



Asset Management: August 2026 Update

August 2026 confirmed that asset management is being reshaped by the convergence of ETF scale, complex product innovation, AI infrastructure investment, private-market expansion, digital assets, tokenization, regulatory modernization, and emerging quantum-readiness obligations. ETFs continued to attract significant flows while traditional mutual funds remained under strategic pressure from tax efficiency, fee compression, and wrapper innovation. AI became even more central to both investment strategy and enterprise operating models, driving opportunities across semiconductors, data centers, power, utilities, infrastructure, cybersecurity, automation, private credit, and real assets, while also raising questions about workforce redesign, productivity, GDP growth, valuation concentration, and financial-stability risk. Private credit and retirement alternatives remained major growth opportunities, but liquidity mismatch, valuation opacity, redemption pressure, fee transparency, and participant suitability require stronger board oversight. At the same time, crypto regulation, false adviser filings, fund reporting modernization, tokenization, AI supervision, and quantum-safe cybersecurity moved higher on the governance agenda. For asset management boards, the central trend is clear: innovation is accelerating across products, platforms, and technologies, but sustainable growth will depend on disciplined governance, resilient operations, transparent disclosures, strong cyber controls, and demonstrable client value.

ETF Industry Trends

1. ETF flows remained strong while mutual fund pressure continued

What happened: August industry data confirmed that ETFs continued to attract large inflows while long-term mutual funds remained under pressure. ICI reported that ETF shares issued exceeded shares redeemed by

\$51.69 billion for the week ended **August 19, 2026**. ICI's combined fund-flow release for the same week reported total estimated inflows of **\$34.18 billion** into long-term mutual funds and ETFs, based on reporting covering more than **98%** of mutual fund and ETF assets.ⁱ

Why it is important / impact: The ETF wrapper remains one of the industry's most powerful structural shifts. For mutual fund sponsors, ETF growth affects fee compression, product development, tax efficiency, model-portfolio distribution, advisor platform placement, capital-markets staffing, and legacy mutual fund viability.

What board directors should do in response: Boards should require management to present a **wrapper-by-wrapper strategy** covering mutual funds, ETFs, active ETFs, SMAs, CITs, model portfolios, and retirement products. Directors should ask which mutual funds should be preserved, converted, merged, repriced, repositioned, or closed.

What to monitor in coming months: Monitor active ETF flows, mutual fund outflows, ETF fee compression, ETF share-class developments, authorized participant concentration, bid/ask spreads, product closures, and whether active managers are gaining traction through ETF launches rather than traditional mutual funds.

2. ETF product proliferation and structured/buffer ETFs raised product-governance risk

What happened: August filings showed continued activity in structured and buffer ETFs. SEC filings included August-series funds designed to provide enhanced returns up to a cap while buffering a portion of losses over a defined outcome period. One First Trust filing described an ETF seeking approximately twice the positive price return of SPY up to a cap, while buffering the first 15% of losses over the target outcome period.

Why it is important / impact: The industry is using the ETF wrapper for increasingly complex exposures: buffer ETFs, options-based income, leverage, crypto exposure, thematic AI products, and structured outcomes. These products can meet legitimate investor needs, but they also create risks around suitability, disclosure comprehension, path dependency, liquidity, upside caps, downside protection limits, and distribution controls.

What board directors should do in response: Boards should require a **complex-product approval framework** with target-investor definitions, stress testing, liquidity analysis, derivatives oversight, disclosure testing, sales-practice controls, post-launch surveillance, and periodic review of investor outcomes.

What to monitor in coming months: Monitor SEC follow-up on novel ETFs, retail investor complaints, options-market liquidity, cap/buffer resets, realized investor outcomes versus expectations, platform restrictions, and whether distributors understand how these products behave in volatile markets.

SEC Regulations: Cryptocurrency and Advisor Filings

3. The SEC proposed a clearer crypto-asset framework, affecting digital asset products and fund strategy

What happened: On **August 18, 2026**, the SEC proposed **Regulation Crypto Assets**, intended to create a clearer framework for certain investment contracts involving crypto assets. The SEC said the proposal follows its March 2026 interpretation on crypto assets and is intended to provide clearer pathways for capital formation under federal securities laws.ⁱⁱ

Why it is important / impact: Digital assets are moving closer to mainstream asset management, including crypto ETFs, tokenized funds, custody products, stablecoin-related cash management, and institutional mandates. Greater regulatory clarity could support product innovation, but boards still face issues around custody, valuation, market manipulation, liquidity, operational resilience, anti-money laundering controls, and investor suitability.

What board directors should do in response: Boards should ask management to map all digital-asset exposures: ETFs, separately managed accounts, private funds, tokenized products, custodians, service providers, stablecoin exposures, and operational dependencies. Directors should ensure that digital asset initiatives have clear legal, compliance, custody, valuation, cyber, and liquidity controls.

What to monitor in coming months: Monitor SEC final rulemaking, SEC/CFTC coordination, spot crypto ETF flows, custody standards, stablecoin reserve practices, tokenized fund development, market surveillance, cyber incidents, and whether digital assets are entering model portfolios or retirement channels.

4. Fraud and false adviser filings reinforced investor-protection and brand-risk concerns

What happened: On **August 27, 2026**, the SEC charged **38 entities** for allegedly making material misrepresentations in Form ADV filings to portray themselves as legitimate advisory firms. The SEC said several defendants appeared likely to be located overseas and were exploiting interest in emerging technologies. The SEC also charged a boiler-room operator and three entities on August 14 in an alleged **\$74 million pre-IPO investment scam**, and charged private fund adviser Adit Ventures Management and related parties on August 10 in an alleged fraud case.ⁱⁱⁱ

Why it is important / impact: The advisory industry's public-facing registration infrastructure can be exploited by bad actors, creating confusion for investors and reputational risk for legitimate asset managers. The cases also show continued enforcement focus on private funds, pre-IPO access, emerging technology narratives, and retail investor fraud.

What board directors should do in response: Boards should ask compliance teams to review brand-protection controls, anti-impersonation monitoring, due diligence on solicitors and placement agents, private-offering representations, Form ADV accuracy, whistleblower processes, and cybersecurity controls around firm identity and investor communications.

What to monitor in coming months: Monitor SEC enforcement involving private funds, pre-IPO products, emerging technology claims, adviser registration abuse, fake websites, phishing, spoofed communications, and investor complaints referencing the firm or its executives.

AI Impacts

5. AI investment broadened into infrastructure and became an investable asset class

What happened: Goldman Sachs projected in August that global AI investment would exceed **\$1 trillion in 2026**, with AI capex rising from **1.8% of U.S. GDP** in 2026 to **2.5% in 2027** and **2.8% in 2028**. Market reporting

also highlighted a major AI infrastructure financing initiative involving Nvidia and large asset managers including Apollo, BlackRock, Blackstone, Brookfield, Goldman Sachs, and KKR, designed to mobilize hundreds of billions of dollars for AI infrastructure.^{iv}

Why it is important / impact: AI is no longer just a software or semiconductor theme. It is becoming a capital-intensive infrastructure theme spanning data centers, power generation, transmission, cooling, fiber optics, chips, memory, cloud platforms, cybersecurity, private credit, real estate, and infrastructure funds. For asset managers, this creates opportunities across public equities, private equity, infrastructure debt, real assets, utilities, REITs, credit, and thematic ETFs.

What board directors should do in response: Boards should require investment teams to separate AI exposure into **AI builders, infrastructure enablers, enterprise adopters, and AI-disrupted businesses**. Directors should ask whether AI exposures are concentrated in mega-cap equities, private-market funds, infrastructure vehicles, credit portfolios, or thematic ETFs.

What to monitor in coming months:

Monitor hyperscaler capex, AI infrastructure financing, data-center power availability, semiconductor supply, grid bottlenecks, private-credit exposure to AI infrastructure, utility load growth, and whether AI investment returns are translating into enterprise revenue and free cash flow.

6. AI's GDP and productivity impact became a central macro allocation question

What happened: Goldman Sachs Asset Management's August market commentary stated that widespread AI adoption may increase labor productivity by roughly **15% over 10 years**, contributing to an estimated **\$7 trillion** increase in annual global GDP. S&P Global's August analysis also found that economies central to AI development—including the U.S., China, Japan, Taiwan, South Korea, and the Netherlands—have recorded stronger manufacturing production growth than the global benchmark in every month since the end of 2025.^v

Why it is important / impact: AI is now a macroeconomic scenario variable. If AI lifts productivity, margins, and growth, it may support equities, credit quality, infrastructure investment, and long-term earnings growth. If capital spending runs ahead of monetization, markets may face valuation resets, stranded data-center capacity, power bottlenecks, or credit stress.

What board directors should do in response:

Boards should ask investment committees to present AI scenarios: productivity upside, capex disappointment, power constraints, chip oversupply, labor displacement, regulatory intervention, and valuation correction. The board should require consistency between house views on AI and actual portfolio positioning.

What to monitor in coming months:

Monitor productivity data, enterprise AI adoption, AI revenue conversion, hyperscaler margins, AI-related capex as a percentage of GDP, global manufacturing beneficiaries, semiconductor inventories, power costs, and market concentration in AI-linked names.

7. AI workforce effects became more tangible for asset managers and portfolio companies

What happened: S&P Global's August AI and labor research found that businesses are still emphasizing process efficiency and employee productivity over headcount reduction: **64%** of surveyed enterprises cited process efficiency as an AI objective, **59%** cited employee productivity, and **24%** cited headcount reduction. Goldman's August commentary framed AI's impact on growth, labor, earnings, and market opportunities as dependent on adoption speed and return on investment.^{vi}

Why it is important / impact: For asset managers, AI changes both the investable universe and the firm's own operating model. It can augment research, trading, risk analytics, compliance surveillance, marketing, client service, reporting, coding, and operations. But it may also disrupt junior analyst training, middle-office roles, compliance staffing, client-service models, and the talent pipeline.

What board directors should do in response: Boards should require an **AI workforce strategy** covering role redesign, reskilling, junior talent development, productivity metrics, human oversight, model governance, data quality, vendor dependency, cybersecurity, and change management.

What to monitor in coming months: Monitor AI-related layoffs, hiring for AI-proficient roles, employee adoption rates, productivity evidence, quality-control failures, junior analyst development, vendor concentration, regulatory expectations, and whether AI gains improve margins without weakening controls.

8. AI market concentration and "bubble" risk became harder to ignore

What happened: The BIS warned in its 2026 analysis that AI-related investment and sentiment have supported growth and financial conditions, while also creating vulnerabilities through stretched valuations, debt-financed investment, and the risk of a disorderly correction. Its July bulletin, still highly relevant in August market discussions, stated that the AI boom is driving a large and increasingly debt-financed investment surge that is boosting trade and equity markets but producing different effects across countries.^{vii}

Why it is important / impact: AI is now a portfolio concentration risk, a credit underwriting risk, a private-market valuation risk, and a macroprudential risk. Asset managers may benefit from AI-related client demand, but they are also exposed to a sharp reversal in semiconductor, software, cloud, data-center, power, and AI-linked private-market valuations.

What board directors should do in response: Boards should ask management to stress test AI-linked exposures across public equities, private equity, venture, infrastructure, real estate, private credit, and thematic ETFs. Directors should require clear reporting on direct AI exposure, indirect AI infrastructure exposure, and exposure to companies vulnerable to AI-driven margin compression.

What to monitor in coming months: Monitor valuation multiples, earnings breadth, AI capex funding, data-center utilization, debt-financed AI infrastructure, concentration in major indexes, leveraged AI ETFs, private valuations, and whether AI beneficiaries broaden beyond a small number of companies.

Private Markets Developments

9. Private credit remained under scrutiny as redemption pressure and valuation questions persisted

What happened: Private credit remained a major August focus. The FSB Chair's August 2026 letter to G20 finance ministers and central bank governors warned that markets remain vulnerable to a disorderly correction, given sovereign debt fragilities, private-credit vulnerabilities, stretched valuations, and frontier AI risks. Separately, August market reporting noted that private credit redemption pressure had eased in some vehicles but that weaker results, valuation concerns, and semi-liquid fund structures remained under scrutiny.^{viii}

Why it is important / impact: Private credit continues to be a growth engine for asset managers, but semi-liquid vehicles create a mismatch between illiquid loans and investor expectations for periodic liquidity. The risk is not simply credit losses; it includes valuation opacity, payment-in-kind income, refinancing risk, conflicts, leverage, redemption queues, and reputation damage.

What board directors should do in response:

Boards should require private credit dashboards covering redemption requests, repurchase fulfillment, non-accruals, PIK income, borrower concentration, software and AI-disrupted borrower exposure, leverage, valuation dispersion, liquidity sleeves, credit-facility usage, and secondary-market marks.

What to monitor in coming months:

Monitor redemption caps, borrower defaults, covenant quality, sponsor support, refinancing needs, NAV volatility, private credit fund flows, BDC pricing, valuation differences on shared loans, and whether regulators move from monitoring to prescriptive oversight.

10. Private markets in retirement plans remained a major strategic opportunity and fiduciary flashpoint

What happened: The Department of Labor's 2026 proposal to expand access to alternative assets in 401(k)-type plans remained central to the industry debate in August. The DOL proposal would establish process-based safe harbors for fiduciaries evaluating alternative assets in designated investment alternatives and emphasizes that the proposal is neutral on asset classes.^{ix}

Why it is important / impact: If finalized, the rule could materially expand access to private equity, private credit, infrastructure, real estate, and other alternatives through defined contribution plans. For asset managers, this is a significant distribution opportunity, but one that raises fiduciary, fee, valuation, liquidity, participant-communication, benchmarking, and litigation risks.

What board directors should do in response: Boards should ask whether the firm has a responsible **DC alternatives strategy**. Directors should require product design standards for liquidity, valuation, fee transparency, participant disclosures, benchmark selection, target-date integration, fiduciary support, and stress testing.

What to monitor in coming months: Monitor DOL final action, ERISA litigation, plan sponsor adoption, consultant guidance, recordkeeper readiness, target-date fund allocations to alternatives, participant outcomes, and public scrutiny of fees and liquidity.

Global Regulatory Changes

11. UK and EU regulatory modernization increased pressure on data, reporting, and cross-border governance

What happened: The UK FCA's July asset management reform package continued to be an August implementation issue. The FCA proposed the **Fund Reporting for Asset Management Entities**, or FRAME, framework to improve fund data quality and consistency, and it also proposed broader reforms to the UK AIFM regime and remuneration rules. The FCA said the reform package could save asset managers about **£128 million per year** while giving supervisors better data.^x

In the EU, ESMA's AIFMD reporting materials continued to highlight fund transparency, investor protection, risk management, liquidity management, and systemic-risk monitoring; an August 24 item also referenced the European Commission's request for technical advice related to MiFID II, UCITS, and AIFMD amendments in the context of the Retail Investment Strategy.^{xi}

Why it is important / impact: Global asset managers face a more data-driven and fragmented supervisory environment. Regulatory reporting is increasingly about supervisory analytics, not just form completion. Firms with fragmented data architecture face higher cost, higher error risk, and weaker supervisory credibility.

What board directors should do in response: Boards should require a **regulatory data architecture review** covering source systems, identifiers, data lineage, ownership, quality controls, vendor dependencies, reporting calendars, exception management, and board-level escalation for reporting errors.

What to monitor in coming months: Monitor FCA consultation deadlines, FRAME prototype forms, UK AIFM reform, EU Retail Investment Strategy, AIFMD/UCITS reporting standards, liquidity management tools, SFDR developments, cross-border distribution rules, and global divergence in supervisory data requirements.

Tokenization Update

12. Tokenization advanced as an asset-management operating model issue

What happened: ICI's July paper on **Tokenization: An Asset Management Perspective** remained an important August reference point for registered funds and asset managers evaluating tokenization. ICI stated that tokenization has evolved significantly over the past year and analyzed potential benefits and pitfalls through the lens of fund investors. The FCA's fund-tokenization policy work also remained relevant, noting that distributed ledger technology could make fund management more efficient, open new distribution routes, and broaden access to private markets and infrastructure investment.

Why it is important / impact: Tokenization could affect fund distribution, transfer agency, settlement, collateral mobility, private-market access, money market funds, and operational efficiency. It also introduces custody, smart-contract, cybersecurity, interoperability, AML/KYC, investor protection, and legal enforceability risks.

What board directors should do in response: Boards should require management to define whether tokenization is a near-term product opportunity, a market-infrastructure watch item, or an operational efficiency initiative. Any pilot should include controls for custody, cyber, legal enforceability, transfer-agent responsibilities, client asset protection, vendor risk, and investor disclosure.

What to monitor in coming months: Monitor tokenised money market funds, tokenised private funds, digital collateral, settlement pilots, UK Digital Securities Sandbox activity, SEC crypto rulemaking, stablecoin reserve assets, institutional custody standards, and cross-border regulatory interoperability.

Quantum Computing: Trends and Impacts

13. Quantum computing became relevant to asset managers through cybersecurity, digital assets, and future analytics

What happened: On **August 24, 2026**, the U.S. Treasury announced a **Quantum-Readiness Task Force** to help accelerate the financial sector's transition to quantum-safe technology. Treasury stated that future quantum systems could break many cryptographic tools protecting financial data, payment systems, digital identities, and market infrastructure. NIST has already released three post-quantum cryptography standards, and in July 2026 noted that AI had helped discover a vulnerability in a lattice-based digital signature algorithm under consideration for standardization.^{xii}

Why it is important / impact: Quantum computing is not yet a mainstream portfolio-construction tool, but it is already a board-level operational resilience issue. Asset managers depend on encryption for trading, custody, client data, vendor connectivity, fund administration, digital assets, transfer agency, cloud systems, and market infrastructure. Quantum risk also matters for tokenization and crypto assets, where public-key cryptography is foundational.

What board directors should do in response: Boards should ask the CISO and COO for a **post-quantum cryptography readiness plan**: cryptographic inventory, vendor exposure, data classification, "harvest now, decrypt later" risk, migration sequencing, cloud-provider readiness, certificate management, digital asset custody implications, and alignment with NIST standards.

What to monitor in coming months: Monitor Treasury task force outputs, NIST standards adoption, G7 cyber guidance, vendor quantum-readiness statements, cloud and custody migration plans, digital asset cryptographic vulnerabilities, quantum-related cyber insurance questions, and whether regulators begin examining quantum-readiness in financial-sector resilience reviews.

14. Quantum computing also emerged as a long-horizon investment theme

What happened: August saw renewed market attention to quantum computing as companies and investors explored commercial applications. Barron's reported that quantum computing is moving into commercial data-center environments, including a quantum start-up deploying a silicon spin computer in an Equinix facility. Other August coverage noted public-market interest in quantum companies, including Pasqal's Nasdaq debut.^{xiii}

Why it is important / impact: For asset managers, quantum is best treated as an **optionality theme** rather than a near-term earnings certainty. Potential use cases include optimization, portfolio construction, derivatives valuation, risk simulation, logistics, drug discovery, materials science, cybersecurity, and financial

crime detection. However, the sector remains early-stage, technically uncertain, capital intensive, and vulnerable to speculative valuation cycles.

What board directors should do in response:

Boards should ensure that quantum exposure in funds is properly classified as thematic, venture-like, or long-duration growth exposure. Product committees should scrutinize quantum-themed ETFs or private funds for concentration, liquidity, valuation, disclosure, and investor suitability.

What to monitor in coming months:

Monitor government funding, commercial quantum pilots, quantum cloud access, error-correction progress, partnerships with financial institutions, quantum-safe cybersecurity spending, public-market valuations, SPAC activity, and whether quantum becomes an exaggerated marketing claim in thematic products.

Summary: Board Director Calls to Action

August 2026 showed an asset management industry being reshaped by **ETF scale, complex product innovation, AI infrastructure, private-market expansion, digital assets, tokenization, data-driven regulation, and emerging quantum-readiness obligations**. ETFs continued to attract capital while mutual funds remained under strategic pressure. AI became both a growth engine and a risk factor: it is driving capital spending, infrastructure demand, workforce redesign, productivity expectations, and valuation concentration. Private credit and retirement alternatives continued to offer growth opportunities, but liquidity mismatch, valuation opacity, and fiduciary complexity remain central risks. At the same time, regulators are increasingly focused on crypto assets, false adviser filings, fund reporting, AI oversight, tokenization, and financial-sector resilience.

For board directors, the key August question is: **Is management scaling governance, liquidity management, valuation discipline, data architecture, cybersecurity, AI oversight, and client communication as quickly as it is scaling products, platforms, private markets, and technology-enabled growth?**

The call to action is to **ensure that strategic growth is matched by governance capacity**. Boards should require management to present integrated dashboards covering ETF and mutual fund flows, active ETF and complex-product strategy, private credit liquidity, retirement-plan alternatives, digital asset exposure, tokenization pilots, AI investment exposure, AI workforce strategy, cybersecurity, regulatory reporting readiness, fraud controls, and quantum-readiness. Directors should challenge management to distinguish between durable organic growth and market-driven AUM gains, and to identify where product innovation may be creating new fiduciary, operational, valuation, liquidity, conduct, cybersecurity, or reputational risks. Boards should also require clear escalation protocols for liquidity stress, valuation disputes, AI model failures, cyber incidents, adviser impersonation or brand misuse, regulatory reporting errors, complex-product complaints, and emerging quantum-related vulnerabilities.

The most effective asset management boards will not slow innovation; they will insist that innovation be supported by strong controls, rigorous data architecture, transparent client communications, disciplined capital allocation, resilient technology, and a client-first fiduciary culture.

LinkedIn:

Asset management is entering a new governance era: ETFs are scaling, AI is transforming portfolios and workforces, private credit is moving deeper into retirement channels, digital assets and tokenization are gaining regulatory clarity, and quantum-readiness is becoming a cyber-resilience issue. Boards must ensure innovation does not outrun liquidity discipline, valuation integrity, cybersecurity, disclosure quality, and client protection.

#AssetManagement #ETFs #ActiveETFs #ArtificialIntelligence #PrivateCredit #PrivateMarkets #DigitalAssets #Tokenization #QuantumComputing #CyberRisk #BoardGovernance #FundGovernance #RiskManagement #InvestmentManagement #RetirementPlans #Regulation

ⁱ https://www.iciglobal.org/research/stats/etf_flows

ⁱⁱ <https://www.sec.gov/newsroom/press-releases/2026-76-sec-proposes-new-regulation-crypto-assets>

ⁱⁱⁱ <https://www.sec.gov/newsroom/press-releases/2026-78-sec-38-entities-feigned-legitimacy-us-advisers-through-false-filings-lure-retail-investors>

^{iv} <https://d3cobg6h0snvt3.cloudfront.net/insights/articles/global-investment-is-forecast-to-exceed-1-trillion-in-2026>

^v <https://am.gs.com/en-us/institutions/insights/article/market-pulse>

^{vi} <https://www.spglobal.com/market-intelligence/en/news-insights/research/2026/08/ai-reshapes-global-economic-outlook>

^{vii} <https://www.bis.org/publ/arpdf/ar2026e1.htm>

^{viii} <https://www.fsb.org/2026/08/fsb-chairs-letter-to-g20-finance-ministers-and-central-bank-governors-august-2026/>

^{ix} <https://www.dol.gov/index.php/newsroom/releases/ebsa/ebsa20260330>

^x <https://www.fca.org.uk/publications/consultation-papers/cp26-26-fund-reporting-asset-management-entities-frame>

^{xi} <https://www.esma.europa.eu/data-reporting/aifmd-reporting>

^{xii} <https://home.treasury.gov/news/press-releases/sb0615>

^{xiii} <https://www.barrons.com/articles/quantum-data-center-ibm-diraq-4ef7729d>