

PRESS RELEASE (EMBARGOED UNTIL 16 MAY 2018 8AM)

SNOW & SHAKY MARKETS LEAD TO SOFT START TO YEAR FOR PLATFORMS

Stock markets corrected in the first quarter of the year, leaving the FTSE 100 and All-Share indices down by circa 8%. The beast from the East in March also froze any latent investor interest. As a result, platform assets fell from last quarter's £592bn to £569bn at end March. However, not all of it was market related. Having sold its workplace platform to Scottish Widows, Zurich's assets shrank to £8.7bn from its Q417 total of £28.8bn, accounting for the majority of the industry's fall. On a like-for-like basis, Zurich's assets grew marginally, earning it a place in the top five for the quarter. In Q118 we also welcomed the Hubwise and Embark platforms to the fold, who added c£4bn to industry assets.

TOP 5 PLATFORMS BY ASSETS IN Q118 (£bn)	
Cofunds	£90.8bn
Hargreaves Lansdown	£87.1bn
Fidelity	£76.8bn
Standard Life (est)*	£53.4bn
Old Mutual	£50.9bn

TOP 5 PLATFORMS BY ASSET GRTH IN Q118 (%)		
Aviva	£666m	3.3%
Aegon	£446m	2.0%
Hargreaves Lansdown (est)*	£998m	1.2%
AJ Bell	£250m	0.7%
Zurich	£30m	0.3%

Unsurprisingly, gross sales dropped to £30bn as a result of investors scrambling to move assets to safer havens. sales were down by roughly 4%, but up by the same amount compared to Q117. At £13.4bn, net sales were also down by 4% compared to the previous quarter, and 2% on like-for-like sales in Q117. However, results were mixed with some platforms home to increased net sales and others not. Of the top five platforms by gross sales, only two platforms were also in the top five by net.

Thanks to the ISA season, and despite the adverse backdrop, Hargreaves Lansdown topped the net sales ranking. Standard Life, which is in the throes of transferring part of its business to Phoenix, was in second place (figures estimated because of the transfer). The Aviva wrap moved to FNZ technology during the quarter. Despite the prolonged problems it has experienced, net sales were particularly robust although the after-shocks are unlikely to be felt until Q2.

TOP 5 PLATFORMS BY GROSS SALES Q118	
Cofunds	£6.7bn
Fidelity	£3.3bn
Hargreaves Lansdown (est)*	£2.9bn
Standard Life (est)*	£2.5bn
Old Mutual	£2.5bn

TOP 5 PLATFORMS BY NET SALES Q118	
Hargreaves Lansdown (est)*	£1.9bn
Standard Life (est)*	£1.6bn
Aviva	£1.5bn
AJ Bell (est)*	£1.5bn
Aegon	£1.4bn

TOP 5 RETAIL ADVISED PLATFORMS BY GROSS SALES Q118	
Standard Life (est)*	£2.5bn
Old Mutual	£2.4bn
Aviva	£1.7bn
AJ Bell (est)*	£1.6bn
Transact	£1.5bn

TOP 5 RETAIL ADVISED PLATFORMS BY NET SALES Q118	
Standard Life (est)*	£1.6bn
Aviva	£1.5bn
Old Mutual	£1.2bn
AJ Bell (est)*	£1.2bn
Transact	£1.1bn

Looking at just retail advised propositions, and stripping out institutional, workplace and D2C business, paints an entirely different picture. A cohort of five platforms are attracting the bulk of gross and net sales. They include the newly floated Transact as well as AJ Bell, which is also due to float before the year is out. Other platforms are re-platforming and re-modelling their propositions to respond to the growing challenge.

Q118 ASSETS AND SALES BY PRODUCT					
£m	ISAs	Sipps & pensions	DC pensions	Rest	Total
Assets £m	150,948.9	210,004.7	32,346.1	175,969.8	569,269.5
%	26.5	36.9	5.7	30.9	100.0
Gross £m	4,841.4	12,317.9	1,672.6	11,471.6	30,303.4
%	16.0	40.6	5.5	37.9	100.0
Net £m	2,013.8	8,764.9	23.5	2,572.3	13,373.4
%	15.8	64.9	0.2	19.1	100.0

Bella Caridade-Ferreira, CEO of Fundscape said, “The first quarter was soft going for fund groups, but platforms are cushioned from the worst — assets may have shifted into cash or defensive funds, but they tend to stay on platform. It’s a different story with new investments, however. As pensions are long-term investments, they attracted strong flows, but ISA sales and other shorter-term investments were sluggish.”

Caridade-Ferreira said, “2018 will be a softer year than 2017, although flows will be more robust than earlier years. The feverish demand for pension freedom transfers is likely to begin to wane because of falling transfer values and far greater regulatory scrutiny. Brexit, FCA studies and the global outlook suggest it will be a bumpier ride this year.”

- 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 reports its figures to Fundscape a quarter in arrears. AJ Bell provides asset data, but gross and net sales are estimated. Standard Life’s data has been estimated for this quarter only. It should resume normal service next quarter.

For further information or background please contact: bella@fundscape.co.uk