

ALDEN ADVISORY

RESEARCH PAPER

Consolidation in UK Asset Management

Why operating model integration,
not investment alignment, determines value

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Research Paper — Alden Advisory

Alden Advisory — London — [aldenadvisory.example](#) (concept site)

Executive Summary

UK asset management has consolidated steadily for a decade, and the standard explanation for the wave — fee compression squeezing smaller managers — is incomplete. This paper argues that consolidation is frequently a response to unresolved client-relationship ownership as much as scale economics, and that the mergers which realise their stated value are distinguished by operating model integration discipline rather than investment process alignment.

What Due Diligence Usually Misses

Pre-deal diligence in asset management mergers is thorough on investment performance and largely silent on operating model compatibility — specifically, whether the two firms' client reporting functions, investment committee structures, and data ownership models can actually be combined without creating the kind of ambiguity that erodes client trust during the transition.

The Cost of Preserving Legacy Structures

Acquired firms frequently negotiate to preserve their existing decision-making structure as a deal condition — a reasonable ask in isolation that, compounded across multiple acquisitions, leaves the combined firm running several operating models in parallel, held together by informal relationships between long-tenured staff. This is rarely visible in the deal's first eighteen months and becomes acutely visible the first time those informal relationships are disrupted by departures.

Sequencing Consolidation for Value

Our recommendation is to sequence post-merger integration by client-facing risk exposure, consolidating reporting and compliance functions before pursuing the slower, more relationship-intensive work of investment committee alignment. Firms that consolidate in this order tend to realise measurable value faster than firms attempting simultaneous, full-scope integration across every function at once.