

PRESS RELEASE

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ANNOUNCING THE 2014 DIRECT PLATFORM LEADERBOARD

Europe's leading independent specialist on investment platforms, The Platform, today issued its new research report entitled, 'Guide to Direct Platforms and Investors – A Market Turned on its Head'.

The new February 2014 report provides a detailed overview of the direct investor market in the UK. At a time when changing fee models put the historical adviser dominance at threat, The Platform analysis suggests that it is more important than ever for advisers, platforms, life companies, fund managers, technology firms, regulators and politicians to understand this market.

Three years ago the direct platform market stood at just £65bn AUA and was made up of Hargreaves Lansdown and a few challenger discount broker brands. Today assets held have grown to £116bn with many more direct platforms now in the marketplace, 12 of which are included in the detailed analysis of the report.

Holly Mackay, managing director of The Platform, explains:

"January 2013 saw a flurry of changes on platform pricing which left many consumers better off but this new transparency has also raised lots of investor questions and uncertainty. The response has been for market commentators to whip up tables comparing platform pricing which we argue are limited in helping investors make a final decision.

"The Platform holds accounts with all the different platforms tested and has conducted extensive testing over the last six months, looking at service, ease of use, guidance and responsiveness amongst other things. Price is one factor of this analysis which receives all the column inches but is extremely difficult to convey in one neat table.

"The devil is in the detail. Where should an investor go if they have £50,000 in a portfolio? It depends if that's in ISA or SIPP, in funds or equities, and how often you trade. The average account size on a direct platform is £28,700 – at that level there's often not that much in it and we think investors need more help in wading through their options and understanding how each service differs."

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The Direct Platform Leaderboard

PLATFORM	FINAL SCORE	RANKING
Hargreaves Lansdown	27	1
Fidelity Personal Investing	25	2
Bestinvest	23	3
Barclays Stockbrokers	23	3
Charles Stanley Direct	23	3
Interactive Investor	22	6
The Share Centre	20	7
AJ Bell Youinvest	19	8
TD Direct Investing	19	8
Alliance Trust Savings	19	8
J.P. Morgan WealthManager+	18	11
Willis Owen	15	12

Moving To The Third Dimension

Mackay continues: *“Price is one element – and an important element – of platform selection.” The Platform holds accounts with all the different platforms tested and, as the research reports, there is significant variation in service and usability of these online investment shops.”*

Mackay continues: *“For larger accounts there are price points beyond which it’s a no-brainer to look beyond the fixed fee model. But for the average direct portfolio size of £28,700 there’s much less in it. At this point you want financial security, you want real people to answer the phone, you want a joined-up website which works and some will value tips and guidance. When you take these broader considerations into the mix, Hargreaves is still the clear market leader.”*

Hargreaves Lansdown tops the Direct Platform Leaderboard, followed by Fidelity in second spot. Barclays Stockbrokers, Bestinvest and Charles Stanley tie in third place.

Comment from The Platform Report:

“Hargreaves Lansdown just works well and scores well in every category – other than cost where they are certainly at the top end of the scale for larger portfolios. However the phone is answered by a typically knowledgeable helpful human being within 10 seconds, we get personalised emails and communications and it’s just easy to engage with them. The website works well and there’s the added security of dealing with a FTSE 100 brand. The combined all-round great service with a competitive price for £50,000 portfolios makes them a strong contender in this space.”

Fidelity Personal Investing takes a big step up our leader board to claim second place with consistently high scoring across all categories and particular strength in guidance. Their move to relaunch their service around this has been very well executed. *“For less confident investors, this ISA*

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season Fidelity could be a good solution for anyone needing a helping fund in putting an ISA together.”

Tied in third place are Barclays Stockbrokers, Bestinvest and Charles Stanley Direct.

Barclays Stockbrokers offers a wide breadth of investment choice and is a solid proposition for all round investors. They score particularly highly on brand strength and tick ‘the comfort box’ for many.

Bestinvest is rated highly for content, usability and guidance on their website as well as strong customer service which can handle the more technical investment queries.¹

Charles Stanley Direct represents a low-cost proposition for many consumers with good usability and a wide breadth of investment choice. Their brand new website is slick and modern.

Horses for Courses

Holly Mackay, managing director of The Platform, gives her opinion:

“Many investors we’ve talked to are very confused about what all these changes mean for them. If you’re a less confident investor with a mid-sized pot looking for some guidance, check out Bestinvest or Fidelity.

“If you are just getting started and have £10,000 to put into an ISA this year, we suggest you look at Charles Stanley Direct. They are good all-rounders as well as being price competitive at this entry level.

“SIPPs can change the picture – if you have a pot of circa £50,000, which is spread between an ISA and a SIPP and all in funds, we like Barclays Stockbrokers, Fidelity and Hargreaves Lansdown. These groups are price competitive at these levels and score well on our overall analysis.

“Those with larger SIPP accounts (in excess of £100,000) should consider a platform with a fixed fee structure such as Alliance Trust Savings or Interactive Investor. Interactive Investor is the natural home for people who actually get excited about shares and market opportunities – not for the casual dabbler though.”

The analysis focussed on seven different criteria and we have highlighted excellence in three.

¹ Our Leaderboard was finalised on Wednesday 29 January 2014 before they announced their new pricing – their new pricing would have put them up at second spot but this Leaderboard has a fixed cut-off date so Bestinvest remain in third spot.

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Customer Service

“I can’t bear waiting on hold, I want to talk to real people and I need questions answered quickly.”



Awarded to:
Hargreaves Lansdown

Cost

“Which platforms are consistently competitive on price across a number of different portfolio sizes?”



Awarded to:
AJ Bell • Charles Stanley Direct • Interactive Investor

Guidance

“I’m a bit new to all of this and could do with a few pointers.”



Awarded to:
Fidelity Personal Investing

Best Direct Platform

“Across all categories, what is the best all-round platform?”



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Notes to Editors - Scoring Criteria

Category	Score based on:
Brand Strength	Based on prompted brand awareness (Consensus Research).
Investment Choice	Based on availability of a range of investment instruments and tax wrappers including: clean share class funds, integrated share dealing, SIPP, Junior ISA and access to savings and cash products
Content	Range and quality of editorial, research information and tools
Usability	Ease of use of public and secure websites
Guidance	How well the service provides help and guidance for non-advised clients including availability of fund shortlists, model portfolios and investment 'solutions' like fund of funds.
Cost	A score is calculated for the overall cost of ownership over a year of holding investments aggregated across a range of portfolio sizes (including VAT): <ul style="list-style-type: none"> • £10,000 in funds within an ISA with 4 transactions per year • £50,000 in funds split equally between an ISA and a SIPP with 10 transactions per year • £150,000 in funds split equally between an ISA and a SIPP with 10 transactions per year • £500,000 – £150,000 in an ISA and £350,000 in a SIPP, each with half equities and half funds, with 10 transactions per year See page 32 for detailed scenario assumptions
Customer Service	How responsive (time to get through to a named individual) and how well our queries are handled. As well as the softer side (friendliness and enthusiasm) we assess how knowledgeable the representative is of the service and their specialist knowledge around execution-only investment queries. Going above and beyond the call of duty is noted. Our analysis is based on over 60 calls or email conversations with customer services teams over the last 12 months.

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About The Platform

The Platform is Europe's leading authority providing independent investment platform research and analysis. Our work covers the adviser, direct to consumer and workplace platform markets.

We work with both the platform providers and the platform users. We help providers with strategy, market intelligence and proposition development. We also work with the intermediary community to help with platform selection and due diligence. Find more at www.theplatform.com