

Talent Trends Report

17th Edition



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Report Scope

For the past 17 years, Kathy Freeman Company has produced the Talent Trends Report specifically focused on the investment industry. The objective is to provide unique insight into talent acquisition, retention, and development as part of a holistic, human capital strategy.

Our reports are intended to help CEOs, senior leaders, and human resources executives understand the latest talent trends, supporting their efforts to secure the very best people possible to grow their businesses. Similarly, our Talent Trends Reports are frequently leveraged by industry professionals contemplating their own career decisions and direction.

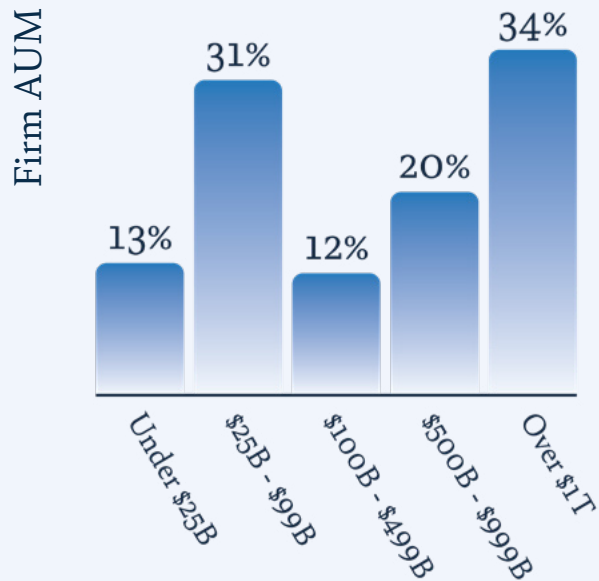
All of our reports are made possible by the gracious contributions of time and insight by the industry's top leaders. Our appreciation goes out to each of our participants for sharing their lens on the dynamics that impact talent within their own organizations.

Methodology

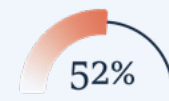
This Talent Trends Report is based on an invitation-only survey of an exclusive group of senior industry leaders across distribution, product, and marketing within asset management. This survey was conducted during the fourth quarter of 2025.

Profile of Our Leadership Participants

Participant Experience/Demographics



20+ Years
Investment Industry
Experience



15 Years+ Leadership
Experience



Women in
Leadership

Representative Titles of Contributing Participants

- ▶ Head of ETF Distribution
- ▶ National Sales Manager
- ▶ Head of Global Strategic Relationships
- ▶ Chief Marketing Officer
- ▶ Head of US Wealth
- ▶ SVP, Global Distribution Strategy
- ▶ Chief Distribution Officer
- ▶ Head of Global Product
- ▶ Head of Client and Product Marketing
- ▶ SVP, Head of National Accounts
- ▶ Divisional Sales Manager
- ▶ Head of Broker Dealer Channel

The Dichotomy of Growth



OPPORTUNITY BURNOUT

This year's Talent Trends survey took place against a frenetic, shifting backdrop. Geopolitical uncertainty pervaded and the asset management industry, seemingly in defiance of expectation and precedent, continued to evolve at a remarkable rate of speed.

Most leaders, conditioned to persistent and pervasive change and working within organizations increasingly able to operate at a quicker, more urgent tempo, were inclined to frame the change as opportunity.

It's an outlook that bodes well for the industry as all signs point to a world where change is the dominant theme and adaptability is the coping mechanism. But a question lingers: Is the pace and intensity exacting a cost on employee well-being and organizational culture?

Addressing that question is crucial as the optimism uncovered in the survey exists alongside an opposing theme witnessed by four out of five leaders: Burnout. Put simply, firms find themselves at a moment in time when opportunity is abundant but so is the effort and will required to capitalize on it. And employees are feeling the squeeze.

In our 17th annual Talent Trends report, we examine these two trends and their impact on organizations, including how leaders are pursuing new opportunities while attempting to preserve the culture that holds their organizations together.

We also explore our respondents' views on their leadership pipelines, the actions they are taking to motivate and reward top performers in increasingly flat organizations, as well as the competencies they most value in an industry shaped by ongoing change and boundless opportunity.

The Increasing Velocity of Change

Not to be outdone by the breakneck pace set in 2024, this year's respondents saw the industry changing at an ever-faster clip.

How did the Pace of Change at Your Firm in 2025 Compare to 2024's Rate of Change?



77% of Respondents
Said it was Faster

A Key Marker of Change: Accelerating M&A

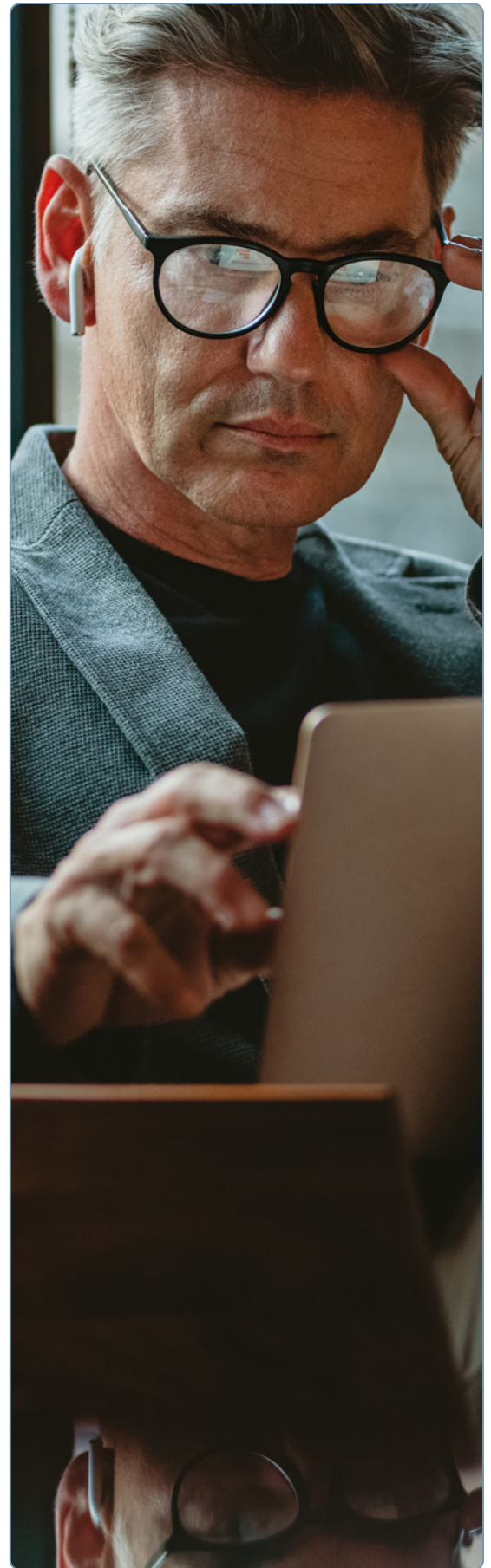
Heightened expectations for merger and acquisition activity underscores the change taking place in our industry. More than 92% of survey respondents anticipated increased M&A activity within asset management in 2026. This expected wave is not viewed as a distant trend affecting only industry peers, as nearly half believe their own organizations will participate in a transaction within the next two years.



Anticipate More M&A
Activity in 2026



Expect Their Firms to be
Part of a Transaction in
the Next Two Years



Leaders Remain Optimistic About Change

Changing for the Better

Believe the Changes at Their Firm Will Lead to Growth in 2026



Expect an Increase in Asset Flows at Their Firm



Creating Exciting New Growth Opportunities



Expect Headcount to Rise



Anticipate an Increase in Compensation



Cultivating a More Adaptable Culture



Far from recoiling from change, leaders, having grown accustomed to its quickened tempo, seem to be leaning in. When asked about the biggest impact of the ongoing industry change, 72% said that it is creating exciting new growth opportunities, and a third said it is cultivating a more adaptable culture.

This strain of optimism was detectable in their answers to a range of queries. When asked whether they were optimistic that changes implemented at their organizations would lead to growth, 89% said they were. Almost as many (84%) foresaw increased asset flows for their firms in the coming year. More than 40% anticipate an increase in compensation levels in the next year (against only 11% who foresaw a decrease) and a clear majority (51%) expected headcount to rise.

Even allowing for leaders' native optimism, together these indicators point to an industry that is weathering a challenging environment effectively and seeing reasons to be upbeat.



From Work Life Balance to Work, Work, Work...

Despite their optimism, leaders are not blind to the toll that unrelenting change and a hyper-competitive business environment has taken on their organizations. Put simply, burnout is rampant, with over 86% of leaders citing it as an industry issue.

The primary culprits are twofold: an increasing workload and the 24/7 engagement expectations implicitly encouraged by constant connectivity.

The combination of a never-ending supply of work and the presence of a computer in one's pocket or purse turns the world into a workspace. The normalization of this always-on approach is having substantial repercussions as evidenced by our leaders' responses.

Top 3 Reasons for Burnout

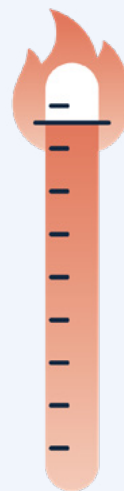
82%
Increasing Workload/
Decreasing Resources



56%
24/7 Engagement
Expectations/Inability
to Unplug



38%
Relentlessness of
Industry Change



86%
Of Leaders Believe Burnout
is an Industry Issue



Culture is Taking a Back Seat to Results

Leaders rightly tout the importance of culture, recognizing it as the steady force that supports organizations through challenging times and helps them capitalize and flourish when opportunity arises. But whereas seizing business priorities requires swift, decisive action, building and nurturing a healthy culture requires sustained effort and intention. And in a resource-constrained environment where winning demands immediate action and attention, culture can easily slide into a place of secondary importance.

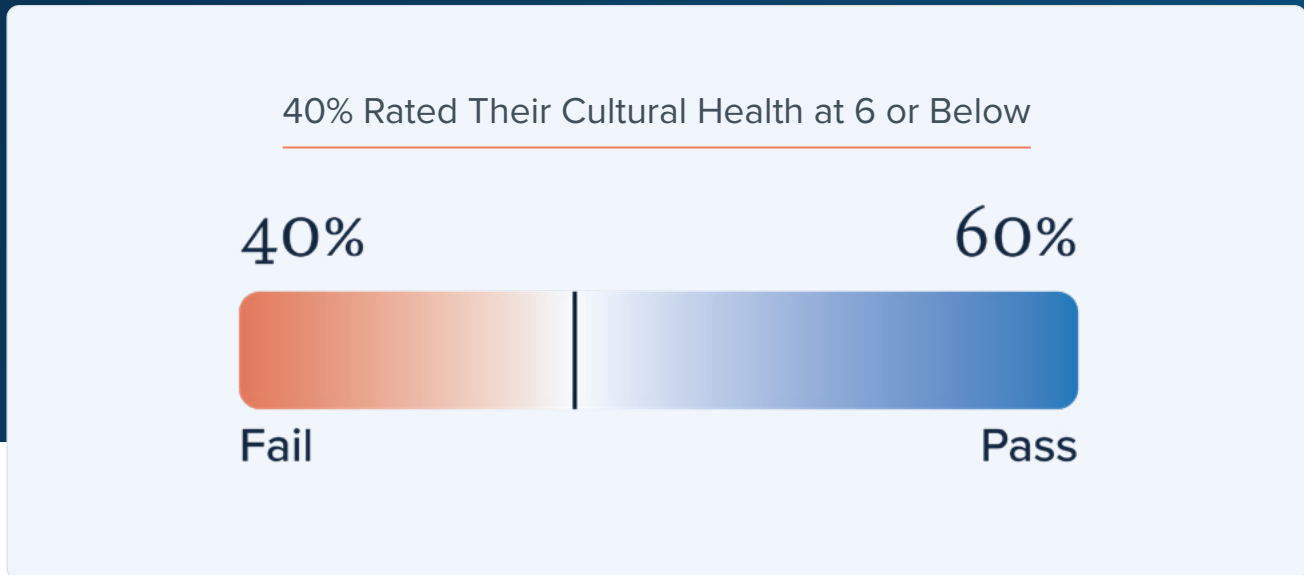
How are You Balancing Time Between “Running the Business” and Shaping/Cultivating Organizational Culture?



This year’s data bears out this tendency to underprioritize culture. When asked how they are balancing their time between running the business and focusing on cultural development, 62% of leaders said they were focusing on business results while only 12% said their focus was on cultural development.

CULTURE

And there is no disguising the impact: Close to 40% of respondents rated their organization's cultural health at six or below on a 10-point scale. In an educational setting, a score of 60% or below is a failing grade. If we as business leaders are being honest with ourselves on the issue, it's reasonable to ask: Are we failing?



We rationalize the prioritization of business building over culture by assuring ourselves that, when things normalize or slow down, we'll turn our attention back to shoring up our culture. But this presumes a world in which the pace of change actually slows. What happens when the change is not episodic but sustained and the demands of the business continually sweep aside culture-building?

To create a solid foundation for future growth, it's important for leaders working in this frenetic environment to take a meaningful look at their current approach to cultivating cultural health.

Intentional culture building means making the effort to articulate and support the mission, values and heritage of the firm. Taking time to celebrate senior leaders who have enabled decades of success demonstrates a culture of appreciation, while consistently recognizing and supporting the contributions of the next generation shows the firm values their hard work and dedication. We might find that reinforcing a cultural priority around appreciation and respect goes a long way to deflect the burnout that people are currently experiencing.

The Leadership Pipeline – Now Trending in the Wrong Direction!

Last year, a third of leaders identified a talent shortage in their leadership pipeline. This year's responses suggest the challenge is intensifying, with 41% of leaders perceiving a coming leadership shortfall.

The implications of this go beyond the question of who will replace current leaders. Even more critical are the potential constraints that a “short bench” could impose on organizations in need of leaders to spearhead new ventures or seize on strategic opportunities.



Firms are Taking Action on Development

Forty-one percent of respondents saw an increase in resources available for Next Gen development in 2025, and 76% of leaders expressed a desire for increased spending on Next Gen development in 2026.

Leaders Seeing an Increase:



Leaders Who Want to See More:



In assessing their 2026 initiatives, leaders should consider prioritizing efforts that stand to make the biggest impact on leadership development. That could be training that builds specific leadership muscles, an assessment of how return-to-office policies impact leadership development, or formalized mentorship programs and reverse mentorship opportunities. Such initiatives should be backed up by metrics that chart progress and identify the specific efforts generating positive results.

Strategy & Empowerment Prioritized in Today's Leadership Toolkit

Alongside efforts to strengthen their ranks, leaders are expanding their personal toolkits. And survey results suggest they are prioritizing strategic readiness over cultivating specific leadership attributes. For example, 55% said they were working to improve their strategic thinking and 39% said they were enhancing their metric and process orientation. A full 66% cited “empowering others” as a development objective, a goal that fosters the real-time organizational readiness needed to adapt to a rapidly changing world.

The ability to lead calmly through change was a significant development focus for 42% of our respondents, likely born of a desire to insulate their teams from the frenetic environment.

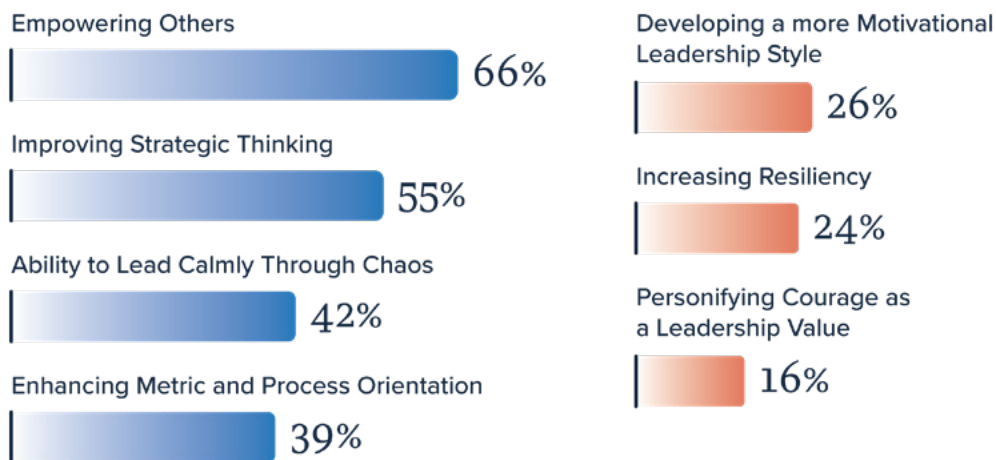
Not surprisingly, leaders did not prioritize development areas seen as less adaptive to this moment in the industry's evolution and their firm's growth cycles. We found reduced focus on building resiliency, honing a motivational leadership style or personifying courage, all of which might be more highly prioritized during a challenging market or a slow growth economy.

Increasingly, the job of defining the scope of newly created positions has fallen to the leaders stepping into them. Gentle transitions are a thing of the past, replaced by expectations that leaders will be able to analyze and synthesize information quickly and establish a vision others will follow. All in the midst of uncertainty. Strategic, big-picture thinking and the ability to quickly and accurately assess organizational needs are key.

“The temptation to lead as a chess master, controlling each move of the organization, must give way to an approach as a gardener, enabling rather than directing. A gardening approach to leadership is anything but passive. The leader acts as an ‘Eyes-On, Hands-Off’ enabler who creates and maintains an ecosystem in which the organization operates.”

– General Stanley McChrystal,
Team of Teams

Where Leaders Expanded Their Toolkits:



Leaders Are Hiring For Generalist Skillsets

The rapid pace of industry change factored heavily into still another area of our survey: Hiring. When asked about the skill sets they're seeking, 70% of our leaders expressed a preference for broad generalists who are intellectually curious and can quickly pivot into new areas. "Test and learn, then pivot" is the mantra of our current business environment, and hiring managers are looking to fill roles with those able to abide that mantra. That means individuals who, as companies enter new markets or create new products, can identify and assess business needs in often uncharted territory, develop strategic plans, and execute on them.

Beyond the desire for a broader skill set, leaders today are looking for those personally investing in their own development. Individuals whose personal drive and motivation enable them to contribute to problem resolution and drive innovation will separate themselves in a crowded field. This year, 43% of respondents prioritized hiring for those who were self-motivated in their skills development, while 37% were prioritizing adaptability and 36% were seeking out innovation and creativity.

Within a rapidly shifting business environment, leaders place high importance on collaboration. Whether it's "iron sharpening iron" or "the whole is more than the sum of its parts", motivated colleagues working closely and collegially to develop strategies and best practices can confer a distinct advantage upon an organization.

Top 5 Hiring Priorities

Collaborative/Team-Oriented Mindset



Self-Motivated Skills Development



Adaptability



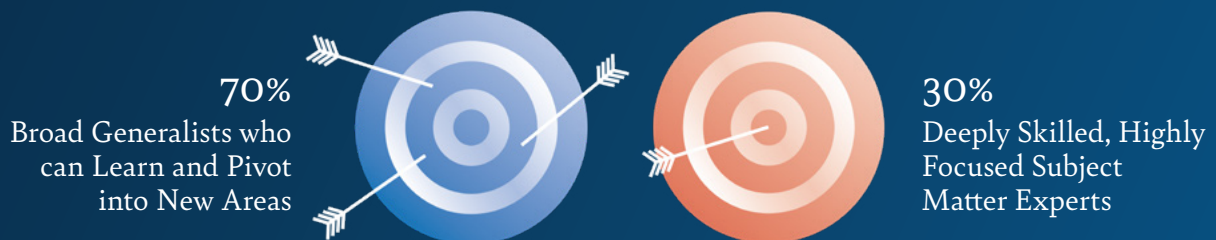
Innovation and Creativity



Intellectual Curiosity



Some market cycles dictate broader skill sets while other times may result in greater demand for subject matter experts. As a leader, which is more important to you at this time?



Redefining Career Advancement

In recent years, the industry has been marked by a significant flattening of organizational structures. This poses challenges both for leaders and those they lead, most of whom have been conditioned to define and calibrate professional success as progression up an org chart. These new structures present leaders with a significant challenge. Namely, how to re-orient career expectations and reward success within a less hierarchal paradigm.



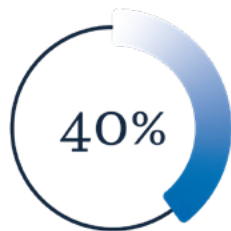
70%

Of leaders reported being moderately effective in reframing associate expectations away from promotion to more long-term career development.

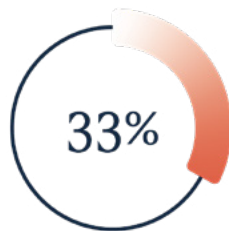
Retaining the next generation of leaders depends on identifying the right levers to encourage and support their growth and satisfaction. While 40% measured in this year's study used compensation as the primary means of rewarding success, another third indicated that heightened visibility and recognition was their most effective mechanism. Other effective measures, which results showed could be deployed more frequently, could include providing additional assignments and stretch opportunities that help build new skills and/or facilitate leadership development.

Given the apparent staying power of the flattening trend, it is imperative for leaders intent on retaining top talent to identify creative ways of rewarding excellence.

Most Effective Methods For Rewarding Excellence



Compensation



Heightened Visibility
and Recognition



Additional Stretch
Opportunities

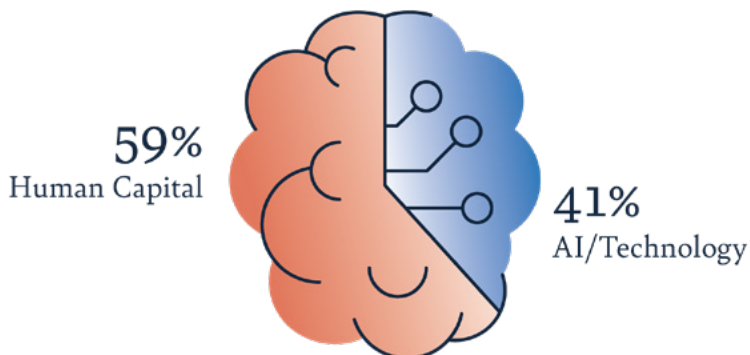


AI's Impact is Increasingly Measurable!

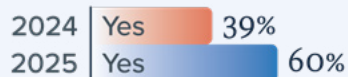
In contrast to last year's report, in which the AI research was summarized as "Awaiting Impact", this year's results suggest its impact has arrived. Six in 10 leaders said that AI is producing tangible benefits and actionable outcomes for their firms. Content creation (65%), process innovation (65%), and distribution (49%) were cited as areas where AI's presence is felt most strongly, with client engagement (37%) trailing.

While leaders clearly see the transformational potential of AI, survey results suggest that those leaders continue to prioritize human contribution over AI. As evidence, when asked how they would allocate a significant bump in budget, 59% of leaders said they would increase human capital vs. 41% who said they'd spend it on Technology/AI infrastructure.

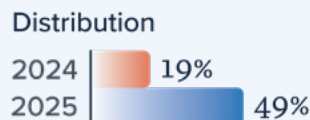
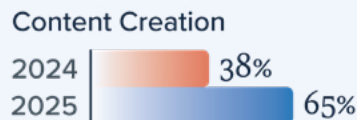
If you received a significant bump in budget, would you prioritize the spend on AI/technology or human capital?



Is AI Producing Tangible Benefits/Actionable Outcomes?



Where is AI Making Impact?



Variability in Headcount

Even with generally strong market performance, hiring in 2025 lagged behind the pace of 2024 and fell short of leaders' expectations. While 51% of leaders in our 2024 study measured headcount growth, only 43% of respondents in 2025 said their firm's headcount had grown. In seeking to understand the deficit, it's possible that 2025's challenging first quarter, when tariffs negatively impacted the economy and markets, set a cautious tone for the year when it came to hiring. Another possibility is that a growing adoption of AI and related technologies is beginning to stem demand for human capital.

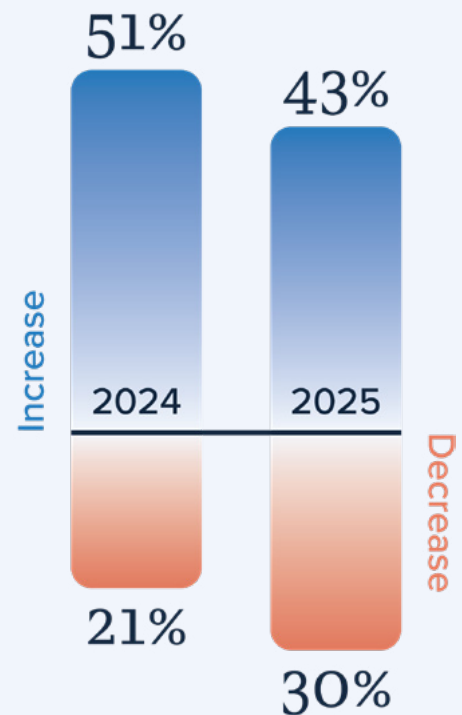
2026 Headcount Expectations

Looking ahead however, leaders seem to be more at ease with the economic outlook and/or the anticipated impact of their firm's implemented changes, as over half of our respondents (51%) expect to add to their headcount in 2026.



51%
Expect to Add
Headcount in 2026

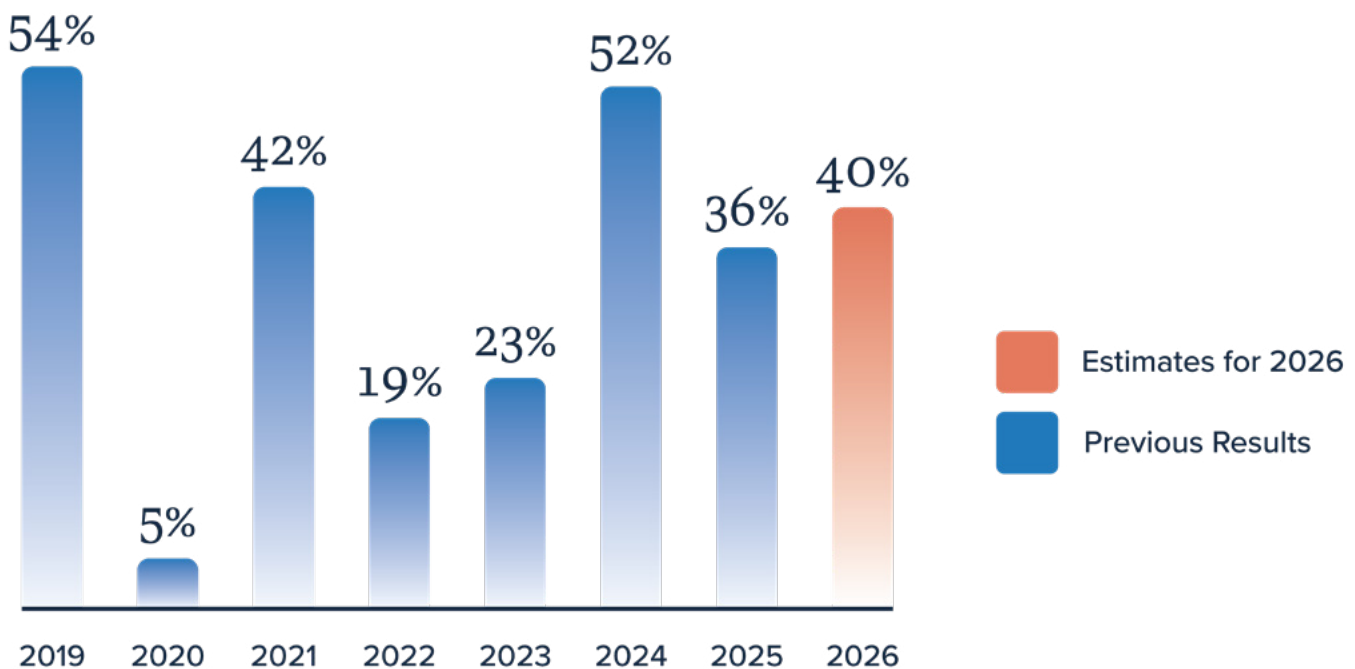
Headcount Slowed in 2025



Compensation Expectations are Stabilizing

This year's compensation trends were mixed. The portion of leaders expecting increased cash compensation levels for calendar 2025 was 36%, substantially lower than the 52% who in last year's research predicted increases for 2024. One possible explanation for the reduced expectations is uncertainty related to the economy and markets. This is plausible considering our leaders' generally positive perception of their firms' growth profiles and the stated expectations for increased flows resulting from improvements at their firms. Another possible explanation lies in the increased ownership stake these leaders have in their companies, many of which are now owned by private equity firms. With an increasing proportion of their overall wealth in unvested equity, annual compensation becomes a less significant contributor to their total wealth picture. As a result, increases may have become less consequential and more muted.

Year over Year Expectations for Increased Cash Compensation



Conclusion: Optimism, Burnout and the Quest for Leaders

Looking ahead, the future remains, as ever, unpredictable. Whether it will match the pace and magnitude of the change uncovered in this report is an open question. But what's certain is that success will depend on our leaders' ability to navigate some of the more oblique challenges that stand as impediments to long-term success.

The widening talent shortfall in the leadership pipeline is alarming. But our leaders are more focused than ever on development, and eager for more resources and greater support from their firms. This issue should occupy center stage at any executive leadership offsite in 2026.

Burnout is another trend that is increasingly difficult to ignore. If our leaders are burnt out, chances are their teams are too. What is the antidote to this worrisome trend? It may be time to be more straightforward in stressing the importance of mental health. Creating discussion around the topic of stress relief and devising best practices to help restore and sustain work life balance are steps in the right direction.

Last but not least, it's time to re-prioritize intentional culture building and maintenance. With the pace of change showing no signs of abating, there's no choice but to seek better balance within the new normal. Culture is arguably the biggest driver of workplace satisfaction, which means an organization that's out of balance will inevitably face elevated turnover. Building success in this fast paced industry necessitates attention to retention where culture can be the most critical component.

We are living and working in exciting and demanding times. Thankfully we have strong leadership to navigate issues that inevitably surface within a transforming industry. Durable, long-term success depends on our ability to seize the opportunity embedded within the challenges.

About Kathy Freeman Company



Founded in 1992, Kathy Freeman Company is a national, retained executive search firm. A strategic advisor to the investment industry, we have become the go-to partner for firms seeking to hire top-tier executive talent to power their growth. Our deep understanding of the investment industry, consultative approach, experience, honed judgment, and network of relationships has earned us a reputation for excellence.

Dedicated to the Perfect Fit

Kathy Freeman Company takes inspiration from its clients who, like our team, are focused on process, discipline, and a commitment to excellence. Our search work is based on a customized methodology developed and refined over 30 years to create the optimal fit for each client. Over 99% of our engagements have resulted in a successful fit! This is a unique and unparalleled track record across the executive search industry. Our methodology produces well-executed searches and outstanding return on investment for our clients.

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