

Platform Due Diligence SAMPLE

April 2024



Contents

Background

Areas of Consideration

Research

Other Clients

PS13/1

Background

The purpose of this document is to review the platforms available in the UK market and determine which are most suitable for the clients of The Verve Group.

To do this, we will incorporate all available guidance, including:

FSA factsheet SFDFS019 (July 2011)



FSA Papers – Platforms PS 11/9 (in particular Annexe 3)
(August 2011)



FCA Thematic Review TR16/1 – Assessing suitability:
Research and due diligence of products and services
(February 2016)



Commentary from the Lang cat consultancy

As per the FCA (then FSA) definition, we will use the term platform throughout this document, to represent both fund supermarkets and the wider reaching wraps. Since the FSA papers, the market has moved substantially and fund super markets are closing the gap on wraps in terms of their charging and functionality offered. We will therefore consider all options.

In line with the regulator guidance, our research has focused on which platforms are suitable for which clients and, just as importantly, which clients would be considered outliers and would require an alternative solution, off platform if needed.

Areas of Consideration

Our research has included the 9 key areas of consideration as highlighted by the regulator, including:

<p>Asset types</p> <p>Is there a requirement for ETFs, investment trusts, structured products or direct equities? Again, down to client categories.</p>	<p>Platform terms & conditions</p> <p>In particular, what is the process if an adviser firm leaves a platform? Is there a notice period, issues with client ownership/contact or remuneration?</p>	<p>Charges</p> <p>Core charges, as well as wrapper and transaction charges. Switching charges may have an impact, depending on the investment proposition.</p>
<p>Range of funds and wrappers</p> <p>Range of tax wrappers in particular will impact how many different platforms are needed – and when off platform will be more suitable.</p>	<p>The platform provider</p> <p>This includes reputation (industry awards, client feedback etc) and financial standing (including ratings and profitability)</p>	<p>Accessibility</p> <p>What levels of access are required and does this need to be 24/7? Does the platform tie in with any DFMs we use and do clients need functionality?</p>
<p>Platform Functionality</p> <p>It is important to determine firstly what functionality our firm and its clients' need – and then whether the platform offers it.</p>	<p>Platform tools</p> <p>Do we require any platform tools – or will these be managed off platform? Risk profiling, cashflow etc.?</p>	<p>Support</p> <p>What support do we need and how best do we receive it?</p>

Research

Core Platform Criteria

Our first stage is to consider the whole UK platform market and shortlist a number of providers based on their ability to meet a number of key criteria, outlined as follows:

Essential Criteria

- Access to Pension, ISA and GIA wrappers
- CGT calculator
- Client dashboard
- Signature Free Onboarding

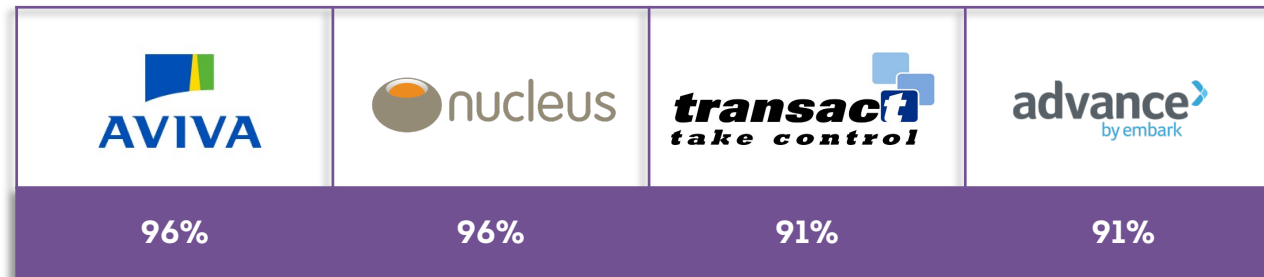
Desirable Criteria

- Access to onshore and offshore bond wrappers
- Platform cash account
- Phased drawdown
- Accepts Trusts as clients
- Pre-funded tax-relief

Research

Stage 1 - Feature Screening

We have used the Synaptic feature comparison tool to rank all platforms based on the features provided, the financial strength and position of the platform, and charges that might typically apply. The following platforms ranked highly in terms of our required features:











All other platforms scored less than 90% and will be excluded from further analysis.

Research

Stage 2 – Business Analysis





Our next stage considers the financial position, profitability and financial strength of the shortlisted platforms:

Platform	Assets under Administration	Profitable	Parent Company Profit	AKG Rating	Defaqto Rating
	£36.65 bn	Yes	Yes	B+	
	£50.31 bn	Yes	Yes	B+	
	£28.29 bn	No	Yes	B+	
	£18.87 bn	Yes	Yes	B	

Research

Stage 3 - Charges Analysis

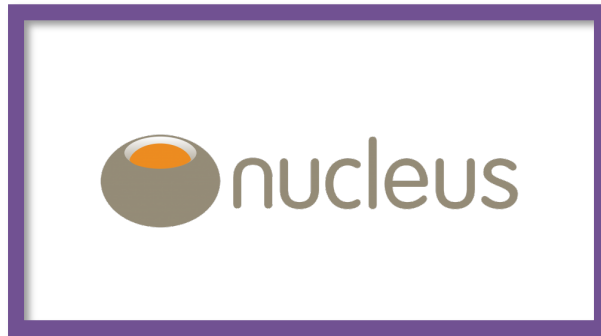
A costs and charges analysis has been carried out on platforms that pass the essential features test and are considered by us as financially viable long-term choices. The pricing map indicates platform level costs that will apply at certain price points, compared to the market average.

Portfolio Size	£100k	£200k	£300k	£400k	£500k	£600k	£700k	£800k	£900k	£1m
 advance by embark	0.42%	0.36%	0.33%	0.31%	0.30%	0.27%	0.24%	0.22%	0.21%	0.20%
 AVIVA	0.31%	0.30%	0.29%	0.28%	0.26%	0.24%	0.23%	0.22%	0.21%	0.20%
 nucleus	0.35%	0.35%	0.35%	0.35%	0.35%	0.32%	0.30%	0.29%	0.27%	0.26%
 transact take control	0.36%	0.32%	0.30%	0.29%	0.29%	0.29%	0.27%	0.26%	0.25%	0.24%

Research

Platform Selection

Following our analysis of the platform market, the following platform will be recommended as our core solution:



Nucleus scores well in the following key considerations:

- Features – nucleus includes all of our essential, and most desirable, features from a platform.
- Excellent financial strength and platform profitability.
- 5-star Defaqto rated
- Competitive charging for our core clients, although not the cheapest, the additional cost brings additional features.