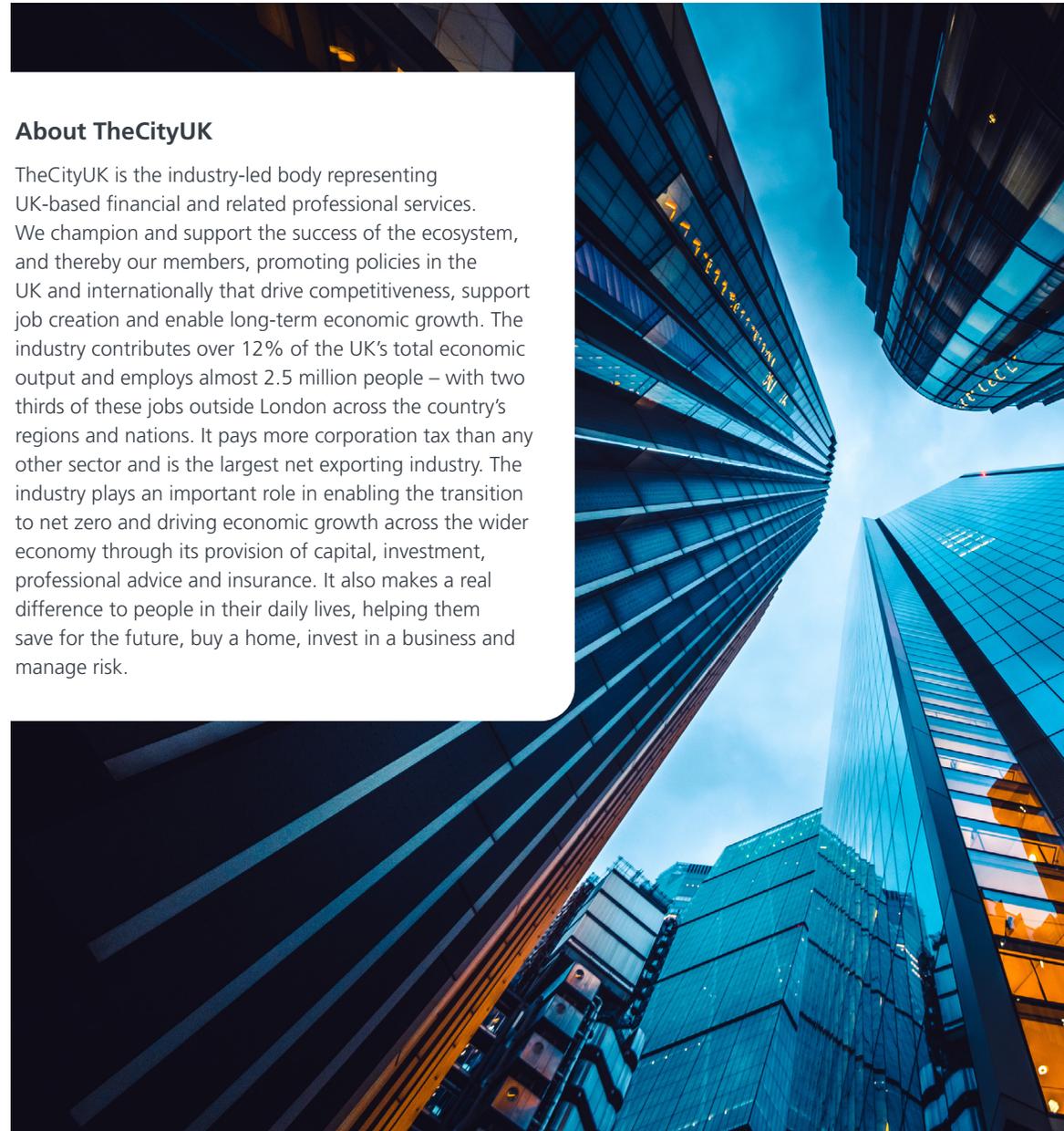


# The asset management landscape: global insights and UK strengths





## About TheCityUK

TheCityUK is the industry-led body representing UK-based financial and related professional services. We champion and support the success of the ecosystem, and thereby our members, promoting policies in the UK and internationally that drive competitiveness, support job creation and enable long-term economic growth. The industry contributes over 12% of the UK's total economic output and employs almost 2.5 million people – with two thirds of these jobs outside London across the country's regions and nations. It pays more corporation tax than any other sector and is the largest net exporting industry. The industry plays an important role in enabling the transition to net zero and driving economic growth across the wider economy through its provision of capital, investment, professional advice and insurance. It also makes a real difference to people in their daily lives, helping them save for the future, buy a home, invest in a business and manage risk.

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# Foreword

TheCityUK is very pleased to present comprehensive new research on the asset management sector. Since we last published research in this area in 2018, the world has seen profound shifts in global markets, regulatory landscapes, and investor expectations, triggered by extraordinary events—a global pandemic and geopolitical upheavals—as well as an attendant reappraisal of risk and resilience in financial markets, plus an acceleration of technological innovation. These forces have not only tested the adaptability of asset managers, but have also underscored the sector's critical role in supporting economic stability and growth.

This report provides a data-driven assessment of that role, providing a detailed account of the sector's performance, structure, and evolving client base in the UK and globally. The findings reveal a sector that has weathered significant challenges and emerged stronger, more resilient, and more globally connected. In 2024, assets under management (AUM) by UK-based fund managers rebounded by 10% year on year following a modest increase the previous year and a contraction in 2022. Globally, TheCityUK estimates that AUM reached nearly \$300trn, also indicating a 10% year-on-year increase.

2024 also marked the first time that more than half of all UK-managed assets were sourced from overseas clients, highlighting the UK's status as a preeminent global hub for asset management. The UK's position as Europe's largest centre for fund management reflects the international competitiveness of the UK-based sector, helped by its openness to international business, deep talent pool, and commitment to innovation. This enables it to make a substantial contribution to the domestic economy—for example, employing 74,000 people in 2023, and registering a trade surplus of £11bn in that year.

As the sector continues to evolve, shaped by technological advances and shifting client expectations, this report provides a timely and authoritative resource for all those invested in its future.

## Anjalika Bardalai

Chief Economist & Director, Economic Research,  
TheCityUK



# Executive summary

## UK-based asset management

### Sector profile

- Assets under management (AUM) by the UK-based fund management industry rebounded in 2024, rising by 10% year on year. There had been something of a recovery in AUM in 2023 after the 12% contraction registered in 2022, but 2024's increase closed that gap.
- In terms of client composition, institutional clients accounted for almost three quarters of total AUM, although retail AUM have increased steadily over the past decade. Private client AUM represented around 1% of the total.
- In 2024, for the first time, overseas clients' AUM represented over half of all assets managed by member firms of The Investment Association. Overseas clients' AUM reached approximately £5.1trn.
- The UK commands over one third of total European AUM, holding the largest market share by a wide margin. France followed in second place with 16.1% of the market.
- Alternative funds such as hedge funds and private equity funds represented 17% of total AUM. UK-based hedge fund AUM and private equity investment both ranked second globally (after the US).

### Economic contribution

- The UK-based asset management industry is estimated to account for around 5.8% of financial and related professional services gross value added (GVA). However, this excludes wider multiplier effects which capture the indirect impact and productivity spillovers, which means that the figure likely understates the sector's overall contribution to the UK economy.
- Fund management firms in the UK provided employment for 74,000 people in 2023. Sector employment is concentrated in London and Edinburgh.
- Net exports (trade balance) of fund management services increased by an annual average of 12.3% a year from 2013 to 2023. Gross export growth of fund management services was almost as fast, with an average annual growth rate of 11.0%.

## Global asset management

- Assets of the global asset management industry reached \$298.6trn in 2023, according to TheCityUK estimates. Figures are indicative, as data and definitions vary across sources and may involve double counting.
- Conventional funds—by far the largest segment—were concentrated in North America, particularly the US. The US accounted for nearly two-thirds of global pension assets, almost half of mutual fund assets, and around one-third of insurance fund assets.
- Global pension assets rose 11% from 2022. The US continued to dominate with a market share of more than 60%, followed by Japan and the UK; pension assets relative to GDP were highest in the Netherlands, Switzerland, and Canada.
- Compared to a decade ago, pension fund asset allocation has diversified away from equities. Bond allocations remained stable at around one-third of the total, while alternatives and other assets increased.
- Insurance sector assets rose by 2.8% year on year in 2023. Insurers' portfolios remain dominated by fixed income (over 50% of general account assets), but allocations to alternatives such as private credit, private equity, securitisations, and infrastructure are increasing.
- Global mutual fund assets rose by 14.6% year on year in 2023, rebounding from a 15.5% decline in 2022. Equity funds remained the largest category, followed by bond funds, balanced/mixed funds, and money market funds.
- Compared to a decade ago, hedge fund AUM rose by 168%, while funds of funds (fofs) declined by 21%. Balanced, fixed income, and multi-strategy funds together accounted for nearly half of hedge fund AUM in 2023, while macro, equity long-short, and distressed securities strategies declined sharply since 2013.
- Private equity AUM reached \$8.2trn in 2023. 'Closes' slowed and fundraising activities weakened, reflecting slower industry cash flows and extended fundraising cycles.
- Sovereign Wealth Funds (SWFs) totalled \$12.7trn in 2023, rising at an average annual rate of 7.5% since 2014. Asia and the Middle East accounted for over three-quarters of total assets, with China, the UAE, and Norway the largest contributors.
- Global ETF AUM grew 26.1% in 2023. The US share was 70.1% of the total, followed by Europe and Asia-Pacific. This illustrates that ETF assets remain concentrated in developed markets, particularly the US.
- Global High Net Worth Individual (HNWI) wealth grew 4.6% in 2023 and continued to be concentrated in North America, Asia-Pacific and Europe.
- Charitable trusts, foundations, and endowments totalled \$7.8trn in 2023 in the US. 2023 also saw an increased share of private foundations within this category.

# UK asset management landscape

01

# UK asset management landscape

## Introduction

The asset management sector plays a crucial role in the economy, both in the UK and globally. Asset managers allocate capital on behalf of intermediary institutions that bridge savers and capital users. Their core responsibility is to channel cash flows from pension contributions, insurance premiums and personal savings into diversified portfolios that best fulfil clients' objectives. In doing so, they must strike the right balance between risk and return, reconciling savers' demands for security and liquidity with the yields available across various investment types.

The asset management sector remains one of the UK's most successful. As the largest centre for fund management in Europe, the UK continues to be internationally competitive due to its openness to global business, deep talent pool, transparent legal framework and stable regulatory environment. The sector underpins the financial prospects of millions of investors, and provides essential liquidity to the economy. It channels significant investment into equities, fixed-income securities, money-market instruments, property and alternative asset classes.

## Size and growth of the UK asset management sector

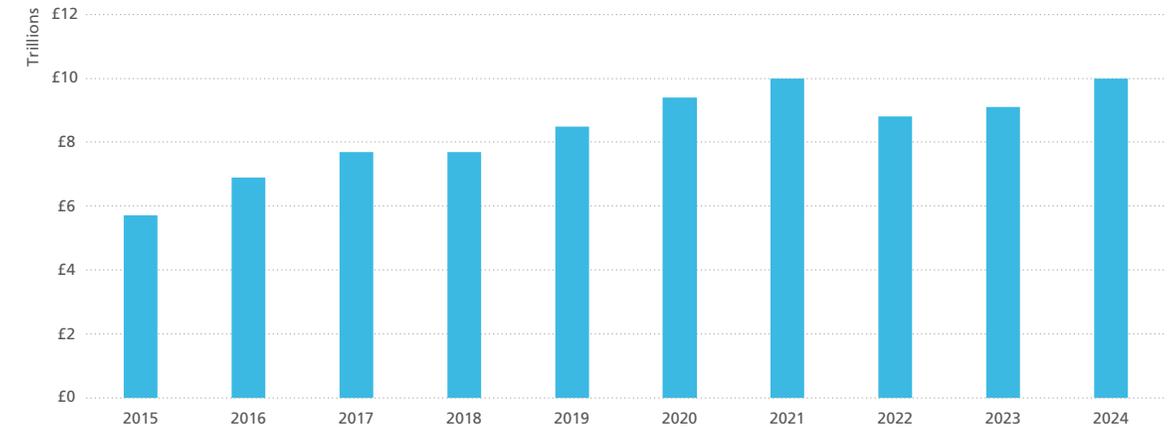
The UK asset management sector has continued its expansion over the past decade at an annual average growth rate of 6.8%, and now manages a vast volume of assets. In 2024, AUM by The Investment Association (IA) members increased by 10% year on year to £10trn (Figure 1). In 2022 there had been a contraction (-12%) due to "war-related turmoil in Europe and the rapid end of the ultra-low interest rate era as central banks hiked aggressively"; 2023 marked a recovery, but "2024's strong rebound closed that gap".<sup>1</sup>

Institutional clients accounted for 70.8% of total IA members' AUM, with the rest held by retail and private clients (Figure 2).

<sup>1</sup> The Investment Association, 'Investment Management in the UK 2024-2025: The Investment Association Annual Survey', (October 2025), p.16, available at: [https://www.theia.org/sites/default/files/2025-10/Investment%20Management%20in%20the%20UK%202024-2025\\_1.pdf](https://www.theia.org/sites/default/files/2025-10/Investment%20Management%20in%20the%20UK%202024-2025_1.pdf)

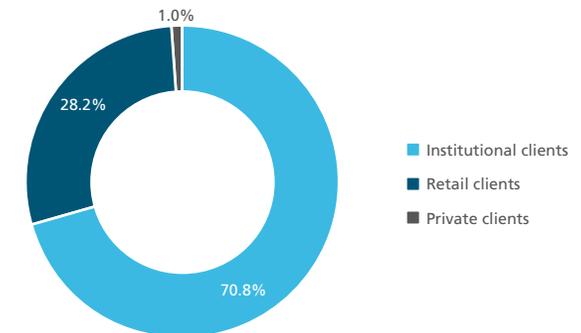
**Figure 1: The Investment Association members' total AUM in the UK, 2015-2024**

Source: The Investment Association



**Figure 2: AUM share by client type (%), 2024**

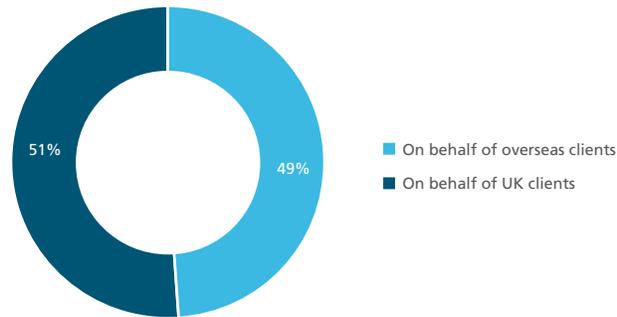
Source: The Investment Association



The international orientation of the UK’s fund management industry is evident in the diverse mix of UK and foreign-owned firms, substantial investment in overseas markets, and extensive management of overseas clients’ assets. For the first time, overseas clients’ AUM represented over half (51%) of all assets managed by IA member firms in 2024, up from 40% in 2014.<sup>2</sup> This underscores the UK’s status as the leading global centre for managing funds on behalf of international clients. In 2024, overseas clients’ AUM reached approximately £5.1trn<sup>3</sup> (Figure 3).

**Figure 3: Proportion of AUM for UK and overseas clients, 2024**

Source: The Investment Association



From a wider perspective, the UK asset management industry accounted for around 35% of total European AUM, capturing the largest share among European countries.<sup>4</sup> France followed in second place with 16.1% of the market, and Switzerland ranked third with 11.2%. This shows that the UK continues to be the dominant hub in Europe.<sup>5</sup> Its AUM exceeds the combined total of France and Switzerland. The scale reflects not only the concentration of global financial services in the UK but also the strength of its international client base and fund management capabilities (Figure 4).

<sup>2</sup> ibid, p.21

<sup>3</sup> ibid, p.22

<sup>4</sup> European Fund and Asset Management Association (EFAMA), ‘Asset Management Report 2024’, (2024), p.67, available at: <https://www.efama.org/sites/default/files/files/asset-management-report-2024.pdf>

<sup>5</sup> ibid, p.67

**Figure 4: European AUM by geographical breakdown, 2023**

Source: The European Fund and Asset Management Association

Country	AUM (€ trn)	Market Share	AUM yoy growth
UK	10.5	35.0%	6%
France	4.8	16.1%	7%
Switzerland	3.4	11.2%	18%
Germany	3.0	10.0%	9%
Netherlands	2.0	6.6%	7%
Italy	1.5	5.0%	6%
Spain	0.5	1.7%	13%
Other*	4.3	14.4%	

\* The remaining share, referred to as the ‘rest of Europe’, represents approximately 14.4% of European AUM and includes estimates for countries without available survey data, such as Sweden, Finland, Norway, Luxembourg and Ireland, where asset managers are also active.



## Type of clients and funds

Asset management organisations include institutions such as insurance companies<sup>6</sup> or their investment management subsidiaries; investment banks and integrated securities houses; independent fund managers; self-managed pension funds; and other operators such as retail stockbrokers.

**Figure 5: The Investment Association members' AUM in the UK by client type**

Source: The Investment Association

	2023 (£bn)	2024 (£bn)	AUM % change year on year
<b>Total AUM</b>	<b>9,068.6</b>	<b>10,008.3</b>	<b>10.4%</b>
<b>Institutional clients</b>	<b>6,596.1</b>	<b>7,089.0</b>	<b>7.5%</b>
Pension funds	2,855.8	2,657.8	-6.9%
Public sector	670.5	742.0	10.7%
Corporate	691.2	766.4	10.9%
Non-profit	93.7	98.9	5.6%
Sub-advisory	458.8	460.9	0.5%
In-house insurance	658.3	694.9	5.6%
Third-party insurance	485.8	608.5	25.3%
Other institutional	682.1	1,059.6	55.3%
<b>Retail clients</b>	<b>2,391.1</b>	<b>2,818.8</b>	<b>17.9%</b>
<b>Private client</b>	<b>81.3</b>	<b>100.5</b>	<b>23.6%</b>

<sup>6</sup> Insurance companies tend to categorise into property and casualty (P&C) or life and health (L&H).

## Institutional clients

In 2024, institutional clients accounted for 70.8% of total UK AUM. This represented a decline from 72.7% in 2023, with the downward trend explained by continuous growth in retail assets and a consistent fall in pension assets.<sup>7</sup> Within the institutional segment, pension funds remain the largest group, although their share of total AUM declined in 2024.<sup>8</sup> UK pension fund assets represented 37.5% of all UK institutional AUM, a decrease of 5.8 percentage points from 2023.<sup>9</sup> According to The IA, some of the factors behind this decline are a growing number of defined benefit (DB) pension schemes either closing down or reaching full funding, transferring their assets to insurers, which means these assets are no longer counted within pension funds; and the ongoing effects of the 2022 crisis in the gilt market – when prices of UK government bonds sharply declined – reducing the value of pension fund assets and slowing their recovery.<sup>10</sup>

Insurance clients represented 13% of UK AUM and 18% of UK institutional assets in 2024. In-house insurance AUM declined slightly to 6.9% of UK AUM in 2024. In contrast, third-party insurance AUM rose from 5.4% to 6.1% of UK AUM over the same period. Meanwhile, public sector assets remained at 7.4% of UK AUM. Overall, this indicates that capital is reallocating into third-party vehicles across both the insurance and public sectors as external DB pension allocations drop in response to the DB schemes achieving full funding.

## Retail clients

Retail client assets have increased over the past decade, reaching 28.2% of total AUM in 2024.<sup>11</sup> This makes them the second-largest client group, ahead of private clients. This group of assets has seen sustained growth since the Covid-19 pandemic which triggered an increase in new retail investors. Between 2020 and 2021, retail client AUM grew, reflecting a favourable environment characterised by a low base rate (0.1%) and robust market performance following vaccine announcements, which made investing attractive to retail investors with increased disposable income.<sup>12</sup> Despite headwinds including rising inflation, higher interest rates and the market shock triggered by Russia's invasion of Ukraine since 2022, the share of AUM managed for retail investors remained stable throughout 2022 and 2023.<sup>13</sup>

<sup>7</sup> The Investment Association, 'Investment Management in the UK 2024-2025: The Investment Association Annual Survey', (October 2025), p.38, available at: [https://www.theia.org/sites/default/files/2025-10/Investment%20Management%20in%20the%20UK%202024-2025\\_1.pdf](https://www.theia.org/sites/default/files/2025-10/Investment%20Management%20in%20the%20UK%202024-2025_1.pdf)

<sup>8</sup> IA (2025), p.101

<sup>9</sup> IA (2025), p.101; IA (2024), p.113

<sup>10</sup> IA (2025), p.41

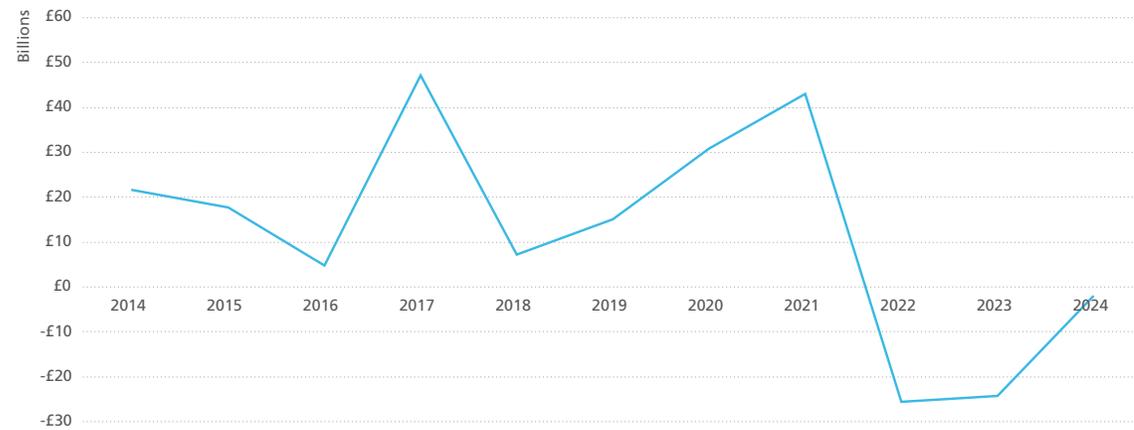
<sup>11</sup> *ibid*, p.101

<sup>12</sup> IA (2024), p.43

<sup>13</sup> IA (2025), p.40

**Figure 6: Net retail sales, 2014-2024**

Source: The Investment Association



Although retail client AUM increased in 2024, net retail sales were negative in both 2023 and 2024 (- £243bn and - £2bn, respectively) (Figure 6). Net retail sales measure capital inflows less outflows. A negative figure indicates that more capital was redeemed from funds than invested. From 2022 onwards, a high interest rate environment with elevated cash-savings rates, higher mortgage repayments, and increased credit-card costs prompted investors to withdraw capital. It is worth noting that asset appreciation and net sales need not move in tandem.<sup>14</sup> Although outflows persisted over the past three years – albeit showing a recovery in 2024 – total AUM rose on the back of valuation gains.

### Private clients

As of 2024, total assets under management for private clients in the UK were £100.5bn, representing 1.0% of total AUM, similar to previous years.<sup>15</sup> Private client AUM comprise assets managed on behalf of high-net-worth and ultra-high-net-worth individuals as well as family offices. The share of assets managed for private clients has historically fluctuated between 1% and 2% but has held steady at 1% for the past four years.<sup>16</sup>

<sup>14</sup> IA (2024), p.75

<sup>15</sup> IA (2025), p.101

<sup>16</sup> ibid, p. 40

### Alternative funds

Alternative funds include hedge funds, private equity funds, commercial property management, discretionary private client and private debt management, and natural resource management firms.<sup>17</sup>

Based on estimates from the 'Investment Association Survey 2024 to 2025', alternative funds accounted for approximately 17% of the UK's total AUM, reaching £1.7trn.<sup>18</sup>

London is the world's second-largest centre for hedge fund management, after New York. The UK had around £370bn (\$460bn) in AUM in the hedge fund sector in 2023, approximately 9% of global hedge fund assets.<sup>19</sup> The UK remains by far the largest centre for hedge funds in Europe.

UK private equity funds invested \$36.6bn (equivalent to £29.4bn), the largest amount in Europe, in 2023. The UK private equity industry invested \$180.4bn (equivalent to £138bn) in 8,887 firms worldwide between 2020 and 2023, including 1,839 firms in 2023 alone, and target companies based in the UK received \$25.4bn (equivalent to £20.4bn) in 2023. London is the largest European centre for the management of private equity investments and funds.<sup>20</sup>

### Charitable trusts, foundations, and endowments

Charitable trusts, foundations and endowments in the UK differ structurally from their US counterparts. Unlike the US, the UK has no separate legal category of "private foundation." All such bodies must register and report as charities under the oversight of the Charity Commission for England and Wales.<sup>21</sup> US foundations are required by law to distribute 5% of their investment assets annually for charitable purposes; in contrast in the UK there is no mandated grant-making spend by charitable foundations.<sup>22</sup>

<sup>17</sup> Whilst the UK has seen the establishment the British Business Bank (BBB) and the National Wealth Fund (NWF), these are state-owned policy banks funded through government borrowing. As such, the UK does not have a traditional sovereign wealth fund (SWF) funded by resource windfalls or accumulated fiscal surpluses, nor one that holds financial or real assets, and therefore these entities will not be considered in this section of the report. See Grzana, M. and Ilzetki, E., 'A National Wealth Fund for the UK', VoxEU CEPR Column, (24 October 2024), available at: <https://cepr.org/voxeu/columns/national-wealth-fund-uk>

<sup>18</sup> According to the IA (2025, p.19), IA member firms manage the majority of UK assets under management (around 83%), with firms specialising in alternative investments not generally covered. This allows us to estimate the rest of the AUM in the fund management market (1 - 83% = 17%) that is not covered by the report, assuming these firms not captured by the report fall under the category of alternative funds.

<sup>19</sup> TheCityUK, 'Key Facts about the UK as an International Financial Centre 2024', (2024), p.13, available at: <https://www.thecityuk.com/media/as4fus2y/key-facts-about-the-uk-as-an-international-financial-centre-2024.pdf>

<sup>20</sup> ibid, p. 14

<sup>21</sup> Withers Worldwide, 'Comparing Foundation Minimum Distribution in the US, Canada, and the UK', (2 February 2022), available at: <https://www.withersworldwide.com/en-gb/insight/read/comparing-foundation-minimum-distribution-in-the-us-canada-and-the-uk>

<sup>22</sup> Impact Investing Institute, 'Investing with Impact in the Endowment: Why Do It and How to Get Started', (2023), available at: <https://www.impactinvest.org.uk/wp-content/uploads/2023/04/Investing-For-Impact-in-The-Endowment.pdf>

According to the Charity Commission for England and Wales, 13.4% of charities have an annual income over £500,000, whose total reserves collectively stood at £75bn.<sup>23</sup> These charities overwhelmingly were unrestricted funds (59%) and endowments (30%).<sup>24</sup> However, it is important to note that only around 5.4% of total gross income was generated from investment activities; charitable activities account for 48.5% of the total income.<sup>25</sup> The investment activities of charitable trusts, foundations, and endowments appear to play a relatively minor role in the UK.

Nevertheless, some entities in this space are prominent institutional investors in asset management.<sup>26</sup> For example, the Oxford Endowment Fund has an endowment of £6.5bn<sup>27</sup>, the Cambridge University Endowment Fund has £4bn<sup>28</sup>, the Wellcome Trust has assets totalling £36.8bn<sup>29</sup> and the Church Commissioners for England has an endowment of £10.4bn.<sup>30</sup>

## Contribution to the UK economy

Asset management encompasses a wide range of activities. Front-office functions involve tasks directly related to managing funds, including asset allocation decisions, risk management, investment analysis, dealing, and cash management. Back-office functions primarily consist of support activities such as transaction processing, systems support, accounting, and administration. These operations may be carried out by in-house investment departments within parent firms or by third-party investment managers providing services for a fee.

### Value added

GVA data is not available for the asset management sector. However, TheCityUK has estimated an indicative range based on official data for net revenues.<sup>31</sup>

<sup>23</sup> Charity Commission, 'Annual Return 2023 Analysis Report', Charities and Social Enterprises, (10 July 2025), available at: <https://shorturl.at/AqY12>. Reserves figures are presented here as a proxy for AUM, for which the data is not available. Reserves are owned outright by the charity and controlled by its trustees for internal purposes, whilst AUM owned by external clients by controlled by a fund manager under a fiduciary mandate. Reserves will be an overestimation compared to AUM. Here only charities with income exceeding £500,000 for which reserves data are available.

<sup>24</sup> ibid

<sup>25</sup> ibid

<sup>26</sup> Endowments and foundations usually follow the Yale model (also known as Endowment Model) investment approach, but this could vary and depend on each institution's mission, objectives, and need. For more detail, see Annex 1.

<sup>27</sup> Oxford University Endowment Management, 'Annual Report 2023', (June 2024), p.4, available at: <https://www.ouem.co.uk/wp-content/uploads/2024/06/OUem-annual-report-2023.pdf>

<sup>28</sup> Cambridge University Endowment Fund, 'Cambridge University Endowment Fund Annual Review 2023', (13 December 2023), available at: <https://shorturl.at/fkXAE>.

<sup>29</sup> Wellcome Trust, 'Wellcome Trust Annual Report and Financial Statements 2023', (January 2024), p.37, available at: <https://cms.wellcome.org/sites/default/files/2024-01/Wellcome-Trust-Annual-Report-and-Financial-Statements-2023.pdf>

<sup>30</sup> Williams, H. 'Church Commissioners announce "modest positive return" in 2023', Church Times, (5 June 2024), available at: <https://rb.gy/jmwb0k>

<sup>31</sup> Office for National Statistics, 'Input-Output Supply and Use Tables: Table 2 – Intermediate Consumption 2022, in United Kingdom National Accounts', (2022), available at: <https://shorturl.at/WQHTI>. The SIC code for fund management activities is 66300. This falls under SIC 66.

According to this estimate, the sector's GVA was approximately £17.5bn in 2024.<sup>32</sup> This represents approximately 5.8% of the total GVA of financial services and related professional services.<sup>33</sup>

### Employment

Fund management firms in the UK provided employment for 74,000 people in 2023. London is central to the UK's strong position in terms of sector employment, but other cities such as Aberdeen, Edinburgh and Glasgow in Scotland; and Liverpool, Bristol, Leeds, Birmingham, Reading, and Manchester in England are also important centres for asset management<sup>34</sup> (Figure 7).

**Figure 7: Asset management employment in selected UK cities, 2023**

Source: TheCityUK calculation based on ONS data

Ranking	Cities	Employment
1	London	53,000
2	City of Edinburgh	7,000
3	Liverpool	1,500
4	Bristol	800
5	Leeds	600
6	Birmingham	500
7	Glasgow City	500
8	Reading	400
9	Manchester	250
10	Aberdeen City	250

<sup>32</sup> IA member firms hold around 83% of the total UK's AUM (IA, 2025, p.19) and reported revenue of £25bn as of December 2024 (p.88). Assuming the rest of the fund management industry operates at a similar scale to IA member firms, total industry revenue can be estimated by dividing £25bn by 83%, resulting in approximately £30.1bn. Applying the SIC 66 turnover-to-GVA ratio (0.5814), this yields an estimated GVA of £17.5bn. This calculation assumes that fund management activities (SIC 663) are the same with the broader SIC 66 categories to which SIC 663 belongs.

<sup>33</sup> TheCityUK calculations based on the Office for National Statistics data, 'GDP output approach, low level aggregates, UK, Quarter 2 (Apr to Jun) 2025', (30 September 2025), available at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/ukgdpolowlevelaggregates>. The financial and related professional services industry accounted for £302.1bn of nominal GVA. Note that £17.5bn as an estimate does not capture multiplier effects on the wider economy nor the contribution of fund management's role in capital allocation, which further facilitates capital deepening in other industries (and its spillover effects on total factor productivity à la endogenous growth theory) and thereby boosts broader UK economic growth.

<sup>34</sup> TheCityUK, 'Enabling Growth Across the UK 2025: UK-Based Financial and Related Professional Services', (2025), available at: <https://www.thecityuk.com/our-work/enabling-growth-across-the-uk-2025/>.

London remains central to the UK’s position as a leading international asset management centre. Firms headquartered in London accounted for around 80% of the total number of asset management firms in the UK in 2023.<sup>35</sup> This was up nine percentage points compared to 2014.<sup>36</sup> This trend occurred alongside a decline in assets managed from Scotland, which has historically been a major centre for UK fund management activity. Scotland’s share of AUM declined from 26% to 17% over the same decade. This reduction in the proportion of Scottish-headquartered fund management firms might be due to a combination of factors, including merger and acquisition activity among Scottish firms and the relatively high growth of assets managed in London.<sup>37</sup> That said, Edinburgh remains the second-largest sector employment hub, after London.<sup>38</sup> Overall, in Scotland, IA members manage £480bn of assets, representing 4.8% of total UK AUM.<sup>39</sup>

### Net exports

From 2013 to 2023, UK net exports of fund management services increased from £4.1bn to £11.1bn, growing by an average of 12.3% a year.<sup>40</sup> Gross exports of fund management services showed a similar trend, rising from £5.3bn to £13.3bn over the same period, with an average annual growth rate of 11.0%.<sup>41</sup> The sharp expansion in 2020 and 2021 potentially reflected post-pandemic recovery and favourable market conditions, whilst the 2022 decline likely stemmed from macroeconomic uncertainty and a market downturn. The 2023 rebound showed sustained international demand for UK asset management services. Overall, the trend underscores the sector’s export strength and comparative advantages despite cyclical fluctuations (Figure 8).

<sup>35</sup> IA (2025), p. 18

<sup>36</sup> *ibid*, p. 18

<sup>37</sup> *ibid*, p. 18

<sup>38</sup> *ibid*, p. 18

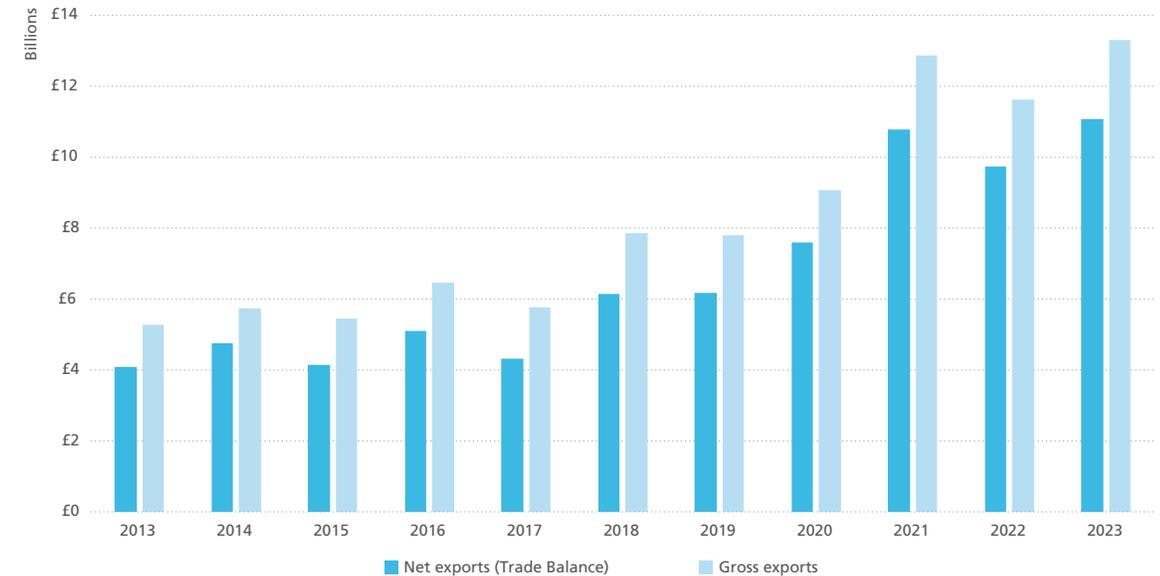
<sup>39</sup> *ibid*, p. 18

<sup>40</sup> Office for National Statistics, ‘Trade in services, The Pink Book’, (31 October 2024), available at: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/3tradeinservicesthepinkbook2016>

<sup>41</sup> *ibid*

**Figure 8: Fund management gross and net exports (Trade Balance), 2013-2023**

Source: Office for National Statistics



# The global market for asset management

02

# The global market for asset management

According to our estimates, assets of the global asset management industry totalled \$296.9trn in 2023, and consisted of:

- Conventional funds (pension funds, mutual funds and insurance companies) totalling a record \$166.6trn.
- Alternative funds (hedge funds, private equity funds, exchange traded funds and sovereign wealth funds) with \$37.4trn of assets.
- Private wealth, with \$86.8trn in assets. However, more than a third of this was incorporated in other forms of fund management such as family offices.<sup>43</sup>
- Charitable trusts, endowments, and foundations with \$6.1trn in assets.<sup>44</sup>

**Figure 9: Global asset management industry, asset values**

Source: TheCityUK calculation based on Thinking Ahead Institute, Investment company institute, International Association of Insurance Supervisors, McKinsey, ETFGI, BarclayHedge, Capgemini data

Category	2019	2020	2021	2022	2023
<i>Conventional investment management assets</i>					
Pension funds	\$46.7 trn	\$52.5 trn	\$56.6 trn	\$47.9 trn	\$55.7 trn
Mutual funds	\$54.9 trn	\$63.1 trn	\$71.1 trn	\$60.1 trn	\$68.9 trn
Insurance funds	\$36.4 trn	\$42.0 trn	\$44.0 trn	\$40.0 trn	\$42.0 trn
<b>Sub-total sum</b>	<b>\$138.0 trn</b>	<b>\$157.6 trn</b>	<b>\$171.7 trn</b>	<b>\$148.0 trn</b>	<b>\$166.6 trn</b>
<i>Non-conventional (alternative) investment management assets</i>					
SWFs (Sovereign Wealth Funds)	\$8.9 trn	\$10.0 trn	\$11.5 trn	\$11.6 trn	\$12.7 trn
Private equity	\$3.9 trn	\$4.5 trn	\$6.3 trn	\$7.6 trn	\$8.2 trn
ETFs (Exchange-Traded Funds)	\$6.2 trn	\$7.7 trn	\$10.0 trn	\$9.0 trn	\$11.4 trn
Hedge funds	\$3.1 trn	\$3.8 trn	\$4.8 trn	\$4.8 trn	\$5.1 trn
Private Wealth	\$74.0 trn	\$79.6 trn	\$86.0 trn	\$83.0 trn	\$86.8 trn
Charitable trust, foundation, & endowment*	\$7.8 trn	\$9.3 trn	\$9.4 trn	\$6.6 trn	\$6.1 trn
<b>Total sum</b>	<b>\$241.9 trn</b>	<b>\$272.6 trn</b>	<b>\$299.7 trn</b>	<b>\$270.6 trn</b>	<b>\$296.9 trn</b>

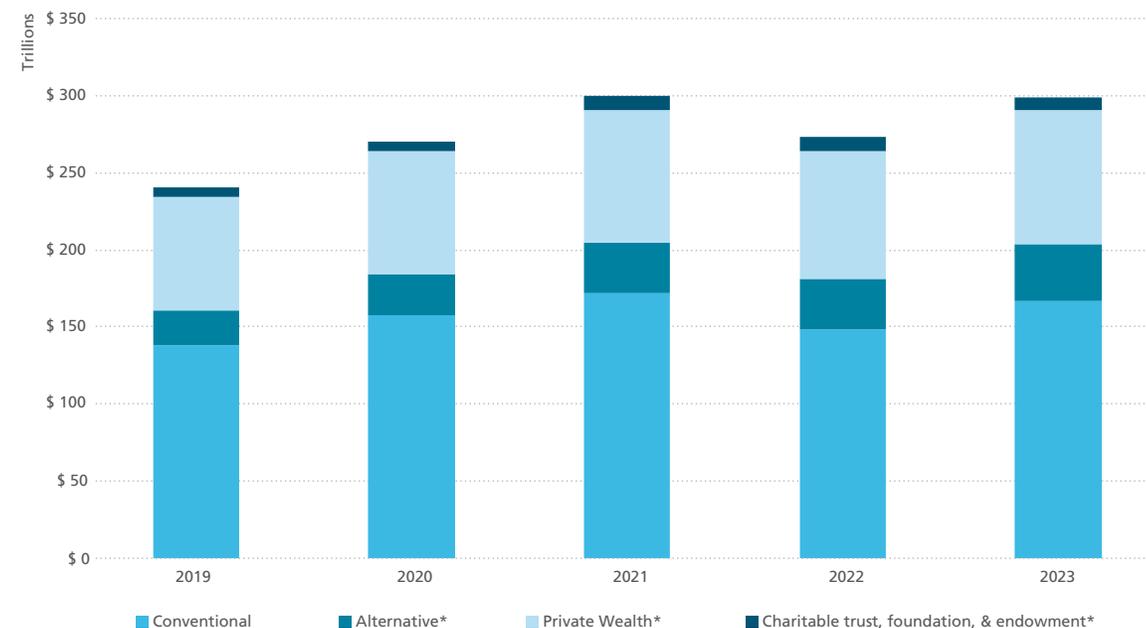
<sup>43</sup> According to World Wealth Report 2024 (Capgemini Research Institute, 2024, p.11) available at: <https://www.capgemini.com/insights/research-library/world-wealth-report/>, ultra-high-net-worth individuals account for 36% of total high-net-worth wealth, while 93% of UHNWIs surveyed reported using family offices for services (ibid, p.33).

<sup>44</sup> Note this is total asset values, which serve as a proxy for AUM. This is a US figure only, for more detail see section on Charitable trusts, foundations, and endowments.

It is important to note that the estimated asset values presented in this section are indicative, not precise, since data and definitions are not directly comparable across sources. In addition, some double counting across estimates in different sub-categories may be unavoidable, particularly when figures are aggregated. In addition, most figures can only be proxied by total asset values in place of AUM, for which data are not available or accessible. This means that the reported total asset value tends to overstate the true AUM, as the figures include asset holdings not necessarily under the scope of an investment portfolio under management, or other balance-sheet items not dedicated to earning a return for strategic allocation to risk exposure. Whenever the definition of AUM is not applied, this is explicitly noted.

**Figure 10: Global asset management industry by type, 2019-2023**

Source: TheCityUK calculation based on Thinking Ahead Institute, Investment company institute, International Association of Insurance Supervisors, McKinsey, ETFGI, BarclayHedge, Capgemini data



\*Alternative includes SWFs, PE, ETFs and hedge funds

## Conventional funds

Overall, conventional assets of the global fund management industry remain heavily concentrated in North America, particularly the US. In 2023 the US accounted for nearly two thirds of global pension assets, almost half of mutual fund assets, and around a third of insurance funds.<sup>45,46</sup> For more detail on the geographical spread of assets, see Figure 11.

**Figure 11: Global conventional asset management industry by geographical distribution, 2019-2023**

**Source:** TheCityUK calculation based on Thinking Ahead Institute, Investment company institute, International Association of Insurance Supervisors, McKinsey, ETFGI, BarclayHedge, Capgemini data



\*2019 data on insurance geographical breakdown is not available.

<sup>45</sup> GME Insurance data do not provide a detailed geographical breakdown. Instead, the data are split between the Americas (\$16trn), Asia-Oceania (\$11trn), and Europe-Africa (\$15trn). An assumption is applied that the USA accounts for 89% of assets in the Americas, and that Europe represents roughly 99% of the combined assets of Europe and Africa. For detail, please see Annex 2. This results in an adjusted estimate in which the USA holds \$14.2trn, Europe \$14.8trn, Asia-Pacific \$11.0trn, and the rest of the world \$2.0trn.

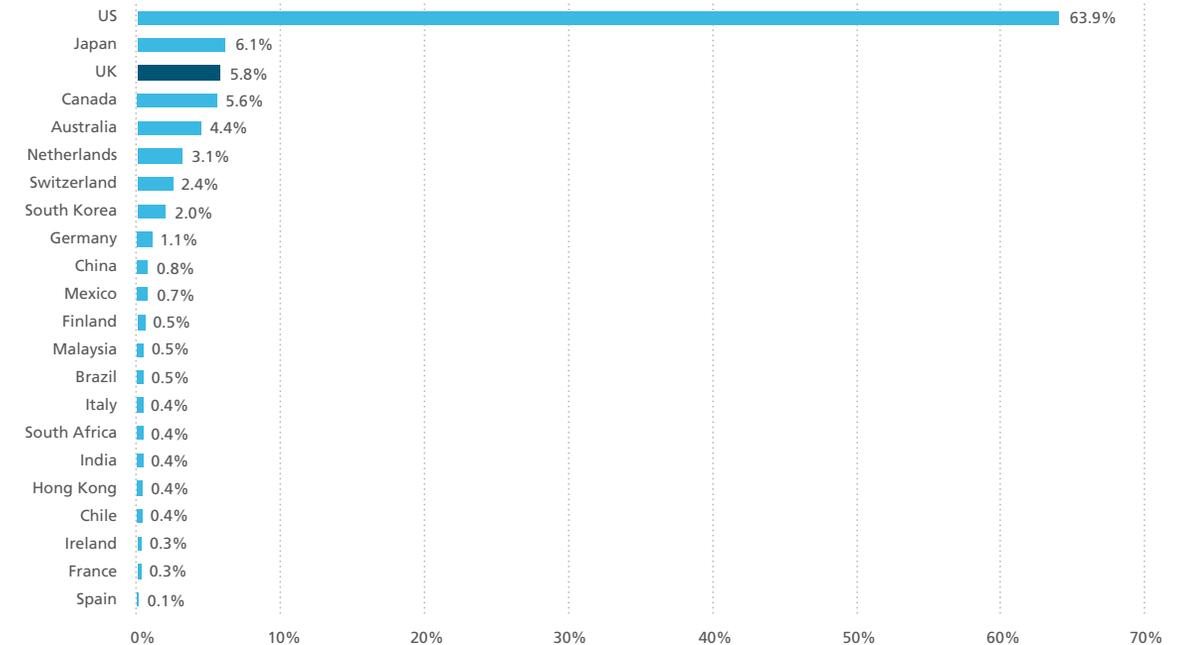
<sup>46</sup> 4.6% is an estimate derived for the rest of the world insurance market asset value based on the same assumption that the USA accounts for 89% of assets in the Americas, and that Europe represents roughly 99% of the combined assets of Europe and Africa; the detail of this is given in the previous footnote.

## Pension funds

The 'Global Pension Assets Study 2024' covers 22 pension markets with total assets of \$55.7trn at the end of 2023, an increase of 11% compared with 2022. The US dominates with 63.9% of the assets of the top 22 markets, followed by Japan (6.1%) and the UK (5.8%). The seven largest pension markets account for 91% of the top 22 pension markets. Outside of these 22 markets, there are an estimated \$3-5trn of additional pension assets<sup>47</sup> (Figure 12).

**Figure 12: Pension assets market share by selected countries, 2023**

**Source:** Thinking Ahead Institute



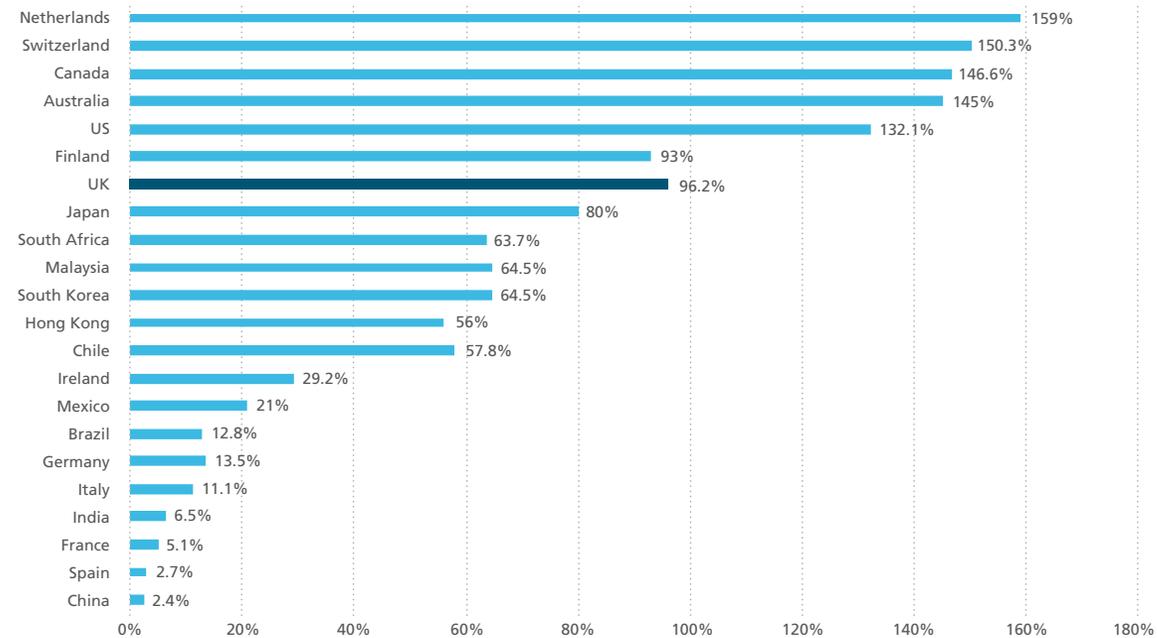
<sup>47</sup> Thinking Ahead Institute, 'Global Pensions Assets Study 2024', (2024), p.5, available at: <https://www.thinkingaheadinstitute.org/research-papers/global-pension-assets-study-2024/>.

In terms of compound annual growth in pension assets for the last 10 years, the 2023 data show that the fastest-growing markets are China (15.7%), India (10.8%), and South Korea (8.0%).<sup>48</sup> In contrast, Brazil (-1.6%), Spain (-0.7%), and France (-0.5%) recorded declines in asset values.<sup>49</sup>

Pension assets relative to size of the economy vary widely across countries. The Netherlands, Switzerland, Canada, Australia and the US post the highest ratios at 159%, 150%, 147%, 145% and 132% respectively. This compared to the global assets-to-GDP ratio of 68.7% in 2023. The UK's asset-to-GDP ratio is 96.2%<sup>50</sup> (Figure 13).

**Figure 13: Global pension assets-to-GDP ratio, 2023**

Source: Thinking Ahead Institute



<sup>48</sup> *ibid*, p.21

<sup>49</sup> *ibid*, p.23. It is also important to note that growth rates measured in USD are significantly affected by currency exchange movements and may differ from growth rates in local currency terms.

<sup>50</sup> *ibid*, p.15

In terms of asset allocation within the top seven pension markets, there has been a notable diversification away from equity. Equities declined from roughly 50.7% of allocation in 2003 to about 41.6% in 2023. Bond allocation remained stable at around 36.0%; alternatives and other assets expanded from about 11.7% to 20.1%; and cash edged up to around 2.7%.<sup>51</sup> Across countries, the US and Australia maintain higher weightings in equity, while Japan, the UK and the Netherlands show more of a fixed-income tilt.<sup>52</sup> Over time, home bias in equities has been on a downward trend, with domestic equities' share of total equity exposure declining from about 60.0% to 36.3% from 2003 to 2023 on average across all the seven biggest pension markets considered.<sup>53</sup>

### Insurance funds

Assets of the global insurance sector increased by 2.8% year on year to \$42trn.<sup>54</sup> Emerging markets and developing economies (EMDEs) drove much of the growth, with total assets rising by 8.1% from end-2022 to end-2023.<sup>55</sup> By contrast, advanced economies (AE) saw a smaller 2.1% increase after a decline in 2022.<sup>56</sup>

From an asset management perspective, and similar to pension funds, insurers' portfolios remain dominated by fixed-income instruments. According to the International Association of Insurance Supervisors (IAIS), fixed-income assets accounted for more than half of general account assets for insurers in 2023;<sup>57</sup> within this, corporate debt made up 24.0%, sovereign debt, 18.1%, and loans and mortgages, 9.6%. Equities are the second-largest class following fixed-income assets, at 12.3%.<sup>58</sup> IAIS also noted that the sector witnessed a structural change of more allocation to alternative assets such as private credit, private equity, securitisations and infrastructure.<sup>59</sup> Although the average allocation to alternative assets remained relatively low, some IAIS insurer members reportedly hold significantly higher shares, reflecting increasing role of alternative assets as a means of diversification and yield generation.<sup>60</sup>

<sup>51</sup> *ibid*, p.31

<sup>52</sup> *ibid*, p.32

<sup>53</sup> *ibid*, p.35

<sup>54</sup> Note AUM figure is not available in International Association of Insurance Supervisors (IAIS), 'Global Insurance Market Report (GIMAR)', (2024), p.9, available at: <https://www.iais.org/uploads/2024/12/Global-Insurance-Market-Report-2024.pdf>. Here asset is reported as a proxy for AUM. It is expected the true AUM would be less than the total asset.

<sup>55</sup> *ibid*, p.9

<sup>56</sup> *ibid*, p.9. Note IAIS (2024) did not specify the countries included under EMDE and AE. It is assumed the scope of EMDE and AE countries share the definition specified in International Monetary Fund (IMF), 'World Economic Outlook Database: Groups and Aggregates Information', (April 2023), available at: <https://www.imf.org/en/Publications/WEO/weo-database/2023/April/groups-and-aggregates#oem>.

<sup>57</sup> IAIS (2024), p.10

<sup>58</sup> *ibid*, p.10

<sup>59</sup> *ibid*, p.32

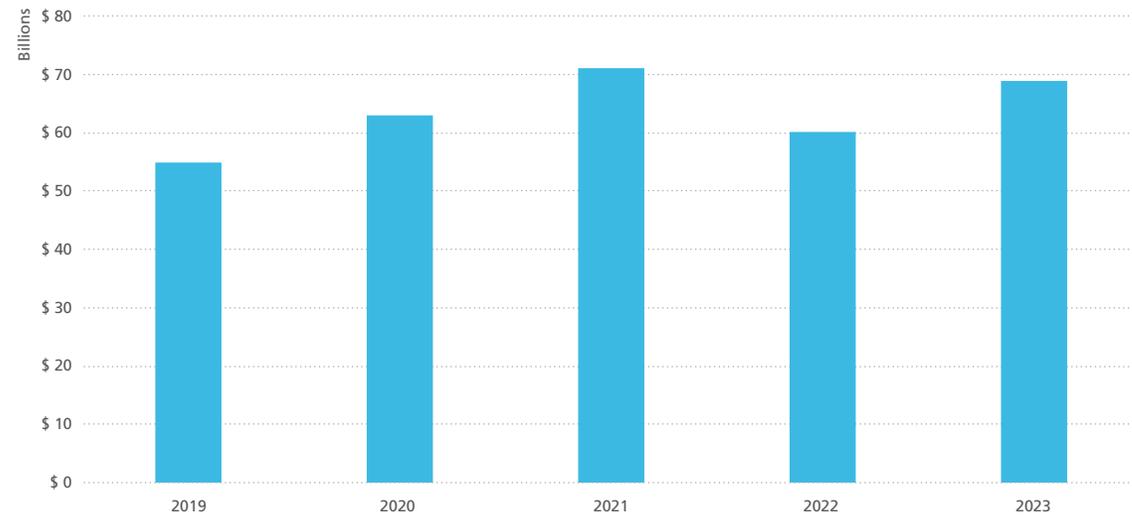
<sup>60</sup> *ibid*, p.32

### Mutual funds

In 2023, total assets of mutual funds and open-ended funds increased by 14.6% year on year, reaching \$68.9trn.<sup>61</sup> This was a rebound from the low of 2022, when the value dropped 15.5% year on year to \$60.1trn from the 2021 high of \$71.1trn (Figure 14).

**Figure 14: Mutual fund and open-ended fund asset values, 2019-2023**

Source: Investment company institute



Equity funds remained the largest category, with assets rising by 17.8% year over year to \$31.8trn in 2023, accounting for nearly half of global regulated open-end fund assets.<sup>62</sup> Bond assets increased by 12.2% to \$12.9trn, while balanced/mixed funds reached \$7.3trn.<sup>63</sup> Money market funds also saw substantial growth, with total assets climbing to \$10.4trn. The remainder were guaranteed/protected funds, real estate funds, and other specialised funds.<sup>64</sup>

<sup>61</sup> Investment Company Institute (ICI), 'Investment Company Fact Book: A Review of Trends and Activities in the Investment Company Industry', (2024), p.12, available at: <https://www.ici.org/system/files/2024-05/2024-factbook.pdf>.

<sup>62</sup> *ibid*, p.13

<sup>63</sup> *ibid*, p.13

<sup>64</sup> *ibid*, p.13

### Alternative funds

Alternative funds totalled \$37.4trn at the end of 2023. They consist of hedge funds, private equity funds, exchange traded funds, and sovereign wealth funds.

### Hedge funds

**Figure 15: Global hedge funds assets, 2013-2023**

Source: BarclayHedge



Hedge funds' AUM totalled a record \$5.1trn at the end of 2023, up 168% from \$1.9trn in 2013 (Figure 15). By contrast, assets in funds of funds (fofs) declined by 21% over the same period, to \$323.7bn<sup>65</sup> (Figure 16). Overall growth was supported by both strong inflows and market performance.

By category of hedge fund strategy, there has been a marked increase in the popularity of funds characterised by strong diversification elements. Balanced funds, which combine equity and fixed income components within a single

<sup>65</sup> Funds of funds (fofs) take capital from investors and allocate it across different hedge fund strategies to generate diversification benefits through their expertise in investment manager selection. However, investors incur an additional layer of management and incentive fees on top of the fees charged by the underlying hedge funds.

**Figure 16: Hedge fund strategy type**

Source: BarclayHedge

Category	2023 (\$bn)	2013 (\$bn)
Hedge Funds (excludes Fund of Funds)	5051.6	1883.8
Fund of Funds	323.7	409.20
Sector		
Balanced (Stocks & Bonds)	719.6	64.7
Convertible Arbitrage	32.5	28.5
Distressed Securities	19.4	125.7
Emerging Markets	420.4	220.3
- Emerging Markets – Asia	155.7	57.8
- Emerging Markets – Eastern Europe	2.5	23.9
- Emerging Markets – Global	256.4	102.9
- Emerging Markets – Latin America	15.2	26.5
Equity Long Bias	310.7	152.7
Equity Long/Short	149.1	161.7
Equity Long-Only	583.3	93.7
Equity Market Neutral	53.2	24.5
Event Driven	226.5	196.8
Fixed Income	967.0	273.7
Macro	151.2	176.6
Merger Arbitrage	73.8	17.2
Multi-Strategy	688.5	208
Options Strategies	48.7	17.6
Other	80.9	16.0
Sector Specific	526.9	106.1

portfolio, grew by 1,012% over the last 10 years to reach \$719.6bn in 2023, representing 14.2% of total hedge fund AUM. However, fixed income funds accounted for the largest share of hedge fund assets in 2023, at 19.1% of the total, followed by balanced funds (14.2%) and multi-strategy funds (13.6%). Together, these three categories represented nearly half of global hedge fund AUM.

On the other hand, macro (down from 10.0% to 4.5%), equity long short (from 9.0% to 3.0%), and distressed securities (from 7.0% to 0.4%) hedge funds recorded the largest drop in their shares of total hedge fund AUM. (Figure 16) This suggests a trend of investors moving away from strategies with narrower or higher-risk profiles towards those offering broader diversification and more stable return characteristics. This is particularly the case in the decline of distressed securities and macro strategies, both traditionally associated with aggressive alpha generation and event-driven risk, in contrast to the recent rise in popularity of the more conservative approaches of balanced, fixed income, and multi-strategy fund.

### Private equity funds

Private equity in 2023 was characterised by a record level of AUM, at \$8.2trn<sup>66</sup>, but weaker fundraising, as measured by the number of funds ‘closed’ (642)<sup>67</sup>; and subdued investment activity compared with the 2021 peak.<sup>68</sup> This downward trend continued at a slower pace into 2024, with 562 funds “closed”. While the number of funds closed was lower than 2021 by more than half, the amount of funds raised in 2023 was slightly more, at \$522.8bn compared to \$463.6bn in 2021.<sup>69</sup> In 2024, fundraising fell to \$401.5bn, reflecting a slowdown in industry cash flow.

This trend partly reflects accumulated portfolios due to delayed exits and limited partners (LPs) slowing fresh commitments while waiting for distributions. In the post-Covid period, general partners (GPs) have extended the fundraising periods, with average time from first to final close extending to nearly two years (20 months),<sup>70</sup> showing GPs adjusted for longer fundraising periods to secure sufficient capital before fully deploying commitments through the call-down process.

<sup>66</sup> McKinsey & Company, ‘Global Private Markets Review 2024’, (2024), available at: <https://www.mckinsey.com/~/media/mckinsey/industries/private%20equity%20and%20principal%20investors/our%20insights/mckinseys%20private%20markets%20annual%20review/2024/mckinsey-global-private-markets-review-2024.pdf>.

<sup>67</sup> “Close” in the context of private equity, private credit, real estate, and similar closed-end fund refers to the point in time when the fund formally admits a new group of investors and accepts their capital commitments. The higher the close, the more the capital LPs commit.

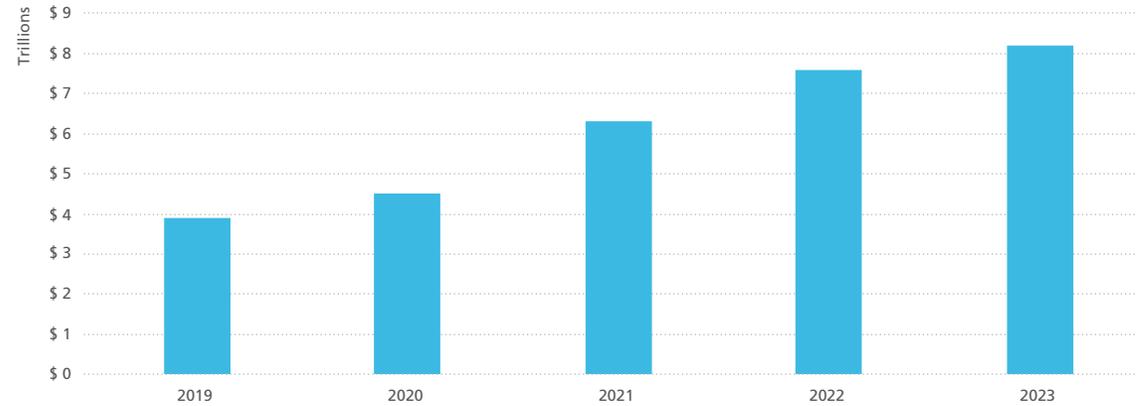
<sup>68</sup> Bain & Company, ‘Outlook: Is a Recovery Starting to Take Shape? Global Private Equity Report’, (2025), available at: <https://www.bain.com/insights/outlook-is-a-recovery-starting-to-take-shape-global-private-equity-report-2025/#:~:text=Overall%2C%20buyout%20funds%20raised%203,for%20more%20than%20two%20years>

<sup>69</sup> *ibid*

<sup>70</sup> Bain (2025); McKinsey (2024), p.29

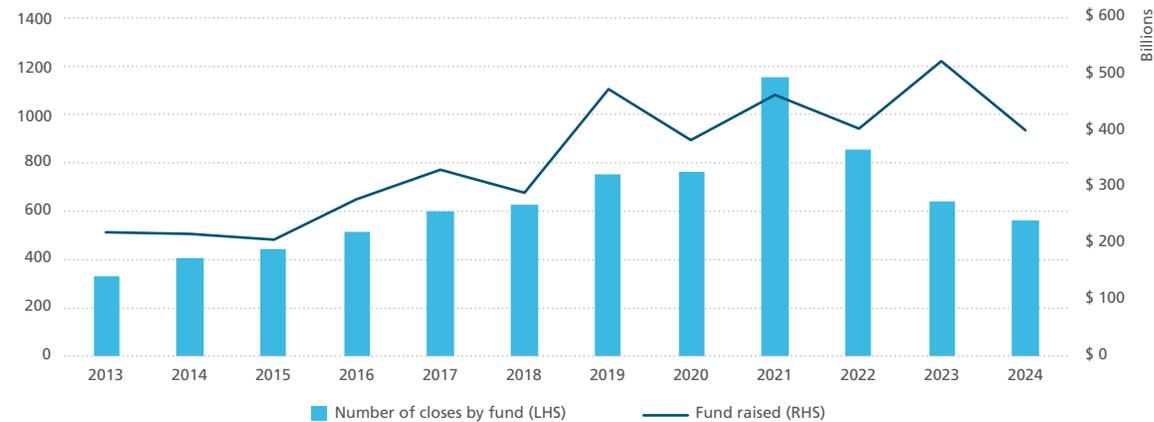
**Figure 17: Private equity AUM, 2019-2023**

Source: McKinsey



**Figure 18: Private equity fund closes and aggregate capital raised, 2013–2024**

Source: Bain & Company

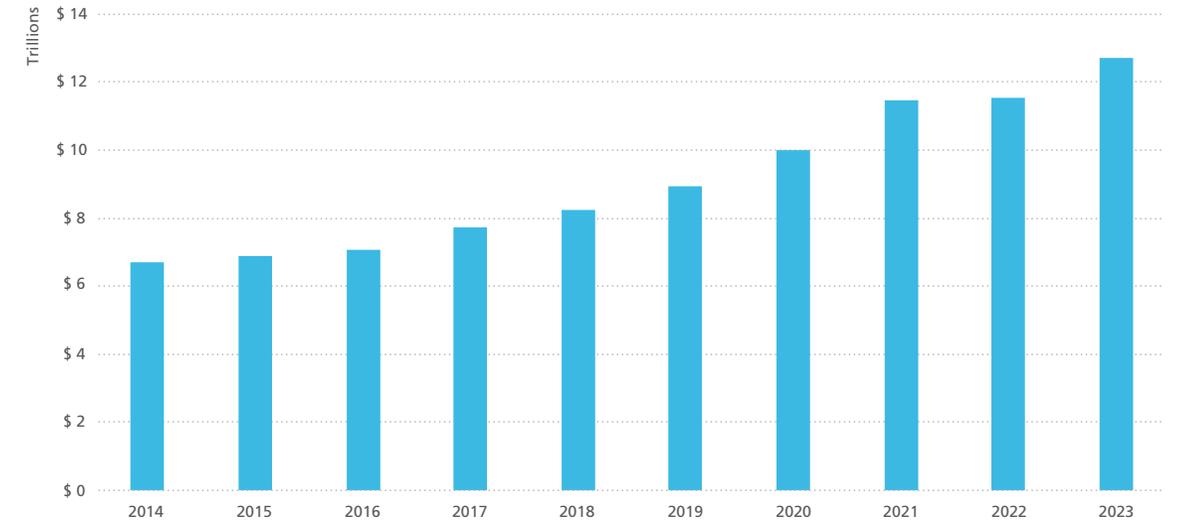


**Sovereign wealth funds (SWFs)**

SWFs have expanded significantly in scale over the past decade, underlining their growing importance in the global financial system. Total AUM rose at an annual average rate of 7.5%, increasing from \$6.7trn in 2014 to \$12.7trn in 2023. Growth has been driven by both the accumulation of assets in existing funds and the creation of new vehicles (Figure 19).

**Figure 19: SWF AUM, 2014-2023**

Source: SWF Institute

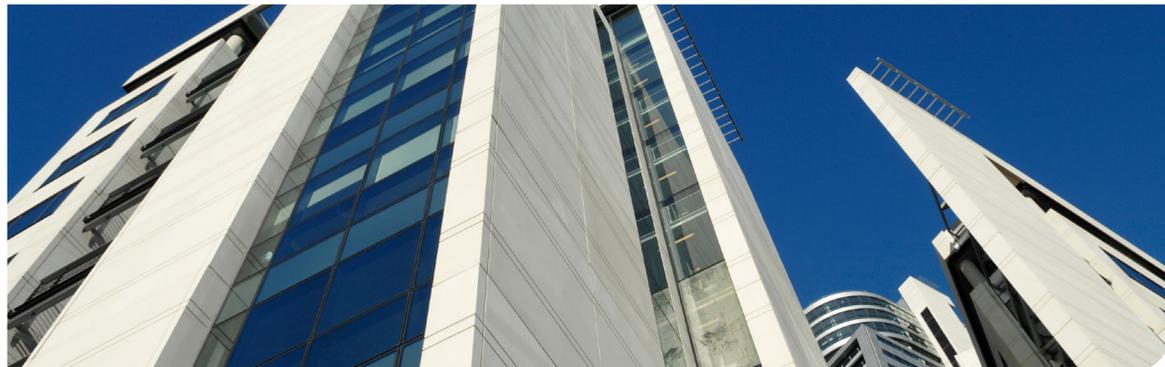
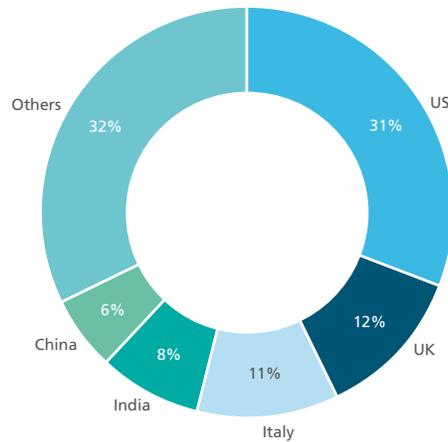


Regional analysis shows that Asia and the Middle East together accounted for over three-quarters of total SWF assets in 2023. China alone represented around one-fifth of the global total, followed by the UAE (16.9%) and Norway (12.6%). Saudi Arabia and Kuwait also ranked prominently, together accounting for nearly 15% of global AUM.

In 2024, the US was the most attractive destination for investments made by SWFs; the US received 31% of SWFs' total global investment value, followed by the UK with 12%, and Italy with 11%. The top five destinations accounted for around two-thirds of total SWFs investment value, according to IE Center for the Governance of Chance data (Figure 20).

**Figure 20: Top 5 destination countries for SWFs' investments by deal value, % of total deal value, 2024**

Source: IE Center for the Governance of Chance



### Exchange traded funds (ETFs)

In 2023, global ETF AUM reached \$11.4trn, up 26.1% from 2022.<sup>71</sup> The US continues to dominate the global ETF landscape, accounting for 70.1% of total AUM in 2023, a share that has remained stable over the past five years. Europe holds the second-largest share at 15.2%, followed by Asia-Pacific with 6.8%<sup>72</sup> (Figure 21). This distribution reflects the continued concentration of ETF assets in developed markets, particularly the US, which has consistently led both in absolute growth and proportional dominance.

**Figure 21: ETFs AUM market share, 2019-2023**

Source: ETFGI

	2019	2020	2021	2022	2023
US	69.8%	68.7%	70.6%	70.6%	70.1%
Europe	15.7%	15.4%	15.0%	14.8%	15.2%
Canada	2.5%	2.6%	2.7%	2.8%	2.7%
Asia-Pacific	4.7%	5.6%	5.5%	6.3%	6.8%
The rest of the world	7.2%	7.6%	6.1%	5.5%	5.3%

### Private wealth funds

According to Capgemini's World Wealth Report 2024, global High Net Worth Individual (HNWI) wealth grew by 4.6% in 2023, reaching a new high after contracting in 2022<sup>73</sup> (Figure 22). The number of HNWI's also mirrored this trend, rising by 5.1% and back onto an upward trajectory.<sup>74</sup> This recovery occurred against an uncertain macroeconomic backdrop, with interest rates remaining elevated and central banks only signalling in the second half of 2023 the end of interest rate hikes, particularly in North America, where HNWI wealth and population expanded by 7.2% and 7.1%, respectively. Asia-Pacific followed with increases of 4.2% and 4.8%, while Europe recorded more modest gains of 3.9% in wealth and 4.0% in population.<sup>75</sup> Consistent with the patterns observed across other fund categories in this report, North America (\$27.5trn), Asia-Pacific (\$25.7trn), and Europe (\$18.9trn) continue to represent the largest shares of global HNWI and UHNWI wealth.

<sup>71</sup> ETFGI, 'Global ETF Industry Hits Record US\$17.85 Trillion in Assets under Management as of August Month-End', (17 September 2025), available at: <https://etfgi.com/>.

<sup>72</sup> ibid

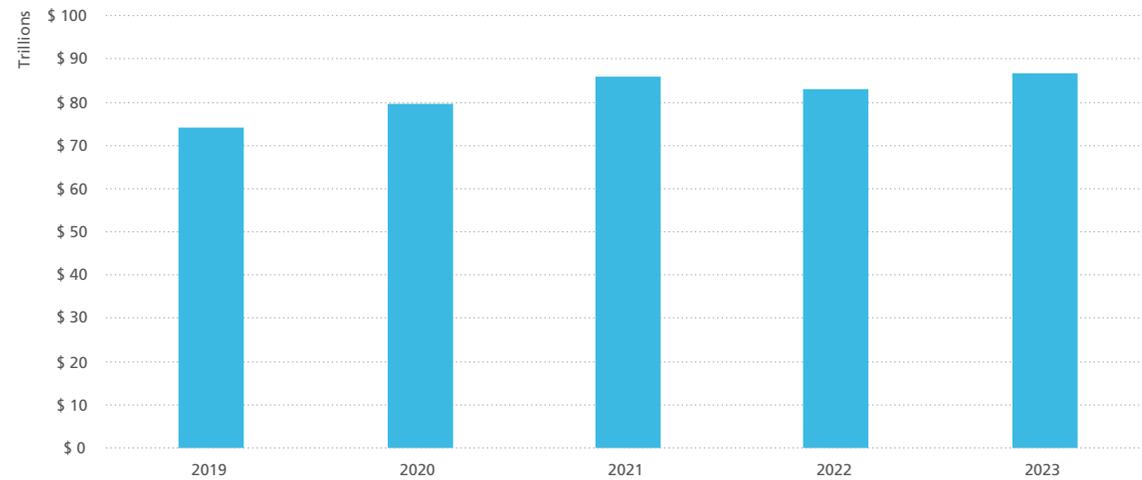
<sup>73</sup> Capgemini Research Institute, 'World Wealth Report 2024', (2024), p.8, available at: <https://www.capgemini.com/insights/research-library/world-wealth-report/>.

<sup>74</sup> ibid, p.5

<sup>75</sup> ibid, p.5

**Figure 22: Private wealth asset value, 2019-2023**

Source: Capgemini



**Figure 23: Private wealth by geography, 2023**

Source: Capgemini

	HNWI wealth
North America	\$27.5 trn
Asia-Pacific	\$25.7 trn
Europe	\$18.9 trn
Middle East	\$3.5 trn
Latin America	\$9.4 trn
Africa	\$1.8 trn

## Charitable trusts, foundations, and endowments<sup>76</sup>

Public foundations account for the majority of assets at \$4.7trn, although this represents a sharp decrease from \$8.1trn in 2020. In contrast, private foundation assets have grown steadily, reaching \$1.5trn in 2023, up 10.5% from 2022. (Figure 24) The USA’s assets under this category totalled \$6.1trn in 2023, a decline of 7.0% from the previous year. Endowment assets demonstrated greater volatility especially from 2021 to 2023; average assets per institution recovered in 2023 to \$1.2bn, after a sharp drop in 2022 (Figure 25).

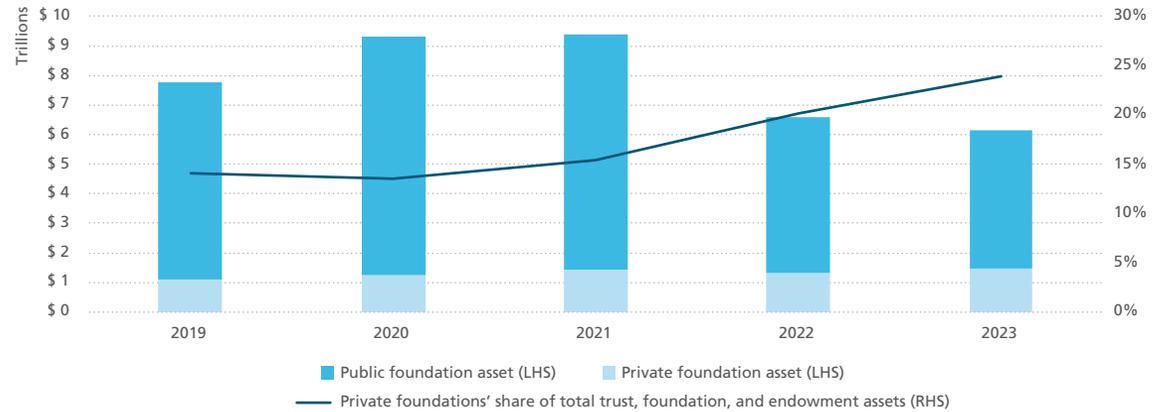
Over the past five years, the composition appears to have shifted towards private foundations, whose share of the total has risen from around 14.1% in 2019 to 23.9% in 2023. While public foundations remain dominant, their asset base has contracted by over 40% from the high point of 2020, appearing to show a weaker resilience when compared to private foundations in the face of adverse market conditions from 2022 onwards (Figure 24).

Overall, both private foundations and endowments witnessed a rebound in their asset values in 2023; public charities and foundations continued their downward trend from the hike of 2020.

<sup>76</sup> Data on a global asset base for charitable trusts, foundations, and endowments remain unavailable. This section therefore focuses primarily on the United States. To approximate and to bring it to a global scale, one can use the US share of the charitable trust, endowment and foundation market as a benchmark, applying this proportion to arrive at indicative global estimates. For example, Paula D. Johnson’s Global Philanthropy Report: Perspectives on the Global Foundation Sector (Hauser Institute for Civil Society, John F. Kennedy School of Government, Harvard University, 2017) stated that “Foundation assets (...) are heavily concentrated in the United States (60%) and Europe (37%)”. Interested readers can apply this proportion to arrive at a rough estimate of the market size globally. Secondly, figures for AUM are not available. Instead, the most reliable proxy comes from annual tax filings in the United States from Internal Revenue Service (IRS). Public charities and foundations are required to submit Form 990 and Form 990-EZ, and private foundations report under Form 990-PF. These filings disclose total asset values, which serve as a proxy for AUM. Regarding endowment, National Association of College and University Business Officers (NACUBO) and TIAA, ‘NACUBO and TIAA Study of Endowments’ (available at: <https://www.tiaa.org/public/institute/publication/2022/nacubo-and-tiaa-study-endowments>) provides an annual study on higher education endowment and foundation investment performance and governance. However, the sample size varies yearly, which means aggregate figures are not representative of the population. An average is provided in Figure 25. Total asset value (based on fair value method) based on Form 990 and 990-EZ is drawn from Urban Institute, National Center for Charitable Statistics’ 990 EFILER Data Catalog, available at: <https://urbaninstitute.github.io/nccs/catalogs/catalog-e-file-v2.html#f9-p10-t00-balance-sheet>. The Form 990-PF’s total asset figures are drawn from FoundationMark’s Assets and Grantmaking Trends, available at: <https://foundationmark.com/#/grants>.

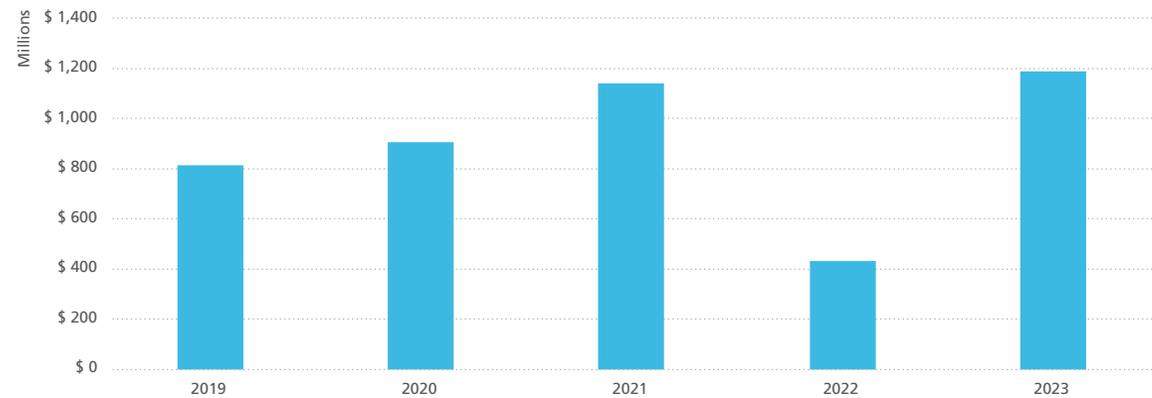
**Figure 24: Private and public foundation assets and private share of total trust, foundation, and endowment assets, 2019–2023**

Source: Urban Institute from Internal Revenue Service, Foundation Mark from Internal Revenue Service



**Figure 25: Average asset value per institution, 2019-2023**

Source: Commonfund



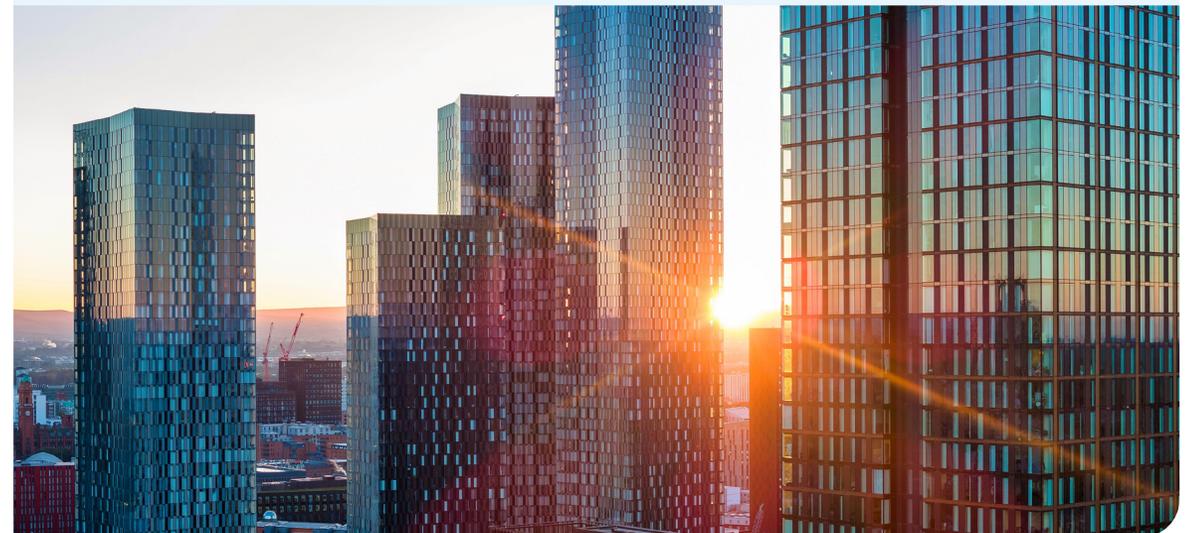
# Conclusion

By connecting investors and yield-returning assets, fund management is a crucial part of the financial services ecosystem, providing a service that meets the needs of individuals, businesses and governments. The sector is diverse, comprising both conventional funds—pension, mutual and insurance funds—and alternative funds, comprising sovereign wealth, private equity, exchange traded and hedge funds.

The UK-based asset management industry demonstrated its resilience by returning to its steady path of growth following a short-term downturn in 2022. Another salient trend has been a shift towards international markets, with overseas investors driving a larger share of activity. This reinforces the UK's position as Europe's leading asset management centre. At the same time, client composition is evolving, with retail investors becoming more prominent and external pension management declining.

Globally, the industry experienced a recovery in 2023. Growth was concentrated in conventional funds such as pension funds, mutual funds, and insurance funds. The industry continued to be concentrated in North America, especially the US, which dominates various fund sub-categories. There was also an increasing allocation to alternative investments, indicating a shift towards greater diversification within portfolios.

Given its position as one of the world's leading fund management centres, as well as its supportive government policy, the UK is well-positioned to potentially continue to develop its global leadership as the sector evolves.



# Appendices

03

# Appendices

## Appendix 1: Overview of institutional investment approaches

Broadly speaking, institutional investment approaches can be grouped into the Norway model, Yale model, CPPIB model, and LDI model. The Norway Model mainly invests in public equities and fixed income, typically through a traditional 60/40 equity-bond mix, with portfolios run mostly passively and with minimal or no exposure to alternative assets. The Yale Model (also called the Endowment Model) has substantial allocations to alternative assets such as private investments and hedge funds, relies heavily on active management, and predominantly uses external managers. The CPPIB (also known as the Canada Model) has a similar approach to the Yale Model, with a high allocation to alternatives; the CPPIB relies more on internally managed expertise as opposed to relying on external managers. The LDI (liability-driven investing) Model is popular among pension funds, especially amongst corporate defined benefit plans. Their primary objective is to generate returns sufficient to cover liabilities, which is different from the previous three models whose focus is on maximising return for a given level of risk.

For detail, see Berkelaar, A., Mistic, K. and Stimes, P.C., 'Portfolio Management for Institutional Investors', CFA Institute, (2019), p.33, available at: <https://catalogimages.wiley.com/images/db/pdf/97811946442932.excerpt.pdf>

## Appendix 2: Estimation methodology

GME Insurance data 2023 do not provide a detailed geographical breakdown. Instead, the data are split between the Americas (\$16trn), Asia-Oceania (\$11trn), and Europe-Africa (\$15trn). An assumption is applied that the USA accounts for 89% of assets in the Americas, and that Europe represents roughly 99% of the combined assets of Europe and Africa.

To arrive at these estimates, one assumes that the geographical distribution of insurance AUM is proportional to that of gross premiums written (GWP), for which data are available. LatAm GWP is estimated at \$203.4bn, according to MAPFRE Economics, 'El mercado asegurador latinoamericano en 2023', (2024), available at: <https://documentacion.fundacionmapfre.org/documentacion/publico/es/media/group/1125847.do>. Combining this with the GME insurance data (US GWP of \$3.2trn and Canada \$0.2trn), the US share of GWP in the Americas is calculated at 89%. Applying this proportion to insurance AUM gives \$14.2trn, or 33.8% of the global total.

For Africa, GWP is reported at \$63.6bn according to African Insurance Organisation (AIO), 'Annual Report 2024: June 2023 to June 2024', (2024) p.38, available at: [https://african-insurances.org/wp-content/uploads/2024/10/2024\\_AIO\\_e\\_Final1\\_Web-1.pdf](https://african-insurances.org/wp-content/uploads/2024/10/2024_AIO_e_Final1_Web-1.pdf). Combining this with the GME insurance data (Europe and Africa GWP of \$6.0trn), Europe's share of GWP is estimated at 99%. Applying this to AUM figures gives \$14.8trn, or 35.3% of global insurance AUM.



### Appendix 3: Sources of information

- African Insurance Organisation
- Barclay Hedge
- Bain & Company
- Capgemini
- Charity Commission for England and Wales
- Cambridge University Endowment Fund
- Centre for Economic Policy Research
- CFA Institute
- Church Times
- ETFGI
- European Fund and Asset Management Association
- FoundationMark
- Gov.UK
- Harvard Kennedy School
- Impact Investing Institute
- International Association of Insurance Supervisors (IAIS)
- International Monetary Fund
- Internal Revenue Service
- The Investment Association
- Investment Company Institute
- MAPFRE Economics
- McKinsey & Company
- Office for National Statistics
- Oxford University Endowment Management
- Sovereign Wealth Fund Institute (SWFI)
- TIAA institute
- The Urban Institute Data Catalog
- Wellcome Trust
- Willis Towers Watson
- Withers Worldwide



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