AIN Asset Raising Insights COLUMN

MANHATTAN Alternative Investment Network

by Bruce Frumerman, CEO, Frumerman & Nemeth Inc.

November 2026

What a New Study of Big Asset Managers Means for Your Emerging Manager Firm



Today, let's take a look at what a study of asset managers larger than you means for your emerging manager firm.

Northern Trust recently released its report *Driving Growth In Asset Management 2026* for which some 300 CEOs, CIOs, Directors of Operations and other senior executives from asset management firms around the world with an AUM of $500bn and below were surveyed. The majority, if not all of such firms, are going to be running multiple investment products in numerous asset classes and may be offering some of these products in different wrappers for different audiences: institutional, wealth management platforms and retail.

While none of the survey respondents were of emerging manager size, there are implications, and domino effect consequences, that are bound to trickle down and impact the emerging manager.

The report contains two primary findings, one of which is good news for the emerging manager and the other is a challenge.

First, the good news.

If it's good enough now for the big boys…

Rising operations related expenses and operations related cost cutting were the focus of the questions posed to asset managers with this survey.

The survey reported that 39% of managers said they would outsource non-core back and middle office operations activities, up from the 18% who said the same in 2024.

Investment management firms multiple times larger than you, who can afford multiple times more in-house hires than you for running elements of their business that support the front office functions, are deciding it is more cost effective and productive to avoid the need to build back office specialist capabilities internally and outsource noncore tasks instead.

What should the emerging manager glean from this?

This is very good news.

Not that long ago, when emerging managers were going through the due diligence gauntlet with sophisticated investors, there was a general assumption that the one-person investment firm owner/portfolio manager was going to have to quickly be able to afford to hire a cadre of in-house staff to run many parts of the firm's operations. The problem, of course, is that the business management war chest size for most start-up money management firms can nary cover the costs to pay for salary plus benefits for a handful or more of employees.

I'll even get more specific. Just eleven years ago, a one-man startup emerging manager client of my financial communications and sales marketing consulting firm told me, and prospective allocators, that as part of both his near- and long-term business plans he was taking the following position: Any business operations function for his firm for which he could find and hire better qualified people for less by outsourcing rather than hiring internally, that was what he would do. And he planned to continue to do this even after he outgrew the emerging manager classification. Taking this position was a rarity at the time as it wasn't the expected business plan planning for a young money management firm.

Back then, when he shared this thinking, some potential investors did not view it as savvy financial management for the company. They were focused on the standard thinking of an investment boutique being able to grow in headcount as being an exemplifier of a properly managed business.

While this emerging manager's thinking about benefiting from thoughtful outsourcing made sense back then, as it still does today eleven years later, there is a difference in the air now. Today there is a change of atmosphere for emerging managers. It can be seen by the change in psychology and attitude of many larger sized money management firms, more of whom now profess to follow that one-man startup emerging manager's lead.

So, to the emerging manager — Take advantage of this opportunity in more than one way.

First, wherever you find you have the potential to spend less of your war chest on funding back and mid-office support tasks — data management, investor reporting, trade processing and the like — and combine cost control with better task management, do so.

Next, make sure to actively communicate your operations management and related business plan points to prospective investors. Point out that by taking this business management approach you may be giving yourself more runway and be more likely to survive and grow than competitors who may be too quickly burning through their self-funded war chests with which they are running their business until management fee revenue can grow.

Now let's turn to the challenges the survey revealed

The report shared an interesting finding: "…reducing the product set has risen sharply, from just 5% to 28%. Managers are choosing to concentrate resources on the products and capabilities where they can compete most effectively."

So, mid to large sized money management firms are shuttering products where they are not attracting sufficient assets under management.

The report went on to opine that "The firms best positioned for the next phase may be those that define what is truly core, invest selectively in the capabilities that support differentiation, and build upon partner ecosystems that help manage complexity without sacrificing control."

Here is our interpretation:

This is unlikely to be simply a matter of having funds that are performing so much more poorly than before that they cannot attract assets. Further, it is unlikely these bigger firms are getting dinged for lack of meeting baseline operational due diligence standards.

So, when the report proffers counsel to prevent further product line attrition by recommending, "define what is truly core" and focus where there are "capabilities that support differentiation", the money management firm survey participants are reading another way of being told *You didn't effectively educate and persuade sophisticated allocators to understand and buy into the investment processes of some of your products*. Prospects are not perceiving and appreciating your specific strategy implementation, the intellectual acumen of management driving it and the product-specific characteristics that such funds may presently be delivering. An asset raising communications disconnect of this magnitude can result in lack of perceived value and lack of observed differentiation within the competitive landscape of investment offerings from other firms.

Changing gears, the report went on to state another challenge: "At the same time, investor experience remains critical. Firms need to move quickly just to keep pace, and a strong investor experience continues to be essential to helping managers grow market share."

Here is our interpretation:

What helps make "strong experience" for an investor — one who has already allocated to you? Ongoing communications from and by the portfolio manager. This is more than just timely performance reporting. Add to that writings that further demonstrate and reenforce that the portfolio manager is continuing to run the strategy as it was detailed to investors before they allocated. That shows there is not the dreaded strategy drift occurring here. Next are communications that further show how the manager thinks. Remember, it is the intellectual acumen of management that sophisticated investors buy into. Satisfactory performance is the demonstration of the veracity of the manager's work. If you want sticky investors, make effort to remind them why they allocated to you in the first place.

Two key observations can be gleaned

First, it is now more politically acceptable on the staffing front for you to give your emerging manager firm more runway to survive and grow. Do not overspend your war chest by hiring in-house staff for back office support functions that could be outsourced to even better qualified personnel for cheaper. And communicate this to prospective allocators as part of your firm's business plan of operations. You can point out you are just as cost conscious in your business management as many bigger and older investment firms.

Second, an underlying cause of the inability for some funds to scale up their AUM may be increasingly more stringent due diligence vetting by the more sophisticated institutional investors against an investment firm's lack of sufficient marketing preparation. For the big investment firm with multiple offerings, if they can't sell one thing they may be able to sell another. In contrast, emerging manager investment boutiques have exponentially fewer offerings, and many times just one strategy and product. Such firms need to dedicate thoughtful time and effort building out the necessary communications and sales marketing materials supporting a selling cycle in direct sales situations. Add to that being mindful of investor experience: not cutting communications frequency or quality once the prospect converts to client. Such buyer-focused attentiveness to both pre-sale marketing and post-sale investor relations will likely help to both grow AUM and keep more of those assets sticky.

# # #

© Frumerman & Nemeth Inc. 2026

About the author

Bruce Frumerman is CEO of Frumerman & Nemeth Inc., a 39-year-old financial communications and sales marketing consultancy that helps financial services firms create brand identities for their organizations and develop and implement effective new marketing strategies and programs. Frumerman & Nemeth's work has helped money management firm clients attract over $7 billion in new assets, yet they are *not* third-party marketers.

The firm has decades of experience as professional storytellers, content strategists and content creators. Frumerman & Nemeth is internationally recognized for its work in crafting for clients the beyond-the-numbers story of how they invest — content that investment committees actually discuss, debate and vote on behind closed doors when considering firms on a short list for potential investment. Importantly, this is required due diligence content that cannot be communicated in pitchbook format.

The firm's work also includes providing strategic consulting on product and strategy-specific branding, crafting the required strategy-specific content detail and designing and producing the marketing tools needed to make it through the two-month to two-year institutional selling cycle. Clients also employ Frumerman & Nemeth to help promote the intellectual acumen of management — helping them get speaking opportunities, write and give speeches as panelists or stand-alone speakers at industry conferences, and through media relations marketing services.

Mr. Frumerman can be reached at info@frumerman.com, or by visiting www.frumerman.com.