

EMBARGOED UNTIL 24th MAY 2023, 7AM

THE WORST ISA SEASON IN 14 YEARS

It was a difficult first quarter for platforms with the expectation of a recession and the cost-of-living crisis dragging on sentiment and flows. Two Interest rate hikes didn't help either. Higher interest rates are usually bad for stock markets, but markets appeared to be Teflon-coated in Q1 with the FTSE 100 up 2%, the FTSE All World and S&P 500 up 7%, and the tech-heavy Nasdaq up a whopping 17%. This boosted platform assets to £880bn, although the industry's £930bn high is still some way off.

HEADLINE FIGURES						
All platforms	Assets	Qtrly Asset Grth	Qtrly Asset Grth %	Gross sales	Net sales	Net/gross ratio
Q1 2023	£880.9bn	£28.2bn	3.3%	£35.7bn	£9.5bn	26.6%
Q4 2022	£852.7bn	£27.4bn	3.3%	£25.0bn	£5.4bn	21.6%
Q1 2022	£890.7bn	-£39.4bn	-4.2%	£35.7bn	£11.9bn	33.3%
Adviser platforms	Assets	Qtrly Asset Grth	Qtrly Asset Grth %	Gross sales	Net sales	Net/gross ratio
Q1 2023	£556.5bn	£14.7bn	2.7%	£16.7bn	£4.6bn	27.5%
Q4 2022	£541.8bn	£16.5bn	3.1%	£14.0bn	£3.9bn	27.9%
Q1 2022	£566.6bn	-£14.7bn	-2.5%	£20.2bn	£9.5bn	47.0%

Flows, however, disappointed. Total gross sales were £35.7bn and net just £9.5bn. The ISA season, which generally sets the tone for the rest of the year, was dire. Net ISA flows totalled £495m for the entire platform industry. All channels were affected. Adviser net flows, for example, plunged to £4.6bn, a 50% drop against Q122, as consumers reacted badly to poor economic news.

TOP 5 PLATFORMS (all channels) BY GROSS SALES Q123		TOP 5 PLATFORMS (all channels) BY NET SALES Q123	
Aegon	£10.0bn	Aegon	£3.2bn
Fidelity	£6.1bn	AJ Bell	£1.2bn
Hargreaves Lansdown	£4.1bn	True Potential	£1.0bn
AJ Bell	£2.5bn	Transact	£929m
Quilter	£2.0bn	Aviva	£848m
TOP 5 PLATFORMS (adviser channel) BY GROSS SALES Q123		TOP 5 PLATFORMS (adviser channel) BY NET SALES Q123	
Quilter	£2.0bn	True Potential	£956m
Transact	£1.8bn	Transact	£929m
Aviva	£1.7bn	Aviva	£796m
True Potential	£1.45bn	AJ Bell	£600m
AJ Bell	£1.40bn	Quilter	£591m



These sales numbers mask the fact that some platforms did much better than others. Aegon, for example, recorded gross flows of £10bn for the first time in nearly two years, while Quilter and 7IM's flows rebounded to business levels last experienced in 2021.

In the adviser platform channel, vertically integrated platforms flourished in the challenging environment, with Quilter in pole position for gross sales for the sixth consecutive quarter, and True Potential for net sales for the fourth consecutive quarter (significantly aided by its adviser buyout programme). Transact, though, was second for adviser gross and net flows, highlighting the importance and resilience of independent adviser platforms in the industry.

Bella Caridade-Ferreira, CEO of Fundscape said, 'Net flows were low in Q1 because of poor sentiment and investors withdrawing cash to meet living costs and help their families. The good news is that from January's low point, flows improved month on month and the trend continued in Q2.

'We've avoided a recession, the economic outlook is better, and sentiment indicators have jumped several points — spring is in the air and there are green shoots of optimism everywhere. The rest of the year is likely to be better than we initially feared. What's more, with the pension changes announced in the budget we expect a long-term surge in pension flows and a corresponding rise in demand for advice. The future is looking rosier for the platform industry.'

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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.

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