratives bring us to recommended shifts: ways in which investment firms and the industry overall can adapt for the future and thrive in years to come.

Embed organizational agility and client-centric culture

Firm success reflects state of agility and fiduciary mindset

Use every tool to differentiate the operating model

Insourcing/buy or build are critical decisions in the value chain and tech

People and technology—better together

T-shaped diverse skills with tech added are a game changer

Refocus investment processes on outcome

The control/delivery of client outcomes changes everything

Find ways to engage clients

Better engagement using tech in a way that speaks clients' language

Conclusions

Investment firms must adapt by exploiting technology, building a greater collective intelligence, doing more joined-up investment thinking, and better identifying client needs. The industry will need to:



HOLD ITSELF UP TO CLEAR, HIGHER STANDARDS.



BECOME MORE PROACTIVE AND PURPOSEFUL.



ADD VALUE BEYOND THE REWARDS IT ENJOYS.



MAKE POSITIVE CONTRIBUTIONS TO SOCIETY'S DEEPER-ROOTED ISSUES.

This can become reality if investment firms adopt the principles and strategies outlined in the *Investment Firm of the Future* report. CFA Institute is committed to further consultation with leading industry figures on the issues raised here.