

PRESS RELEASE

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ROBUST START TO THE YEAR FOR PLATFORMS

Owing to geopolitical uncertainty, the first quarter of 2014 was more volatile for investment growth, but platforms swam against the tide thanks to strong sales. In the first three months of the year, the stock market contracted by 3%. Platforms are inevitably affected by market movements, but instead of shrinking, total platform assets actually increased by 3.3% to £304bn over the quarter.

TOP 3 PLATFORMS BY ASSETS IN Q114 (£bn)	
Cofunds	£65.6bn
Fidelity	£48.7bn
Hargreaves Lansdown	£45.7bn

TOP 3 PLATFORMS BY Y-O-Y ASSET GRTH (%)	
Aviva	109%
Hargreaves Lansdown	31%
Axa Elevate/Ascentric/Nucleus	30%

Much of the growth was driven by sales. Investor sentiment has improved steadily quarter on quarter and combined with the ISA season, boosted flows. Gross sales for the first three months of the year totalled £19.8bn, up 41% on like-for-like sales in 2013, and net sales rose by the same proportion to £9.7bn.

Bella Caridade-Ferreira, CEO of Fundscape, said “This time last year, advisers were getting used to RDR and investor sentiment was in the doldrums, so Q114 flows look fabulous in comparison. Nonetheless, it was a good start to the year. We expect Q2 to be even stronger on the back of early-bird ISA investors and an uptick in the markets.”

TOP 3 PLATFORMS BY GROSS SALES IN Q114 (£bn)	
Cofunds	£5.2bn
Fidelity	£3.5bn
Hargreaves Lansdown (est)*	£2.6bn

TOP 3 PLATFORMS BY NET SALES IN Q114 (£bn)	
Hargreaves Lansdown (est)*	£1.8bn
Cofunds	£1.5bn
Fidelity	£1.2bn

ISA business was considerably stronger than in 2013 and accounted for 18% of gross and net flows, but total pension business was even stronger at 34% of gross and 44% of net flows.

Caridade-Ferreira said “The increase in the ISA allowance and the pension reforms announced in the budget are good news for platforms. We expect this business to grow markedly and platforms to benefit significantly as a result. We had previously forecast an optimistic scenario of £1.3trn in platform assets by 2018, but we now think that is a very realistic prospect.”

Channels**	Retail Advised	Corp/Instit	D2C/XO	Total
AUA	£188.0bn	£48.1bn	£67.4bn	303.5
<i>AUA (%)</i>	<i>61.9%</i>	<i>15.8%</i>	<i>22.2%</i>	<i>100%</i>
Gross sales	£9.5bn	£6.3bn	£4.0bn	£19.8bn
<i>Gross sales (%)</i>	<i>48.0%</i>	<i>31.8%</i>	<i>20.2%</i>	<i>100%</i>
Net sales	£4.7bn	£2.6bn	£2.4bn	£9.7bn
<i>Net sales (%)</i>	<i>48.5%</i>	<i>26.8%</i>	<i>24.7%</i>	<i>100%</i>

Growth in the different types of platform channels is likely to vary considerably over the coming years in light of RDR, Auto Enrolment and the more recent budget announcements. Currently, the retail advised channel accounts for 62% of total assets, but 49% of net sales. Corporate workplace savings and institutional business together account for the smallest proportion of assets (16%), but are punching well above their weight in net sales terms. Caridade-Ferreira said “Advised retail business is always going to dominate, but the impact of regulation will push the workplace savings and D2C channels to new heights.”

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Notes to Editors:

The Platform Report is a confidential report published by Fundscape LLP. To subscribe to the report, platforms must contribute asset and sales data on a quarterly basis. For further information about the report and Fundscape, please visit www.fundscape.co.uk.

A total of 18 platforms are included in the analysis. Platform coverage is estimated at 98% of the platform universe.

*For timing reasons and because the data is market sensitive information, Hargreaves Lansdown reports its figures to Fundscape a quarter in arrears. The figures shown here have been taken from Hargreaves Lansdown’s latest Interim Results Statement. Gross sales and net sales for Q114 have been estimated. Assets are actual.

**The channel mix has been estimated for some platforms.

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