AI-Powered Personalization in Investment Management /2025

Executive Summary

Asset managers are navigating an era of profound digital transformation. Artificial Intelligence (AI) and Machine Learning (ML) are rapidly shifting from experimental technologies to strategic imperatives in investment management. Personalization is at the core of this shift, leveraging data and intelligent systems to deliver customized client experiences, risk-aligned portfolios, and scalable engagement.

This white paper, authored by **DataArt**, explores how AI is powering personalization across the asset management value chain—from distribution and onboarding to portfolio optimization and client communication. Based on industry research and real-world deployments, it outlines how firms can accelerate transformation, partner strategically, and win in a data-driven future.

Key insights:

- 67% of asset managers globally are using AI/ML.
- 80% of executives cite mass personalization as a top growth driver.
- Generative AI is revolutionizing client engagement, from chatbots to portfolio reporting.
- The AI in the asset management market is projected to reach $21.7 billion by 2034.

67%

of asset managers globalLy are already using AI/ML in some capacity

80%

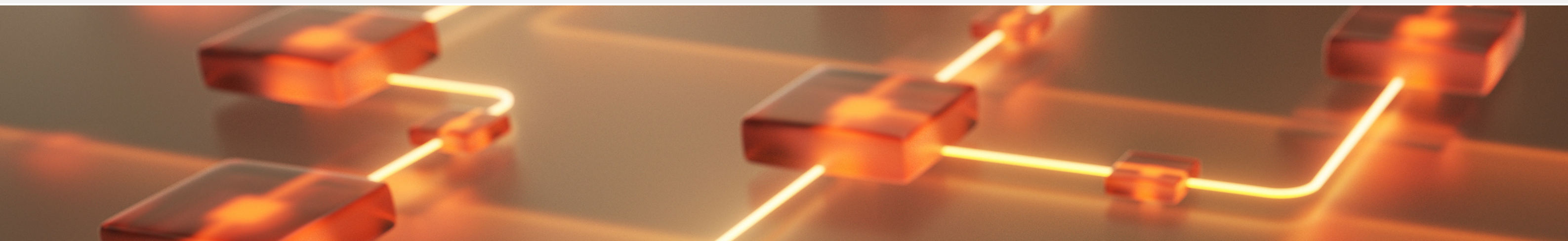
of firms cite "mass personalzation' as a key growth driver for the next 5 years

95%

of executives say digital, data, and AI capabilities willi differentiate winners by 2025

$21,7B

projected size of the AI in Asset Management market by 2034



1 — The Strategic Rise of AI in Investment Management

AI adoption is reaching a tipping point. While early efforts focused on efficiency and automation, firms are now turning to AI for growth—particularly in distribution and client servicing.

- According to BNY Mellon, 67% of asset managers already use AI/ML.
- 95% of executives expect digital and AI capabilities to differentiate leaders in 2025.
- 56% plan to increase AI investment over the next 3 years.

Beyond cost savings, firms are seeking a competitive edge through: - Faster decision-making and market responsiveness - Personalization of portfolios, communications, and experiences - Predictive insights for sales, retention, and performance

However, most firms remain in the early stages. Only 11% describe their AI use as "heavy." The gap between AI's potential and realized value presents both a risk and a major opportunity.

2 — Personalization at Scale: The New Battleground

Investors today expect more than one-size-fits-all solutions. Personalization has become essential to differentiate in a commoditized market.

AI enables firms to deliver "customization for the masses," leveraging behavioral, transactional, and third-party data to: - Tailor portfolios to individual risk profiles and goals - Recommend products in real-time - Personalize client reporting, content, and advice - Trigger alerts for rebalancing, tax opportunities, or service outreach

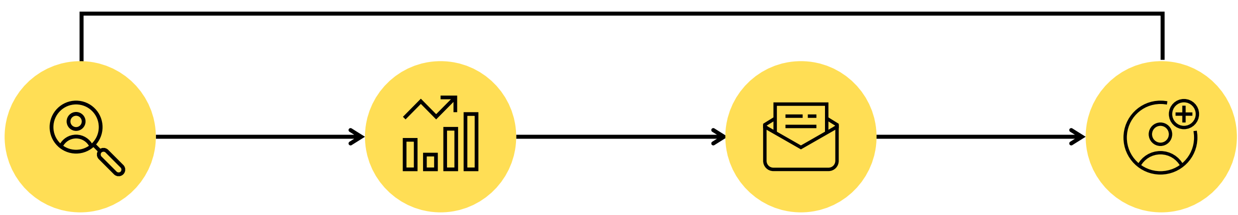
This is not simply demographic targeting—it's a shift to hyper-personalization:

Traditional Segmentation: Age, income, geography

AI-Enabled Personalization: Risk tolerance, goals, behaviors, market context

Personalization is also proven to drive outcomes: - Increased client satisfaction and retention - Higher AUM per client - Improved campaign conversion and fund uptake

Personalization at Scale: AI Touchpoints Across the Client Journey



Onboarding
Tailored goal discovery

Portfolio Design
Dynamic fund recommendation

Communications
Personalized content

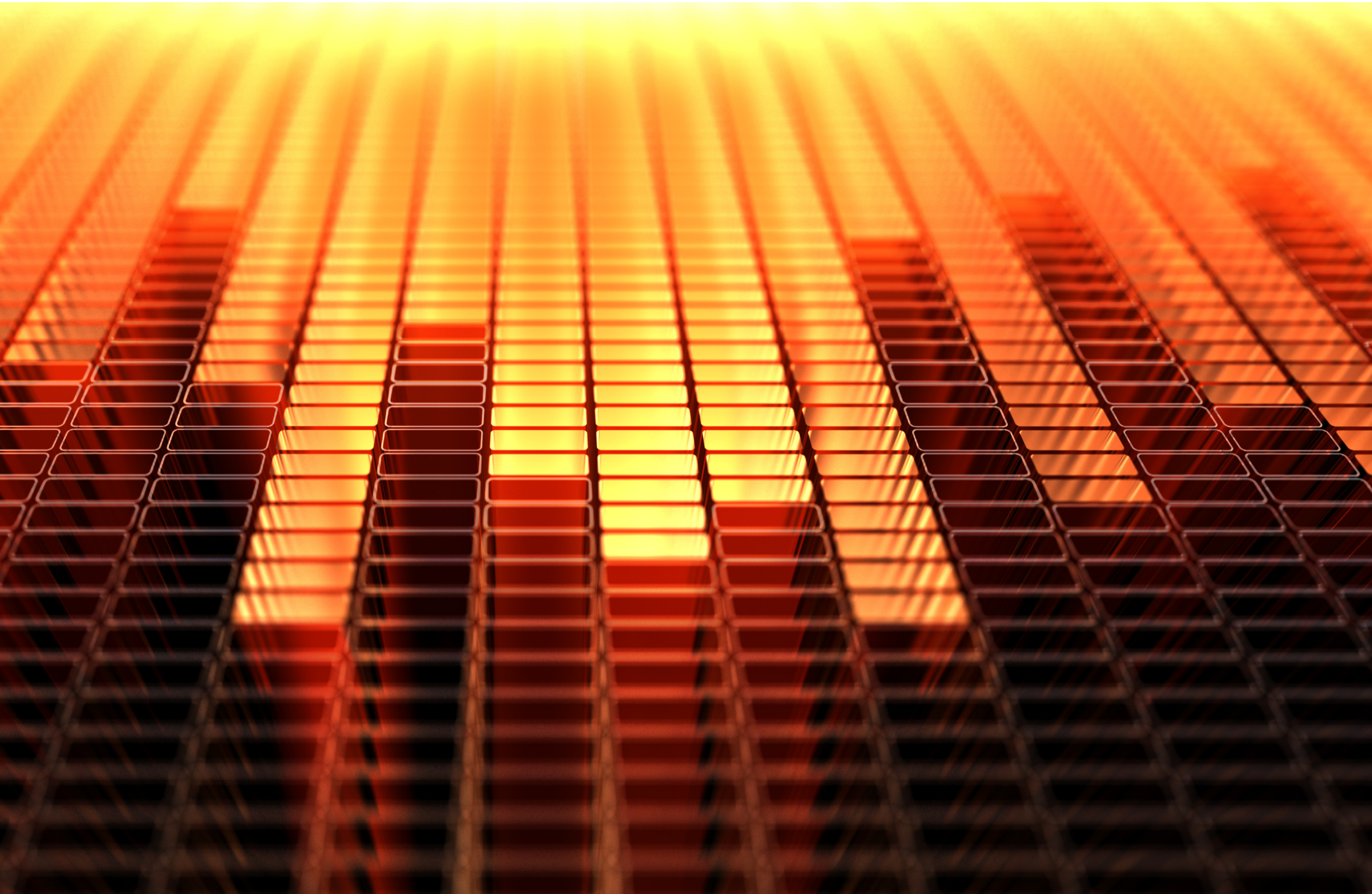
Servicing
Proactive alerts

3 — Use Cases in Distribution and Engagement

The distribution function is evolving into an intelligent, adaptive engine. AI and ML are unlocking powerful use cases that make sales and servicing more relevant and effective:

- **Client interaction analytics**
  AI parses advisor notes, CRM data, and digital behavior to surface client preferences and intent.
- **Fund recommendation engines**
  Machine learning matches clients with suitable products based on risk and behavior.
- **Next-best actions**
  GenAI assistants suggest timely follow-ups, tax strategies, or fund updates.
- **Marketing optimization**
  AI tests and refines messaging for each segment, or each individual.

> **Real-World Example:** A wealth manager notices a client reading ESG articles but holding no ESG funds. The AI system recommends a sustainable ETF, drafts a personalized email for the advisor, and schedules a prompt. These "micro-moments" scale relationship quality.



4 — Generative AI: Transforming Client Communication

GenAI is emerging as a powerful tool for client servicing, advisor enablement, and marketing. Unlike traditional automation, GenAI creates:

- **Conversational interfaces:** AI-powered chatbots answer complex questions naturally.
- **Custom reporting:** Personalized performance summaries, market updates, or ESG impact reports.
- **Marketing assets:** Tailored pitchbooks, videos, and emails generated at scale.

Leading enterprise-grade LLMs are being adopted by financial institutions to power compliant, transparent client engagement. Constitutional AI frameworks help mitigate risks like hallucination, tone misalignment, and regulatory breaches. As a result, these models support personalized communications, internal advisor copilots, and GenAI content monitoring—often with features like controllable outputs and auditability to meet compliance standards.

According to Financial Planning 49% of wealth managers plan to use GenAI to enhance client communications, making it the top use case.

Augmentation vs. Automation: GenAI doesn't replace advisors—it augments them, allowing more touchpoints, more relevance, and more time for strategic conversations.

Illustration recommendation: Side-by-side comparison of traditional vs. GenAI-generated communication output (e.g., manual report vs. auto-generated report).

How Generative AI Transforms Client Communication

Traditional

- Manually prepared reports or emails
- Generic and compliance-heavy
- Minimal personalization
- Requires advisor or analyl st time

GenAI-Powered

- Auto-generated performance summaries,
- ESG reports, rebalancing alerts
- Adapted to individual client preferance
- High personalization
- Instant or on-demand generation

+ Time
+ Relevance
+ Scale

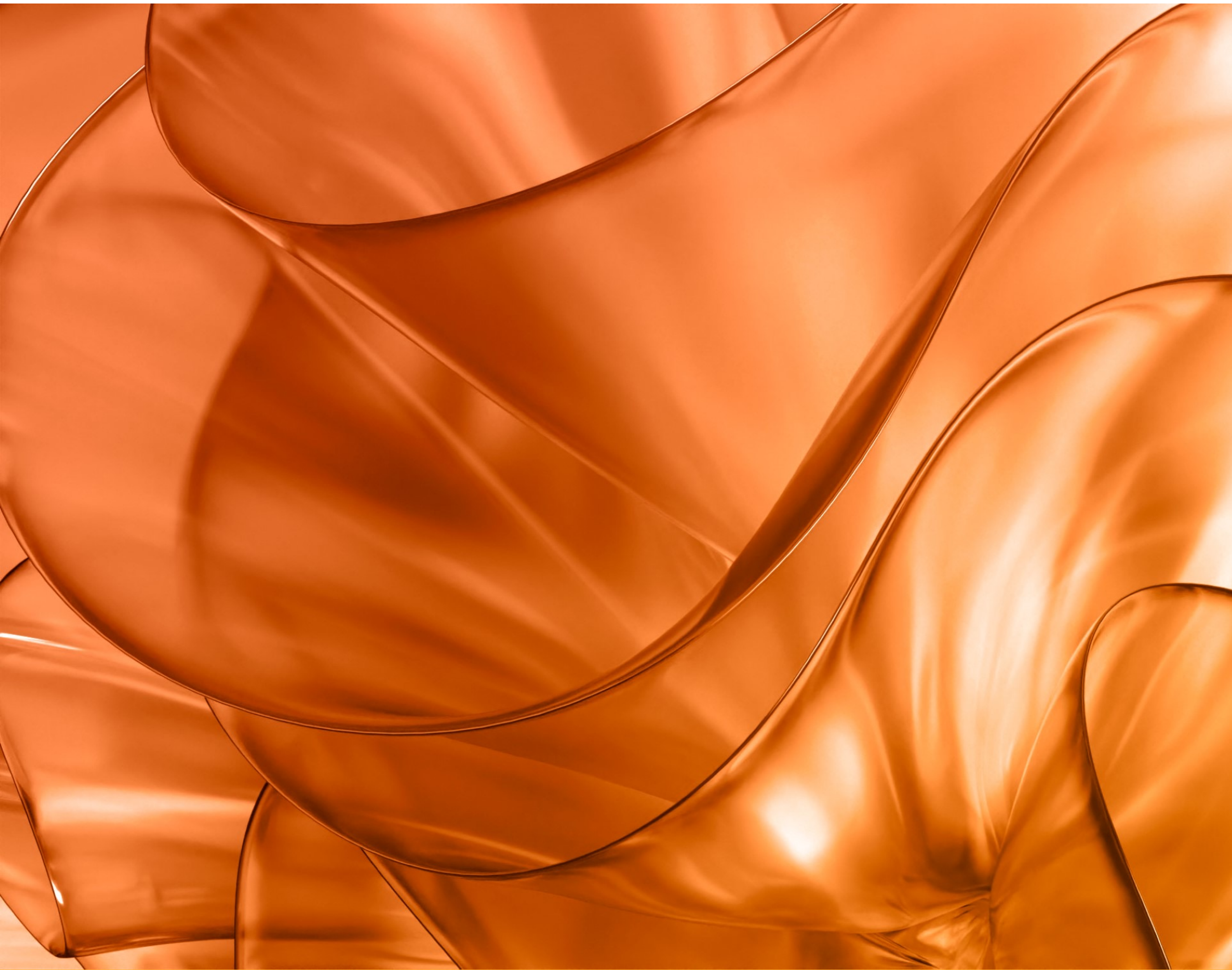
5 — Leaders in Action: Vanguard, Wealthfront, Invesco

Several firms have already made major strides:

- **Vanguard & Wealthfront:** Proprietary AI platforms analyze behavior and deliver automated portfolio recommendations.
- **Amundi:** Leverages AI for macro/micro portfolio insights and direct indexing at scale.
- **Invesco & WisdomTree:** Use large language models to generate personalized marketing materials.

Financial firms are also exploring LLM-based copilots for advisors, chosen for their controllable outputs and auditable frameworks to generate personalized but reviewable summaries, emails, and service scripts.

These leaders are not just piloting AI—they're scaling it. Their approach often combines in-house data science with external tech partners to balance speed, control, and innovation.



6 — Infrastructure Gaps and the Case for Partnership

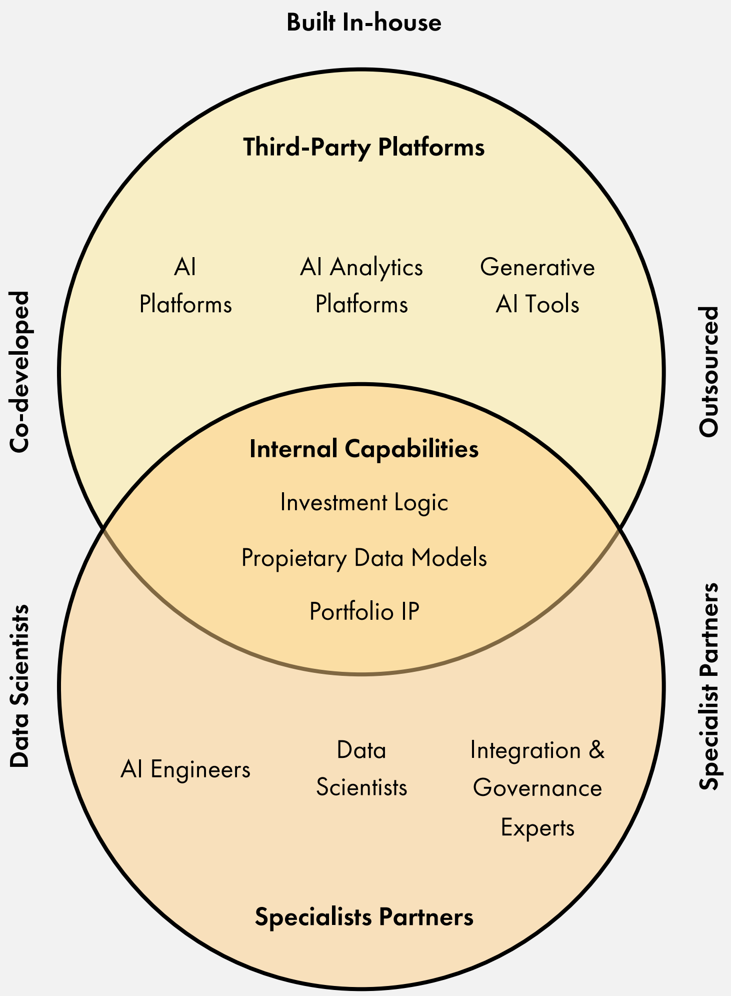
While interest is high, internal barriers persist: - 53% of asset managers cite data quality/integrity as a key blocker - 45% report a lack of in-house AI/ML talent - Only 5% have a fully developed GenAI strategy

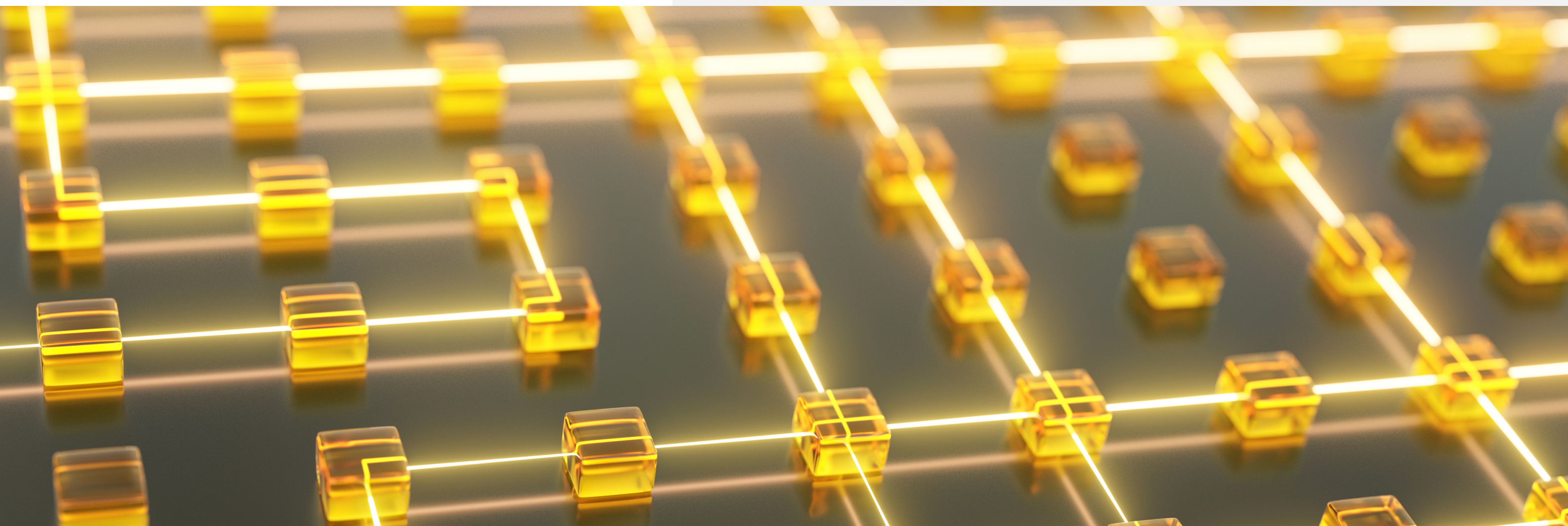
As a result, over 80% of firms use third-party AI tools—many with custom add-ons. This is creating a vibrant market for AI service providers, platform integrators, and software engineers.

Partnering opportunity areas:

- Building personalization engines atop CRM or portfolio systems
- Developing secure, auditable AI pipelines
- Creating GenAI-powered tools for reporting and content
- Integrating with client portals and advisor workflows
- Integration of LLMs designed with "constitutional AI" principles—such as transparency, tone control, and compliance monitoring—to ensure AI-generated content aligns with financial standards

The AI-Powered Personalization Ecosystem





7 — Strategic Roadmap: Scaling AI-Powered Personalization

To win with AI, firms need a roadmap that balances experimentation with delivery, governance, and measurable outcomes.

Short-Term (0–12 months): - Clean and consolidate client data - Deploy recommendation tools and automated reporting - Launch pilots for GenAI content or chatbot servicing

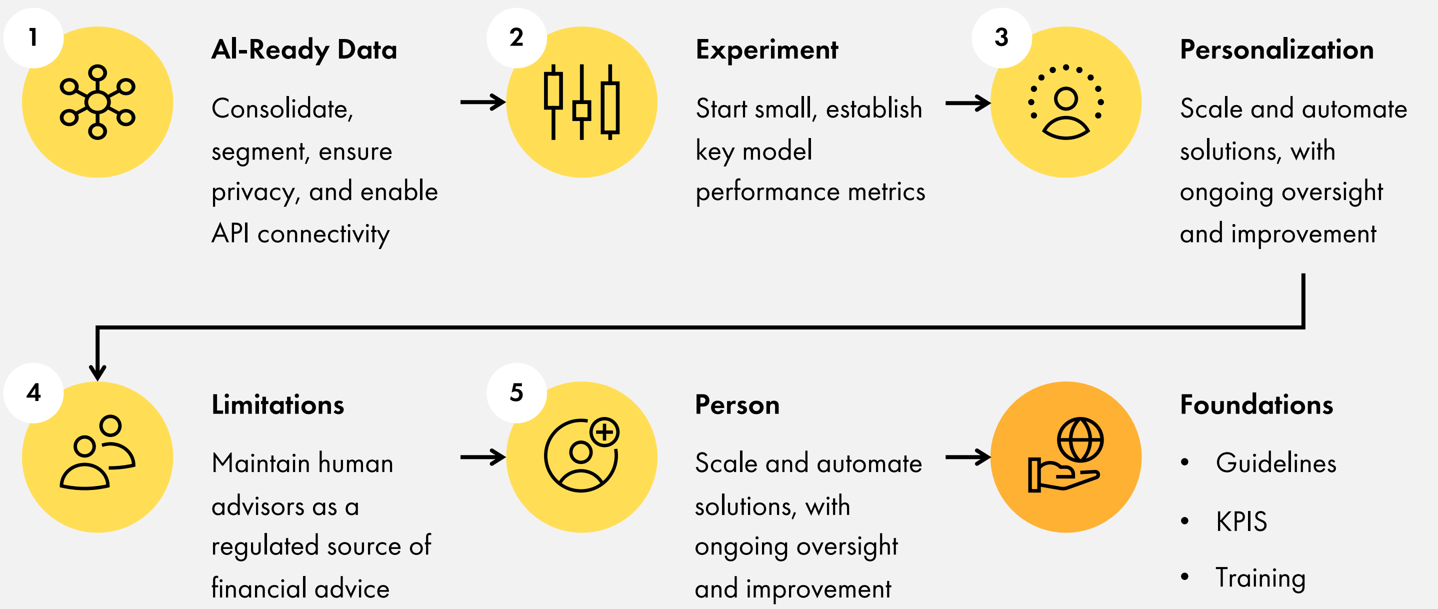
Mid-Term (12–24 months): - Scale successful use cases across teams or business units - Integrate AI with CRM, advisor portals, and marketing systems - Establish governance for model validation and compliance

Long-Term (24–36 months): - Build full personalization platforms (e.g., direct indexing + NLP insights) - Use real-time data to adapt portfolios and advice continuously - Upskill advisors with AI literacy and co-pilot tools

KPI Examples: - Client satisfaction score uplift - Increase in AUM per advisor - Reduction in service turnaround time - Conversion lift in personalized campaigns

Illustration recommendation: Strategic roadmap diagram with KPIs aligned to each stage.

Roadmap to AI-Powered Client Personalization



Conclusion: Competing in the Age of Intelligent Personalization

The future of asset management belongs to firms that can listen, learn, and respond at scale. Personalization powered by AI is no longer a nice-to-have—it's a strategic necessity.

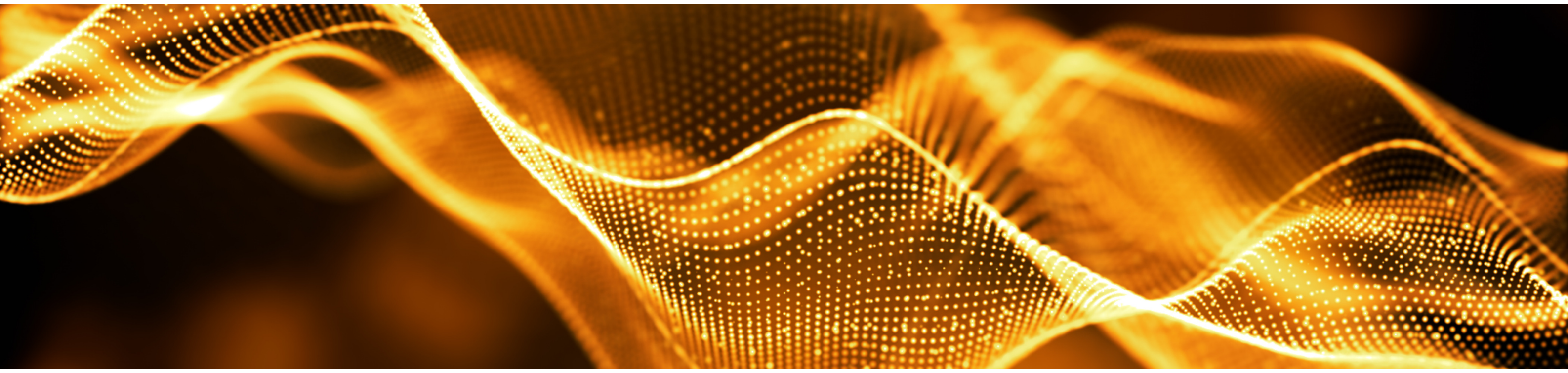
Firms that embrace this shift will: - Deepen client relationships through tailored insights and experiences - Boost advisor productivity and campaign effectiveness - Differentiate through intelligent service, not just product

This transformation doesn't require building everything in-house. With the right partners, firms can move fast, stay compliant, and scale personalization with confidence.

About DataArt

DataArt is a global technology company that designs, develops, and supports unique software solutions for financial services firms. With deep expertise in AI/ML, digital platforms, and enterprise integration, we help asset managers accelerate innovation, modernize infrastructure, and personalize at scale.

Our Asset Management team works with leading firms to deliver: - AI/ML-driven recommendation systems and data platforms - Generative AI integration and compliance-ready pipelines - Portfolio and client engagement tools customized for advisors and investors



Let's Talk Personalization

> Looking to move from segmentation to personalization? Curious how AI can deliver ROI in 3–6 months? Let's explore what's possible—together.
>
> **Contact our Asset Management team.**
>
> Read additional articles and case studies at **www.dataart.com/insights**

Sources

Industry Reports & Forecasts

BNY Mellon Trends Report
Future of Asset Management Trends
https://www.bnymellon.com/us/en/insights/all-insights/future-of-asset-management-trends.html

Accenture – The Future of Asset Management
Why personalization is the future of asset management
https://www.accenture.com/us-en/insights/capital-markets/personalization-asset-management

Deloitte Investment Management Outlook
2024 Investment Management Industry Outlook
https://www2.deloitte.com/us/en/insights/industry/financial-services/investment-management-industry-outlook.html

GlobeNewswire Forecast
AI in the Asset Management Market Forecast to 2034
https://www.globenewswire.com/news-release/2025/05/01/3072120/0/en/AI-in-the-Asset-Management-Market-2025-Forecast-to-Surpass-21-7-Billion-by-2034-Driven-by-Predictive-Analytics-and-Machine-Learning-Adoption.html

KPMG 2025 Asset Management Outlook
Unlocking new value in asset management with emerging technologies
https://kpmg.com/us/en/media/news/2025-asset-management-outlook.html

Articles & Insights

Financial Planning – AI in Wealth Management
10 key stories on AI and wealth management in 2024
https://www.financial-planning.com/list/10-key-stories-on-ai-and-wealth-management-in-2024

WealthTech Club / TIFIN Case Studies
Franklin Templeton + TIFIN: How AI chatbots support retirement investing
https://www.wealthtechclub.com/tifin/

WisdomTree and Invesco on GenAI for Advisors
(Typically referenced via earnings calls or press releases — synthesized from multiple media sources)