NEXTWEALTH

Platforms within the UK

A report on UK adviser platforms

Prepared by NextWealth Ltd.
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Contents

Introduction

When is a platform a platform?

The FCA define a platform service as follows:

> a service which:
>
> > (a) involves *arranging and safeguarding and administering investments*; and
> >
> > (b) distributes *retail investment products* which are offered to *retail clients* by more than one product provider;
>
> but is neither:
>
> > (c) solely paid for by *adviser charges*; nor
> >
> > (d) ancillary to the activity of *managing investments* for the *retail client*.

We think this definition is confusing and worse, it's wrong. The FCA lumps together adviser and D2C platforms. Adviser platforms don't 'distribute' retail investment products and it doesn't matter how they're paid for – we know who pays in the end.

The late Paul Bradshaw, former chairman of Nucleus and industry grandee, famously quipped that platforms are fundamentally expensive bits of technology. They are, but they are also supported with expensive service offerings. Whilst that may change in time, we are where we are.

Financial planners tend to think of a platform as the place to buy, hold and sell funds on behalf of clients. And that's probably about right.

Things start to get murky when we consider that Intelliflo has built out their APIs to push trades directly from the back-office system to platforms. Does this make Intelliflo a platform? We don't think so. And it's not because Intelliflo doesn't have custody. Some platforms outsource custody to SEI or Pershing. Intelliflo doesn't have the regulatory responsibility for safeguarding or administering the assets.

Another question posed by many financial planners is whether a platform needs to have a wide range of investment options available. Parmenion has a more limited offering – they are a DFM with a platform and don't offer access to third-party DFM. They also have a more limited range of funds available. We don't think a limited fund range excludes Parmenion from being a platform.

At NextWealth, we use the following definition: an adviser investment platform is a regulated technology and service proposition that allows financial planners to buy, sell and manage investments on behalf of their clients.

What's next for platforms?

I started my career in financial services in Canada and the US. I never heard the word platform until I left the industry to join an internet start-up. A decade later, when I came back to financial services in the UK, I had a very clear understanding of a platform – and it had nothing to do with investment platforms.

Outside our weird and wonderful world of financial services, GAFA are big platforms: Google, Amazon, Facebook and Apple. These platforms benefit from network effects, a term used by economists to describe situations in which the value of a product or service increases the more users it has. People wouldn't put photos on Facebook if their friends and family weren't there to like their posts. The more rooms that are available to hire on Airbnb, the more useful the website becomes to travellers. The more travellers there are on Airbnb, the more valuable the website is for those looking to rent out a property.

Jeff Bezos, when thinking about the future, inverts the way that businesses typically think about customers. Instead of asking what is going to change, he asks himself what is going to stay the same. His conclusions explain the ongoing success of Amazon. People will want lower prices. They won't pay £10 when they could pay £9. People will want convenience. People will never say 'I'll just get it next week when they could have it that afternoon'.

Among platforms, the wise leaders are going to ask themselves what is going to stay the same.

Heather Hopkins

Founder and MD NextWealth

Consolidation and Proliferation

The image below shows the major investment platforms that support financial advice businesses in the UK. While there is much talk of consolidation, there is at the same time a proliferation of new entrants.

Private equity firms have shown a lot of interest in investment platforms. The Ownership section below shows that four investment platforms are PE backed. (Note: FTV Capital has a minority stake in True Potential.)

Other recent ownership changes are Ascentric (bought by M&G from Royal London in 2020) and Zurich, which was bought by Embark and is now called Advance by Embark.

Many conclude that platforms are a scale game, that consolidation is inevitable with scale the only way to bring down cost. But while there is much consolidation of ownership, the underlying assets often don't combine on a single platform - note the examples of Aegon with the old Cofunds platform now branded Aegon Platform distinct from the Aegon Retirement Choice platform. Similarly, while Standard Life, owner of Standard Life Wrap, acquired Elevate several years ago, the platforms remain distinct.

At the same time, several new players have entered the market and others have renewed efforts to grow, in particular Hubwise, Seccl, Multrees and Fundment, offering white-labelled platforms to advice businesses. We will certainly continue to see a proliferation of platform offerings on the front end – 'platform skins.' Financial advice businesses will need to get smarter about their due diligence to ensure they understand the risks and responsibilities they are taking on.

Our view remains unchanged, there will be a barbell effect with a few big players and a few smaller players offering more bespoke propositions. Those in the middle will continue to get squeezed between low-cost scale players and fully customised.

Ownership

Private Equity

Wealthtime, - AnaCap

Novia – AnaCap

James Hay – Epiris

Privately owned

Fidelity FundsNetwork

Hubwise

True Potential (with minority stake from PE firm FTV Capital)

Provider owned

Standard Life Wrap and Elevate - Standard Life Aberdeen

Embark Platform and Advance by Embark (owned by Embark Group. Major shareholders in Embark Group include BlackRock, FNZ, Merian Chrysalis, Legg Mason, Franklin Templeton and New Star Investment Trust.

Listed businesses

AJ Bell

Transact (via parent Integrafin Holdings)

Praemium – (parent Praemium Group listed in Australia)

Raymond James (parent listed on NYSE)

Nucleus (CURRENTLY: going through acquisition with Epiris)

Owned by listed provider businesses

Aviva - Owned by Aviva Wrap UK Limited and Aviva Pension Trustees UK Limited, both of which are wholly owned subsidiaries of Aviva plc.

Old Mutual Wealth – Quilter plc

Aegon Platform and Aegon ARC (Dutch parent Aegon plc)

Parmenion – Aberdeen Standard Investments (CURRENTLY: going through acquisition with Preservation Capital Partners)

Ascentric - M&G

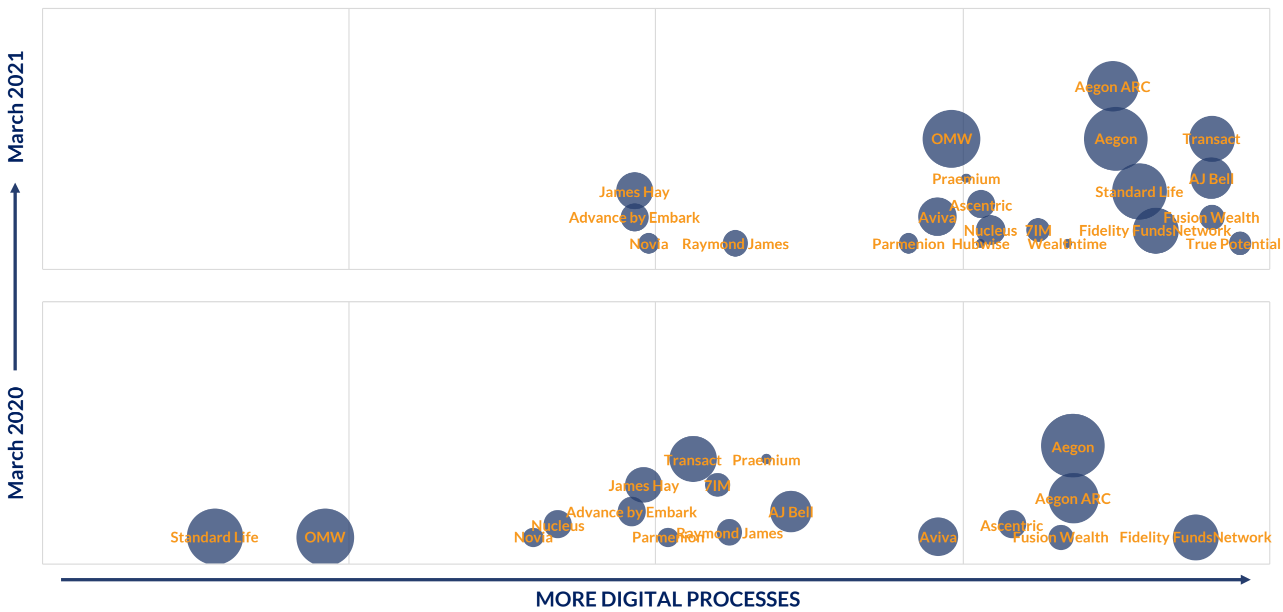
Fusion Wealth (part of Benchmark, owned by Schroders)

Document Submission

Most platforms allow advisers to update charges, set up or change income drawdown, set up regular withdrawals and manage investment portfolios online. Scanned originals of forms are typically needed to set up a power of attorney and to provide a birth certificate, marriage certificate or death certificate. They are also usually needed for ill-health forms and notification of beneficiary.

The bubble chart below shows the change in adoption of digital processes by size of firm. Some of the biggest players by assets have made the biggest improvement in digitalising processes. The bubble size is based on AUA of the platform.

Market Movement: adoption of digital processes by platform.



- 17 of 20 platforms accept eSignatures. That is up from 9 in April 2020.
- NextWealth named four platforms as Digital Process Champions for requiring a form – whether scanned or with a wet signature – on fewer than 10% of processes. AJ Bell Investcentre, Fidelity FundsNetwork, Fusion Wealth, Transact and True Potential are the digital process champions.

DIGITAL PROCESS CHAMPION

Adviser Reviews

In the six months to October 2020, adviser reviews of advice tech providers improved across most criteria. We ask financial advisers to rate providers on four criteria, the average scores are listed below. Two arrows indicate an increase or decrease of at least 0.10 points from March 2020. Note that platforms saw particularly strong gains in the support provided and integration with other tech and scored just behind cash flow modelling tools across the four criteria.

Tech Solutions	Willingness to recommend	Value for money	Support provided	Integration with other tech
Platform	4.02 ↑↑	4.14 ↑	4.13 ↑↑	3.69 ↑↑
Back Office Systems	3.41 ↑	3.45 ↓	3.39 ↓	3.55 ↑↑
Cashflow Modelling	4.21 ↑↑	4.21 ↑↑	4.17 ↑↑	3.68 ↑↑
Client Portal	3.80 ↑↑	4.03 ↑↑	3.72 ↑	3.71 ↑
Risk Profiling	3.91 ↑	3.97 ↓	3.81 ↓	3.56 ↓

Transact, Aviva, Quilter / Old Mutual Wealth, Standard Life Wrap, AJ Bell Investcentre and FundsNetwork are the platforms named most by advisers as the preferred platform for placing new business.

Transact and AJ Bell Investcentre achieved the highest score for 'willingness to recommend' among all adviser tech providers that were rated, scoring an impressive 4.5 out of 5.

AJ Bell Investcentre was also top-rated for 'value for money'. AJ Bell Investcentre, Fidelity FundsNetwork and Aviva receive no negative (1 or 2) scores for value for money.

Further details on adviser reviews of platforms are available for purchase in the **NextWealth Adviser Tech Stack report**.

Technology Partnerships

		Moving to FNZ
Bravura Solutions	ascentric, FundsNetwork	nucleus
Proprietary	Hubwise (Your Platform Solution), Parmenion, 7IM, præmium, transact (Build your business on ours), true potential LLP (simple. effective. unique.)	James Hay Partnership, Old Mutual Wealth
FNZ	Aviva, embark platform, Standard Life (There's a lot to look forward to), advance by embark	
GBST	Aegon, AJBell Investcentre, novia	
SEI	FusionWealth	
SS&C / Advent	Raymond James	

Advance by Embark

The Advance by Embark Platform's rich functionality and extensive investment range make it potentially suitable for a broad range of client types. From those still accumulating wealth, to those in the decumulation phase with a strong focus on taking retirement income while making their wealth last.

From giving access to a broad range of products (Platform Cash Account, Cash ISA, S&S ISA, Investment Account, Retirement Account and Junior ISA & Junior Retirement Account for children) and assets including clean share class mutual funds, ETAs and model portfolios, through to the transparent way we charge and how we make independent planning and research tools available, it's all designed around helping advisers achieve great client outcomes.

In summary, reassuringly predictable.

NextWealth view

Advance by Embark is Embarks Group's retail adviser proposition. The platform has strong strategic partnerships with a number of larger groups including Openwork and Ascot Lloyd as well as wider market access through partnerships with SimplyBiz and Threesixty. We think it's a good platform with good functionality. The business looks set to grow within Embark, an ambitious group offering strong financial backing.

Ownership:	Owned by Embark Group. Major shareholders in Embark Group include BlackRock, FNZ, Merian Chrysalis, Legg Mason, Franklin Templeton and New Star Investment Trust
Technology Partnership:	Powered by FNZ, Portals: Vermeg, Tools: FE & EValue.
Assets Under Influence:	£23.69 as at 31 December 2020

Aegon Platform (formerly Cofunds)

The Aegon Platform combines the unrivalled scale, investment choice and experience of Cofunds in the platform market with Aegon's financial strength, retirement product experience and innovation. The result is a comprehensive financial-planning platform that aims to offer the choice, functionality and support to enable intermediary firms to offer expert lifetime planning to clients more easily and efficiently than ever before.

The Aegon Platform's range of products and investments can adapt easily as your clients progress through their working life into retirement. Plus there's full flexibility to tailor model portfolios, client reporting and your remuneration to deliver a range of client propositions to suit your business.

NextWealth view

The Aegon Platform is the Cofunds platform, acquired by Aegon in 2016. The firm has made some enhancements to the tech and proposition and continues to operate the platform separately from ARC (see below). Aegon has struggled to maintain assets on the platform after several years of neglect. Aegon appears committed to the UK platform market and continues to invest in the digital front end. Mike Holliday-Williams recently took over as CEO of the UK business.

Ownership:	Aegon plc, a Dutch-based insurance company
Technology Partnership:	GBST

Aegon Retirement Choice (ARC)

Aegon Retirement Choices (ARC) puts you in control of your clients' financial futures. Our platform provides you with the flexibility to manage wealth accumulation, workplace savings and retirement income through one single online solution.

The range of products and investments can adapt with your clients' changing financial needs, as they progress through their working life into retirement. And, by bringing all their savings together, your clients could benefit from lower charges and take control of their whole portfolio in one place.

With over 4,900 investment options (as at March 2021), including pension fund solutions built by Aegon, collectives, equities, investment trusts and exchange-traded funds, ARC can meet bespoke client needs.

NextWealth view

Aegon Retirement Choices (or ARC) has good functionality, in particular, to support clients in decumulation. In the past advisers have really valued the charge cap on portfolios of over £250k. This can make the platform very economical for clients with larger portfolios. In our surveys, financial advisers give similar ratings to ARC and the Aegon Platform.

Ownership:	Aegon plc, a Dutch-based insurance company
Technology Partnership:	GBST
Assets Under Influence:	£51.4 bn on platform

Ascentric

The open architecture used in the Ascentric platform provides flexibility to fit the users business. Over 3800 funds are available with 45 third party tax wrappers. Over 65 DFM's are supported along with a broad range of tools and services. The platform offers live intra-day access to over 600 Exchange Traded Instruments.

NextWealth view

Ascentric was acquired by M&G in 2020. It has been part of Royal London since 2014. The platform went through a massive technology upgrade from proprietary software to Bravura Sonata a few years ago. The platform was a favourite among advisers that wanted a sophisticated investment proposition. Some of the bells and whistles were lost in the technology upgrade but the core platform is more stable and sets up the business for future growth. We think Ascentric will come out as a strong player for clients in retirement. The PruFund, also part of M&G, until recently was among the most popular choices for advised retired clients. As Ascentric becomes more integrated into the parent company, the opportunity is to offer an integrated solution to advised customers. Time will tell if they get their ducks in a row.

Ownership:	Wholly owned by M&G, since 2020
Technology Partnership:	Bravura Solutions (core platform technology)

Aviva

The Aviva Platform is designed to work best for mid-market to high net worth retail customers who are UK residents aged 18 and over and who want to pay for financial advice and access the investment opportunities the platform offers. The platform provides a range of portfolios to cater for different tax and income requirements. So, whether your clients' financial needs become simpler or more complicated over time, the Aviva Platform lets you adapt their investments to help fit their needs.

NextWealth view

Aviva's adviser platform has proved resilient through a difficult platform upgrade. It is the second most popular platform for placing new client business (after Transact), (among 365 advisers surveyed in October 2020). The platform had only just overcome technology challenges as a result of a significant upgrade programme when Covid-19 hit. Aviva seems to have struggled more than others to support advisers remotely.

Aviva launched as a cheap and cheerful solution for second tier customers. It has since become the platform of choice for many advisers, with hard to beat prices. But advisers give the platform below average reviews – it scores bottom of the heap on 'willingness to recommend', 'support provided' and 'quality of integrations', only beating competitors on scores for 'value for money'.

If Aviva is serious about winning higher value clients, the firm will need to boost its service record. Cheap and cheerful works for clients with fairly straightforward needs. For accounts where more handholding and technical support is needed, the staff at financial advice businesses need to be able to reach someone without being passed around the houses.

Ownership:	Owned by Aviva Wrap UK Limited and Aviva Pension Trustees UK Limited, both of which are wholly owned subsidiaries of Aviva plc.
Technology Partnership:	FNZ (core platform technology and administration)
Assets Under Influence:	£31.3 bn as at 30 September 2020

FundsNetwork

FundsNetwork™ is Fidelity International's adviser platform that provides advisers and their clients with access to a range of investment and retirement related services. Launched in 2000, FundsNetwork has 20 years' experience of helping independent financial advisers run efficient and profitable businesses, while serving the needs of their clients. The platform is committed to improving client experience at every stage of the advice process, through the development of platform capability which offers flexibility and efficiency to support changing needs.

The platform provides advisers with access to a broad set of product wrappers and investments, as well as enhanced administrative services.

NextWealth view

FundsNetwork is a safe and stable choice for advisers looking for a platform that gets custody and administration right. While this may sound boring - platforms need to get the basics right and FundsNetwork usually does. Fidelity businesses tend to be more modest – rarely tooting their own horn. We've been pleased to see Jackie Boylan, head of FundsNetwork, more active in the press and the market. They have built APIs to integrate to common industry solutions and have built custom integrations for some of their strategic partners. They are also investing in functionality to better support model portfolios and DFMs and their pricing is also good and we hear their service is getting better. They were recognised by NextWealth as a digital process champion.

Ownership:	Part of Fidelity International, a private, family-owned business
Technology Partnership:	Bravura Solutions (Sonata)
Assets Under Influence:	£39.2 bn as at 30 September 2020

Fusion Wealth (Benchmark)

The Fusion Wealth Platform was founded in 2010 and is part of Benchmark Capital group. Fusion provides bespoke wealth management and technology solutions for wealth managers, national financial advisers and networks. The Fusion Wealth platform is technology-driven with its own Discretionary Investment Management permissions and is fully integrated into an intuitive, web-based suite of services including back-office, business management and client management. The platform is flexible and cloud based for scalability.

This combination of technology, normally spread across multiple providers, into one, provides a market-leading solution for high quality financial planners and wealth managers in the UK.

NextWealth view

Fusion Wealth is part of Benchmark Capital based in Horsham. Benchmark Capital is majority-owned by Schroders and Fusion is the platform that powers the Schroders Personal Wealth service, the JV between Schroders and Lloyds. Fusion supports Benchmark Capital's adviser network Aspect 8 and a number of independent financial planning businesses, including First Wealth and Sandringham Partners. Financial planners like the integrated platform, back office, DFM and compliance support. They say it allows them to run more efficient and lower risk businesses. For firms looking to adopt the entire stack from one supplier, Fusion works well.

Ownership:	Wholly owned subsidiary of Benchmark Capital Limited. In 2016, Schroders purchased a strategic stake in Benchmark Capital Limited. In 2018, Schroders increased stake to 77% and assumed control.
Technology Partnership:	SEI (Wealth Platform)
Assets Under Influence:	£13.8 bn as at 30 September 2020

Hubwise

Hubwise is positioned in the market as a regulated technology business, where we own and control all the critical elements of our multi-asset, multi-wrapper investment platform:

- Technology (API and user portal)
- Trade execution
- Investment administration & regulatory reporting
- Nominee custody
- Client money/assets (CASS) safeguarding

The Hubwise 'white-labelled' platform has been designed with a clear focus on who we serve, supporting and enabling our customer's business growth through the provision of modern, web-based administration technology, the elimination of manual processes, and the delivery of robust operational controls and industry best practices.

NextWealth view

Hubwise stormed (back) into the market in 2017 with a promise to disrupt on price and slick technology. They have since announced some headline-grabbing strategic partnerships (Tenet, Skerritts, Frenkel Topping). A year ago we heard grumbles of poor service in our annual survey of advisers. Recent qualitative interviews with Hubwise clients have been more positive. The firm seems to have found ways to work out the kinks with investment in service and operations.

Hubwise offers a white-labelled platform option to financial advisers. For the growing number of larger financial advice businesses that are looking to become vertically integrated, Hubwise is becoming a popular choice.

Ownership:	Hubwise is wholly-owned by Hubwise Holdings Limited, which is majority-owned and controlled by the management team.
Technology Partnership:	Proprietary
Assets Under Influence:	£2.88bn as at 31 March 2021

Investcentre (AJ Bell)

The AJ Bell Investcentre platform aims to serve a variety of customers from accumulation to retirement. Our clients benefit from an investment proposition that covers panel, whole of the market, commercial property and XO functionality. We also offer our own managed portfolio solution, providing passive and active accumulation and income portfolios, as well as a retirement portfolio solution.

Our pricing structure is one of the most competitive in our target market and is suited to a wide range of clients. When investing through our SIPP, quarterly SIPP administration fees are waived when £200,000 or more is invested with our platform. When investing through our Retirement Investment Account customers have access to an all in pricing structure.

Through our sustainable business model, we have delivered a strong track record of profit, ensuring our financially security; this means we can continually invest into our functionality, products and service. Being one of the first providers to re-platform now means our technology is dependable, adaptable and scalable for years to come. Furthermore model portfolios managed by a range of well-known discretionary fund managers are also available to access via our platform.

NextWealth view

AJ Bell is one of the fastest growing and largest adviser platforms. The business listed in 2018 in what was one of the most successful platform listings ever. Their most recent results showed that the pandemic has led to a rapid rise of D2C investors – trading revenue and rising markets have pushed up the firm's overall AUM. AJ Bell launched a Wage War on Covid-19, raising over £300k for charity.

Investcentre is competitively priced and has invested in functionality to make life easier for advisers. Of note, the launch of a Retirement Investment Account, a low-cost retirement account with a streamlined investment proposition. The platform won the coveted Platform of the Year Award at the Schroders UK Platform Awards. It is also a NextWealth digital process champion.

Ownership:	Publicly listed
Technology Partnership:	Powered by GBST, JHC and a proprietary software.
Assets Under Influence:	£49.7 bn as at 30 September 2020

James Hay

As one of the UK's first SIPP providers, we pride ourselves on our expertise and innovative approach to retirement wealth planning. We have developed a secure platform with a flexible proposition for advisers to manage their clients' investments all in one place throughout the lifetime of their retirement and wealth planning journey - The Modular iPlan. Our platform is simple to use and provides a fairly priced solution which is trusted by over 58,000 investors.

NextWealth view

James Hay's parent company was acquired by Private Equity firm, Epiris in 2019 and recently announced a deal to acquire a rival platform, Nucleus. James Hay is a relatively large platform, used for its SIPP. Advisers rarely use James Hay as their primary platform. The acquisition of Nucleus could change that significantly.

The firm says it is investing in service and a digital front end. It is also planning to migrate assets to FNZ from proprietary technology. The firm has a major change agenda ahead. We think it will focus on large strategic partnerships and in time will become a price disruptor. In the meantime, the firm has its work cut out with a major technology upgrade.

Ownership:	Private equity backed, by Epiris GP Group.
Technology Partnership:	Proprietary (moving to FNZ)
Assets Under Influence:	£26.9 bn as at 30 September 2020

Novia

Novia is an open architecture platform built to provide maximum efficiency and flexibility for advisers; with online applications, straight through processing and minimal paperwork. We offer over 3500 funds from over 300 managers. With aggregated trading on over 400 ETFs, plus access to sterling denominated equities we make it possible for even smaller investors to utilise investment options traditionally only available to large institutional investors. This broad range of assets combined with our award winning Model Portfolio Manager tool makes it easy for Advisers and DFMs alike to build and maintain Model Portfolios for their clients, and our integral cash facility facilitates simple and transparent charging. Our online Investor Zone provides investors with essential information about their product wrappers and over all portfolios mix as well as access to their documentation.

NextWealth view

Novia is a platform that is well rated by its users but never seems to capture a large share of assets. It was recently acquired by AnaCap, a private equity firm that also owns Wealthtime. Novia offers good investment capability and DFMs say it's among the best for running models though doesn't offer much in the way of flow. Novia has launched an offshore platform (Novia Global) and a DFM (Copia) in recent years.

Ownership:	AnaCap
Technology Partnership:	GBST
Assets Under Influence:	£7.3 bn as at September 2020

Nucleus

Nucleus is an award-winning online wrap platform, launched in 2006 with a group of seven financial adviser firms to create a platform with a difference. They created a new model, putting the adviser and client at the heart of the process, focusing on a client-aligned approach rather than a product-led one, to develop a platform committed to transparency and banishing complexity. Today we work with over 800 adviser firms and continue to be driven by advisers to develop a platform that meets your needs. This means you're free to develop tailored solutions for your clients and have greater control over your investment strategy and business.

NextWealth view

James Hay recently made a bid to acquire Nucleus, a deal that is likely to be approved by shareholders. Nucleus has always focussed on the small and medium-sized IFA market, offering a user-friendly platform with good functionality and support for advisers.

The firm's share price struggled since an IPO in 2018, making it a takeover target. Nucleus' identity is as a fintech and founder and CEO Dave Ferguson has been focussed on scaling the business for growth. It has made clever use of data to reduce errors and improve client outcomes. The firm recently launched a series of model portfolios called IMX.

Ownership:	AIM listed (Being acquired by James Hay)
Technology Partnership:	Bravura Solutions (Sonata)
Assets Under Influence:	£17.4 bn as at 31 December 2020

Old Mutual Wealth

The Old Mutual Wealth Investment Platform is a high quality, award winning platform providing dependable, robust, trading and financial planning capabilities, that empowers advisers to deliver first class, holistic financial planning to their customers in one easy to use location. The platform offers a comprehensive range of products and trusts, from our Gold Standard award rated Collective Retirement Account, the most versatile pension in the market with nine ways of withdrawing funds, to our new flexible Lifestyle Trust, offering the ability to tailor the timing and the entitlements in the future if your clients' circumstances change. Along with our fully integrated end to end investment process, including risk profiling, asset allocation and tax management tools, it helps you deliver robust and repeatable advice to your customers.

NextWealth view

Old Mutual Wealth is the platform offered by Quilter plc. The platform has captive distribution through the Quilter Financial Advice (formerly Intrinsic) network and maintains a strong following among independent financial planners. The platform has migrated from in-house provided technology to FNZ. As can be expected with any upgrade of this size, there have been hiccups. Nonetheless, advisers in our surveys give them good scores across the board. Quilter's strong service record has helped them to smooth over the bumps.

Old Mutual Wealth is very committed to making life easier for financial planners and focus their content and support on regulatory change and technical training. This is well received. They also have a life company approach to sales support with more boots on the ground than many other groups. This can make all the difference through a difficult platform upgrade.

Ownership:	Part of Quilter plc
Technology Partnership:	Moving from proprietary technology to FNZ

Parmenion

Our target market is Advice businesses that are looking to design, build and operate a technology enabled, outsourced Centralised Investment Proposition, with scalability in mind.

For those Advice businesses seeking higher levels of control, we also have different levels of partnership, which include the ability to collaborate on bespoke solutions (Appointed Investment Adviser) and to provide administration and technology services, to organisations with their own discretionary permissions (Outsourced DFM).

The Parmenion proposition is built from the ground up for Discretionary Fund Management and is therefore not suitable for Advisers looking for an open architecture platform, whereby full freedom and flexibility is needed on the part of the Adviser to make to make daily changes to client portfolios or fully bespoke solutions on a per client basis.

NextWealth view

Aberdeen Standard announced plans to sell Parmenion. We understand that several private equity firms have submitted bids for the business. Parmenion's strength lies in a clear value proposition and advisers that work with them give them high marks. It is really a DFM with an integrated platform. It is squarely focussed on good customer outcomes and good service to financial advice businesses.

While Parmenion don't have a long history as a pension provider, they have partnered with Hymans Robertson to support advisers working with clients to manage income in retirement and longevity. Parmenion is focussed on building a scalable business. They won Platform of the Year at the Schroders UK Platform Awards in 2019. For financial advice businesses who aren't looking to offer a whole of market investment solution - but who instead want to focus on outcomes and planning - Parmenion is a good choice.

Ownership:	Aberdeen Standard Investments
Technology Partnership:	Proprietary
Assets Under Influence:	£7.5 bn as at 30 September 2020

Praemium

Praemium's integrated Managed Accounts platform provides a unique wealth management opportunity for investors and advisers. Facilitating managed accounts on the one integrated platform enables advisers to tailor solutions to a variety of client needs while delivering significant back-office efficiencies to their advice businesses. Coupled with the scale efficiencies of Praemium's market leading platform, advisers can provide more value for clients and have more clients to value. Investment managers on the Praemium platform are able to include direct equities, listed securities, managed funds, cash and bonds when constructing/managing their portfolios.

NextWealth view

Praemium is a niche player with a compelling and flexible investment architecture. They are among the fastest-growing in assets, though from a relatively small base. They are getting some traction offering tailored platforms to larger firms that want deep integrations into back office and portfolio management systems. Praemium are a favourite among DFMs. They recently introduced API links and trade matching to make it easier for DFMs to run portfolios on the platform. DFMs don't carry much influence on the choice of platform. The next crucial step for Praemium is to spread the word among financial planners.

Ownership:	Parent company Praemium Group is publicly listed on the Australian Stock Exchange.
Technology Partnership:	Proprietary

Raymond James

Raymond James Investment Services supports entrepreneurial investment managers and investment focused financial planners in the UK, who run growth oriented practices with a strong management and compliance culture. These wealth managers service high net worth investors with complex financial needs and in some cases, also service mandates for institutional clients like charities and pension funds. As part of the core Private Client Group of Raymond James Financial, we are part of a well-established, profitable and diversified financial services firm.

NextWealth view

Raymond James is an open architecture platform designed for wealth managers who run sophisticated investment propositions. They offer excellent access to a wide range of underlying investments, including funds, ETFs, listed securities, investment trusts, structured products and hedge funds. Raymond James does a good job of supporting wealth managers who want to manage an investment portfolio for customers.

Ownership:	Raymond James is part of parent company Raymond James Financial, Inc a public company, listed on the New York Stock Exchange.
Technology Partnership:	Investment Software Ltd and SS&C/Advent
Assets Under Influence:	£13.1bn as at 31 December 2020

Seven Investment Management

Why the 7IM Platform – meeting your complex needs. 7IM is a multi-facet business, we offer a high quality investment platform, we are an asset manager with a range of investment solutions, and a high net worth discretionary service.

We originally built our platform to run our own business on. We understand exactly what a platform needs to provide to be both efficient and effective and critically deliver a great client experience.

The 7IM Platform is both transparent and unbundled, and whole of market. Enables us to support a large range of client segments, including discretionary and advisory services and model portfolios with rebalancing and multi asset funds.

We focus on service and an engaging experience. For both advisers and their clients.

Tax wrappers are available from multiple providers with discounted options from preferred providers. We are also a SIPP provider in our own right. Advisers and clients therefore have the flexibility to choose the most suitable wrapper without restrictions, together with a number of simple low cost options.

NextWealth view

7IM is a platform plus DIM plus investment manager. Their heritage is in managing money but the platform is well-liked by advisers and offers access to a wide range of investment options and tax wrappers. 7IM offer good service and are focussed on making life easier for everyone in the financial planning firm. 7IM has among the highest average account value on platform, catering to a well-healed customer base.

Ownership:	Majority owned by Caledonia
Technology Partnership:	Proprietary
Assets Under Influence:	£11 bn as at 30 September 2020

Standard Life Elevate

Standard Life's Elevate platform is designed to support the large range of planning, tax and investment management activities carried out within your business. It offers exceptional value for money for your clients, is backed by a well-recognised brand and is financially secure. Elevate provides a complete range of retirement options, tax wrappers and goal-based planning tools which put clients' individual needs at their centre. Elevate supports advisers that are looking for a stable, flexible and great value proposition to deliver financial planning solutions to affluent and high net worth clients, bringing together their assets for a single view.

NextWealth view

Standard Life bought the Elevate platform from AXA to offer a lower cost, simpler platform proposition for customers with less complex needs. Rumour has it that the firm is looking to further integrate Wrap and Elevate. Wrap has premium pricing and excellent technical support. Elevate is more cost effective but the difference in service isn't always evident. We expect to see further consolidation of the two businesses, at least operationally.

Ownership:	Standard Life Aberdeen
Technology Partnership:	FNZ (core platform and administration)

Standard Life Wrap

Wrap is designed for clients with complex needs in accumulation or retirement that require sophisticated multi-goal, multi-wrapper investment solutions. It provides a comprehensive breadth of investment options which meet the demand from advisers to deliver their CIP and meet individual client needs. Advisers can run integrated model portfolios with bulk rebalancing, bulk switching, CGT modelling and client reporting on a discretionary or advisory basis. All within controlled segregated functionality ensuring that the adviser stays within their regulated permissions. Wrap provides complete flexibility to select multiple portfolios across tax wrappers or mix discretionary portfolios with investments from across the entire 8000+ asset classes.

NextWealth view

Standard Life Wrap is among the largest platforms by assets and is also one of the fastest-growing. They offer excellent technical support to financial advice businesses, particularly around pensions and income drawdown. They also offer excellent support for managing model portfolios on platform - both to advisers and DFMs.

They recently introduced Individually Managed Accounts (IMA) to offer more customisation of portfolios for individual clients. The service was inspired by the rise of separately managed accounts. Advisers like it – DFMs say it can be complex.

Standard Life claims never to have missed an income payment for a customer in decumulation. This combined with strong service and technical expertise make Wrap a safe choice. The only complaint is about price – 29% of advisers in our most recent survey gave Standard Life Wrap a negative score for "value for money".

Ownership:	Standard Life Aberdeen
Technology Partnership:	FNZ (core platform and administration)

Transact

Our proposition is to deliver the best service in the investment platform market. We achieve this through a combination of proprietary software and regionally aligned Client Service Teams. This is further enhanced by our Technical Support Team and Adviser Support Managers and Business Development Managers. Transact has been top rated by CoreData and Investment Trends independent research surveys every year inclusive 2010-2020. We offer access to the fullest range of tax wrappers and assets. Portfolio valuations, purchases and sales, templates, tax and client reports are all supported via Transact Online.

Our service includes links to portfolio and asset review tools, access to cash flow modelling tools and the provision of data to third party service providers. We also provide access to trust services, over 100 Discretionary Investment Managers and all the major third party SIPP providers.

NextWealth view

Transact offers top-notch service and is well-regarded by advisers that use the platform. As with others, they have made strides to reduce paper and we recognised them as "digital process game-changers" for making fast progress in 2020 toward digital processes. When we ask advisers what they want from a platform, the top response is usually "that it works" and Transact does.

Transact tend to be more expensive for smaller accounts but they continue to reduce their charges as they grow to scale. The firm also announced an acquisition of Time4Advice, owners of the back-office system, CURO.

Transact is resolutely independent. It has no tie-ups with any asset managers and no whiff of vertical integration. The Time4Advice acquisition makes sense as a way to get more deeply embedded in adviser businesses. We are often told that Transact's tech is creaky. It's hard to find evidence of that as they innovate more quickly than many competitors. They were the first to fully comply with pension freedoms and were among the first to be compliant with MiFID II. Transact has made it a virtue to stick to its knitting. It's completed a successful IPO, continues to innovate and remains focussed on the adviser and customer.

Ownership:	Transact is the name of the investment administration platform service and forms part of IntegraFin Holdings plc. IntegraFin is a company listed on the London Stock Exchange.
Technology Partnership:	Proprietary
Assets Under Influence:	£41 bn as at 30 September 2020

True Potential Wealth Platform

True Potential Investments Wealth Platform is a fully integrated system allowing for fully digital, streamline processes. It is used by True Potential Wealth Management Partners and Directly Authorised firms looking for a digital platform to revolutionise the way they work. The platform offers thousands of different Equities, ETFs, Mutual Funds and both onshore and offshore Bonds along with their own nil cost Pension, General Investment Account and ISA. This offering supports the ability to produce bespoke plans whilst also additionally supporting 10 discretionary model portfolios.

NextWealth view

True Potential has an army of true believers who love the platform. It is one of the most digitally-enabled platforms supporting advisers who want to run a paperless business. NextWealth recognised it as a Digital Process Champion in 2020, along with three other platforms. True Potential offers access to a wide range of tax wrappers and investment options. It focusses on making investing easy for customers and advisers. They introduced a series of reports last year to make it easier for advisers to prepare suitability reports and annual reviews. True Potential is moving away from its technology partnership with SEI and all signs point to a successful migration so far. The group is vertically integrated with a restricted advice network and investment offering. We think True Potential have a slick offering and can support advisers who want to offer their customers a better digital experience.

Ownership:	Privately owned, shareholders
Technology Partnership:	In-house propriety
Assets Under Influence:	£15.3 bn as at 31 March 2020

NextWealth is a research and consulting business with expertise on the retail investing market and specifically financial advisers. We offer bespoke presentations for boards, executive teams and sales teams offering an external view of market trends, in particular on the financial adviser market and adviser tech.

NextWealth also publishes ratings and reviews of adviser platforms on the NextWealth Directory (www.nextwealthdirectory.co.uk).

This report collates the information from that directory, including a ‘boilerplate’ description of each platform, our view based on ratings and reviews from financial advisers and details of assets, ownership and technology partnerships.

NEXTWEALTH