The Frontier Line

The Frontier AI Index

Analysis of the adoption of AI in institutional funds management

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About us

Frontier Advisors has been at the forefront of institutional investment advice in Australia for over thirty years and provides advice on around $850 billion of assets across the superannuation, charity, public sector, insurance and university sectors.

Our purpose is to empower our clients to advance prosperity for their beneficiaries through through knowledge sharing; customisation; technology; and an alignment and focus that is unconstrained by any product conflicts.

Paul Newfield
Director of Research and
Specialist Services

Paul Newfield is Director of Research and Specialist Services, having joined the firm in July 2019. Paul's primary focus is driving innovation and client alignment in our research program and works closely with our Global Investment Research Alliance (GIRA) partners. Paul joined Frontier from Willis Towers Watson where he held the role of Senior Consultant for over eight years and was involved in several governance and strategy areas, including liability driven clients and retirement incomes. Prior to that, Paul spent twelve years at Mercer where he held a variety of senior roles in both Australia and New Zealand, including leading Mercer's retirement business in New Zealand and was Board Chair of their trustee company. Paul is a Fellow of the Institute of Actuaries and holds a CIMA certification as well as a Bachelor of Economic Science.

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Introduction

Artificial intelligence (AI) is rapidly transforming industries across the globe, and investment management is no exception. As fund managers navigate increasingly complex markets, AI has emerged as a powerful tool to enhance decision-making, improve efficiency, and uncover new opportunities. From analysing vast datasets to optimising portfolio strategies, AI is reshaping the way managers approach investment processes.

AI is no longer a futuristic concept; it is a present-day reality that is revolutionising the investment industry. Managers who oversee trillions of dollars across multiple asset classes – both public and private – are increasingly integrating AI into their workflows. The benefits include aspects such as:

- Enhanced efficiency: AI automates routine tasks, such as data extraction and document analysis, allowing managers to focus on higher-value activities.
- Improved decision-making: AI models can analyse market trends, forecast risks, and identify investment opportunities with greater accuracy than traditional methods.
- Scalability: AI solutions can be applied across diverse asset classes and geographies, making them valuable for global investment strategies.
- Risk mitigation: By linking external and internal data, AI may be able to provide a comprehensive view of risks, enabling better-informed decisions.

Frontier has over three decades of experience in researching and rating investment managers and we complete over 1,000 manager meetings a year across multiple asset classes both in Australia and overseas. Understanding how fund managers are utilising AI, integrating it into their processes, and planning for its future applications is critical for Frontier and in turn for our clients. To provide a perspective from how investment managers see their own progress in this space, we have surveyed managers from across the globe not just to gain insight into their practices but to also develop the Frontier AI Index, to provide an ongoing report into how the industry is evolving over time in a peer relative sense.

Our survey received over 210 responses from Australia and overseas and covering every asset class we research. The assets represented by all these managers/strategies runs into the trillions of dollars – well more than the entire Australian institutional investment market. The survey allows us to understand trends and gain a clearer picture of how AI is being used across asset classes and geographies; identify leaders to learn from

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those at the forefront of AI adoption; drive innovation by showcasing the importance of AI and encourage its adoption; and to build a benchmark that tracks AI adoption over time, providing valuable insights.

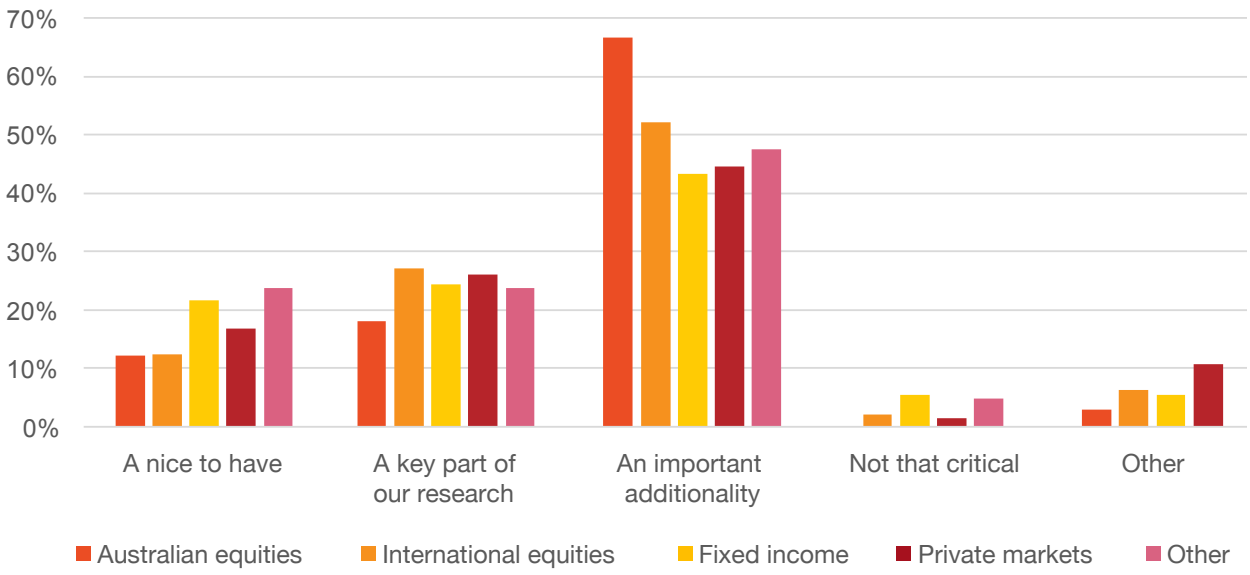
In addition to the quantitative insights we gained from the selection of responses to questions, we also gained considerable insight from open ended responses we received from managers. We are extremely grateful to the managers who responded so willingly and honestly. The survey was not anonymous, but we publish the results in aggregate to be respectful of the trust managers have given us in providing insights into their developing journey.

Integration into the investment decision process

We asked managers a series of questions to understand their view around the importance of integrating AI into their investment research and decision processes, what stage of progress they have already made in this direction and the extent to which they are currently using AI.

In terms of the perceived criticality of AI, around three quarters of our responding managers described AI as either an important additionality (50%) or destined to become a key part of their research (25%). Very few consider AI will not be critical to any degree (3%) and only a slightly larger group consider it as purely a “nice to have” (17%).

Figure 1: How critical do you feel AI will be in your research process (insights) over the next five years?



Source: Frontier Advisors’ AI survey

As far as the progress around the planning for adoption of AI as a part of the investment process, virtually all managers had some level of progress to report, with only 2% saying they were yet to make a start. At the other end of the journey, only a very small group (4%) indicated AI was already embedded across their organisations with the majority reporting that they were in the early stages of deployment in select teams (40%), while around one quarter were ahead of that and deploying AI across multiple functions (26%). A sizeable group (22%) made a start and are developing proof of concepts.

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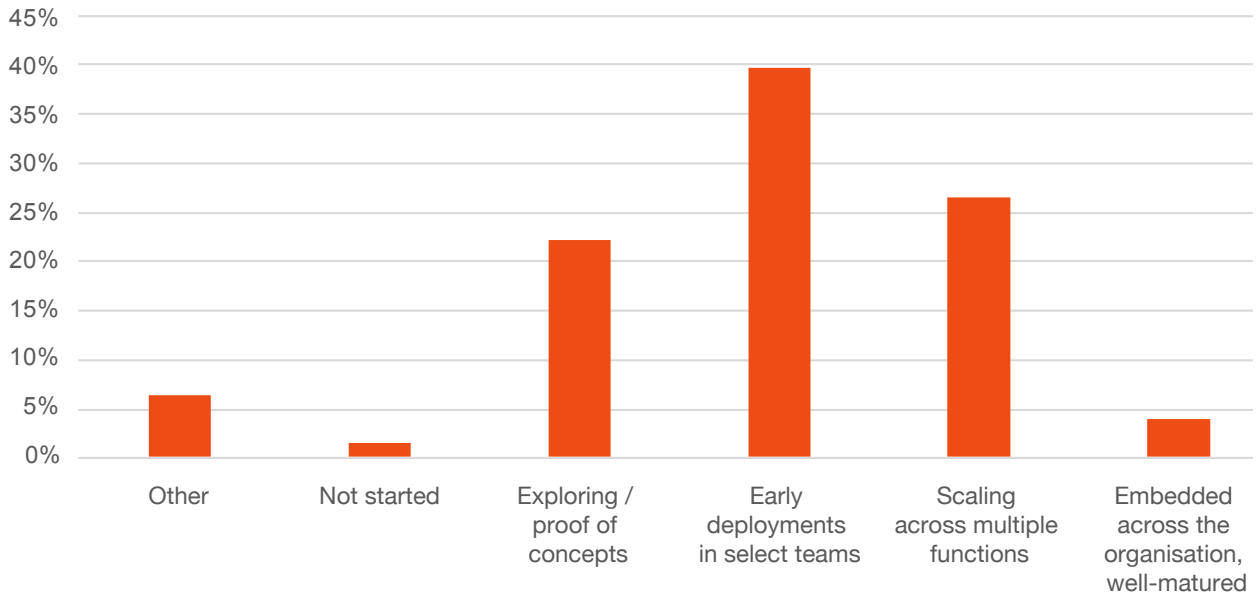
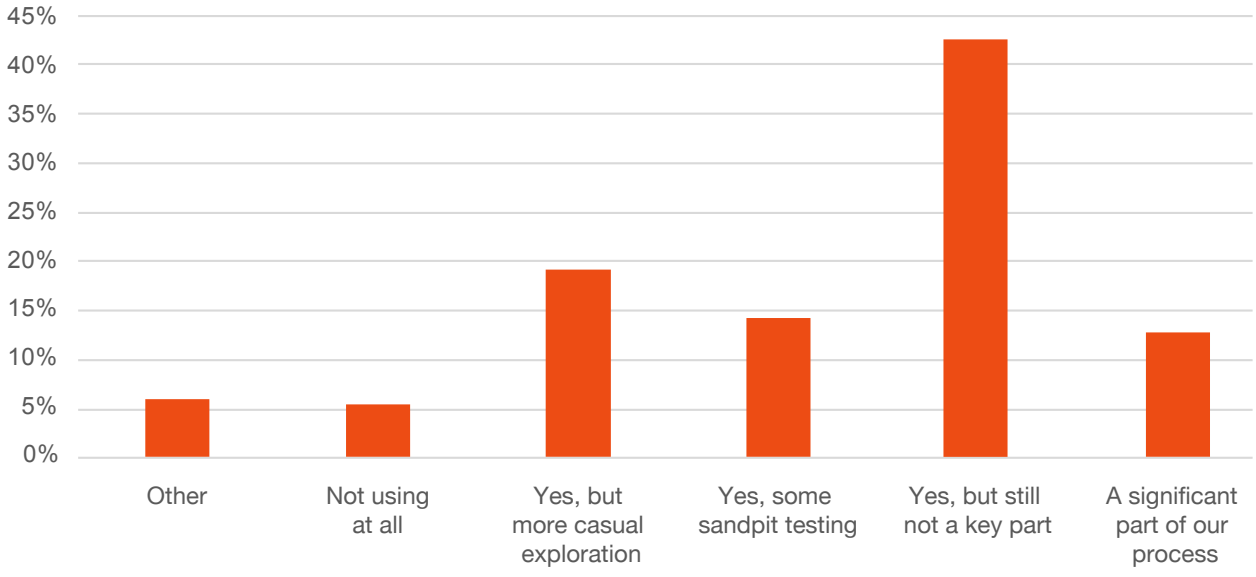
Figure 2: How far progressed are you in your AI journey?



Source: Frontier Advisors' AI survey

Taking that analysis a step further we asked if managers were currently using AI in a research application. A significant portion of respondents (43%) indicated that AI is being used but it is not yet a key part of their processes, with a further 13% describing AI as a significant component of their process. Meanwhile, 19% are engaging in casual exploration, and 14% are conducting sandpit testing.

Figure 3: Are you currently using AI for any research application?



Source: Frontier Advisors' AI survey

In breaking these results down across asset classes and geographies some trends and differences are apparent.

Trends by asset class

The sentiment of AI becoming as an “important additionality” to their research process is most pronounced among equities managers - Australian (55%) and international (51%). Interestingly, these asset classes have the highest capital allocations, have the most securities, the most data, the highest frequency of new data and the most investment strategies and products.

However, when looking at those who see AI as becoming a key part of their research rather than just an important additive, while the enthusiasm holds up for international equities managers (27%), their Australian counterparts fall away somewhat in relative terms with the lowest score across sectors (18%). Interestingly, private markets managers have more weight behind this view (26%).

At the much less enthusiastic end, fixed income (22%) and “other” asset classes (24%) have the highest proportion of managers viewing AI as a “nice to have,” indicating a more cautious or exploratory approach to adoption.

As far as actual progress, Australian equities managers are more likely to be in the “exploring/proof of concepts” stage (24%) compared to other asset classes, reflecting a slower pace of adoption. Among those who are scaling across multiple functions, it is actually fixed income managers leading the pack (27%) driven by AI’s application in credit risk assessment and macroeconomic forecasting. Private markets exhibit a higher proportion of early deployments (16%), with AI being used for deal screening and due diligence. However, scaling across functions remains limited.

Reporting on actual current use in research Australian equities again have the highest level use of AI without it being a key part of their process (52%) and only 9% reported AI as a significant part of their process. By comparison 17% on international equities managers report significant integration of AI into their processes with a lower number (44%) than their Australian counterparts at the “using but not a key part” phase. Private markets managers were somewhat between the equities categories with a similar volume of significant users as Australian equities firms (9%) but only 40% saying AI was not as a key part of their work.

Fixed income managers showed the highest levels of sandpit testing (24%) compared to other asset classes and only 14% reported significant AI usage.

Trends by geography

The data also reveals regional differences in how managers perceive the importance of AI.

Australian and international managers are exactly aligned in terms of the statements AI is either an “important additionality” or a “key part of their research” with 77% of both groups choosing one of those statements. However, more international managers view AI as a “key part of their research” than their Australian counterparts (55% versus 51%) with Australian managers more likely to choose the “important additionality” option.

Similarly, international managers are slightly ahead in scaling AI across multiple functions (30%) compared to Australian managers (26%) while Australian managers are more likely to be in the “early deployments in select teams” stage (45%) compared to international managers (39%). This suggests a more cautious but focussed approach to AI adoption in Australia.

Supporting that premise, respondents in Australia also reported lower levels of casual exploration (19% versus 22% for their international counterparts) but a higher level of sandpit testing (18% versus 12%) compared to international counterparts. While international respondents showed a slightly higher adoption rate of AI as a significant part of their process at 13% compared to 12% in Australia, a higher percentage of the global players (8%) reported not using AI at all compared to Australia (4%). This suggests more deviation from the median across the international managers with Australians more aligned as a cohort.

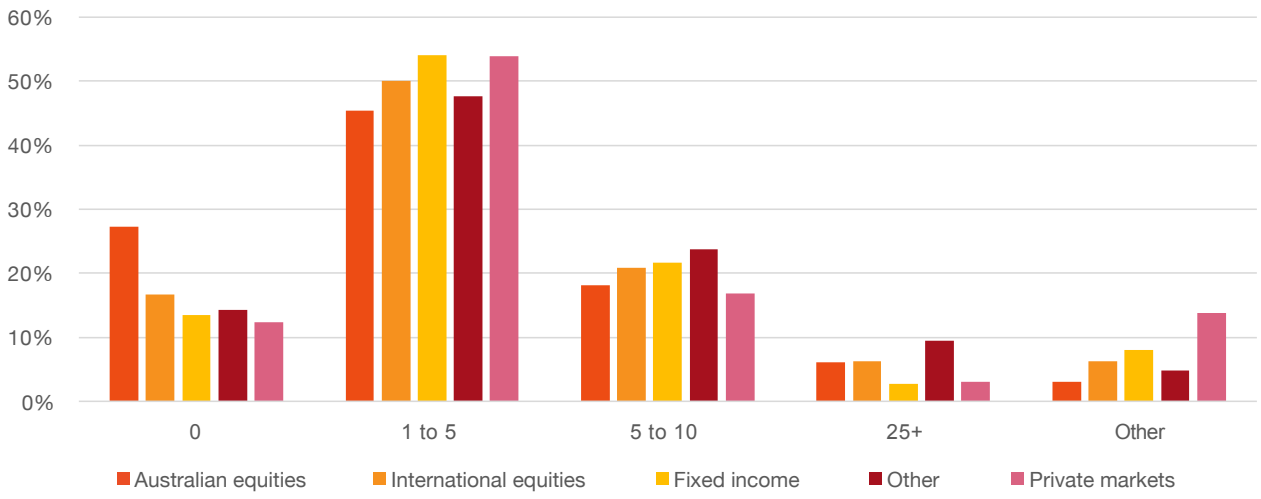
Prioritising and supporting AI adoption

Integrating AI into the investment process requires not just an agreement or decision at the conceptual level, but committed budget and resources, typically on a dedicated level rather than simply tinkering at the margins. We probed managers on the commitment made to bringing AI into their businesses.

Around half of respondents (51%) reported having 1 to 5 full-time equivalents (FTEs) currently working on AI integration. Moving up the scale, 20% have 5 to 10 FTEs and 5% have 25 or more FTEs – a very significant investment. Notably, 16% of respondents reported having no resources dedicated to AI integration (and this was most profound amongst Australian equity managers even though they viewed AI as being more important for them in the future).

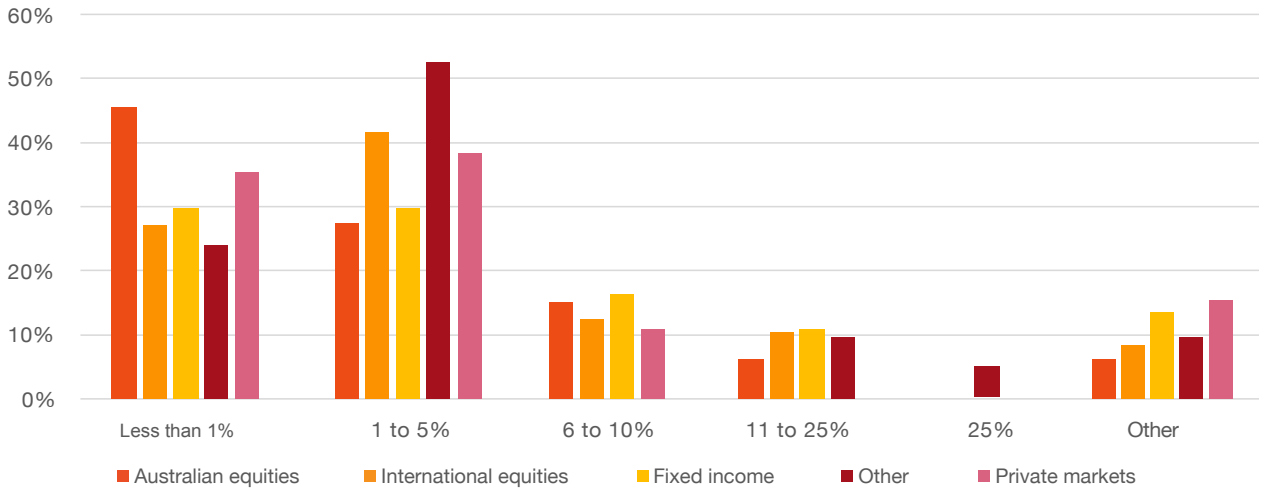
In terms of how this calculates as a percentage of total investment staff (excluding technology staff), the majority of respondents allocated less than 5% of their resources to AI integration. This indicates that AI is still in its early stages of adoption across the industry.

Figure 4: How many resources do you have (full time equivalents) working on AI integration — raw count?



Source: Frontier Advisors' AI survey

Figure 5: How many resources do you have (full time equivalents) working on AI integration — percentage of team?

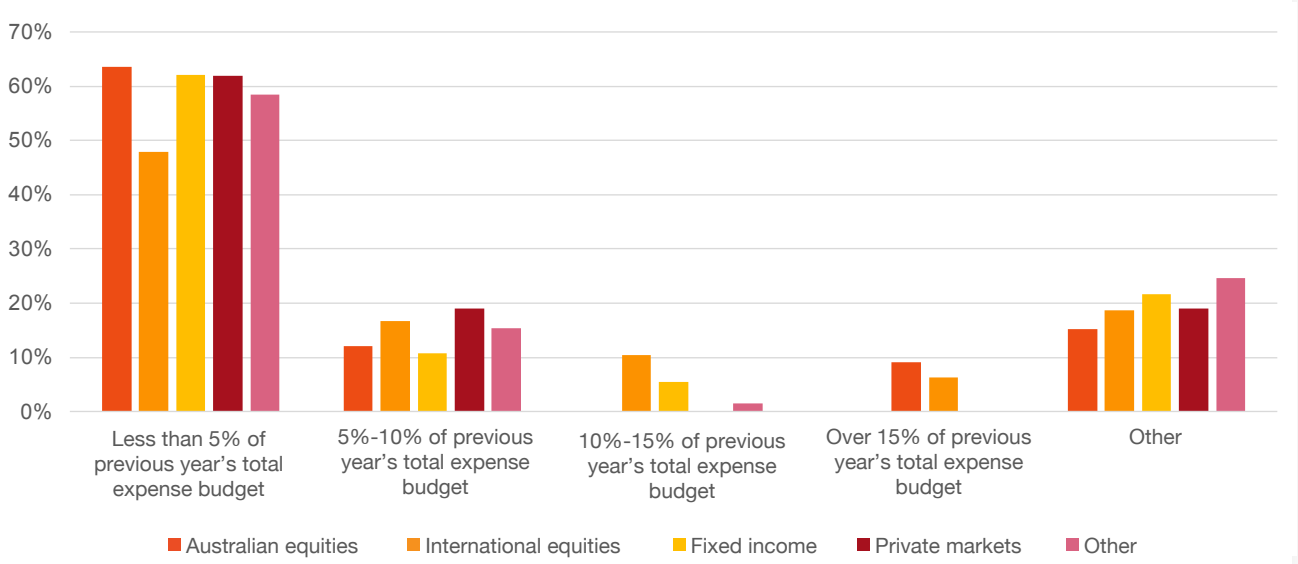


Source: Frontier Advisors' AI survey

We also explored the expected spend and budget allocation of investment managers on their AI endeavours. In terms of overall trends, the majority of respondents (58%) expect to allocate less than 5% of their previous year's total expense budget to AI uplift annually over the next three years (which is somewhat surprising given 77% said it will be "important additionality" or a "key part of their research" in the future). A smaller proportion (15%) anticipate spending 5% to 10% of their previous year's total expense budget, while 7% expect to allocate more than 10% of their budget.

A notable 20% of respondents selected "Other," indicating potential variability or uncertainty in their expected spending.

Figure 6: What is your expected spend each year on any AI uplifts (on average) in the next three years?



Source: Frontier Advisors' AI survey

Differences by asset class

Australian equities managers are the group furthest behind in terms of allocating resources to dedicated AI development with 27% of respondents in this asset class reporting having no resources in this role. Almost half (46%) have allocated less than 1% of their resources into to AI integration. A significant 64% expect to spend less than 5% of their previous year's budget on AI integration.

By comparison, fixed income managers are the most inclined to allocate resources toward AI with 16% allocating more than 5% of their team resources toward AI. Budget wise however, international equities managers are the big spenders with only 48% allocating less than 5% of their previous year's budget on AI uplift, and 17% spending more than 10% of their previous year's budget on AI uplift (which is slightly more than all the other asset classes combined where 16% across all of these, spend more than 10%) .

This trend extends unsurprisingly by geography (given the impact of international equities above) with 10% of all international managers spending more than 10% of their previous year's budget on AI uplift, compared to 4% for Australian managers.

Opportunities and applications

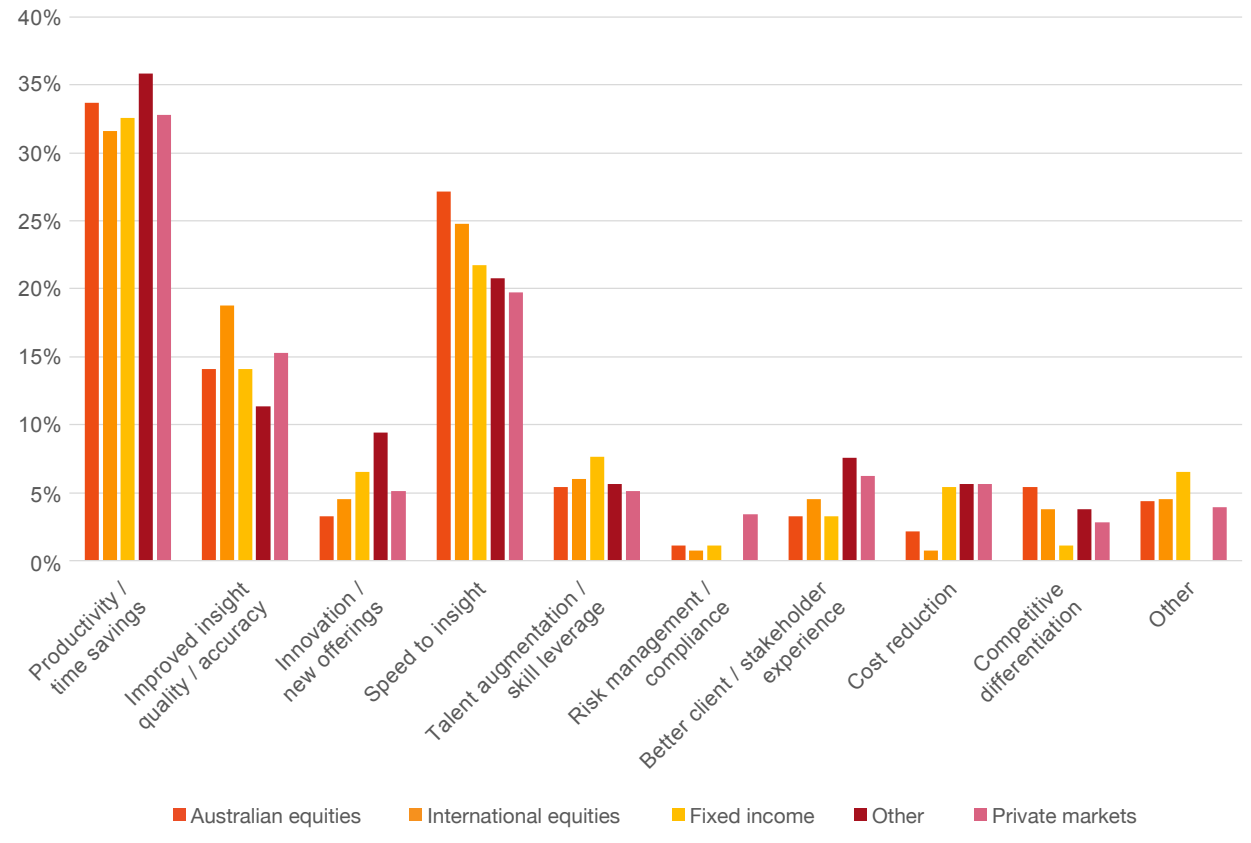
We asked fund managers to comment on the expected benefits they see in AI and its integration into the investment process.

Productivity and time savings are the most commonly cited expected benefits, with responses across all sectors and geographies within a very tight range of 34% to 36%. This is clearly seen as the key advantage. Speed to insight is the second most significant benefit, with 23% of respondents across the group highlighting its importance with Australian equities managers specifically rating this highly at 27% versus 22% for all other asset classes on average.

Improved insight quality and accuracy is another notable benefit, with 15% citing this opportunity across asset classes and most favoured by international equities managers.

It is also interesting to note the areas which respondents did not call out, perhaps surprisingly, including new/innovative offerings; risk management/compliance; competitive differentiation and cost reduction.

Figure 7: In your use of AI, what is the primary expected benefit?



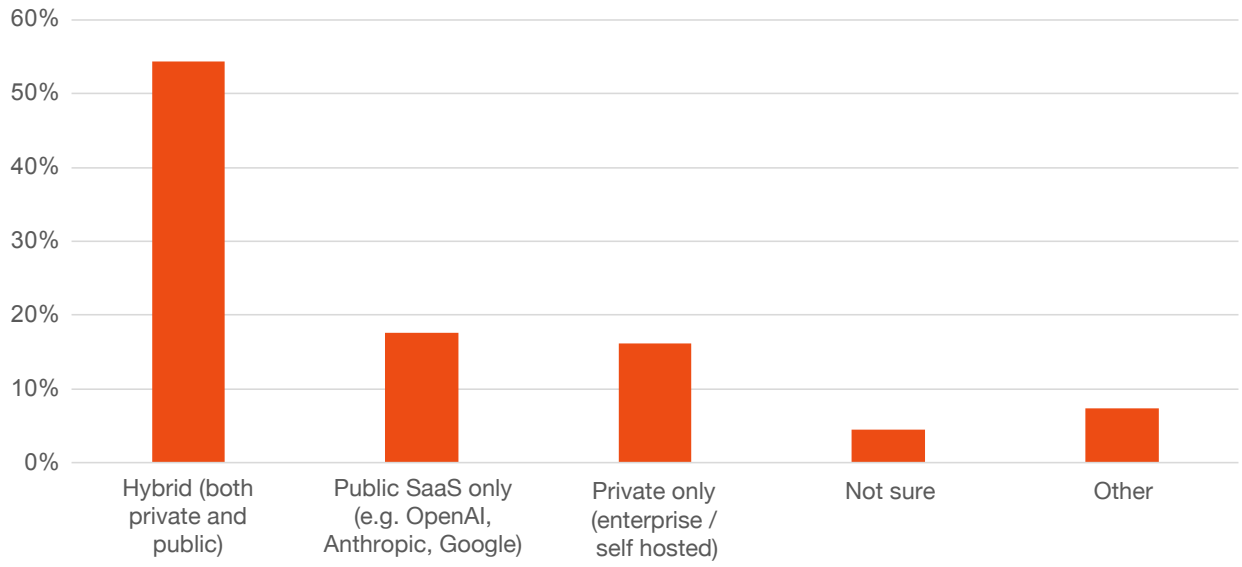
Source: Frontier Advisors' AI survey

Adoption and data strategies

Deployment of AI within the investment management process can come via a range of models and approaches. In terms of overall trends, hybrid deployment models (both private and public) are clearly the most commonly used, with 54% of respondents selecting this option.

Public SaaS models (e.g. OpenAI, Anthropic, Google) are the second most popular, chosen by 18% of respondents ahead of private-only models (enterprise/self-hosted) account for 16% of responses. This indicates a preference for more controlled environments is valued by some, but not an important aspect for the majority.

Figure 8: What is your primary AI deployment model?



Source: Frontier Advisors' AI survey

So, which models are managers using? We probed on the AI platforms and vendors currently being used or evaluated in investment management. In terms of overall trends, Copilot and ChatGPT are the most frequently mentioned AI platforms, with significant adoption across multiple asset classes.

Other platforms such as Claude, Anthropic, OpenAI, and internal tools are also being utilised, though to a lesser extent.

A notable proportion of respondents are using internal tools or proprietary systems, indicating a preference for customised AI solutions. Some platforms, such as AWS, Google, and Bloomberg AI, are mentioned sporadically, suggesting niche or specialised use cases.

Differences by asset class

Among Australian equities managers Copilot and ChatGPT are the most commonly used platforms, with some adoption of internal tools. Other platforms like Claude and OpenAI are less frequently mentioned. It's a similar story for international equities where Copilot and ChatGPT also dominate usage, with additional mentions of Claude, OpenAI, and internal tools. This asset class shows a slightly broader adoption of diverse platforms.

Copilot is again the leading platform for fixed income managers, however below that, internal tools has a higher incidence of use than ChatGPT for this cohort. There is limited mention of other platforms like Claude or OpenAI.

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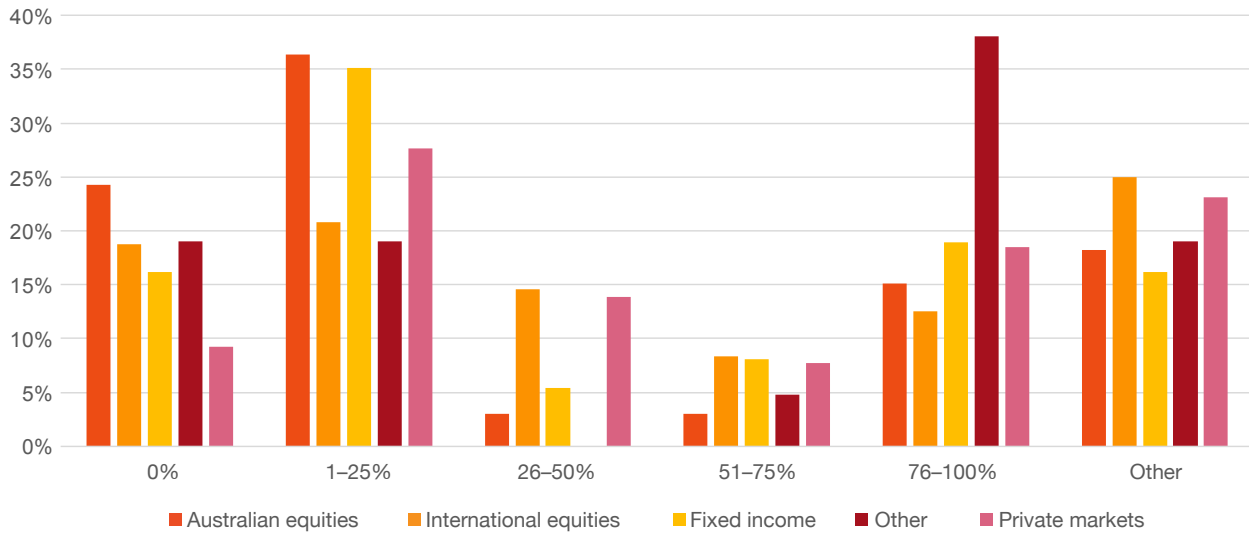
Like equities managers, private markets managers also favour Copilot and ChatGPT, with notable mentions of internal tools. Platforms like Anthropic and OpenAI are also being evaluated in this sector.

In terms of data, we were keen to understand whose data is going in and where there are seen to be retained competitive advantages from the data. Our survey examined the proportion of proprietary data, cleaned and checked before embedding into AI platforms, used by organisations. The most common response (28%) indicates that 1%–25% of data fed into AI platforms is proprietary and cleaned. A significant proportion of respondents (19%) report using 76%– 100% proprietary data, while 16% use no proprietary data.

It is worth noting that for this question there were quite a number of respondents selecting the "Other" option which suggests the answer may not have been know to them. For instance, when 25% of international equities managers have chosen "Other", this means the 40% who have chosen levels of 25% or less, actually represent over 53% of the group actually answering the question.

Across many areas of institutional investment, high quality, unique data, with a long-established time series remains a competitive advantage for many fund managers. This is particularly true in all private market areas.

Figure 9: What proportion of data fed into AI used by your organisation is proprietary data which has been cleaned/checked before embedding into the platform?



Source: Frontier Advisors' AI survey

Differences by asset class

Perhaps the most stark difference across asset classes appears in this area of the survey. Australian equities managers have the lowest levels of proprietary data usage with a quarter of all respondents saying they are not feeding any proprietary data into AI and more than one third saying some, but less than 25%, in terms of their own data. This combined level of 60% compares is much higher than all other manager types who fall within a narrow band of between 37% and 42% for the same metric. That 60% figure is closer to 70% of those providing an answer.

At the other end of the spectrum where managers state more than three quarters of the data being fed into AI is proprietary, fixed income and private markets managers provide a very similar response with both reporting 19% of the data they are using is proprietary. This equates to almost a quarter of those managers who answered this question with a range. Interestingly, given the higher low uses of Australian equities managers, they are more likely than their international counterparts to record levels in this top range of usage of proprietary data.

There were also some differences at a geographical level with 55% of Australian managers saying that of the data they used in AI, less than 25% was from proprietary data (compared to 40% from international managers). Therefore, and as expected, at the other end of the spectrum 24% of international managers said more than 75% of the data used in their AI models is proprietary data (compared to 14% for Australian managers).

The Frontier AI Index

The insights gained from this inaugural survey and the overall analysis evaluates how organisations perceive their progress in AI adoption *relative to their competitors*, segmented by asset class and geography.

For each survey respondent, we scored each answer as 0 for "behind", 1 for "on par", 2 for "ahead" and then 3 for "far ahead". After that we averaged the score per asset class and geography. We then scaled this to make scores out of 100 and grouped them into buckets based on the conviction of managers within those buckets to add value using AI. This repeatable exercise and grading model has and will continue to enable Frontier to develop the *Frontier AI Index* of investment management and will help the industry rank progress between various sectors of the industry over time.

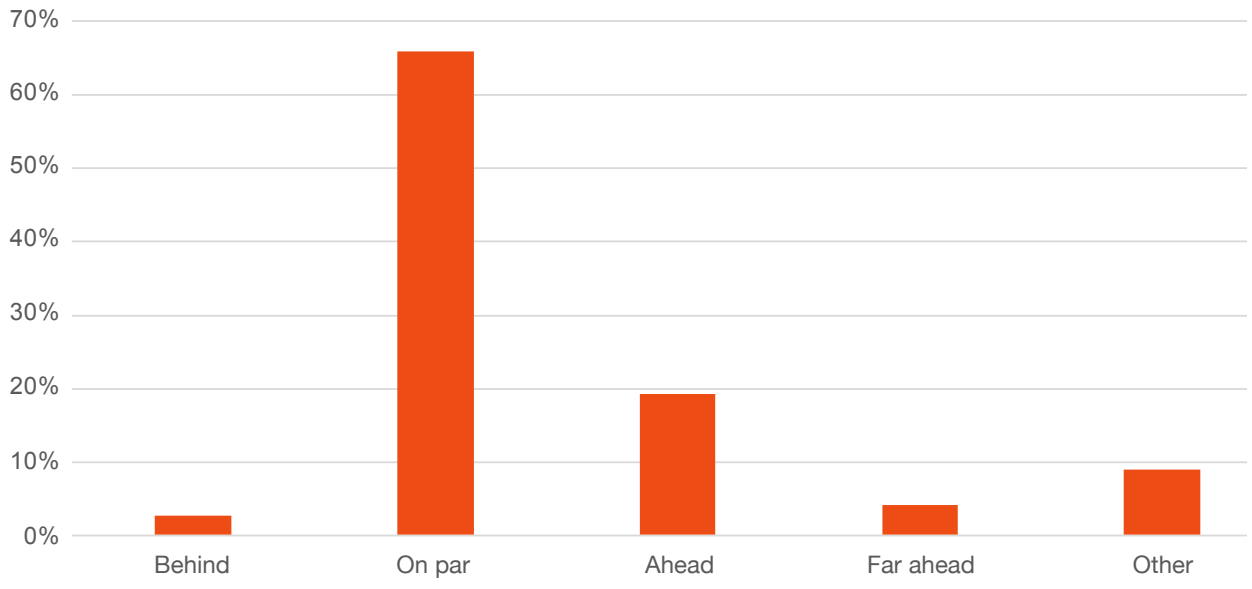
While Frontier has scored each universe and compiled the Index, we have not assessed the managers themselves, or subsequently each complete cohort. The grades are based on the self-assessment of managers, though in an anonymous fashion where there is no advantage to be gained from overstating reality.

Separately, Frontier will continue to engage with and closely monitor managers who are ahead of the pack from an AI perspective to consider the competitive advantages which may be present within particular strategies and whether this can be value accretive to those strategies to help our clients ultimately derive benefits from any competitive advantages that AI adoption delivers.

At a total level, our survey reveals that the majority of respondents (66%) believe they are on par with their peers in terms of AI adoption. Removing the nearly 10% who felt they were unable to provide a view here, just over one quarter consider themselves to be ahead of peers, either marginally or significantly. Only a very small group (3%) felt they were behind and interestingly only a similar sized small cohort (4%) feel they are far ahead. Unsurprisingly in a qualitative self-assessment of an emerging area like this, there is crowding toward the centre. We expect this to evolve into more disparate bands in the years ahead.

Across geographies, Australian and international managers show similar trends, with the majority reporting they are on par with their peers.

Figure 10: In relation to our peers, we believe we are…



Source: Frontier Advisors' AI survey

Scores across key areas are shown in Figure 11. These grades reflect the incidence of where market participants believe there is an excess of AI capability above the market generally for each cohort. In other words, this is where managers see themselves having an AI competitive advantage. The higher the grade, the more above the peer universe the specific cohort Frontier surveyed believe they are in terms of their AI utilisation and adoption, relative to the whole universe of their peers.

For instance, international equities managers are the group with the strongest sense of being ahead of the pack. By comparison, private markets managers consider themselves quite significantly behind. When reviewing managers who responded to the survey that fall outside of the asset classes listed, shown as "Other" throughout our analysis, while there are strong results in this cohort, the variation and relatively small proportion of managers in this category makes assessing their scores less definitive in terms of what we can infer.

Figure 11: The segment scorecard

Segment	Score	Comment
Overall	3	On average most managers, all institutional managers and many rated by Frontier, consider themselves ahead of their broader peers. This outcome was persistent in every geography and asset class
By geography		
Australian managers	3	International managers were not as ahead of peers (still ahead of the broader market) compared to Australia. Possibly weighted by the fact that a number of private market managers are overseas.
International managers	2	
By asset class		
Australian equities	3	
International equities	4	Not a surprise given firstly the enormous opportunity set for international managers and the fact Frontier has been selective in rating and assessing higher calibre managers.
Fixed income	2	In line with the overall survey but modestly behind other asset classes (in terms of how far managers are ahead of their peers – which they are on average)
Private markets	1	The challenge here, as outlined later in the report, is data and the ability to analyse large packets of credible data. The managers again are more ahead than peer averages, but this area will likely remain behind other asset classes.

Source: Frontier Advisors' AI survey

From a geography perspective, at the overall level, there is very little difference between Australian and international managers across all sectors. Australian managers give very slightly stronger scores at either end of the spectrum in terms of being far ahead, or behind peers.

On a sector basis it is international equities managers with the highest percentage of respondents considering themselves either ahead or far ahead (31%). While private markets managers have the lowest percentage of respondents ranking themselves ahead or far ahead (16%).

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The final word

AI is increasingly viewed as a powerful enabler of innovation, insight and productivity across investment management firms, with significant opportunities for operational efficiency and added business value. Organisations are leveraging AI to augment idea generation, accelerate data analysis, identify emerging trends, and improve portfolio monitoring, rather than directly driving portfolio management decisions or act as standalone drivers of returns. AI adoption spans multiple functions, including research, operations, and client-facing activities, with a deliberate and responsible approach to ensure alignment with governance frameworks and regulatory requirements. Generative AI is widely utilised for summarising market commentary and consolidating macroeconomic insights, enhancing internal discussions and decision-making efficiency.

Over the next three to five years, AI is expected to play a growing role in portfolio management, reporting, compliance, and sustainability, driving efficiency and cost savings. Firms are investing in AI to uplift internal processes, optimise portfolio decision-making, and enhance investor reporting and experiences.

Despite its utility, AI adoption faces challenges such as hallucinations (proposing outcomes which are not reflected of credible, vetted data sources), bias in outputs, and the need for robust validation processes to ensure accuracy and reliability. The majority of organisations use AI in a supportive capacity, with humans remaining the final decision-makers in investment processes.

Frontier was somewhat relieved to see these open, honest and risk considered responses. The integration of AI is measured and pragmatic, with a focus on enhancing decision-making rather than replacing human judgement. Organisations are adopting a phased approach to AI implementation, starting with proof-of-concept and pilot projects, focussing on prototyping and identifying high-value use cases that deliver clear business benefits, with plans to expand AI applications across operational, compliance, and client-facing functions over the next 12 to 36 months. There is a strong emphasis on responsible and deliberate adoption of AI, with organisations aiming to balance innovation with ethical considerations and client confidentiality.

While AI can and should be used where dividends/benefits can be derived, there are risks and these need to be carefully managed and considered. Governance and compliance are critical concerns, as organisations navigate the evolving regulatory landscape and establish flexible, future-proof governance frameworks and focus on protecting proprietary data (see our paper on AI governance)

From a governance and risk mitigation perspective Frontier believes there is a need for explainability and transparency in AI outputs. We also believe this will be a recurring theme, with organisations highlighting the importance of strong controls and oversight to mitigate risks such as bias and hallucinations.

Data quality and accessibility is the most frequently cited challenge, with organisations emphasising the need for high-quality, well-structured, and standardised data to ensure reliable AI outputs. Only approved AI tools such as Microsoft Copilot, GitHub Copilot, Azure OpenAI, and ChatGPT (with specific restrictions) are permitted, while unapproved tools are explicitly blocked unless reviewed and approved by governance bodies. Skills development and cultural adoption are key priorities, with organisations investing in upskilling staff and integrating AI into existing workflows. AI literacy and accessibility are being actively promoted across teams to ensure effective use of AI tools. Frontier ourselves are on this journey.

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Differences by asset class

Asset classes such as fixed income and private markets face additional constraints due to the sensitivity of data and the complexity of workflows. Equities managers, both Australian and international, show higher confidence in using AI for research and distribution functions, while fixed income and private markets managers exhibit slower adoption due to governance and validation concerns.

Australian equities

- Organisations managing Australian equities are focussed on identifying emerging trends but also on enhancing productivity and efficiency through AI, particularly in research and operational processes.
- Governance frameworks are being developed to ensure compliance with local regulations and to protect client confidentiality.
- Organisations managing Australian equities report challenges with data coverage, particularly for small- and mid-cap equities, where datasets are often limited compared to large-cap stocks.
- AI tools are primarily used to enhance research and analysis, enabling richer insights and more informed decisions but their effectiveness is constrained by the availability of high-quality data.
- While Australian equities managers have the highest proportion (55%) viewing AI as an "important additionality" to their research processes, indicating strong recognition of AI's value, only 9% reported AI as a "significant part" of their processes, suggesting a gap between recognising AI's importance and actively integrating it into workflows.

International equities

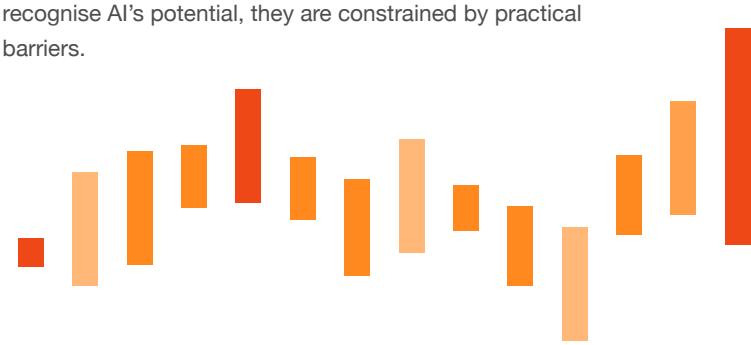
- Managers in international equities are prioritising data infrastructure and AI literacy to accelerate adoption and scale.
- There is a focus on idea generation and proactive investment identification, with AI being used to amplify existing investment signals and track key performance indicators (KPIs) to detect market trends and opportunities through tools like market intelligence and pipeline automation.
- Similar to Australian equities, data quality and accessibility are key challenges, especially when integrating AI with external data sources like investment bank research.
- Organisations are cautious about the reliability of AI-generated outputs and emphasise the need for human oversight to ensure robust and contextually appropriate conclusions. Frontier believes a degree of healthy scepticism is useful and using clean/proprietary data and checking carefully all output is essential.

Fixed income

- Emphasising the importance of human oversight in decision-making, fixed income managers are cautious about outsourcing judgement to AI, given the complexity of financial instruments and the potential risks of relying on AI-generated insights.
- AI is being utilised for risk management and compliance monitoring, with applications such as early-warning systems for market disruptions and with a strong emphasis on explainability and validation.
- Fixed income managers highlight the importance of explainability and validation processes due to the complexity of financial instruments and the potential impact of AI errors.
- While AI adoption is focussed on early-warning systems and enhancing research, the integration of AI into decision-making processes remains limited.
- While fixed income managers are more cautious than most, with 22% viewing AI as a "nice to have" rather than a critical tool, they are engaging in higher levels of sandpit testing than others, with these exploratory efforts indicating their perception of AI as non-critical does not align with the relative view of others.

Private markets

- Private markets face unique challenges related to data sensitivity and the need for robust governance frameworks.
- AI is being used to enhance sector-specific insights and enhancing sustainability metrics, particularly in areas like ESG intelligence and compliance monitoring.
- AI is primarily used to support analysis and research, with limited application in direct decision-making. Firms are exploring AI to optimise operational efficiency and improve investor reporting.
- Private markets managers have a relatively high proportion (26%) viewing AI as a "key part of their research", however, challenges related to data availability and quality are limiting the ability to fully integrate AI into processes. This inconsistency suggests that while private markets managers recognise AI's potential, they are constrained by practical barriers.



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Conclusion

AI is fundamentally reshaping the investment management industry, offering unprecedented opportunities for efficiency, insight, and innovation. Leading managers across the globe are leveraging AI to enhance their investment processes, from real-time market analysis in equities to due diligence in private markets. While the adoption of AI is more advanced in some sectors and regions than others, the overall trend is clear: AI is becoming an integral part of investment management.

Frontier's initiative to assess AI adoption provides valuable insights into the state of the industry, highlighting both the progress made and the challenges that remain. By creating a recurring benchmark, such as the *Frontier AI Index*, we aim to track the evolution of AI adoption over time and provide actionable insights for managers and stakeholders.

The importance of continuing to monitor and assess the use of AI in investment management cannot be overstated. As AI technologies continue to evolve, they will play an increasingly critical role in shaping the future of the industry. By staying informed and proactive, managers can leverage AI to deliver better outcomes for their clients and maintain a competitive edge in a rapidly changing landscape.

This report was written with the aid of Frontier's own AI proprietary tool = Frank. A special thank you to all the managers who engaged and provided data and to our Partners Platform team and Eros Reid in particular for his analytical assistance. While AI was used in part – every element of the report was thoroughly checked and reviewed, with a lot of re-writing needed and additional commentary added (or removed) to ensure ownership by the author and that the insights were appropriately contextualised.

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