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BAD QUARTER, BUT GOOD YEAR FOR PLATFORMS

2011 ended on a low note for the platform industry as economic uncertainty took its toll on investor sentiment in the fourth quarter. According to Fundscape's quarterly confidential Platform Report, gross sales dropped 20% in the final quarter to £9.5bn, while net sales fell by 42% to £4bn. The silver lining to this dark cloud was that platform assets rose to £173.7bn, up 7% on the third quarter, thanks principally to stock market performance.

Bella Caridade-Ferreira, Director of Fundscape said "There has been an endless stream of bad economic news since August 2011, but investor reaction was delayed. By the fourth quarter, however, investors were spooked. Fortunately, it looks as though it was a just a blip; January has already seen improved sales."

In spite of the dip in sales in the fourth quarter, platforms had their best year on Fundscape records with gross flows of £44.6bn, up 30% on 2010's full-year total of £34.2bn. Net flows for the year were £25.3bn. In addition, assets increased by £29bn during the course of the year. Caridade-Ferreira explained "Platforms now play a dominant role in the distribution of retail investments across all channels, even those traditionally dominated by life and pension providers. The run-up to RDR has helped to accelerate the trend."

Platforms will continue to play a significant role in the future although competition will be fierce. "It's about technology and ease of use. What happened to the high street is happening to retail investments. We think that a realistic forecast for platform assets is £293bn by the close of 2016, but our optimistic scenario puts assets as high as £378bn" said Caridade-Ferreira.

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Notes to Editors:

The Platform Report is published by Fundscape LLP. For further information about Fundscape visit www.fundscape.co.uk.

A total of 14 platforms are included in the analysis.

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