

Asset and Wealth Management

Thinning the Herd: The Race for Relevance Fueling M&A

By 2029, we expect 20% fewer wealth and asset managers. As growth becomes scarcer and more concentrated, intra-sector scale becomes paramount. As insurers and wealth managers reassess whether they are the right owners of their asset manager, inter-sector opportunities emerge.



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Executive Summary

The wealth and asset management industries have long been among the most fragmented within financial services. Despite the economies of scale of both industries, there was no imperative to consolidate. The bar to profitability could be achieved with a tight-knit team and few clients. There was enough organic growth to go around, and beta was lifting all boats. Asset management clients themselves were highly fragmented (pension funds, insurance companies, independent wealth managers), each working with a wide array of fund providers.

The picture is changing. Profitability is challenged with mid-sized players displaying the lowest (and decreasing) operating margins. While revenue margins continue to drop, technology and AI require ever more investment to stay competitive. Leaders are taking an increasingly disproportionate share of the net new money as they leverage their scale's benefits to reinvest in capabilities and relationships to capture new capital- and resource-intensive pockets of growth. As asset management clients consolidate, internalize, and shift to strategic partnerships, and wealth management clients raise their expectations and professionalize their relationships (e.g., via using multi- and single-family offices), opportunities for growth become scarcer and more concentrated. We expect the combination of these factors to drive consolidation as mid-sized players become attractive acquisitions for leaders seeking further scale and diversification.

The effects are already on display. Transaction numbers have entered a new normal at over 200 significant deals per year since 2022 (twice the rate of the previous decade) across both asset and wealth management. The asset management industry is no longer producing net new managers of mutual funds or ETFs: Averaging over 150 for the past two decades, the yearly net new additions of traditional asset managers has dropped to a handful over the past three years. Even buoyant private markets are displaying a similar trend.

By 2029, we expect over 1,500 significant transactions across asset and wealth management, resulting in up to 20% fewer asset and wealth managers that are managing at least \$1 billion of assets within the next five years. Success in this new era of consolidation will require asset and wealth managers to consider M&A as a core lever of their growth strategies.

Most deals so far have been intra-sector: mergers between traditional managers, traditional managers acquiring alternatives, inde-

pendent wealth managers consolidating. Success has been mixed, particularly for asset managers: In recent years, less than 40% of flagship¹ asset management transactions improved cost-income ratios three years after a deal, half were in net outflows, and half of private market specialists acquired by traditional managers grew slower than the market. For wealth managers, multiple arbitrage has driven most of the value creation in independent consolidation, while private banks have managed to effectively leverage acquisitions and divestitures to reprioritize onshore markets and improve profitability.

Going forward, we expect inter-sector deals to grab the biggest headlines with insurance companies and wealth managers reassessing whether they are the right owners of their asset management businesses. The value of vertical integration has proven elusive in practice, either in terms of flows or valuations, leaving owners at a crossroads: invest in convergence and maximize the value of ownership or monetize the asset through a sale to a strategic or, increasingly, financial buyer. This is already materializing with insurers monetizing the value of their balance sheets through either sales or joint ventures.

For acquirers, the execution playbook is clear yet arduous. They will need to choose the right acquisition (prioritizing revenue complementarity and cultural compatibility over cost synergy potential), de-risk transactions (manage talent and asset attrition, reduce beta sensitivity in valuations), execute decisively to fend off competition, and run flawless post-merger integration to materialize ambitious return targets.

This report, informed by Oliver Wyman's extensive project work and over 30 discussions with senior executives at asset and wealth managers collectively managing over \$55 trillion of assets, delves into the drivers of consolidation, the different types of plays and their rationale, the track record of past deals and combinations, as well as our outlook for the next five years and a playbook for conducting successful transactions.

1. Transactions involving listed asset managers with >\$100 BN of AUM closed before 2021 (i.e., to provide >3 years for analysis).

Key Messages from Interviews

Our Blue Paper is informed by more than 30 interviews with senior executives with over \$55 trillion of combined assets under management. Here are the key takeaways from these discussions.

1) State of the Industry: Asset Management

- Shared expectation of single-digit AUM growth, but key debates around:
 - APAC: Low-double-digit growth expected but access a key challenge (India, China).
 - Institutional: Diverging views on balancing advantages of scale with stagnating growth.
 - Retail: Concentrates all hopes for growth, yet most asset managers recognize need for wider capabilities and stronger relationships with distributors to fully benefit.
- Shared perception of slowdown in private markets, but debates on future direction:
 - Dichotomy between leaders growing while others struggle to fundraise.
 - High hopes for retail distribution (and retirement), despite caution around suitability risks.
- Fee pressure on listed assets to persist; some warn of similar challenges for mid-sized private market players.
- Rise of passive to continue, yet many flag emerging opportunities for active management (ETFs, solutions, enhanced indexing).

2) State of the Industry: Wealth Management

- Growth expected across all wealth bands, but firm priorities diverge by heritage and client mix:
 - UHNW-heritage institutions plan either to double down on UHNW clients — expanding share of market and share of wallet via cross-bank collaboration and enhanced private-markets access — or to broaden focus to HNW, especially the \$1-10 million band, to capture incremental revenue growth.
 - Traditional HNW-focused private banks aim to make delivery models more cost-efficient so they can scale within HNW while preserving a high-touch value proposition.
 - Affluent-/retail-heritage firms prioritize capturing the \$1-10 million segment by optimizing proprietary acquisition funnels and deploying cost-efficient, modular delivery models.
- Intergenerational wealth transfer: Divergent stances as some leaders view it primarily as a retention risk, and others see a step-change opportunity to gain share by mobilizing younger advisors and tech-enabled coverage and service models.
- Private-markets access is widely seen as critical to growth, though build paths vary: from developing in-house capabilities to forging partnerships that source differentiated products and help managing operational complexity.
- Organic growth is a core priority: Firms are leveraging new tools and advanced analytics to deepen client engagement, optimize pricing, and design incentives that attract and retain sticky assets.
- Cost discipline is accelerating: Leading managers are executing targeted cost-reduction programs, sharpening market focus, speeding digitalization, and building shared, AI-enabled platforms to raise operational efficiency.

3) M&A

Intra-sector asset management deals:

- Already buoyant transaction activity expected to accelerate, with most seeing consolidation as inevitable as scale pressures mount (“clients want to do more with fewer partners”).

- Convergence on difficulty to generate cost synergies in traditional asset management manager while limiting client attrition, although perceptions differ on what drives success:
 - For most, target complementarity (product, client, geography) and revenue synergies.
 - For some, ruthless execution and cost synergies.
- Divergence around the future of private asset capability bolt-ons. Some reiterate the need for traditional to enter private markets, while others argue “if you have not done so yet, you are too late.”

Intra-sector wealth management deals:

- Diverging strategies emerge among bank-affiliated wealth management: some focus on organic growth with a high bar for M&A, while others make acquisitions and divestitures central to their onshore strategies.
- Independent wealth manager consolidation expected to continue (succession needs, rising cost and tech investment needs); however, some caution that past value creation from multiple arbitrage will be difficult to replicate.

Inter-sector activity:

- Intersection of insurance and asset management to see high activity with different paths, from asset managers seeking acquisitions/partnerships to secure permanent capital, to insurers looking to secure proprietary origination capacity to compete in spread-intensive businesses, to insurers divesting their asset management arm to reinvest in their core (non-spread-intensive) businesses.
- Divergence on the value of wealth and asset management combinations, with some wealth managers actively pursuing further integration with their asset managers (fueling transactions to scale up investment capabilities) while others contemplate carve-outs.
- Debate around whether a PE investment case is emerging in asset management. Some point to new investment and value creation opportunities emerging, while others perceive attrition, talent, and beta risks as insurmountable.

4) Talent Management and AI

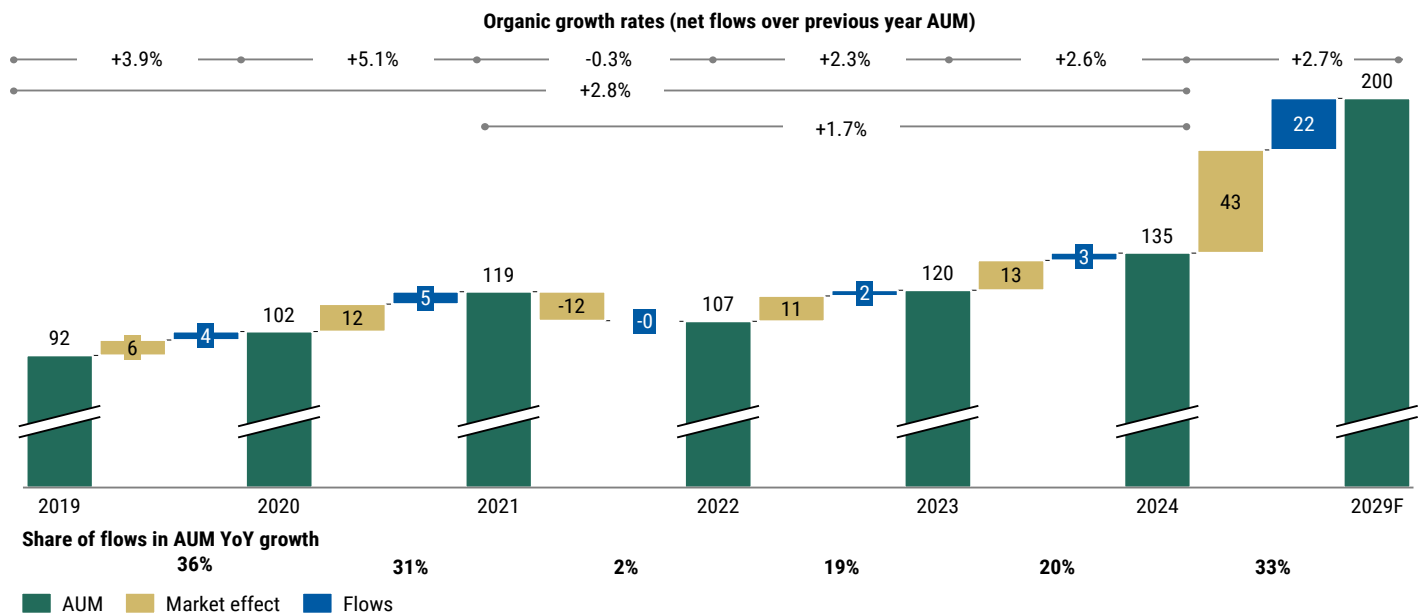
- Interviewed firms are shifting gears on AI from personal productivity to enterprise-level efficiency gains.
- Strategies diverge on how to leverage these new gains: while some seek to reinvest them (e.g., widening scope of research coverage), others are lowering (junior) headcounts.
- Both recognize the deep impact on talent management, requiring asset and wealth managers to fight for talent with a wider skillset applicable to more industries (e.g., tech, client management), exacerbating talent attrition risks following acquisitions.
- Leaders are anticipating these changes by revamping apprenticeship models (i.e., How do I train the next AI-native PM?), addressing seniorization of PMs and advisors early, and rethinking their value propositions to attract the next generation of talent.

1. Asset Management: The Rising Tide Is Shifting

1.1. Global Asset Management (AM) Outlook: Tenuous Despite Record AUM

In 2024, assets under management (AUM) reached a record \$135 trillion, marking a 13% increase year-over-year. Strong market performance drove approximately 80% of the increase. Net flow growth of 2.6%, a significant recovery from the slight contraction seen in 2022, is supported by continuous wealth creation and a notable shift in capital allocation. Specifically, lower interest rates are redirecting funds from guaranteed deposits back into capital markets, and the transition from collective (defined benefit) pension schemes to individualized (defined contribution) retirement plans could further underpin flows going forward. We expect annual net flows to average around 2.7% through 2029.

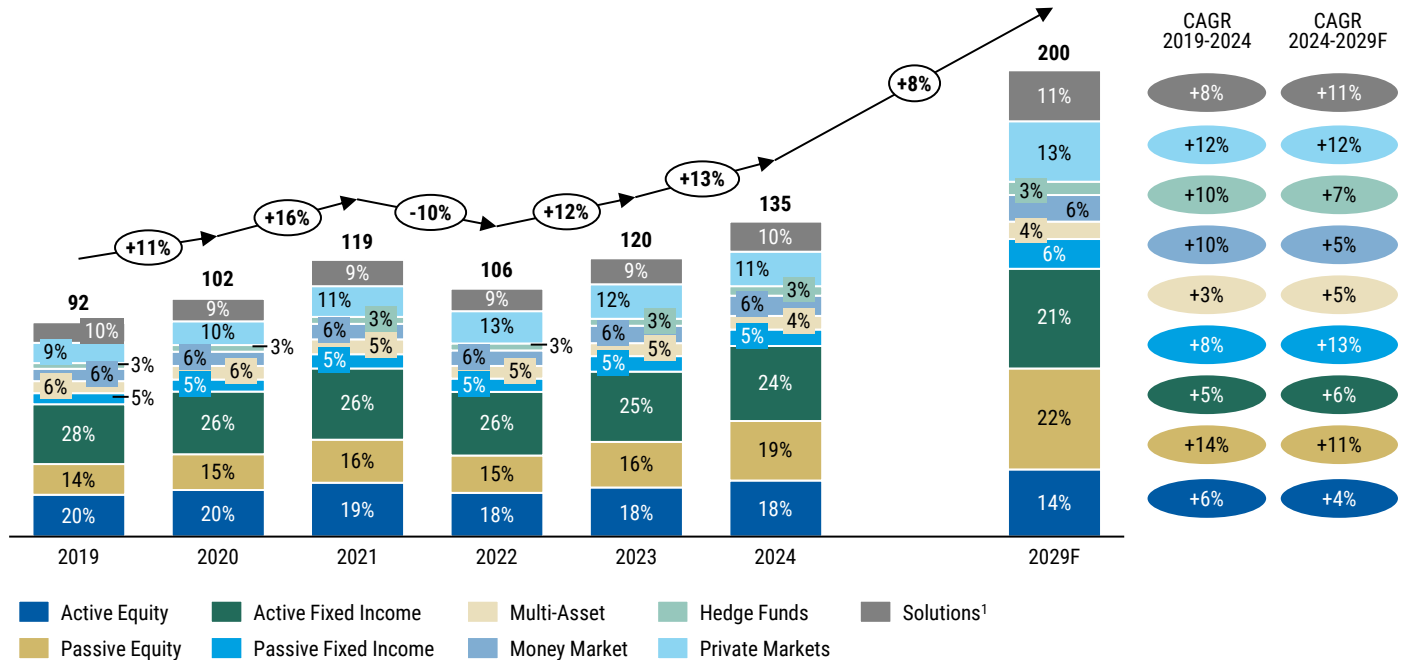
Exhibit 1: Global AUM reaches \$135 TN, an all-time high, driven by markets and stable organic growth
Change breakdown between market performance and net flows (\$TN), 2019-2029F



Sources: Broadridge Global Demand Model; Preqin; Oliver Wyman Global Asset Management Model.

A pivotal, though expected, development is the overtaking of active equity by passive equity for the first time globally. Passive equity management is still expanding, especially in established markets like US retail and underpenetrated regions such as Europe and Asia-Pacific. Conversely, active equity funds face persistent outflows at the industry level, sustained only by a few managers delivering top-quartile performance. The fixed income segment exhibits a similar trend: Although passive fixed income assets are expected to grow twice as fast as active, they will remain a relatively small segment of the market by 2029.

Exhibit 2: Passive overtakes active equity for the first time; alternatives stagnate
Global Managed AUM breakdown by asset class (\$TN), 2019-2029F



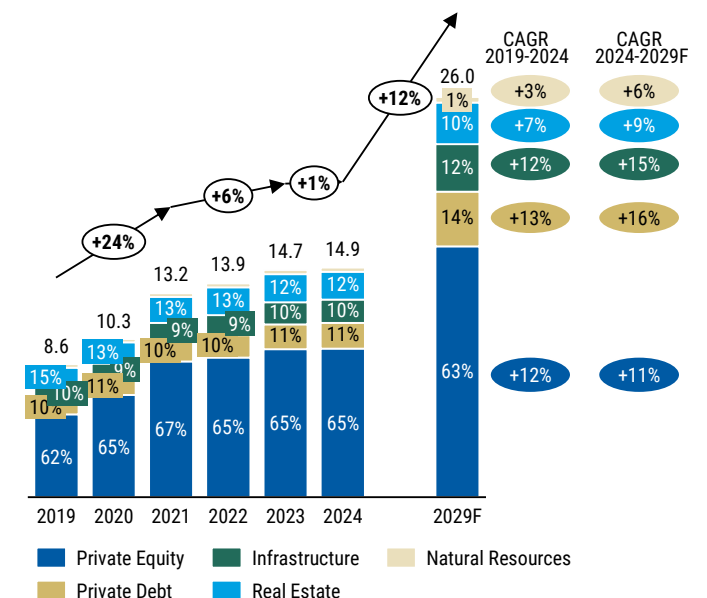
1. LDI, OCIO, Target Date Fund, Target Maturity and other outcome-oriented products.
Sources: Broadridge Global Demand Model; Preqin; Oliver Wyman Global Asset Management Model.

Solutions-based offerings are becoming a key growth area, with the segment expected to expand at an 11% annual rate through 2029. Asset managers are increasingly adopting solutions in the form of model portfolios, sub-advisory mandates, and retirement-focused products to differentiate from commoditized offerings. This growth is fueled by rising demand for retail retirement investment products (e.g., target date, target maturity, decumulation products), with average organic growth for the last three years of 12% in APAC, 15% in Europe, and 7% in the Americas, as well as by the expansion of institutional solutions in the Americas, notably outsourced chief investment officer (OCIO) mandates which have grown organically at 7% since 2021.

Private markets, after a surge in 2019-2022, experienced stagnation in 2024. This plateau masks a growing disparity between leaders and smaller players. The top 10 private asset funds by assets captured 14% of fundraising in 2024, compared to 10% in 2020, a figure that climbs to 48% and 58% of capital raised in 2024 for private debt and infrastructure, respectively. The largest firms, benefiting from proprietary capital and deal origination, continue to outpace their competitors, securing most of the new capital flows and commanding premium fees. Smaller managers face fundraising challenges and often compete by discounting fees, a divide likely to intensify as wealth distribution channels (where most growth is expected) favor larger, well-known brands. Going forward, we nonetheless still

expect significant growth across private markets, bolstered by their increasing penetration of retail clients' portfolios.

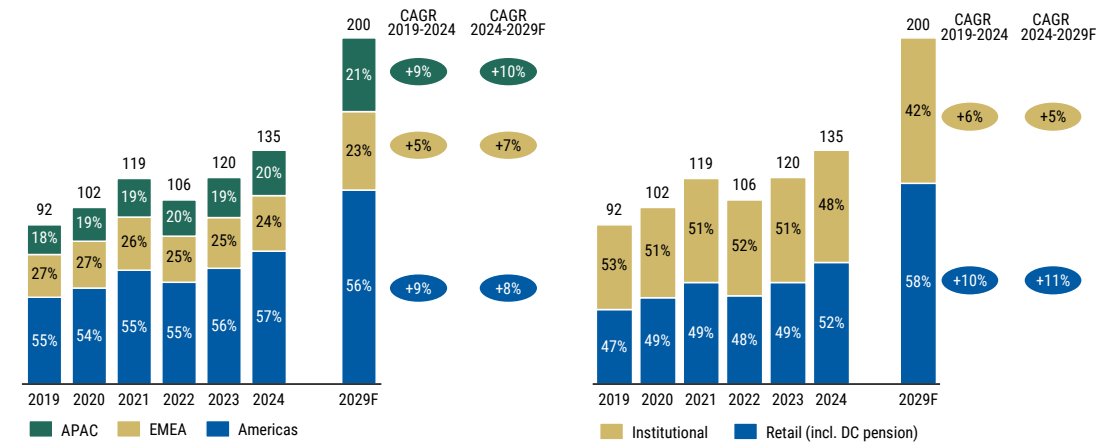
Exhibit 3: Private markets: a temporary slowdown and a growing chasm between leaders and the pack
Global Private Markets Managed AUM by asset class (\$TN), 2019-2029F



Sources: Broadridge Global Demand Model; Preqin; Oliver Wyman Global Asset Management Model.

Regionally, Asia-Pacific stands out for its higher organic net flows into retail and institutional markets, particularly in China. Despite recent slowdowns, significant household wealth remains in low-yield deposits, highlighting untapped potential, especially in Japan. Europe's AUM growth is expected to benefit from regulatory efforts encouraging retail participation and the ongoing shift toward individualized retirement schemes, through new vehicles and incentives (France, Germany) or mandatory auto-enrollment in DC schemes (UK). Retail channels globally are projected to grow twice as fast as institutional segments, which face net outflows, except in certain pockets such as insurance general accounts and select DB pension markets (e.g., Japan, Australia).

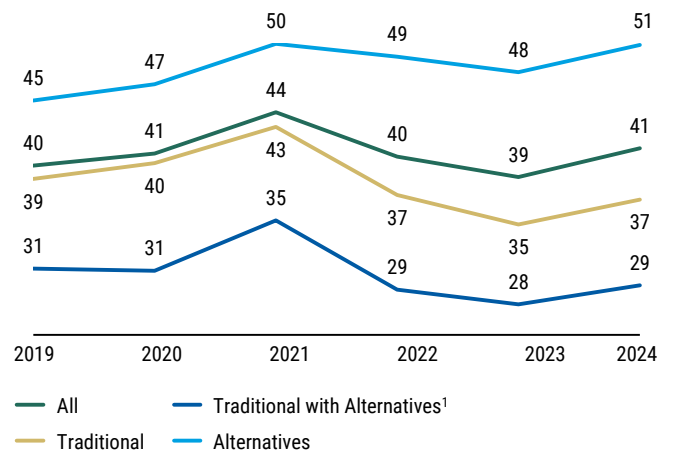
Exhibit 4: An increasingly global and retail opportunity
Global Managed AUM breakdown by region and client type (\$TN), 2019-2029F



Not all percentages add up to 100 due to rounding.
Sources: Broadridge Global Demand Model; Preqin; Oliver Wyman Global Asset Management Model.

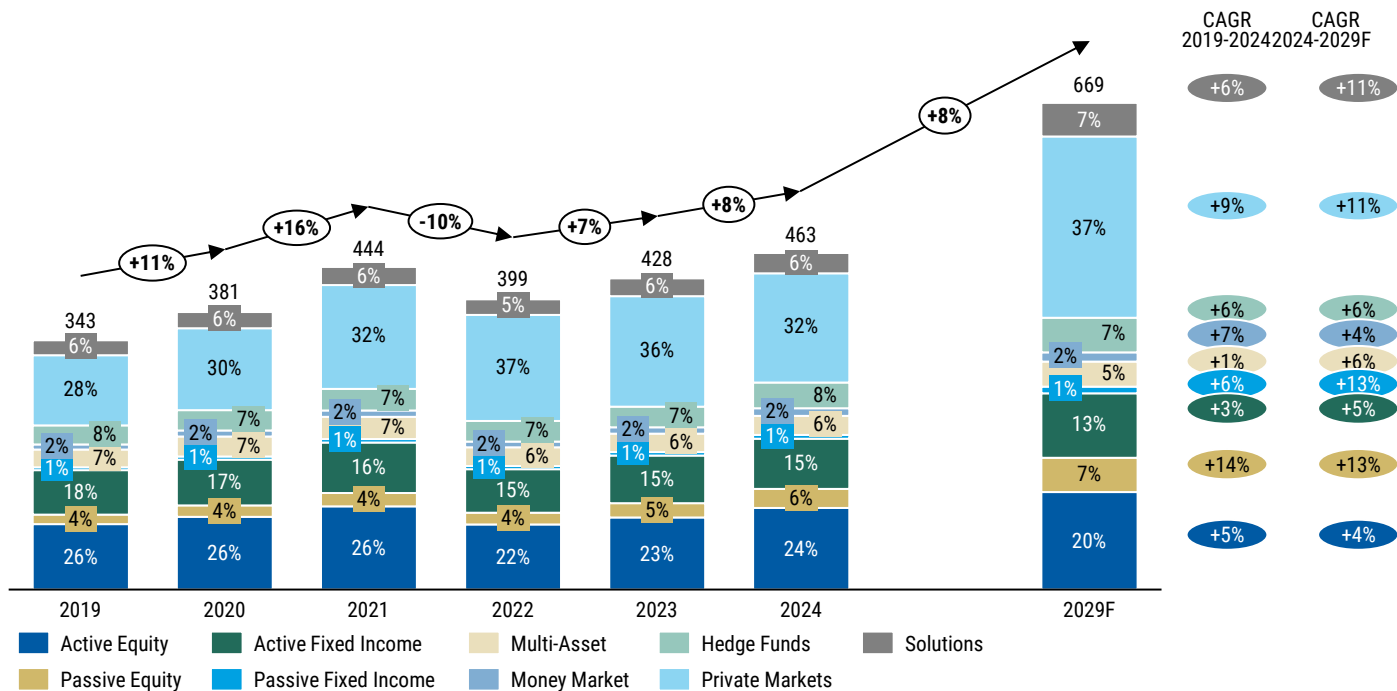
In terms of revenues, the asset management industry is expected to generate over \$650 billion by 2029, growing in line with AUM at around 8% annually. Alternatives are poised to claim an increasing share, representing 44% of the revenue pool, while the share of active equity and fixed income funds diminishes. Although fee compression persists, it is offset by the shift toward higher-margin private markets and retail growth. Asset managers' operating margins improved in 2024, particularly among alternatives, which reached a record 51%. Nonetheless, traditional managers continue to face structural profitability challenges amid ongoing fee pressure and cost control demands, especially those using hybrid operating models (combining both traditional and alternatives asset management) that struggle to integrate distribution and product development efficiently.

Exhibit 5: Profitability improves but remain below 2019 levels, except for alternatives
Global Asset Management Operating Margins by Investment Strategy (%), 2019-2024



¹ Where an asset manager has minimum >10% of total AUM in Alternatives assets
Sources: public company reporting; Oliver Wyman analysis.

Exhibit 6: Global AM Revenues to surpass \$650 BN by 2029, alternatives to account for 44%
 Global Asset Management Revenues breakdown by asset class (\$BN), 2019-2029F



Sources: Broadridge Global Demand Model; Prequin; Oliver Wyman Global Asset Management Model.

1.2. The Four Themes Reshaping the Industry and How AM Leaders Are Addressing Them

Against this backdrop of growth, asset managers must tackle four themes reshaping the industry offering challenges and opportunities. First, leaders are faced with mounting pressure to demonstrate value for money in Europe and APAC. Second, they must organize their product and distribution forces to address a growing retail market that increasingly requires institutional quality coverage. Third, they must deploy operating models capable of blurring the bounds of liquidity to tackle the booming semi-liquid product space. Finally, they must think beyond the active/passive dichotomy and build investment engines fit to address the full tracking error spectrum.

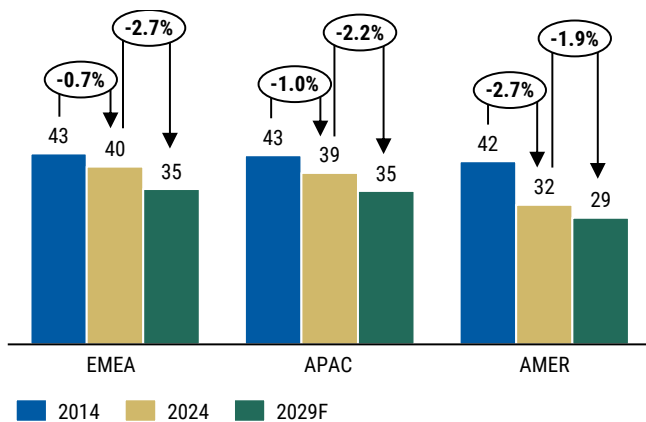
Exhibit 7: Asset management leaders are tackling four themes reshaping the industry

1	2	3	4
<p>Demonstrating value for money: now a global imperative</p> <p>Europe and APAC hitherto shielded from fee compression (vs. North America), yet regulation and improving investor literacy will tighten fees</p> <p>AM leaders are anticipating to demonstrate value by:</p> <ul style="list-style-type: none"> Investing in alpha engines Demonstrating value beyond alpha (e.g., customization) Reviewing pricing strategies 	<p>Playing the retail solutions game</p> <p>Retail overtakes institutional AUM, yet addressing retail is increasingly 'institutional' as end-advisors and their clients favor solutions over individual products</p> <p>AM leaders are responding by:</p> <ul style="list-style-type: none"> Offering integrated products 'embedding' advice Designing and selling the full solution themselves Supplying building blocks to solution providers 	<p>Exploring the bounds of liquidity</p> <p>Semi-liquid products are booming to fill retail demand, but delivering requires distribution strength and operating scale</p> <p>AM leaders are tackling the opportunity with three models:</p> <ul style="list-style-type: none"> Private asset specialists wrapping their capabilities Traditional managers leveraging their distribution Partnerships combining the strengths of both 	<p>Rethinking active/passive: from chasm to spectrum</p> <p>Passive overtakes active AUM, yet active ETFs, systematic equities, and low tracking error cost-efficient products show promising growth</p> <p>AM Leaders are rethinking their investment platforms by:</p> <ul style="list-style-type: none"> Building high conviction, high alpha products within their competitive remit Delivering cost-efficient, low tracking error building blocks elsewhere

Source: Oliver Wyman analysis.

Exhibit 8: Demonstrating value for money: now a global imperative

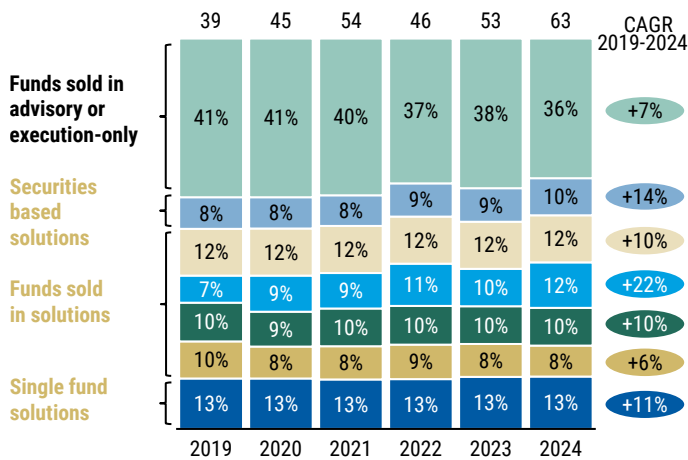
Evolution of weighted average realized fees (net of rebates, excl. performance fees) by region, in basis points, 2014-2024-2029F, change expressed in CAGR



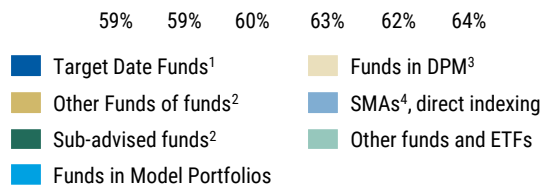
Sources: Broadridge Global Demand Model; Oliver Wyman Global Asset Management Model.

Fee pressure remains a challenge for all asset managers. While fee pressure has been most prominent in the Americas, Europe and Asia-Pacific are beginning to see similar but more moderate fee compression driven by regulatory scrutiny and increasing investor cost sensitivity. Europe's 2023 Retail Investment Strategy focused heavily on value for money, driving leading distributors to delist high-fee products. In Asia, China's enforcement of fund management fee caps at 1.2% have already led to significant fee cuts, while Japanese regulators are promoting greater fee transparency. Leading asset managers are responding by investing in their alpha engines (e.g., boosting use of AI investing in alternative data) seeking to demonstrate their value beyond alpha (e.g., through customized products and services, as well as technology). Product-level reviews assess pricing and vehicle structures that are specifically tailored to individual client cohorts (e.g., through active ETFs and dedicated share classes). This approach aims to maximize profitability in targeted cohorts while simultaneously minimizing the risk of cannibalization in others.

Exhibit 9: Playing the retail solutions game
Global Managed AUM for retail clients by type of product (\$TN), 2019-2024



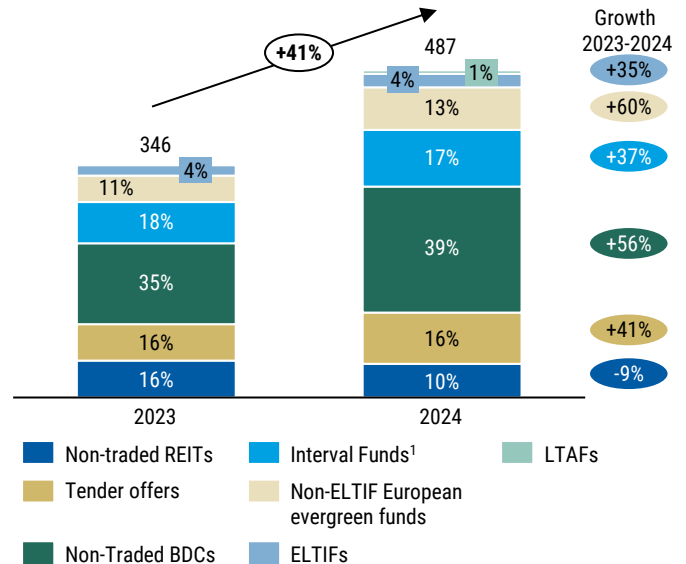
Share of 'Solutions' in the retail opportunity for asset managers (in %)



Note: Not all percentages add up to 100 due to rounding. |
1. Funds classified as funds of funds and sub-advised are considered as sub-advised funds;
2. Discretionary Portfolio Management; 3. Retail Separately Managed Accounts.
Sources: Broadridge Global Demand Model; public company disclosures; Oliver Wyman analysis.

The industry is shifting toward solutions, especially in retail distribution, where managed solutions are replacing traditional advisory and self-execution models. This trend is reinforced by regulatory complexity of pure advisory (e.g., MIFID II in Europe), distributor push to deliver/capture more value through discretionary allocation, and expanding defined contribution retirement schemes, which default investors into managed solutions like target date funds. As a result, the share of solutions in retail AUM has grown from 59% to 64% over the past five years. For asset managers, this shift concentrates decision-making with solution allocators rather than end investors and their advisors, requiring new distribution approaches such as integrating advice within investment products (e.g., TDFs, direct indexing), developing and selling the solutions themselves with meaningful allocation to proprietary products, or supplying building blocks to solution providers.

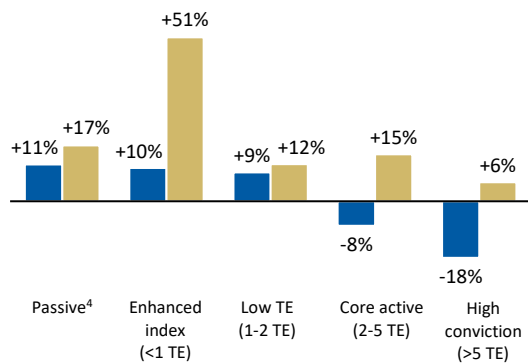
Exhibit 10: Exploring the bounds of liquidity
Global Managed AuM for semi-liquid products (\$BN), 2023-2024



1. Primarily funds regulated under the 1940 Act. Not all percentages add up to 100 due to rounding.
Sources: Morningstar; public company reporting; Oliver Wyman analysis.

The boundary between liquid and illiquid is evolving. Semi-liquid private market funds, featuring periodic liquidity (e.g., quarterly redemption windows), have grown rapidly to meet rising retail demand for institutional-quality private market returns with some liquidity flexibility. New regulated fund formats, such as the UK's Long-Term Asset Funds and European Long-Term Investment Funds, facilitate broader access to typically illiquid strategies. Asset managers' success in delivering semi-liquid products depends largely on a strong investment engine, operational excellence, and distribution capabilities. Three operating models are emerging: private asset managers building capabilities internally (challenged by limited retail distribution and operational demands of semi-liquid formats), traditional managers extending into private assets (leveraging experience in open-ended fund structures, but struggling to source high-quality assets resulting in diluted offerings and uncompetitive products), and hybrid partnerships combining the strengths of both provided firms can navigate integration challenges and the difficulty to run dual operating models.

Exhibit 11: Rethinking active/passive: chasm to spectrum
 Breakdown of 3Y organic growth rates by realized 3Y tracking error¹
 for equity funds globally² in % of beginning of period AUM, data as of
 Q1 2025



Number of funds	10.3k	0.3k	0.7k	5.6k	13.5k
Total AuM (in \$BN)	16,969	141	767	4,847	7,883
Average mgmt fee (in %)⁵	0.40	0.82	0.90	1.03	1.03

■ All funds ■ Morningstar 5* funds³

1. Tracking error is a measure of the volatility of excess returns relative to a benchmark. Excess returns are the investment's return in excess of its primary benchmark, which is based on broad asset class;
 2. Analysis covers 30k funds, representing \$31TN of AUM or 97% of all mutual funds and ETFs; excludes funds with no 3Y tracking error data;
 3. The Morningstar Rating is a risk-adjusted, cost-adjusted comparison of fund performance within fund categories. The rating accounts for periods of volatility – downward volatility in particular – and also adjusts for fund expenses, including sales charges;
 4. Funds classified as passive funds or ETFs.
 5. Excludes funds with no mgmt. fee data
 Sources: Broadridge; Morningstar, Oliver Wyman analysis.

The traditional active versus passive dichotomy is oversimplified. Analysis shows that active funds with low tracking error continue to attract steady inflows and command significantly higher fees than passive products. At the other extreme, high tracking error active funds rely heavily on top-tier performance to retain assets, with the rest suffering outflows. This dynamic presents asset managers with a strategic choice: compete with cost-efficient, moderate-margin, low tracking error products subject to value-for-money pressure or commit to high-conviction, high-margin strategies demanding exceptional performance to succeed. Leading asset managers are rediscovering the value of systematic and quantitative investment engines, bringing elements of it to the fundamental value chain to deliver cost-efficient products at scale. They are integrating these elements into the fundamental value chain to provide cost-effective products at scale.

2. Wealth Management: Navigating Wealth Shifts and Margin Pressures

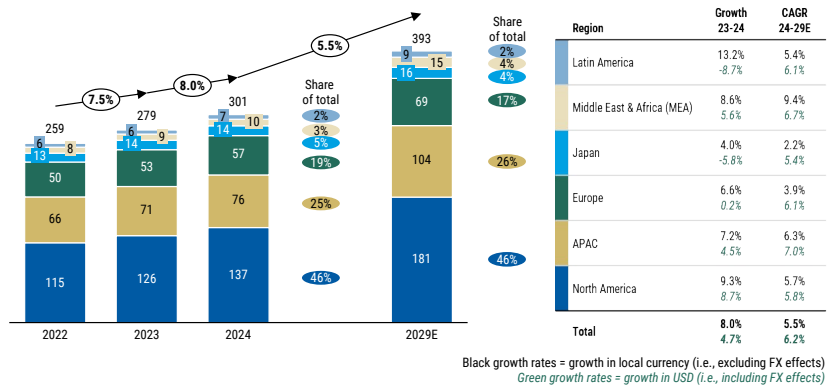
2.1. Global Wealth Management (WM) Outlook: Solid Growth Amid Margin Pressure

Global financial wealth of private households continued to grow steadily, reaching \$301 trillion in 2024 after growing by 7% in 2023 and 8% in 2024, recovering from 2022 losses amid monetary tightening. Growth was resilient across all regions, with the Americas and Middle East & Africa showing the strongest gains excluding currency effects. However, when adjusted for currency, real USD growth was subdued across all regions, with negative growth in Latin America and Japan. Looking forward, we project global financial wealth to grow at 5.5% annually through 2029, reverting to a level closer to 6% p.a. observed between 2019 and 2023. In absolute terms, wealth growth continues to be heavily concentrated in North America and APAC. Europe’s wealth could benefit from supportive policies and greater household investment allocation going forward. Middle East & Africa and Latin America exhibit steady growth. Overall, growth rates are lower than in past reports due to the inclusion of life insurance, pensions, and the wealth band below \$0.3 million.

In terms of onshore investable financial wealth (defined as financial wealth held onshore excluding assets in insurance policies and pensions), ultra-high-net-worth individuals (UHNWI) and high-net-worth individuals (HNWI) will continue to drive wealth creation with annual rates of 8.0% and 6.6%, respectively, over the next five years. The upper end of the Affluent/Low-HNWI pool remains a sizable opportunity for wealth managers worldwide — a segment that is “rich but poorly served” and offers significantly higher revenue potential than the UHNWI and HNWI space. Wealth managers who can tailor their delivery and control costs can unlock growth in this segment, which we discuss later in this section.

Exhibit 12: Global financial wealth is projected to grow 5.5% p.a. to \$393 trillion in 2029

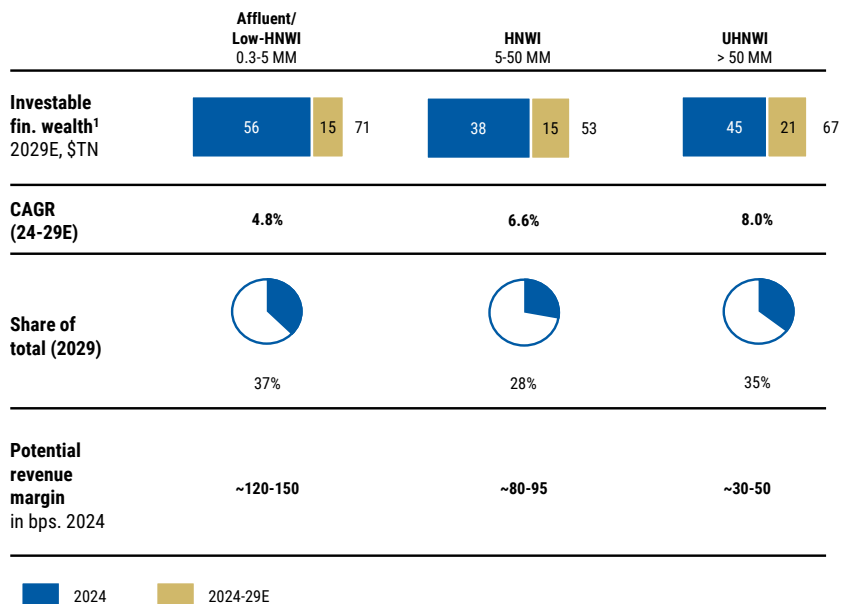
Global financial wealth of households by region (\$TN), 2022-2029E



Notes: Financial wealth is defined as investable personal financial assets including investable assets (deposits, equities, bonds, mutual funds and alternatives), assets held in insurance policies and pensions, yet excluding direct real estate or any other real assets. Numbers in the graph and growth figures in black were converted to \$ at the year-end 2024 exchange rates to exclude the effect of currency fluctuations.
Source: Oliver Wyman Wealth Pools 2025.

Exhibit 13: Growth persists across wealth bands, with strongest growth in UHNWI segment

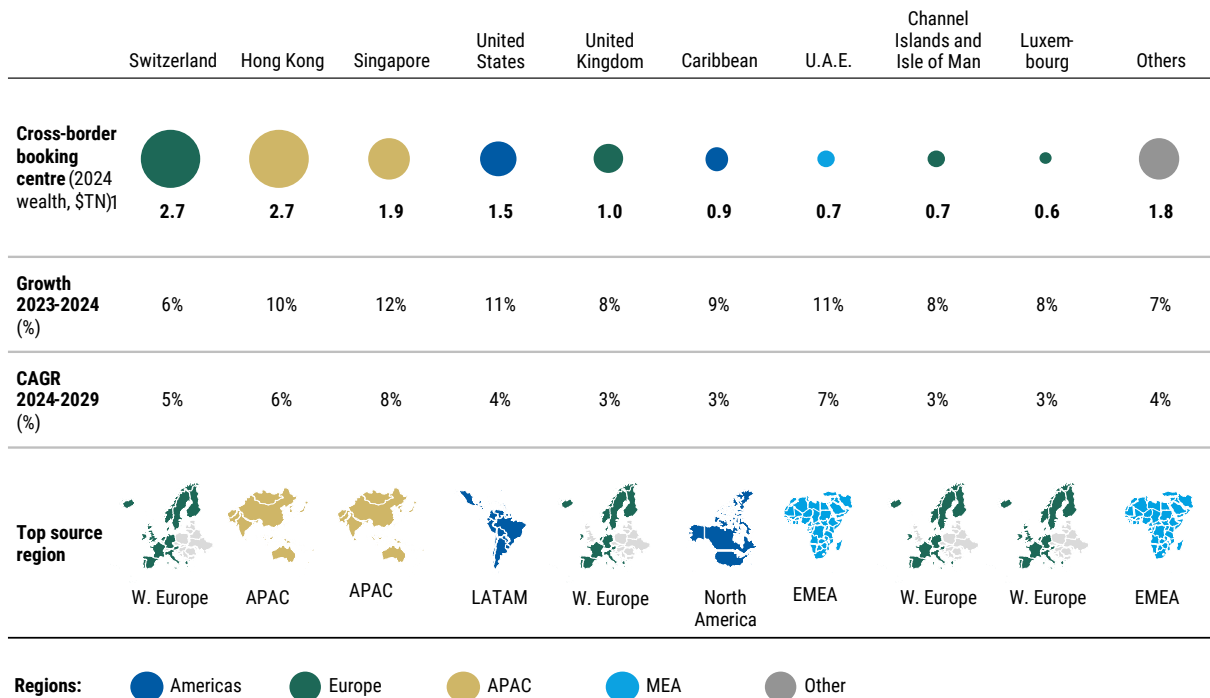
Global onshore household investable wealth and potential revenue margins by wealth band (\$TN), 2024-2029E



1. Onshore only. Investable wealth is defined as investable personal financial assets including investable assets (deposits, equities, bonds, mutual funds, and alternatives), excluding assets held in insurance policies, pensions, and direct real estate or any other real assets. Numbers for all years were converted to \$ at the year-end 2024 exchange rates to exclude the effect of currency fluctuations. Excludes low mass affluent segment (<300k).
Source: Oliver Wyman Wealth Pools 2025.

Offshore financial wealth totaled \$14 trillion in 2024, with cross-border wealth flows growing nearly 10% annually, outpacing global growth. Geopolitical uncertainty and diversification needs among UHNW clients sustain demand for safe-haven booking centers. The three largest cross-border wealth centers Switzerland, Hong Kong, and Singapore are expected to capture nearly two-thirds of new inflows through 2029. Outside of the top three, the US and UAE are expected to experience the fastest growth, the US benefiting from Latin American inflows, the UAE broadening its appeal beyond the Middle East.

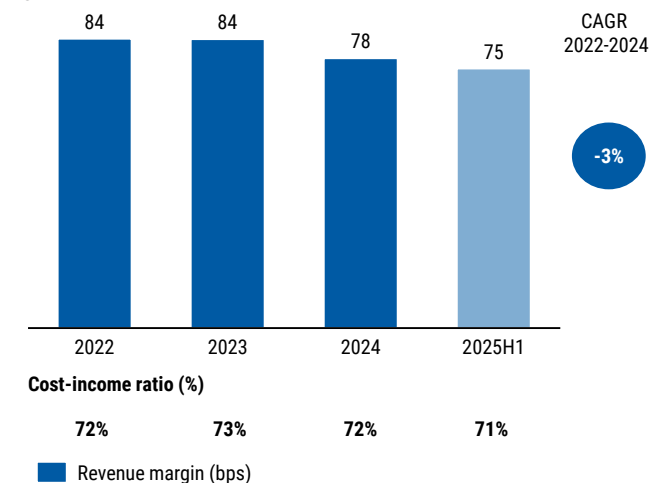
Exhibit 14: Switzerland, Hong Kong, and Singapore projected to solidify position as largest cross-border wealth centers
Offshore financial investable wealth by booking center (\$TN), 2024-2029E



1. Offshore only. Notes: Financial wealth is defined as investable personal financial assets including investable assets (deposits, equities, bonds, mutual funds and alternatives), assets held in insurance policies and pensions, yet excluding direct real estate or any other real assets. Numbers in the graph were converted to \$ at the year-end 2024 exchange rates to exclude the effect of currency fluctuations.
Source: Oliver Wyman Wealth Pools 2025.

While rising rates in 2022-2023 have driven net interest income (NII) upward, the trend reversed in 2024 and the first half of 2025, meaning increasing pressure on fee income can no longer be offset. In 2024, income and revenue margins faced additional pressure due to ongoing cash sorting effects and heightened competition to raise deposit and sweep rates. Between 2022 and 2023, revenue margins remained largely flat but declined by 6bps in 2024 and a further 3bps in the first half of 2025. Three-quarters of leading wealth managers have experienced margin drops, with only half of them offsetting losses through cost reductions. Margin erosion is pervasive regardless of firm size, geography, or client focus.

Exhibit 15: Revenue margins of leading wealth managers are contracting, offset by cost reductions
Revenue margin and cost-income ratio of leading wealth managers, in bps and %, 2022-H1 2025






Note: Sample includes the 20 world's largest wealth managers with a focus on HNW clients and headquarters across Europe, North America and APAC (simple average, annualized for 2025); Revenue margin defined as revenue of a period divided by average AuM of a period.
Source: Oliver Wyman Wealth Management Benchmarking Database 2025.

2.2. Wealth Managers' Strategic Priorities to Drive Growth and Margin Recovery

To counter these challenges, leading wealth managers focus on four priority areas to boost revenue and profit margins: winning the \$1-10 million HNW segment, scaling private markets allocations to tap into a projected \$8-10 trillion market by 2029, equipping advisors to create an organic growth machine, and building a durable cost base by simplifying, re-architecting and platforming.

Exhibit 16: Leading wealth managers are looking at new opportunities to counteract revenue and cost pressures


1	2	3	4
<p>Winning the \$1–10 MM HNW segment </p> <ul style="list-style-type: none"> • Leaders focus here due to the large number of addressable clients, new client growth, the segment's lower penetration and higher revenue margins • Their success is driven by: <ul style="list-style-type: none"> – A clear value proposition (precise tiering, curated product-and-credit platforms, pricing) – A dedicated, operating and coverage model, scalable experience & feeder-channels 	<p>Scaling private markets allocations </p> <ul style="list-style-type: none"> • Private markets remain the most crucial growth source for WMs – double digit growth until 2029 • WM leaders build private markets systems: <ul style="list-style-type: none"> – Leveraging evergreens to address lower wealth banks – Differentiating beyond mega brands where possible – Arming advisors with information – Upgrading the plumbing 	<p>Creating the organic growth machine </p> <ul style="list-style-type: none"> • NNA growth only contributed ~30% of AuM growth at leading WMs historically • WM leaders focus on NNA growth by: <ul style="list-style-type: none"> – Equipping advisors with actionable analytics – Implementing tools that create selling time – Professionalizing pricing – Creating incentives that buy sticky assets 	<p>Building a durable cost base </p> <ul style="list-style-type: none"> • Persistent >70% CIRs indicate operating model inefficiencies • WM leaders manage costs by: <ul style="list-style-type: none"> – Choosing their battles – Simplifying their tech before modernizing – Digitizing, front to back, not in pockets – Shifting compliance to platforms • Their programs unlock 10–25% gross savings


Source: Oliver Wyman analysis.


2.2.1. Winning the \$1-10 MM HNW segment: Five catalysts to win

Exhibit 17: Three factors that make the \$1-10 MM HNW segment attractive for wealth managers: expanding market, attractive margins, unmet needs

Key drivers for opportunity in the \$1-10 MM HNW segment

 **Market opportunity**
The **\$1–10 MM HNW segment holds \$38.3 trillion** of onshore investable financial wealth, with a **projected asset growth of 6.1%** per year until 2029, making it next lucrative frontier for wealth managers. While the >\$10 MM segment is set to grow at a higher rate (7.5%), wealth is highly concentrated and clients are largely saturated in this segment.

 **Margin opportunity**
Potential revenue margins in the \$1–10 MM HNW segment at around 90–100 bps are much closer to the mass-affluent segment than the higher spheres of the HNW segment. These margins will likely be less subject to erosion than those of other segments due to lower reliance on NII (only at ~20% vs. >30% for lower/higher wealth bands).

 **Unmet needs**
Clients within the \$1–10 MM HNW segment seek for **enhanced value propositions** and show **willingness to switch providers**. Key areas of unmet needs include **personalization, curated access to private markets, personal relationships** (i.e., emotional reassurance), **sophisticated digital access**, and **integrated planning** (including tax, estate, and liquidity).

Source: Oliver Wyman Wealth Management Benchmarking Database 2025.

Many firms are shifting their focus on affluent and wealthy clients in the lower HNW segment with assets of \$1-10 million. This segment is becoming the industry's center of gravity, representing the largest slice of the HNW segment by client count and growing steadily, with clients moving up the wealth spectrum, e.g., through growing retirement savings due to effective retirement reforms. Many clients entering this band are underadvised and oftentimes hold large cash reserves, creating opportunities for wealth managers to offer scalable advice with deeper automation and AI support at lower cost to serve. This segment's attractiveness is recognized across the four corners of the playing field, with UHNW-heritage firms, traditional private banks, affluent/retail-heritage firms, and independents seeking growth here.

1. **UHNW-heritage firms:** Hitting a growth ceiling at the top, they are drawn to higher basis points in lower segments, lower bespoke needs, and appetite for more scalable products of \$1-10 million HNW clients.

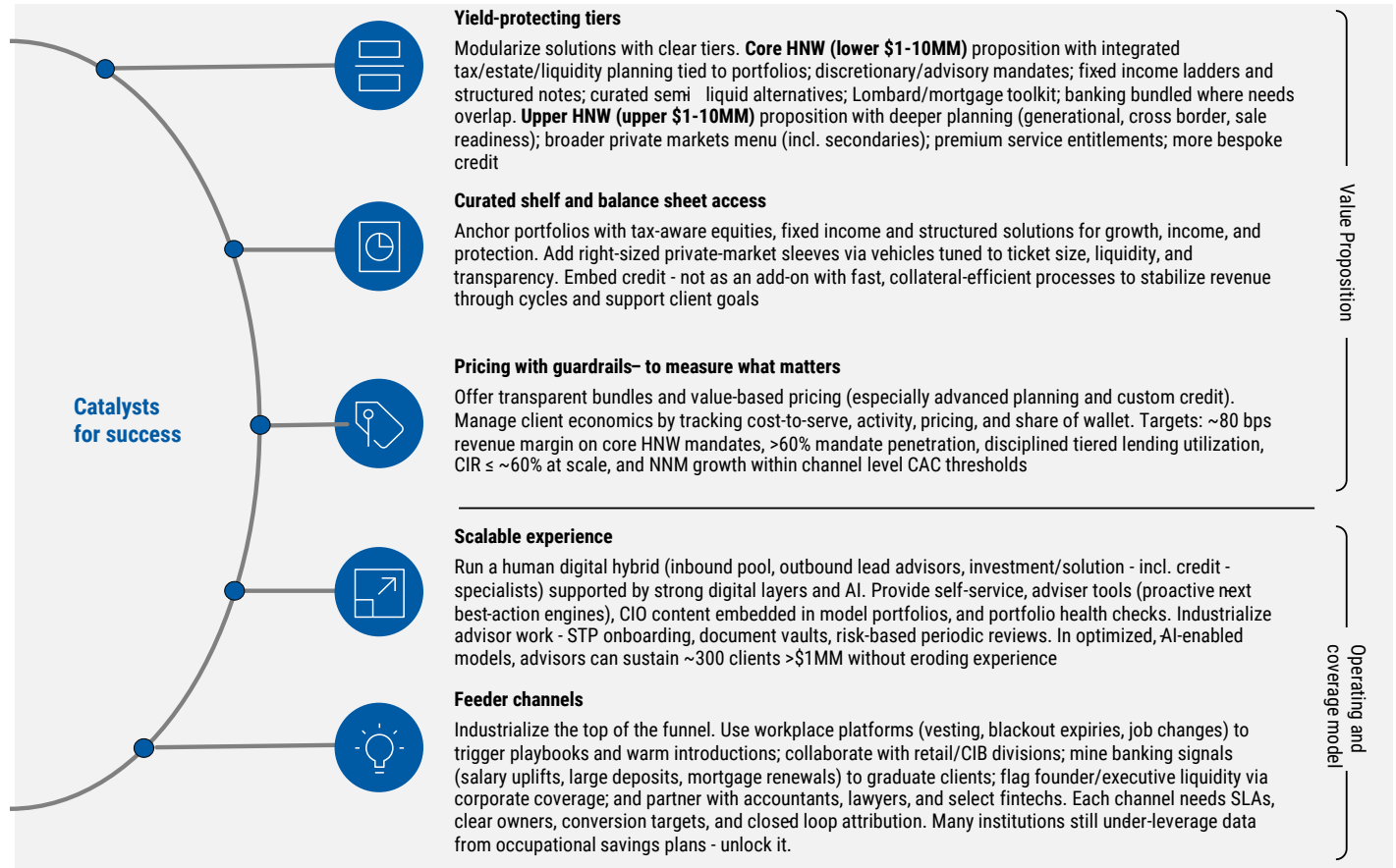
2. **Traditional HNW-focused private banks:** Leverage an existing footprint and aim to gain share via digitally scaled operating models.

3. **Affluent/retail-heritage firms:** Own the acquisition funnel (current accounts, mortgages, payments) and can efficiently graduate clients as they pass \$1 million.

4. **Independents:** Compete on intimacy, transparent fees, and salesforce-led acquisition (relationships, referrals, society memberships). Consolidation and platforms now provide CIO research, compliance tooling, and marketing muscle — making them credible contenders across the US, UK, and parts of Continental Europe, with early wins.

We expect leaders to tackle five catalysts for success.

Exhibit 18: Five catalysts for success deployed by leading wealth managers to win in the \$1-10 MM HNW segment



Source: Oliver Wyman analysis.

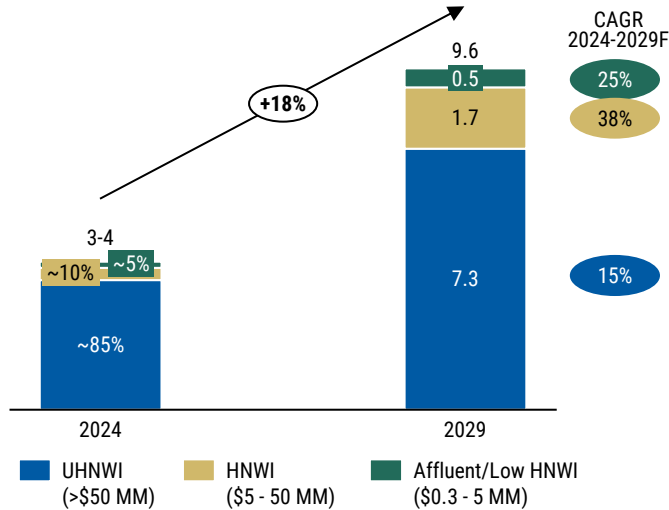
2.2.2. Scaling private markets: Curate, equip, upgrade

Private markets remain a large, underused growth lever. Institutions allocate from mid-teens up to ~50% to private assets; advised retail portfolios sit in the single digits to low teens with outsized cash, missing out on the opportunity for higher returns and diversification. Because access is limited, wealth managers add value by delivering access plus education and transparency (e.g., via private-markets portals).

Three forces are expanding the opportunity:

1. **Product design** now fits lower wealth bands: Evergreen and other semi-liquid structures simplify pacing, cut capital-call friction, and offer periodic liquidity.
2. **Regulation** has improved in key jurisdictions, enabling broader distribution, fund-of-funds, and stronger secondary-market mechanics.
3. **Supply** is growing: Alternative managers are tailoring vehicles for the wealth channel, while specialist fund-of-funds and solutions providers aggregate access to mid-market managers.

Exhibit 19: Private market penetration to grow strongest in the affluent and HNWI segment
 Private market wealth held by households, \$TN, household wealth >\$0.3 MM, 2024-2029E



Source: Oliver Wyman Wealth Management Benchmarking Database 2025.

Building a system, not a shelf

Winning requires an operating-model redesign — from product architecture and distribution to adviser enablement and middle/back office — kept aligned with regulatory/compliance frameworks. Done well, this drives deeper client engagement, higher, more resilient fee yields, and stickier relationships as clients commit to longer-term allocations rather than episodic trades.

• **Evergreens to tap lower wealth bands:** Leaders offer evergreen/interval vehicles — diversified and designed to smooth J-curves - for clients below UHNWI and those preferring simpler cash flows. In parallel, they run vintage-year drawdown funds targeting private credit, mid-market buyouts and growth, real assets (infrastructure, energy transition, core-plus real estate), and asset-based finance — letting investors pursue specific goals and control return timing.

• **Access beyond mega-brands:** As large alternative managers serve top-tier clients directly and shelves converge, leaders curate specialists with differentiated origination. Practical routes: specialist wealth funds-of-funds and multi-manager evergreens; club feeders or SMAs that pool smaller tickets into high-demand funds; and structured co-investment programs with portfolio-level pacing and risk guardrails.

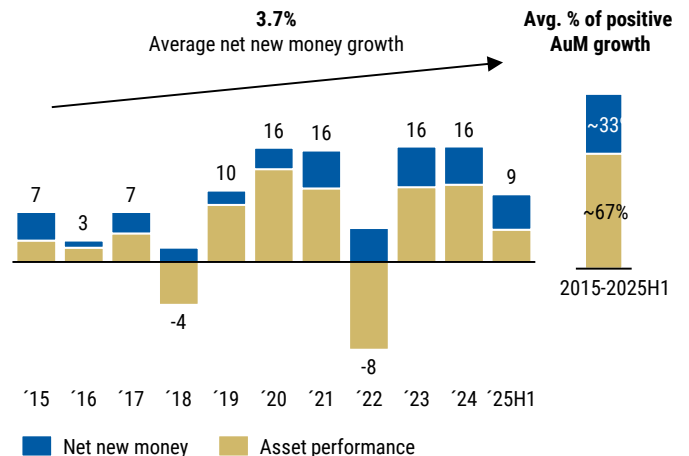
• **Advisers equipped to win:** Shift from product placement to portfolio construction, arming frontline teams with suitability engines, liquidity/commitment simulators, model portfolios, and standardized explainers (J-curve, secondaries, NAV-facility “dos and don’ts”).

Digital subscriptions plus KYC/AML and funding workflows compress cycle times from weeks to days.

• **Upgraded plumbing:** Greater private-markets adoption relies on institutional-grade infrastructure – liquidity management (gates, secondary matching, prudent NAV lines), independent valuation governance, fee-stack transparency, and consistent ESG/controversy screening. Reporting provides look-through capital accounts, standardized metrics (IRR, TVPI, DPI), and tax support. Partnering with modern private-markets tech platforms is the dominant path to achieving this.

2.2.3. Creating the organic growth machine: Four levers to sustainable, beta-independent growth

Exhibit 20: Growth is predominantly driven by asset performance rather than net new money
 Global AuM growth composition — by asset performance and net new money, 2015-2024



Note: Sample includes the 20 world’s largest wealth managers with a focus on HNWI clients and head-quarters across Europe, North America and APAC (simple average, annualized for 2025)
 Source: Oliver Wyman Wealth Management Benchmarking Database 2025.

Historically, net new money (NNM) has contributed only about one-third of asset growth, with the remainder driven by markets and FX — leaving firms exposed to volatility. Beyond the underpenetrated \$1–10 million segment, growth is constrained by shallow wallet share (2-3 products per client vs. >3 for top-quartile franchises) and limited adviser capacity (with hours lost to pre- and post-sale admin). Leaders address this by embedding analytics that trigger sales actions and by deploying tooling that gives time back through streamlined CRM, onboarding, and proposal workflows (increasingly with AI assistance). They add strict pricing discipline and implement incentives that reward profitable, sticky inflows while promoting cross-functional collaboration to expand wallet share and yield.

Exhibit 21: Leading wealth managers act on four levers to create organic growth machines

Lever	Description	Potential impact (selection)
A Analytics to action (not dashboards)	Value management via rigorous client segmentation by current/potential value, outreach to top-priority clients (even strong firms consistently reach only ~1/3 today); next best action via propensity models for cash deployment, mandate upgrades, lending, and private markets; inactivity/service signals to trigger timely advisor check-ins; internal holdings + external signals used to estimate off-platform assets and set wallet-share targets; elasticity + peer comparators suggest discounts that defend yield while winning consolidation	20%+ advisor productivity
B Tooling that creates client time	Advisors underspend on client contact. Integrated CRM, pipeline governance, model portfolios, one-click proposals, and STP onboarding/KYC with e-sign; AI used to match advisors to profiles and optimize prep/ approach; Best-in-class peers achieve +60% advisor time with clients; KYC refresh in <15 min; account opening in <24h	+6-10 hours for client engagement per advisor
C Pricing like a pro, not a bazaar	Price realization as a key metric: individual cost-to-serve business cases; advisor accountability for assets, activity, and product goals; transparent grids; discount approvals by depth; real-time nudges vs peer medians; packaged advice/banking/alternatives to curb à-la-carte discounts.	+5-10 bps Safeguarded on the advised book
D Incentives that attract sticky assets	Profitable, quality NNM: Credit inflows net of 6-12-month outflows, balanced asset mix (mandates, lending utilization, alternatives penetration, pricing discipline). Leaders recognize team wins (advisors + investment/credit specialists) and use multi-year crediting to deter "in-and-out" money and disincentivize higher-risk mandates via AML/KYC.	-10-30% churn from "in-and-out" money

Source: Oliver Wyman analysis.

2.2.4. Building a durable cost base: Simplifying, re-architecting, and platforming

The rate tailwind of 2023-2024 hid a structural issue: complexity has outpaced productivity. Many Cost Income Ratios (CIR) still sit near ~75%, personnel is two-thirds of OpEx, and fewer than half of the top 20 wealth managers lowered CIRs in 2022-2024. The fix isn't one-off cuts; it's operating-model change with cadence and accountability (activity-level KPIs, annual planning, and a mandate to remove work). Recently, leaders have followed three imperatives: 1) choosing where to play and radically simplifying, 2) re-architecting the core before moving to the cloud, and 3) shifting from people to platforms, using AI as the spine. Programs that do this unlock 10-25% gross savings in addressable spend before reinvestment.

Exhibit 22: Key imperatives followed by leading wealth managers to build a durable cost base

Area	Opportunity description	Example levers
Choose where to play – and simplify	<ul style="list-style-type: none"> Participation choices are treated as cost strategy at leading firms. They exit or defund sub-scale booking centers/branches; mutualize middle/back office where they lack scale (e.g., a shared KYC or payments utility). Further, they prune the product long tail – retiring low-take-up variants that add service/risk overhead without fees Also, they segment with intent: Creating industrialized journeys for Affluent/Core HNW; preserving bespoke only where UHNW customization earns its keep 	<ul style="list-style-type: none"> Consolidation of duplicative regional ops into a shared utility De-listing of rarely used structured-note variants Narrow discretionary mandate menus to standard models with optional overlays
Re-architect the core before your cloud – and digitize end-to-end	<ul style="list-style-type: none"> Winning wealth managers inventory apps by capability and decommission first, then modernize. They track simplification (app count, integration points, policy waivers, custom exceptions) and reward removals. When paired with data-platform consolidation, 5-10% infra/run-cost reductions are realistic – plus faster, safer change They digitize front-to-back, not in pockets: STP onboarding, rules-driven case management for complex exceptions, shared KYC utilities, and exception-first portfolio ops/reconciliations/reporting They equip advisers with AI copilots (prep, notes, suitability drafting, next-best actions) so time shifts from swivel-chair tasks to clients 	<ul style="list-style-type: none"> Decommissioning of legacy CRM satellites before migrating Unified data entitlements Straight-through mandate changes with automated disclosures and e-sign
Shift from people to platforms – with AI as the spine	<ul style="list-style-type: none"> Leaders move recurring work to models and workflows. In risk and conduct, they pivot to model-driven detection, risk-scored triage, and automated evidence gathering – cutting false positives and time-to-close while improving outcomes Across front/middle/back, they target text-heavy, repetitive pools first and wire AI outputs into core systems, setting SLAs so standard cases flow straight-through with human-in-the-loop for exceptions, and capturing freed capacity (rebalance teams, reset queues, close reqs) They derive should-costs from AI roll-outs (e.g., minutes per brief, alerts per FTE) and tie each use case to a decommission target to prevent tool sprawl. At scale, they realize ~5-10% CIR improvement 	<ul style="list-style-type: none"> Propensity-based KYC refresh triggers AML models auto-compile case files Portfolio-change narratives drafted by AI then advisor-approved CI/CD bots to reduce developer cycle time

Source: Oliver Wyman analysis.

3. How M&A Is Changing the Face of the AM and WM Ecosystem

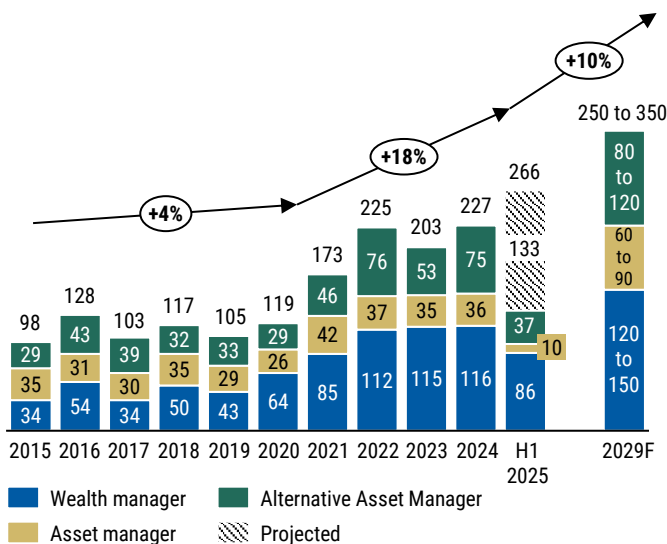
3.1. We Are Entering a New Era of Consolidation

The asset and wealth management industries have historically been among the most fragmented in financial services, with the top five players representing less than 20% market share. This fragmentation was enabled by low barriers to profitability in a capital and regulatory-light environment, ample organic growth for players to access with relatively undifferentiated offerings, and a fragmented client base that perceived diversification of asset and wealth management providers as a strength.

By 2029, this will no longer be the case. We expect over 1,500 significant transactions involving asset and wealth managers in the next five years with up to 20% of existing firms being acquired.

These dynamics are already at play. 2024 saw record AUM transacted, bolstered by high-profile mergers and thriving mid-market consolidation activity. The number of transactions has stabilized at a new post-COVID high, more than doubling from the previous five years, at ~210 per year since 2022 (vs. a historical average of ~100).

Exhibit 23: Transaction activity is already picking up, fueled by wealth and alts
Number of M&A transactions targeting wealth and asset managers, by seller's primary business model, 2015-H1 2025, excludes small transactions not captured (typically firms managing under \$1 BN of assets)

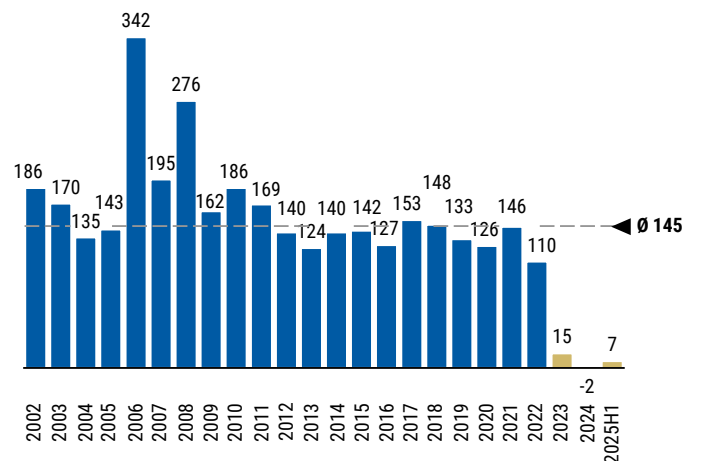


Note: Dealogic is a service of ION Analytics.
 Sources: Dealogic, Oliver Wyman analysis.

Amplifying this consolidation, the industry is no longer producing net new asset managers of mutual funds or ETFs. Since 2002, asset management had consistently attracted ~150 new boutiques on a net basis every year. This has come to a screeching halt since 2022, with the number of newly created managers barely exceeding the number of managers having ceased operations since 2023 (see Exhibit 24).

Across private markets, data suggests a similar direction. Since 2023, an average of 174 new alternative managers successfully raised assets every year. This is down from nearly 700 yearly new entrants over the 2020-2022 period and over 900 in decade prior.²

Exhibit 24: The industry is no longer producing asset managers of mutual funds and ETFs
Net additions of asset managers managing at least one mutual fund or ETF, 2001-2025

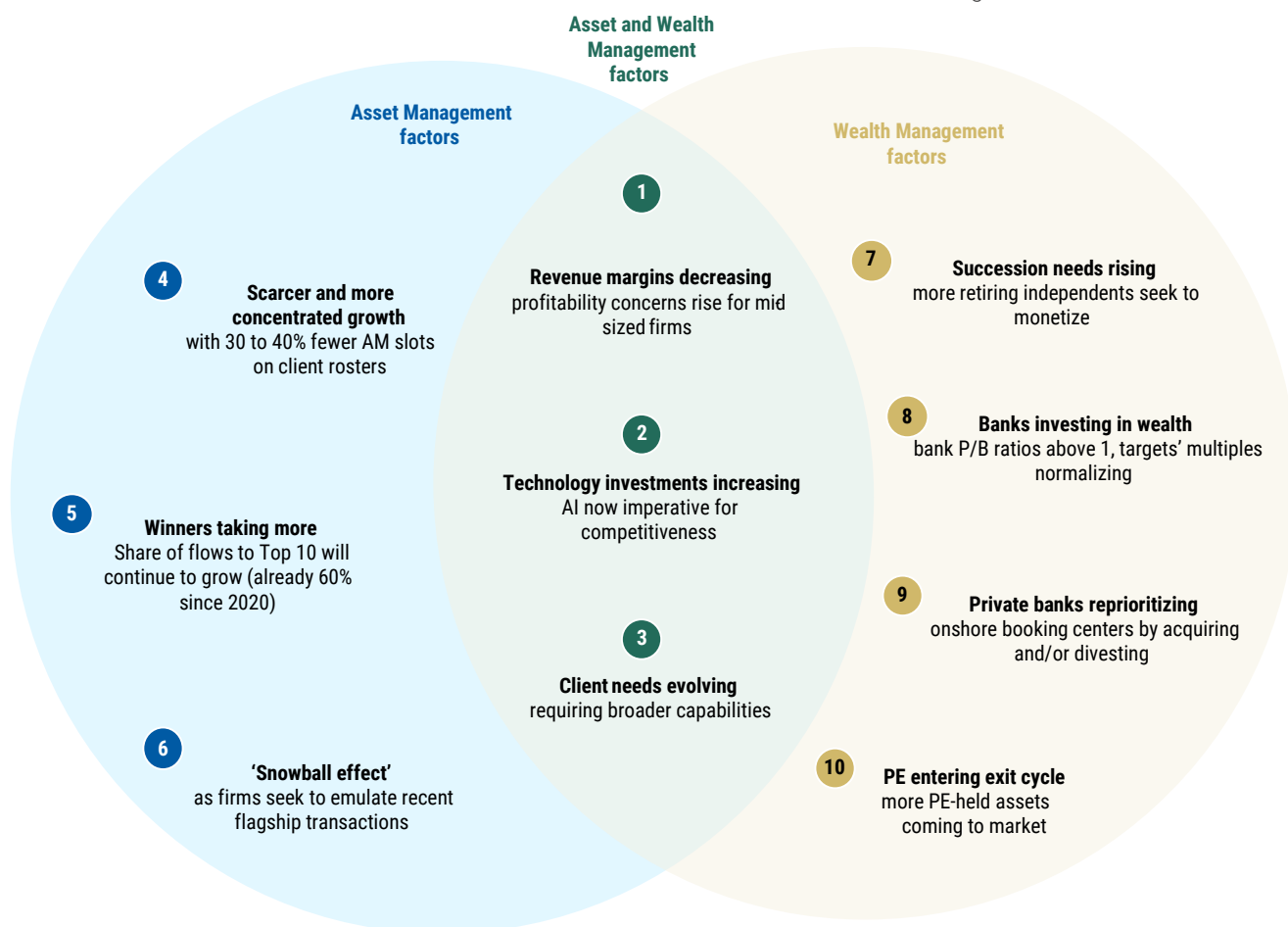


Sources: Broadridge, Oliver Wyman analysis.

2. Based on an analysis of alternative managers who have raised at least \$1 M according to Preqin data.

3.2. Why We Believe M&A Activity Will Continue to Pick Up

Exhibit 25: Ten factors contribute to the new wave of consolidation in asset and wealth management



Source: Oliver Wyman analysis.

For both asset and wealth managers:

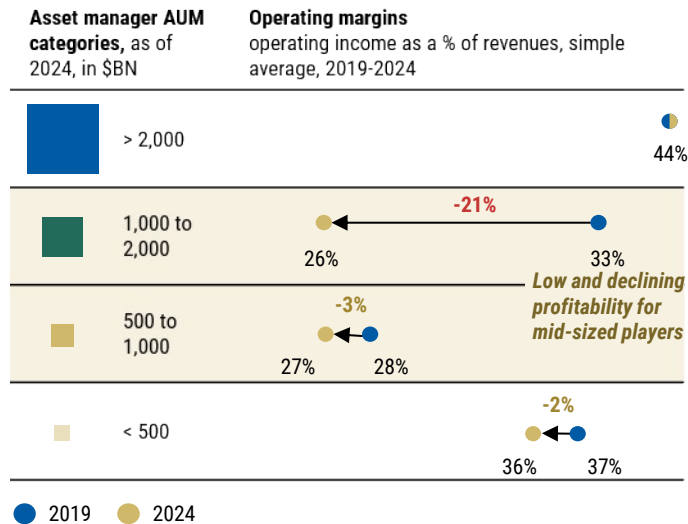
1. **Revenue margins will decrease.** Revenue margins continue to erode across wealth and asset management while cost bases rise (talent, compliance, product manufacturing). As a result, profitability will be challenged and force small, and particularly mid-sized players (who are already experiencing declining profitability; see [Exhibit 26](#)) to consider strategic actions such as scale-driven acquisitions or outright sales.

2. **Meanwhile, technology investments will increase.** The cost of doing business will continue to increase. Investments in data architecture, technology, robust cyber defenses cybersecurity and AI

(from advice tools to investment research) are no longer nice-to-haves and are becoming fundamental to commercial success. Consolidation spreads fixed tech spend, shortens adoption cycles, and narrows capability gaps with scale leaders.

3. **Client needs will continue to evolve.** For wealth managers, evolving affluent, HNW and UHNW needs (e.g., global coverage, omnichannel service, and expanded private markets/solutions), demand significant investment and specialist talent. For asset managers, growth in new channels (e.g., digital distribution) and persistent appetite for private markets will require a wider toolkit of products and capabilities to earn privileged partner status and secure growth. Scaled firms can accelerate capability build-out.

Exhibit 26: Low and declining profitability among mid-sized asset managers¹



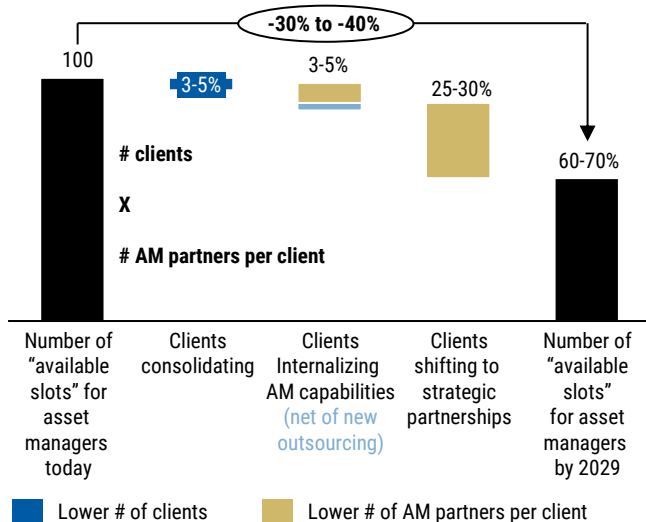
1. The categorization of asset managers is based on their AUM as of 2024 and remains stable (i.e., even if their AUM has changed between 2019 and 2024, asset managers do not change categories).
 Note: Based on a sample of 16 listed traditional asset managers in Europe and North America, excludes pure alternative asset managers.
 Sources: Morgan Stanley, Oliver Wyman analysis.

For asset managers:

4. Growth will become scarcer and more concentrated. We expect the number of available “slots” (# of clients multiplied by # of AM partners per client) to decrease by 30-40% by 2029 as clients consolidate (insurers, pension funds, wealth managers) reinternalize capabilities (including across private markets) and seek to do more with fewer partners.

Exhibit 27: 30% to 40% fewer asset managers on client rosters by 2029

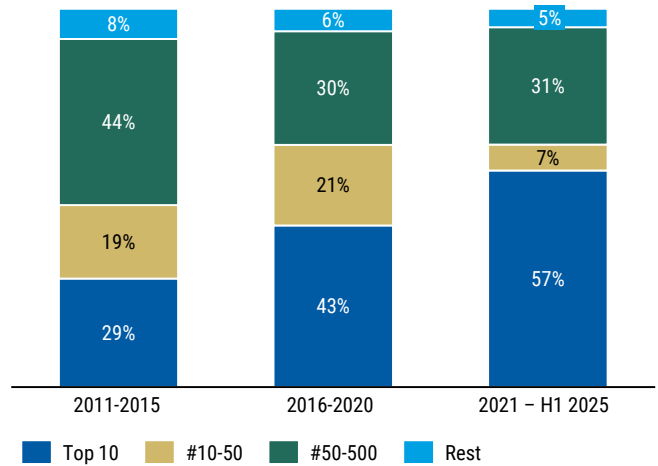
Projected evolution of asset manager slots (# of clients X # of AM partners per client), 2024 to 2029



Source: Oliver Wyman analysis.

5. Winners will continue to take more. Accessing these scarcer opportunities is increasingly balance-sheet and/or resource-intensive, requiring a wider skill set for growth (e.g., proprietary origination in private assets, AI and advanced analytics, active ETFs). As a result, winners will take an increasingly disproportionate share of flows; and are already doing so (see Exhibit 28).

Exhibit 28: Winners take more in asset management
 Market share of net flows by asset manager AUM ranking, mutual funds and ETFs, 2011-H1 2025



Sources: Broadridge, Oliver Wyman analysis.

6. Transactions will snowball. Recent flagship transactions are spurring reflection among similar-sized organizations. As mid-sized asset managers increasingly consolidate, the bar of what constitutes “scale” will continue to rise, in turn sparking more transactions.

For wealth managers:

7. Founders will seek succession and ownership transition. A large cohort of founder-led independents is approaching retirement with limited internal successors. Over 75% of IFAs are nearing retirement, over 50% of German firms were founded more than 20 years ago, the revenue-weighted age of advisors in the US is above 65. Transactions provide liquidity, continuity for clients and teams, and formalized governance under larger, better-capitalized owners.

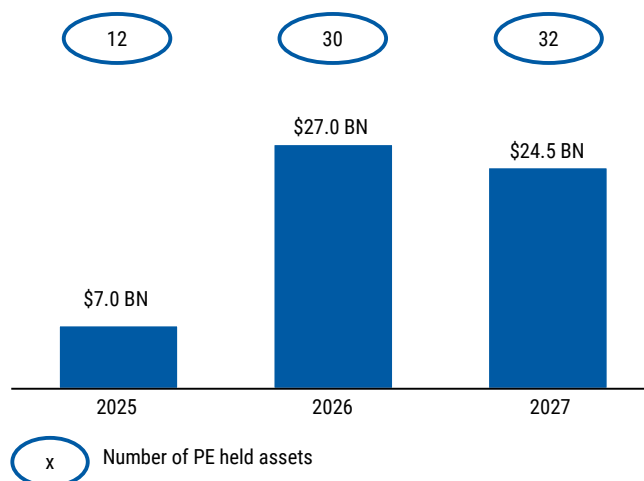
8. Banks will resurge as consolidators. Banks with valuations above book and a strategic tilt to capital-light, fee income view wealth management as accretive. Their stock currency, lower funding costs, and distribution reach enable competitive bids and faster value realization.

9. Private bank affiliated wealth managers will rationalize their onshore footprints. Local presence is increasingly necessary but expensive in fragmented or low-margin markets. Firms will acquire to deepen priority onshore positions and divest or exit non-core geographies to concentrate resources.

10. Private equity-held assets will enter an exit cycle. PE-backed platforms from recent vintages are reaching hold-period milestones in a higher-rate environment. In Europe alone, we expect close to \$25 billion of PE-held wealth assets (in enterprise value) to come to market by 2027. Expect trade sales, sponsor-to-sponsor deals, and partial recaps to release assets and catalyze further consolidation.

The combination of these factors will contribute to amplifying the wave of consolidation across wealth and asset management. However, transaction activity will take different forms that we explore in the next section.

Exhibit 29: In Europe, close to \$25 BN of PE-held wealth assets are likely to come to market by 2027 EV of PE-owned assets with 4-7 years tenure, \$BN, 2025-2027¹



¹ EV calculated from point of last available valuation event (e.g., stake investment, LBO)
Sources: Dealogic, Oliver Wyman analysis.

3.3. Framing M&A Plays: The Intra-Sector, the Inter-Sector, and the Financial

We see three categories of M&A emerging, despite the diversity of deals. Each of the categories themselves are driven by the pursuit of one or multiple of four “Cs”: **Cost** synergies, new **Client** segments or geographies, new **Capabilities**, and/or access to seed and permanent **Capital**:

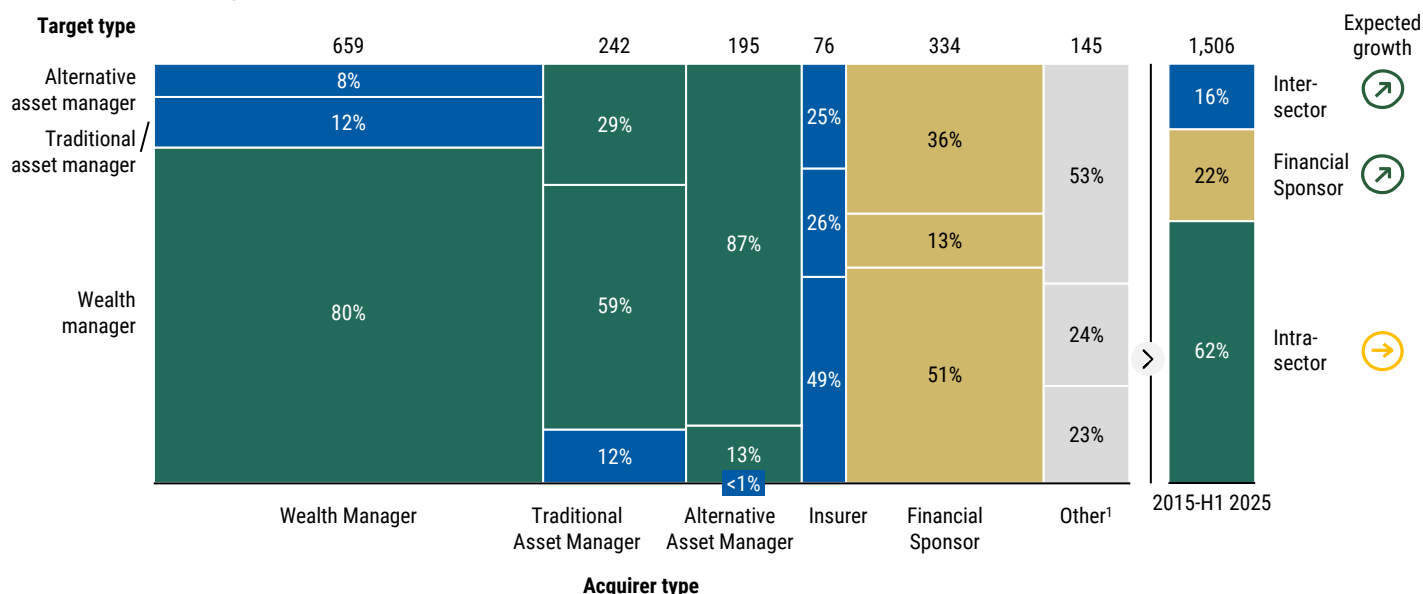
1. Intra-sector deals: Transactions within a vertical (AM acquiring AM, WM acquiring WM). These deals span scaled traditional asset managers buying private market specialist boutiques as **capability** bolt-ons, to mergers of traditional near-equals as **cost** synergy plays, to deals driven by **client** complementarity across segments (insurance-affiliated with bank-distribution-focused) or regions. In wealth management, this includes both intra-channel consolidation (e.g., RIA roll-ups) and cross-channel acquisitions (e.g., private banks acquiring independent wealth managers).

2. Inter-sector deals: Deals expanding along the value chain, seeking to provide additional services to improve or complete the client experience. This includes AM x WM transactions (in either direction) pri-

marily to secure **clients** through captive or preferred distribution relationships, to secure differentiating investment **capabilities**, and/or, to a lesser extent, generate **cost** synergies through shared centers of excellence. It also comprises deals involving asset or wealth managers with other sectors of the financial ecosystem, mainly insurance companies (e.g., access to seed and permanent **capital** in exchange for asset origination). While asset and wealth managers have acquired technology providers in the past (e.g., direct indexing), we do not explore these as part of this report.

3. Financial sponsor deals: Deals involving financial sponsors investing in either asset or wealth management entities. Such deals can target each of the four “Cs,” depending on the investment thesis. This spans both majority private equity deals (for subsequent roll-up strategies or operational/financial improvements), as well as minority deals including GP stakes investments in asset management.

Exhibit 30: While intra-sector deals have dominated, we expect inter-sector activity to increase by 2029
Breakdown of deals by seller and acquirer’s main business model, cumulative deals from 2015 to H1 2025



1. Other acquirers include multi-sector conglomerates (particularly in Asia), management buyout or individual investors, and firms operating in other sectors (e.g., technology, services)
Sources: Dealogic, Oliver Wyman analysis.

The table below summarizes each combination’s prominence in the wealth and asset management M&A landscape, its track record around how well it met stated objectives, and our outlook for future deal activity. The rest of this section then deep-dives into each combination.

Exhibit 31: Overview summary of asset and wealth management combinations

Combination types and share of transactions volume (in #) since 2015		Track record and observations	Outlook
Intra-sector deals			
IA. Asset manager x asset manager	20%	Less than 40% of the 8 flagship* transactions assessed saw CIR improvements three years post transaction, with targeted cost synergies (from 10% to 60%) often more than offset by insufficient revenue growth due to client/asset attrition Revenue synergies also challenged with half of assessed transactions in 3Y outflows post transaction (and only two improving organic growth rates), suggesting asset attrition has outpaced estimated cross-selling potential. Some clear successes nonetheless , particularly in Europe	➔ More high-profile transactions expected, prioritizing revenue synergies (by targeting channel/regional complementarity) over cost synergies Mid-sized transaction activity to be fueled by ownership shifts as insurers and wealth managers reassess whether they are the “ right owner ” of their asset management entities
IB. Wealth manager x wealth manager	35%	Successful domestic roll-up of independent wealth managers resulting in boosted market share and scaled players competing with private banks Private banks reprioritizing onshore markets leading to asset sales and consolidation of local players, improving margins while limiting client attrition	➔ Continued consolidation of independent wealth managers domestically, with cross-border deals as potential next frontier to unlock revenue growth and especially increase relevance for (U)HNW clients ➔ Uptick in bank-led M&A (esp. in Europe) to add capital-light, ROE-accretive, fee income and tap into growing market. Bank-affiliated wealth managers expanding into independent wealth management and digital channels
IC. Traditional asset manager x alts asset manager	6%	Race for private markets since 2020 fueled deals requiring strong revenue synergies to warrant high valuations and integration challenges (operating models, compensation, talent retention) Half of alternative managers acquired by traditional managers since 2020 lagged market growth . However, integration into model portfolios (particularly for retirement, as enabled by recent regulatory shifts) can unlock the full value from the combination	➔ Fewer deals expected as valuation differences and slowdown in fundraising limit ROI potential for traditional AMs. Retail and solutions (part. for retirement) as likely main sources of synergies. ➔ Partnerships/JVs more likely Other sources of deals expected from private credit and infrastructure players targeted by insurance-affiliated managers and alts investing in traditional AM
Inter-sector deals			
IIA. Wealth manager x asset manager	11%	Higher average valuations for combined entities vs. stand-alone asset managers, but high dispersion reflects challenge in materializing synergies (e.g., restricting open architecture faces fiduciary challenges, brand image risk and WM pushback, especially for HNW client base) However, on average WM-affiliated AMs have outperformed independent managers in organic growth over past 5Y (+2.4% vs. +0.4% in mutual funds and ETFs, net flows over beginning period AUM)	➔ More transaction activity expected, fueled by strategic rethink of ownership structures . Wealth managers who own asset managers without architecting their business model around closer integration and cooperation are likely to consider carve-outs. Others will consider investing to build AM capabilities. Stable outlook for asset managers venturing into wealth through acquisitions, although strategic partnerships expected to be more common route
IIB. Asset manager x insurer	3%	Theoretical symbiotic relationship: insurer-owned traditional AMs benefit from scale and stability (average of 59% AUM from parent) but underperform independent managers in 5Y organic growth (-1.0% vs. +0.4% in mutual funds and ETFs) despite most having access to captive distribution Private market tie-ups successful, particularly in private credit, with most synergies unlocked by “ reverse ownership ” of insurers by alts managers	➔ More transactions expected with offsetting dynamics at play: insurers (esp. life) that need access to proprietary spread to remain competitive will seek deals to build capabilities and grow fee revenues ; others less committed to spread-based businesses or who see their competitive advantage in other parts of the value chain will opt to monetize their AMs through carve-outs or JVs
IIC. Wealth manager x insurer	2%	Successful tie-ups have combined guaranteed products and holistic financial planning, leading to growing market share for insurance/wealth advisors, particularly for retirement solution provision Combinations have also allowed access to new client bases (up and down the wealth band levels)	➔ Further integration expected , particularly in Europe where insurance and savings are closely linked, boosted by the growing retirement opportunity; US insurers will also look to monetize their product range and capitalize on the retirement and advice opportunity as part of capital-light strategy shifts
Financial deals			
III. Financial sponsors x asset/wealth managers	22%	Central role of PE sponsors in WM consolidation (~85% of IWMs transactions with PE backing) vs. lower in AM (<25% transactions) due to high beta sensitivity and higher attrition risk in roll-ups . GP stake transactions have nonetheless picked up significantly. Limited visibility to date on track record of realized exits , yet evidence of PE-backed WMs gaining market share	➔ Stable role of PE in wealth management consolidation . Considerable boost of PE involvement in AM as investable universe expands (more distressed mid-sized players, more carve-outs from WM and insurers), industry becomes more capital-intensive, opportunities for value creation grow, and exit opportunities diversify. Requires repeatable playbook and thorough diligence

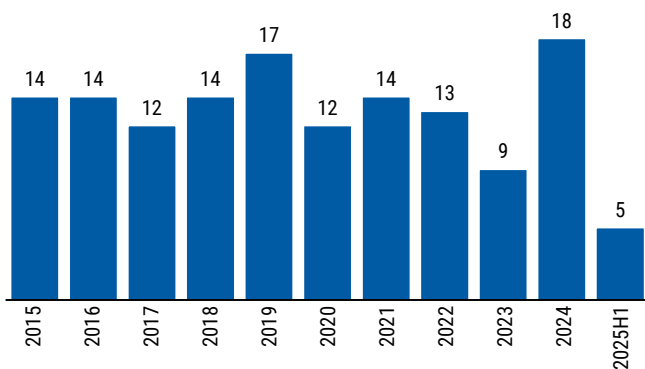
*Transactions involving listed asset managers with over \$100 BN of assets under management closed between 2016 and 2021 (to allow for sufficient time since transaction for analysis). Source: Oliver Wyman analysis.

IA. Intra-Sector Deals in Asset Management: The Reality of Scale Plays

The state of play: scale-driven deals between traditional asset managers

There has been a resurgence of scale-driven deals in 2024, particularly among large traditional managers, with players seeking to remain relevant in an increasingly concentrated and competitive industry. While such deals represent only a fraction of the asset management M&A activity, they have grabbed headlines given their impact on industry league tables.

Exhibit 33: All-time high number of traditional asset manager mergers in 2024
 Number of transactions involving two traditional asset management businesses by year of closing

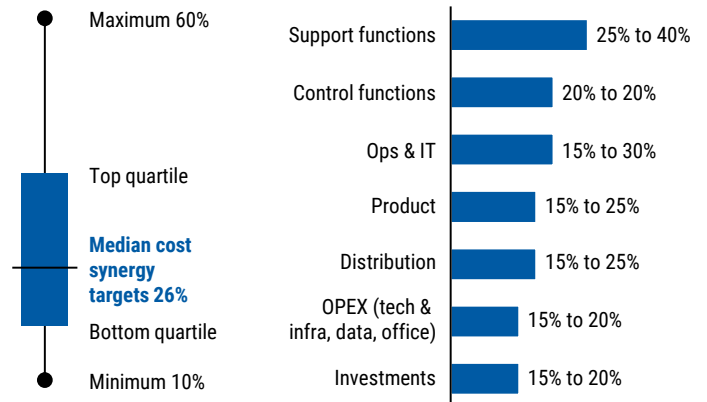


Sources: Dealogic, Oliver Wyman analysis.

The theory: ambitious cost synergy and cross-selling targets

Generating cost synergies is rarely the headline rationale for asset management mergers, far behind showcasing the complementarity of investment capabilities or of client bases. However, for traditional asset management mergers (i.e., between two businesses whose core activity is listed asset management), planned sources of cost synergies are often ambitious, spanning across IT consolidation, operational centralization, and front-office and product rationalization.

Exhibit 34: Traditional asset management mergers typically aim for >25% cost synergies
 Targeted cost synergies (in % of seller's cost base) for deals since 2008 and breakdown by nature of synergies



Sources: Press releases, Oliver Wyman project work and analysis.

On Day 1, the merger of two traditional managers of similar size doubles assets under management. However, the sustainability of this scale boost depends on the new entity's ability to 1) manage client attrition and 2) sustain and drive organic inflows.

1. Client attrition is the most common risk to revenues in asset management mergers. While some is unavoidable (e.g., clients' exposure limits), most is linked to instability caused by the transition (e.g., portfolio manager turnover, changes to investment strategies, product rationalization, negative reactions from investment consultants), which can be mitigated through proactive management. Yet managing attrition is not enough to create lasting value from mergers.

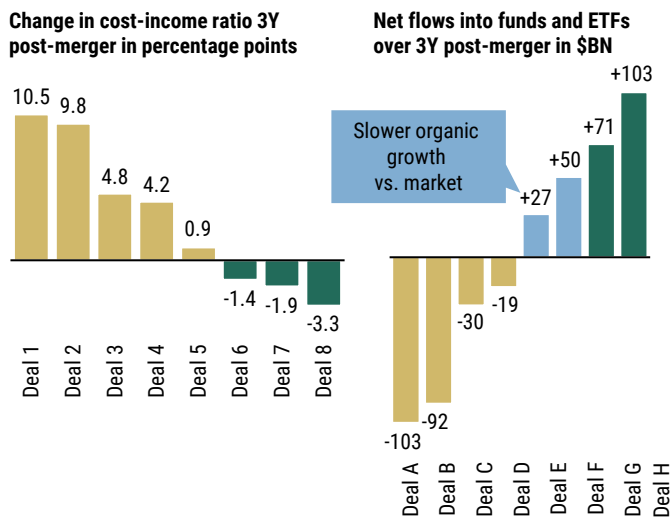
2. Creating long-term value requires the combined entity to generate greater flows than either could individually, which typically means exploiting regional or channel complementarity to cross-sell additional products to the existing client base while gaining access to new clients that otherwise may not have been possible.

The track record: unfulfilled synergies for most, clear success for few

So far, success of scale-driven deals has been mixed. In our analysis of eight flagship transactions (completed before 2022), most saw an increase in cost-income ratios three years post transaction. Cost synergies have struggled to materialize, which may reflect an inherent tension that makes achieving cost reductions so difficult: the more aggressive a company pursues cost synergy targets, the greater the integration dis-synergies become from talent and client attrition. There is a limit to how hard management can push for cost savings.

Elusive cost savings have been exacerbated by even more elusive revenue synergies, with outflows from client attrition outpacing (over)estimated cross-selling potential as firms realize that selling into client bases with different preferences related to investment (risk appetite, regional bias, ESG preferences or lack thereof) and distribution preferences (need for local presence, language barriers) is more difficult than expected. This has proven particularly challenging in cross-border transactions (27% of AM deals over the past 15 years).

Exhibit 35: Mergers have not been the panacea for traditional asset managers' costs or flows



Sources: Public company disclosures, Broadridge, Oliver Wyman analysis.

The outlook: more high-profile mergers focused on revenue synergies through business complementarity

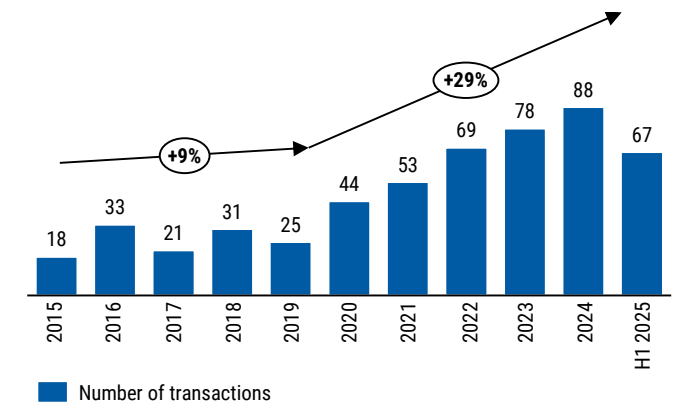
Despite these challenges, we expect more high-profile transactions among the 50+ traditional asset managers between \$500 billion and \$2 trillion as they seek scale to compete with the Top 10 and mitigate the winner takes most dynamic of the 2020s. As seen in the introduction, they are the most exposed to profitability concerns and their

success largely depends on their ability to build scale. We therefore expect most of these transactions to be driven primarily by client and product/capability complementarity (rather than pure cost synergy plays). This will likely materialize through more cross-border transactions and deals between insurance-affiliated and bank-/wealth-affiliated managers as their respective owners consider their strategic options for their asset management businesses.

IB. Intra-Sector Deals in Wealth Management: Diversified Consolidation

Intra-sector wealth-management M&A has led the past decade — ~35% of all wealth and asset management deals in our analysis — across three plays: (1) independents rolling into scaled platforms; (2) private banks reprioritizing onshore footprints via acquisitions and exits; and (3) bank-affiliated managers buying access to independent and digital distribution. Banks and bank-owned wealth managers feature mainly in the latter two.

Exhibit 36: Wealth management consolidation is booming
Evolution of number of WM x WM transactions, 2015-H1 2025



Sources: Dealogic, Oliver Wyman analysis.

Banks are a distinct buyer set in wealth management M&A. When conditions align, bank-led deals can reset the competitive order by combining distribution, manufacturing, and balance-sheet strengths to create “super-league” franchises with unassailable scale. However, these outcomes are hard to replicate: Timing and idiosyncratic catalysts matter; suitable potential sellers are scarce.

We expect banks and bank-owned wealth managers will remain active with thesis-led moves: building local operating leverage in priority markets while exiting or partnering elsewhere and securing feeders in independent/ digital channels that graduate clients into full-service wealth. Expect tuck-ins, partnerships, and asset transfers to dominate; mega-mergers will be the exception.

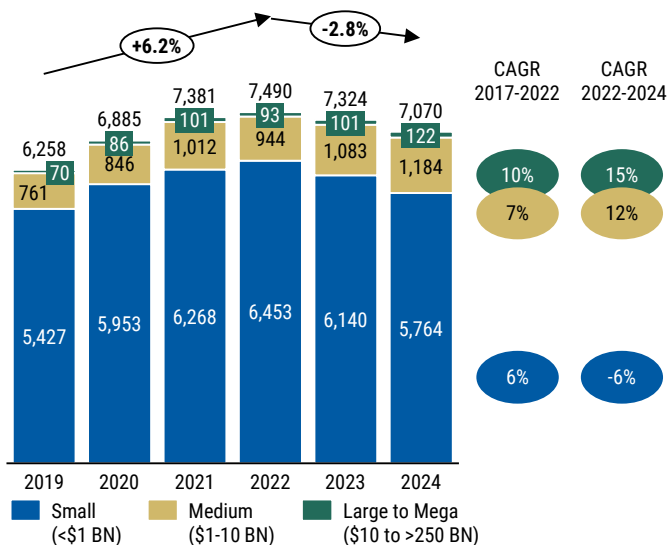
Below, we explore in more detail each of the three plays outlined above.

IB1. Independent wealth manager consolidation: a globally domestic phenomenon... for now?

The state of play: Independent/non-bank consolidation is broad and accelerating

After US RIAs grew +6% in 2017-2022, their count has fallen ~2.8% annually since 2022. In the UK, firm numbers dropped 6% in the 12 months to Feb-2025 despite more advisers. Germany (~400 independent wealth managers) and Switzerland (~1,600) remain highly fragmented, leaving ample room for deals.

Exhibit 37: Independent wealth managers are consolidating
Evolution of the number of American Registered Investment Advisors (RIAs) by asset band in \$BN, 2017-2024



Source: Oliver Wyman Epiphany Wealth Model.

The theory: capabilities, cost — and succession

Client expectations now require heavier investment in digital portals, AI-enabled client management, and more complex products (private markets, retirement solutions). Consolidation pools resources, speeds build-out, and strengthens competitiveness. Value-for-money scrutiny (especially in Europe) and the medium-term risk of rebate bans pressure small boutiques' economics; centralizing infrastructure creates scale economies. Many founders are approaching retirement. Consolidators offer continuity of advice (codified playbooks, documented planning), coverage depth, CIO research, and compliance backbone — reducing key-person risk and supporting client retention through staged handovers.

Well-structured earn-outs and retention covenants align incentives; without a plan, succession sales often see post-deal attrition, especially among next-gen heirs.

The track record: market share up, synergies mixed — multiple arbitrage dominant

Independent channels have taken share across major markets (US RIAs, Italy's promotori finanziari, France's CGP, UK IFAs). Some independents have reached scale and leveraged bank partnerships to compete with large private banks. Yet most value creation to date stems from multiple/margin arbitrage — scaled platforms buying smaller firms at lower EBITDA multiples. Cost synergies (shared tech, portals) are real; revenue synergies have been harder to capture, and NNM growth often dips post-acquisition, especially in succession-driven deals, due to founder transition and integration distraction.

Exhibit 38: Most value creation to date has been driven by multiple arbitrage

I	II	III
<p>Multiple Arbitrage <i>Buying smaller, lower-multiple firms and integrating them into larger, higher-multiple firms</i></p>	<p>Cost Synergies <i>Reducing costs by sharing resources, removing overlaps, and leveraging scale through integration</i></p>	<p>Revenue Synergies <i>Boosting top-line growth through cross-selling, new client access, and enhanced capabilities</i></p>
<p>Market observations</p> <p>Immediate valuation uplift, as most immediate value driver</p> <p>Risk of failure if integration progress stalls or market confidence falters</p>	<p>Relatively concrete and achievable within first 1-3 years</p> <p>Requires effective integration, incl. detailed planning and disciplined execution</p>	<p>Highest complexity to execute, often requiring 3+ years, often offset by potential dis-synergies</p> <p>Cultural and retention challenges frequently limit success</p>
<p>Level of realization</p> <p>High</p>	<p>Medium</p>	<p>Low</p>

Source: Oliver Wyman analysis.

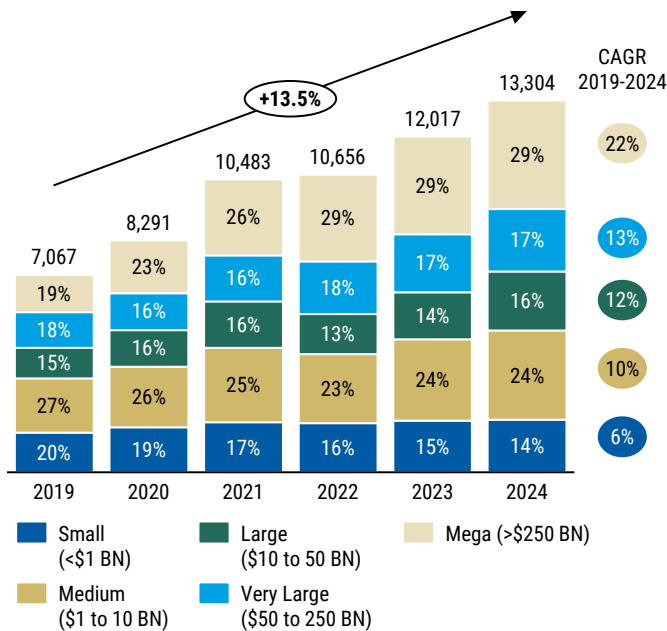
The outlook: continued roll-ups, succession as catalyst, cross-border as the next frontier

The long tail is losing flow share: large/mega US RIAs have grown 12-22%, versus 6-10% at small/medium peers; similar dynamics appear across Europe. Succession will amplify activity — over 75% of UK advisers are nearing retirement and over 50% of German firms were founded more than 20 years ago. Consolidation will remain the primary deal theme. Cross-border M&A is still rare, but unlocking it

— by navigating local regulation — could open access to global clients, raise competitiveness against international private banks, and capture a larger share of higher-wealth relationships.

Exhibit 39: Assets of mega advisors are growing at twice the rate of any other segment

Breakdown of assets under advisory of American Registered Investment Advisors (RIAs) by asset band, in \$BN 2017-2024



Source: Oliver Wyman Epiphany Wealth Model.

IB2. Private banks seeking scale through prioritization in onshore booking centers

The state of play: scale pressure in local franchises

Scale pressure in local franchises is driving M&A. Many international onshore platforms run standalone CIRs >100% not for lack of cost control, but because insufficient local AuM throttles operating leverage and their “feeder” role into cross-border hubs is being questioned.

The theory: reprioritize to boost profitability

Banks are narrowing into markets where they have a right to win (client density, lending/deposit potential, regulatory predictability) and reshaping footprints via two moves:

- **in priority countries**, acquire to reach local scale, harmonize platforms, and unlock synergies
- **in deprioritized countries**, exit or partner — selling to peers and sometimes converting to rep offices

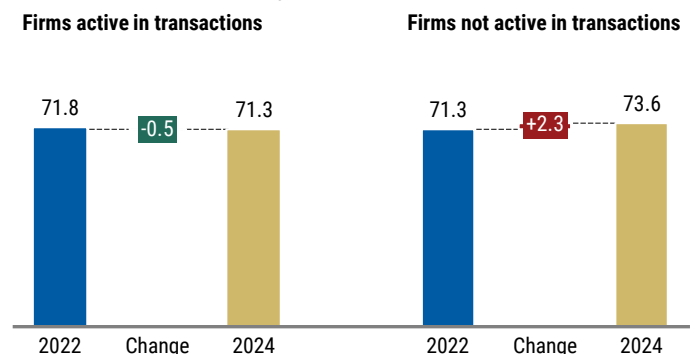
The operating model follows suit: shared tech and centralized middle/back office, a slimmer product shelf, and hub-and-spoke booking that concentrates complexity in a few scalable centers. Switzerland illustrates the consolidation path, with the number of private banks roughly halving since 2010.

The track record: active portfolio reshaping improves economics

Banks that have executed targeted acquisitions and divestitures in the last three years generally show better CIR trajectories than peers that stood still. Value creation has come from closing duplicative branches, decommissioning local systems, mutualizing operations, and migrating clients to standard mandates — while capturing revenue uplift from better pricing discipline, balance-sheet solutions, and adviser retention around migrated books. Where deals underperform, the causes are predictable: slow platform integration, weak client-migration playbooks, and leakage during adviser transitions.

Exhibit 40: Bank-affiliated wealth managers who actively use M&A have improved CIR, while others have not

Evolution of CIR of wealth managers with transaction activity vs. without transaction activity



Note: Sample includes the world's 20 largest wealth managers with a focus on HNW clients and headquarters in Europe, North America and APAC (simple average)
Source: Oliver Wyman Wealth Management Benchmarking Database 2025.

The outlook: disciplined prioritization will fuel onshore deal flow

Expect continued reshuffling as bank-owned wealth managers concentrate capital in a smaller set of onshore markets and exit the rest. Winners will apply a repeatable screen (right-to-win, path to attractive CIR at scale, capital intensity, and regulatory complexity), pursue bolt-ons and portfolio transfers to cross the local scale threshold quickly, and hard-wire post-deal integration (client journey, adviser retention, system decommission, booking-center alignment). Alternatives to full exits — white-label distribution, rep-office models, and platform partnerships — will complement outright sales, but the strategic direction is clear: fewer, larger onshore franchises with real operating leverage.

IB3. Bank-owned wealth managers buying their way into alternative distribution and feeder channels

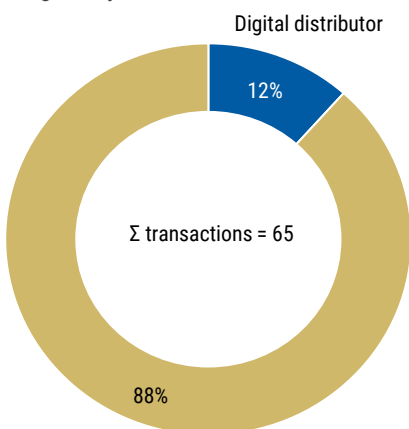
The state of play: private banks buying into distribution channels

As a response to independent advisory channels gaining market share, private banks are seeking ways to fight back. Inorganic growth has been and will continue to be a prevalent strategy for private banks given the pace of market share displacement.

Bank-owned wealth managers are following this strategy primarily to enter two different channels: independent wealth networks and digital distribution channels (retail brokerage or digital wealth management platforms).

Exhibit 41: Bank-affiliated managers have tapped into independent channels through M&A

Breakdown of WM transactions conducted by private bank-owned wealth managers, by seller's business model, 2015 to H1 2025



Independent wealth manager

Sources: Dealogic, Oliver Wyman analysis.

The theory: tapping into new client segments, fast

As independents gain share, bank-owned wealth managers are using M&A to accelerate access to two channels: (i) independent wealth management networks and (ii) digital distribution (retail brokerage and digital wealth platforms). Digital buys broaden the funnel to younger, self-directed clients who can “graduate” into core wealth offerings while adding self-serve capabilities to a full-spectrum platform. Independent-channel acquisitions secure access to faster-

growing affluent and HNW clients whose needs mirror private-banking propositions — without the time lag of building in-house.

The track record: balancing advisor autonomy and cross-selling

Most deals are recent, so evidence is limited. The core trade-off is clear: Value creation (especially when acquiring an independent channel) often depends on embedding in-house (or partner) products, but the independence of acquired platforms is central to client trust and advisor autonomy. Overplaying cross-sell risks channel conflict and attrition; underplaying it leaves synergies on the table. Successful acquirers ringfence open architecture, set transparent product-governance and revenue-sharing rules, and pace integration — prioritizing custody/clearing, model-portfolio access, lending and cash solutions, and unified service before focusing on incremental product opportunities. For the digital wealth management and brokerage acquisitions, designing a frictionless “graduate to advice” funnel that converts self-directed clients into advisory relationships is critical.

The outlook: M&A plus partnerships

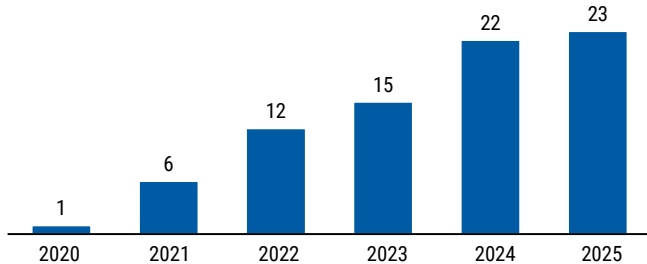
Expect continued bank-owned wealth managers’ participation via acquisitions, complemented by custody agreements, select distribution partnerships, and joint ventures that monetize flows without owning the advisory relationship. Winners will treat these channels as feeder systems with clear graduation paths, disciplined economics, and preserved advisor neutrality.

IC. Capability Extensions: The Race for Alts, Already Over or More to Come?

The state of play: private markets as the main expansion play of traditional managers

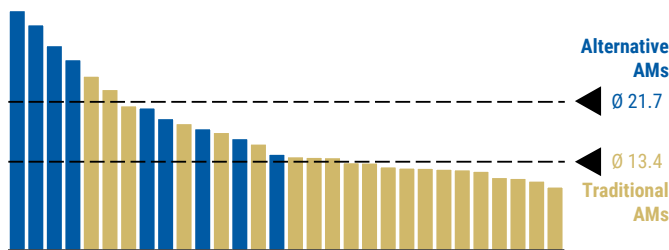
M&A has long been a core tool to expand into new asset classes, whether traditional or alternative. Mirroring industry trends, capability expansion deals in asset management have mainly focused on private asset specialists. As traditional players have sought to pivot to private markets, their acquisitions of specialists fueled a race for acquisitions in recent years.

Exhibit 42: The Top 50 traditional asset managers have acquired 23 alternative specialists since 2020
Cumulative # of transactions involving a Top 50 traditional manager acquiring an alternative manager



Sources: Dealogic, Oliver Wyman analysis.

Exhibit 43: Traditional managers' valuation challenge: a 60% gap to fill with added value
Price to 1Y forward EPS (July 2025) for selected traditional and alternative asset managers



Sources: LSEG Datastream, Oliver Wyman analysis.

The theory: traditional managers tapping into faster growing and higher margin markets

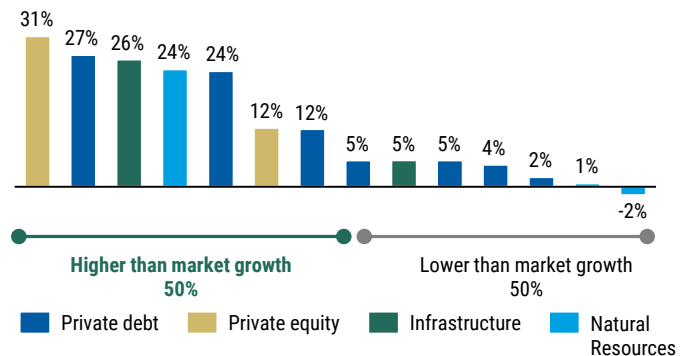
Traditional asset managers have turned to M&A as a faster, more efficient route to build scale and credibility in private markets. The limitations of organic growth (difficulty to recruit talent, lead time to build track record, risks of getting 'left behind') have made acquisitions a compelling alternative.

However, alternative managers command higher valuations (see Exhibit 43). Therefore, not only must traditional managers compensate for their lower valued paper with cash outlays, but they also need to demonstrate clear added value post-deal for it to be considerably accretive to their business.

As cost synergies are rarely central to such deals, this would mainly take the form of incremental fundraising through the traditional manager's scaled distribution capabilities, notably in retail channels. While this has greater appeal for boutique private market specialists, the advantage gradually diminishes for larger private market players

with an established institutional client base, brand and resources to build distribution into retail intermediary channels themselves.

Exhibit 44: 50% of alts managers acquired by traditional managers since 2020 have lagged market growth
AUM growth since acquisition of private asset specialists acquired by traditional managers, CAGR to 2024, deals closed between 2020 and 2023, excludes one deal with no available data



Note: Asset class denotes the majority asset class of the acquired firm. Private equity includes private equity secondaries. Growth is compared on an asset class basis and within a comprehensive timescale. Sources: Press releases, public company disclosures, Oliver Wyman analysis.

The track record: limited incremental fundraising and integration challenges

Distributing private market capabilities is a challenge for traditional sales forces. As a result, these deals have struggled to consistently generate meaningful incremental fundraising with only half of the alternative specialists acquired by a Top 50 traditional asset manager seeing faster asset growth than the market.

These difficulties in generating incremental fundraising are further amplified by cultural and operational challenges in post-merger integration. Indeed, integrating a private market workforce into a traditional asset manager requires finding a way to let each culture shine for the combined entity, and developing coherent and thoughtful talent management approach, including clear incentive structures. Similarly, operational hurdles, such as disparate systems, tools, and datasets, are likely to persist with very few players successfully operating a single operating platform across both private and public markets.

The outlook: retail and retirement model portfolios as the solution to unlocking value

As private market growth shifts to retail, the added value of traditional managers to private market specialists becomes more compelling. Most private asset players have scaled on the back of a primarily institutional client base, a sophisticated cohort accepting illiquidity and who require few, albeit high-touch, interactions. Success with a retail client base requires new capabilities across products (e.g., semi-liquid, evergreen), vehicles (e.g., feeders, local structures eli-

gible for retail-friendly wrappers), operations (e.g., managing distributors and/or direct client access, reporting), and distribution (e.g., entirely new client base, continuous rather than cyclical fundraising, marketing).

Traditional managers can support acquired specialists by leveraging their deeper expertise in retail distribution, as well as the trust their brand commands, particularly for the design of multi-asset portfolios. Overcoming distribution siloes and ramping up private market expertise in generalist sales forces (either through dedicated sales, product specialists, or sophisticated investor relations teams) will be key to unlocking this synergy potential.

Significant further upside is expected from the inclusion of private markets in retirement solutions. As regulatory constraints ease, particularly in the United States and Europe, we see the next unlock of further growth for alternatives in retail. Traditional managers who manufacture target date funds, model portfolios and other managed solutions for retirement will be at a clear advantage with in-house private market capabilities that can be fed into them. For independent private market specialists, entry into such solutions will be safeguarded by traditional managers (or investment consultants) and contingent on stellar performance at attractive fees.

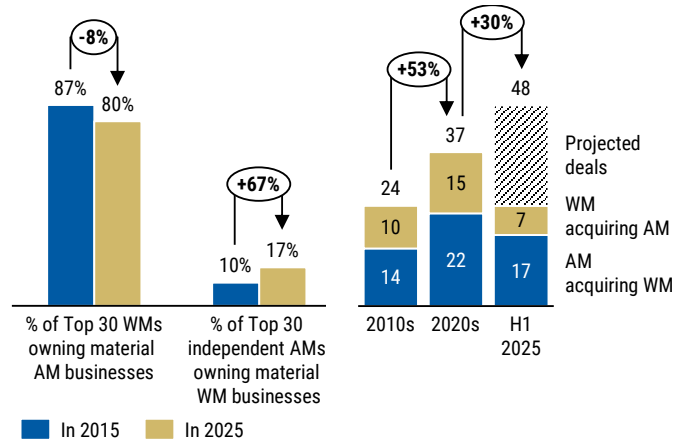
IIA. Inter-Sector Deals: Should a WM Own Its AM... or Vice Versa?

The state of play: the beginning of a structural shift in ownership?

Most of the of the top 30 global wealth managers operate their own asset management divisions, a stable figure over the past decade. In contrast, few of the top 30 independent asset managers own material wealth management activities. Their number has nonetheless nearly doubled in the past decade with acquisitions of traditional wealth/advisory firms or investments in digital direct-to-client platforms.

However, the landscape is changing, particularly outside of the Top 30, with deals between asset and wealth managers multiplying.

Exhibit 45: Asset managers look to wealth, while wealth looks away
Evolution of asset and wealth combinations (LHS) and average yearly transactions (RHS)



Note: Asset managers operating non-material (<1% of assets) direct management for HNW clients are not considered as owning WM businesses.
Sources: Dealogic, Oliver Wyman analysis.

The theory: retain margins, share capabilities and boost asset management distribution

For asset managers, preferential access to (captive) clients at an arguably lower cost of acquisition, provides scale and stability for the asset manager to grow its third-party business. This is all the truer when addressing these clients through packaged solutions. For managers affiliated to top-tier global financial institutions, the parent's brand can also contribute to commercial success with smaller distributors.

For wealth managers, owning an asset manager provides benefits beyond margin retention. It can enable tighter feedback loops between client-facing advisors and portfolio managers boosting product innovation and time-to-market, enabling exclusive product launches, and knowledge sharing (e.g., asset allocation views).

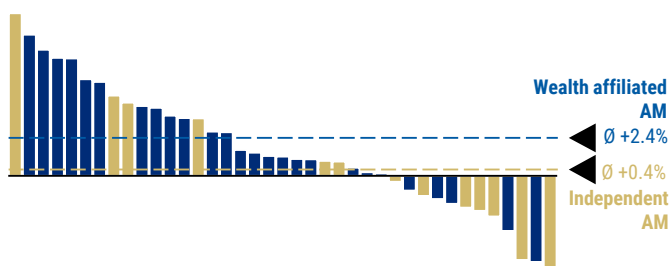
To a lesser extent, integration may yield cost synergies across middle- and back-office functions, as well as strategic alignment benefits. Examples include centralized CIO offices or shared research platforms. This can reduce duplication, improve consistency, and free up resources for growth initiatives.

The track record: outperforming market flows, struggling to materialize in valuations

The strength of captive distribution materializes in net flows as wealth-affiliated asset managers showcase significantly higher organic growth over five years than their independent counterparts.

Exhibit 46: Wealth-affiliated asset managers outpace independent managers in organic growth

5Y organic growth rate in active mutual funds and ETFs for Top 50 asset managers by asset in active mutual funds and ETFs, in % as of June 2025

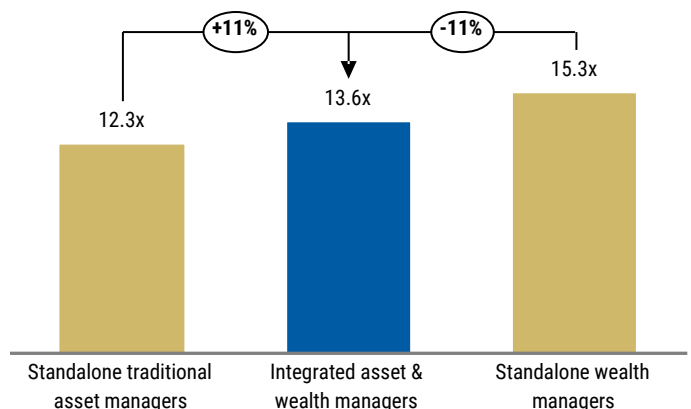


Sources: Broadridge, Oliver Wyman analysis.

Nonetheless, the value of integration between an asset and wealth management firm is not systematically reflected in valuations. Indeed, combined firms exhibit lower valuations than stand-alone wealth managers, although commanding higher valuations than stand-alone traditional asset managers.

Exhibit 47: Post-acquisition vertical integration synergies must be robust to outweigh the drag of traditional asset manager valuations

Average 1Y forward price to EPS of wealth and asset managers by type, as of June 2025



Note: Sample of 38 listed asset and wealth management firm, excludes Sources: LSEG Datastream, Oliver Wyman analysis.

The biggest challenge for integrated wealth and asset management firms to fully materialize the combination’s potential is to balance independence with support for its in-house manager. Use of proprie-

tary funds varies widely, anywhere from 10% to over 80%, with private banks on the lower end of the spectrum (often citing fiduciary constraints, brand image risks and attachment to advisor independence) and larger banking networks on the higher end. Geographically, there is typically a higher use of internal products in Europe and APAC, particularly among banking groups, compared to the United States.

Another issue observed at wealth-affiliated asset managers that can weigh on multiples is that it can hamper the asset manager’s ability to compete outside of its captive channel. Often this reflects a product strategy designed around satisfying the needs of the captive channel, which may not translate into competitive products in third-party channels. The steady flow of captive assets can also dampen commercial initiative (especially given the superior economics of captive distribution) and slower product innovation cycles, which reduces the asset manager’s ability to compete in third-party channels.

The outlook: increased activity as WMs rethink ownership and asset managers see value shift to wealth

Unlocking value from the combination of wealth and asset management is unlikely to come ‘organically’ and requires purposeful strategic action to steer both businesses together in a way that maximizes shareholder value. This leaves wealth managers with asset management arms at a crossroads. Those committed to a more integrated strategy will invest and likely drive increased M&A activity as they look to scale and build their asset management capabilities. Others are likely to consider carve-outs. We expect such carve-out considerations to be more prominent among private-bank affiliated managers with high open architecture rates than in more retail-oriented banking groups (particularly European) where closed architecture is often critical to deliver cost-competitive packaged solutions.

In parallel, we expect more asset managers to explore building proprietary wealth management distribution. As more value shifts to distribution, asset managers will seek to secure access to clients and preferred distribution to stabilize flows and capture more of the economics.

IIB. Inter-Sector Deals: Should an Insurer Own Its AM... or Vice Versa?

The state of play: thriving activity with insurers at a crossroads

Nearly all insurance companies evolved to have some internal investment capabilities to support their general accounts. Some insurers,

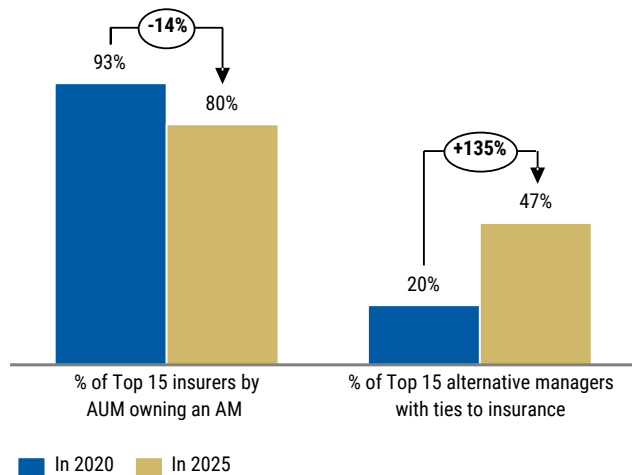
particularly the largest, have sought to monetize those capabilities by creating third-party asset managers both to support general account investments and to generate additional fee revenue streams (typically as part of more capital-light strategies).

In parallel, smaller and mid-sized insurers (and some larger institutions) have reevaluated the need to have internal investment capabilities at all, much less a third-party asset manager. They have instead chosen to outsource large portions or even all of their investment management capabilities to third-party providers. In some cases, this is part of a broader strategic transaction where the insurer's internal investment staff joins the third-party asset manager and the insurer retains some interest in the third-party manager.

All of this activity is taking place against the backdrop of PE-backed insurers, particularly in the US, which has rewritten the rules around the types of asset management capabilities insurers need to compete effectively in spread-intensive businesses like annuities and pension risk transfer. This dynamic combined with many strategic shifts of insurers to move toward balance-sheet light businesses like asset management has created a tremendous amount of M&A and restructuring activity between asset managers, particularly alternative managers focused on private credit, and insurers.

Exhibit 48: Most scaled insurers own an asset manager, but the picture is changing

Evolution of insurance x AM combinations, top 15 insurers and alternative managers by AUM, 2020-2025



Note: Ties to insurance defined as ownership or strategic partnership (incl. minority stakes)
Sources: IPE, Dealogic, Oliver Wyman analysis.

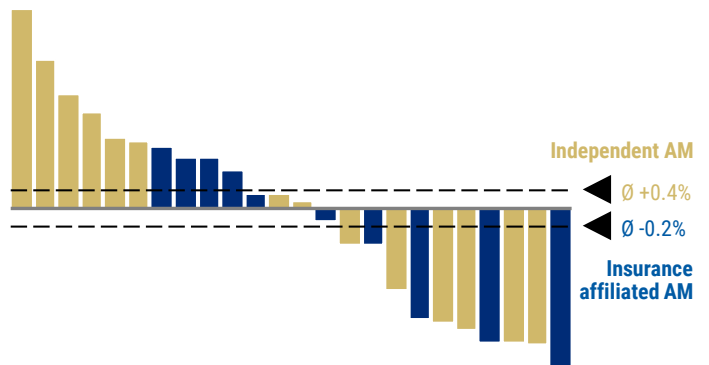
The track record: the value of combinations materializes in valuations, less so in third-party flows

While insurance-affiliated asset managers benefit from their parent's permanent capital to achieve scale (deriving an average of 59% of

their assets from their parent), this has not translated into successful third-party businesses, with most suffering net outflows over the past five years, compared to net inflows for independent managers.

Exhibit 49: Insurance-affiliated managers underperform independent managers to gather flows

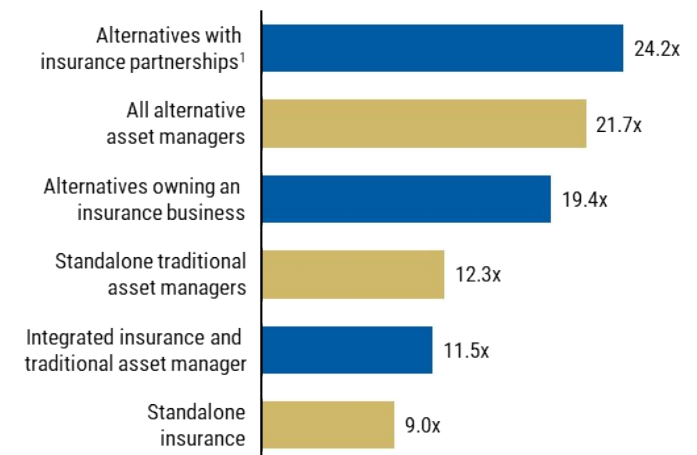
5Y organic growth rate (in mandates, funds and ETFs), for Top 50 AMs by AUM, in % as of June 2025



Sources: Company disclosures, Oliver Wyman analysis.

From an insurer's perspective, however, owning an asset manager does enhance enterprise value with combined firms trading on average at a premium compared to stand-alone insurers. This obscures a more nuanced picture, however: the highest multiples are enjoyed by alternative managers who have strategic tie-ups with insurance companies giving them access to permanent capital that they have used to build significant scale (particularly in private credit). Alternative managers that fully own an insurer have a slightly lower multiple, likely reflecting the market's preference for more capital-light business models.

Exhibit 50: Valuations confirm the value of combinations
Average 1Y forward price to EPS of insurance and asset managers by type of combination, as of June 2025



1. Strategic partnerships including minority stakes
Note: Sample of 35 listed asset management and insurance firms
Sources: LSEG Datastream, Oliver Wyman analysis.

The outlook: Three “plays” will drive significant transaction activity

1. PE-driven search for permanent capital: These deals will be driven by PE-shops looking to grow their private credit franchises by taking ownership stakes in one or more insurers (or helping to capitalize a separate reinsurer). The primary logic of these deals are predicated on the creation of an “insurance-private credit flywheel” where the insurer becomes more competitive in spread-intensive products (e.g., whole life insurance, annuities), which feeds more premiums into the AM, which helps them scale and deliver superior yields to the insurer, which in turn helps the AM scale further and drive growth in the AM’s third-party business as well. Some alternative managers may seek to strike strategic partnerships to conduct a similar strategy without an ownership stake.

2. Insurers focusing on their core business: These deals will be driven by insurers that want to focus on their core insurance business, so will divest their asset management arms. The money raised from the divestiture can be redeployed into the core (non-spread-intensive business), while the asset manager is free to set its strategic direction and operate independently of its former parent (although often with a temporary investment management agreement to smooth the asset managers transition to a third-party manager while ensuring continuity of service levels to the insurer). In the ideal case, the enterprise value of the insurer will increase as it becomes more competitive in its core markets and (in some cases) benefits from its equity investment in an asset manager that is more successful as a standalone company than when it was part of the insurer.

3. Insurers pursuing a “two birds with one stone” strategy: Insurers that already have meaningful asset management capabilities but lack the full range of private markets and alternative capabilities necessary to compete, both in their core insurance business and in the third-party asset management space will pursue a strategy focused on getting “two birds with one stone.” This will trigger substantial activity from team lift-outs to transformational deals as insurers bulk up their AM capabilities that simultaneously bolster their ability to compete in their core business (primarily through building greater access to originate proprietary spread), while also improving their competitiveness in higher-multiple third-party asset management.

IIC. Inter-Sector Deals: Should Insurance and Wealth Management Tie Up?

The state of play: growing integration of insurance and wealth underpinned by retirement push

The growing integration of insurance and wealth management reflects a vibrant M&A landscape where life insurance and personal savings overlap significantly. Life and pension assets constitute 25% of global household wealth, with tax advantages amplifying life insurance’s role as a savings and retirement vehicle. As a result, we have seen some activity involving insurers acquiring wealth management businesses, with 37 transactions globally from 2015 to mid-2025.

In the US, while mutual insurers maintain captive distribution models, public insurers have largely divested proprietary distribution capabilities over the past decade. Insurers with extensive retirement businesses are leading wealth management integrations, leveraging those ties to grow revenue streams. This trend emphasizes retirement business as a key bridge to monetize broader wealth relationships.

The theory: wider capabilities, talent pools and client bases

Combinations between wealth and insurance players are driven by several objectives:

1. Capturing more of the economics: Insurance advisors specialize in protection needs and investment vehicles but lack expertise in financial planning, asset management, and holistic advisory services. Acquiring wealth managers allows insurers to diversify revenue and enter comprehensive financial advisory spaces. The combination of insurance and wealth management capabilities allows to maintain distribution margins in-house on both insurance and financial products, capturing the full share of economics making the client relationship more profitable overall, diversifying earnings into fee-based capital-light models which typically command higher valuations on public markets.

2. Address talent attraction challenges: The number of financial and insurance advisors is declining globally, creating challenges for firms to attract and retain talent. Integrated firms offering both insurance and wealth can attract a wider pool of talent. With insur-

ance often having lower recruitment barriers, young advisors can be upskilled to offering wealth advice. This, in turn, strengthens client relationships and creates a scalable, long-term advisory force, an advantage which is hard to replicate for standalone players that depend on hiring experienced advisors from wirehouses or independent wealth advisors.

3. Widening the client base: Wealth managers typically have access to UHNW and HNW households. The combination with insurance advisors would provide access to these high-growth segments. Merging capabilities enables insurance advisors to better target affluent individuals requiring more holistic financial plans. At the same time, wealth managers access insurance advisors' stable assets and trust-based relationships suited to recurring revenue models.

4. For retirement-oriented players, the rationale is to focus on financial planning beyond retirement age and increase rollover win rates to maintain assets within the platform and generate advisory-fee revenues.

The track record: growing revenues at the intersection of wealth and insurance and delivering returns

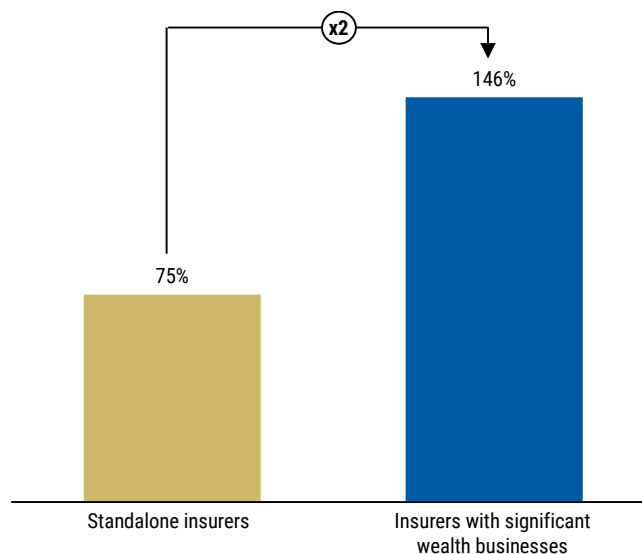
Firms integrating insurance and wealth management have excelled in product development, particularly comprehensive retirement solutions that enhance client satisfaction and retention.

In the US, leading insurance companies with sizeable wealth businesses have been able to tap into the higher-growth fee-based capital-light wealth management, successfully scaling their wealth businesses both organically and through acquisitions. Moreover, additions of wealth management arms have allowed retirement-focused players to boost rollover win rates, with leaders now targeting above 50% from significantly lower bases.

The success of these combinations has materialized total shareholder returns as insurance providers with significant wealth businesses have outpaced their standalone insurance counterparts.

Exhibit 51: Superior total shareholder returns delivered by insurers with significant wealth businesses

5-year Total Shareholder Return (TSR) for a sample of listed insurance companies based in the US, in %, from 01/01/2020 through 01/01/2025



Note: Sample of 13 listed insurance companies in the United States.
Sources: LSEG Datastream, Oliver Wyman analysis.

Firms that have most benefited from the combination have managed to combine insurance and wealth products while avoiding brand dilution or erosion of trust. They have fostered cultural alignment, bridging the gap between risk-focused insurance distributors and investment-oriented wealth managers.

The outlook: further integration expected, boosted by the growing retirement opportunity

Looking ahead, we expect the trend of merging insurance and wealth management firms to accelerate. The growing retirement opportunity, coupled with the increasing market share of independent wealth managers, creates a compelling case for further transactions. As independent wealth managers capture more of the market, insurance distributors must enhance their offerings to remain relevant and competitive.

III. The Role of Financial Sponsors in Asset and Wealth Management M&A

While growing across the board, sponsor-backed transactions are considerably more prevalent in wealth management compared to asset management. Nearly 50% of deals in wealth management involve private equity sponsors, twice as much as in asset management.

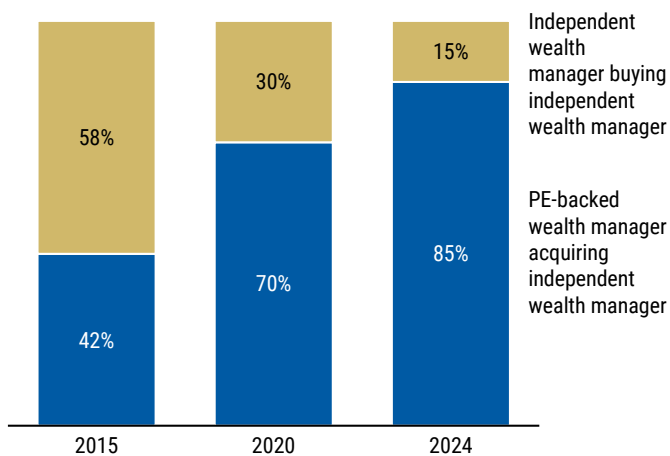
Independent Wealth Managers: A prime target for financial sponsors

Wealth management revenues are less sensitive to market fluctuations. This aligns well with PE firms' value-creation approach over their typical 5- to 8-year investment horizon. Conversely, market timing can be unforgiving in asset management transactions, regardless of financial or operational improvements a sponsor can conduct.

Independent wealth managers also offer a conducive environment for roll-up strategies, the most common playbook for sponsors who now dominate transactions (see [Exhibit 52](#)). This strategy is significantly more difficult to replicate in asset management, where the risk of client attrition and key-person departures is significantly higher. Nonetheless, significant sponsor activity has bid up valuations for non-traded independent wealth managers to a level about public market comparables, which may challenge exit opportunities.

Exhibit 52: Financial sponsors drive independent wealth management consolidation

Share of transactions involving a PE-backed wealth manager, 2015-2024



Sources: Dealogic, Oliver Wyman analysis.

Asset Management: A new case for private equity sponsors?

We see the case for financial sponsors to build value creation investment theses on asset managers materializing in the coming years for four reasons:

- 1. The investable universe is widening:** There are still too many sub-scale players with more than 90% of the 5,000+ asset manager pool managing less than \$20 billion. Continued profitability pressures and winners-take-most dynamics will force many to consider buy-outs to survive.
- 2. Capital intensity is increasing:** While enough to sustain margins and existing teams, cash flows generated by sub-scale managers will no longer be enough to fuel investments required to capture the next phase of growth (e.g., technology, seed).
- 3. Efficiency gains are waiting to be realized:** Many firms have been slow to optimize operations, relying on rising markets to boost profitability. Sponsors can capture these efficiencies especially when targeted across multiple holdings.
- 4. Exit opportunities are diversifying:** Sponsors can benefit from the industry's consolidation by scaling up boutique managers into more "digestible" potential sellers for larger asset managers or inter-sector strategic buyers.

Nonetheless, demonstrating the PE case in asset management will require overcoming asset management-specific risks in roll-ups (e.g., impact on consultant ratings, risk of talent attrition) and developing a growth-oriented investment thesis as traditional balance sheet engineering and cost-driven plays present less opportunities in the capital-light asset management industry.

Deep Dive: A Playbook for Execution: from Identifying Potential Sellers to Post-Merger Integration

Acquisitions in asset and wealth management can be perilous, and we have seen the high dispersion of success across each type of play throughout this report. Succeeding in such transactions requires more than a good idea. Choosing the right play is just the first step. Four more are essential to running an efficient and successful acquisition without destroying value.

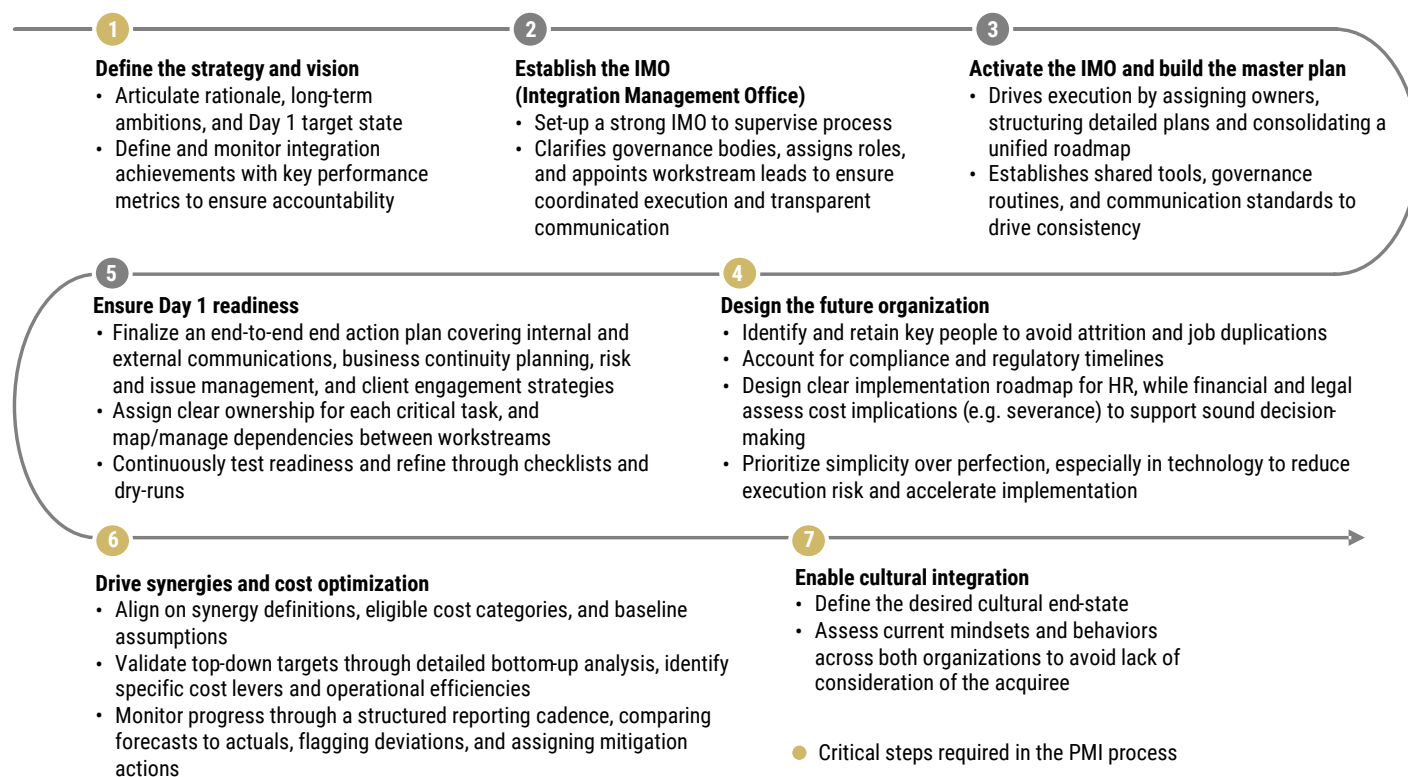
1. Choosing the right potential seller: We expect most value to stem from complementary businesses rather than pure cost-driven deals. This complementarity should be assessed through the lens of clients (regional or channel-based), products (anticipating cross-selling strategy and managing rationalization to avoid attrition), risk (operational, investment and ESG), culture (frequently underestimated yet fundamental driver of integration outcomes) and compensation (weighing options of harmonization and dual systems).

2. Structuring to de-risk the transaction: We have seen the challenges of retaining value post-mergers. We expect more innovation from acquirers to mitigate four key risks. First, reducing attrition risk through long-term distribution contracts or investment management agreements with previous owners will be critical for inter-sector deals. Second, talent retention is a cornerstone of success and can be secured through a combination of earn-outs, retention bonuses, equity rollovers, time-based vesting schedules and covenants tying individuals to post-close roles. Third, reputational, legal and compliance risks should be anticipated beyond the due diligence phase with warranties covering past conduct or escrow provisions. Finally, beta risk has been a major barrier to transactions, especially for financial sponsors who will innovate to avoid “paying for beta” through beta risk-sharing mechanisms that carry over to closure, and beyond.

3. Executing efficiently pre-closing: As transaction activity boils, competition will intensify, requiring firms to act swiftly and decisively. Aligning on high-level principles early (deal objectives, integration model, valuation approach), involving all stakeholders early to avoid false starts (legal, compliance, tax, finance, HR), keeping communication lines open (preserving trust and momentum), and making effective and controlled use of third parties will all be critical in turning idea to action.

4. Running flawless post-merger integration: Post-closing, realizing objectives will require a clear vision, a bold future state design (favoring simplicity over perfection, and actions that minimize execution risk), ruthless execution of cost and revenue synergies (building contingency, embedded in budgeting, and holding executives to account), and conscientious cultural alignment.

Exhibit 53: Key steps in running flawless post-merger integration



Source: Oliver Wyman analysis.

4. Rethinking Talent Management in the Age of AI

Impact of AI on Talent Management and the Seniority Pyramid

Artificial intelligence (AI) is revolutionizing the asset and wealth management industry, challenging traditional frameworks of talent management. Once reserved for middle- and back-office functions such as compliance reporting and operational controls, the past 12 months have seen a shift toward front-office activities, including asset managers' investment research functions and wealth managers' central investment offices. Tools powered by internally developed AI models and generative models automate key tasks like data scraping, model updates, sector screening, and transcript summarization. Whereas these gains first benefited employees by incrementally improving their productivity, these are now beginning to transfer into efficiency gains for the company, with leaders targeting up to 30% of efficiency gains in research activities.

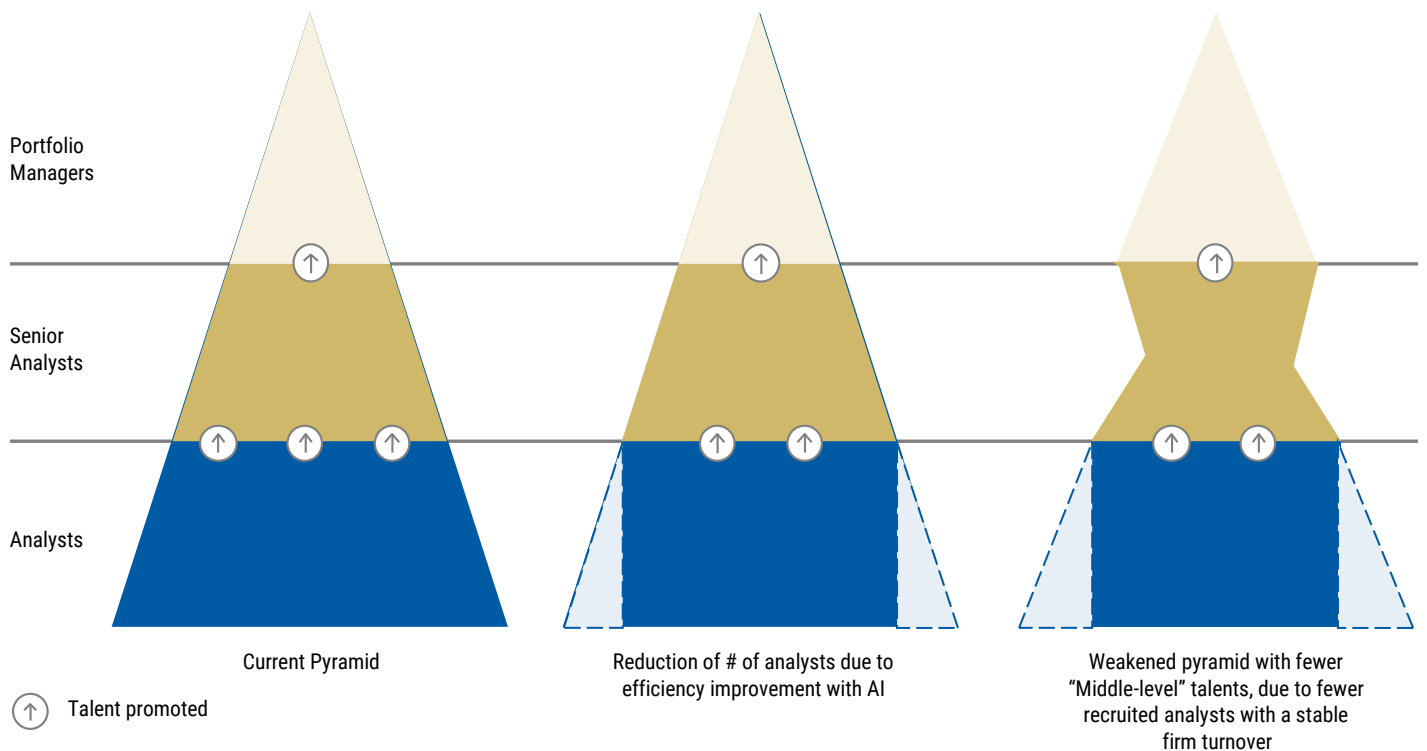
This offers two routes for firms to leverage this newfound efficiency:

- 1. Reinvest Efficiency Gains for Enhanced Research:** AI frees up analysts' time, allowing them to increase research depth and breadth, ultimately enabling stronger alpha generation
- 2. Optimize for Leaner Cost Structures:** Instead of reinvesting time, some firms are reducing their analyst base and relying on AI to perform repetitive and lower-value tasks

Reinvesting efficiency has the upside of maintaining a stable analyst pool, without disrupting the traditional career path of analysts. However, it is likely to reshape their role, and the associated skillset required: proficiency in AI and automation tools and ability to generate proprietary insights based on AI-generated outputs. It also challenges the learning curve of junior analysts as they would be required to supervise AI-generated outputs without having first mastered the underlying analysis themselves.

Exhibit 54: Leveraging AI to reduce analyst headcount will challenge long-term talent management

Illustrative representation of size of talent pool by level of seniority

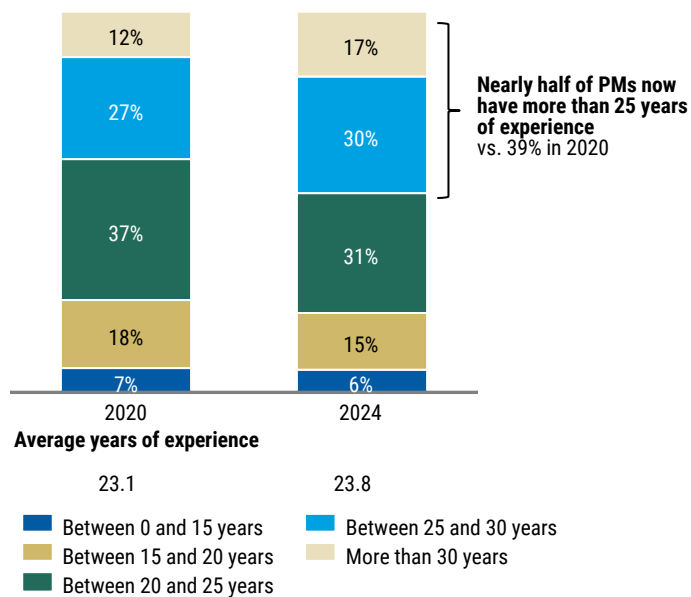


Source: Oliver Wyman analysis.

Reducing junior analyst headcount may provide immediate cost savings but causes, in the medium-term, the “hour-glass” challenge: a narrowing at mid-senior level, which diminishes succession pipelines for senior analyst and portfolio management roles. Just as many firms actively seek to “juniorize” teams to control costs, this exacerbates seniorization. Already, portfolio managers are becoming increasingly senior with 50% of them having over 25 years of experience (up from 39% in 2020).

Exhibit 55: Succession and “juniorization” challenges are already being felt as PMs become more senior

Breakdown of portfolio manager average years of experience by year, 2020-2024



Sources: eVestment, Oliver Wyman analysis.

In this context, human resources functions will need to adapt rapidly,

working hand-in-hand with investment and technology teams to redesign workforce planning, embed AI capabilities into learning pathways and structure sustainable succession strategies to ensure long-term organizational resilience.

Attracting and Retaining a New Generation of Talent

The growing importance of AI also requires wealth and asset managers to seek new, scarce skillsets outside of the core financial graduate pool. Moreover, as both asset and wealth management industry shifts toward a more client-centric model, each must increasingly cultivate a workforce that excels in relationship-building, emotional intelligence, and cultural finesse.

While this broadens the scope of potential hires beyond the traditional financial and mathematical backgrounds, it also forces asset managers to compete for these more transferable skills with broader industries (particularly technology firms). Firms must therefore revamp their value proposition to appeal to this wider audience.

While alternative asset managers continue to attract top graduates and remain an attractive exit opportunity from initial investment banking training, traditional managers must rethink their value proposition. The allure of alpha-seeking, once a unique quantifiable magnet for goal-oriented ambitious graduates, has dimmed concomitantly with the rise of passive and the growing rhetoric around the ephemeral and illusive nature of outperformance. Moreover, margin pressures limit their ability to match the larger and increasing compensation packages of alternative and, increasingly, technology firms.

They must therefore rethink their value proposition to appeal to new generations. Beyond continued intellectual fascination for public markets, asset management can likely put forth better work-life balance, more flexible work-from-home arrangements, or a predictable career path with long-term stability as key differentiators and, increasingly, the ability to find purpose and generate impact in specific fields such as retirement.

To succeed in this new paradigm, human resources functions will need to take a holistic approach to rethinking the employee value proposition — not only to attract diverse, high-potential talent, but also to retain and develop it over time.

Developing People and Leaders

In addition to talent attraction and retention, HR departments at asset and wealth managers may need to rethink their approaches to people development to fit the hybrid “human + AI” way of working. Teaching practical AI knowledge (how models behave, basic prompt techniques, and model checking) should be balanced with building stronger judgment skills (how to turn AI outputs into original investment views). Leaders, in particular, may need support with change management, cross-team work (investment, data, engineering), and ethical use of AI. Rotations, hands-on AI labs, and mentor pairings between senior PMs and technologists can be used alongside traditional HR approaches to preserve deep expertise while building future leaders.

Taking Stock of Cultural Forces

Scaling AI within traditionally conservative asset and wealth management cultures will require deliberate cultural change. Existing cultural profiles (for example, risk averse, compliance focused teams versus innovation focused teams) will shape how fast and how broadly AI is adopted, so tailoring interventions to current, lived cultures will be more effective. Designing future workforces and cultures will also require pulling the right incentive levers and creating regular rituals, such as recognition of AI-driven improvements in performance reviews, internal showcases of AI wins, and leaders visibly modeling new behaviors.

Clarifying HR vs. Business Ownership

Achieving the promise of AI will require close collaboration between the business and HR. Historically this has not always worked well in asset and wealth management. HR is often treated as an “order taker,” and when HR is seen as slow or out of touch, business units will sometimes create their own “shadow” HR activities (training programs, hiring pipelines, and development tracks). With AI this risk grows — duplicated learning programs, competing governance, and mixed standards can waste time and weaken controls. Clear governance is needed to make sure business needs are met without fragmenting responsibility.

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1499	41%	386	46%	26%	699	41%
Equal-weight/Hold	1618	44%	375	44%	23%	778	45%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	581	16%	86	10%	15%	234	14%
Total	3,701		847			1712	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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