

PRESS RELEASE

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UK PLATFORM INDUSTRY ENDS YEAR ON A HIGH

In a year overshadowed by political uncertainty, it is no surprise that investors sat on the side-lines waiting for the storm clouds to clear. But after three quarters of sluggish activity, sentiment improved and net sales rose to £10.5bn in the fourth quarter, the highest since Q415. However, it was not enough to correct the balance — annual net sales of £38bn were down 16% on the £45bn in 2015 and few platforms were able to improve on their 2015 figures.

TOP 5 PLATFORMS BY ASSETS IN Q416 (£bn)	
Cofunds	£83.7bn
Fidelity	£71.5bn
Hargreaves Lansdown	£70.0bn
Standard Life (inc Elevate)	£44.2bn
Old Mutual	£42.7bn

TOP 5 PLATFORMS BY ASSET GRTH IN 2016 (%)		
Hargreaves Lansdown	£11.2bn	19.0%
Fidelity	£9.7bn	15.8%
Standard Life (inc Elevate)	£7.1bn	19.1%
Aegon	£6.9bn	107.7%
Old Mutual	£6.7bn	18.7%

Cofunds, now part of Aegon, is the largest platform in the UK, but Hargreaves Lansdown was home to the highest asset growth of the year. Cofunds topped the gross sales table with £7bn in Q4 (bigger than some platforms' assets) and a yearly total of £20bn. The net sales line-up looked quite different. Aegon's ongoing migration of legacy assets on platform pushed its net sales to £1.8bn in the fourth quarter, but over the course of the year it was neck and neck with Hargreaves Lansdown, both generating net sales of £5.6bn.

TOP 5 PLATFORMS BY GROSS SALES 2016 (£m)	
Cofunds (est)*	£20.1bn
Fidelity	£11.3bn
Hargreaves Lansdown (est)*	£9.8bn
Standard Life (inc Elevate)	£7.1bn
Old Mutual	£6.7bn

TOP 5 PLATFORMS BY NET SALES 2016 (£m)	
Hargreaves Lansdown	£5.6bn
Aegon	£5.6bn
Standard Life (inc Elevate)	£4.6bn
Aviva	£3.5bn
Zurich	£3.3bn

Bella Caridade-Ferreira, CEO of Fundscape said, "Business in the fourth quarter was a little patchy, but there were signs investors are feeling much more bullish about the future. They've accepted that geopolitical uncertainty and low returns are here to stay, and life has to go on. A wall of cash has been building up over the year and that money is now starting to trickle in. 2017 should be a far better year... barring any major incidents that could knock us off course."

TOP 5 PLATFORMS BY GROSS SALES IN Q416 (£m)	
Cofunds	£6.9bn
Fidelity	£2.6bn
Hargreaves Lansdown (est)*	£2.4bn
Standard Life (inc Elevate)	£2.1bn
Aegon	£2.0bn

TOP 5 PLATFORMS BY NET SALES IN Q416 (£m)	
Aegon	£1.8bn
Standard Life (inc Elevate)	£1.3bn
Hargreaves Lansdown (est)*	£1.2bn
Zurich	£1.0bn
Aviva	£1.0bn

Another boost for the platform industry is the unprecedented level of interest in defined benefit transfers. Sipp assets account for 30% of total assets, but punched well above their weight with 62% of net sales in 2016. Caridade-Ferreira said, “The marked rise in transfer values is creating a long pipeline of business that will cushion the platform industry for the foreseeable future.”

ASSETS AND 2016 SALES BY PRODUCT					
	ISAs	Sipps & pensions	DC pensions	Rest	Total
Assets	£133.5bn	£145.4bn	£50.7bn	£159.3bn	£488.8bn
%	27.3%	29.8%	10.4%	32.5%	100.0%
Gross	£16.4bn	£33.6bn	£10.4bn	£33.4bn	£93.8bn
%	17.5%	35.8%	11.1%	35.6%	100.0%
Net	£5.2bn	£23.7bn	£3.6bn	£5.8bn	£38.3bn
%	13.6%	61.9%	9.4%	15.1%	100.0%

In this environment, fund managers are under pressure to deliver investment returns more cost effectively. With several passive players in the top 10, it’s clear the passive trend is starting to gain traction. However, there is still only one passive fund in the top 10 funds. On some platforms the market share of passive funds is much higher, but overall they account for 6% of total gross sales, and 9% of total net sales.

Top fund groups** by gross sales in 2016	Top fund groups** by net sales in 2016	Top funds** by gross sales in 2016	Top funds** by net sales in 2016
Old Mutual	Vanguard	Woodford Equity Income	Fundsmith Equity
Vanguard	Old Mutual	Fundsmith Equity	Woodford Equity Income
BlackRock	BlackRock	BlackRock Cash	BlackRock Cash
Fidelity	Fidelity	Stewart Asia Pac Leaders	IP Global Targeted Returns
L&G	Fundsmith	IP Global Targeted Returns	Vanguard Life Strategy 60%
Invesco	L&G	Fidelity MoneyBuilder Income	Henderson UK Abs Return
Standard Life	Woodford	Lindsell Train UK Equity	Lindsell Train UK Equity
Henderson	Royal London	Artemis Income	JPM Global Macro Opps
Jupiter	Dimensional	Vanguard Life Strategy 60%	Lindsell Train global Equity
Schroders	Lindsell Train	Henderson UK Abs Return	OM Global Equity Abs Return

Caridade-Ferreira said, “Vertically integrated solutions such as Old Mutual and Standard Life have understandably much lower levels of passive activity. But passive business will mushroom on platforms that don’t have their own distribution arms. As a result, we expect to see fund business in 2017 bifurcate between passive and a clutch of ‘hot’ actively managed funds.”

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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 reports its figures to Fundscape a quarter in arrears. Hargreaves Lansdown’s gross figures have been estimated, but assets and net sales were sourced from the trading update.

**These rankings are based on actual sales provided by platforms. Fundscape collects the top 1000 gross and net share-classes from platforms. Sales figures for funds and groups are only available to Platform Report or Platinum database subscribers.

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