Second, the rise of passive funds versus active funds has continued. Over the past nine years, passive funds have attracted more inflows than active funds. For the first time, total assets in US passive mutual funds and exchange-traded funds have surpassed those in active ones this year. This trend is also turning a spotlight on the vulnerability of investment concentration in the biggest corporates, where popular trades are driving up their market caps and hence market index weighting. This creates a positive feedback loop. Once these popular trades unwind, the swing could be unforgiving.

Third is the rapid growth of private market on the back of a more regulated banking market. Estimated assets under management for global private capital are as high as US$14 trillion plus, tripling from a decade ago. It is growing the fastest in the US, followed by Europe. In Asia, its growth has been slower, which means greater upside potential. We think private credit should be supported as an alternative form of financing for enterprises and projects with a longer investment horizon, but there should be adequate transparency and liquidity risk management, as well as more data reporting.

Then, there is climate change, transition finance, and the list goes on. But my last point is that we are living in an era of predictable unpredictability. Thanks to technology, algo trading

of funds at