

	Common differentiation strategies in asset management	Be client centric	Provide real value	Avoid direct competition	How the strategy works	Example	Reliability, controllability, and predictability
Table stakes	1. Investment performance	-	-	-	Plan for superior future returns through unique processes and skilled managers.	Many hedge funds and active managers, but most struggle to beat passive indexes.	Low – performance is hard to control and identify in advance; regulations limit marketing impact.
	2. Thought leadership and brand	-	-	-	Publish research and influencing markets through insights and eye-catching content designs.	Thought leadership content. Annual letters to investors. Innovative marketing strategies.	Medium – builds trust, but many firms do this, making it hard to stand out. And uncontrollable events can conspire against you.
	3. Low-cost leadership	-	✓	-	Compete on price by offering low-fee funds or zero-commission trading.	Vanguard's ownership structure forced the industry to lower fund fees.	Medium – fee compression benefits investors, but this is a mature trend that does not have limitless potential for long-term differentiation.
	4. M&A and partnerships	-	-	-	Large firms can acquire smaller or weaker players. Smaller firms can access advanced technology by partnering with fintechs.	Franklin Templeton's acquisition of Legg Mason to expand its active management portfolio. Invesco's acquisition of Oppenheimer Funds boosted Invesco's presence in high-net-worth and institutional client segments.	Medium – diversify your product range and spread shared costs across a larger asset base. However, successful integration can be disruptive, and differentiation is not guaranteed.
	5. Specialize in a niche	-	-	✓	Focus on a specific asset class, strategy, or clientele (e.g. ESG, private credit, emerging markets).	PIMCO dominates fixed income investing, while firms like IFM focus on infrastructure and Baillie Gifford on growth investing.	High – avoids direct competition and builds authority in a specific area. The changeable nature of asset allocation adds risk.

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Effective differentiation strategies	6. Proprietary technology and data-driven investing	-	✓	✓	Use AI, data-driven investing, and emerging technologies like tokenization to make superior investment decisions.	Renaissance Technologies' Medallion Fund has a long history of outperforming returns. Fidelity Digital Assets and Hamilton Lane are leveraging blockchain to tokenize private equity.	High, but only if truly differentiated – many firms claim to do this, but only a few have a real edge.
	7. High-touch client experience (CX)	✓	✓	✓	Use AI-driven personalization tools to provide a memorable 'white glove' service that makes clients feel special and flexes to meet their different needs.	Goldman Sachs Private Wealth's bespoke investment solutions.	High – works well for institutions and HNW investors and, since AI, it is no longer expensive or hard to offer at scale.
	8. Offer a complementary service	✓	✓	✓	Go beyond investment performance by offering add-on services that solve extra client problems.	BlackRock's Aladdin risk management and investment platform.	High – if you can solve a major client pain point.