

SIXTY SECOND REVIEW

UK PLATFORM INDUSTRY

3rd QUARTER 2016



FUNDSCAPE

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.

BREXIT BOUNCE

Platform assets increased by £38bn in Q3, a quarter-on-quarter rise of 9%. The FTSE 100 increased by 6% over the same period.

BIPOLAR BEHAVIOUR

Stock markets rose, but investor confidence slumped. Gross sales fell to £21bn, while net plummeted to £8.6bn, the lowest in 3 years.

FENCE-SITTERS

Investors sat on the fence in the first half of the year until the Brexit result. The second half of the year will only only marginally better. Annual net flows (£28bn) are off track by £6-8bn.

DIRECT INACTION

Direct business was robust in the third quarter, but a significant tail-off is expected in the fourth quarter as investor sentiment worsens.

FIVE HUNDRED?

Assets stand at £469bn and could hit £485-£490bn by the close of the year. *If* markets rebound in Q4, platform AUA could hit £500bn...

EGGING ON AEGON

Overall net sales would have been lower without Aegon's customer upgrade programme. Its Q3 sales of £1.6bn pushed Hargreaves off the top spot.

PENSION IMMUNITY

Uncertainty subdued ISA and GIA activity, but pensions were more immune to contagion and accounted for 60% of platform net flows.

2021 FORECASTS 1

Despite Brexit, Trump and other European shocks in the pipeline, we predict platform AUA will rise to £894bn (pessimistic) or £1.2trn (realistic) by 2021.

ELEVATION ELATION

Following completion of the Elevate platform, Standard Life's assets have risen to £42.3bn and it's now the fourth largest platform in the UK.

TECH TRANSFERS

£215bn or around 46% of platform AUA is caught up in technology upgrades. Bravura and GBST are the main beneficiaries.

TAKE MY ADVICE

Standard Life, Aviva and Old Mutual were best for net retail advised flows. Their combined flows accounted for 30% of industry net flows.

2021 FORECASTS 2

Consolidation on the cards (Aegon & Cofunds in Q4). But not just platform on platform — expect fund groups and life COs to be active.