

Press information

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Wraps break free of niche status says Ferguson

Wrap platforms have seized the momentum once held by fund supermarkets and have now broken free of their 'niche' status, according to Nucleus founder and CEO David Ferguson.

Ferguson believes that while wraps were initially attractive to only a small section of the IFA community, the growth in IFAs operating RDR-friendly business models is positioning wraps centre stage.

This trend, he says, can only accelerate as IFAs increasingly realise that in order to be truly aligned to their clients, they cannot allow their choice of platform to influence their advice. This in turn compromises the future relevance of fund supermarkets which are largely remunerated by fund managers and therefore carry inherent bias.

Commenting, Ferguson said:

"With the industry now less than two years away from the regulatory changes of the RDR we are already starting to see an increase in the efforts of platforms to endear themselves to the relevant parts of the IFA (and perhaps broader advice) market.

"Of course every argument will have its own merits, but before going further it's important to understand the magnitude of what is going to happen on 1 January 2013 when the old provider/adviser relationship will end overnight and forever. The days of life companies and legacy platforms incentivising advisers to sell their products are numbered and a new era of transparency is set to dawn.

"What this means is that all claims of historic scale become irrelevant and platform choices should be made on the more modern grounds of proposition, service, pricing and propensity to achieve long-term alignment. While some of the legacy platforms have built scale doing what they do, none of them yet appear to have a business model consistent with the requirements of more progressive IFAs beyond the end of 2012.

"Just as the once-niche fund supermarkets did a great job of moving the world on from life companies, wrap platforms are now moving things along further and redrawing the platform landscape."

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Notes to editors:

About Nucleus

Nucleus Financial Group is an online wrap based business platform.

Nucleus was founded in 2006 by a number of high quality IFAs who shared a commitment to create a market where advisors have the infrastructure and desire to place the client centre stage.

Since foundation Nucleus has established itself as a major force for change in the market. It is now a community of IFA businesses who through ownership and control of the business process seek to create a better customer experience.

The management team is led by David Ferguson chief executive, and offers extensive experience across all areas of the UK retail financial services market.

In 2010, Nucleus' IFA-firm total reached 80 and the platform also broke the £2bn AUM barrier.