Panacea Adviser

Q2 Touchstone & community data

August 2016

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Touchstone Data Q2 2016

32%	150%	53.5%	51.4%
The Panacea community includes at least one adviser from a third of all active advisory firms in the market!	An average adviser firm within the Panacea community writes 2.5 times more business than a firm that isn't part of the Panacea community.	Adviser firms that are part of the Panacea community control 53.5% of the total business on platforms.	Advisers within the Panacea community write 51.4% of all business written across group pensions, individual pensions, individual protection and investments.

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Touchstone Data Q2 2016 - Overview

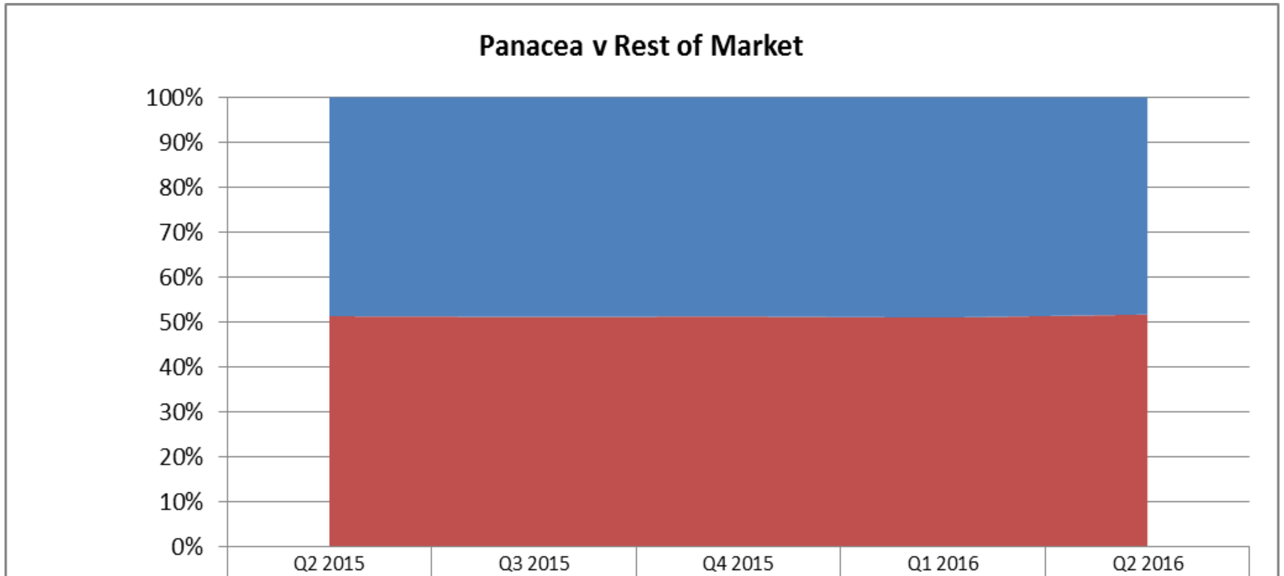
Despite the continued stockmarket volatility and the Brexit risk, intermediary sales across market segments in Q2 2016 have again remained stable. Individual Pensions once again hit another record high dating from the implementation of RDR. In the Investment wrapper segment gross sales were up 7% on Q1 16 albeit it has been a tough quarter for Fund managers according to the latest Pridham Report, reporting the highest ever outflows. It is interesting to see how sector fortunes have been impacted, with UK All Cos up 9% on Q1 and Global Equities up 35%. The only Top 10 sector declining being Property, following the suspension of trading across a number of fund managers.

	2015				2016			
	Other	Panacea		Panacea	Other	Panacea		Panacea
Product Group	Market sales (£)	Market sales (£)	Grand total	Market share	Market sales (£)	Market sales (£)	Grand total	Market share
Group Pension	1,654,279,562	2,306,291,872	3,960,571,435	58.2%	970,477,835	1,207,659,061	2,178,136,896	55.4%
Indiv. Pension	1,465,999,078	1,772,385,307	3,238,384,385	54.7%	852,583,810	982,091,418	1,834,675,228	53.5%
Indiv. Protection	301,673,324	155,364,612	457,037,936	34.0%	166,274,685	76,169,985	232,444,670	31.4%
Investment	3,638,083,014	3,311,814,626	6,949,897,640	47.7%	1,611,947,819	1,537,021,713	3,148,969,533	48.8%
Grand total	**7,060,034,979**	**7,545,856,417**	**14,605,891,396**	**51.7%**	**3,601,284,149**	**3,802,942,178**	**7,404,226,327**	**51.4%**

Activity

Overall in Q2 2016 there were 10,280 active wealth IFA firms in the market with advisers from 3,250 active firms using Panacea Adviser. This means that the Panacea community includes at least one adviser from 32% of active advisory firms in the market! It is important to note that Protection is excluded from the above calculation as there are a huge number of small Protection only firms active in mortgage broking.

An average adviser firm within the Panacea community writes 2.5 times more business than a firm that isn't part of the Panacea community.

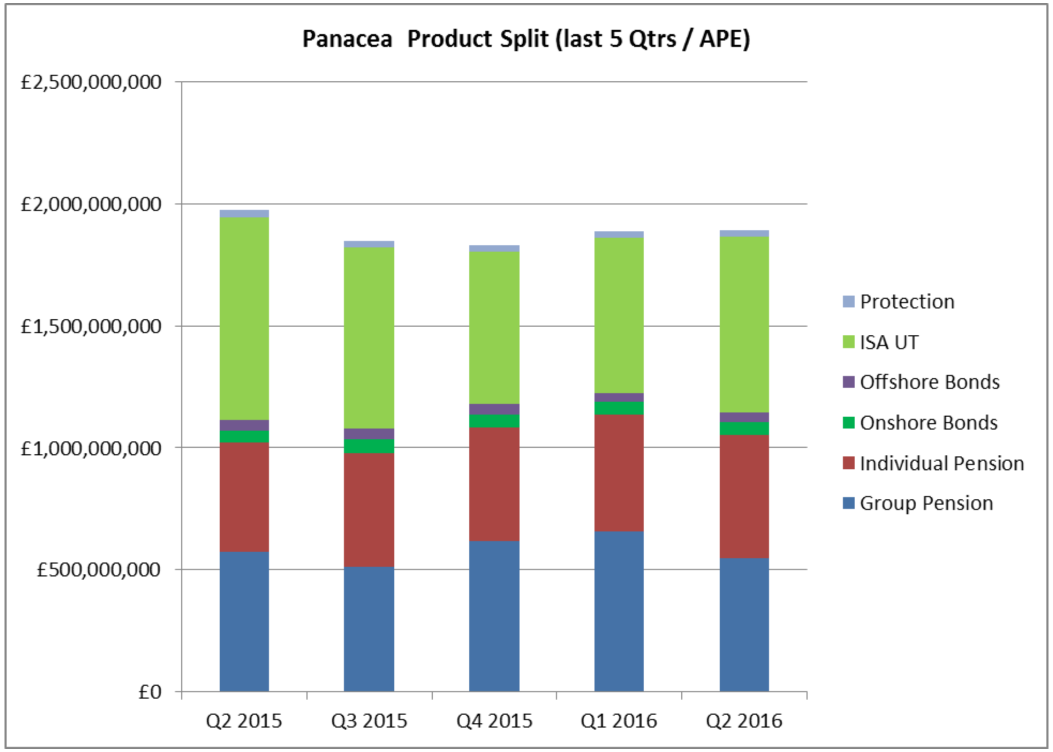


	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Other IFAs	£1,881,769,070	£1,771,585,411	£1,750,377,232	£1,824,183,984	£1,777,100,165
Panacea Member	£1,984,671,487	£1,858,281,160	£1,842,419,118	£1,899,969,321	£1,902,972,857

(Based on Annual Premium Income equivalent as used by the ABI).

Quarterly Product Analysis

The Panacea universe continues to have a higher ratio of ISA/UT & Group Pensions volumes, albeit a decline in Group Pensions in Q2, compared to the market as a whole. Other product areas are broadly in line with the rest of the market.



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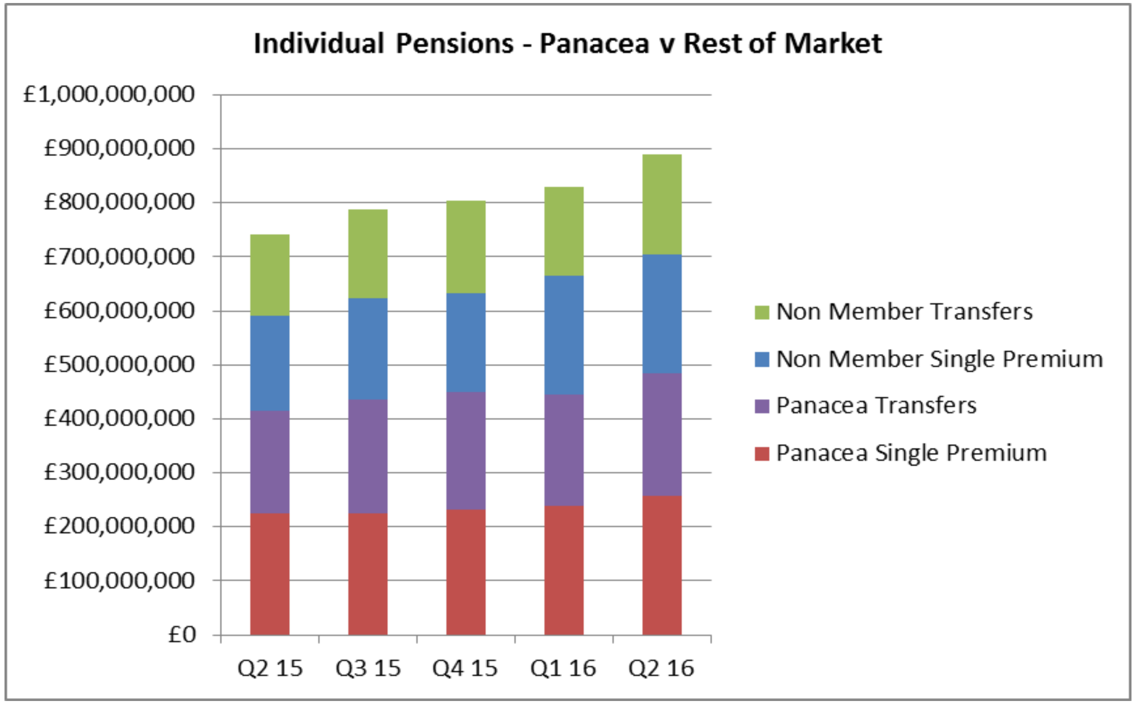
Individual Pension Trends

The Q2 2016 data shows yet another record high in market sales of Individual Pension sales and continuing to being immune to stock market volatility. However as gross new sales soar, the amount being accessed in cash from pensions has increased sharply in Q2 2016. Data from HMRC confirms that the number of people taking advantage of pension freedoms hit a high point in the second Quarter 2016, as 159,000 people accessed £1.8 billion of their pension savings under the rules compared to only 74,000 accessing £800 million in the first Quarter.



On Off Platform Summary

Panacea (Platformable Products - exc Group & Protection)	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16
Off Platform	£5,635,908,584	£5,443,214,580	£4,771,438,915	£4,849,617,141	£5,219,622,949
On Platform	£5,702,022,697	£5,311,490,355	£4,929,745,329	£5,003,852,335	£5,591,378,148
Grand total	£11,337,931,281	£10,754,704,935	£9,701,184,243	£9,853,469,476	£10,811,001,097

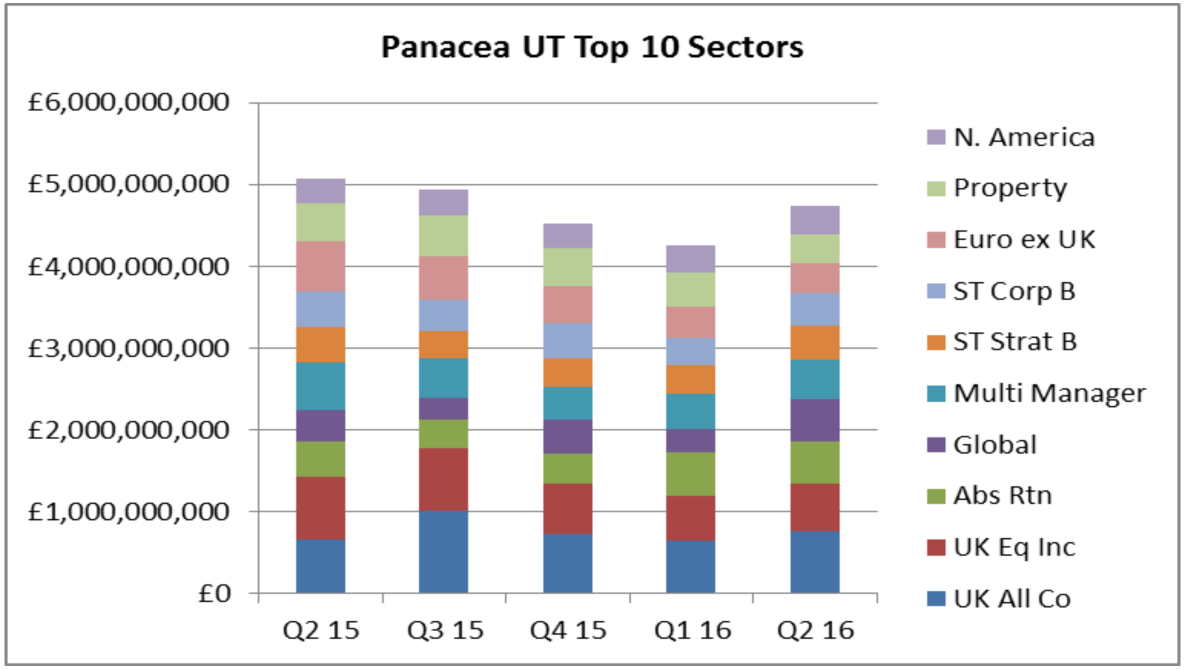
Rest of IFA Market	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16
Off Platform	£3,596,287,025	£3,875,333,384	£3,372,146,917	£3,440,073,633	£3,584,195,906
On Platform	£4,893,924,761	£4,559,479,322	£4,356,882,495	£4,497,410,667	£4,860,034,658
Grand total	£8,490,211,786	£8,434,812,706	£7,729,029,412	£7,937,484,299	£8,444,230,563

	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16
Panacea % of Total Off Platform Market	61.0%	58.4%	58.6%	58.5%	59.3%
Panacea % of Total On Platform Market	53.8%	53.8%	53.1%	52.7%	53.5%
On Platform Ratio for Panacea Member	50.3%	49.4%	50.8%	50.8%	51.7%
On Platform Ratio for Non Panacea Member	57.6%	54.1%	56.4%	56.7%	57.6%

Looking at the On/Off Platform table above, in Q2 2016, Adviser firms that are part of the Panacea community control 53.5% of the total business on platforms.
(platformable products only used in this calculation).

Investment Sector Analysis

Turning to sector analysis, gross sales grew by 7% on Q1 16. However according to the latest Q2 Pridham report, this growth is the result of investors switching funds, with 8/10 of the largest fund groups seeing an increase in new business. This means that smaller fund groups are casualties due to having limited sector choice.
It is interesting to see how sector fortunes have been impacted with UK All Companies gross sales up 9% on Q1 despite the Brexit vote and Global Equities gross sales up 35%. In contrast gross sales into Property funds have declined by 9%, investors concerned by the suspension of trading across a number of fund managers.



Panacea Sector Split

The following is based on net sales:

Sector	Panacea Share of Mkt
UK All Co	51.20%
UK Eq Inc	49.50%
MM Other	50.80%
Abs Rtn	55.40%
Property	55.00%
ST Strat B	52.20%
Euro ex UK	55.00%
Spec.	51.90%
ST Corp B	51.10%
N. America	50.50%
Global	46.70%
Other	54.00%
Asia ex Japan	53.90%
Japan	41.70%
Mixed 20-60	45.70%
UK Gilt	50.20%
Global Equity Income	53.50%
Glob Bond	58.50%
Unclass	41.30%
Mixed 40-85	62.90%
Money Mkt	48.90%
UK SmallCo	47.70%
Global Emerging	34.50%
UK All Co Index	62.50%
UK Lnk Gilt	53.60%
Mixed 0-35	50.00%
ST High Y	58.10%
Flexible	64.90%
Euro Small	38.50%
UK E+B Inc	48.30%
N Am Small	50.00%
Tech + Tele	50.70%
China	47.60%
Asia inc Japan	33.00%
Jap Small	59.30%
Euro + UK	53.60%
Protected	45.20%
UK All Co Ethic	52.70%
Latin Amer	52.40%
Grand total	**51.50%**

Protection Business Written

Panacea protection volumes have dipped sharply Q2 2016 in a flat market underpinned by a strong mortgage application data in Q1. This is in line with Q2 protection business as a whole.

	Rest of IFA Mkt	Panacea Member	Market Total	% Panacea of Total Mkt
Q2 2015	£75,855,640	£38,774,649	£114,630,289	33.8%
Q3 2015	£73,941,875	£36,691,322	£110,633,197	33.2%
Q4 2015	£80,501,348	£39,596,803	£120,098,151	33.0%
Q1 2016	£81,760,941	£39,333,648	£121,094,589	32.5%
Q2 2016	£84,513,744	£36,836,337	£121,350,081	30.4%

By Type

Type	
Financial Advisers	18,521
Paraplanners	95
Product Providers	354
Support Services	86
Media	24
Other	174
TOTAL	**19,254**

The rest of the counts are done based on those that have been verified by Touchstone using Single Adviser View, so not all Panacea community advisers are included.

Panacea Adviser

By Controlled Function

CF1:Director	3801
CF1:Director (AR)	1835
CF10:Compliance Oversight	2262
CF11:Money Laundering Reporting	2158
CF12:Appointed Actuary	1
CF2:Non Executive Director	121
CF2:Non Executive Director (AR)	4
CF21:Investment Adviser	5
CF24:Pension Transfer Specialist	1
CF28:Systems and Controls	162
CF29:Significant Management	215
CF3:Chief Executive	273
CF3:Chief Executive (AR)	5
CF30:Customer Adviser	12003
CF4:Partner	463
CF4:Partner (AR)	212
CF8:Apportionment and Oversight	7
Responsible for Insurance Mediation	2398

Note: A person can have more than one controlled function in a firm

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By Region

East Midlands	5%
East of England	7%
London	32%
North East	5%
North West	9%
South East	1%
South West	10%
West Midlands	8%
Yorkshire and The Humber	8%
Northern Ireland	2%
Scotland	9%
Wales	3%

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By Wrap & Platform Usage

Old Mutual	2932
CoFunds	2678
Fundsnetwork	2379
Standard Life Wrap	1330
Transact	1081
Elevate	878
Sterling	823
Aviva Wrap	675
Ascentric	459
James Hay Wrap	340
Nucleus	312
7IM (Tethys)	257
Novia	237
True potential	165
Parmenion	93

Top 15 only shown.

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By No of Platforms

The breakdown of the number of platforms being used at firm level is as follows:

How many used	Firms
None	434
1 platform	790
2 platforms	881
3 platforms	1249
4 platforms	862
5 platforms	482
6+ platforms	418

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By Channel

Spec. Investment	1833
Network	1458
Generalist	1389
Employee Benefits	666
Spec. Protection	553
National	406
Spec. Indiv. Pension	214
SIPP Provider	9
Stockbroker	6
Discretionary	2
Asset Manager	1
Platform	1
Private Banking	1
Total	**6539**

By Support Service

Simply Biz	562
Sesame Bankhall	546
Three Sixty Services	360
Tenet Group	245
True Potential	161
Paradigm	147
Compliance First	143
SIFA	91
Portfolio Member Services	47
IFA Professional	40
Total no with 1 or more support services	**2342**

By Network

TenetConnect Limited	302
Intrinsic Mortgage Planning Ltd	285
Sesame Limited	275
Intrinsic Financial Planning Ltd	238
St. James's Place Wealth Management Plc	191
Intrinsic Independent Limited	95
Openwork Limited	95
Financial Limited	87
The On-Line Partnership Limited	75

By Network (continued)

Best Practice IFA Group Limited	73
CAERUS Financial Limited	58
TenetLime Ltd	52
Lighthouse Advisory Services Limited	50
Personal Touch Financial Services Ltd	49
Sense Network Limited	38
Network Direct Limited	29
The Whitechurch Network Limited	24
First Complete Ltd	13
Safe&Secure Insurance Services Ltd	12

No of Advisers in Firm

1	2202
2-10	4836
11-50	1858
51-100	725
101-1000	3014
1001 +	600

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Don’t forget

If you have any queries relating to this document please don’t hesitate to contact any of the team:

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