FOR IMMEDIATE RELEASE

A BRUISING FIRST HALF FOR THE DIRECT MARKET

This time last year, the world was finally moving on from the Covid pandemic and there was a sense of optimism about the future. That optimism has been replaced by the worst economic and geopolitical challenges in a generation – rampant inflation, the cost-of-living crisis, and the war on Ukraine. Despite these headwinds the fall in direct assets was a more modest 3.5% to £273bn (£283bn in Q1) than the FTSE All Share's 6% drop. However, investor confidence also plummeted, and with the ISA season proving to be a damp squib, gross and net flows fell to lockdown levels of £9.3bn and £4.5bn.

TOP 5 D2C PROVIDERS BY ASSETS IN Q222 (£bn)	
Hargreaves Lansdown[1]	£107.3bn
interactive investor	£52.0bn
Fidelity Personal Investing	£28.8bn
AJ Bell Youinvest	£19.2bn
Halifax Share Dealing	£17.7bn

TOP 5 D2C PROVIDERS BY ASSET GROWTH IN Q222 (%)	
Vanguard Personal Investor	3.0%
True Potential Investor	0.1%
Aviva	0.0%
Moneyfarm	-1.5%
Willis Owen	-3.1%

TOP 5 D2C PROVIDERS BY GROSS SALES	
Q222	H1 2022
Hargreaves Lansdown	Hargreaves Lansdown
interactive investor	interactive investor
AJ Bell Youinvest	Fidelity Personal Investing
Vanguard Personal Investor	AJ Bell Youinvest
Fidelity Personal Investing	Vanguard Personal Investor

TOP 5 D2C PROVIDERS BY NET SALES	
Q222	H1 2022
Hargreaves Lansdown	Hargreaves Lansdown
Vanguard Personal Investor	Vanguard Personal Investor
interactive investor	interactive investor
AJ Bell Youinvest	AJ Bell Youinvest
Halifax Share Dealing	Halifax Share Dealing

Hargreaves and interactive investor (now part of abrdn) are the largest platforms by assets, but the fastest growing platform in the UK is Vanguard with £13.1bn in assets — it is closing in on larger rivals thanks to its simple and low-cost proposition. Vanguard is ranked second for net sales for the quarter and the year to date.

Martin Barnett, Head of Content at Fundscape said, 'The ISA season sets the tone and pace of investments for the second half of the year so 2022 will be a rough ride for many D2C houses and robos — they struggle to acquire customers on good days! The industry is too reliant on a positive economic outlook and robust investor confidence. For many small providers, the outlook is therefore bleak. We expect smaller players to close or be snapped up by larger peers.'

'The firms who focus on looking after their customers are most likely to prosper. Consumers will need significant support over the next few years and will expect their finances to be both digital and seamless across a range of products and services. The door is well and truly open for banks and former insurers to play a significant role in this market, hence the multi-channel developments and large-scale investments at Lloyds, Barclays, Aviva and Hargreaves Lansdown. Further acquisitions are inevitable.'

- Ends-

Notes to Editors:

The Direct Matters report covers the direct market and is published by Fundscape. It has been running since Q121. For further information or background please contact: press@fundscape.co.uk

1. Active Savings and the advised portion of HL's business have been excluded.