

PRESS RELEASE

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PLATFORM SALES PLUMMET IN Q316

Following the EU referendum, the FTSE 100 and the FTSE All-Share indices rocketed by 6% and 7% in the third quarter of the year, on top of the growth already experienced in late June. Against this backdrop, **according to the Fundscape Platform Report**, platform assets rose 9% from £432bn to £469bn by end September 2016. Since the start of the year, UK platform industry assets have increased by £67bn, an increase of 17%.

TOP 5 PLATFORMS BY ASSETS IN Q316 (£bn)	
Cofunds (est)*	£81.9bn
Fidelity	£69.3bn
Hargreaves Lansdown	£67.6bn
Standard Life (inc Elevate)	£42.3bn
Old Mutual	£41.0bn

TOP 5 PLATFORMS BY ASSET GRTH IN Q316 (%)		
Hargreaves Lansdown	£5,972	9.7%
Fidelity	£5,032	7.8%
Cofunds (est)*	£4,400	5.7%
Old Mutual	£3,291	8.7%
Aegon	£2,286	25.5%

Asset growth was strong across the board with a couple of significant outliers. These included Standard Life, which completed its acquisition of Elevate and saw assets rise by 46% as a result. With Elevate's assets stripped out, growth was a more modest 5%. Aegon, which hopes to complete its acquisition of Cofunds in Q416, was also home to significant growth. It continued to transfer legacy accounts to the platform, resulting in a 26% jump in assets to £11.2bn.

Despite the post-Brexit bounce, sales were weak in the third quarter. Gross sales fell to £21bn, the lowest volume since the third quarter of 2014, while net sales plummeted to £8.6bn, the lowest sales seen since Q113 when RDR was introduced. **Bella Caridade-Ferreira, CEO of Fundscape said**, "The third quarter is usually the quietest because of summer holidays, but flows were even lower than expected. Stock markets were soaring, but the UK's uncertain economic outlook made investors extremely cautious with their investments."

The strongest platform by net sales in the third quarter was Aegon, which was able to topple Hargreaves Lansdown from the top spot thanks to its ongoing customer upgrade programme. But in reality only £300m of Aegon's £1.6bn sales is attributable to net new flows, so platform industry net sales were actually lower (£7.3bn) and therefore particularly sluggish.

TOP 5 PLATFORMS BY GROSS SALES IN Q316 (£m)	
Cofunds (est)*	£3.5bn
Fidelity	£2.7bn
Hargreaves Lansdown (est)*	£2.3bn
Aegon	£1.8bn
Standard Life (inc Elevate)	£1.7bn

TOP 5 PLATFORMS BY NET SALES IN Q316 (£m)	
Aegon	£1.6bn
Hargreaves Lansdown	£1.1bn
Standard Life (inc Elevate)	£1.0bn
Aviva	£835m
Zurich	£645m

TOP 5 PLATFORMS BY GROSS SALES YTD 2016 (£m)	
Cofunds (est)*	£13.2bn
Fidelity	£8.6bn
Hargreaves Lansdown (est)*	£8.1bn
Standard Life (inc Elevate)	£6.1bn
Old Mutual	£5.1bn

TOP 5 PLATFORMS BY NET SALES YTD 2016 (£m)	
Hargreaves Lansdown	£4.4bn
Standard Life (inc Elevate)	£3.8bn
Aegon	£3.7bn
Aviva	£2.5bn
Zurich	£2.3bn

In this difficult terrain, only pension business gained any traction with £6.3bn invested through pension vehicles, in other words 73% of net industry sales. Given their competitive advantage in delivering pensions, it is no surprise that four of the top five platforms are now insurance company owned.

“A prolonged period of uncertainty and volatility as a result of Brexit and the US election results is on the cards for the platform industry. We expect the precautionary motive to save, the low interest rate environment and pension freedoms to keep platforms broadly on the right track. However, the business environment in 2018 will be tough and competition for business will be fierce,” said Caridade-Ferreira. “In this hostile and volatile environment, further consolidation is to be expected and insurance companies are likely to lead the way.”

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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 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. Hargreaves Lansdown’s gross figures have been estimated but assets and net sales were sourced from its trading update.

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