

How AI Will Shape the Financial Industry Opportunities and Challenges

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OPENING REMARKS



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KEYNOTE SPEECH



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The AI-driven Transformation of Financial Services

Presented by:

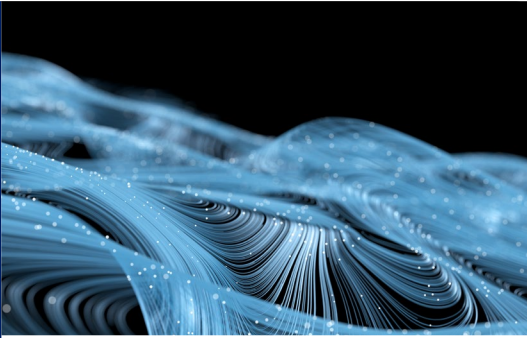
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AI is reshaping the economics of financial services



**Why AI is different
than previous
technology platforms**



**Why financial services
may benefit more than
most industries**



**How AI changes the
source of investment
advantage**



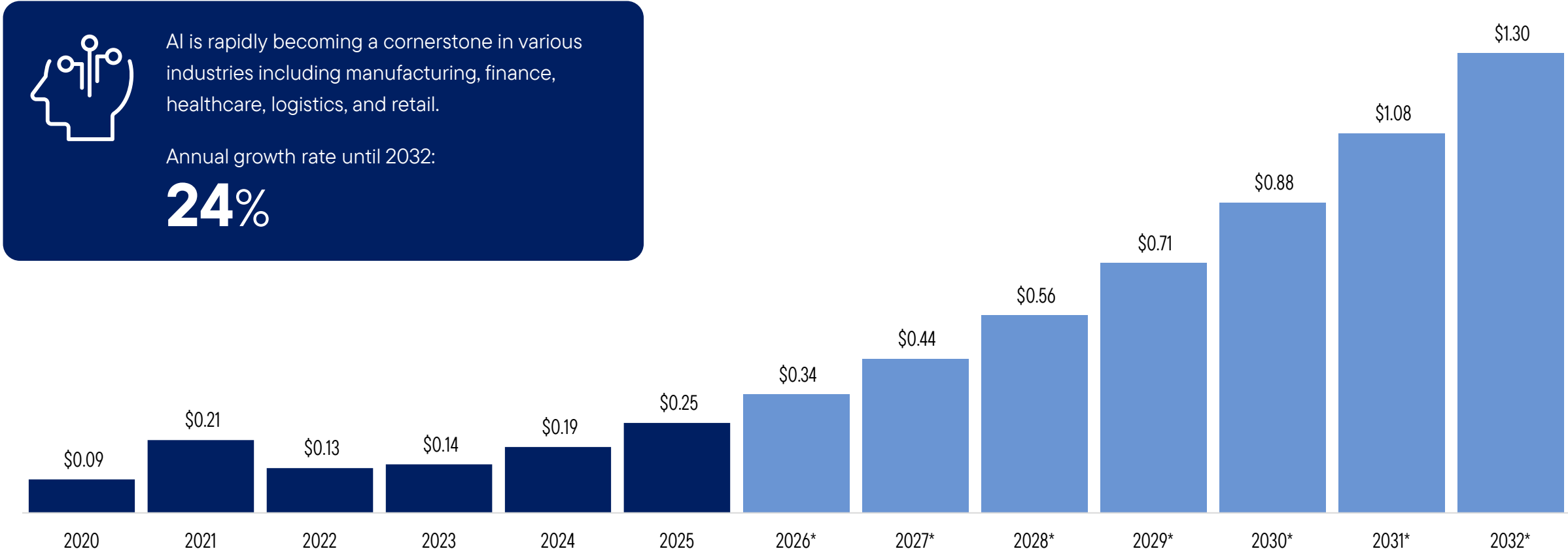
**How Franklin
Templeton is building
for that future**

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AI is becoming foundational infrastructure for the global economy

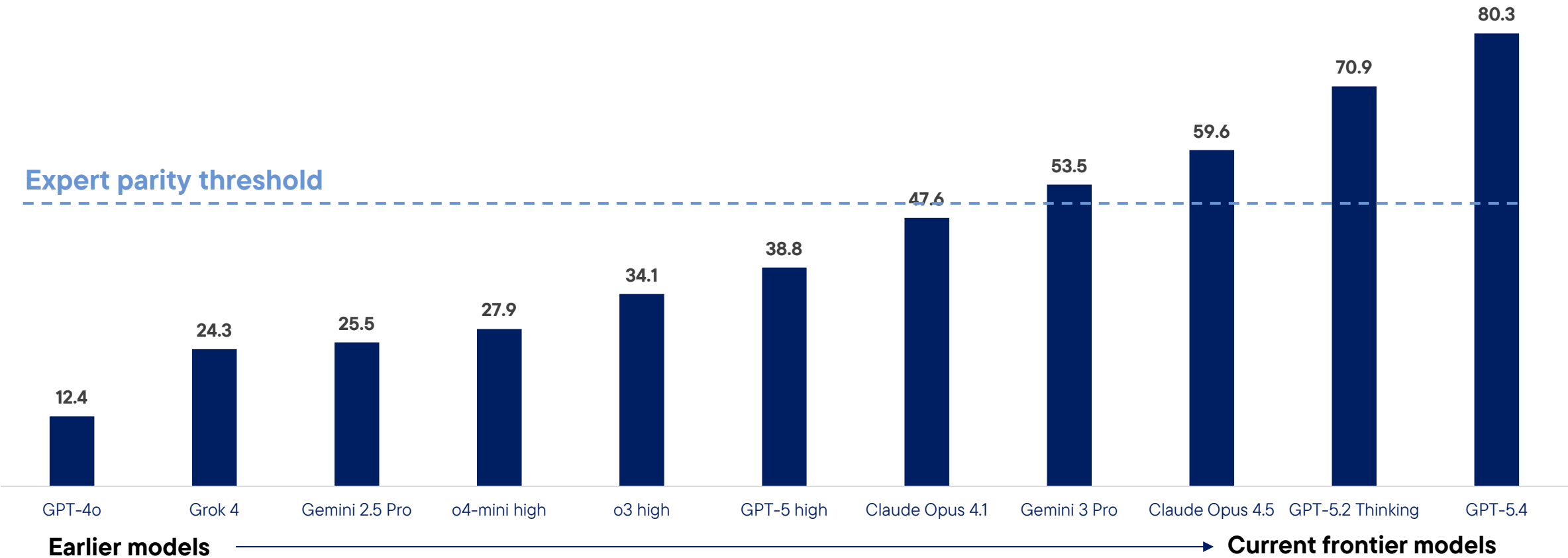
Forecasts predict the global AI market could reach more than \$1 trillion by 2032 (figures in trillions USD)



Source: Statista Market Insights 2026. Data as of March 2026. Amount shown in US dollars. For illustrative purposes only. Blue colours represent historical figures, while teal colours represent forecasted figures. *Forecast estimates. There is no assurance that any projection, estimate or forecast will be realised.

AI models have exceeded expert-level performance on many tasks

GDPval: AI model win rate vs. industry experts across 44 occupations

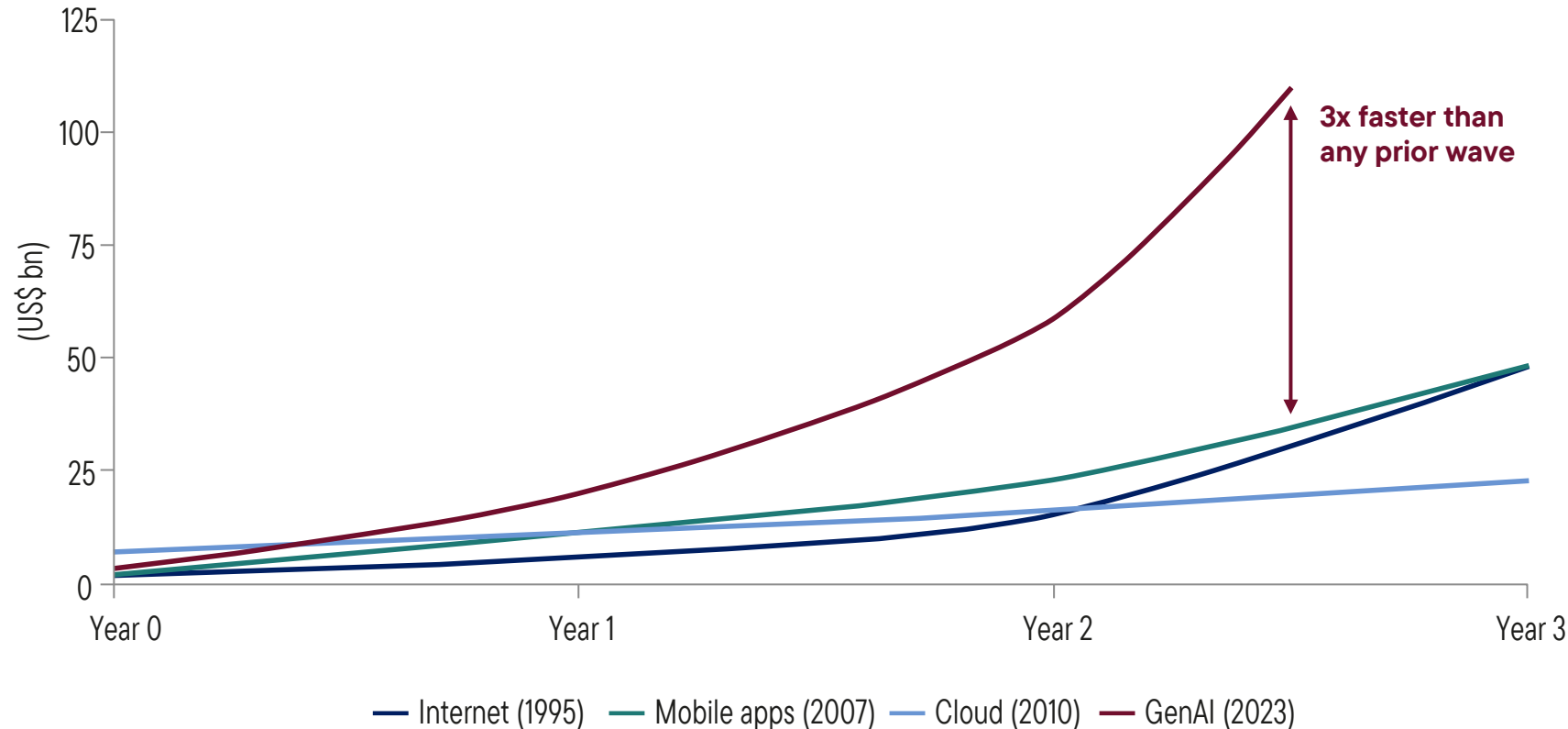


Metrics include ties and wins on human pairwise comparisons on the GDPval gold subset. Source: openai.com/index/gdpval. Source: Cornell University - GDPval: Evaluating AI Model Performance on Real-World Economically Valuable Tasks. As of 5 March 2026. Win rate refers to times where model results were rated as better than or on par with results from industry experts.

AI revenue is scaling 3x faster than prior technology waves

Realized revenue trajectory time-aligned to year zero

US\$ bn/year, adjusted for inflation



- Enterprise adoption is occurring at unprecedented speed
- Organizations have less time to adapt than during previous technology cycles
- Competitive advantage will increasingly favor early adopters

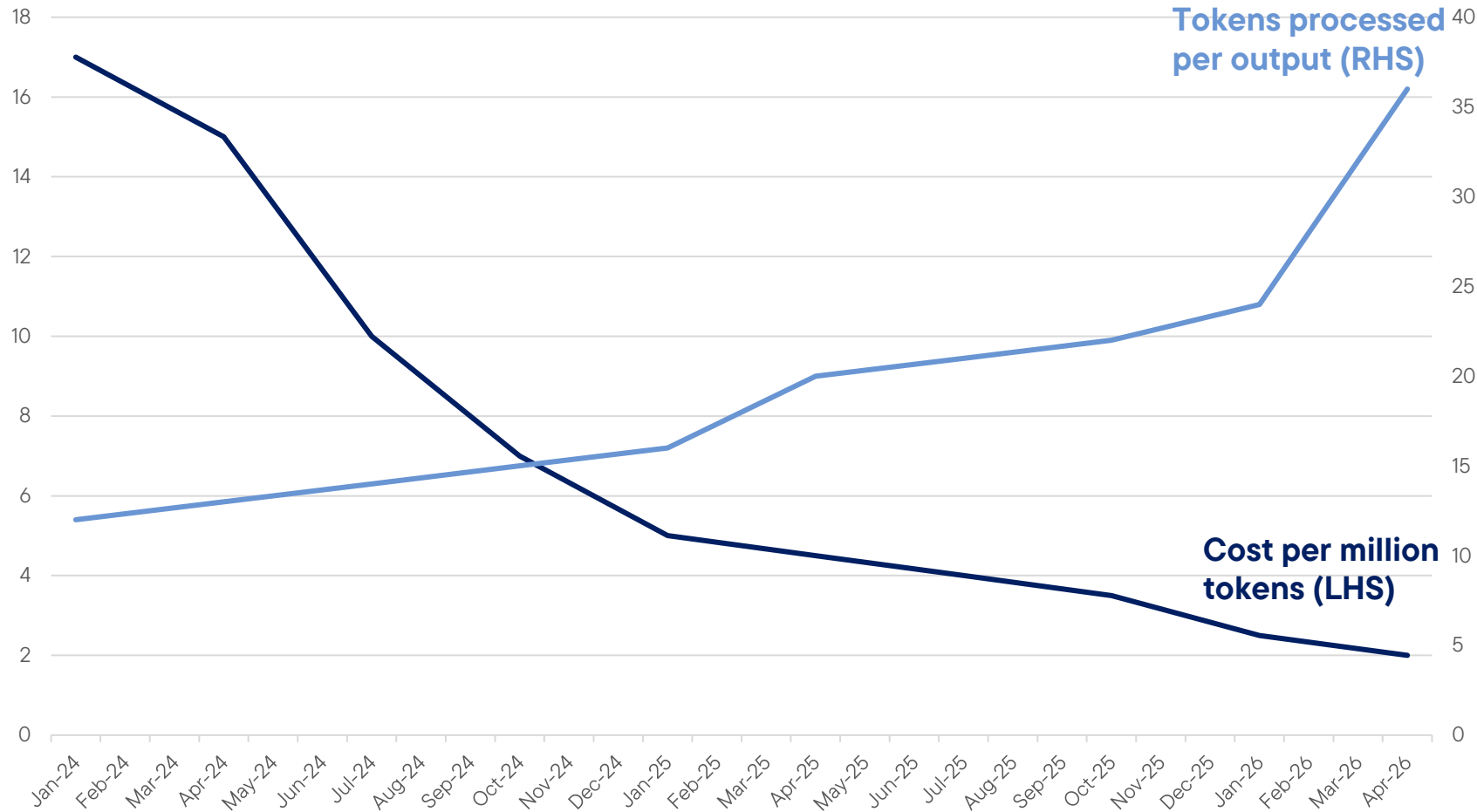
Source: Exponential View analysis; US Commerce; company filings; UBS; US Bureau of Labor Statistics. Note we use the first full year of revenues so have started GenAI measurement from 2023.

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Lower costs are expanding, not limiting, the AI opportunity

Lower AI costs appear to be driving more usage, not reducing revenue opportunity

January 2024 – April 2026



What's changed:

- ~90% decline in blended token pricing
- 3x increase in tokens processed per output

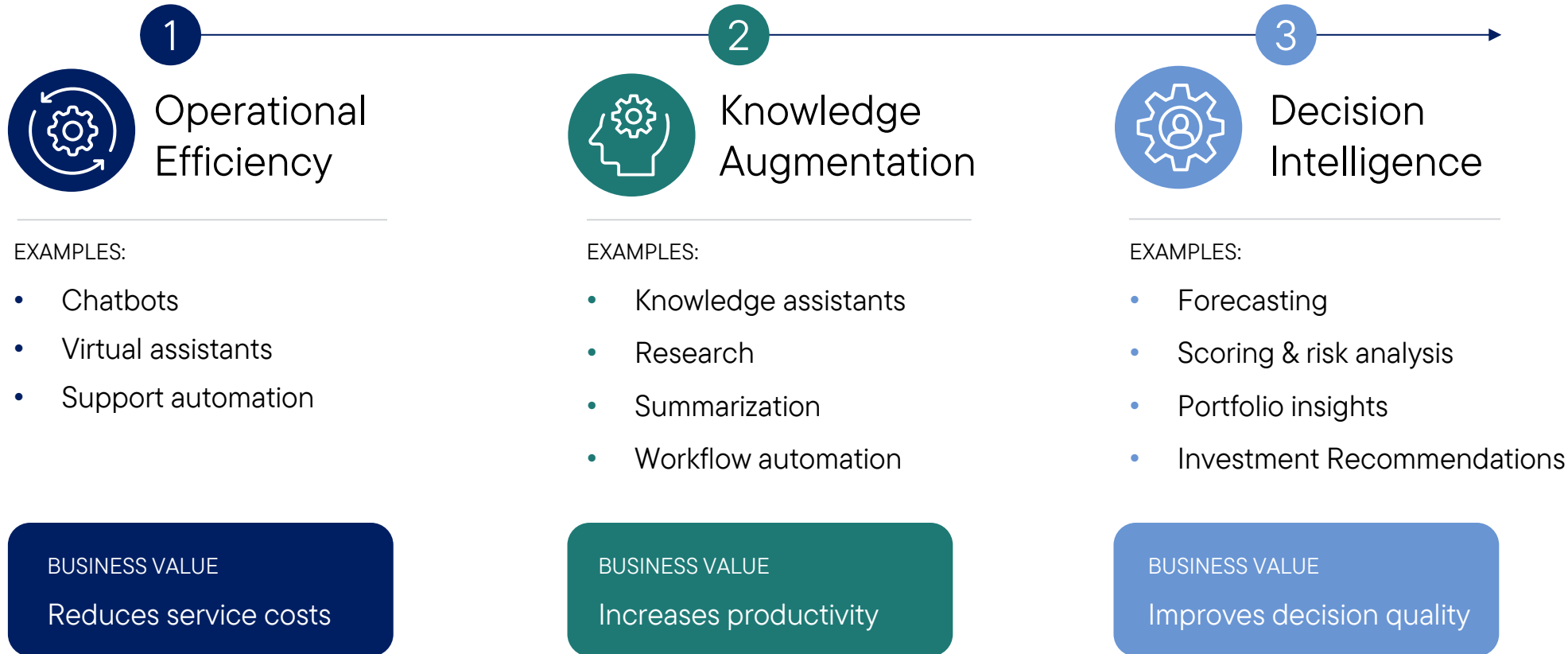
Why it matters:

- Lower inference costs expand the addressable market
- AI is moving from experimentation to embedded workflows
- Higher usage can offset declining unit pricing through volume

Source: Exponential View analysis; Epoch AI. Chart simplified from original to show token price and usage intensity only. Blended price per million tokens vs tokens processes per output token. Interpretations regarding AI adoption, usage, market expansion and commercial impacts reflect current market observations and expectations based on available industry data and are subject to change. There can be no assurance these trends will continue or that anticipated commercial outcomes will be realized.

Competitive advantage shifts as AI matures

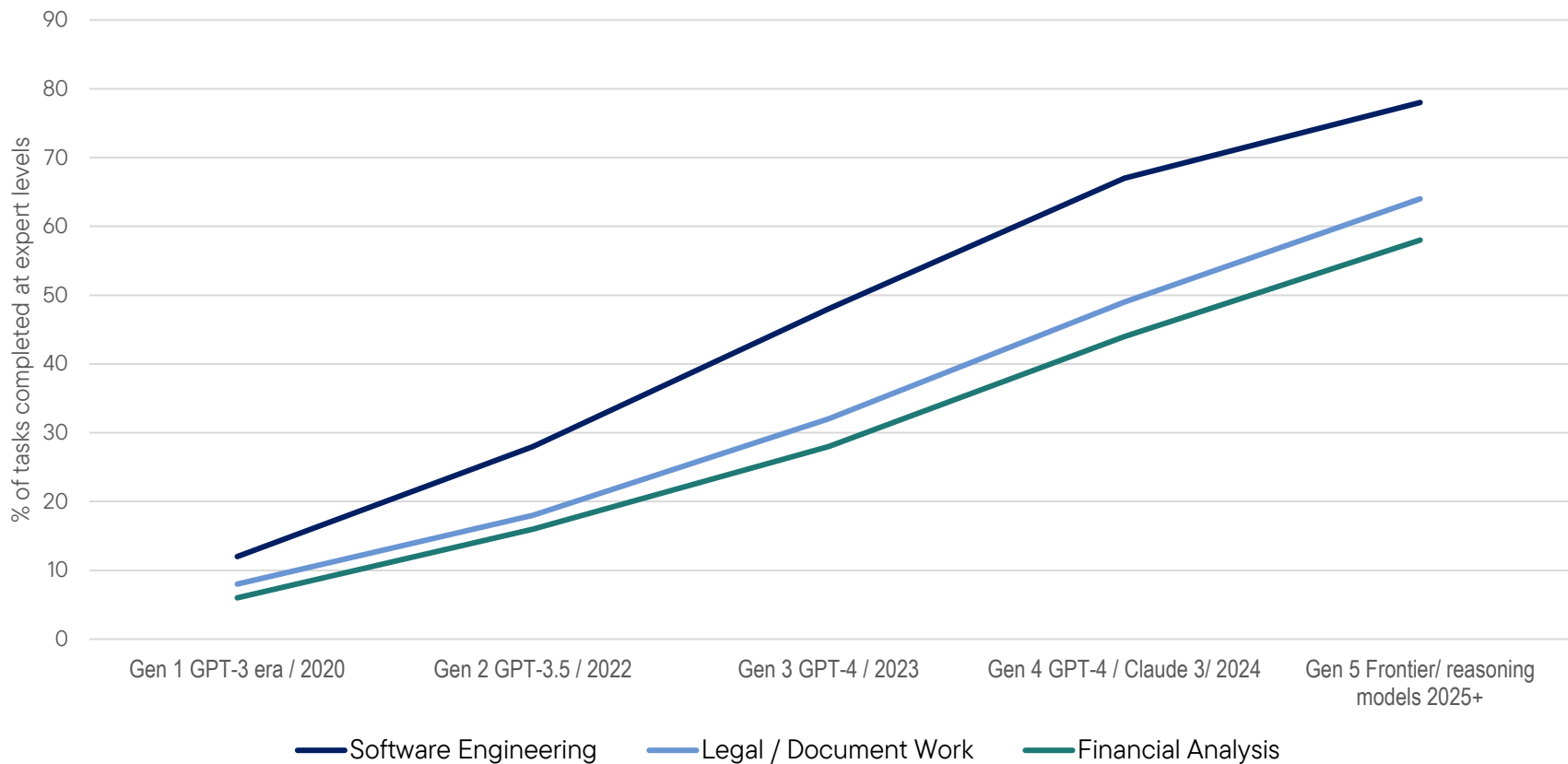
Organizations typically begin with efficiency before progressing to strategic differentiation



Each wave delivers more strategic value and requires deeper integration into core business processes and data

The AI capability curve is real, and it's coming for asset management

Each domain follows the same curve



The pattern.

Knowledge-work performance climbing across model generations. (Benchmark-derived performance measured by GDP Val)

The leading indicator.

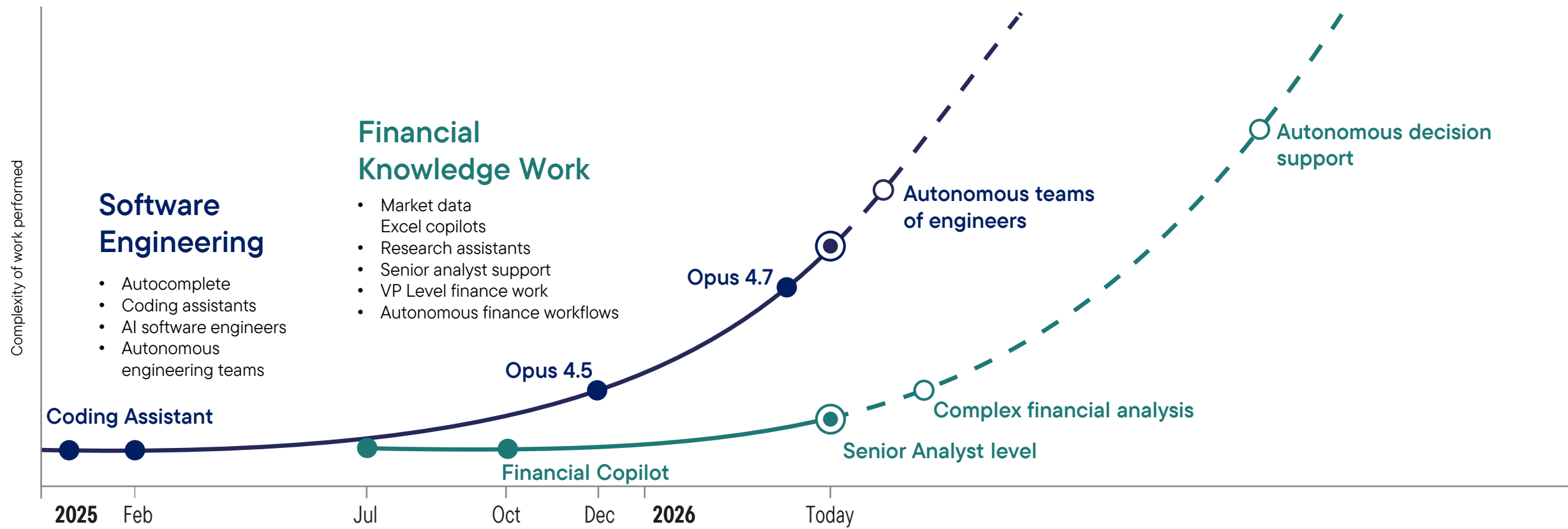
Software engineering crossed the threshold first.

The implication

Asset management is following the same curve.

Source: Franklin Templeton analysis based on publicly available AI benchmark studies (e.g., GPQA, MMLU, SWE-bench). Sources include OpenAI, Anthropic, Google DeepMind technical reports; GPQA, MMLU, SWE-bench benchmarks. Data shown are illustrative and not intended to represent exact benchmark outcomes. Data as of July 24, 2026.

AI is moving from assistants to autonomous knowledge work



Source: Anthropic product announcements and technical documentation; Franklin Templeton analysis. As of July 2026. This slide is intended for illustrative purposes only and reflects Franklin Templeton's interpretation of publicly announced AI product capabilities and expected future development. Future milestones, capability progression and timing are forward-looking estimates and are subject to uncertainty. There can be no assurance that anticipated technological developments or commercial adoption will occur as illustrated.

Financial services may be one of AI's biggest beneficiaries



Knowledge Intensive

Decisions are driven by information, analysis and judgement



Data Rich

Massive volumes of structured and unstructured data



Digital & Repeatable

Digital workflows and standardized processes create automation opportunities



High-value Labor

Productivity gains compound across highly skilled workforces



Highly Regulated

Governance and documentation become more scalable and consistent

More than two-thirds of work in financial services has significant AI potential

32–39%

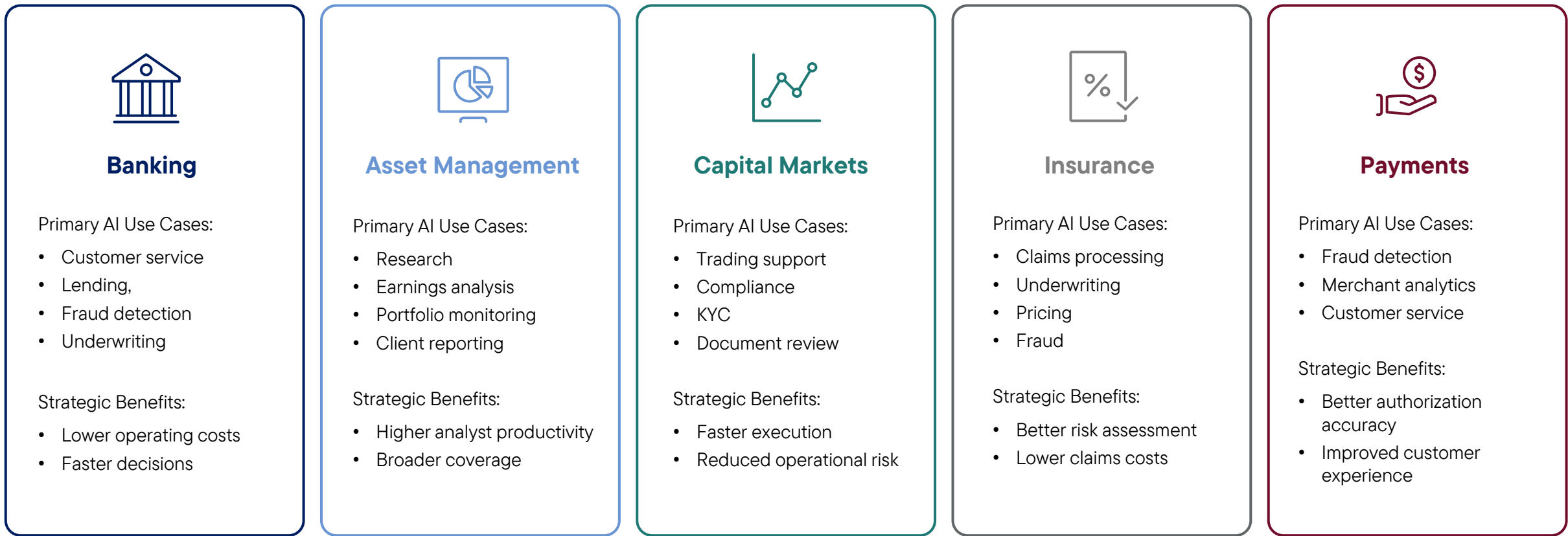
High automation potential

34–37%

High augmentation potential

World Economic Forum, Artificial Intelligence in Financial Services (2025)

AI is being deployed across the financial services value chain

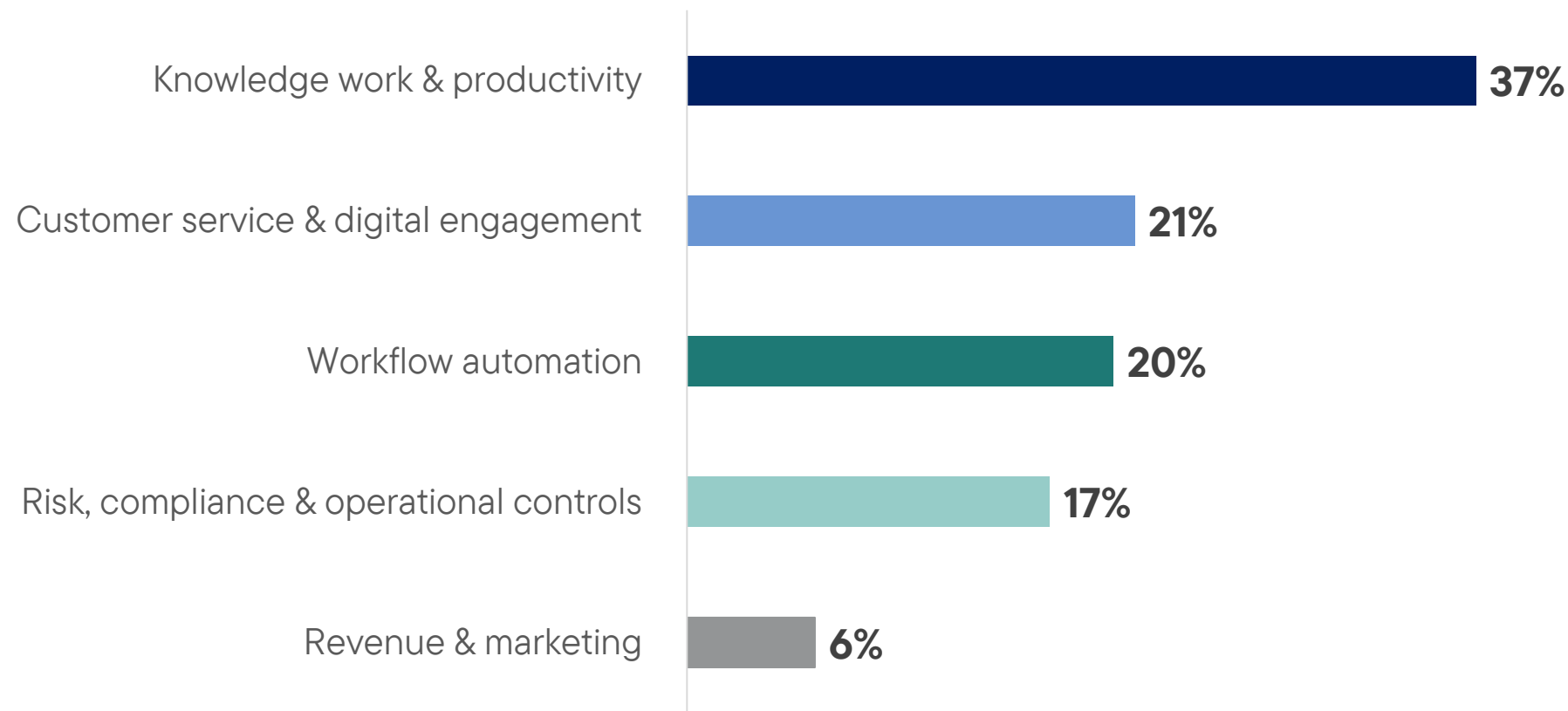


Every segment of financial services is using AI to increase productivity and enhance decision-making

Source: Adapted from Deloitte, *AI Dossier: Financial Services*; Deloitte Center for Financial Services, *Harnessing Generative AI in Financial Services* (2025); and Franklin Templeton analysis. Use cases shown are illustrative examples based on publicly available industry research and are not intended to represent all current or potential applications of artificial intelligence within the financial services industry. The information has been summarized and adapted by Franklin Templeton for presentation purposes and should not be construed as a forecast, recommendation or endorsement of any particular technology, company or implementation approach.

Financial companies are using AI to augment people, not replace them

A review of 200 AI use cases across financial institutions shows adoption is concentrated in productivity and workflow enhancement



94%

of AI deployments today focus on productivity, workflow automation and operational efficiency – not revenue generation

AI is moving from experimentation to enterprise deployment

Survey of 800+ financial services professionals worldwide

65%

Actively using generative AI

AI adoption is already mainstream in financial services

73%

AI is crucial to future success

AI is viewed as a strategic capability

~100%

Will maintain/increase AI budgets

AI investment continues to accelerate

42%

Have deployed or plan to deploy AI agents

Firms are deploying AI agents and workflow automation

89%

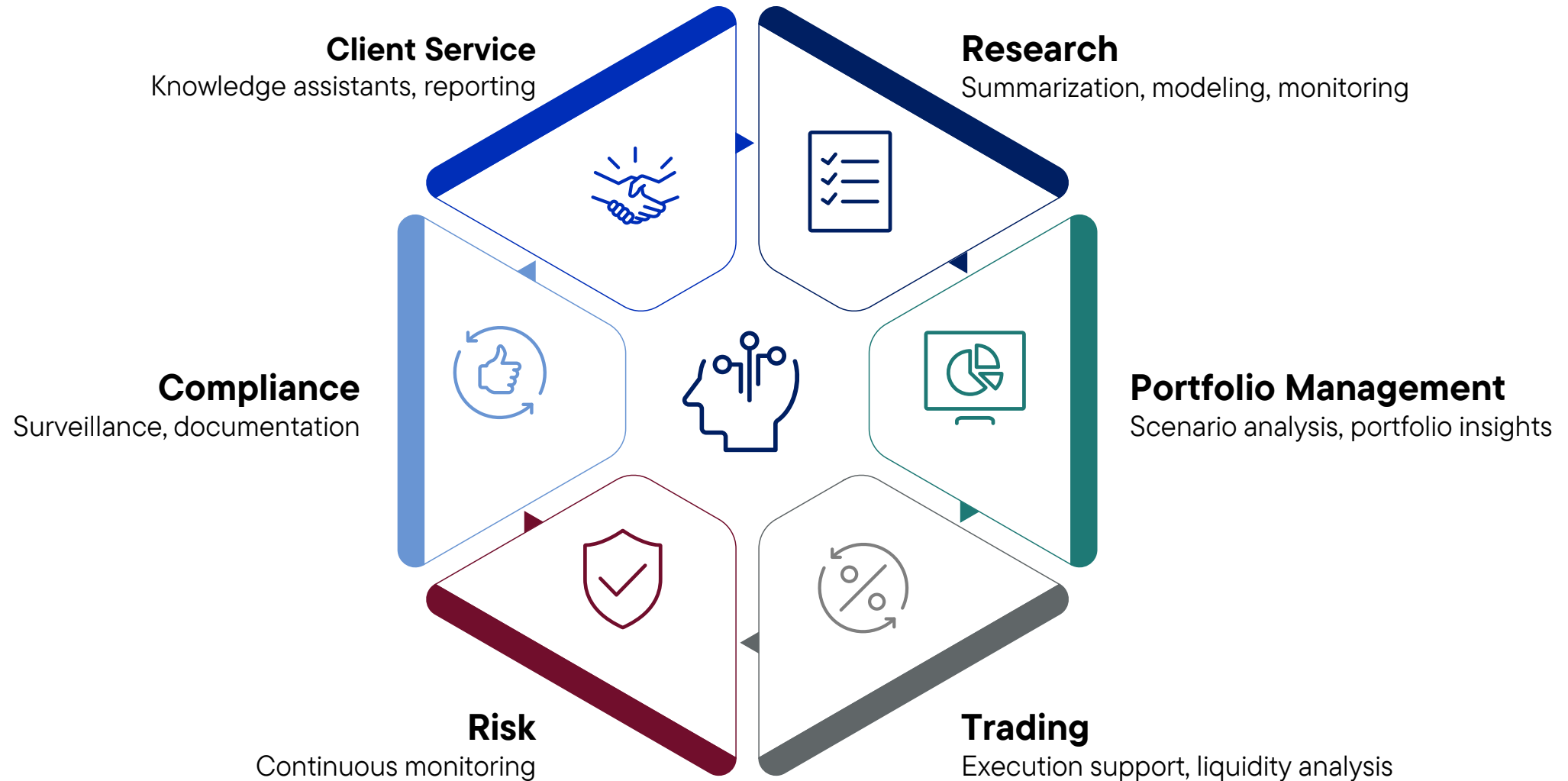
AI increasing revenue or decreasing costs

Organizations are already realizing measurable business value

AI is becoming foundational infrastructure for financial services, with competitive advantage increasingly determined by how effectively firms integrate it into everyday decision-making.

Source: NVIDIA, *State of AI in Financial Services 2026: From Pilot to Profit* (published January 22, 2026). Survey of more than 800 financial services professionals globally. Statistics reflect survey responses regarding current AI adoption, investment priorities and business outcomes. Percentages are based on respondent answers and do not represent independently verified industry-wide results. The information is provided for illustrative purposes only and should not be construed as investment advice or a recommendation of any product or service.

AI is becoming imbedded across the investment organization



Source: Adapted from Deloitte, *2025 Tech Trends for Investment Management* (2025). Deloitte discusses the application of generative AI and agentic AI across investment management workflows, including research, portfolio management, trading, client service, risk, compliance and core operating systems. Functional examples shown are illustrative and have been adapted by Franklin Templeton.

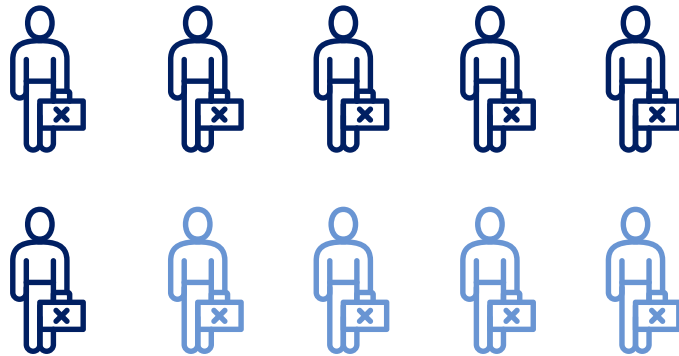
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AI can already perform many of the tasks of an entry-level financial analyst

AI can already complete roughly
6 out of every 10
junior financial analyst tasks correctly.

Tasks across key areas:

- Information Retrieval
- Market Research
- Investment Insights
- Financial projections
- SEC filing analysis



Substantial capability today

Frontier models can already complete many foundational tasks typically done by junior analysts



Room to improve

Even the best models score below two-thirds accuracy, reflecting the complexity of financial analysis



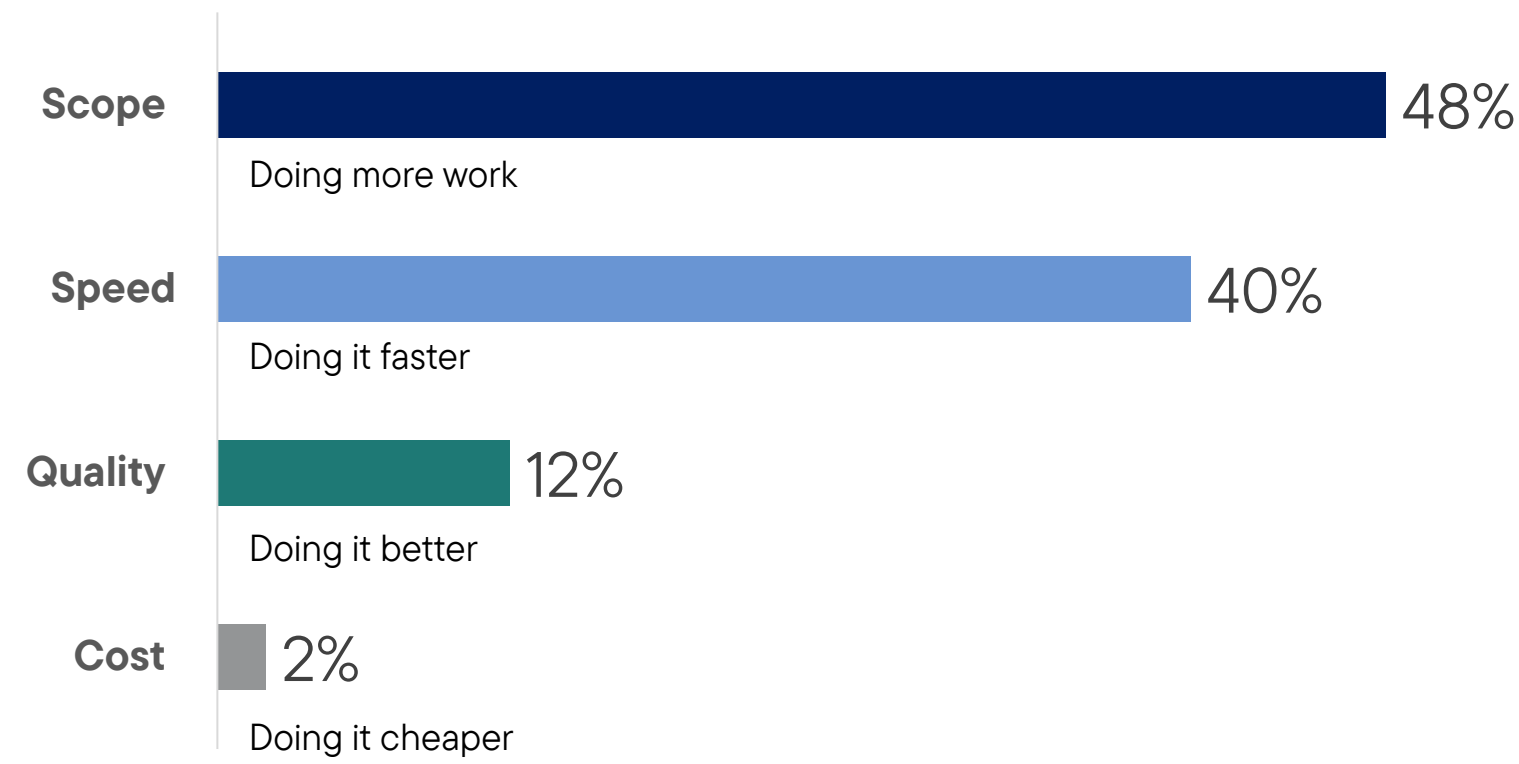
Human judgement remains critical

Interpretation, context, and decision-making continue to differentiate experienced investors

Source: Stanford HAI, *AI Index Report 2026* (Finance Agent v1.1). Benchmark evaluates leading AI models on 537 tasks representative of entry-level financial analyst work. Slide adapted by Franklin Templeton for illustrative purposes. Leading frontier models delivered ~60% accuracy on a benchmark designed to simulate an entry-level financial analyst

AI expands capacity more than it reduces headcount

What kind of productivity gain do users report?



AI's biggest opportunity isn't labor reduction—it's expanding what every investment professional can accomplish.

More research.
Broader coverage.
Faster analysis.
Better client outcomes.

AI is delivering measurable productivity gains across financial services



Erica has handled more than

2.5 billion client interactions

and executives estimate it has created productivity equivalent to

~11,000 full-time employees

by reducing routine service work.



~20% software developer productivity improvements

with certain AI-assisted tasks improving by

up to 30%



2,000+ AI and machine learning use cases in production

with AI embedded across fraud, customer service, software development and investment research.

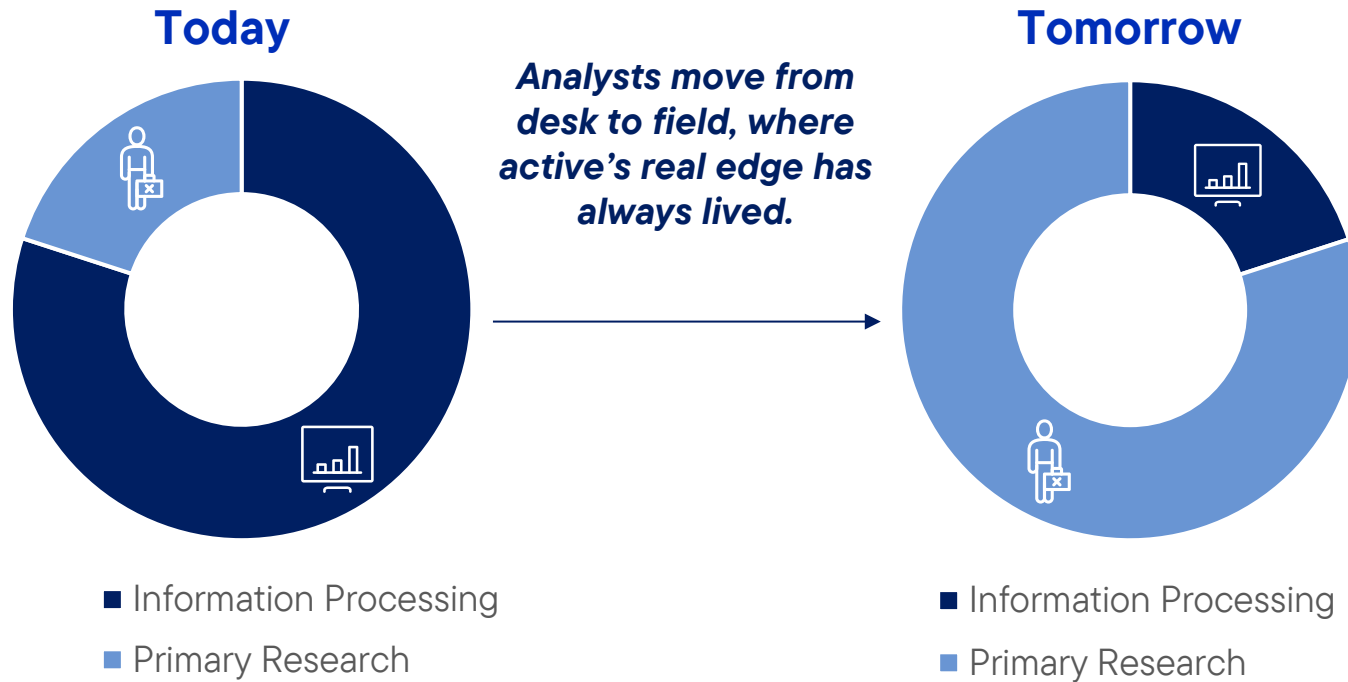


AI assistant deployed firmwide to augment financial advisors with instant access to institutional knowledge.

Source: Examples gathered from company press releases, interview transcripts and disclosures. For illustrative purpose only. The information provided is not a recommendation to purchase, sell, or hold any particular security and should not be construed as an endorsement of or affiliation with Franklin Templeton. Logos are trademarks of their respective owners and should not be deemed a sponsor of, or recommendation for, any Franklin Templeton product or service. Data as of 24 July 2026.

Information = commodity. Insight = alpha

AI drives the 80/20 Inversion for asset managers



What AI does to the industry

- Full access to the entire information set
- Standardized, compliant data usage
- Information advantage disappears

Franklin Templeton's Edge

- Global platform of investment data across teams
- Ability to synthesize insights across silos
- Scale-driven access to management and companies

Human network + AI = differentiated insight

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AI scales analysis. Humans create differentiated insight.



What the models do:

- Automate and update models instantly
- Write earnings notes
- Read every 10K and transcript; ingest and synthesize public information
- Surface thesis drift in real time
- Dynamically optimize portfolios



What the models will never do:

- Meet with management teams
- See what's actually happening on the ground
- Hear unfiltered feedback from real customers
- Talk with other investors
- Win in the moments that matter

AI scales analysis. Humans generate insight. Alpha lives in the field.

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Winning with AI requires more than great models

The firms that create lasting advantage will solve eight organizational challenges.



Data Quality

AI amplifies the quality of underlying data



Integration

Connecting AI across legacy systems and workflows



Explainability

Investment decisions must remain transparent and auditable



Accuracy

Hallucinations and inconsistent outputs require validation



Privacy

Protecting client and proprietary data



Cybersecurity

New attack surfaces require stronger controls



Governance

Regulatory compliance and responsible AI oversight



Trust

People must trust AI before they rely on it

Franklin Templeton is building an AI-enabled investment platform



AI at scale across the platform

- Copilots deployed across investment teams
- Automated research workflows
 - Summarize filings, transcripts, and news
 - Accelerate model updates and scenario analysis
- Real-time monitoring of portfolios and thesis drift
- Standardized, compliant data usage



Building the investment system

- Connecting data across teams and strategies
- Unifying public + proprietary research
- Creating platform-wide intelligence (not siloed insights)
- Enabling agentic workflows and automation over time



Where This Creates Edge

- Scale: visibility across a global investment platform
- Synthesis: insights across sectors and geographies
- Access: relationships with management and companies
- Integration: human judgment + AI capability

Information becomes a commodity. Insight becomes advantage.

AI+ Human = the future of financial services



AI is changing the economics of financial services

AI is not another technology cycle; it is automating knowledge work.



Competitive advantage is shifting

Information is becoming abundant. Insight becomes increasingly valuable.



Winning firms will combine AI with human expertise

The firms with the best people, data, governance and investment processes will benefit the most

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FIRESIDE CHAT and Q&A



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Co-hosted with Manulife

“The New Longevity Mindset: Rethinking Retirement for a Longer Life”

Date : 20th August 2026

Time : 3:00pm – 4:00pm

Language : Cantonese

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