

---

# Press information

Embargoed until 00:01 on 6 March 2015

---



## Out of control retail fund management industry must radically reorganise, says Nucleus CEO

David Ferguson

Nucleus CEO David Ferguson has said the retail fund management industry is “out of control” and needs to “radically reorganise” by borrowing ideas from the institutional sector.

“Where the institutional market is tight and responsive, the retail market is slack and sluggish,” he told over 240 advisers at the wrap platform’s annual strategy day. “Institutional clients wouldn’t tolerate the pricing, the accountability or the performance of the retail sector, so why should your customers?”

Ferguson said retail groups find themselves in “an odd place”, where cashflow modelling tools are calling the shots and where volatility is being over-used as a calibrative measure.

“When enormous global institutions are shoehorning funds into risk buckets defined by unregulated software companies – and paying a licensing fee for the privilege – the market truly has gone bonkers,” he said.

Ferguson said the retail sector faces a two-part problem. Firstly, the risk assessment and asset allocation side, and secondly, the selection of managers to deliver in accordance with the first. He says Nucleus data suggests more collaboration could improve both sides.

“Just as with financial planning, the risk and asset allocation piece is a blend of art and science. While a mathematical model can do much of the heavy lifting, there remains a very human task of assessing and refining the outputs. Cookie-cutter advice is not going to drive good outcomes and is certainly not what the regulator wants to see.

He added: “Manager selection shouldn’t require you to mix funds to create a blended mandate that might optimistically be aligned with the risk outcome. Instead, a mandate should be defined and managers should pitch to deliver the most competitive and well-managed solution against it. That is how managers become accountable and more likely to act in the customer’s interest.”

Elsewhere in his speech, Ferguson pledged to grow the adviser built wrap from £8.5bn to £20bn over the next few years by “imagining the customers of the future and delivering incredible benefits to them.” He also confirmed that Nucleus is set on attracting 30 to 40 new firms this year but said that the business will also continue strengthening relations with its existing users, not least through Illuminate, its recently-launched online and live event thought-leadership initiative.

As Ferguson looks to the future, he has promised that Nucleus will “not stand still”.

“Right now we are working really hard on developing a more awesome wrap platform and just starting to develop our thoughts in other areas. With so much changing all around us, we cannot stand still – the legacy platform sector allowed itself to be caught by the future one and I won’t allow Nucleus to become the decaying, once-loved platform of the 2020s,” he said.

He also addressed what makes for a winning platform and told delegates that might include a great data model and an awesome user experience across online immediacy and offline brilliance, all delivered to an amazing audience.

Other speakers at Nucleus' annual strategy event included Merryn Somerset-Webb, editor-in-chief of MoneyWeek, US financial planner Michael Kitces and Richard Willets, recognised as one of the UK's leading longevity experts, who will address delegates on the importance of longevity in financial planning.

- Ends -

For further information please visit [www.nucleusfinancial.com](http://www.nucleusfinancial.com) or contact:

Andrew Appleyard, MRM - 020 3326 9905 / 07875371689

Mark Gee, MRM – 020 3326 9914 / 07818 673 199

Ellis Ford, MRM – 020 3326 9906

### 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 client centre stage.

Since then, Nucleus has established itself as a major force for change. It is now one of the UK's fastest growing platforms and the meeting point for more than 400 adviser firms seeking to create better customer outcomes.

As at 28 December 2014, assets under administration on the platform were £8bn.

w: [www.nucleusfinancial.com](http://www.nucleusfinancial.com)

t: @nucleuswrap