

## PLATFORM INDUSTRY HIGHLIGHTS 2018

The **PLATORM INDUSTRY** is in extended lockdown phase as several companies will be reporting their full-year results between now and 15th March 2019. We're unable to provide individual platform data until the last PLC has reported its results. As a result, this is the first of two press releases for Q418/2018 platform data.

It's been a tough year for fund groups and platforms alike, with volatility and geopolitical concerns cooling the market. Platforms were cushioned from the worst by ongoing DB transfer business, but by the second half of the year that business was also drying up. Year-on-year growth in assets was a meagre 4%, while gross and net sales have plummeted.

HEADLINE FIGURES FOR 2018						
	Assets	Asset Grth	Asset Grth %	Gross sales	Net sales	Net/gross ratio %
<b>2017</b>	£571.1bn	£98.7bn	20.9%	£121.7bn	£54.6bn	44.8%
<b>2018</b>	£594.1bn	£23.1bn	4.0%	£115.5bn	£44.4bn	38.5%

- Platform assets under administration fell by 6% over the quarter to £594.1bn at end December 2018. Annual asset growth for the year was exceptionally muted at 4% — or just £23bn. To provide some additional colour and context, this was well below the asset growth of £99bn achieved in 2017, which represented a 21% increase in assets.
- Q418 was not only the worst quarter of 2018, it was also the worst quarter since Q316. Gross sales fell to £27.5bn compared to £28.4bn and £31.7bn in Q318 and Q417. Meanwhile net sales plummeted to just £9.2bn compared to £14bn in the fourth quarter of 2017, but were a fraction better than Q318.
- When stock markets are volatile, gross sales often go up and net sales down as investors scramble to the safety of defensive investments and/or withdraw. But in 2018, gross sales also dropped — a clear sign that any safe-haven retreats had already flushed through the system and new money was beginning to slow substantially. Annual gross sales were £115.5bn, down 5% against the £121.8bn notched up in 2017.
- More worrying is the fact that net sales for the year amounted to £44.5bn —£10bn below the £54.6bn achieved in 2017 — the worst annual sales total since 2015.
- This pushed the net sales ratio down from 44.8% in 2017 to just 38.5% in 2018 — in a mature industry the optimum rate is 50% or higher.

PRODUCT MIX 2018					
	ISAs	Sipps & Pensions	DC Pension	Rest	Total
Assets (£m)	144,711.3	243,727.5	39,402.6	166,298.0	594,139.4
% of total	24.4	41.0	6.6	28.0	100.0
Gross sales 2018 (£m)	17,003.7	47,643.7	6,958.9	43,880.2	115,486.5
Gross sales (%)	14.7	41.3	6.0	38.0	100.0
Net sales 2018 (£m)	4,887.8	31,829.0	216.9	7,555.7	44,489.4
Net sales (%)	11.0	71.5	0.5	17.0	100.0

- Pension & Sipp wrappers now account for 41% of platform assets, but their share of platform industry net sales rose to a whopping 72% thanks to a significant pipeline of DB transfer business earlier in the year. Much like the withdrawal of QE, now that DB transfer stimulus is being withdrawn, platforms will find business slower in 2019. And that's without the Brexit effect.
- The steady flow of DB transfers also pumped up the retail advised channel, which accounted for 74% of net sales, but only 61% of assets under administration.

CHANNEL MIX 2018				
	Retail advised	Corp/ Instit	D2C	Total
AUA (£m)	363,937.6	102,881.8	127,320.0	594,139.4
AUA (%)	61.3	17.3	21.4	100
Gross sales Q4 18 (£m)	14,929.1	7,812.8	4,730.7	27,472.7
Gross sales Q4 18 (%)	54.3	28.4	17.2	100
Gross sales 2018 (£m)	64,285.6	29,813.4	21,386.3	115,485.3
Gross sales 2018 (%)	55.7	25.8	18.5	100
Net sales Q4 18 (£m)	7,045.5	531.1	1,640.4	9,217.0
Net sales Q4 18 (%)	76.4	5.8	17.8	100
Net sales 2018 (£m)	33,032.1	2,624.4	8,834.0	44,490.4
Net sales 2018 (%)	74.2	5.9	19.9	100

**Fundscope CEO, Bella Caridade-Ferreira**, said '2018 was a year of two halves and the second half was dreadful owing to volatile markets and political shenanigans. The first half of 2019 is likely to be more of the same... let's hope things start to improve in the second half.'

- Ends-

#### Notes to Editors:

**The Platform Report** is a confidential report published by Fundscope LLP. A total of 19 platforms are included in the analysis. Platform coverage is estimated at 98% of the platform universe. **For further information or background please contact:** Bella Caridade-Ferreira, tel +44 (0)20 7720 1183, [bella@fundscope.co.uk](mailto:bella@fundscope.co.uk)