



Thinking Ahead Institute

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CAIA
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An expanding mandate

**A systems-level framework
for asset management**

An expanding mandate:
A systems-level framework
for asset management

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Executive summary

Polycrisis and simultaneity

The operating environment is defined by deepening complexity, where geopolitical fragmentation, climate change, demographic shifts, AI interact, and amplify one another simultaneously, beyond traditional linear modelling.

Practice backwardness

Current investment practices were built for a world that no longer exists; backward-looking risk models, rigid processes, siloed sleeves, and clear public-private separation is likely struggling to remain fit for purpose.

Cognitive gap

The industry faces a knowledge and cognitive gap – systems thinking as a way of understanding reality remains underdeveloped, especially as complexity and uncertainty ratchet up.

System-level investing

The practical case is for system-level investing, recognising that long-term investment outcomes depend on the health and resilience of the broader system.

Inside-out, outside-in

An IOOI approach is needed to move from the individual organisation to the ecosystem, then from the ecosystem back to the organisation, linking systems awareness, purpose, effectiveness, and resilience.

Macro foresight

Investors must identify future systemic points of pressure and use horizon scanning, scenario analysis, and other frameworks for decision-making under deep uncertainty to engage with, and evolve, their relationship with the future.

Meso: Purpose and role

Investment organisations should project renewed organisational identity to the system through purpose, double materiality, the integration of externalities, and a 3D investing framework: risk, return, and real-world impact.

Micro adaptation & resilience

Asset managers' organisational alpha (ie effectiveness), preparedness, and resilience now depend on governance, talent, public-private integration, systems navigation, sense-making, and next-gen professional capabilities.

Redefining success metrics

The case is for expanding the present mandate: moving beyond benchmark-relative mandates as the sole metric of success towards ensuring organisational survivability, and preserving the conditions under which long-term returns remain possible.

Methodology

The data-driven findings, empirical evidence, and qualitative inputs supporting this report are grounded in two complementary, practitioner-led industry studies. The **Thinking Ahead Institute's Global Asset Manager Peer Study 2026** is based on a detailed, self-reported online survey of 176 asset managers, generating around 25,000 data points across regions, firm sizes, and approximately

USD \$39 trillion in AUM, with responses from senior executives and board-level participants. This is complemented by **CAIA Association's The World Rewired** global roundtables, which draw on nearly 20 hours of structured dialogue with 120 executives across eight financial centres, and surveys across CAIA Association's 15,000 members, capturing realtime industry perspectives and emerging themes.



Foreword

By Andrea Caloisi, Thinking Ahead Institute and Aaron Filbeck, CAIA Association

There is a tension that investment professionals have been sitting with for a few years now, even if they have not had the language for it. It shows up in investment committee meetings and in manager updates that are technically proficient, but oddly disconnected from the world they describe.

The unnamed discomfort stems from a quiet recognition that current practices were built for a world that no longer exists. Backward-looking risk models, rigid committee processes, and a clean separation between public and private markets are no longer sufficient frameworks for the environment institutions are navigating.

This implication is significant. The asset management industry is confronting a regime change, one in which the assumptions that have underpinned decades of portfolio construction, risk management, and organisational design are being structurally revisited and, in many cases, rewritten. What makes this moment different from prior episodes of disruption is not any single force but their intensity and simultaneity. The transition toward a multi-polar geopolitical order is redrawing the map of capital flows. The convergence of public and private markets is fundamentally changing how portfolios are constructed and how the industry defines access. Artificial intelligence is no longer just a productivity story but rather a step-function shift, and is reshaping the human capital foundations of investment organisations at a pace that most institutions have not yet reckoned with. None of these forces operate in isolation. Together, they are producing a complexity that defies the reductionist habits investment management has spent decades refining.

What this moment demands is something harder and more consequential than a tactical adjustment. It mandates a rethinking of the inner identity of investment organisations, of what they are for, what they believe, how they think, and how they are structured to respond to an environment they cannot fully control. The organisations best positioned to navigate this regime are those that have already begun to think differently about the system they inhabit. Some already have. The evidence is in the behaviour of the institutions examined in these pages, not just in the arguments made about them.

More generally, we argue that it is time for all investment organisations to make the system their habitual object of attention. In that sense, system-level investing should earn a prime spot as the key missing piece of the unfinished business of investment management today.

This is why the inside-out, outside-in framework at the center of this report matters. The question it poses, how do investment organisations tune themselves from the inside out, and adapt from the outside in, is not a theoretical one. It is an operational and strategic imperative. We offer this work not as a definitive map but as a contribution to a conversation the industry urgently needs to have with itself. The reader will find in these pages both a diagnosis and a direction. What comes next is a choice.

The views in these pages are reinforced by what we heard directly from practitioners. The Thinking Ahead Global Asset Manager Peer Study 2026 surfaces where the industry's self-understanding currently sits. CAIA's *The World Rewired* report, conducted through roundtables with senior investment leaders across eight global financial centers, captures the texture of how that discomfort is actually being experienced in the room. The practitioner perspectives woven throughout this report draw directly from those conversations.

Introduction

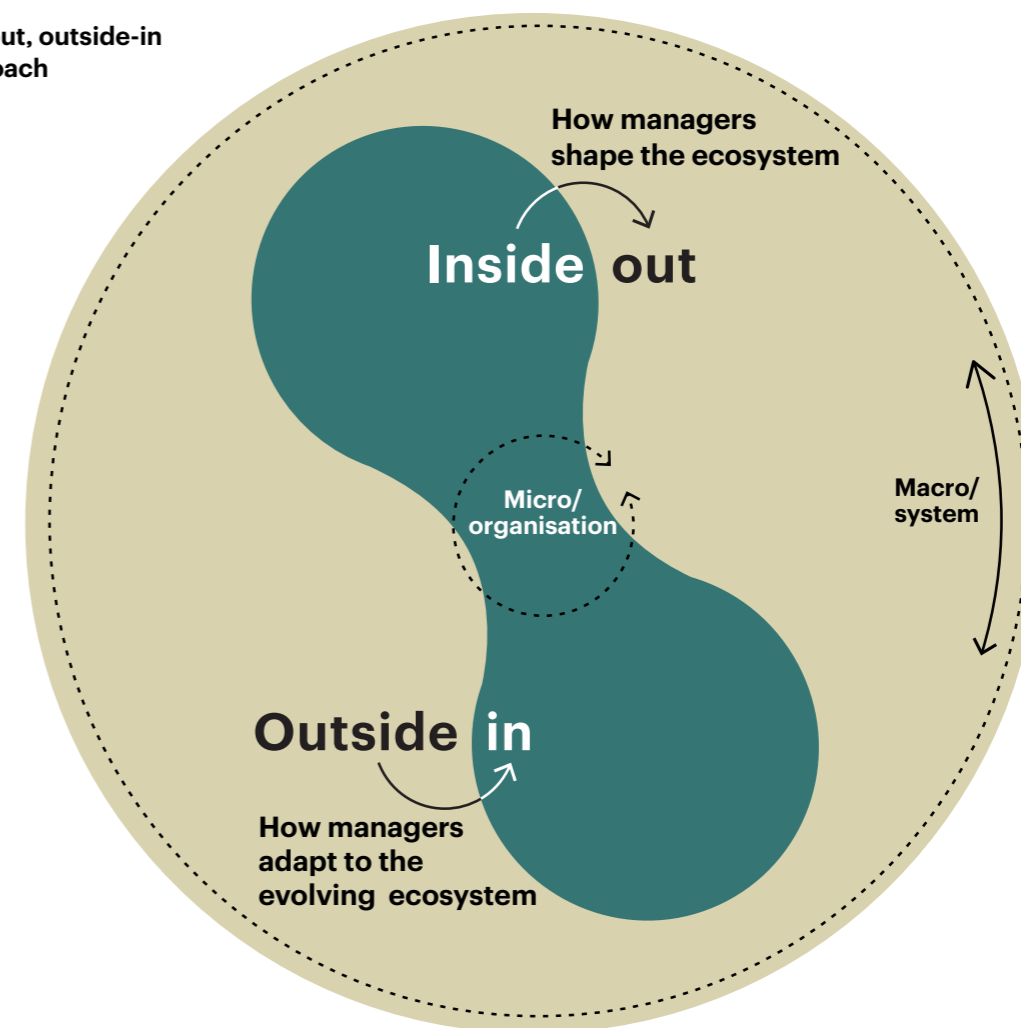
By Andrea Caloisi, Thinking Ahead Institute

This report sets out both a mindset shift and a practical case for system-level investing. At a time when investment management's prevailing mental models are clashing with an increasingly complex and uncertain operating environment, we believe "expanding the mandate" is now essential. To this purpose, the report takes a threefold approach: informative (the *what*), normative (the *why*), and demonstrative (the *how*).

First, we seek to address a knowledge and cognitive gap in the awareness and adoption of systems thinking within the investment management industry. Second, we aim to set the tone for how investment organisations could and should step up and embrace this way of thinking amid unprecedented complexity and uncertainty. Third, we offer a first-hand investment application of systems thinking principles by proposing a practical framework for system-level tuning of investment, organisational, and governance practices – what we refer to as the inside-out, outside-in (IOOI) approach.

This framework allows us to move from the firm to the ecosystem, and then from the ecosystem back to the firm. The inside-out section looks outward, starting at the macro level, where it surfaces future systemic points of pressure and the methods required to engage with the future under deep uncertainty. It then moves to the meso level, focusing on the formation and external projection of purpose and systemic impact – examining what "good" looks like when investors explicitly recognise their reflexive role within the system.

The inside-out, outside-in (IOOI) approach





The outside-in section then turns inward to organisational design, the micro level. First, it examines organisational effectiveness: how governance, talent, processes, and integrated public-private thinking translate external complexity into consistently quality decisions. Second, it explores organisational preparedness: how business and investment models, professional capabilities, and “next gen vision” must evolve to remain fit for purpose as the environment continues to change.

This work is grounded, at the time of writing, in the ongoing Thinking Ahead Global Asset Manager Peer Study 2026, a self-reported, practitioner-level snapshot of organisational effectiveness across the asset management industry. The study draws on responses from over 170 asset managers across 16 countries, providing a global perspective. It captures a broad range of managers, with assets under management ranging from less than USD \$10 billion to multi-trillion-dollar firms, together representing a meaningful share of the top 500 asset manager universe. We use this data as evidence of the industry’s current readiness and future industry priorities for what is already unfolding and will likely continue to unfold across the wider ecosystem.

Also worth noting is that this report builds on past work of the Thinking Ahead Institute, work that, though years in the making, is especially timely today. The report has been co-authored with the CAIA Association, whose longstanding commitment to advancing systems thinking in investment practice has helped shape and strengthen the perspectives presented here.

We hope this report provides a usable framework, one that helps investment leaders ask better questions, embrace and design for complexity, and act with greater coherence and impact within a system they are part of and cannot opt out of.

Addressing the gap

By Andrea Caloisi, Thinking Ahead Institute

What gap?

If we were to walk into an average investment committee and ask a sample of portfolio managers what their agenda for the day contained, we would likely hear about duration, factor tilts, tracking error, liquidity buffers, manager selection. What we might almost never hear is someone claiming, “We are working to allocate capital and exercise stewardship in ways that sustain the conditions under which returns remain possible at all.”

We might argue that the broader purpose is so well understood that it is taken for granted. But implicit purposes have a habit of quietly disappearing. The average practitioner is absorbed in the technical details of a narrow slice of the whole and rarely pauses to ask how that slice connects to anything beyond the mandate in front of them.

Investment professionals are fully capable of systems thinking. It is just that the institutional machinery rewards its absence. The system promotes those who execute their narrow slice with precision and often ignores whether the slices, when assembled, amount to anything worth having. In other words, it is a rational response to misplaced incentives – one that consistently displaces what actually matters: the allocation of capital toward a viable future, as well as the stewardship of the broader system on which all returns ultimately depend. Addressing this gap – cognitively and practically – demands something the current industry architecture rarely cultivates – the capacity to see the larger picture.

This reductionist habit of mind – the assumption that complex problems yield to decomposition, that if each component is optimised in isolation, the whole will take care of itself – is so widespread and deeply embedded today that nobody seems to question its sustainability. It is the result of the industry’s attempt to adapt to complexity through ever-increasing optimisation, leaving us almost incapable of recognising that some of the biggest problems we face are fundamentally systemic in nature.

It is within this interplay between the parts, the whole, and their interactions that the investment industry has come to draw boundaries around itself, creating a self-sustaining and self-serving entity, separate from what it perceives as external systems: society, the environment, the public domain.

As discussed, hyper-specialisation and the incentive structure do the rest: narrow expertise, short performance cycles, and benchmark-relative mandates combine with career structures that reward success within lanes, penalising the capacity to see across them, through the kind of peripheral, or “top-of-the-mountain,” vision that systems thinking requires.

Why and why now?

Meanwhile, the system neither looks back nor spares anybody. The operating environment for capital today is one of genuine, compounding complexity that does not behave like a collection of separable, manageable components. They rather interact, amplify, and occasionally cascade in ways that defy traditional linear modelling. And this operating environment is in a state of polycrisis, the now-familiar condition in which multiple systemic risks or stressors compound simultaneously (think geopolitical fragmentation and war, ecological degradation, technological disruption, political and social upheaval, etc.).

Therefore, precisely because the century’s defining characteristic is complexity compounding faster than our institutional capacity to comprehend it (hence uncertainty), the belief that “systems thinking is the cognitive skill of the 21st century” seems to us to be no exaggeration.¹

1. <https://openlearning.mit.edu/news/ask-mit-professor-what-system-thinking-and-why-it-important>

Define your terms



System(s)

An encyclopaedic definition would describe a system as a set of elements whose interactions produce outcomes over time towards a purpose. What matters to us is how those components connect, adapt, and respond to feedback. Most systems relevant to investing today (eg financial markets, economies, societies, the natural world, depending on where boundaries are drawn) are complex adaptive systems: they evolve, exhibit non-linear behaviour, and cannot be fully understood by analysing parts in isolation. In the remainder of this report, when we refer to the singular “system”, we deliberately draw the boundary around the broadest meaningful context for investment decision-making – the global socio-economic system embedded within the Earth’s biophysical limits.



Systems thinking

Systems thinking is a way of understanding reality that focuses on relationships, feedback loops, and patterns of behaviour over time, rather than isolated events or components. It embraces complexity rather than trying to simplify it away, recognising that actions often have unintended consequences once they propagate through a system. The authors of this work take the view that systems thinking is a particularly useful cognitive approach for navigating today’s complexity and uncertainty. Making sense of the world is such a vast intellectual challenge that the reader can intuitively grasp why systems thinking represents a rejection of siloed disciplinary approaches in favour of more integrated, multi- or trans-disciplinary worldviews.



System-level investing

System-level investing recognises that long-term investment outcomes depend on the health and resilience of the broader systems that generate financial returns. It requires viewing investors as participants within the system, and not as external observers. Therefore, it extends beyond asset-level optimisation to consider how capital allocation, ownership, and stewardship influence market functioning, social stability, and environmental sustainability. It ultimately aims to mitigate systemic risks by aligning financial objectives with preserving or improving the conditions under which wealth creation remains possible over time. It naturally employs a systemic worldview and systems thinking.

Moving towards a realigned ecosystem

By Aaron Filbeck, CAIA Association

What we have described in the previous section identifies a cognitive and structural problem. What follows is an attempt to illustrate what the gap looks like in practice, where the pressure to close it is already coming from, and why the asset management community, specifically, has both the most to gain and the most to lose from how this moment resolves.

The asset owner as the forcing function

As the asset owner goes, so too does the asset manager. While perhaps not a universally accepted principle, asset owners are the biggest beneficiaries of and contributors to the system. Investors manage long (and often perpetual) pools of capital. Over the past decade, the most sophisticated institutional investors: large public pension plans, sovereign wealth funds, defined

contribution schemes managing the retirement security of millions, have been quietly but meaningfully shifting the way they view their asset pools.

The shift from strategic asset allocation to goals-based investing and, more recently, the Total Portfolio Approach (TPA) represents something more significant than a change in portfolio construction methodology. Rather, it is a change in the unit of measurement and thinking of the portfolio as a system rather than one bound by artificial constraints. The benchmark is no longer the finish line, but rather it is the obligation to deliver for beneficiaries, stakeholders, and in some cases to the broader society from which capital is drawn. We have both written extensively on TPA, its applications for asset owners and, most recently, the transition needed.² In many ways, TPA is a tangible expression of a bigger challenge: the world has become much more complicated.

That shift has not yet been fully transmitted to the asset management side of the relationship, albeit with some pockets of evolution. Most managers are still being evaluated on the old terms. Some of this represents a natural direction of travel in any change transformation process. Mandates take time to evolve, and clients do not always communicate their changing priorities clearly. However, as asset owners redefine what success looks like, the measurement environment for asset managers will follow. The question is whether managers acknowledge and choose to get ahead of that change or wait for it to arrive.

An unnecessary and consequential ceiling

The investment profession has spent decades building extraordinary competence at a particular kind of problem: generating returns relative to a benchmark, within a defined risk budget, across a defined time horizon. This is difficult work, and the effort has made price discovery more efficient. However, the alpha problem is not as consequential to the broader ecosystem as the beta problem. The effort of generating excess return puts ceiling on what’s achievable more broadly.

Think about what that ceiling looks like from the inside. An investment professional (public or private) who raises concerns about systemic risk may often be raising a question that falls outside the mandate or, more specifically, the benchmark. An associate or portfolio manager that brings a climate risk lens to an industry’s competitive durability, or the feedback loop of artificial intelligence on income inequality and economic mobility is not rewarded for doing so unless it translates into a call relative to the benchmark. These are systems questions, and systems questions tend to disappear in institutions organised around components.

Incentives and change

The asset management community is not uniquely responsible here. It has built rational responses to the incentives it was given. But it does occupy a position in the financial ecosystem that makes its evolution on this front particularly important. Asset managers are stewards of capital. At scale, the largest managers hold assets representing a meaningful fraction of global GDP. These are assets that ultimately belong to individuals, pension beneficiaries, and in many cases entire societies. If that’s not a measure of systemic reach, I’m not sure what is. How that capital is allocated, what behaviours it reinforces in the companies it flows to, and what signals it sends about what the industry values are core to its function.

This is the opportunity the current moment presents. The asset owner community is evolving toward a broader conception of its role. Regulators and beneficiaries are asking harder questions about the relationship between capital and real-world outcomes. Most importantly, the competitive environment is shifting, the managers who can demonstrate alignment between their investment process and a more complete understanding of the system they operate in will be better positioned to serve the clients who are already thinking that way.

Swimming in systems

There’s a metaphor that we think helpfully expresses what it means to operate inside a system rather than alongside it.

Imagine you’re in a swimming pool. Nobody owns the water, and nobody controls where things travel once they enter it. Contaminating the water at one end of the pool will, with time, find its way to every other swimmer. This is the nature of non-diversifiable systemic risk. You cannot construct a portfolio in a vacuum, just as you can’t swim outside the water. You cannot hedge your lane into immunity. The risk circulates regardless of whether your own behaviour contributed to it. In the same vein, an institution’s own behaviour has the power to create large enough ripple effects across the systems it operates within.

The analogy captures something the reductionist investment framework struggles to see: that the system is not an external backdrop against which returns are generated. It is the medium in which investing takes place. **However, we are not warning against contaminating the old water. That water is already gone.** The supercycle that structured four decades of return assumptions: falling rates, expanding globalisation, stable geopolitics, predictable regulatory regimes has ended. The pool has been refilled. The question is not whether investment organisations will operate in a different system, but rather whether they are built to see it.

The systems in front of us are already visible in how geopolitics is repricing supply chains, how climate is redefining real asset values, how demographic shifts are quietly undermining long-duration return assumptions, and how artificial intelligence is changing the rules of price discovery itself. The question is not whether these forces are systemic. It is whether the industry is structured to see them that way.

2. *From Vision to Execution: How Investors Are Operationalizing the Total Portfolio Approach*. October 2025. CAIA Association in partnership with Thinking Ahead Institute.

Inside-out: How managers shape the ecosystem

Macro | The future systemic points of pressure

A macro rewiring

By Aaron Filbeck, CAIA Association

Earlier in this report, we used an analogy to describe what it means to operate inside a system rather than alongside it. A swimming pool is a shared medium. Whatever enters it travels, and no swimmer gets to opt out of what circulates. The analogy captures two distinct but related truths about system-level investing: that investment activity shapes the conditions under which future returns are possible, and that systemic risk does not respect portfolio boundaries. These are not abstract principles and can be complicated in how they show up. They show up in real markets, across real themes, right now. A few examples are worth walking through.

“

You could call this the ‘end of history’ as the orthodoxy and equilibrium of the past seems irrelevant because the cycles are faster, shorter, deeper.”

— CIO at CAIA’s Singapore Roundtable (2025)

Wealth management and public-private convergence

The wave of consolidation sweeping asset management reflects something more structural than firms simply getting bigger. When BlackRock acquired Global Infrastructure Partners and HPS Investment Partners in 2024, adding infrastructure and private credit to one of the world’s largest public markets platforms, it was making a deliberate bet that the future of investing does not respect legacy boundaries between asset classes.³ Franklin Templeton pushed its alternative assets under management toward USD \$270 billion through a string of boutique partnerships and acquisitions.

The result is a market in which a shrinking number of managers can offer a comprehensive product set. However, that same concentration means the firms competing for assets, distribution, and investor attention increasingly share the same exposure to each other’s risks. The logic behind most of these acquisitions has primarily been driven by the need to buy private markets capabilities specifically to access the wealth channel, the next major source of AUM growth. That ambition is what links the consolidation story to the behavioural one.

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The velocity of these trends and their collision makes today ‘the most complicated moment in history to manage money.’”

— CEO at CAIA’s Los Angeles Roundtable (2025)

As these managers converge on the same assets, the same deals, and increasingly the same distribution channels, competition concentrates. The wealth channel is not the dominant source of capital in private markets yet, institutional LPs still hold that position by a wide margin. But size is the wrong measure of systemic relevance here. What matters is behavioural profile. Institutional capital has been socialised into the asset class over decades of long lockups, stable mandates, and investment committees that prioritise process and discipline. Wealth channel investors are entering for the first time, through semi-liquid vehicles, with expectations formed entirely in public markets. By year-end 2025, AUM in these structures had grown to roughly USD \$500 billion, tripling from 2022–2025,⁴ as retail-adjacent investors entered vehicles whose liquidity promises had not been fully stress-tested.

If we go back to our swimming pool analogy, institutional investors learned to swim in the shallow end of the pool before going deeper. They’ve spent decades with long lockups, patient capital, low redemption pressure, and aligning with long-term objectives. On the other hand, the wealth channel is jumping straight into the deep end in a pool where the depth isn’t marked. The pool itself may be fine, but everyone shares the water, and thrashing in the deep end creates waves for everyone else. That behavioural gap is what makes concentration matter.

4. Morningstar, as cited in: *Private Credit Funds Face Redemption Crisis*, Wealthmanagement.com, March 2026 5. Peterson Institute for International Economics (PIIE), *The Trump-China Trade Wars: Five Takeaways from US Imports in 2025*, March 2026.

3. *Lincoln International*, *Asset Management in Transition: M&A Trends and Strategic Shifts for 2025*, January 2025.

In a fragmented market, a psychology mismatch at one firm stays contained. In a concentrated one, risk from one player spills over to another. When Blue Owl attempted to merge two of its private credit BDCs in 2025, investors pushed back on the implied NAV hit, the redemption pressure spread well beyond the firms directly involved. Blackstone, BlackRock, and Ares all saw their share prices fall, not necessarily because of changes in their underlying portfolios, but because panic around one firm's headline risks transmitted instantly across its competitors.

The wealth channel is small today. But the entire acquisition logic of the consolidators is predicated on unlocking it at scale. That's why the industry's largest firms have spent the past decade building product infrastructure and retail distribution partnerships. Investor (mis-)behaviour is likely to grow as distribution strategies succeed. An investor who understands the concentration dynamic but is not tracking the behavioural expansion is looking at half the picture. And the systemic implication, that a local sentiment problem can reprice an entire asset category, does not diminish as the channel grows.

Geopolitical risks and new centers of capital

Geopolitics has always been present in long-term investment, but it used to arrive slowly and telegraph its intentions. That dynamic is no longer present. Geopolitical risk is moving from short-term irritant and side show to the principal axis on which capital flows are re-organising. The multi-decade phase of looking through geopolitical disruption, even as a long term investor, is a luxury of the past and needs to be graduated to a central part of your investment thesis.

“

Geopolitical disruption has elevated from background noise to the principal axis by which capital flows are re-organising.”

— CEO at CAIA's London Roundtable (2025)

When the U.S. raised tariffs on Chinese goods by 145 percentage points in early 2025, U.S. imports from China fell to depths not seen since the 2009 financial crisis within months.⁵ The share of U.S. import volume from Chinese suppliers, which stood at roughly 90% a decade ago, had already dropped to 50% by late 2025 as the China+1 strategy accelerated.⁶

5. Peterson Institute for International Economics (PIIE), *The Trump-China Trade Wars: Five Takeaways from US Imports in 2025*, March 2026.

6. Wells Fargo Supply Chain Finance, as cited in: *Trump Trade War Shift Away from China's Factories at Tipping Point*, CNBC, December 2025.

7. Carbon Tracker Initiative, *The \$2 Trillion Stranded Assets Danger Zone*, 2024.

8. Kim CY, Chung SH. Demographic transition in South Korea: implications of falling birth rates. *Clinical and Experimental Pediatrics*. 2024;67:498-509.

9. David Bloom, *The Debate over Falling Fertility*, IMF Finance & Development, June 2025.

Supply chains that had taken decades to build were being restructured in much shorter time intervals. For investors with exposure to manufacturing, logistics, real estate, and consumer goods across multiple geographies, this was not a risk that any single team or asset class lens could fully capture.

The semiconductor conflict between the U.S. and China, running through export controls, rare earth restrictions, and competing industrial policies, cuts across the return assumptions of technology, defense, clean energy, and infrastructure all at once. It's not as simple to have top-down influence on siloed teams anymore, when integrated thinking is needed to tackle increased complexity. In the pool, the water travels, and it does not wait for the strategist to collect their thoughts.

Climate change and the impact on long-term assets

Climate change sits uncomfortably in both categories. The transition creates stranded assets, which you might think would cause action and greater foresight from investment professionals. However, Carbon Tracker estimates that fossil fuel companies risk wasting up to USD \$2.2 trillion in the next decade by pursuing projects that could prove uneconomic before they deliver returns.⁷

Physical climate risks arrive on their own schedule regardless of portfolio construction choices. For investors, climate risk both limits the long-term investable universe and creates instability to the entire system as value is destroyed and society must adapt to new conditions. Investors did not cause a category 5 hurricane, but they own (and operate) the assets in its path. We're quite literally swimming in this pool together.

Demographics and the slow-moving tidal wave

Demographics move more slowly than any of these, which is precisely why they are so easy to discount. South Korea's total fertility rate fell to 0.65 in late 2023, the lowest in the world, producing population pyramid projections described as a distorted "cobra head" shape, with a projected median age of 56 by 2044.⁸ China is projected to lose 155 million people over the coming quarter century; Japan is expected to lose 18 million.⁹



These are not tail risks or black swan events in the traditional sense. We can clearly observe them now and they're not easily reversible. The fiscal consequences, across pension systems, sovereign debt capacity, healthcare spending, and labor markets will reshape the return environment for virtually every asset class across every major developed economy. An investment thesis that does not account for who will be working, spending, and saving in thirty years is not truly factoring in long-term issues that underpin societies, economies, and capital markets. You cannot swim outside of the pool.

Artificial intelligence and the three-body problem

Artificial intelligence deserves its own category, because it is the rare theme that makes the investor simultaneously a user, an allocator, and a subject. As a technology investment, it is already reshaping entire sectors and compressing the timelines over which competitive advantages can be built or destroyed. As a tool inside investment processes, it raises real questions about what happens to price discovery and diversification when a critical mass of market participants are optimising against the same data and the same signals, a feedback loop with no obvious stabiliser. And as a force in the broader economy, the labor displacement and productivity concentration it generates will put pressure on fiscal systems, social contracts, and ultimately the stability of the environment in which long-term capital operates. Treating AI as a sector bet rather than a systemic variable is, to return to the earlier image, a very expensive way to ignore what is already in the water.

Everything happening simultaneously

The thread connecting all of these factors is that they are happening all at once. It is not that the industry has not navigated difficult transitions before, but perhaps not at the speed, size, and scale that we've witnessed before.

What that simultaneity requires of investment organisations is thinking in systems. These forces can no longer be managed by adding a geopolitical strategist to the research team, subscribing to a demographic research data feed, or housing sustainability considerations in an isolated department.

The semiconductor conflict between the U.S. and China cuts across technology, defense, clean energy, and infrastructure underwriting simultaneously. Demographic decline reshapes sovereign debt, pension liabilities, labor markets, and consumer spending all at once. Artificial intelligence is repricing competitive advantage across every sector at a pace no siloed analyst coverage model can track. Ironically, addressing this environment does not require better specialists but rather organisations built for lateral and integrative thinking alongside that depth of expertise. The firms that recognise this will not just navigate the transition more effectively. They will define what the next generation of investment management looks like.

In the next section we'll lay out some important frameworks to think through how to approach these issues. Scenario analysis, horizon scanning, decision-making under deep uncertainty are operational necessities for institutions that intend to remain effective through the transition underway.

Inside-out: The starting point

By Andrea Caloisi, Thinking Ahead Institute

The first crucial step of what we define here as the inside-out ethos for “how managers shape the ecosystem” is awareness – the recognition that the investment industry’s relationship with the future needs to evolve. Given the gap we named and explored in the previous chapter, if investors aspire to, claim to be, or are in any way being leveraged as agents of change, it becomes imperative for them to cultivate awareness of the systemic forces ahead. The observation that “not everything that is faced can be changed, but nothing can be changed until it is faced” captures the spirit of this pragmatically.

Two layers are of particular interest here – context and methods. Context means working towards identifying the future systemic points of pressure and the leading indicators of systems change, that is, pinning down the macro factors. What we have presented before as the simultaneity of artificial intelligence, geopolitics, private markets, demographic and labour-force dynamics, sustainability, and data, more at large. We typically observe these as macro-scale outcomes, forgetting that they emerge from hidden interactions of many small-scale parts. We need new or refined methods to see.

Methods are the mix of tools by which the industry engages directly with the future – employing a range of modern “techniques of futuring”, “left-to-right” thinking, or “strategic foresight”. The key objective is to open the cone of future possibilities, working through what are sometimes called competing visions of alternative futures. These approaches represent a different methodological and epistemological stance toward an uncertain future – one that accepts irreducible uncertainty as the starting condition rather than a problem to be solved.

- Horizon scanning – the systematic analysis of potential threats, opportunities, and likely future developments – offers a structured way to widen the strategic foresight before disruptions become crises. The goal is not so much to predict the future as to “change mindset, challenge assumptions, and provide more options”¹⁰
- Scenario analysis moves from single-point forecasting to the deliberate construction of multiple plausible futures, each internally coherent, each demanding a strategic response
- Participatory methods (e.g., the Delphi technique) that bring a different but complementary discipline: through iterative, structured dialogue among domain experts, it surfaces convergent judgment on complex, uncertain questions where quantitative data alone cannot provide adequate guidance

- Decision Making under Deep Uncertainty (DMDU),¹¹ developed originally in the context of climate and infrastructure planning, provides a rigorous framework for making robust decisions when the future cannot be adequately captured by probability distributions at all. Rather than optimising for a single best-estimate future, DMDU seeks strategies that perform well across the broadest possible range of scenarios – prioritising robustness and adaptability over precision

We want to stress here a key aspect underpinning this novel approach to future, risk and uncertainty, and what it may really mean for practitioners. Foresight is not (just) about mapping out previously unimagined cascades of events or ‘widening the cone of possible futures’ – ie working on the margins – but a tool for relevance realisation in the face of the fundamental imponderability of risk.

Drawing on multi-disciplinary lenses, in this case from psychology and cognitive science, what we wish to introduce alongside foresight is salience landscaping. The simultaneity practitioners are exposed to, and that we have previously discussed, carries an unprecedented cognitive load that demands a cognitive leap the investment industry has yet to make. This is less about detecting relevance as if it were missing information out there in the world, and more about noticing what truly matters, cutting through noise before it overwhelms, and recognising signals before they disappear.

This is the core linchpin on which both inside-out and outside-in turn. We call it sense-making and address it in the second part of this report as a necessary next gen professional capability, among many others.

Sense-making under simultaneity – a data snapshot from asset managers

Data from the recent Thinking Ahead Global Asset Manager Peer Study reflects broad industry alignment across a wide range of structural themes. Managers express high levels of conviction both in terms of relevance and persistence. Geopolitics, artificial intelligence, scale, labour-force dynamics, and private markets all register clear majorities agreeing on their long-term influence. This suggests that foresight, at least at the level of identifying major pressures, is well developed across the peer group.

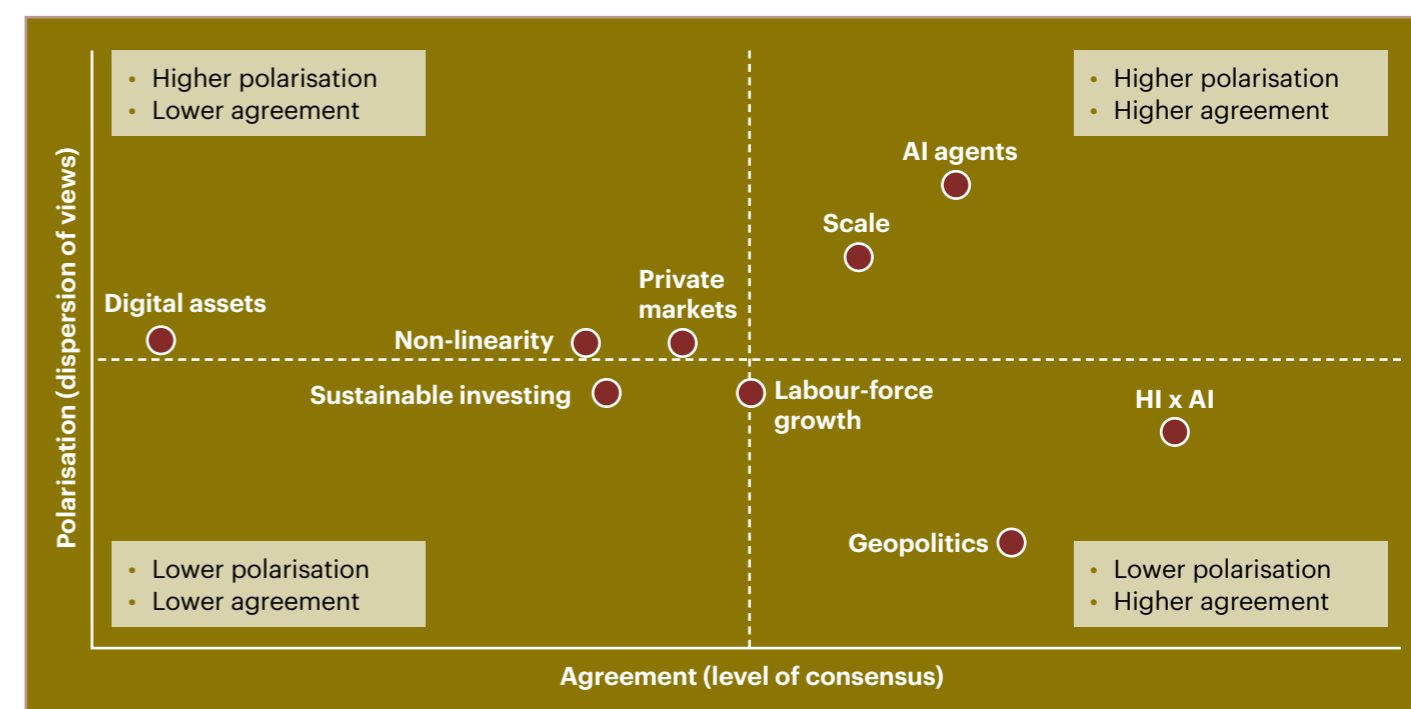
Of particular interest here is the high-conviction view on human intelligence x artificial intelligence (HI x AI), reflecting a widespread expectation that competitive advantage will increasingly hinge not on technology alone, but on how human judgment, domain expertise, and organisational context combine with advanced data and AI-driven analytics.

However, what becomes even more interesting is where the overall conviction begins to thin. Agreement is strongest around forces that are already visible, well understood, and comfortably embedded within existing analytical frameworks. Geopolitical fragmentation, the centrality of data and AI infrastructure, and the strategic advantages conferred by scale all have observable market artefacts. By contrast, less settled views cluster around areas of higher uncertainty, innovation, and regime change. Non-linearity, sustainability, digital assets attract lower agreement and higher polarisation. These are characteristics defining complex systems, domains where cause and effect are blurred, where feedback loops dominate, and where both timing and direction become the core source of uncertainty.

Seen this way, the data reinforces the primary challenge facing the investment industry today. Thematic awareness is solid – managers broadly agree on what forces are shaping the future. The harder problem is understanding what truly matters when everything appears important, and how different pressures interact in the system. High conviction on individual themes does not automatically translate into the ability to make sense of them simultaneously.

The industry appears well equipped to identify macro forces in isolation, but may be less prepared to integrate them under conditions of simultaneity, non-linearity and uncertainty.

Figure 1. Data from the recent Thinking Ahead Global Asset Manager Peer Study



Looking ahead over the next 5–7 years, to what extent do you agree or disagree with the following statements as a house view?

Data, technology, Human Intelligence (HI) x AI interfaces and analytical capability will become decisive sources of differentiation among asset managers

AI agents capable of planning, reasoning, and executing tasks autonomously will become embedded across investment, operating and reporting workflows

A more multipolar and geopolitically fragmented global order will be a persistent and challenging source of investment risk and opportunity

Scale will increasingly confer a structural competitive advantage through cost leverage, data depth, distribution reach, and operating resilience

Sustainable investing will remain a significant influence on capital allocation, even if its framing, regulation, or market momentum evolves

Labour-force growth will slow or plateau in many markets, increasing the importance of productivity, automation, and operating leverage

Private markets and alternative assets will continue to grow in importance relative to traditional public markets; and will become better integrated in multi-asset portfolios

Non-linearity will dominate market outcomes; this suggests forecasting will give way to preparation and resilience, point estimates will give way to tails and scenarios

Digital assets, tokenisation, and blockchain-based infrastructure will become increasingly relevant to mainstream investment and operating models

10. Carney J, *The Ten Commandments of Horizon Scanning*, Futures, Foresight and Horizon Scanning Blog, GOV.UK, March 2018, <https://foresightprojects.blog.gov.uk/2018/03/08/the-ten-commandments-of-horizon-scanning/>

11. <https://link.springer.com/book/10.1007/978-3-030-05252-2>



Meso | Broadening purpose and vision

What we can learn from asset owners

By Aaron Filbeck, CAIA Association

The examples below intentionally precede the conceptual framework developed in the following section, not because the examples are more important than the concepts, but because they are easier to see unfolding in real time. Before we discuss double materiality, externalities, and 3D investing as analytical constructs, it is worth spending a moment with what system-level alignment between asset owners and asset managers actually looks like when it is already happening. The concepts will mean more once the reader has something concrete to attach them to.

Capital with a mandate beyond returns

The clearest evidence that the purpose of institutional capital is being reconsidered is not the product of a gradual philosophical evolution. It is a structural response to conditions that have materially and permanently changed. Several of the world's largest asset owners have already crossed a threshold that

most asset managers have not yet fully registered, often because the environment left them no alternative but to adapt and think differently. Sovereign wealth funds across the Gulf region, including Mubadala, the Abu Dhabi Investment Authority, the Saudi Public Investment Fund, are increasingly deploying capital both in the pursuit of financial returns and as instruments of national economic transformation.

Saudi Arabia's Vision 2030 and its equivalents across the GCC represent a deliberate integration of institutional capital and policy objective. The fund and the societal goal are not separate entities pursuing separate agendas. Instead, they are the same thing by design. What looks from the outside like a financial institution is also a development vehicle, a private capital deployment catalyst, a geopolitical instrument, and a systems-level actor that has internalised a definition of success that is considerably broader than any benchmark could capture.

The recently proposed U.S. sovereign wealth fund, and similar vehicles being considered in other advanced economies, reflects the same logic. The U.S. is also trying to organise and wield capital around political, economic, and societal objectives.

Sovereign wealth funds aren't a new concept, but their role in utilising capital to execute on purpose has become much more important.

The Maple model: Infrastructure as systems-level investing

The infrastructure-oriented sovereign and pension funds that pioneered the Maple model, including CPPIB, OTPP, and others, provide a good example of what system-level investing looks like when it is built into the institutional architecture from the start.

What distinguishes these institutions is that they not only invest in infrastructure assets, but also operate them. CPPIB holds direct stakes in airports, toll roads, energy transmission networks, and utilities across multiple continents.¹² OTPP holds stakes across a range of long-duration assets and sectors that are deeply embedded in the functioning of the real economy.

Both examples illustrate how capital, run by teams with deep sector expertise, influences and makes decisions about assets that millions of people depend on daily. Infrastructure assets influence everyone, whether they are flying through an airport in Sydney, driving on a toll road in Santiago, or relying on an electricity grid in London.

The same capital that is compounding returns for Canadian teachers, municipal workers, and public sector employees is simultaneously operating the physical infrastructure that broader societies depend on. The pension beneficiary and the citizen are, in many cases, benefiting from the same investment through different channels. Return and societal utility are fully aligned but expressed differently.

The long liability horizons of these institutions, which are effectively permanent, make them natural stewards of long-duration assets. Their governance model, which insulates investment decisions from short-term political and market pressure, creates the conditions under which that stewardship can actually be exercised.

The asset owner + asset manager ecosystem

For asset managers, the Maple model and the leading Gulf funds presents both a challenge and a template. The challenge is that the institutions these plans have become are increasingly drifting into work that asset managers used to do exclusively, and doing it with a clarity of purpose that most managers have not yet articulated for themselves.

Managing capital well, over long time horizons, requires understanding and engaging with the systems in which that capital operates. Asset managers do not need to become infrastructure operators to internalise that lesson, but they do need to ask a version of the same question these institutions have already answered

"What are we actually here to do, and does our organisational design reflect that?"

Private capital and participation in success

A different but equally instructive example comes from within private markets themselves. Ownership Works, the nonprofit founded by KKR's Global co-Head of Private Equity, Pete Stavros, is built on an idea that private equity firms, which collectively employ more than 12 million people in the United States alone,¹³ have an opportunity to extend equity ownership beyond management to the entire workforce of their portfolio companies.

The model treats broad-based employee ownership as a value creation strategy rather than philanthropy, supported by the evidence suggesting that companies where workers have a material financial stake in outcomes perform better operationally and generate stronger returns at exit.

Since its founding in 2021, Ownership Works has recruited 34 private equity firms with over USD \$1 trillion in AUM to commit to creating USD \$20 billion in working-class wealth by 2030, with wealth paid out to approximately 41,000 employees outside the C-suite through liquidity events to date and projected future payouts to another 230,000 workers still in programmes underway.¹⁴

12. CPP Investments, *Fiscal 2025 Annual Report*, May 2025. Available at cppinvestments.com.

13. American Investment Council, *Private Equity by the Numbers*, investmentcouncil.org (2025).

14. Ownership Works, *2025 Impact Report*, ownershipworks.org/our-impact.

The idea is that private capital, deployed thoughtfully, can simultaneously generate returns for investors and meaningfully expand wealth access for workers and in some cases, entire communities. This approach addresses one of the more stubborn structural inequities in how the gains from economic growth are distributed. In many ways, this is a more complete expression of what fiduciary duty can mean when the manager is willing to look beyond the immediate return and consider the system their capital is operating in. You can only extract so much value before there's nothing left to squeeze.

“

The industry and educational bodies have been too single minded on 'job ready' skills.”

— CEO at CAIA's Mumbai Roundtable (2025)

The Collaborative Model: Rethinking the manager-owner relationship

The third example operates by redefining the structural relationship between those who allocate capital and those who manage it. The Collaborative Model, pioneered by CalSTRS and adapted in various forms by other large public plans including OCERS, represents a deliberate attempt to blur a boundary that the industry has long treated as fixed: the line between asset owner and asset manager.

The model works by bringing more investment activity in-house, co-investing directly alongside managers in individual deals, and building the internal expertise needed to do both at scale. The results have been material. CalSTRS' Collaborative Model generated over USD \$550 million in savings in 2024 alone, with the fund operating at an investment cost of 43.8 basis points against a peer benchmark of 63.1 basis points.¹⁵ Since the model's inception in 2017, cumulative savings have surpassed USD \$2 billion. In 2024, the fund's staff made USD \$1.5 billion in co-investments with GPs, generating the highest fee savings of any asset class.¹⁶

But the more significant implication is not the fee savings. It is what the model signals about the evolving relationship between asset owners and asset managers. In a Collaborative Model structure, the manager is no longer simply a mutually exclusive extension of the owner's investment team, executing a mandate at a distance. They are a partner in a specific transaction, with aligned incentives and shared exposure.¹⁷ The owner is no longer a passive LP writing checks and reading quarterly reports. They are active co-investors with their own views, their own expertise, and their own accountability for outcomes.

This shift has consequences that extend well beyond fee economics. It changes what “good” looks like for an asset manager. Benchmark-relative performance is a less useful measure when the owner is sitting alongside you in the deal. What matters is whether the investment itself was sound, whether the thesis was right, the execution was disciplined, and the outcome justified the capital at risk.

“

We must evolve beyond developing siloed expertise and vertical career paths to more lateral competency sets as a profession.”

— CIO at CAIA's Toronto Roundtable (2025)

Taken together, these examples are early signals of where the relationship between capital, institutions, and broader societal purpose is heading. The asset management industry can learn a lot from the asset owner, and the firms that move first will not just have a more holistic purpose but also position themselves more competitively.

Inside-out: The second pivot

By Andrea Caloisi, Thinking Ahead Institute

If awareness was the starting point for looking outward at the system, the second pivot of our inside-out recalibration is projecting one's own identity to the system. This is the meso level – the terrain of impact, purpose, and vision – where investment organisations must reckon with who they are, and what role they intend to play within the hyper-connected global system, continuously expressed through capital allocation, risk preferences, governance choices, engagement behaviour, and the incentives that shape everyday decision-making. And this is where we inevitably get to discuss concepts like double materiality, externalities, and systemic impact.

Double materiality

In such a setting, the traditional assumption that investment activity can stay separate from real-world outcomes becomes clearly less tenable. In fact, a key step in this reframing is a shift toward double materiality. Investment organisations have long assessed how external risks affect portfolios. Double materiality extends this logic by recognising the reverse channel: how portfolio construction, ownership practices, and capital flows affect the functioning and resilience of the broader system itself. A full-fledged “awakening” to system reflexivity – the deterioration of the system may ultimately affect portfolios through lower growth, higher volatility, political friction, and impaired social licence.

Externalities

This lens brings renewed focus to externalities – costs borne by society (e.g., inequality, unjust energy transition), by ecosystems (e.g., seven of the nine planetary boundaries have already been breached),¹⁸ or by future generations (e.g., lack of intergenerational fairness), rather than by those who generate them. They are likely the most significant form of market failure, revealing a fundamental mismatch between private incentives and social outcomes. They materially shape the systemic conditions under which long-term returns remain possible.

Systemic impact

The logical extension, and a particularly important practical consequence, of this recognition is a shift toward a 3D investing framework – risk, return, and impact.¹⁹ Systemic or real-world impact becomes inseparable from investment practice. This is both a mindset and a practical shift: moving from isolated asset-level optimisation to designing mandates, portfolios, and stewardship activities with explicit attention to system-level effects. This entails mapping the systems in which investments operate, identifying key actors,

Inside-out actors: Universal owners and universal managers

A useful lens for understanding who bears the greatest stakes in system-level investing – and who faces the greatest structural barriers to it – is the distinction between universal owners and universal managers.²¹

Any large, sufficiently diversified asset owner bearing long-term liabilities is, in effect, a universal owner – because systemic risks are non-diversifiable. They cannot be engineered away through portfolio construction. In an era of heightened systemic risks, the argument follows that asset owners and universal owners are, in a meaningful sense, one and the same: the deterioration of the system directly impairs their ability to meet their obligations. System-level investing, for asset owners, becomes a mission-critical imperative.

Universal managers present a more complicated picture. The world's largest diversified, predominantly passive asset managers hold extraordinary systemic influence by virtue of their scale. Yet their incentive architecture points in the opposite direction. Their survival depends on asset growth, fee compression, and competitive positioning – less on long-run system health. The result is a rational and structural underinvestment in the very stewardship their systemic footprint would seem to demand. Engagement costs are internal; the benefits are externalised across the entire market; low fees make stewardship directly uncompetitive.

Scale, in other words, confers systemic importance without conferring systemic purpose. That gap above – between influence and incentive – is one of the defining tensions the industry has yet to address.

relationships, leverage points, feedback loops, and assessing how capital allocation, engagement, and governance choices interact with those dynamics.²⁰

Measurement correspondingly evolves from static reporting toward adaptive, learning-oriented processes – broadening considerations of the signals of system change, tracking them down with the use of scorecards (backward-looking) and dashboards (forward-looking), as well as testing assumptions over time to refine strategy as conditions evolve.

15. CalSTRS, *2024 Annual Investment Cost and Collaborative Model Savings Report*, November 2025. Available at calstrs.com.

16. PitchBook, “CalSTRS' Cost-Saving Scheme,” November 2025.

17. CAIA Association. “The Collaborative Model: Can't We All Just Get Along?” *Chronicles of an Allocator*, March 2025. Available at <https://caia.org/content/march-2025-collaborative-model-cant-we-all-just-get-along>

18. Stockholm Resilience Centre, *Seven of Nine Planetary Boundaries Now Breached*, September 2025.

<https://www.stockholmresilience.org/news-events/general-news/2025-09-24-seven-of-nine-planetary-boundaries-now-breached.html>

19. Thinking Ahead Institute, *With great power comes great responsibility*, 2021.

https://www.thinkingaheadinstitute.org/content/uploads/2021/04/TAL_Duty_of_ownership_DPS_FINAL_LR-1.pdf

20. Harji K, *Systems Thinking for Impact Investing: Primer*, Rockefeller Philanthropy Advisors (RPA), May 2025.

<https://www.rockpa.org/wp-content/uploads/2025/05/Systems-Thinking-for-Impact-Investing-Primer.pdf>

21. Quigley, Ellen, *Universal Ownership: A Paradigm for Asset Owners* (February 14, 2025). <http://dx.doi.org/10.2139/ssrn.5597451>

Purpose

We seem to be landing on a very important vehicle for investment organisations to shift towards a system-level mindset and action: purpose. In a complex system, purpose acts as the compass for inside-out recalibration. It provides direction when signals are noisy, incentives conflict, or outcomes are uncertain. Purpose is the overarching organisational principle that determines if and which externalities an organisation takes seriously, which systemic risks it internalises, and which conception of fiduciary duty it operates under. And in turn, it shapes governance, mandates, time horizons, and capital deployment, as it enables coherence between beliefs and behaviour.

To examine where investment organisations actually stand on this, the Thinking Ahead Global Asset Manager Peer Study 2026 asked managers to locate their primary purpose within a typology of five categories:

1. **Core:** Producing the best risk-adjusted returns for clients
2. **Collateral:** Producing the best business performance for shareholders
3. **Ancillary:** Producing the best employee and team experience
4. **Fundamental:** Contributing positive impacts to other stakeholders, citizens, and society
5. **Intrinsic:** Being a key ethical part of the capital formation and growth engine

These categories are not mutually exclusive, nor are they arranged in a simple hierarchy. But the distribution of responses – and the degree to which firms align their stated purpose with their actual practices – offers a revealing first-hand picture of where the industry’s self-understanding currently sits.

A promising signal from managers

The current snapshot from the Thinking Ahead Global Asset Manager Peer Study presents a nuanced but revealing picture. As expected, purpose remains anchored most strongly in the core fiduciary mandate – producing the best risk-adjusted returns for clients.

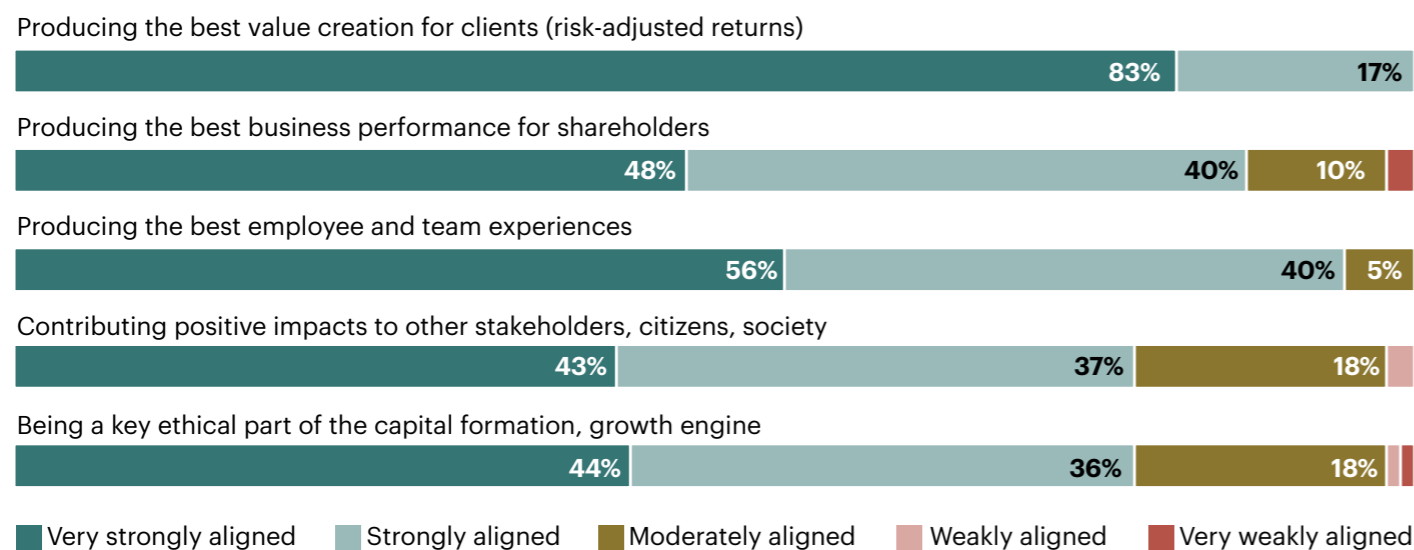
What is notable, however, is how far purpose extends beyond this core. A majority of managers also report strong or very strong alignment with collateral and ancillary purposes, spanning business performance for shareholders and the employee and team experience. This suggests that many already operate with a multi-dimensional understanding of success, recognising that sustainable performance depends on organisational health and long-term institutional viability, not returns alone.

More striking still is the material level of alignment reported on fundamental and intrinsic dimensions of purpose. Significant proportions of managers identify their purpose as contributing positive impacts to other stakeholders and society, or as being an ethical component of the capital formation and growth engine itself.

Taken together, these insights indicate that purpose within asset management firms is already plural. What remains to be tested is how these stated identities align with respect to a neutral norm, a task which we will undertake in the remainder of the report.

Outside-in: How managers may adapt to the evolving ecosystem

Figure 2. **To what extent does your organisation’s current purpose and vision align with each of the following statements?**



Source: Thinking Ahead Global Asset Manager Peer Study

Micro I: Organisational effectiveness

By Andrea Caloisi, Thinking Ahead Institute

The inside-out movement described in the previous chapters focused on developing awareness of systemic forces and projecting purpose outward to the system. Now, our analytical lens deliberately turns inward. The outside-in perspective poses a different, complementary question: given an increasingly complex, evolving external reality and interdependent investment environment, how do organisations adapt and reconfigure their internal design and operating model to respond and remain effective?

Organisational effectiveness becomes the bridge between external complexity and internal action. In calmer, more predictable environments, organisational effectiveness could be treated as a supporting function – the operational scaffolding behind investment excellence (alpha). In the current environment, it has become something more fundamental. It reflects the organisation's capacity to convert people, processes, governance, and technology into consistently good decisions and outcomes over time, (out)performing through cycles, uncertainty, and structural change (hence "organisational alpha", as an edge-oriented term coined by the Thinking Ahead Institute).²²

Organisational effectiveness becomes the bridge between external complexity and internal action... When aligned with strategy and culture, governance becomes an enabling system for organisational effectiveness – supporting speed, judgement, and coherence rather than constraining them.

In this sense, effectiveness is an adaptive capability – it shifts from being a market success strategy (a mere competitive edge) to a system-savvy and survival-savvy repositioning toward the external environment and systemic risks. This adaptability, along with survivability, shapes how well an organisation senses change, absorbs shocks, reallocates capital, and learns from error. This is the domain of governance, the way an organisation thinks, decides, and learns. When aligned with strategy and culture, governance becomes an enabling system for organisational effectiveness – supporting speed, judgement, and coherence rather than constraining them.

How decisions are made, how talent is cultivated, how risk is understood, and how capital is deployed are, in fact, the practical expressions captured by the four investment models explored below that help define organisational effectiveness and the whole repositioning in practice.

The multiple goals model

The first and perhaps most conceptually significant shift is in how investment organisations define success. The dominant paradigm – performance measured against a benchmark, risk expressed as tracking error or volatility – was designed for a world where financial return was the singular objective, and the system providing that return was taken as given. In today's environment, this assumption no longer holds. Effective organisations should explicitly recognise and manage multiple goals – including returns, risks, resilience, sustainability, and systemic stewardship.

This would require deliberate integration and balance across short- and long-term objectives, as well as goal clarity articulated and tracked through both quantitative and qualitative metrics, capable of adaptive response. Measurement should become a tool for learning rather than mere accountability. Sustainability objectives, for example, should not be treated as external constraints but as factors that shape portfolio outcomes and long-term risk-return dynamics.

Critically, risk itself should be reconceived. A more holistic risk view would extend well beyond volatility or tracking error to include liquidity risk, counterparty exposure, political and regulatory risk, uncertainty coping strategies, and systemic fragility. As previously discussed, scenario based analysis and systems level thinking could help organisations understand structural vulnerabilities.

The best ideas model

Organisational effectiveness would also require creating the internal conditions under which genuinely superior thinking can emerge and be acted upon. The best ideas model is built around conviction-based allocation – the willingness to back strong views rather than anchoring to benchmarks or asset class conventions. The goal is to prioritise best investment insights and allocate capital accordingly.

This would involve robust processes for idea generation, challenge, and validation to offer attractive outcomes given prevailing conditions. In other words, dynamic adjustment – resizing, refreshing, or exiting positions as evidence, context, and system dynamics evolve.

Underlying this model, therefore, is a collective challenge culture: one that empowers cognitive diversity, protects psychological safety, and holds individuals accountable for the quality of their reasoning. Teams should be encouraged to surface dissenting views, test assumptions, and remain accountable for outcomes, while governance and leadership set the tone from the top.

Finally, the best ideas model envisions a portfolio design philosophy that prioritises resilience over efficiency – embedding liquidity, optionality, and convexity rather than optimising purely for expected return. This creates capacity to respond when conditions change and opportunities arise – often outside conventional asset-class boundaries.

Effective organisations remain open to ideas that do not fit neatly into existing buckets but contribute meaningfully to overall objectives, under a Total Portfolio Approach mindset and practice.

The talent source model

The organisations best positioned to navigate complexity are those that have thought most carefully about who they employ, how they develop them, and what kind of culture sustains excellence over time.

As complexity rises, the demand should shift from narrow specialisations toward bridging capabilities – deep vertical domain expertise combined with the horizontal networking intelligence to connect across disciplines, asset classes, and systems.

What becomes key is shaping the investment talent line-up and pipeline, balancing experience, diversity, adaptability, and the integration of technology and data expertise. Analysts, engineers, and technologists are embedded alongside investment professionals, enabling better insight generation, risk assessment, and decision support.

The talent source model would also require clear decisions on insourcing versus outsourcing. These choices are based on net value creation, alignment, and control. External partners should be treated as extensions of the organisation's capability. So alignment of incentives, information flows, and culture becomes critical.

As organisations scale, culture must scale with them. Trust, clarity of purpose, and joined-upness should be factored in and designed to maintain coherence as teams grow and structures evolve. With this comes an ownership culture where individuals and teams are expected to take responsibility for risk, outcomes, and learning. Ultimately complemented by distinct stewardship capabilities to engage with systemic risks and real-world outcomes, extending beyond core investment competence.

The public-private model

Effective organisations adopt a one-organisation mindset, viewing portfolios through a total portfolio lens rather than as separate silos. This is why deepening the integration of public and private assets within institutional portfolios has become so critical, especially when the boundary between the two markets has progressively blurred.

This would require multi-asset integration for constructing portfolios that combine public and private exposures thoughtfully, accounting for the differential liquidity, governance, and risk characteristics. In this context, operational capability becomes critical, particularly as organisations take on more complex LP and GP roles.

22. Thinking Ahead Institute, *What is Organisational Alpha (Org-Alpha)?*, <https://www.thinkingaheadinstitute.org/organisational-alpha/>



A defining feature of this model is a clear net performance proposition. Private assets are assessed for net value after fees, liquidity constraints, governance demands, and complexity. This forensic approach avoids over-reliance on headline returns and supports better capital allocation decisions.

Risk management would be fully integrated here. Liquidity, cost, leverage, and complexity are embedded within a unified risk framework rather than treated as add-ons. Strong alignment between public and private teams – internal and external – is essential to avoid fragmentation and blind spots.

Strong core, limited system savvy

The data from the Thinking Ahead Global Asset Manager Peer Study paints a picture of an industry that is broadly balanced across core investment models but remains early in translating systems awareness into practice. Across the four models outlined in this section of the report, the data suggests that managers have elements of ‘organisational alpha’ in place, but not yet in a fully integrated form. They display an Org-Alpha deficit.

On the Multiple Goals dimension, the strongest relative signals sit around recognising goals beyond benchmark performance and maintaining a more holistic risk view, while systemic risk awareness and sustainability integration score weaker. Managers appear increasingly fluent in broad risk language, yet still struggle to operationalise it consistently in investment decisions.

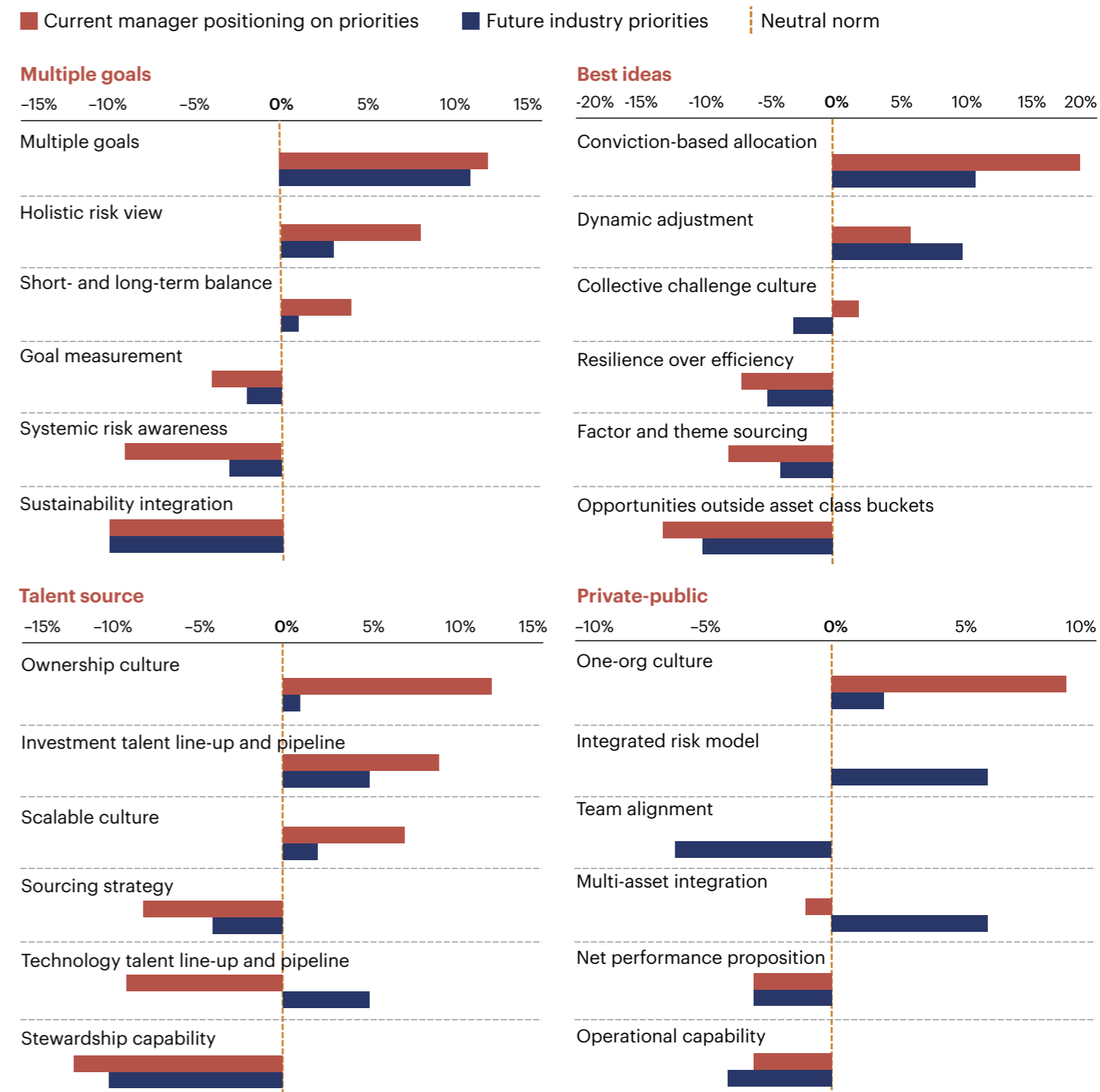
In the Best Ideas model, conviction-based allocation stands out as a material positive, followed by dynamic adjustment and collective challenge culture, while resilience over efficiency, factor/theme sourcing, and opportunities outside traditional asset buckets register as weaker. Many managers aspire to best-ideas investing, but their idea pipelines and governance appear to remain constrained by legacy asset-class lanes.

The Talent Source insights reinforce the same story. Respondents rate ownership culture and the investment talent pipeline relatively strongly, but signal weaker readiness around stewardship capability, sourcing strategy, and the integration of technology talent into the investment pipeline. In other words, cultural ingredients exist, but the full stack needed for systems-era effectiveness still looks uneven.

Finally, the Private-Public model shows a modest positive for one-organisation culture, but weaker results on private assets net value proposition after fees, liquidity, risk, and the capability of managing the operational complexity of private assets, with multi-asset integration also sitting in weaker territory. Aspects that managers recognise as key future industry priorities.

Taken together, portfolios may be evolving, but many investment models remain organised primarily by asset class, leaving managers some distance from a genuine Total Portfolio Approach mindset. However, future industry priorities cluster around systemic risk integration, multi-asset integration, and tech talent. This may reveal a gradual but clear evolution toward more integrated, total portfolio-oriented investing.

Figure 3. **Investment model** (see appendix, page 34, for definitions)



Source: Thinking Ahead Global Asset Manager Peer Study



Micro II: Organisational preparedness

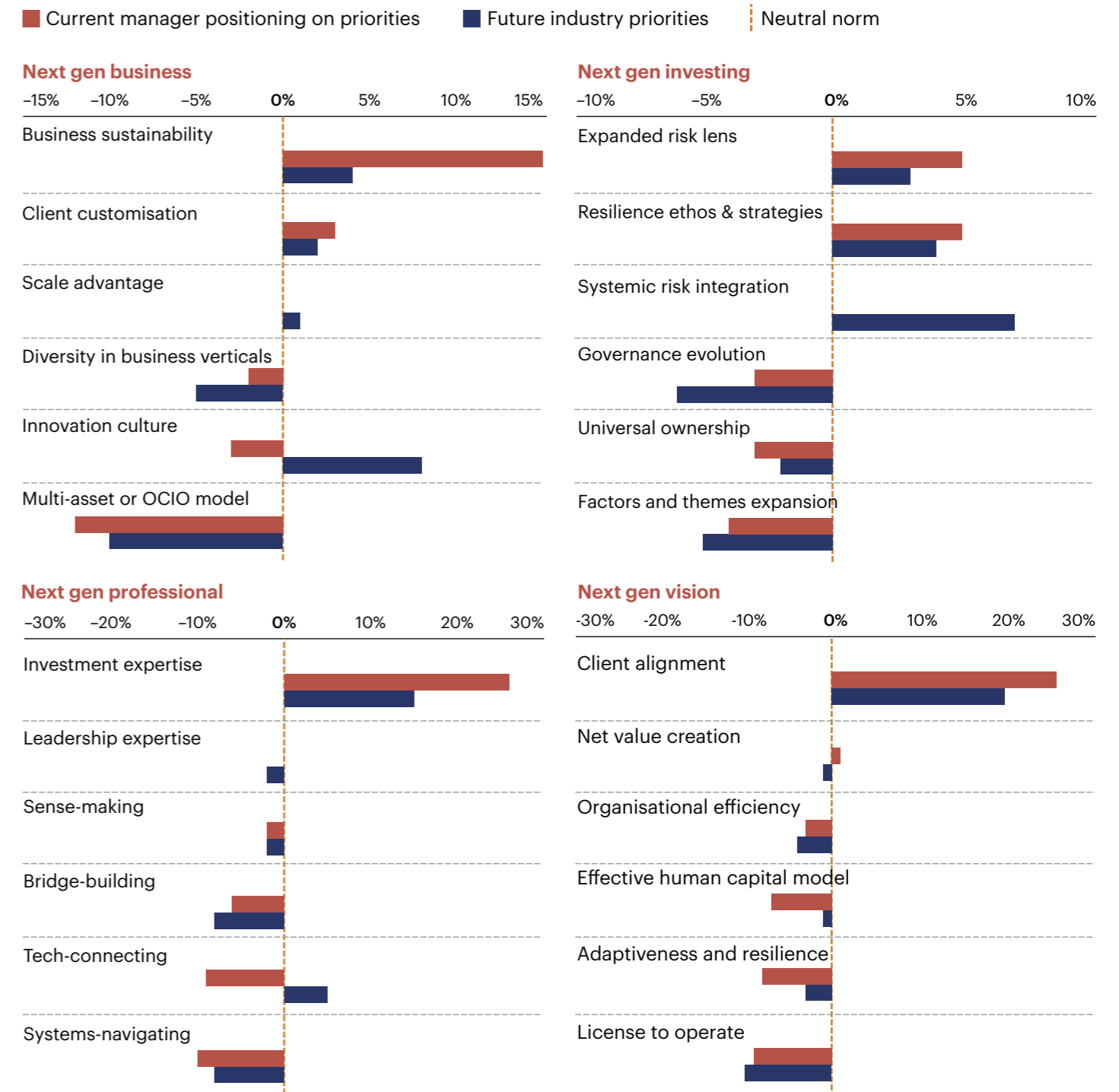
By Andrea Caloisi, Thinking Ahead Institute

Our narrative arc of inside-out/outside-in recalibration culminates with a novel assessment of the investment management firms' preparedness for an increasingly complex and system-heavy future. It complements the previous review of organisational effectiveness. Because effectiveness without preparedness gives way to fragility, while preparedness without effectiveness gives way to irrelevance.

We may define preparedness as the source of institutional resilience – the ability to sustain purpose, decision quality, and value creation under conditions of uncertainty and change. In other words, it is the adaptive capability to remain fit for purpose as the world changes.

The conceptual framework that follows proposes four distinct Next Gen models or dimensions for assessing organisational preparedness: Business Model, Investing Model, Professional Model, and Vision Model. We use the insights from the Study as a guide for exploring each of the four models.

Figure 4. **Next Gen model** (see appendix, page 35, for definitions)



Source: Thinking Ahead Global Asset Manager Peer Study



The Next Gen business model

This model reflects how investment firms may create and sustain value in a world where traditional product-centric strategies are progressively under pressure. What emerges from the peer study data is that managers are relatively comfortable defending and extending today's franchise (brand trust, stakeholder relationships, client delivery), but less prepared for the shift toward platform models where value is created through total portfolio solutions, ecosystem partnerships, and diversity in business verticals.

Managers remain strongly anchored on business sustainability, as in long-term success through brand trust, stakeholder legitimacy and values alignment, and on client customisation at scale through tailored solutions. However, the most future-critical capabilities cluster at the weaker end of current positioning – multi asset/OCIO model (enhanced value add from total portfolio solutions beyond specialist sleeves), innovation culture (digital, AI, and ecosystem partnerships that strengthen capability), and diversity in business verticals (capabilities and solutions across multiple institutional and wealth channels). Insights also suggest managers see scale as a future opportunity but have not yet solved how to harness it without losing focus or cohesion.

The data underlines the urgency for firms to consider re-engineering their business models toward more total-portfolio, technology-enabled solutions that are capable of operating coherently in a more complex system environment.

The Next Gen investing model

Preparedness in investing is no longer about refining existing risk models, but about broadening the definition of risk itself.²³ Volatility, tracking error, and other market-centric risk measures capture only a fraction of today's threats. Systemic risks instead reset the rules of investment risk management altogether.

The insights from managers suggest that they understand this shift, but that their capabilities have not yet fully caught up. Managers are not starting from zero and rate themselves reasonably on expanded risk lenses and on resilience ethos and strategies (designing portfolios to perform acceptably across multiple plausible futures). However, the data shows that the more demanding, system-level side of preparedness remains under-built – systemic risk integration and governance evolution (understood as strong, strategic risk oversight across teams) remain underdeveloped relative to their future importance.

23. Thinking Ahead Institute, Fresh snow | risk management for investment systems, 2025, <https://www.thinkingaheadinstitute.org/content/uploads/2025/11/Fresh-snow-risk-management-for-investment-systems-paper.pdf>

As we have continued to learn about, and think about, systems, we have increasingly come to see current risk management practice within the investment industry as not paying enough attention to the bigger picture, the narrative along with the numbers, and the more distant future. Explore our [Fresh Snow paper](#) which covers the future of risk, the past inadequacies of risk 1.0 and more.

Weaker incorporation of universal-ownership thinking and factors/themes expansion further points to gaps in preparedness, limiting the ability to apply systemic interventions and real-world impact considerations (e.g., net-zero pathways or stewardship coalitions) as practical tools for navigating the system.

The Next Gen professional model

The professional capability profile arguably exposes one of the deepest structural challenges in the outside-in recalibration. And this comes directly from the Asset Manager Study – the gap between what the industry has historically selected for and what the future is now selecting for. Roles, incentives and career paths should evolve and transform accordingly. Technical excellence alone is no longer sufficient.

Managers score strongly on investment expertise, confirming that deep domain competence remains the most developed capability. By contrast, the data show that the more future-fit capabilities required to operate effectively in an interconnected, technology-accelerated, and coalition-dependent environment are precisely those that are currently weakest. Sense-making, bridge-building, systems navigation and tech-connecting all score poorly.

In fact, as complexity rises, the premium shifts from narrow specialisation towards professionals who can integrate signals across macro and micro using systems and scenario thinking, translate uncertainty into decision-relevant narratives, and build situational fluency in multiple ecosystems and build coalitions – internally across organisational silos and externally across partners, clients, policymakers and industry bodies.

Managers are therefore called to redesign, if not reinvent, the professional model as both a talent and culture challenge, in which new attributes are explicitly recognised and valued alongside traditional technical expertise.

The Next Gen vision model

This final model integrates all prior elements into a framework for durable value creation in a more demanding future environment. When the vision model is strong, culture, governance, and strategy align around long-term resilience and legitimacy; when it is weak, preparedness falters through the absence of a unifying direction and a credible long-term licence to operate.

The Thinking Ahead Global Asset Manager Peer Study delivers a clear warning signal here. While managers rate client alignment as a current opportunity, the same evidence shows that several next gen capabilities required to sustain that alignment and to support long-term organisational and societal positioning remain underdeveloped.

Four weaknesses are particularly revealing. Organisational efficiency emerges as a pressure point undermining the organisation's ability to respond adaptively as conditions change. An effective human capital model is also lacking – while technology is advancing, many firms have yet to redesign roles, workflows, and incentives so that high-impact human judgment is properly enabled and scaled by technology. More concerning still is the weakness in adaptiveness and resilience, signalling a continued reliance on prediction and optimisation rather than investing deliberately in robustness and optionality. Finally, the lack of confidence around the licence to operate highlights a deeper vulnerability amid growing scrutiny from clients, regulators, policymakers, and the public.

Conclusion: The system and the future are no longer ahead of us

By Andrea Caloisi, Thinking Ahead Institute

The future, the long term, and the broader system within which investors operate are no longer “ahead of us.” They are already with us today. The current complexity and uncertainty mean that the future consequences of present-day decisions will arrive faster, propagate more widely, and carry greater weight than at any prior point in modern investment history. This is precisely why, as we put it, the case is for expanding the present mandate.

Let us double down on this expansion. In this era of “The Great Acceleration” – of human activity, technology, economic growth, and environmental impact – amid an ever-expanding technical surplus, systems thinking operates more as a cognitive technology and less as an additional technical tool. Therefore, for all practical purposes, the system-level investing examined in this report becomes a timely and essential counter-practice.

In this era of fractured attention, systems thinking works as a breather, a recalibration, even a buffer for expanding our capabilities. It expands investors’ ability to intuit the system and to convey more impactful actions across it through system-level investing. In high-uncertainty, high-complexity situations, the ability to pick up meaningful patterns is reduced, so systems

thinking applied to investing may significantly help build a better vision of reality and form more accurate worldviews. In other words, we believe systems thinking is a gateway for realising ‘when insights shape deep opportunities for meaning’ (wisdom).

Ultimately, this research reveals that working from within and for the system may be among the most meaningful and successful things investors can do from now on. And we produced this work because it’s our firm belief that these investors can help shape a more resilient future while continuing to deliver on their fiduciary duty.

For us at Thinking Ahead and CAIA, this work stems from an ever-brilliant and embarrassingly simple question posed by Richard W. Hamming to his colleagues at Bell Telephone Laboratories halfway through the last century: “If you do not work on important problems, how can you expect to do important work?” It reminds us of the need to champion the discipline of doing meaningful work. And we truly believe that system-level investing is one of the most important areas of work facing our industry today.



Call to action: How asset management can adapt

By Aaron Filbeck, CAIA Association

Widen the mandate

Rewrite what success means inside your organisation. This should show up in the actual accountability structures you create: how you evaluate your teams, how you report to clients, and how you think about risk.

This doesn’t mean abandoning performance as an objective, but rather about recognising that performance depends on conditions your current mandate may not be asking you to think about explicitly today.

Rebuild and retrain for systems thinking

Start rebuilding around a different kind of professional. The asset manager of the future needs people who have an ability to synthesise across asset classes, geographies, and disciplines to build a worldview. Historically, deep coverage, narrow specialisation, and career paths reward mastery within a lane. That design made sense when the dominant competitive advantage was knowing more about a sector or company than the person across the table. It makes less sense when the most consequential investment questions cut across the entire system around us.

This means we will need to reset how we hire, retain, and reward talent as the world becomes less linear. Technical depth is important, and new skills can be taught, but neither guarantee the context needed to make better decisions. The asset management community will need to think through new professional development programmes, career trajectories, and cross-functional opportunities within organisations.

Influence the macro (or it will manage you)

Stop treating the system as external to your investment process.

For a long time, the investment industry had a convenient arrangement with the macro. You acknowledged it, you noted it in your risk disclosures, and then you mostly got on with the business of picking stocks, underwriting deals, and managing tracking error.

That arrangement is over. Geopolitical shifts, demographic change, technological disruption, environmental degradation, and the restructuring of capital flows are now moving at a speed that makes them impossible to ignore. They show up in your valuations, your return assumptions, your risk models, and your exit timelines whether you have built the organisational capacity to see them or not.

Integration of macro systems belongs in the underwriting, the portfolio construction, the stewardship, and the mandate itself. The firms that integrate it at that level will make better decisions.

Limitations of reliance and contact details

Limitations of reliance – Thinking Ahead Group 2.0

This document has been written by members of the Thinking Ahead Group 2.0. Their role is to identify and develop new investment thinking and opportunities not naturally covered under mainstream research. They seek to encourage new ways of seeing the investment environment in ways that add value to our clients.

The contents of individual documents are therefore more likely to be the opinions of the respective authors rather than representing the formal view of the firm.

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Appendix

Question definitions for Figure 3, page 25. **Which of the following are the three strongest aspects of your organisation's investment model today?**

Model	Sub-model	Aspect
Investment model	Multiple goals	<ul style="list-style-type: none"> • Multiple goals –recognising goals beyond benchmark performance (eg returns, risk, resilience, sustainability) • Short- and long-term balance – integrating short-term performance with longer-term strategic objectives • Goal measurement – clear quantitative and qualitative metrics to track progress with adaptive responses • Sustainability integration – responsible/sustainable investment goals influencing portfolio outcomes • Holistic risk view – monitoring risk beyond volatility or tracking error (eg liquidity, counterparty, systemic risks, uncertainty, resilience) • Systemic risk awareness – scenario-based and systems-level analysis addressing structural fragility
	Best ideas	<ul style="list-style-type: none"> • Conviction-based allocation – backing best ideas over benchmark or asset-class constraints • Dynamic adjustment – resizing, refreshing, and implementing ideas as conditions and views change • Factor and theme sourcing – identifying and acting on new factors and themes, potentially through overlays • Collective challenge culture – empowering cognitive diversity, challenge, psychological safety and accountability to crystallise best ideas • Resilience over efficiency – embedding liquidity, diversity, convexity and optionality to improve portfolio resilience • Opportunities outside asset class buckets – sourcing attractive ideas that don't fit within the normal asset classes
	Talent source	<ul style="list-style-type: none"> • Sourcing strategy – clear decisions on when to insource vs. outsource based on net value, with alignment b/w internal teams and external partners • Scalable culture – cultural alignment, trust, and joined-upness maintained as teams • Ownership culture – flourishing of entrepreneurial skills, with deeply entrenched ownership of and responsibility for risk • Stewardship capability – different skill set focused on systemic risks and real-world outcomes
	Private-public	<ul style="list-style-type: none"> • One-org culture – a total-portfolio approach with a coherent strategy across public and private assets • Multi-asset integration – capability to build portfolios that effectively combine public and private assets • Operational capability – managing the operational complexity of private assets within LP or GP roles or positions • Net performance proposition – explicit forensic assessment of net value of private asset propositions after fees, liquidity, risk, and complexity • Integrated risk model – embedding liquidity, cost, risk, and complexity of private assets within overall portfolio risk management • Team alignment – strong alignment between public and private, internal (LP) and external (GP) teams

Question definitions for Figure 4, page 27. **Which of the following are the three strongest aspects of your organisation's nextgen model today?**

Model	Sub-model	Aspect
Next gen model	Nextgen business	<ul style="list-style-type: none"> • Multi-asset of OCIO model – enhanced value add from total portfolio solutions beyond specialist sleeves • Innovation culture – digital, AI, and ecosystem partnerships to strengthen capability • Diversity in business verticals – capabilities and solutions across multiple institutional & wealth channels with benefits from business diversification • Business sustainability – long-term support from brand trust and stakeholder relationships, where clients choose values-aligned firms • Client customisation – delivering increasingly tailored client solutions at scale • Scale advantage – leveraging scale without diluting focus, decision quality, or culture
	Next gen investing	<ul style="list-style-type: none"> • Systemic risk integration – incorporating climate, geopolitical, and technological risks by reference to short- and long-term horizons • Expanded risk lens – moving beyond volatility and other market-centric risk measures to include softer, wider and long-horizon risks, notably drawdown and resilience • Governance evolution – strong strategic risk oversight across teams, applied by internal resourcing and boards or their equivalents • Resilience ethos & strategies – building resilience to portfolios and organisational preparedness, allowing for non-linear change and disruption • Universal ownership – acting as long-term owners, conscious of real-world impacts, prepared to apply systemic interventions like net zero • Factors and themes expansion – adding investment diversity and edge through structural and tactical exposures to factors and themes
	Next gen professional	<ul style="list-style-type: none"> • Investment expertise – deep domain specialisation and competency in a specific investment area • Leadership expertise – capability to manage and excel with teams, committees, stakeholders and change programmes • Bridge-building – strong and influential personal and corporate coalitional relationships in which mutual trust is central • Systems-navigating – building situational fluency in all of the multiple ecosystems – organisation, teams, cross-industry groups • Tech-connecting – ability to enable exceptional productivity and outcomes from the application of the HI x AI combination • Sense-making – making sense of the world at macro & micro levels, using systems and scenario thinking
	Next gen vision	<ul style="list-style-type: none"> • Client alignment – exceptional alignment to client needs and interests • Organisational efficiency – efficiency and organisational effectiveness are high • Net value creation – considerably more value is created than costs incurred • Effective human capital model – technology-enabled processes with focused, high-impact human capital • Adaptiveness and resilience – shifting from prediction to preparedness, by investing in resilience, not just efficiency • License to operate – trusted, values-led firm serving communities, wealth creation, and environmental stewardship

Thinking Ahead Institute

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About the Thinking Ahead Institute

The Thinking Ahead Institute is a global not-for-profit investment research and innovation network dedicated to helping investors navigate the future. Bringing together leading asset owners, asset managers, wealth providers and strategic partners, the Institute drives innovation through collaborative research and practical solutions. Since its founding in 2015, the Institute has convened more than 150 organizations to collaboratively design fit-for-purpose investment strategies, improve organisational effectiveness, and strengthen stakeholder trust. Learn more about how the Thinking Ahead Institute can support your organisation at thinkingaheadinstitute.org.

Led by Marisa Hall and Roger Urwin, the Thinking Ahead Institute connects our members from around the investment world to harness the power of collective thought leadership and develop innovative solutions for the investment industry.

Join the Thinking Ahead Institute

We seek collaboration with like-minded organisations to achieve our vision, so for more information about us please contact:

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About CAIA Association

CAIA Association is a global network of forward-thinking investment professionals, redefining the future of capital allocation in a world where traditional and alternative converge. United by a commitment to improving investment outcomes, we lead with authority, educate to inspire, and connect people who turn insight into action. To learn more about the CAIA Association and how to become part of the most energized professional network shaping the future of investing, please visit us at <https://caia.org/>

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