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PLATFORM SALES PLUMMET SHARPLY IN THIRD QUARTER

It was a tough quarter for the UK platform industry. Assets rose by just 2.5% to £730.2bn and sales slowed to little more than a trickle.

Once again, the platform industry outperformed stock markets rising by 2.5% in the third quarter while the FTSE All Share fell by 4%. Standing out from the crowd were True Potential and Praemium whose assets rose by 7.6% and 6.5% respectively.

The FTSE All Share is down by 22% for the year to date. Platform industry assets have risen by £10bn (1.4%) with True Potential and Premium again streets ahead of its peers with growth rates of 15.6% and 14.2%.

2020 ASSET TRENDS							
	Q419	Q220	Q320	Q320 Grth £m	Q320 Grth %	YTD Grth £m	YTD Grth %
Aegon[1]	145,763.8	142,660.6	144,338.0	1,677.4	1.2	-1,425.8	-1.0
HL[2]	103,734.0	101,774.0	104,600.0	2,800.0	2.8	866.0	0.8
Fidelity	92,657.3	91,184.6	92,261.0	1,076.4	1.2	-396.3	-0.4
Standard Life[3]	62,561.3	61,166.2	63,050.0	1,883.8	3.1	488.7	0.8
Quilter Wealth	58,557.2	57,460.4	58,933.7	1,473.3	2.6	376.5	0.6
AJ Bell	47,200.0	47,700.0	49,700.0	2,000.0	4.2	2,500.0	5.3
Transact	39,312.0	39,711.0	41,093.0	1,382.0	3.5	1,781.0	4.5
Aviva	29,084.7	30,181.3	31,353.0	1,171.7	3.9	2,268.3	7.8
James Hay	27,587.2	26,354.0	26,932.7	578.7	2.2	-654.5	-2.4
Nucleus	16,141.3	15,824.6	16,103.2	278.6	1.8	-38.1	-0.2
ATS[4]	16,207.8	15,707.0	16,030.0	323.0	2.1	-177.8	-1.1
Ascentric	16,100.0	15,472.5	15,617.7	145.2	0.9	-482.3	-3.0
Advance[5]	15,575.0	15,578.0	16,103.3	525.3	3.4	528.3	3.4
TPI	10,442.3	11,216.2	12,071.7	855.5	7.6	1,629.4	15.6
7im	10,705.6	10,747.9	11,024.4	276.5	2.6	318.8	3.0
Parmenion[6]	6,960.3	7,296.6	7,535.4	238.8	3.3	575.1	8.3
Praemium[6]	1,680.5	1,802.1	1,918.9	116.8	6.5	238.4	14.2
Next three[7]	19,995.0	20,570.0	21,525.0	955.0	4.6	1,530.0	7.7
Total	**720,265.3**	**712,433.0**	**730,191.0**	**17,758.0**	**2.5**	**10,325.7**	**1.4**

Sales plummet sharply

Industry sales	Q119	Q219	Q319	Q419	Q120	Q220	Q320
Gross	£26.7bn	£30.5bn	£28.1bn	£29.3bn	£37.6bn	£29.2bn	£25.7bn
Net	£7.5bn	£7.6bn	£6.6bn	£7.5bn	£10.3bn	£12.5bn	£5.1bn
Net to gross %	28.1%	24.9%	23.5%	25.6%	27.4%	41.8%	19.8%

The old investment adage 'Sell in May and go away, don't come back until St Leger's day' appears to have been taken to heart by UK investors. Having started 2020 on a pre-pandemic, post-election high of £37.6bn, gross platform sales fell to just £25.7bn in the third quarter — the lowest quarterly total since Q416 indicating that money coming on to platform slowed considerably during the quarter.

Unfortunately money also came off platforms at a faster rate, resulting in net sales of just £5.1bn — less than half 50% of the Q2 sales total and the worst quarterly flows since the fourth quarter of 2011 when the industry was in the throes of RDR preparation.

Without the impetus of ISA business in the first half of the year, gross and net flows trended downwards. But the fall in sales was marked and of concern, highlighting a sharp rise in investor aversion across the UK. Only Aviva, James Hay, Novia and Hubwise bucked the trend in the third quarter and saw flows rise. As a result of strong business through its adviser and D2C platforms, AJ Bell rose to the top of the net sales table with £900m.

TOP 5 PLATFORMS (all channels) BY GROSS SALES Q320 (£bn)	
Aegon	£8.4bn
Fidelity	£4.1bn
Hargreaves Lansdown[2] est	£2.6bn
AJ Bell	£1.6bn
Aviva	£1.3bn
Rest	£7.7bn
Total	£25.7bn

TOP 5 PLATFORMS (all channels) BY NET SALES Q320 (£bn)	
AJ Bell	£900m
Hargreaves Lansdown[2] est	£800m
Fidelity	£766m
Aviva	£732m
Transact	£731m
Rest	£1.2bn
Total	£5.1bn

TOP 5 PLATFORMS (all channels) BY GROSS SALES YTD 2020	
Aegon	£30.2bn
Fidelity	£13.9bn
Hargreaves Lansdown[2] est	£11.5bn
AJ Bell	£5.9bn
Standard Life[3] est	£4.4bn
Rest	£26.6bn
Total	£92.5bn

TOP 5 PLATFORMS (all channels) BY NET SALES YTD 2020	
Hargreaves Lansdown[2] est	£4.9bn
AJ Bell	£4.0bn
Fidelity	£3.0bn
Transact	£2.6bn
Aviva	£2.6bn
Rest	£10.9bn
Total	£28.0bn

Adviser platform channel

Fidelity continued to go from strength to strength, taking pole position for gross sales and fifth place for net. One of the few platforms to see sales rise compared to the second quarter, Aviva has moved up the ranks into second place followed closely by True Potential and AJ Bell. However, Transact held on to pole position as the leading platform for net sales for the quarter and the year to date.

TOP 5 ADVISER PLATFORMS BY GROSS SALES Q320	
Fidelity	£1,344.8m
Transact	£1,291.0m
Old Mutual	£1,237.8m
Aviva	£1,201.4m
Standard Life est	£1,200.0m
Total	£12.3bn

TOP 5 ADVISER PLATFORMS BY NET SALES Q320	
Transact	£731.0m
Aviva	£698.7m
True Potential	£606.7m
AJ Bell	£600.0m
Fidelity	£552.5m
Total	£4.4bn

TOP 5 ADVISER PLATFORMS BY GROSS SALES YTD 2020	
Standard Life est	£4.4bn
Quilter Wealth	£4.3bn
Transact	£4.2bn
Fidelity	£4.0bn
Aviva	£3.8bn
Total	£42.1bn

TOP 5 ADVISER PLATFORMS BY NET SALES YTD 2020	
Transact	£2.6bn
Aviva	£2.4bn
AJ Bell	£2.2bn
Fidelity	£2.0bn
True Potential	£1.9bn
Total	£17.8bn

Bella Caridade-Ferreira, CEO of Fundscape said, "The third quarter of the year is always quiet because of the summer holiday season, but the contraction in sales is particularly worrying. The last time net sales were this low, advisers and platforms were distracted and bogged down in RDR preparation. Brexit and the fallout from the coronavirus pandemic are beginning to weigh heavily on investor sentiment, which doesn't bode well for sales in the fourth quarter and the first half of 2021. A no-deal Brexit will make things even more difficult."

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Notes to Editors:

The Platform Report is a confidential report published by Fundscape. 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.

[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. Standard Life publishes its results every six months so figures are estimated.
[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.