Model Portfolios

Redefining the Modern Asset Management Paradigm

How Model Portfolios are Redefining the Modern Asset Management Paradigm

Model portfolios are becoming a central focus in asset management, reshaping how firms compete and deliver value. As firms move from picking individual securities to using centrally managed models, the impact goes beyond efficiency. It is changing how asset managers differentiate, access distribution, and deliver investment value to clients.

The scale and momentum of this shift is significant. According to 2026 Broadridge analysis, **model portfolios reached $9.3 trillion in AUM by the end of 2025 and accounted for one-third of assets in retail intermediary channels**. Broadridge projects model portfolio assets to grow at an estimated 15.4% annually, reaching $18.6 trillion by 2030—positioning model portfolios not as an emerging trend—but as a dominant investment solution for firms chasing growth.

At the same time, structural tax features such as tax-efficient rebalancing to optimize after-tax returns, along with access to alternatives for enhanced diversification and return potential, are making model portfolios more attractive. Turnkey Asset Management Platforms (TAMPs) further support this evolution by providing streamlined distribution and centralized capabilities for construction, rebalancing, reporting, and due diligence—positioning model portfolios as the primary way asset managers, advisors, and investors connect and interact.

What's Powering the Demand Upswing?

A confluence of three forces is accelerating model portfolio adoption across the industry:

Platformization - Acceleration Through Platforms

Asset managers have traditionally faced fragmented distribution and limited direct access to advisors, making it difficult to scale adoption. TAMPs address these challenges by acting as centralized digital marketplaces, enabling firms to offer model portfolios to a broad network of advisors. A recent Wealth Advisor report shows that TAMP usage has grown to 45% in 2025 from 10% a decade ago, thereby reducing barriers to model portfolio adoption.

Advisor Productivity - Operational Scale Meets Strategic Focus

Advisors often face time and resource constraints, with significant effort spent on portfolio-related activities. Model portfolios enable the outsourcing of portfolio construction and rebalancing, freeing up advisors' time to focus more on financial planning and client relationships. A 2026 Escalent report shows that 42% of advisors have increased their use of model portfolios over the past two years.

Personalization - Customization at Scale Becomes Reality

Customization has become a baseline expectation among HNW clients, with MSCI's Wealth Trends 2026 report indicating that nearly all newly constructed HNW portfolios incorporate some level of personalization. This growing demand presents a scalability challenge for advisors. Models serve as an effective solution by enabling personalization at scale to engage high-value client segments—leveraging direct indexing, tax-loss harvesting, and alternatives.

From Products to Portfolios: A Shift in Asset Managers' Business Models

Historically, asset managers relied on strong product performance and broad distribution to drive success. Today, increasing fee pressure on standalone products and advisors' demands are pushing them toward holistic solutions. Firms are combining portfolio construction capabilities with deeper ecosystem partnerships to compete and generate growth.

- **Models as the New Distribution Layer:** Presently, ETFs form the foundation of most pre-built models, with asset managers increasingly using model portfolios as a key distribution layer to direct capital across other products and asset classes. As a result, inclusion in a model can be as important as product performance, given its direct influence on advisor-driven fund flows.
- **Control Overflows via Asset Allocation:** Asset managers that design and distribute model portfolios effectively control asset allocation decisions—giving them a structural advantage in capturing flows. This dynamic is intensifying competition among large players with strong fund ecosystem, while opening opportunities for niche managers to gain inclusion within model frameworks.
- **Rise of Open Architecture and Platform Economics:** RIAs and platforms are asserting greater control, often preferring open architecture models over proprietary ones. This is forcing asset managers to rethink distribution strategies, emphasizing partnerships, interoperability, and platform presence.

How Asset Managers Are Evolving Their Model Portfolio Solutions

As competition intensifies, asset managers are rethinking how they design and deliver model portfolios—leveraging partnerships, technology, and acquisitions to build more differentiated and scalable solutions.

Theme	Asset Managers	Details
Private Markets are Moving into Models	FRANKLIN TEMPLETON	May'26: Franklin Templeton, in collaboration with Corastone, launched private markets model portfolios using a single-ticket, SMA-style structure.
	Fidelity	Mar'26: Launched two turnkey private-market model portfolio suites combining private equity, private credit, and private real estate exposure through open-architecture portfolios available on Envestnet.
Personalization is Gaining Momentum	T.RowePrice	Jan'26: T. Rowe Price and Vestmark launched Custom Premier, a tax-efficient, personalized model portfolio solution to help RIAs deliver customised, tax-efficient portfolios at scale.
	VanEck	Dec '25: Launched custom model portfolios combining ETF, mutual fund, and thematic strategies with Vestmark's overlay and tax management capabilities.
Model Portfolios Expand Beyond Traditional Asset Allocation	Vanguard	May'26: Introduced active-passive model portfolios spanning multiple risk profiles, reflecting growing demand for hybrid investment implementation approaches. Apr'26: Launched a bond model portfolio suite built around its Target Maturity Corporate Bond ETFs, broadening the use of model portfolios for fixed-income outcomes.
Asset Managers are Buying Capabilities	JH	Jan '26: Janus Henderson's acquisition of Richard Bernstein Advisors enhanced its model portfolio capabilities while expanding scale and distribution reach.

What Does the Future Hold?

The trajectory of model portfolios points toward a reimagined asset management landscape.

From Models to Personalized Portfolios at Scale

The next phase will see the convergence of models, direct indexing, and tax-aware tools, creating "mass-customized" portfolios that combine efficiency with personalization.

Platform-Led Ecosystems

Distribution will increasingly be controlled by distribution platforms (like Envestnet, Vestmark, Orion, etc.), with asset managers competing for inclusion within model ecosystems rather than direct product sales.

Deeper Integration of New Asset Classes

Alternatives, such as digital assets, are expected to become a standard component of model portfolios, particularly for HNW and mass affluent segments.

Embedded Intelligence and AI-Driven Allocation

Advances in AI and data analytics are increasingly supporting portfolio optimization, risk management, and scenario analysis—enabling more dynamic and data-driven model portfolios over time.

How Evalueserve Can Help

Evalueserve supports asset and wealth management firms in navigating the model portfolio revolution through research, analytics, and advisory solutions:

- **Model Portfolio Strategy & Market Intelligence**: We support asset managers in designing and refining differentiated model portfolios by analyzing market trends, advisor preferences, investor demand, and competitive dynamics. Our intelligence uncovers emerging opportunities, peer positioning, and evolving industry themes to support data-driven portfolio development.
- **Competitive Intelligence & Benchmarking:** Evalueserve provides competitive benchmarking of model portfolio offerings, fee structures, and performance. We help firms understand how their portfolios compare with competitors, identify market gaps, and capitalize on white-space opportunities to strengthen product strategy and differentiation.
- **Platform Distribution & Partnership Strategy:** We help asset managers accelerate adoption of model portfolios by identifying the right TAMPs, custodial platforms, and distribution partners. Our market intelligence helps asset managers position offerings to gain adoption within advisor ecosystems.
- **AI & Automation in Portfolio Management:** Our Insightsfirst.AI solution, combined with domain expertise, embeds actionable insights into portfolio management, driving smarter optimization, sharper segmentation, and more targeted engagement while keeping model strategies differentiated and ahead of market shifts.

Reference list

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