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:

<table>
<thead>
<tr>
<th>Business Model</th>
<th>Operating Model</th>
<th>People Model</th>
<th>Investment Model</th>
<th>Distribution Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Successful firms don’t dodge industry realities</td>
<td>• The power of people plus automation</td>
<td>• Step-change in collective intelligence</td>
<td>• Traditional investment models overturned</td>
<td>• Smarter client segmentation</td>
</tr>
<tr>
<td>• Professionalism emerges as key business driver</td>
<td>• The power of platforms and customization</td>
<td>• Firms working on cultural edge</td>
<td>• Sustainability embedded across the industry</td>
<td>• Technology can engender trust</td>
</tr>
</tbody>
</table>

**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.

<table>
<thead>
<tr>
<th>Embed organizational agility and client-centric culture</th>
<th>Use every tool to differentiate the operating model</th>
<th>People and technology—better together</th>
<th>Refocus investment processes on outcome</th>
<th>Find ways to engage clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm success reflects state of agility and fiduciary mindset</td>
<td>Insourcing/buy or build are critical decisions in the value chain and tech</td>
<td>T-shaped diverse skills with tech added are a game changer</td>
<td>The control/delivery of client outcomes changes everything</td>
<td>Better engagement using tech in a way that speaks clients’ language</td>
</tr>
</tbody>
</table>

**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.