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MIXED RESULTS IN Q2 FOR ADVISED PLATFORM MARKET FINDS THE LANG CAT

Data from financial services consultancy, the lang cat, finds total assets under administration (AUA) on advised platforms increased by 4.36% in the second quarter, up to £531.42bn from £509.21 at the end of Q1. During the same period the MSCI® World Index grew around 2.8% and the FTSE® 100 grew 1.7%.

Stripping out assets from institutional, direct and other channels to market, the lang cat analysis finds that advised assets under management grew by 4.46% in Q2, increasing to £418.35bn compared to £400.47bn in Q1.

Gross flows also increased, rising by 11.96% for all channels to £23.71bn in Q2 from £21.18bn in Q1, and 2.93% for the advised market to £14.21bn from £13.81. However net flows were down, with a reduction of 13.33% for all channels, to £4.98bn in Q2 from £5.75bn in Q1, and a fall of 1.76% for the advised channel, to £5.22bn from £5.32bn. Year on year, the reduction in net sales are even more significant, with all channels down 56.23% Q2 2019 compared to Q2 2018 and the advised channel down 44.76%.

Mark Polson, Principal of the lang cat, said: “All in all, Q2 has been a mixed bag for the advised platform market. The headline AUA numbers aren’t bad and although the net sales figures look disappointing, we expect to see a drop in Q2 due to the Q1 tax year end spike. Against the backdrop of Brexit and investor uncertainty as well as the substantial fall in DB transfers compared to recent years, we should perhaps be encouraged that inflows are holding up so well.

“However, delving a bit deeper, there’s a fair bit of variability between platforms, so while some have enjoyed strong sales this quarter, others have experienced more lacklustre inflows and a few have seen big outflows. Just looking at the providers who’ve announced publicly, AJ Bell took net inflows in its advised channel of £700m on an opening AUA position of £30.9bn – a 2.26% increase (which goes up to just over 6% when you include market and other movements) – while Nucleus, took net flows of £111m on an opening position of £14.75bn – a 0.75% bump that rises to 3.9% when you include market movements.

“Looking ahead, we could see greater market disruption as PROD segmentation and the use of multiple platforms (yes, that old chestnut) may mean advisers start to look for new homes for client assets in larger numbers. There’s also the potential for further disturbance through corporate activity in the platform sector and the ever-present shadow of technology change.”

-ENDS-

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Notes to editors:

Hargreaves Lansdown data is not included in the lang cat advised platform data as it is not an openly available platform for IFAs.

the lang cat is Leith’s leading (probably) specialist financial services consultancy. The lang cat works with financial advisers and providers, helping them develop new propositions, turn marketing strategy into action and articulate their services in such a way that people without financial services degrees have a hope of understanding them. It aims to make the industry a little bit less corporate and stuffy and a little bit more human.