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Executive summary

- This report is a deep dive into every aspect of model portfolios in the UK. We have examined models, performance, the providers, and the underlying fund managers and funds, and have left no stone unturned. It should provide anyone wishing to do business through model portfolios with a thorough grounding of industry dynamics.
- Model portfolios dominate the intermediated wealth management arena. Why? Because outsourcing portfolio management responsibilities allows the adviser to focus on financial planning and client relationships.
- Regulatory factors are also driving growth. They started with RDR and continue with suitability concerns, value assessments, and the focus on consumer outcomes enshrined in the Consumer Duty legislation.
- Model portfolios have grown rapidly on adviser platforms, with assets growing from £169bn in 2018 to £279.4bn in September 2023 (a compound annual growth rate of 10.9%). Over the same period, their share of adviser platform assets has risen from 45% to 50%.
- Discretionary model portfolios assets have grown at a compound annual growth rate of 13.2% over the last five to £170bn. In contrast, advisory model assets were home to a more modest rate of 8.5%, taking assets from £74.5bn in 2018 to £110bn in September 2023.