



FROM COMPETITION TO COLLABORATION

Why partnerships, not products, will define the future of asset management

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Across the global investment landscape, a quiet revolution is underway. Asset managers, discretionary fund managers (DFMs), and boutique firms are increasingly joining forces (through mergers, joint ventures, and strategic partnerships) to stay relevant in an industry transforming faster than ever before.

The asset management industry has always been defined by innovation, but the next wave of innovation will come not from products, but from partnerships. Firms that once viewed each other as competitors are now realising they can achieve more through collaboration and the sharing of technology and software, co-developed investment strategies, integrated distribution networks, and unified client engagement models.

For South Africa, this global trend carries unique relevance. Local managers, DFMs, and advisory practices are exceptionally well-positioned to lead the next phase of collaborative local and global firms - combining global reach with local insight, and institutional discipline with boutique agility.

While some see this wave of consolidation as “double-dipping” on fees, it’s actually a rewiring of how value is created and shared across the ecosystem - with the ultimate aim of improving client outcomes, not inflating costs.

The drivers behind the shift

Let’s unpack the structural and strategic forces that are pushing the industry toward this new era of integration and collaboration.

Direct access to client channels

The walls separating builders of investment solutions from those who distribute them are crumbling. Managers want proximity to clients - both institutional and retail - to understand evolving needs and deliver tailored, outcome-based portfolios. DFMs, for instance, bridge that critical gap between investment manufacturing and advice, making partnerships across the value chain increasingly attractive.

Scale and diversification through platform-based models

The next-generation asset manager will look less like a traditional fund house and more like a scalable building blocks platform - combining active and passive building blocks, multi-asset solutions, and alternative investments under one operational roof. Scale isn’t just about size; it’s about flexibility and reach.

Rethinking operating models

Legacy structures and siloed investment teams are giving way to leaner, technology-enabled models. Firms are re-platforming to simplify execution, integrate data, and reduce duplication - often by partnering with others who can deliver specific expertise or infrastructure more efficiently.



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Cost discipline and smarter alliances

Clients are demanding lower fees and better outcomes, forcing managers to find efficiency elsewhere. Smarter alliances - including local-for-local joint ventures - are becoming mission-critical. They allow managers to extend reach, share infrastructure, and deliver global sophistication at local cost points.

Technology and advisory integration

In the new model, scalable technology and seamless advisory integration will be decisive competitive advantages. Those who can integrate AI, data analytics, and behavioural insights into their offering will not only reduce costs but also improve the client experience and outcomes.

According to McKinsey's Asset Management 2025 [report](#), the winners will be those bold enough to "re-platform, rewire, and rethink" their operating models - capturing the benefits of scale without losing the agility and innovation that define smaller, specialist firms.

A race for relevance

Morgan Stanley's recent Bluepaper, "[Thinning the Herd](#)", highlights that over 1,500 significant transactions are expected across the global asset and wealth management industry by 2029, resulting in up to 20% fewer firms managing over \$1 billion in assets. The message is clear: mid-sized players can no longer rely on legacy business models or loyalty-based relationships. They must actively pursue partnerships that deliver capability, scale, and client relevance.

Locally, we're seeing similar trends play out. Boutique asset managers and DFMs are forming partnerships to access broader distribution, enhance research depth, and integrate alternative or global strategies into their offerings.

A practical example of this shift in action is OIG's recent acquisition of a [40% stake in Obsidian Capital](#). The strategic partnership is intended to leverage the complementary strengths of both organisations, enhancing opportunities for discretionary fund management (DFM) and bringing OIG closer to leading asset managers. OIG offers Obsidian economies of scale by strengthening its operational capacity and enhancing marketing and distribution capabilities. Each company's investment management team will remain fully autonomous, operating separately despite the ownership stake.

It demonstrates that strategic stakes and joint ventures are not just financial transactions; they are deliberate moves to co-create value and to innovate in a rapidly evolving market.

Fee-shifting versus stacking

Fee structures are evolving from stacked layers to shared-value models, where efficiencies at the institutional level enable better pricing and transparency for clients. Some may argue that the increasing overlap between managers, DFMs, and advisory layers represents a duplication of fees. In reality, these integrated partnerships are designed to eliminate unnecessary layers of cost by reallocating value creation. This should be thought of as a fee-shifting rather than fee-stacking.

By collaborating across the investment value chain, firms can leverage shared platforms, data, and operational resources in order to drive economies of scale that ultimately reduce costs for the end client. The efficiencies gained at the institutional level translate into fairer, more transparent pricing and improved portfolio outcomes.



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The “Great Convergence”

The industry is entering what McKinsey calls the era of the “Great Convergence”. Traditional boundaries between asset management, wealth management, and financial advice are disbanding. Future leaders will be defined not by their fund range, but by their ecosystem, in other words, their ability to form partnerships, deploy technology, and align incentives across stakeholders.

The firms that will thrive in this new era are those willing to forge bold partnerships that expand their reach and relevance, re-platform operationally to seamlessly integrate technology, research, and advice, and rewrite the playbook for how value - and cost - are shared across the investment chain. By embracing collaboration, innovation, and a client-centric approach, they will not only navigate the “Great Convergence” but also define the future of asset management itself.

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