

6TH FEBRUARY 2024 – FOR IMMEDIATE RELEASE

THE PLATFORM INDUSTRY IN 2023: PENSIONS SAVE THE DAY

We knew the fourth quarter was going to be tough, but not this tough! The platform industry (all platforms) was in net outflow of £8.2m. (Yes, the entire industry was negative thanks to outflows in workplace/institutional platforms). Adviser platforms were positive, but their net flows halved quarter on quarter to £655m, their lowest total on Fundscape records.

It was a painful year for the platform industry. Assets rose to a high of £952bn but sales did the opposite. All-platform net flows were down 40% against 2022, but net adviser platform flows were down by an eye-watering 64%, owing to investors withdrawing cash to meet living expenses, pay off mortgages, help family members or simply take advantage of the myriad attractive cash and annuity rates on offer. Understandably, ISAs and GIAs bore the brunt of the outflows.

HEADLINE FIGURES – ALL PLATFORMS

	Assets	Asset Grth	Asset Grth %	FTSE All Share	Gross sales	Net sales	Net/gross ratio %
2018	£601.0bn	£29.9bn	5.2%	-12.9%	£116.5bn	£44.9bn	38.5%
2019	£710.4bn	£109.4bn	18.2%	14.2%	£114.7bn	£29.2bn	25.4%
2020	£784.6bn	£74.2bn	10.4%	-12.5%	£126.9bn	£36.0bn	28.2%
2021	£930.1bn	£148.2bn	18.9%	14.5%	£163.6bn	£67.9bn	42.0%
2022	£852.7bn	-£77.5bn	-8.3%	-3.2%	£119.0bn	£29.5bn	24.8%
2023	£951.7bn	£99.3bn	11.6%	+3.8%	£132.1bn	£17.3bn	13.0%

HEADLINE FIGURES – ADVISER PLATFORMS

	Assets	Asset Grth	Asset Grth %	FTSE All Share	Gross sales	Net sales	Net/gross ratio %
2018	£371.0bn	£17.8bn	5.0%	-12.9%	£64.8bn	£33.3bn	51.4%
2019	£445.9bn	£74.9bn	20.2%	14.2%	£59.1bn	£22.1bn	37.4%
2020	£498.6bn	£52.7bn	11.8%	-12.5%	£59.3bn	£25.1bn	42.3%
2021	£581.3bn	£82.7bn	16.6%	14.5%	£82.3bn	£39.5bn	48.0%
2022	£541.8bn	-£39.5bn	-6.8%	-3.2%	£66.7bn	£25.2bn	37.8%
2023	£589.9bn	£48.1bn	8.9%	+3.8%	£65.2bn	£9.0bn	13.8%

2023 ASSETS AND SALES BY CHANNEL (£m)

	Retail advised	Workplace & institutional	D2C	Total
AUA (£m)	589,872.4	164,504.3	197,590.9	951,967.6
AUA (%)	62.0	17.3	20.8	100.0
Gross sales Q423 (£m)	16,480.5	8,520.5	5,450.5	30,451.4
Gross sales 2023 (£m)	65,181.8	41,940.9	24,961.8	132,084.6
Net sales Q423 (£m)	654.9	-939.1	276.1	-8.1
Net sales 2023 (£m)	9,008.0	4,284.0	3,965.7	17,257.7

ASSETS AND SALES BY PRODUCT (£m)					
	ISAs	Sipps & Pensions	Workplace	GIA/rest	Total
AUA (£m)	226,406.3	452,379.8	48,362.0	224,819.6	951,967.7
AUA (%)	23.8	47.5	5.1	23.6	1.0
Gross sales 2023 (£m)	17,660.1	52,766.8	16,628.9	45,028.5	132,084.2
Net sales 2023 (£m)	-3,679.8	19,525.0	-2,574.5	3,986.8	17,257.6
Gross sales Q423 (£m)	3,629.0	14,044.3	2,725.0	10,053.2	30,451.4
Net sales Q423 (£m)	-2,380.6	4,714.5	-2,185.6	-156.5	-8.2

Fundscape CEO, Bella Caridade-Ferreira, said ‘The industry has gone through a period of painful adjustment with consumers adjusting to a new normal after 15 years of low interest and inflation rates. But as the saying goes, *this too will pass*. We expect interest rates to start to come down from mid-2024 and platform business to begin to recover in the second half of 2024 and 2025. We expect platform assets to grow to £1.6trn by 2028 and the adviser platform component to £995bn.’

FIVE-YEAR GROWTH PROJECTIONS TO 2028

The economy has adjusted to a new economic environment where inflation and higher interest rates are the norm. However, we believe the worst may well be behind us. Salaries and wages have risen to adapt and the economy is now on a more stable footing. Cautious investors who can still afford to save and invest will likely be happier with cash and deposit accounts – even if inflation rapidly erodes their cash balances.

FIVE YEAR PROJECTIONS (£BN)					
ALL PLATFORMS	2024	2025	2026	2027	2028
Pessimistic (7%)	£1,003bn	£1,073bn	£1,148bn	£1,228bn	£1,314bn
Realistic (11%)	£1,040bn	£1,155bn	£1,282bn	£1,423bn	£1,579bn
Optimistic (16%)	£1,087bn	£1,261bn	£1,463bn	£1,697bn	£1,969bn
ADVISER PLATFORMS					
Pessimistic (7%)	£632bn	£676bn	£723bn	£774bn	£828bn
Realistic (11%)	£655bn	£727bn	£807bn	£896bn	£995bn
Optimistic (16%)	£685bn	£794bn	£921bn	£1,069bn	£1,240bn

As with any painful adjustment (and this has been a particularly long one), consumer sentiment will lag market improvements by several months. Much will depend on how quickly interest rates start to come down, and whether we avoid a recession in 2024. Consumption is likely to be subdued and businesses will struggle with rising costs and falling revenues. As a result, the 2024 job market is likely to soften, which will also drag on consumer sentiment and keep consumers in cash.

Historical analysis shows that even during economically weak periods, industry assets continue to grow at a modest rate. As a result, and given the poor economic outlook, our growth rates are exceptionally conservative at 7% for pessimistic, 11% for



realistic, and 16% for optimistic scenarios. We expect retail advised platform business to grow steadily over the next five years predicated on the ongoing demand for advice, especially in the pre- and post-retirement phases.

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Notes to Editors:

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