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New Milestones and Development Prospects for Hong Kong's Asset Management Market

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Executive Summary

Hong Kong's asset management market is experiencing a milestone development, with its cross-border wealth management scale surpassing Switzerland to become the world's number one for the first time, highlighting its outstanding position as an international asset and wealth management center. Looking ahead, with the support of professionalization, digitalization, and green development, Hong Kong's asset management market is expected to move from "scale expansion" to "structural optimization," achieving a leap from large to strong, and deepening its interconnectivity with the Mainland financial market, jointly making a positive contribution to the construction of a financial powerhouse.

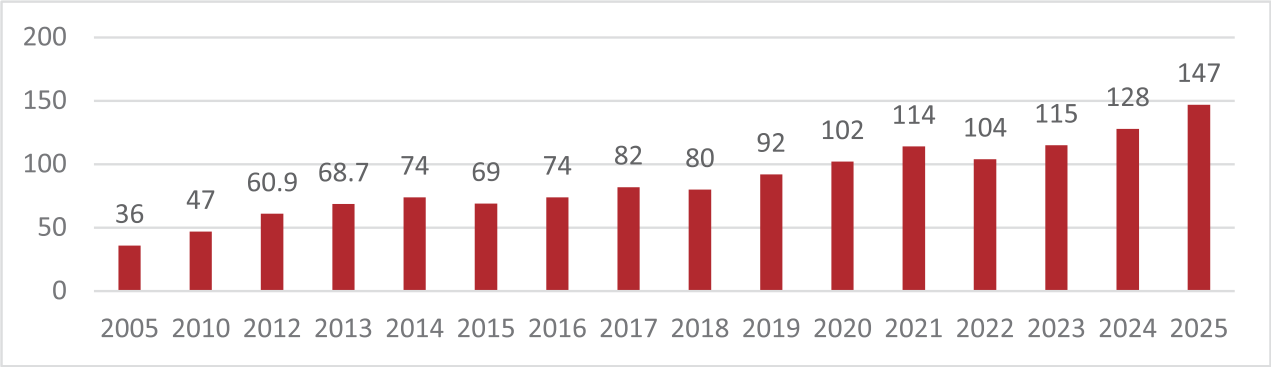
I. Market Overview: High-quality capital inflows

According to a market research report, global assets under management (AUM) reached approximately US$147 trillion by the end of 2025, representing an annual growth of about 11%. After experiencing a significant contraction in 2022, growth resumed in 2023. Currently, Hong Kong's asset management market is undergoing a crucial structural transformation, significantly enhancing its position in the global wealth management landscape. According to the "2026 Global Wealth Report" released by a consulting firm in May 2026, Hong Kong officially surpassed Switzerland in 2025 to become the world's largest cross-border wealth management center. This milestone achievement not only demonstrates Hong Kong's profound foundation as an international financial center but also highlights its remarkable ability to successfully cultivate a "safe harbor" image amidst

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a complex and volatile global economic landscape, leveraging the unique institutional advantages of "One Country, Two Systems," robust financial infrastructure, and continuously optimized connectivity mechanisms.

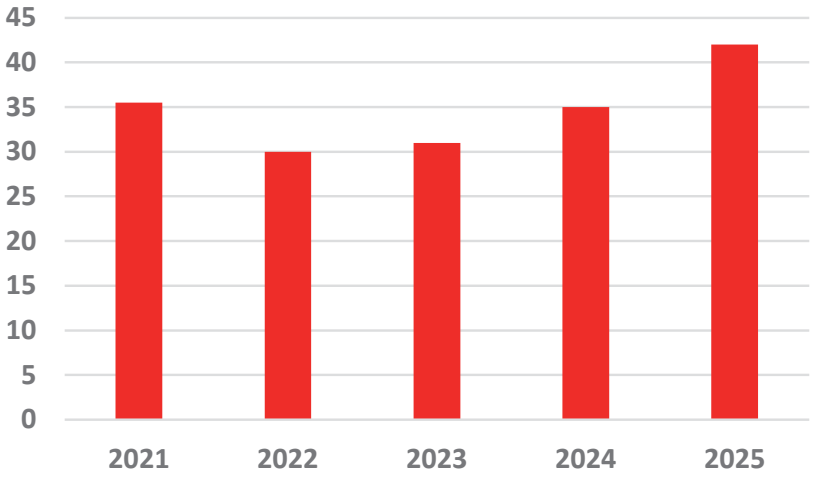
Figure 1: Global Asset Management AUM (Trillion USD)



Source: Mckinsey & Co

The asset management scale in the Hong Kong market has continued to maintain a steady growth trend. According to the Hong Kong Securities and Futures Commission's "2025 Asset and Wealth Management Activities Survey," as of the end of 2025, the total AUM of Asset Management and wealth management business in Hong Kong exceeded HK$42.2 trillion, a 19% increase from the record of HK$35.5 trillion set at the end of 2021. This growth was mainly attributed to the moderate recovery of global asset prices, continued strong net inflows, and the booming development of the private wealth management business. Particularly in the private wealth management sector, high-net-worth clients were increasingly demanding customized, discretionary investment management services, which not only improved the revenue quality of asset management institutions but also enhanced the market's resilience in the face of external shocks. Furthermore, the net asset value of Hong Kong-registered funds continued to rise from 2025 to the first half of 2026, reflecting a significant improvement in the diversification, compliance, and professionalism of local fund products, further consolidating Hong Kong's position as a regional fund center.

Figure 2: Total Assets Under Management in HK (Trillion)

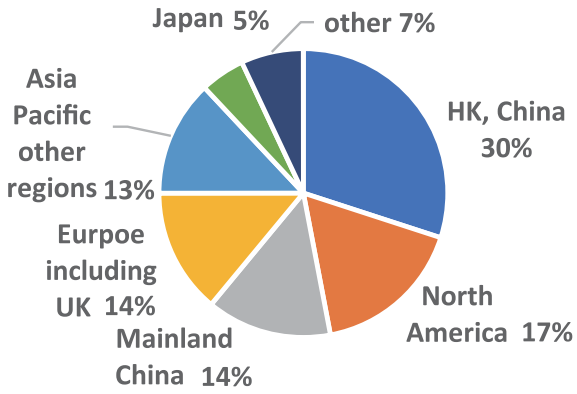


Source: Hong Kong Securities and Futures Commission

Capital flow analysis showed that the Hong Kong market demonstrated strong capital absorption capacity. Net capital inflows totaled HK$20.7 trillion in 2024, a 1.93-fold increase, laying a solid foundation for the market. This positive momentum was further strengthened in 2025 and the first half of 2026. Statistics showed that in 2025, among the two major sectors, AUM in Hong Kong's asset management and fund advisory business rose by 19% to HK$31 trillion, while assets in private banking and private wealth management business increased by 24% to HK$12.9 trillion. This fully reflected the high level of trust and favor that global capital went in the Hong Kong market in the face of expectations of a shift in Federal Reserve monetary policy and regional economic fluctuations. Entering the first quarter of 2026, despite increased volatility in global financial markets due to inflationary resilience and geopolitical uncertainties, Hong Kong, with its abundant and highly liquid money market funds and fixed-income products, not only effectively retained existing funds but also attracted a large amount of new capital seeking safe havens, thus solidifying its strategic position as a leading safe haven for capital in Asia. It is worth mentioning that the business of Mainland institutions grew significantly, with AUM in related asset and wealth management businesses rising by 28% year-on-year to RMB 3.95 trillion, outperforming the overall market.

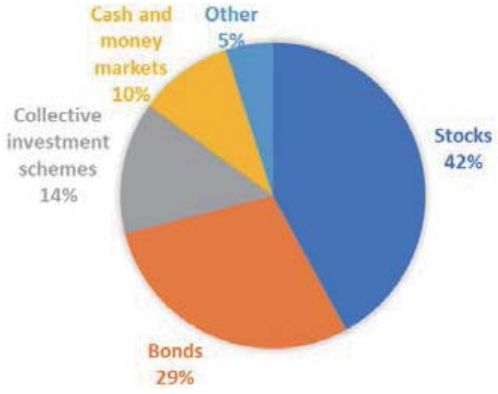
The Securities and Futures Commission (SFC) survey also revealed the asset management portfolio by geographic distribution. Investments in the Asia-Pacific region accounted for 62%, up 4 percentage points, with Hong Kong accounting for the largest share at 30%, a year-on-year increase of 2 percentage points. Mainland China accounted for 14%, up 1 percentage point. Investments outside the Asia-Pacific region accounted for 38%, with North America rising 9% to 17%, while Europe fell 3 percentage points to 14%. Classification by asset category, equities accounted for 42%, up 1 percentage point year-on-year; bonds accounted for 29%, up 14%; collective investment schemes rose 25%, accounting for 14%; and cash and money markets slightly decreased by 1 percentage point, accounting for 10%.

Figure 3: Geographical Distribution of Investment



Source: Hong Kong Securities and Futures Commission

Figure 4: Asset Classes Managed in Hong Kong



Source: Hong Kong Securities and Futures

The core characteristic of this market was mainly due to the continuous inflow of high-quality funds. Unlike previous speculative funds that might have been driven by short-term market fluctuations, recent inflows were more akin to long-term strategic asset allocation, including long-term capital from family offices, sovereign wealth funds, and institutional investors. These investors showed strong interest in Hong Kong's legal framework, regulatory environment, and unique connections to the Mainland Chinese market. This high-quality source of funds not only provided stability to Hong Kong's asset management market but also

promoted product innovation and service upgrades, propelling the Hong Kong asset management industry towards a higher level of development.

II. Core policy engine: Unleashing new growth momentum

The continued development of Hong Kong's asset management market was inseparable from the SAR government's forward-looking policy guidance and continuously optimized institutional environment. A series of core policy measures were gradually releasing new growth momentum and injecting lasting vitality into the market:

Firstly, the New Capital Investor Entrance Scheme (New CIES), launched in March 2024, became a crucial channel for attracting high-net-worth individuals and capital inflows to Hong Kong. According to the latest statistics from InvestHK as of the end of April 2026, the number of applications further exceeded 3,600, with an estimated capital inflow of HK$108 billion. These funds were primarily allocated to eligible investment assets such as funds, stocks, and debt securities approved by the Securities and Futures Commission. Notably, applicants approved in 2025 entered a concentrated period of asset allocation in the first half of 2026, which not only directly boosted the activity of Hong Kong's capital market but also brought significant ripple economic benefits to professional service industries such as wealth management, legal consulting, and tax planning.

Secondly, the Cross-border Wealth Management Connect (WMC) has officially entered its 3.0 era, with its policy dividends being deeply released, promoting the two-way flow of wealth within the Guangdong-Hong Kong-Macao Greater Bay Area (GBA). With the individual investment limit increased to RMB 3 million and the scope of participating institutions expanded to include securities companies, the activity of funds through the Southbound Connect reached a record high. Data from the Guangdong Branch of the People's Bank of China showed that as of the end of April 2026, more than 180,000 individual investors in the GBA participated in the WMC, including 55,200 investors from Hong Kong and Macao as well as 125,500 investors from the Mainland. The cumulative amount of cross-border fund transfers processed by pilot institutions within the Mainland through the closed-loop fund transfer channel reached RMB 137.4 billion. Under the 3.0 framework, the asset allocation preferences of Southbound Connect investors changed significantly, gradually shifting from primarily bank deposits to more diversified fund and bond products. In particular, with the first batch of 14 securities firms fully launching their operations in 2026, the intensified market competition directly increased the variety of products, meeting the needs of Mainland investors for products with different risk-return characteristics in global asset allocation, and further deepening the interconnection of the Greater Bay Area financial market.

Thirdly, the development of the family office ecosystem also yielded significant results, becoming a crucial strategic pillar for Hong Kong to attract global wealth. In March 2023, the Hong Kong SAR Government issued a "Policy Declaration on the Development of Family Office Business in Hong Kong," launching a series of measures aimed at enhancing Hong Kong's competitiveness in the family office and wealth management sectors. By the end of 2025, Hong Kong had already achieved its target of assisting no

fewer than 200 family offices to establish operations in Hong Kong ahead of schedule. Research published in February 2026 by consultants commissioned by InvestHK showed that by the end of 2025, there were over 3,380 single-family offices operating in Hong Kong, an increase of approximately 680 in two years, representing a growth of over 25%. The Hong Kong SAR Government plans to assist no fewer than 220 more family offices in establishing or expanding their businesses in Hong Kong between 2026 and 2028. These family offices not only brought substantial asset management scale but also drove professional demand for alternative assets such as private equity (PE), venture capital (VC), and art investment. By offering targeted profits tax relief and optimizing the fund tax system, Hong Kong has successfully built an internationally competitive family office hub, injecting highly resilient long-term capital into the asset management market and promoting the development of high-end professional services.

III. Industrial restructuring: driven by both green and digital technologies

Hong Kong's asset management market was undergoing a profound industrial restructuring driven by green finance and digital assets. This "dual-engine" approach not only enhanced the market's international competitiveness, but also provided investors with broader investment opportunities.

In the field of sustainable finance, Hong Kong has solidified its position as an Asian green finance hub. By the end of 2025, the AUM and number of ESG funds approved by the Hong Kong SFC both reached record highs. This achievement was attributed to both the regulator's stringent guidance on environmental, social, and governance (ESG) information disclosure requirements and the growing global investor awareness of climate change risks and acceptance of sustainable investment principles. As the first Asian financial center to mandate climate-related financial disclosure, Hong Kong attracted substantial international capital seeking responsible investment. Market demand for green bonds and ESG-related investment products remained strong, with their premium effect gradually emerging, further driving innovation and development in green financial products and services.

The institutionalization of crypto assets reached a milestone in 2026, marking a significant step forward for Hong Kong in embracing the Web3.0 era. Since the listing of spot Bitcoin and Ethereum ETFs in Hong Kong, their market liquidity far exceeded market expectations, attracting widespread attention from retail investors and becoming a new tool for asset management institutions to diversify their asset allocation. A more profound impact lies in the formal implementation of Hong Kong's regulatory framework for stablecoins in 2026. This framework provided clear guidance for asset management institutions to participate in the crypto asset market safely and compliantly, enhancing market confidence. With the increasing application of tokenized assets (Real World Assets, RWA) and stablecoins in payment scenarios, Hong Kong is actively exploring the combination of traditional asset management expertise with decentralized technology, forging a new path for the deep integration of crypto assets and the real economy. As of July 2025, 22 banks were authorized to sell crypto asset-related products, 13 banks to sell tokenized securities, and 5 banks to provide crypto asset custody services. This demonstrated that Hong Kong initially established a complete crypto asset financial ecosystem, encompassing trading, custody, and asset management. Technological empowerment not

only improved operational efficiency, but also laid a solid foundation for the digital transformation of future asset management models.

IV. Key Focus Areas for Future Asset Management Market Development

Despite the strong growth momentum and transformation vitality of Hong Kong's asset management market, its development still faces multiple external challenges.

First of all, the uncertainty of the global interest rate environment poses a significant challenge. Since the Federal Reserve began cutting interest rates in 2024, the path, pace and magnitude of these cuts remain constrained by fluctuations in inflation data, the resilience of the labor market, and geopolitical events. For the Hong Kong asset management market, this means a repricing of funding costs and an adjustment to arbitrage trading logic. For example, the attractiveness of fixed-income product yields may decline, while valuation repairs in equity assets require stronger corporate earnings and macroeconomic fundamentals. Asset management institutions need to more precisely monitor the risk exposure of their interest-rate-sensitive assets and seek a dynamic balance between pursuing investment returns and mitigating market volatility to avoid potential liquidity risks and valuation pressures.

Moreover, rising geopolitical complexity and capital compliance costs are another major source of pressure. Against the backdrop of increasingly tense international relations and frequent geopolitical risks, global capital flows face greater restrictions and scrutiny. The diversification of funding sources places higher and more sophisticated demands on asset management institutions' Know Your Customer (KYC) and Anti-Money Laundering (AML) compliance. As regulators continue to deepen their crackdown on illegal cross-border securities transactions, compliant operation has become the bottom line for financial institutions' survival. This not only increases the operating costs of institutions but also poses a severe challenge to their digital risk control capabilities and the construction of global compliance systems. How to maintain the efficiency and convenience of cross-border capital flows while ensuring strict compliance is key to Hong Kong's continued ability to attract global capital as an international asset management center.

Furthermore, the intensifying regional competition cannot be ignored. While Hong Kong has achieved a leading position in cross-border wealth management, it must maintain a high degree of urgency in the face of proactive strategies from regional competitors like Singapore in areas such as talent policies, technology applications (e.g., the deep integration of AI into asset management), and access to differentiated products. Talent retention will remain a prominent issue in 2026, particularly with a continued shortage of fintech professionals, ESG experts, and alternative investment professionals with interdisciplinary backgrounds. Moreover, effectively utilizing cutting-edge technologies, such as AI and big data, to improve asset management efficiency, optimize investment decisions, reduce management fees, and provide more personalized and customized investment advisory services will be the key factors determining whether Hong Kong can maintain its leading edge in the next round of global asset management center competition.

V. Outlook and Opportunities for the Hong Kong Asset Management Market in the Next Two Years

Looking ahead, Hong Kong's asset management market will enter a critical period of profound transformation from "scale expansion" to "structural optimization." Against this backdrop, the GBA "Wealth Management Express Lane" will become a core driver of market growth, bringing unprecedented strategic opportunities to Hong Kong financial institutions.

The market anticipates further expansion and deepening of the Cross-border Wealth Management Connect mechanism, potentially including the introduction of more diversified investment product categories, relaxation of investment quota restrictions, and an expansion of participating institutions. Hong Kong banks can leverage their extensive branch network and customer base within the GBA to build an efficient closed-loop service system encompassing customer acquisition, conversion, and retention. This includes linking the Mainland and Hong Kong/Macao accounts through digital platforms, providing residents in the GBA with comprehensive wealth management solutions covering their entire lifecycle, and utilizing big data analytics to precisely identify customer needs and offer customized products and services. By deepening collaboration with the Mainland branches, Hong Kong banks are poised to achieve a dominant position in the Greater Bay Area's wealth management market.

Moreover, in line with the national and Hong Kong SAR government's strategic deployment to promote "new quality productivity," asset management products should be deeply involved in the financing of the technology innovation industry. The Hong Kong SAR government's 2026-2027 budget clearly outlines the main theme of "innovation-driven, finance-empowered" and has established the "AI+ and Industrial Development Strategy Committee." Hong Kong banks can leverage their powerful asset management platforms to actively launch or participate in industry funds or private equity products targeting emerging strategic industries such as semiconductors, low-altitude economy, biotechnology, and artificial intelligence. This not only provides investors with opportunities to share in the dividends of technological growth, but also effectively supports Hong Kong's development into an international innovation and technology center, achieving a virtuous cycle and high-quality interaction between financial capital and the real economy.

Furthermore, the new Mainland regulations on the standardization of individual overseas investment present significant structural opportunities in the medium to long term. Between May and July 2026, Mainland China successively introduced two major financial regulatory policies. On May 22nd, the China Securities Regulatory Commission (CSRC) and eight other ministries jointly issued the "Implementation Plan for Comprehensive Rectification of Illegal Cross-border Securities, Futures, and Fund Management Activities". On June 1st , the State Council issued the "Regulations on Outward Investment," which officially came into effect on July 1st. Although the two policies have different focuses, they both point to the same underlying logic, which is "strengthening compliance management of cross-border capital flows and overseas investment activities within a high-level opening-up framework, and explicitly guiding investors to conduct overseas investment through compliant and licensed channels". The short-term impact of these

policies is tightening compliance constraints; however, in the medium to long term, they bring significant structural opportunities. On the one hand, they clear out illegal channels while simultaneously releasing a large amount of capital flow through compliant channels; on the other hand, the new outward investment regulations establish a regulatory framework for individual overseas investment at the administrative regulation level for the first time, which will encourage enterprises and high-net-worth individuals to seek compliant wealth management services from licensed institutions. This will help bring new growth momentum to the wealth management and corporate finance businesses of Hong Kong's banking industry.

In summary, the opportunities for development in Hong Kong's asset management market far outweigh the challenges. Leveraging its core competitiveness in professionalism, digitalization, and green practices, Hong Kong's asset management market can achieve higher-quality "structural optimization," further consolidating Hong Kong's international financial status and providing strong support for the nation's goal of building a financial powerhouse.

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主要經濟指標 (Key Economic Indicators)

一、本地生產總值 GDP	2023	2024	2025	2026/Q1
總量 (億港元) GDP(HKD 100million)	29,812	31,865	33,298	8,439
同比增長率 (%) YoY change(%)	3.2	2.6	3.6	5.9
二、對外商品貿易 External merchandize trade			**2026/5**	**2026/1-5**
外貿總值 (億港元) Total trade(HKD 100million)				
總出口 Total exports	45,317	41,774	6,112	27,766
總進口 Total imports	49,275	46,450	6,554	30,188
貿易差額 Trade balance	-3,958	-4,676	-442	-2,422
年增長率 (%) YoY Growth(%)				
總出口 Total exports	-8.6	-7.8	40.8	36.2
總進口 Total imports	-7.2	-5.7	42.0	39.6
三、消費物價 Consumer Price				
綜合消費物價升幅 (%) Change in Composite CPI(%)	1.9	2.1	2.0	1.7
四、零售市場 Retail market				
零售額同比升幅 (%) Change in value of total sales YoY(%)	-0.9	16.2	7.9	10.6
五、訪港遊客 Visitors				
總人數 (萬人次) Total arrivals(10 thousands)	60.5	3,400.0	446.0	2,299.0
年升幅 (%) YoY change(%)	561.5	5,523.8	9.5	14.1
六、勞動就業 Employment			**2026/3-2026/5**	**2026/4-2026/6**
失業人數 (萬人) No. of unemployed(10 thousands)	16.3	11.3	14.1	14.0
失業率 (%) Unemployment rate(%)	4.3	2.9	3.7	3.7
就業不足率 (%) Underemployment rate(%)	2.3	1.1	1.5	1.6
七、住宅買賣 Domestic property sales and price index			**2026/4**	**2026/5**
合約宗數 (宗) No. of agreements	45,050	43,002	7,368	7,138
住宅售價指數 (1999=100) Domestic price index	369.7	337.4	317.4	321.9
八、金融市場 Financial market			**2026/5**	**2026/6**
港幣匯價 (US$100=HK$) 期末值	780.8	781.1	783.9	784.4
HKD exchange rate (US$100 = HK$), end of period				
銀行體系收市總結餘 (億港元) 期末值	962.5	449.5	540.0	539.8
Closing aggregate balance(HKD 100million), end of period				
銀行總存款升幅 (%)	1.7	5.1	4.8	-
Change in total deposits(%)				
銀行總貸款升幅 (%)	-3.0	-3.6	5.0	-
Change in total loans & advances(%)				
最優惠貸款利率 (%) 期末值	5.6250	5.8750	5.0000	5.0000
Best lending rate (%), end of period				
恒生指數 Hang Seng Index	19,781	17,047	25,182	22,881