

PRESS RELEASE

EMBARGOED UNTIL 10TH MAY 2016 8AM

A ROCKY START TO THE YEAR FOR THE PLATFORM INDUSTRY AS BREXIT FEARS BITE

Chinese concerns and Brexit fears spooked the stock markets and sent retail investors scurrying for cover in the first quarter. Stock markets have since been home to a modest recovery, but with the Brexit referendum approaching fast, investors are putting some investments on hold.

According to the Fundscape Platform Report, despite volatile markets and stock market growth of 1% in the first three months of the year, platform assets under administration rose by 3% (£13bn) to £415bn. Gross platform sales in Q1 totalled £21.2bn, marginally higher than sales in Q415, but down 7% on the first quarter of 2015. With investors running scared, the net sales total slipped below £10bn (£9.4bn) for the first time since Q314.

Three platforms (Cofunds, Fidelity and Hargreaves Lansdown) have assets of more than £60bn. Between them, they account for just under half of total industry assets and their sheer size guarantees them a place in the gross sales table.

TOP 4 PLATFORMS BY ASSETS IN Q116 (£bn)	
Cofunds (est)*	£80.0bn
Fidelity	£62.7bn
Hargreaves Lansdown (est)*	£60.0bn
Old Mutual	£36.6bn

TOP 4 PLATFORMS BY ASSET GRTH IN Q116 (£m)		
Cofunds (est)*	£3,067	4.0%
Hargreaves Lansdown (est)*	£1,187	2.0%
Standard Life	£1,037	3.9%
Fidelity	£1,021	1.7%

TOP 4 PLATFORMS BY GROSS SALES IN Q116 (£m)	
Cofunds (est)*	£4.7bn
Fidelity	£2.7bn
Hargreaves Lansdown (est)*	£1.9bn
Old Mutual	£1.7bn

TOP 4 PLATFORMS BY NET SALES IN Q116 (£m)	
Hargreaves Lansdown (est)*	£1.2bn
Standard Life	£1.1bn
Aegon	£0.9bn
Aviva	£0.8bn

However, being 'weighty' is not a factor in the net sales table where smaller platforms dominate. Standard Life was second overall. For an established platform, the Standard Life Wrap continues to grow at an impressive rate thanks to working closely with advisers to understand their needs combined with being able to leverage different parts of the value chain. More growth is on the cards

with the recently announced acquisition of the Axa Elevate wrap. The strategy is paying off since Standard Life was the only platform to record net sales of more than £1bn through the retail advised channel. Third for net sales was another Scottish provider, Aegon, where strong net sales were partly due to the transfer of existing business onto the platform. It too has been shopping. It is acquiring BlackRock's DC business which will move to the ARC platform and boost assets significantly.

Channels**	Retail Advised	Corp/Instit	D2C/XO	Total
AUA	£251.9bn	£78.5bn	£84.8bn	£415.3bn
Gross sales	£12.1bn	£5.8bn	£3.3bn	£21.2bn
Net sales	£6.3bn	£1.3bn	£1.9bn	£9.4bn

Channels**	Retail Advised	Corp/Instit	D2C/XO
AUA	Old Mutual	Cofunds	Hargreaves L
Gross sales	Old Mutual	Cofunds	Hargreaves L
Net sales	Standard Life	Zurich	Hargreaves L

PRODUCTS

“2015 was Anno Pensionis (the year of the pension) and since then there has been a marked rise in pension flows”, said Bella Caridade-Ferreira, CEO of Fundscape and author of the Platform Report. “Although the first quarter is traditionally the start of the ISA season, pension flows were four times stronger than ISA activity.”

ISA business was particularly subdued this quarter. Gross sales were down by 15% and net by 40% compared to the same quarter in 2015. Indeed, total net ISA sales were the lowest for a first quarter since 2012. In contrast, pension business maintained momentum with net flows up on the previous quarter and the same quarter in 2015.

Products	ISAs	Pensions/Sipps	DC/Workplace	Rest	Total
AUA	£116.0bn	£115.5bn	£41.8bn	£142.0bn	£415.3bn
Gross sales	£3.6bn	£7.6bn	£2.3bn	£7.4bn	£21.2bn
Net sales	£1.3bn	£5.6bn	£0.9bn	£1.6bn	£9.4bn

“ISA activity is likely to improve modestly in the second quarter, but concerns around Brexit will suppress demand. It has had less of an impact on pension business. Investment activity is likely to be muted until the second half of the year and even longer if the UK votes for a Brexit. Platforms with a strong focus on retirement propositions will benefit the most this year”, said Caridade-Ferreira.

- Ends-

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 19 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, Hargreaves Lansdown and Cofunds report their figures to Fundscape a quarter in arrears. The figures shown here have been estimated from actual Q415 data and historical trends.

**The channel mix has been estimated for some platforms. Figures are confidential.

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