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A Decade of Growth: How the Biggest Managers Consolidated their AUM Advantage

By Alana Pipe January 27, 2021

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The last 10 years have been trying for institutional active management. During this time the industry has seen fee pressure, consolidation and round after round of layoffs, even as managers with passive investment suites have seen their AUM swell.

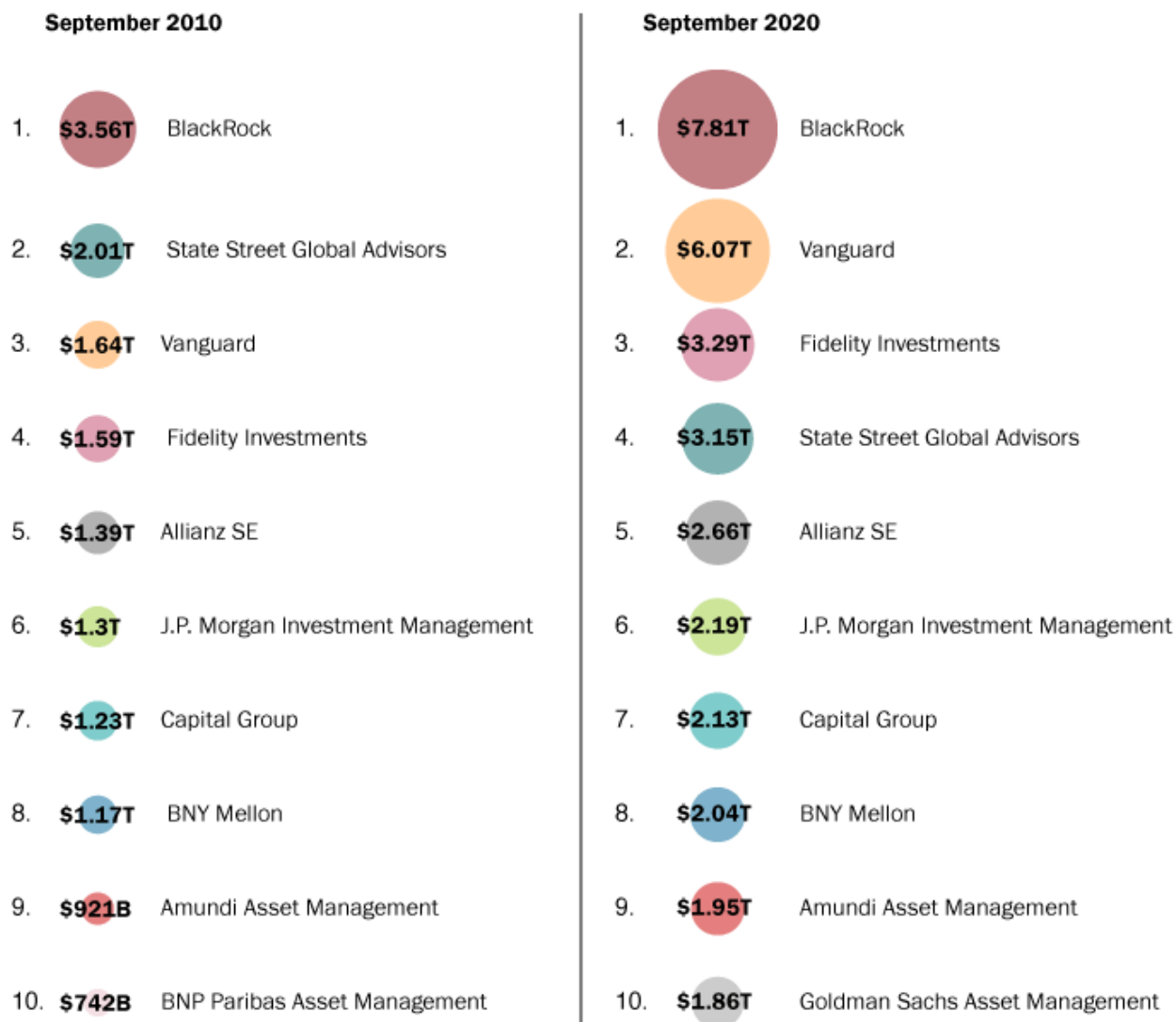
BlackRock has continued to top the leaderboard of the largest asset managers with institutional businesses over the past decade, powered by the growth of its passive product lines. Firmwide assets grew to \$7.81 trillion in 2020, the company's latest quarterly filings show. Institutional assets alone totaled \$4.01T at the close of Q3 2020 compared with \$3.1T in institutional assets at the close of 2010.

Actively managed institutional assets at the world's largest asset manager grew at a more modest rate. The company reported \$1.4 trillion in institutional active AUM at the close of Q3 2020, only a slight increase from the \$1.2 trillion in institutional active AUM the company counted at the close of 2010. Institutional index AUM saw comparatively bigger gains during this time, totaling \$2.6 trillion at the end of Q3 2020, up from \$1.4 trillion at the close of 2010, according to company filings.

The secular migration to passive boosted the fortunes of other large industry players too. Exchange-traded fund (ETF) behemoth Vanguard saw the greatest percent increase in total growth among large industry firms, catapulting to \$6.07 trillion in AUM in 2020 from \$1.64 trillion in 2010, according to eVestment data.

Biggest Fish of the Last Decade

Largest managers with an institutional business, based on firmwide AUM.



Source: eVestment

In the same vein, Fidelity Investments more than doubled its overall assets over the course of the decade, while State Street Global Advisors' total AUM went from \$2.01 trillion in 2010 to more than \$3 trillion in 2020, according to eVestment data.

A number of active-oriented shops also achieved significant AUM growth over the decade.

Allianz **SE**, the parent company of PIMCO and Allianz Global Investors, nearly doubled its AUM between 2010 and 2020, growing assets from \$1.39 trillion to \$2.66 trillion, while J.P. Morgan **Investment Management**, Capital Group, BNY Mellon, and **Amundi Asset Management** all held their respective ranks in sixth, seventh, eighth and ninth place in both 2010 and 2020. The only new firm to appear on the top 10 institutional managers was Goldman Sachs Asset Management, which knocked BNP Paribas Asset Management out of tenth place in 2020, according to eVestment data.

Passive investments have taken up a larger share of total industry AUM in recent years. Passive AUM at the largest 500 managers increased 25.3% between 2015 and 2019, while active assets increased 12.5% during the same period, according to a Willis Towers Watson report from October.

The increase in passive investing has been driven by investors seeking to reduce their fees as active equity strategies have struggled to outperform their benchmarks.

“In a period of low returns, fees play a much bigger role in the net performance that investors get,” says **Michael Rosen**, principal and CIO at Angeles Investment Advisors, an investment consultant.

Because of this, Rosen expects investors’ allocations to passive strategies to continue to accelerate.

With the continued shift out of active and into passive there will also be greater use of direct indexing, some of which will tilt toward firms with ESG offerings, says Rosen. “The firms with these capabilities will prove attractive to investors,” he says.

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