Could everyone stop mucking around?

the lang cat Guide to Platform Pricing

SUPER MEGA OMNIBUS UPDATE!

EDINBURGH, MARCH 2014

WELCOME

Hello and welcome to the first Update since 'Like a Wounded Bull' was published in September.

Publishing static data about a dynamic market is what academics call 'a bugger'. And so it has proved this year. Since our publication date we've seen moves from Cofunds and Standard Life Wrap, Nucleus and Transact, Aviva and Alliance Trust Savings. The last of those is – as we write, people! - going live with the removal of VAT on its platform charges. We'll cover all that and more in this Update.

Any of you who've travelled with us over the last couple of years know that we've not only tried to push platforms on the level of their charging, but also the shape and, increasingly, the rationale for it. As usually happens when we publish pricing data, there are as many moaners as happy people, and the moaners normally bang on about price versus value.

Value's a great theme, and I kind of agree with the moaners. Price *is* only an issue in the absence of value. But what they don't get is that in a market which charges clients for adviser tools, it's clients that get to decide what value is, not advisers. And it's certainly not the platforms themselves – no-one gets to decide what value they add. The person experiencing the service gets to ascribe value (or 'utility' in economo-speak) to that service. That's their inalienable birthright and not even the FCA can take it away from them.

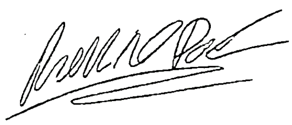
Anyway, as you read our assessments of Nucleus, Cofunds all their chums, you'll notice us banging on about *why* providers might make the decisions they make, as well as the usual assessments on competitive positioning.

For those of you new to us, we send out one of these Updates periodically, or whenever something really interesting happens. That's all included in your subscription, and is the reason you paid a little more than those poor schmucks who saved £50 but as a result don't get to spend so much time reading platform analysis through the year. Actually, when you put it that way…

We know some of you use the Guide as part of your ongoing market monitoring for due diligence; if that's the case then make sure to file this update next to the Guide when you've digested it. It'll help evidence that you're not just looking once a year.

Hope you enjoy the Update – drop me a line with anything else you'd like to see, or any feedback.

Cheers



Mark Polson
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NUCLEUS

So this is a bit of an unusual one. Nucleus actually announced its new structure in time for the Guide and we included it in our tables. But we didn't publish an Update given how close it was to the publication date, settling instead for some light blogging action. So we'll have a look back here and damn the chronology.

Back in 2006/7 when Nucleus launched, its pricing seemed almost suicidally low. At 0.35%, tiering down for larger portfolios and with just a little bit of extra on top for offshore and onshore bonds, it was significantly cheaper than many of the existing market participants. This helped soften any issues about the ownership structure of the business, but also gave the 'deep pockets' brigade a stick to beat the nascent company with.

How times change. In truth, Nucleus could have charged 0.40% or higher at outset and done fine – and as we all know, a few basis points more makes little difference to individuals but a fat old different to providers. But having that low entry point has worked. It's meant that pricing has remained unusually stable since launch, and there's no doubt that this has helped attract asset flows.

For some time, though, Nucleus has looked a little bit toppy for larger portfolios. You can argue about how important this is – across the industry the average wrap account is still well shy of £200k – but the look of the thing is as important as the thing itself, in a philosophical sort of way.

Anyway, Nucleus announced its price cut way back in July last year, but only implemented towards the end of 2013. Prices up to £500k stayed the same, but everyone above that got a trim, so here's the new structure:

- Portfolios under £500k –0.35%
- Portfolios between £500k & £1million – 0.25%.
- Portfolios over £1million – 0.15%.

In terms of comparison, here's how it worked out:

- Portfolios between £500k & £1million – a 10bps reduction.
- Portfolios between £1 million & £2 million – a whopping 15bps off.
- Portfolios between £2 million & £3 million – back to 10bps off.
- Portfolios between £3 million & £5 million – 5bps cheaper.

This did indeed improve its position in the tables (see later for the actual new tables), bringing it in line with the market rather than sprinting ahead. None of this is by accident; Nucleus guys tend not to throw money around, but they can afford a calculator.

Since the cut came in, inflows have carried on and the platform is now around the £7bn mark, or maybe past that. The business is profitable and able to support the cuts. Fixed fee propositions are still much cheaper for large portfolios, but if you're not into those then this cut made lots of sense for Nucleus users, and helped stop some having to look elsewhere for posho clients.

COFUNDS

Has anyone had more to deal with in the last 12 months than the merry Mincing Lane crew? A total refit in terms of commercial model, a new(ish) owner in L&G and a (well-rumoured) hunt for new underlying platform technology which may or may not involve IFDS' Bluedoor proposition; last seen buddying up for 20 – count 'em! – years with Skandia.

Cofunds, as you may remember, was the first bundled platform out the gate with its post-RDR proposition and got some plaudits for being so. Its pricing was OK - £40pa and some basis points on top – but it always felt a bit weird because a huge amount of what IFAs liked Cofunds for was low-value ISA business. The £40pa ruled it out of a lot of that, and I suspect it was being dealt away quite a lot of the time.

Anyway, in October Cofunds removed that £40 (just after the takeover) to leave only a basis points charge tiering down from 0.29%. We gave Cofunds a bit of stick for this as the narrative it provided was all about L&G's financial strength and stuff, and that didn't make any sense to us – if you are financially strong you won't be for long if you don't make profit, and Cofunds is only marginally profitable (given £65bn AUA) anyway. The move was rumoured to cost £3.2m.

So we were Mr Grumpy Pants. But we were probably a little unfair, and getting caught up in being cross about the narrative rather than the fact of the cut itself. Moving to a basis points structure only makes Cofunds once again a very coherent choice for more modest portfolios, especially in ISA. We're still not a fan of the charging of the Cofunds Pension Account and if Cofunds wants to accumulate more pension assets it needs to address that. Nonetheless, as we blogged at the time, if you are looking for a simple sub-£50k proposition, Cofunds and Aviva are probably where it's at in pricing terms at least.

TRANSACT

Everyone's favourite grumpy old uncle, Transact, has a track record of cutting prices from time to time, ostensibly when profitability permits in line with its 'responsible pricing principle'. In January of this year it did the decent thing and cut once again (there were some bigger cuts last year which we picked up in the main Guide).

Dealing fees took a kicking this time, with the 0.2% buy charge being halved for portfolios below £1m. That kicked in a few weeks ago on March 1st. Portfolios from £1m - £2m saw a halving to 0.05% and fatties above £2m pay no dealing fees. The cut also applied to equity trading charges, which fell to £7.50, £1.25 and £0.75 for standard, phased and regular tickets respectively. Transact does try to aggregate deals, which can reduce cost.

The cut on both sets will be halved again in March next year.

Our view is that this is really welcome; Transact remains, shall we say, fully priced, but we know that both advisers and clients remain thrilled with the personal man-marking service you get for the price. When we moan about platforms not having a narrative, or whining about value, we always hold Transact up as a platform which knows exactly what it does for its price, puts it out there and sheds not a tear if you don't fancy it. Expensive, unbeatable service, got it.

All that said, the dealing charge on funds looked and indeed still looks very out of touch. With well over 90% of fund trades going straight through via Calastone/EMX, costs are pennies a shot, if that. 0.1% is better than 0.2% (even we can work that out), but really it should be zero in our view. However, any cut is welcome if it doesn't harm Transact's core reason for being, and as Ian Taylor didn't quite say at the time, "a £10k trade will cost £5 in 2015, so shut up."

In terms of the tables, Transact will always look toppy except for very large portfolios, but if you're using Transact it's not for price. Make sure to be clear with clients that that's the case, record the conversation and the client's happiness with what they will be charged, and all should be fine.

STANDARD LIFE WRAP

So back in October, the Lothian Road crew limped into a post-RDR world in last place. For some reason, SL escaped a thorough kicking for being so laggardly with disclosing its pricing, especially given the fact that Skandia had really suffered for also being slow. Just lucky, I guess.

The best way to demonstrate SL's continuing embrace of complexity is to use its own table, which I do here:

Value of investments held on the platform	ISA, Personal Portfolio and Wrap Cash	SIPP and Bonds	
		Standard terms	Core terms Typically firms with £20m+ Wrap assets
	Charges at each band		
£0 - £99,999.99	0.40%	0.55%	0.45%
£100,000 - £249,999.99	0.35%	0.50%	0.40%
£250,000 - £499,999.99	0.30%	0.45%	0.35%
£500,000 - £749,999.99	0.25%	0.40%	0.30%
£750,000 - £999,999.99	0.15%	0.30%	0.20%
£1,000,000+	0.10%	0.25%	0.15%

ISAs stayed at pretty much the price they were (although you'd have needed a pair of tweezers and a magnifying glass to have worked it out before), and the SIPP/bond suite gets a 5bps cut. The old 'large adviser discount' of either 5bps or 10bps for £10m or £20m of client assets on platform went, replaced by a 'core' structure for those with £20m or more which is, yep, 10bps cheaper. As ever with SL, if you are really a large adviser (and we don't mean straining waistbands) then SL will do deals and you'd be nuts to pay face price.

So what to make of it all? Well, it's a bit simpler. There used to be a complex series of discounts, which no-one really understood including the guys who came up with it; most of those went. But it isn't much simpler. It has 6 tier points – seriously? Must we? Unless you have core terms you're paying 50% more (or worse) for a SIPP wrapper than an ISA; this is nonsense pricing and it's the client who suffers.

SL is never going to be the cheapest; fair enough. For once, though, it wasn't the level of charging that bothered us so much with this – it was the shape. As we said in our blog at the time, SL had the chance by going last to really punch a hole in the market. To be *really* simple. Maybe to include a cap, or something a bit more innovative. A chance to prove the haters wrong and do something worthy and different. It chose not to do that, the numbers monkeys remained in charge and what came out was deeply ordinary.

Not terrible, then, but disappointing, and could have been so much better. In terms of the tables, SL generally is off the market on its standard terms, and a bit closer on core terms. Above £1m it's sharp, but with average wrap values remaining sub-£200k who cares?

If you're an adviser using SL as a primary platform and getting core terms or better, no real need to worry – although the ISA terms remain pretty bad. But SL doesn't make sense as a secondary platform (assuming that means you'd be sub £20m). All this ignores the potential for swanky **SUPERCLEAN™** deals and any special deck-tilting to SLI options (many of which are very good). As ever, the deal tail shouldn't wag the investment dog; it's more important to work out what you want to invest in first, and then find out if it's on anyone's love-list. But if your fave funds are on SL's list (which we hear is coming out soon) then it's not so very far off the market that your client's Total Cost of Ownership might not come back into line.

Call SL cynical; call it arrogant, but it's not stupid, and the potential of keeping its own revenues up while beating up fund managers isn't one which has escaped it. If it can get a fantastic list of deals, added to in-house specials on MyFolio and whatnot, SL could come out as one of the very few winners in the share class debacle. Its platform is improving (though still hard to use), DFM functionality is finally in (I remember starting to work on that in 2008) and service remains strong according to users we know. So it's one of those that works if you bend to fit it; it doesn't bend to fit you.

AVIVA

Aviva really has been cursed with its platform heritage. First there was the disaster with Lifetime which (to quote Tim Vine) resembled crime in a car park: wrong on so many levels. Then the corporate platform development stalled. Nothing could go right on the platform front for the venerable ~~bus company~~ insurer.

However, the retail platform, powered by Bravura for tech and Citi for admin (the same combination as Nucleus) has not been a disaster and in fact has been doing rather well. Snappily titled 'Aviva Platform' – because, keep up, it's from Aviva, yeah, and it's a plat…oh give me strength – the proposition has found favour for being simple, low-cost and pretty easy to use. The admin is *not* a disaster, Bravura works well and things are tickety-boo. The pension was overpriced but was improved a while back.

Anyway, Aviva's schtick which has led to its accelerating asset base - it passed £3bn in February – was that it was particularly suitable for 'mid-market' clients or those with simpler needs. It also had a 'secondary platform' line, which it's been able to gradually lose over time.

Its sights are set higher, because in January it cut the price for the portion of a portfolio over £400k, meaning that in ISA/GIA you pay 0.25% for the first £400k, and 0.15% thereafter. For pensions it's not quite so good, with 0.35% tiering down to 0.2% for assets over £250k. To that Aviva has also added the 0.15% layer.

Now, first of all the cut is welcome, of course. But let's be clear. Aviva doesn't have a lot of £400k clients, let alone £1m clients. And that's right and proper – it has set its cap at 'mid-market' cats (and what a lovely term that is). So, looking for a uniting narrative in pricing as we tend to do, this just feels weird.

It's not; it's a move designed entirely to make sure that Aviva fares well in pricing tables like ours and others across the board, so that over time it might be able to push north in terms of client size. But with increasing portfolio size does come increasing sophistication of client need, and the Aviva Platform is a long way off being able to deal with much of that. In case that sounds nasty, it's not meant to be; we think the platform is the better for it.

So the challenge for our friends in York is to walk the line between being seduced by larger case sizes and developing pricing and functionality aimed at that market, and maintaining the simplicity which has seen it do so well over the last couple of years. Not easy.

And the tables? 15bps for big cases is only OK, but the cheaper tranches lower down keep Aviva green all the way up to £5m. Job done.

ALLIANCE TRUST SAVINGS

So we come to the last of our movers and shakers. ATS has been a fascinating company to watch over the last year. We've had the privilege of working with the guys in Dundee a bit, and watching their strategy evolve as they've really started to settle into the advised market.

Lots of things are changing on ATS, not least the underlying technology, which is moving from its own proprietary and, er, time-honoured system to GBST's Composer kit, which also underpins Aegon's ARC, AJ Bell, Novia, Fidelity for pensions and others.

We've written a lot about fixed fees in the past, so we won't repeat that here, except to say that of course arithmetic will have its day and you can't escape the fact that ATS will always be very, very cheap for larger case sizes.

However, around the turn of the year it became much less effective for lower case sizes, with a price increase across the board for both its pay-as-you-go and all-inclusive rate cards. This was a funny one – no-one likes an increase and it was against the trend in the market. ATS had argued back for a long time that it was viable at its previous price and that it could be profitable on that basis. That proved a little optimistic, and the price had to go up, if only to allow ATS to invest in more tech which would allow advisers to do adviser-type stuff like model portfolios, rebalancing and switching funds. Yes, I'm being a little sarky, but the truth is that ATS was gloriously cheap, but functionally so skinny that it was hard for advisers to select it on the grounds of proposition fit. With Composer that should all get sorted, but the price had to go up.

What goes up must come down, though, sort of, and just earlier this week we heard that ATS has got its head in a place where it no longer believes it has to charge VAT on its fees. That's great news for clients, who will see a 20% cut in their new higher charges from 1 May.

Haha! No they won't! Did I fool you? They'll see a 16.66% recurring cut.

Bit of an arithmetic joke, there. Sorry.

Anyway, we're not sure yet if any of this is retrospective and if there will be VAT refunds; probably not. Here's what it does to annual charges:

	ORIGINAL (inc. VAT)	POST INCREASE (inc. VAT)	WITHOUT VAT
ISA/GIA	£48	£90	£75
SIPP	£162	£186	£155
ISA/GIA IFO	£120	£180	£150
SIPP IFO	£300	£330	£275

So, before any dealing charges, if your client has all three wrappers on a pay-as-you-go basis, he or she will pay £300pa for custody and administration. With, say, £400k (remembering Aviva), that's just 7.5bps. Do we need to say any more about that?

Dealing and ancillary fees are an issue on ATS; the new structure at the turn of the year swept some of the hidden nasties away (some cash & withdrawal charges and corporate actions charges particularly) but at

£12.50 a shot dealing remains too much, and the cheapness of custody isn't an argument in our view; each part of the proposition needs to punch its own weight. The inclusive option includes 25 trades a year (in reality you can probably have more) and is by far the better option unless your client is really stable in a multi-asset fund or suchlike.

We're on record as being fans of fixed fee pricing, and so we're pleased to see the leader in this market get some good news after picking up a bit of flak for an unwelcome but understandable price rise. Clearly ATS can't be the answer for all clients; a relatively small fund plus relatively active trading would mean that it would be undercut massively by one of the percentage charging guys. It remains basic until the GBST implementation is complete. And it does have a long list of extra charges, including transfer-in and transfer-out (the former of these is being waived at the moment and cashback deals are also available). Some more changes are inevitable as things like model portfolio functionality comes in, but for our money ATS is on the right track.

And the tables? It's that time. Let's have a look.

ISA

As ever, we'll do ISA first. It's been a while since we published adviser platform tables, so a few reminders:

- We include dealing charges where they apply. Our method for this hasn't changed since the Guide (we'll make some changes in the next Guide later this year) and you should refer back to it for our assumptions (they're on pages 30 & 40). If you've lost your copy get in touch and we'll sort you out.
- These are year 2 ongoing charges; we ignore set-up fees. You can normally deal them away anyway.
- The heatmaps don't mean that green is good and red is bad. The formula behind it is comparative in nature; it compares the numbers to each other rather than to a standard. So if everyone was really horribly expensive, some providers would still look green.
- In the Guide and in the blogs we publish pound tables as well as percentages; mainly to make a point. You've heard the point already, so just percentages this time.

Portfolio size	£20k	£50k	£75k	£100k	£200k	£500k	£1m	£1.5m	£2m	£5m
AJ Bell	0.34%	0.26%	0.24%	0.23%	0.22%	0.21%	0.20%	0.19%	0.16%	0.10%
ATS	0.63%	0.25%	0.17%	0.13%	0.06%	0.03%	0.01%	0.01%	0.01%	0.01%
ATS IFO	0.75%	0.30%	0.20%	0.15%	0.08%	0.03%	0.02%	0.01%	0.01%	0.01%
ARC (AEGON)	0.60%	0.58%	0.57%	0.54%	0.49%	0.44%	0.38%	0.32%	0.29%	0.24%
Ascentric	0.67%	0.36%	0.31%	0.29%	0.27%	0.26%	0.25%	0.20%	0.17%	0.13%
Avalon	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Aviva	0.25%	0.25%	0.25%	0.25%	0.25%	0.23%	0.19%	0.18%	0.17%	0.16%
AXA Elevate	0.40%	0.34%	0.34%	0.32%	0.32%	0.28%	0.25%	0.25%	0.25%	0.10%
Cofunds	0.29%	0.29%	0.29%	0.29%	0.27%	0.25%	0.22%	0.20%	0.18%	0.16%
FFN	0.48%	0.34%	0.31%	0.30%	0.27%	0.26%	0.25%	0.25%	0.25%	0.25%
James Hay	1.92%	0.77%	0.51%	0.38%	0.35%	0.35%	0.25%	0.18%	0.15%	0.09%
Novia	0.50%	0.50%	0.50%	0.50%	0.50%	0.45%	0.35%	0.28%	0.25%	0.19%
Nucleus	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.30%	0.25%	0.22%	0.18%
Parmenion	0.30%	0.30%	0.30%	0.30%	0.30%	0.25%	0.20%	0.15%	0.15%	0.15%
RJIS 1	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%
RJIS 2	1.35%	0.63%	0.47%	0.39%	0.27%	0.20%	0.17%	0.17%	0.16%	0.15%
RJIS 3	0.69%	0.43%	0.37%	0.34%	0.29%	0.27%	0.26%	0.26%	0.25%	0.25%
Seven IM	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.28%	0.23%	0.21%	0.18%
Skandia	0.50%	0.43%	0.40%	0.39%	0.34%	0.32%	0.28%	0.24%	0.22%	0.18%
Standard Life	0.40%	0.40%	0.40%	0.40%	0.37%	0.32%	0.27%	0.21%	0.18%	0.13%
SL FundZone	0.35%	0.30%	0.30%	0.25%	0.25%	0.20%	0.20%	0.20%	0.20%	0.20%
Transact	0.56%	0.52%	0.48%	0.44%	0.38%	0.33%	0.28%	0.23%	0.20%	0.12%
True Potential	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Wealthtime	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.25%	0.20%	0.18%	0.13%
Zurich ZIP	0.45%	0.45%	0.41%	0.39%	0.34%	0.31%	0.29%	0.27%	0.25%	0.24%

So what do we know that we didn't before? Of our movers, SL remains amber or pinkish red; those fund deals will need to be good. Transact is exactly where you'd think; making some sense in purely pricing terms for pots over £500k or so but not that much below; but we know what their proposition is and that's fine. Aviva is now green across the board and has to be taken very seriously, assuming the platform proposition itself matches up to your requirements. Similarly Cofunds – looking good now for ISA/GIA business pretty much across the piece. Nucleus is, as we said some pages ago, closer to the mid-market than the front of the market, apart from arithmetic which makes it good for very small pots. It's consistent right the way through. And ATS has recovered slightly from the damage done in a tabular sense from the price rise – now green for all but the smallest portfolios but is given a run for its money right up to the £75k point by AJ Bell, Aviva and SL FundZone particularly.

And the consequence was…there is certainly no need to pay more than 35bps for an ISA, and probably not more than 25bps. You might choose to, but you don't have to.

SIPP

Same rules here – head back and read the Guide for our assumptions.

Portfolio size	£20k	£50k	£75k	£100k	£200k	£500k	£1m	£1.5m	£2m	£5m
AJ Bell	0.94%	0.59%	0.52%	0.44%	0.32%	0.21%	0.20%	0.19%	0.16%	0.10%
ATS	1.15%	0.46%	0.31%	0.23%	0.12%	0.05%	0.02%	0.02%	0.01%	0.01%
ATS IFO	1.38%	0.55%	0.37%	0.28%	0.14%	0.06%	0.03%	0.02%	0.01%	0.01%
ARC (AEGON)	0.60%	0.58%	0.57%	0.54%	0.49%	0.44%	0.38%	0.32%	0.29%	0.24%
Ascentric	1.42%	0.66%	0.43%	0.38%	0.32%	0.28%	0.26%	0.21%	0.18%	0.13%
Avalon (fixed)	3.00%	1.20%	0.80%	0.60%	0.30%	0.12%	0.06%	0.04%	0.03%	0.01%
Avalon (%)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Aviva	0.40%	0.38%	0.37%	0.36%	0.36%	0.25%	0.20%	0.18%	0.18%	0.16%
AXA Elevate	0.64%	0.44%	0.40%	0.37%	0.34%	0.29%	0.25%	0.25%	0.25%	0.10%
Cofunds	1.04%	0.59%	0.49%	0.39%	0.27%	0.25%	0.23%	0.20%	0.19%	0.17%
FFN	1.93%	0.92%	0.70%	0.59%	0.42%	0.32%	0.29%	0.25%	0.25%	0.25%
New FFN	0.48%	0.34%	0.31%	0.30%	0.27%	0.26%	0.25%	0.25%	0.25%	0.25%
James Hay	1.92%	0.77%	0.51%	0.38%	0.35%	0.35%	0.25%	0.18%	0.15%	0.09%
Novia	0.50%	0.50%	0.50%	0.50%	0.50%	0.45%	0.35%	0.28%	0.25%	0.19%
Nucleus	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.30%	0.25%	0.22%	0.18%
Skandia	0.50%	0.42%	0.40%	0.39%	0.34%	0.32%	0.28%	0.24%	0.22%	0.18%
Standard Life	0.55%	0.55%	0.55%	0.55%	0.52%	0.48%	0.42%	0.36%	0.33%	0.28%
Standard Life (Core)	0.45%	0.45%	0.45%	0.45%	0.42%	0.38%	0.32%	0.26%	0.23%	0.18%
Transact	0.90%	0.66%	0.57%	0.51%	0.42%	0.36%	0.29%	0.24%	0.20%	0.12%
True Potential	0.90%	0.60%	0.53%	0.50%	0.45%	0.42%	0.41%	0.41%	0.40%	0.40%
Wealthtime	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.25%	0.20%	0.18%	0.13%
Zurich ZIP	0.82%	0.60%	0.51%	0.46%	0.38%	0.32%	0.30%	0.27%	0.25%	0.24%

Our movers this time? Standard looks pretty poor across the piece; worse than for ISA. Core terms is a bit better, but SL has carefully priced itself just above the market. Whether that premium is worth it to clients is, of course, their decision. Aviva looks green across the board, pretty much, and is well set. Nucleus' flat pricing across wrappers works for it in the SIPP space (we like flat pricing) and it looks good up to £500k or so. Transact is Transact, Cofunds is no different really (its CPA has fixed fees on top of the custody charge rather than the £40pa) and ATS is slightly more solid at the lower end with no VAT than it was immediately after the price hike. All obvious stuff.

CONCLUSION

It's been a busy old few months. Apart from ATS, who have had very particular circumstances to contend with, most people have been trimming a bit here, a bit there. It's amusing to us that while spokespeople for these businesses work very hard to divert attention away from price, most proposition teams are glued to the competitive positioning of their kit (quite rightly) and much of the activity we've seen is about making sure you don't look too out of line, above or below.

Honourable exceptions to that are Cofunds, I think, who should never have had the £40 in the first place as it killed a big part of their core market, ATS, and Transact, who is very much ploughing its own furrow, and more power to it.

We think pricing will settle a little for now; largely because attention has diverted away to share class conversion, direct platform pricing (which we've written about a lot on the blog; this is still shifting so do keep up with us there) and dealing with the possible emergence of adviser white-labelling of platforms to offer directly to their customers (the horribly titled D2D2C space). That's OK, but we do hope that a few providers will concentrate on trimming some of the ancillary cost menus which are still too prevalent. Exit fees need to come down where they exist (though the advised market is nowhere near as bad as direct), trading charges are generally too high and sneaky little extras such as model portfolio charges need to go.

Some of these matter more than you'd think – in a recent piece of work we did, trading charges were mentioned as one of the main barriers for investment trust and ETF usage on platforms (we know some are really good on this stuff so it's not everyone). That seems a bit odd in 2014; we would like to see advisers able to advise on all asset types without worrying too much about cost implications for clients.

But the market is pretty healthy; there's lots of choice at all portfolio points and we're well set. Our rule of thumb is – no more than 35bps for an ISA or 40bps for a pension, and we hope that small spread will close shortly.

That's it for our Update – hope it was useful. This year we're going for a few big updates rather than lots of little ones – I'm not sure if that's the right route or not. Please feel free to let me know, and if there's anything specific you'd like us to cover then just shout. My personal email is mark@langcatfinancial.com.

And don't forget Mother's Day.

Cheers

Mark