

PRESS RELEASE – EMBARGOED UNTIL 9AM 13 AUG 2020

PLATFORMS RETURN TO FORM (DEAD CAT BOUNCE OR ROAD TO RECOVERY?)

The FTSE All Share index is down 19% for the year to date, but the broader MSCI World rebounded and is down just 6%. The platform industry followed its cue, assets jumping by 14% this quarter and recovering most of the ground lost in Q1. Although GDP rose by 9% in June, the UK economy shrank by 20% in the second quarter and is now in recession, raising fears that it will fall again once stimulus programmes are wound down.

A handful of platforms improved on their Q419 assets, but only Hubwise, the smallest platform in our stats and is part of the *Next three* group, has seen assets rise consistently quarter on quarter for the last two years. Thanks to a strong pipeline of new business, its assets have grown by 45% to £1.8bn since the start of the year.

Meanwhile Aegon combined its propositions in Q2. With assets under administration of £143bn, it is now the largest platform in the industry by a significant margin and accounts for 20% of industry assets. Parmenion and Praemium have been added to our statistics, making Fundscope's platform coverage the most comprehensive of the industry.

2020 ASSET TRENDS							
	Q419	Q120	Q220	Q220 Grth £m	Q220 Grth %	YTD Grth £m	YTD Grth %
Aegon ¹	145,763.8	124,700.0	142,660.6	17,960.6	14.4	-3,103.2	-2.1
HL ²	103,734.0	86,792.0	101,800.0	15,008.0	17.3	-1,934.0	-1.9
Fidelity	92,657.3	78,899.6	91,184.6	12,285.0	15.6	-1,472.7	-1.6
Standard Life ³	62,561.3	54,930.6	61,166.2	6,235.6	11.4	-1,395.1	-2.2
Quilter Wealth	58,557.2	50,697.2	57,460.4	6,763.2	13.3	-1,096.8	-1.9
AJ Bell	47,200.0	42,000.0	47,700.0	5,700.0	13.6	500.0	1.1
Transact	39,312.0	34,990.0	39,711.0	4,721.0	13.5	399.0	1.0
Aviva	29,084.7	26,574.2	30,181.3	3,607.1	13.6	1,096.6	3.8
James Hay	27,587.2	25,499.7	26,354.0	854.3	3.4	-1,233.2	-4.5
Nucleus	16,141.3	13,985.7	15,824.6	1,838.9	13.1	-316.7	-2.0
ATS ⁴	16,207.8	13,900.0	15,707.0	1,807.0	13.0	-500.8	-3.1
Ascentric	16,100.0	13,986.5	15,472.5	1,486.0	10.6	-627.5	-3.9
Advance ⁵	15,575.0	14,016.0	15,578.0	1,562.0	11.1	3.0	0.0
TPI	10,442.3	9,737.1	11,216.2	1,479.1	15.2	773.9	7.4
7im	10,705.6	9,510.1	10,747.9	1,237.8	13.0	42.3	0.4
Parmenion ⁶	6,960.3	6,484.3	7,296.6	812.3	12.5	336.3	4.8
Praemium ⁶	1,680.5	1,538.9	1,802.1	263.2	17.1	121.6	7.2
Next three ⁷	19,995.0	17,870.0	20,570.0	2,700.0	15.1	575.0	2.9
Total	720,265.3	626,111.9	712,433.0	86,321.1	13.8	-7,832.3	-1.1

Stellar sales

Gross sales returned to a more normal £30bn in Q220, indicating that the panic-selling, transfers and switches that racked up £38bn in the first quarter, eventually ran out of steam. Top of the Q2 leader board was Aegon, with a newly combined sales figure of £9bn (the size of a small platform). Although inflows were lower, so too were outflows and withdrawals, resulting in an industry net sales total of £13bn, which not only exceeded expectations, but was also the best since the first quarter of 2018 — a huge achievement given the unprecedented backdrop. Fidelity returned to the top five with a bang. Its net sales of £1.5bn were the highest since the fourth quarter of 2018, thanks to a strong uplift in activity across all three distribution channels.

TOP 5 PLATFORMS (all channels) BY GROSS SALES Q220 (£bn)	
Aegon	£9.1bn
Hargreaves Lansdown ² <i>est</i>	£5.1bn
Fidelity	£4.5bn
AJ Bell	£2.0bn
OMW	£1.3bn

TOP 5 PLATFORMS (all channels) BY NET SALES Q220 (£bn)	
Hargreaves Lansdown ² <i>est</i>	£3.3bn
Aegon	£2.2bn
Fidelity	£1.5bn
AJ Bell	£1.5bn
Transact	£797m

DIY investors, in particular, saw the stock market correction as a buying opportunity. **Bella Caridade-Ferreira, CEO of Fundscope said**, ‘Driving the uptick in net sales was a spike in D2C activity which accounted for 39% of total net sales. It was no surprise, therefore, that platforms with strong D2C activity (HL, Aegon, Fidelity and AJ Bell) dominated the top five platforms by net sales.’

Retail advised channel

Old Mutual Wealth was back in pole position for gross sales in the adviser channel, while Fidelity leapfrogged several platforms to take second place in the net sales table behind Transact. Both platforms attribute their robust sales to proactive adviser support and engagement during lockdown.

TOP 5 ADVISER PLATFORMS BY GROSS SALES Q220	
Old Mutual Wealth	£1.33bn
Standard Life	£1.30bn
Fidelity	£1.28bn
Transact	£1.22bn
Aegon	£1.1bn

TOP 5 ADVISER PLATFORMS BY NET SALES Q220	
Transact	£797m
Fidelity	£764m
AJ Bell	£700m
True Potential	£677m
Aviva	£609m

TOP 5 ADVISER PLATFORMS BY GROSS SALES YTD 2020	
Standard Life	£3.2bn
Old Mutual Wealth	£3.0bn
Transact	£2.9bn
Fidelity	£2.7bn
Aviva	£2.6bn

TOP 5 ADVISER PLATFORMS BY NET SALES YTD 2020	
Transact	£1.9bn
Aviva	£1.7bn
AJ Bell	£1.6bn
Fidelity	£1.4bn
True Potential	£1.4bn

Bella Caridade-Ferreira, CEO of Fundscope said, ‘It was a surprisingly good quarter given the pandemic and lockdown measures. Much of this quarter’s business was driven by tax-year-end activity, particularly ISA sales. But it may have been a dead cat bounce — ISA activity dominates the first half of the year, so the second half of the year is likely to be sluggish in comparison.

‘Advisers benefited from existing client business that had been held back in 2019, but recruiting new clients in this environment is proving difficult. The third quarter should hold its own, but the fourth quarter will likely be affected by a reduction in new client business and a shrinking economy.’

- Ends-

Notes to Editors:

The Platform Report is a confidential report published by Fundscope. To subscribe to the report, platforms must contribute asset and sales data on a quarterly basis. For further information about the report and Fundscope, please visit www.fundscope.co.uk. A total of 19 platforms are included in the analysis. Platform coverage is estimated at 98% of the platform universe.

¹ Aegon ARC and Aegon Platform (ex-Cofunds business) now reported together.

² Hargreaves Lansdown reports in arrears. Assets are actual but sales are estimated for Q220.

³ Includes Elevate but excludes Parmenion.

⁴ ATS figures estimated for Q220.

⁵ Advance formerly known as Zurich Intermediary Platform. The acquisition was completed on 1st May 2020. Includes Embark figures too.

⁶ Parmenion and Praemium added from Q419.

⁷ Hubwise, Novia and Raymond James.

For further information or background please contact: press@fundscope.co.uk