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Nucleus launches low-cost outcomes-based managed portfolio service

Nucleus, the adviser built wrap platform, has launched a fully integrated, low-cost, outcomes-based managed portfolio service which has been designed to align client goals directly with their investments.

The solution – called IMX – introduces a positive change in the way financial planning and investment management can come together to drive value for money and improve efficiencies in adviser businesses. Following a successful soft launch phase, the full launch of the service provides advisers and their clients with access to managed portfolios at institutional cost, offering better value for money by accessing returns as efficiently as possible.

It offers a wide range of portfolio options to suit the broadest range of clients' potential investment goals, with a range of 11 'spend' portfolios, focused on providing income, and 12 'grow' portfolios.

The IMX investment portfolios have been designed hand-in-hand with an IMX portfolio modeller tool, which is fully integrated in Nucleus' platform and will allow advisers to align the portfolio choice directly to their clients' financial goals.

IMX has been built using an innovative 'outcomes-led' approach to investment management, using extensive data analysis to create a set of hypothetical client goals. This means that client needs have been central to the design and build process of the portfolios, with a robust investment governance framework to make sure this remains the case on an ongoing basis.

The portfolios have been built by Nucleus in collaboration with the expertise of investment services firm Hymans Robertson, a company well known in the institutional investment space for offering risk and consultancy services to trustees, pension funds, employers and financial services firms.

The IMX service will cost 15 basis points (bps), with the fund management of the portfolios costing between 20 and 36 bps per annum (inclusive of all estimated Mifid II costs), to give an all-in fee of between 35 and 51 bps per annum for a fully integrated managed portfolio service.

This is significantly below the industry standard which typically sees discretionary MPS charges ranging from 0.85% to 1.07%.*

David Ferguson, chief executive of Nucleus, said: "For far too long, retail asset management and DFM services have been overpriced, oversupplied, and have tended to underdeliver for the end user. Financial planning is about people, not products, and our analysis indicates the portfolio component can be done better and at much lower cost without simply going passive."

"Our business has always been about improving alignment between advisers and their clients, and in offering something that is more personal and offers better value for money, IMX is the logical next step in delivering on that."

The service on offer is designed to be used over the long-term, meeting the challenge of the changing dynamic between clients and advisers which is seeing clients staying invested - and in need of advice - well into retirement.

By taking an institutional investment approach, with portfolios that are designed to achieve client outcomes and which take an evidence-based approach to accessing investment returns, Nucleus believes it can be a long-term solution for advisers and their clients.

Jonathan Letham, head of IMX at Nucleus, said: " This is about taking the best elements of institutional investing to create an outcomes-focused investment solution whilst keeping costs low by accessing the most appropriate solution – be that active, passive, or factor-based investments – depending on the asset class we're investing in."

"Our portfolios are designed to cater for a wide range of potential client goals and the service goes beyond simple risk questionnaires. Advisers can provide a more personal solution by using IMX portfolio modeller to understand which portfolio is most aligned to their client's particular goals."

William Marshall, retail chief investment officer, Hymans Robertson said: "While working with Nucleus to deliver IMX, it has been clearly evident we have a mutual passion for advised investments. This is driven by our joint desire to maximise customer outcomes. By putting institutional capabilities into the hands of Nucleus' advisers and developing a bespoke technology solution for IMX, it is great to be helping enable advisers to directly align their clients' investment goals with their needs. This ultimately will help their clients achieve a better financial future."

Daniel Williams, financial adviser at Morgan Williams & Co, said: "With IMX there's no smoke and mirrors, and that transparency means we can clearly see where the service is adding value. The IMX team focuses on what they can make a difference with, allowing us to focus on where we as advisers add value – helping clients to understand the financial decisions they're making and ultimately to achieve their real-world objectives.

"The IMX portfolio modeller in particular allows us to track how the clients' investments are progressing against their goals, enabling us to have a better quality of conversation when it comes to reviews. Clients can see the value of advice, separate from the portfolio return. And through accessing institutional share classes, IMX means we can do all this at a lower cost."

*(Source: Industry standard figures are taken from the NextWealth DFM MPS report (Nov 2019).

For more information on IMX, please visit <https://nucleusfinancial.com/imx>

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For further information please visit www.nucleusfinancial.com or contact:

Neil Kennedy, MRM – 020 3326 9908

About Nucleus

Nucleus is a wrap platform founded in 2006 by advisers committed to altering the balance of power in the industry by putting the customer centre stage. It provides independent wrap platform services to over 1,400 active adviser users and works with more than 880 financial adviser firms. As at 31 December 2020, it is responsible for AUA of £17.4bn on behalf of more than 101,000 customers.

w: www.nucleusfinancial.com
t: @nucleuswrap

About Hymans Robertson

Hymans Robertson LLP is one of the UK's leading independent pensions and financial services consultancies. We work alongside employers, trustees and financial services institutions, offering independent pensions, investments, benefits and risk consulting services, as well as data and technology solutions. The firm operates as an independent partnership employing over 850 staff in four UK offices in London, Glasgow, Edinburgh and Birmingham. We pride ourselves on our trusted relationships and our innovative, client focussed approach. Our clients include FTSE 100, FTSE 250 and privately owned firms as well as employers, pension providers, insurance firms, banks and Independent Financial Advisers. These include some of the UK's leading names and largest pension schemes. We are also recognised leaders in the field of public sector pensions. The firm was established in 1921.