NEXTWEALTH

Personal Finance Society
Standards. Professionalism. Trust.

2020 FINANCIAL ADVICE BUSINESS BENCHMARKS

A report on financial advice businesses from NextWealth and the PFS

Prepared by: NextWealth Ltd.

SEPTEMBER 2020

LETTER FROM THE PFS

Turning adversity into opportunity

2020 has proved yet again just how resilient advice firms can be and the value of professional advice during periods of change and uncertainty. Even if we ignore the very real long-term financial impact of the global pandemic on economies, markets and jobs, the hardening of the PII market has taken its toll on most firms with eye watering hikes in premiums and reduced cover. Of even greater concern for the sector is the risk of blanket exclusions or insurers exiting all together which would have a profound impact for the sector, clients and the wider public alike. The Personal Finance Society has been in regular consultation with the government and regulator to highlight the impact of such issues on the advice sector and the broader implications for consumer detriment and an increasing advice gap.

When lockdown was announced many firms quickly embraced technology to ensure they could continue to service and reassure clients against a backdrop of extreme market volatility. It's heartening to see that many firms have embedded changes in their operating models to continue to realise efficiencies that will continue long after the pandemic has become a distant memory and as a consequence may help to counter the advice gap over time.

This year's report, in conjunction with NextWealth, again makes informative reading and provides a rare opportunity for firms to be able to benchmark aspects of their service. For many it will act as a catalyst for change; evolution is normal so it is essential for firms to be able to step back and review their strategies in light of prevailing circumstances and to ensure that they are able to turn adversity into an opportunity.

Keith Richards
Chief Executive Officer
Personal Finance Society

LETTER FROM NEXTWEALTH

The year 2020 will be remembered for generations. Financial advice businesses, less walloped by the global pandemic than many other parts of the economy, are emerging bruised.

As we show in the following pages, three-quarters of financial advice businesses have been negatively impacted by Covid-19. New business volumes are down but recovering and the rising cost of regulation is crippling for some.

Two and a half years ago, NextWealth was established to help firms thrive amid disruption. Our mission has never been more relevant. Firms across the wealth management chain need to challenge operating models. Consider: Heinz is selling baked beans and Pepsi hawks fizzy sugar-water direct to consumers. What are you doing to adapt?

Our Financial Advice Business Benchmark study, now in its second year, is a joint effort from The Personal Finance Society and NextWealth to provide insight and ideas for financial advice firms as they evolve their businesses to meet new challenges and opportunities.

We welcome your comments and feedback. Please consider signing up to our research panel to participate in research projects that are shaping how our industry will look in the future.

Heather Hopkins
Founder and Managing Director
NextWealth

Feedback: enquiries@nextwealth.co.uk
Join our research panel: nextwealthdirectory.co.uk/panel/

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EXECUTIVE SUMMARY

2020 KEY BENCHMARK CHANGES

PROFILE

48%
(44% in 2019)
have or are working toward Chartered status

81%
(no change)
directly authorised

87%
(no change)
independent

16%
(no change)
discretionary permissions

CLIENTS

39%
(34% in 2019)
of planners say that £100k-£250k is the average client porfolio size

32%
(35% in 2019)
of planners say that £250k-£500k is the average client porfolio size

45%
(62% in 2019)
of planners are working with more clients than previous year

60%
(54% in 2019)
use client portals

RECRUITMENT

28%
(39% in 2019)
of financial adviser businesses have recruited in the past year

5%
(9% in 2019)
of financial advice businesses are currently recruiting

INVESTMENT

57%
(60% in 2019)
use multi-asset or multi-manager funds

54%
(53% in 2019)
build model portfolios

42%
(44% in 2019)
partner with discretionary managers

89%
(82% in 2019)
use ESG solutions for 12% (7% in 2019) of client assets

18%
(25% in 2019)
use single strategy funds

THE SHAPE OF THE FINANCIAL ADVICE MARKET

27,557 financial advisers/ planners

5,236 authorised firms

- Sole traders, **2,448 firms**
- 2-5 planners, **2,207 firms**
- 6-50 planners, **536 firms**
- 50+ planners, **45 firms**

https://www.fca.org.uk/data/retail-intermediary-market-2019

IMPACT OF COVID-19

75% report a negative impact on gross revenue due to Covid

44% experienced a short-term slowdown in new business, but enquiries are starting to pick up

6% expect an increase in new business levels as more clients seek advice post-Covid

DIVERSITY

28**%**

of advisers are female below age of 44 / **10%** female above age of 44

EFFICIENCY FOR GROWTH

61**%** have listed out all tasks, contacts, events that should occur at each step in the process of creating and delivering a financial plan

30**%** have analysed workflow to identify bottlenecks for improving process efficiencies

NEW CLIENTS

22.6 hours is the average time spent in the first year by an adviser in a new client relationship

21 hours for planners qualified to Level 6

TECH STACK

47% do not use eSignatures

57**%** say the lack of time to learn and implement new technology is the biggest barrier to changing tech provider

53% agreed that a lack of integration is their major tech challenge

58**%** of sole traders spend up to **£5k** pa on tech

28% of firms with 6-10 employees spend between **£25k-£50k** pa on tech

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INTRODUCTION

The Personal Finance Society and NextWealth have combined forces to publish this benchmark report to allow financial planners to compare their firm with those of their peers.

The results in this report are based on a survey of 365 PFS members conducted between 31 July and 12 August 2020. Employees of financial advice businesses answered questions about the size of their business, their investment proposition, their technology infrastructure, growth, recruitment and how they spend their time on new client relationships.

Note that we use the term financial planner to denote respondents to the survey.

The report is organised into 8 sections:

We update this report annually and welcome feedback and suggestions for what you'd like to see included next year. Please email us: enquiries@nextwealth.co.uk.

1/ FINANCIAL ADVICE FIRMS IN 2020

One third of firms have been awarded Chartered status, up from 27% last year. Last year we reported that 44% of firms have or are working toward Chartered status. That number has risen to 48%. Further emphasising professionalism and high standards in the industry, more than half of financial planners have achieved Level 6 qualification or above.

FIGURE 1:
AWARDED CHARTERED STATUS

FIGURE 2:
HIGHEST LEVEL OF QUALIFICATION HELD

The average financial advice business

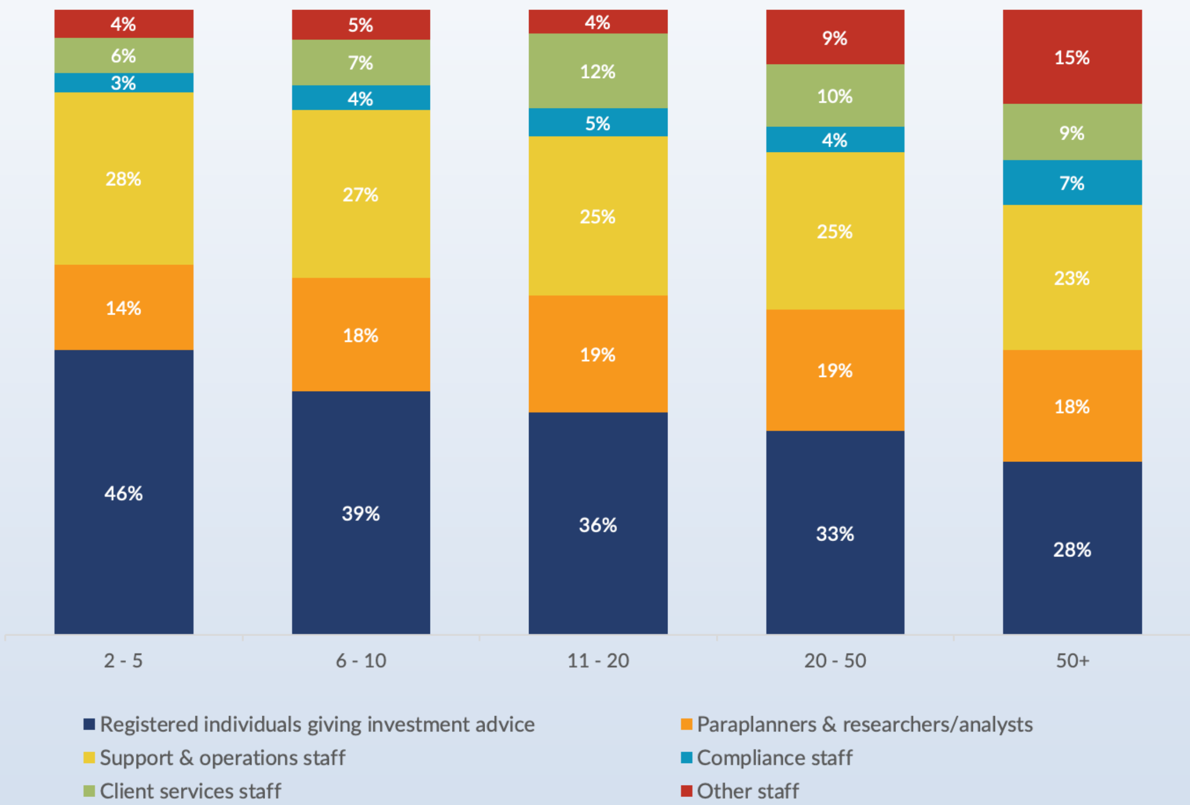
7 employees; 3 client-facing financial planners, 1 paraplanner, 2 support staff and one 'other' which includes compliance.

Number of staff varies hugely by firm, making it difficult to define 'average'. At the back of the report we have included profiles of firms. These should help those that want to benchmark their size and staff make-up.

Most firms have between two and ten employees. As illustrated in Figure 3, firms with between two and five employees are more likely to have a larger proportion of client-facing planners on staff. By contrast, at firms with 50 or more employees, financial planners make up only 28% of staff. The share of client-facing financial planners decreased at the biggest firms from 34% last year to 28%. These firms have added paraplanners to their ranks, now making up 18% of staff (up from 14% last year).

Big firms have the most 'other' staff, making up 15% of employees. Many of the employees in this 'other' category are in management and head office roles.

FIGURE 3:
STAFF MIX BY FIRM SIZE



1.1 RECRUITMENT AND TRAINING

Efforts to recruit financial planners slowed in 2020. 28% of respondents say their firm recruited advisers in the last 12 months compared to 39% when we asked the question last year. Fewer firms are actively recruiting: down from 9% of firms last year to 5% this year.

Despite a slowdown in current recruitment, nearly half of firms plan to recruit in the next twelve months. Most firms plan to add paraplanners or financial planners. Larger firms with more than 20 employees and more than £250m AUM are more likely to have recruited in the past 12 months and are more likely to be recruiting in the coming year.

There has been some controversy about whether advisers can be self employed given new IR35 rules. Financial planners tell us there is still life in the self employed model: respondents expect that 20% of new planner recruits will be self-employed.

FIGURE 4:
RECRUITMENT OF FINANCIAL PLANNERS IN THE LAST 12 MONTHS

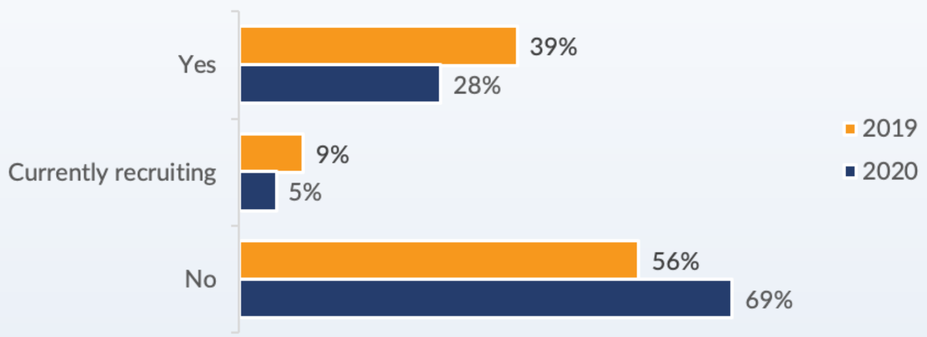


FIGURE 5:
RECRUITMENT OF STAFF IN THE NEXT 12 MONTHS

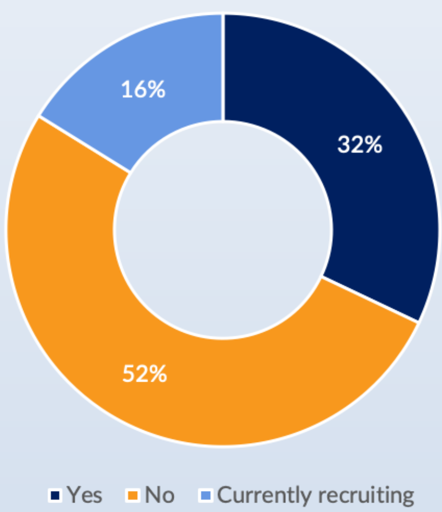
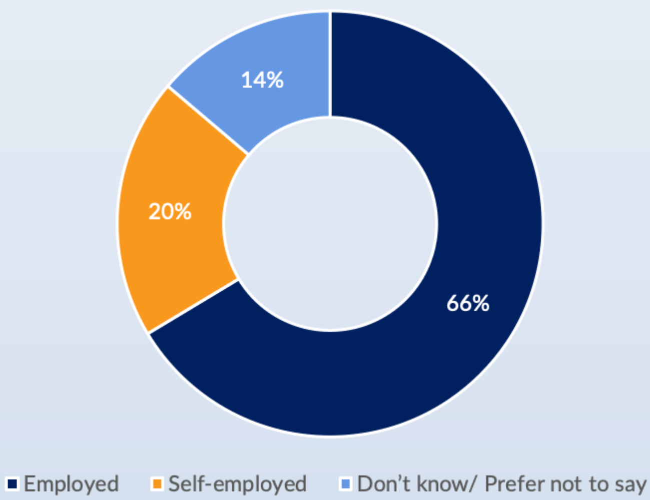


FIGURE 6:
EXPECTATIONS TO HIRE EMPLOYED OR SELF-EMPLOYED PLANNERS



1.2 IMPACT OF COVID-19

Three quarters of advisers report that Covid-19 has had a negative impact on gross revenue and only 5% say it has had no impact. About one third of firms have been hit hard by the pandemic, with a decline in gross revenue of over 10%.

Firms with between 2 and 5 employees were hit hardest: 83% of these report a negative impact on gross revenue. We also note that directly authorised firms were worse affected than appointed reps (78% of directly authorised firms report a negative impact on gross revenue compared with 65% of appointed reps).

One might conclude that firms that employ their own support staff were worse hit, but there is no evidence in the data to support that conclusion. Lockdown resulted in a slowdown in new business for many firms (44% reported a decline in the short term). We think that smaller adviser practices were more negatively impacted by the slowdown in new business.

FIGURE 7:
IMPACT OF COVID-19 ON GROSS REVENUE

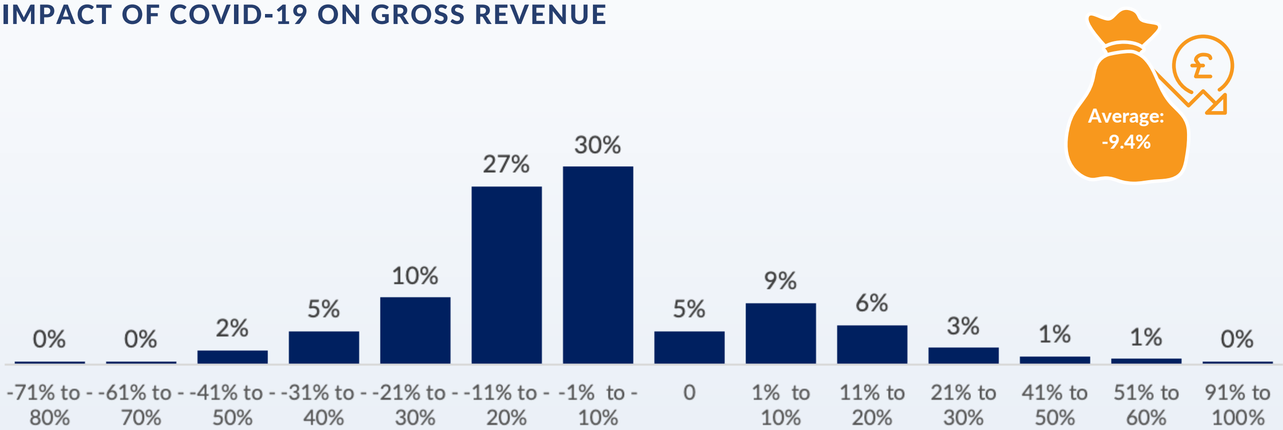
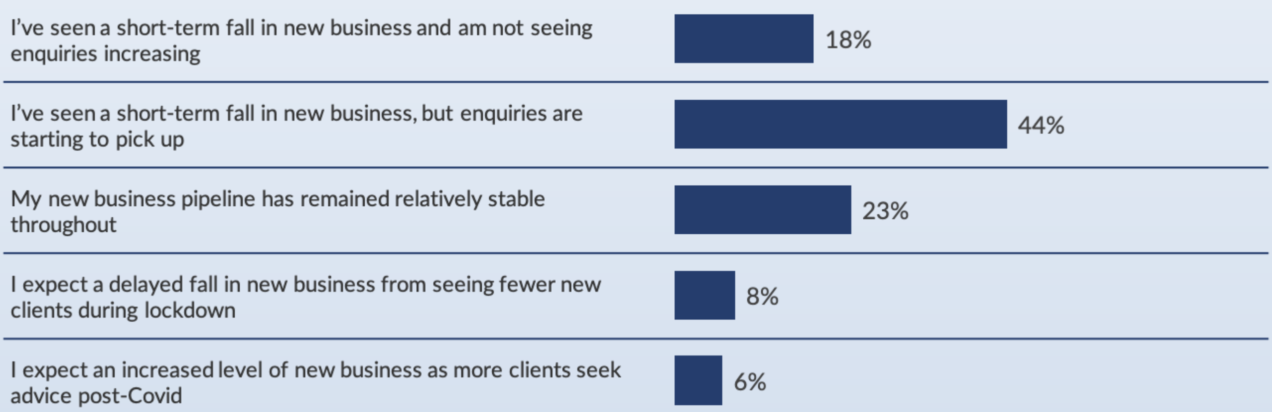


FIGURE 8:
NEW BUSINESS PIPELINE IMPACT OF COVID-19

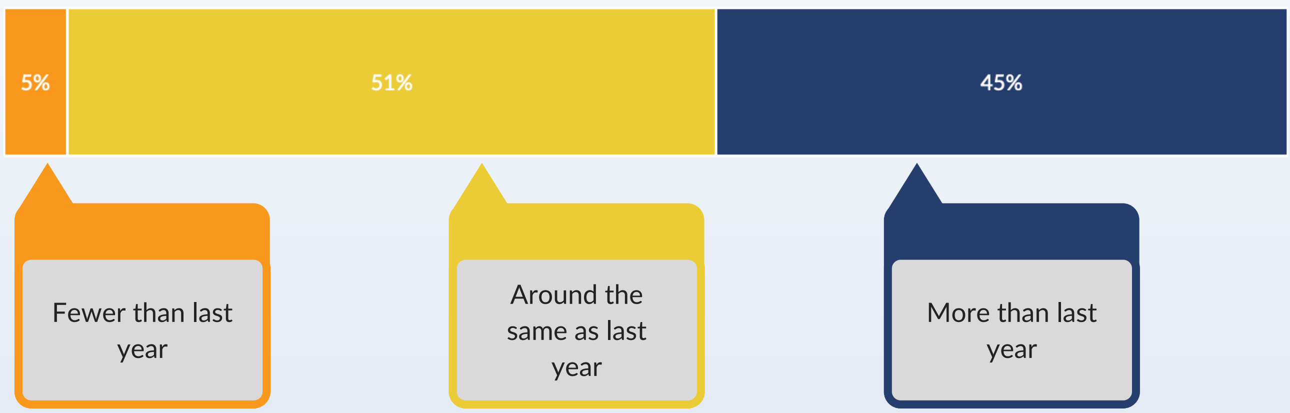


2/ CLIENTS

Most planners continue to work with the same number of clients as last year but a healthy share, 45%, say they are working with more clients than last year. With the pressure of increased regulation, some industry observers expect that advisers will need to spend more time with fewer clients. We see little evidence of this. In fact, in other research by NextWealth for FundsNetwork, we found that advisers are bullish about the future of their business and most want to work with more clients.

Fewer planners reported an increase in client numbers compared with last year. On the previous page, we saw that nearly half of planners report a decrease in new business as a result of Covid-19. Remote working and social distancing rules combined with financial insecurity have led many people to postpone major financial decisions. While 45% of advisers this year report they are working with more clients than last year, this is down from 62% last year.[1]

FIGURE 9:
NUMBER OF CLIENTS COMPARED WITH LAST YEAR



[1] https://adviserservices.fidelity.co.uk/news-insights/business-challenges-facing-financial-advisers/

3/ PLANNING PROCESS

The shift from transactional product-based advice to financial planning has been well-documented. In this section of the report, we dig into the planning process to start to establish new industry benchmarks on the inputs and time spent at each stage of delivering a financial plan.

We asked planners the average number of hours spent in the first year of a client relationship on various activities. In total, planners estimate they spend 22.6hours in the first year of a new client relationship. That time is split between a number of activities. Developing the plan and monitoring and reviewing progress against that plan takes the longest, at around three to four hours each. Gathering information and data and analysing that information each take four hours.

Planners qualified to Level 6 spend less time at every stage of the planning process other than presenting the plan to clients. Overall, Level 6 planners report spending an average of 21 hours on the entire process, compared to an average 22.6 hours for those holding Level 4 qualifications. The areas in which the depth of knowledge acquired at Level 6 seem of particular benefit are in cutting down the hours spent establishing client needs and goals and developing the plan. Those who have taken a step further and acquired a Level 7 qualification are spending a total of 26.7 hours per plan.

In our 2019 edition of this report we reported that it takes an average of between three and four weeks to onboard a new client. Much of this time is spent chasing providers for information. Again, the cost to businesses of gathering information comes across clearly as a source of inefficiency. Much of the time gathering data is spent chasing providers for information on legacy products.

FIGURE 10:
TIME SPENT IN THE FIRST YEAR OF A NEW CLIENT RELATIONSHIP

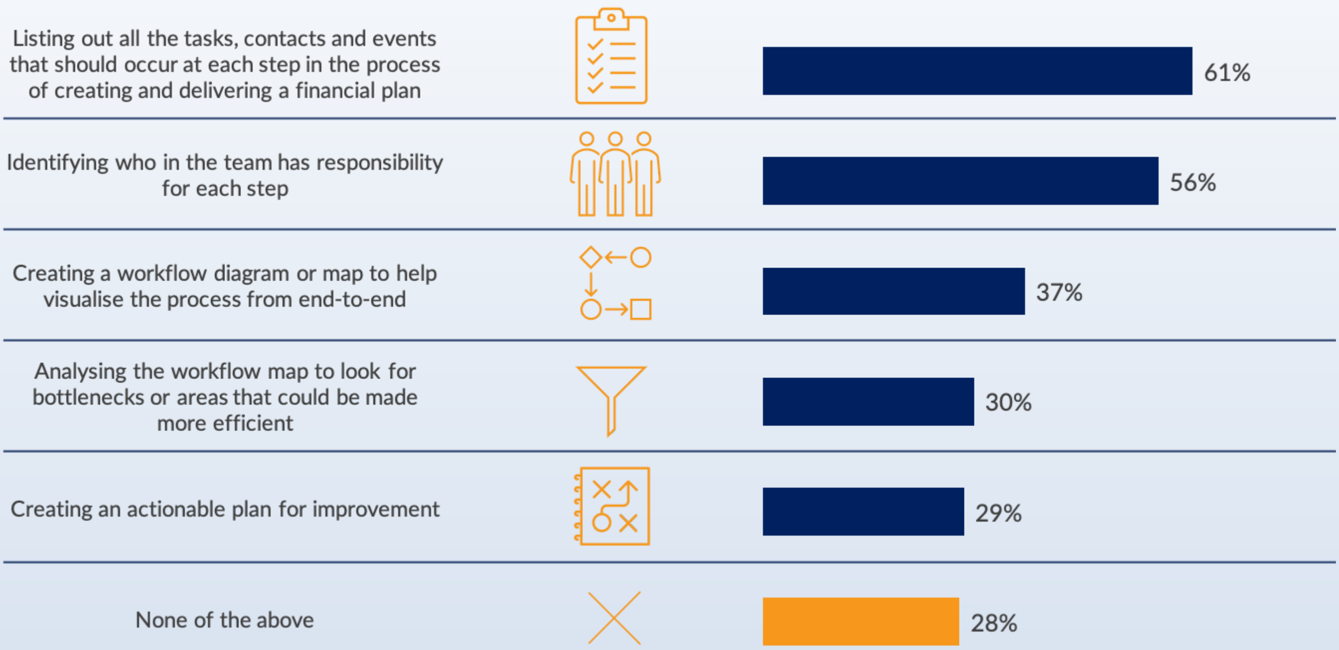
Efficiency is a key driver of growth for financial advice businesses. Salaries for good paraplanners and financial planners are high and firms looking to grow and scale need to increase capacity, not just headcount. Mapping workflows is a key step toward achieving operational efficiency. We were therefore pleased to find that three quarters of financial advice businesses have mapped workflows.

Most have gone through the first step of listing tasks, contacts and events that should occur at each step of the process of creating and delivering a financial plan and most of these have identified the team member responsible for each step. One third of firms have created a workflow diagram or map to help visualise the process.

We note that only 30% of firms have analysed the workflow map to look for bottlenecks or areas that could be made more efficient and created an actionable plan for improvement.

As expected, larger firms, by number of employees and assets under advice are more likely to have mapped processes, identified bottlenecks and set out an action plan for improvement.

FIGURE 11:
MAPPING OF WORKFLOWS



4/ ADVISER TECH STACK

2019/20 saw the launch of further tools and software to help firms produce clients' financial plans. Whilst some firms have told us they make a positive choice to keep their tech simple with in-house reports and forms created in Microsoft Office, the extensive use of Word and Excel we think indicates the large gaps that still persist in the functionality and integration capabilities of specialist financial software to deliver end-to-end support for the planning process.

47% of planners do not currently make use of eSignatures. Social distancing required the introduction of new working practices. One benefit of the global pandemic might be increasing digital processes across wealth management businesses. We encourage adviser businesses to adopt these technologies to make the life of advisers and clients easier. Among planners that are using eSignatures, the most commonly adopted solution is DocuSign, followed by Adobe Sign.

FIGURE 17:
TOOLS AND SOFTWARE USED IN CREATION OF FINANCIAL PLANS

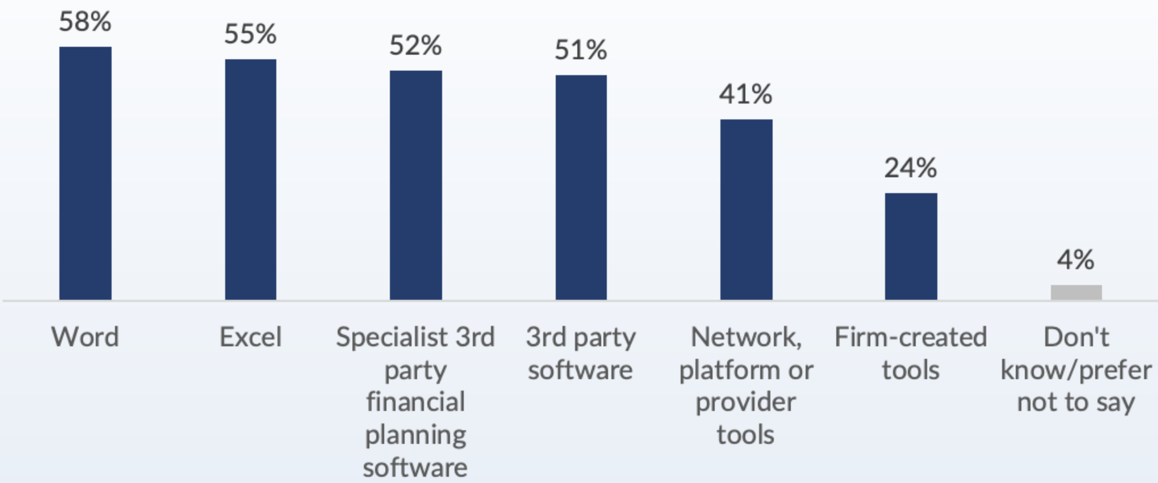
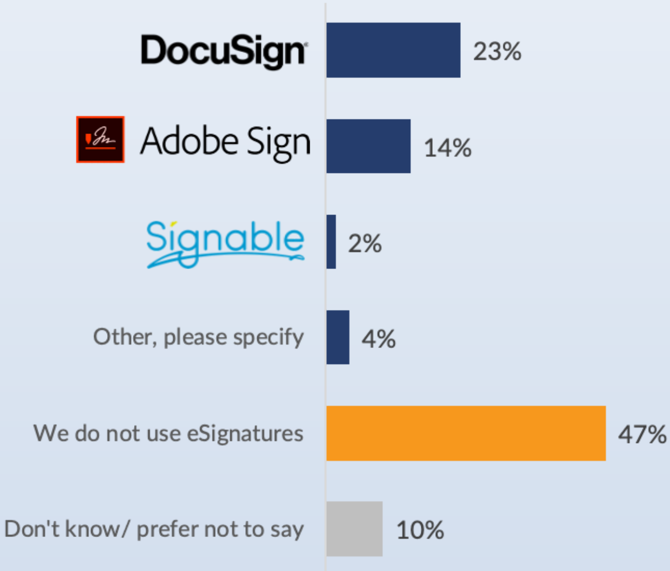
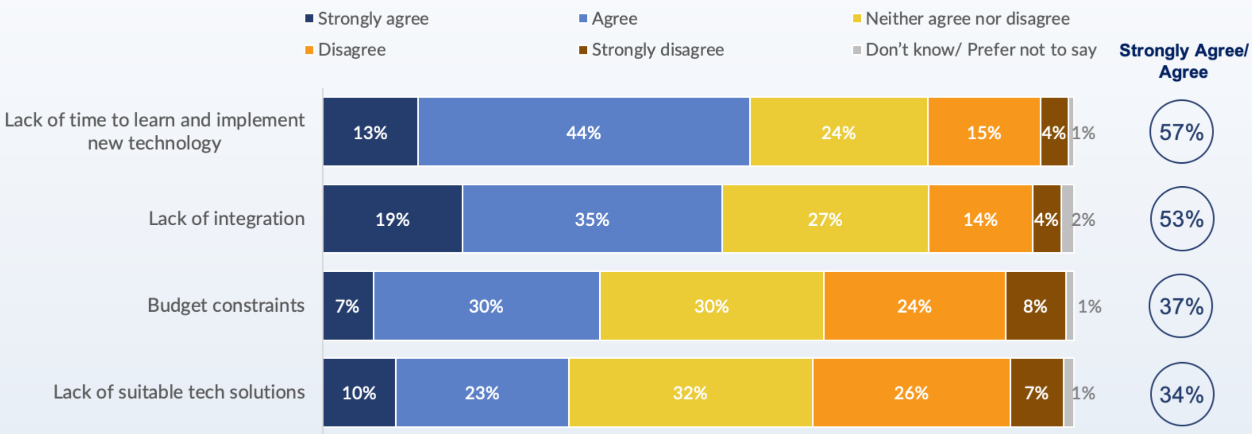


FIGURE 18:
E-SIGNATURE PROVIDER USED



Financial planners tell us that the lack of time to learn and implement new technology is the biggest barrier to changing tech provider. Change is hard and introduces risk. The second biggest factor is lack of integration. We are increasingly hearing from firms that they will only introduce a new piece of technology if it integrates with their current tech stack. This is sound thinking.

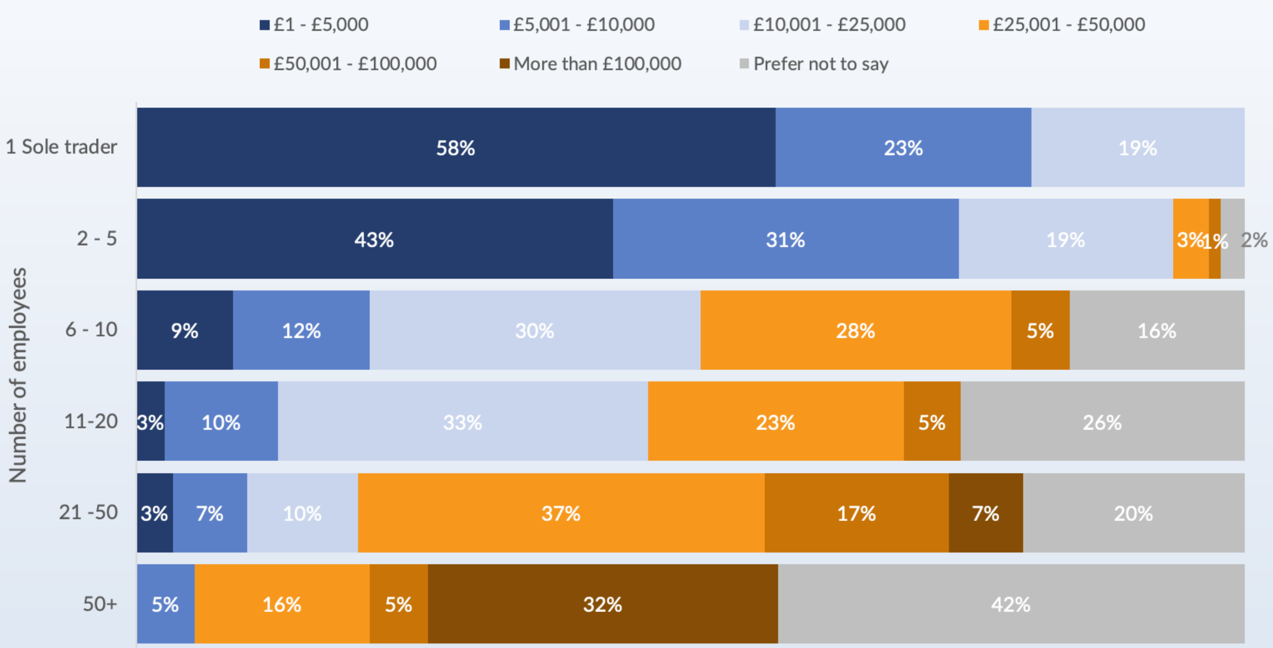
FIGURE 19: GREATEST TECH CHALLENGES FOR FINANCIAL ADVICE FIRMS



There is a clear link between size of firm by employees or assets under advice and spend on technology. While 58% of sole traders spent up to £5,000 in the past 12 months, 32% of firms with 50 or more employees spent more than £100,000. If we remove respondents at those larger firms that answered “prefer not to say’ the share spending over £100,000 jumps to nearly half.

The most widely used piece of adviser tech, adopted by over 80% of planners, are a platform, back office system or practice management system and cash flow modelling. Client portals have seen a jump in use in the past year. 60% of advisers say they are using a client portal, up from 54% last year. The need to communicate securely has become more important as social distancing measures came into effect, driving up usage of client portals.

FIGURE 20:
ANNUAL TECH SPEND BY FIRM SIZE



5/ INVESTMENT PROPOSITION

Financial planners use a mix of investment approaches to meet the needs of clients. 'Multi-asset and multi-manager funds' and 'build your own portfolios' are the most widely used investment strategy used by 57% and 54% of planners, respectively. Other research from NextWealth suggests that adviser models attract the largest portion of client assets, followed by multi-asset and multi-manager funds.

The big shift year on year is in the use of single strategy funds. Only 18% of planners say they use single strategy funds for new clients, compared with 25% last year.

FIGURE 12:
SERVICES OFFERED

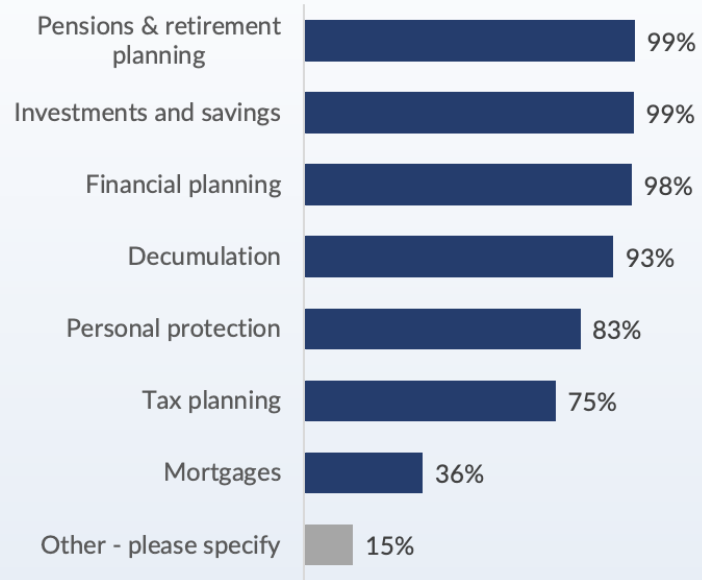
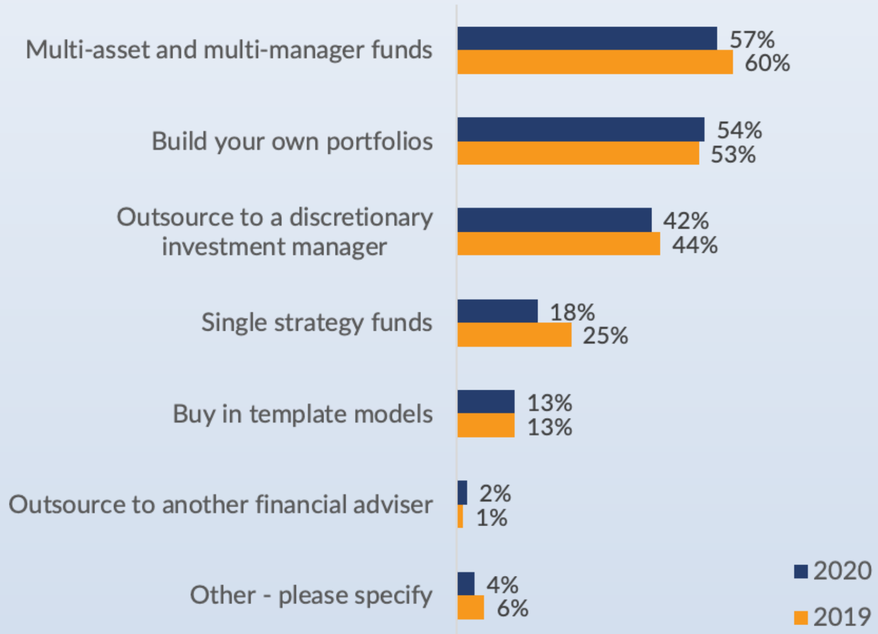


FIGURE 13:
INVESTMENT STRATEGIES



Passive and active funds

Most planners make use of both active and passive investment solutions. On average, 30% of client portfolios are invested in passive solutions. There is no change in this allocation year on year. We looked at use of passive by age group and the trend to greater use of passives is clear among younger planners. While planners 65 years of age or older say that 26% of client assets are allocated to passive solutions, that figure increases to 38% among those aged 25-34.

38% of client assets are allocated to passive funds by adviser between 25-34 years old. Up from 26% of client assets for adviser over the age of 65.

ESG Investing

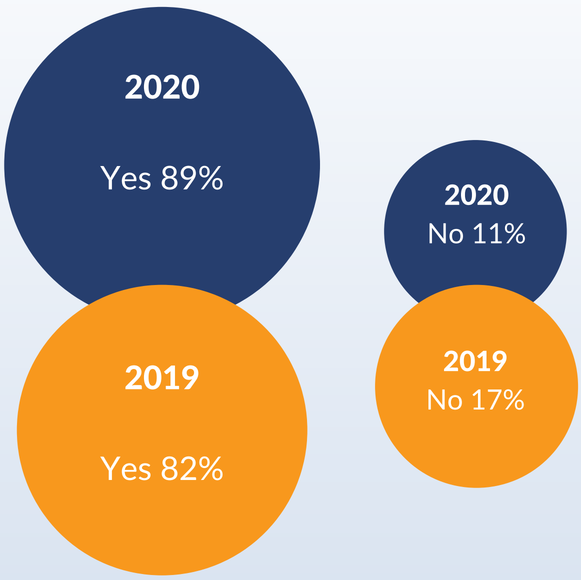
89% of planners use ethical funds or portfolios at least to some extent. Planners at larger, independent, directly authorised firms are much more likely to say that they use ethical funds or portfolios with clients.

Adoption of ESG investing is growing. This is in part driven by increased client demand. Planners report that ESG, sustainable or impact investing comes up in 16.7% of client conversations, up from 7.5% last year.

Financial planners say that an average of 12% of client assets are invested in ESG, ethical, sustainable of impact funds or portfolios, up from 7% last year.

To find out more about how financial advice businesses are incorporating ESG into client fact finds and investment propositions, refer to NextWealth's ESG Tracker Study:www.nextwealth.co.uk/ESG-Tracking-2020/

FIGURE 14:
USE OF ESG, ETHICAL, IMPACT OR SUSTAINABLE FUNDS AND PORTFOLIOS



Download the NextWealth ESG Tracking Study to find out how financial advice businesses are integrating ESG into client fact finds and investment propositions: www.nextwealth.co.uk/ESG-Tracking-2020/

6/ BIGGEST BUSINESS CHALLENGES

Survey respondents were asked an open question about the biggest challenge for the business over the next year. Five key issues were raised: Covid-19; burden, cost and pressure of regulation; client acquisition and retention; use and efficiency of technology; employee recruitment and retention.

Covid-19

Respondents describe the difficulty social distancing and lockdown has had and will continue to have on working practices. Additionally, the ability to recover financially from the impact of Covid-19 has introduced new challenges.

Regulatory cost and burden

Staying up-to-date with any compliance or regulatory change is an ever-present challenge. Respondents also highlighted the increase in fees for the FSCS, FCA and PII. One respondent said that PII and compliance costs are "around 10%" of turnover.

Client acquisition and retention

Attracting new business has surfaced as a major challenge due to the lack of client confidence and for some the lack of time to generate leads has negatively affected inbound leads.

With social distancing measures, some firms have found the ability to build a lasting relationship with clients has been put under pressure. The implementation of virtual meetings has dampened the personal connection between client and adviser.

Use and efficiency of technology

There is a desire to overcome technological hurdles by improving the technology already implemented and introduce more streamlined processes. One specific area respondents focused on was the onboarding process. Advice firms have been challenged to facilitate a smooth remote onboarding process.

Employee recruitment and retention

Respondents described the difficulty in attracting high quality candidates for vacant roles. Furthermore, the training and development of current employees has posed a significant challenge.

> PII and Compliance Costs are now around 10% of turnover

> We are now paying £26,000 a year for PI cover and a further £12,500 a year for FCA fees, the vast proportion of which is the FSCS levy

> Finding time to market business and to take on new clients.

> Adopting more electronic ways of handling paperwork.

> Reigniting interest in people saving and preparing for retirement

> Recruitment of individuals who may not be comfortable in changing jobs due to the current economic conditions

7/ LASTING CHANGE DUE TO COVID-19

Survey respondents were asked an open question about the most significant lasting change from Covid-19. Four key themes were raised: working remotely; implementation and efficiency of technology; reduced face-to-face contact with clients, and challenges to the new business pipeline.

Remote working practices

Over the course of lockdown and office closures the confidence in remote working has grown. The processes put in place to support remote team working are here to stay.

Implementation and efficiency of technology

There has been a greater uptake in IT systems and tools, such as document sharing, online bookings, digital signatures and project management tools. For example virtual meetings are being used both internally and externally, which is likely to continue according to the respondents. Many firms have overcome technology issues and providers have had to upgrade their capabilities to facilitate paperless processing.

Less face to face meetings

Client meetings were conducted virtually in lockdown and many respondents expect to continue to make use of this format, with its associated benefits in increased efficiencies and reduced travel time and expense.

New business will be continually challenged

Many firms experienced a fall in their new business pipeline which will take time to return to pre-Covid levels.

> I can see us continuing to offer video calls to clients alongside face to face meetings.

> Greater efficiency in client meetings more online, with face to face reserved for 'staying connected and building relationships', rather than getting business done.

> Shown that home working is achievable and viable

> Working more efficiently through the greater use of integrating technology. The environmental benefit from not having to use the car so often by holding more client discussions at a distance.

> Expect staff will be more agile in the future

8/ CHARACTERISTICS BY FIRM SIZE AND TYPE

There are stark differences in the ways that firms are run, from the type of staff in the firm to the technology infrastructure supporting the business. In this section, we profile six types of firms to help financial planners to benchmark themselves against a similar profile of firm. The profiles are:

SOLE TRADER

1 employee

A sole trader is more likely to be 55+ years old

- Most have less than £50m in assets
- Almost two thirds have less than £20m
- Gross revenue in the most recent financial year was less than £250k for most sole traders (87%)

45% of sole traders are directly authorised and 55% are appointed reps

- Most (81%) spend less than £10k on technology
- Less likely to hold level 7 qualifications than average. Only 3% have above level 6

SMALL FIRM, DIRECTLY AUTHORISED

- 2-10 employees
- 44% of employees are RI's giving investment advice, 26% work in support and ops functions whilst 15% are paraplanners

- 95% are independent.
- More likely than average to say they have not recruited planners in the past 12 months (20% vs 28%)

- Mostly £20m to £250m in assets under advice (84%)
- Most had gross turnover of less than £750k in the last financial year. One fifth had gross turnover of less than £250k, around a third had gross turnover of £250k-£500k and 14% had gross turnover of £500k to £750k

- Less likely to offer advice on protection and mortgages than advisers at bigger firms

- Vast majority (97%) don't have discretionary permissions

- 50% spend between £0 and £10k on technology for the business and 24% spent £10k - £25k

SMALL FIRM, APPOINTED REPRESENTATIVE

- 2-10 employees
- 49% of employees are RI's giving investment advice, 32% work in support and ops functions whilst 20% are paraplanners

- 77% of firms are Independent
- SJP, Tenet and Best Practice are most cited as firm Principal
- More likely to say they have not recruited planners in the past 12 months (20% vs 28%)

- Mostly £20m to £250m in assets under advice (80%), 13% have less than £20m in assets.
- Most had gross turnover of less than £750k in the last financial year. Around one quarter had gross turnover of less than £250k, around a quarter had gross turnover of £250k-£500k

- 77% spend less than £10k on technology and 15% spent £10k - £25k last fiscal year

- Less likely to offer advice on mortgages than planners at larger firms

- Vast majority don't have discretionary permissions, although more likely to have these than directly authorised counterparts
- Slightly more likely to outsource to a discretionary manager than directly authorised small firms (47% vs 40%)
- Almost half as likely to build own portfolios than a directly authorised firm (30% vs 63%)

MEDIUM FIRM, INDEPENDENT AND DIRECTLY AUTHORISED

- 11-20 employees
- Around one fifth of staff in these mid-size firms working as paraplanners. They also employ more people in client services roles. Only one third of employees in these firms are client facing RIs offering advice
- The firms are also more likely to say that they have recruited planners in the past year. 40% have recruited in the past year compared with 28% average

- Almost four fifths of these firms have between £100m and £999m in AUA (76%)
- Most (52%) had gross turnover in the most recent financial year of between £1m and £2m. A further fifth (22%) have gross turnover of £500k to £1m

- Most (64%) spend between £10k and £50k on technology

LARGE FIRM WITH DISCRETIONARY PERMISSIONS

- More than 20 employees
- Around one quarter (24%) of employees in these firms are client facing RIs offering advice
- The firms are also more likely to say that they have recruited planners in the past year. 61% have recruited in the past year compared with 28% average

- 56% of firms are restricted as compared with 13% on average
- More likely than average to have a level 7 qualification (22% vs 16%)

- Around three quarters of these firms have over £250m in AUA (72%)
- Most (61%) had gross turnover in the most recent financial year of more than £2m. 15% have gross turnover of between £1m - £2m

- More likely to build their own portfolios than average (73% vs 54%)
- Less likely to buy in template models than average (<1% vs 13%)

LARGE FIRM WITHOUT DISCRETIONARY PERMISSIONS

- More than 20 employees
- One third of employees in these firms are client facing RIs offering advice
- The firms are also more likely to say that they have recruited advisers in the past year. 61% have recruited in the past year compared with 28% average

- 86% of firms are Independent

- Just over two thirds of these firms have over £250m in AUA (66%)
- 61% had gross turnover in the most recent financial year of more than £2m. 17% have gross turnover of between £1m - £2m

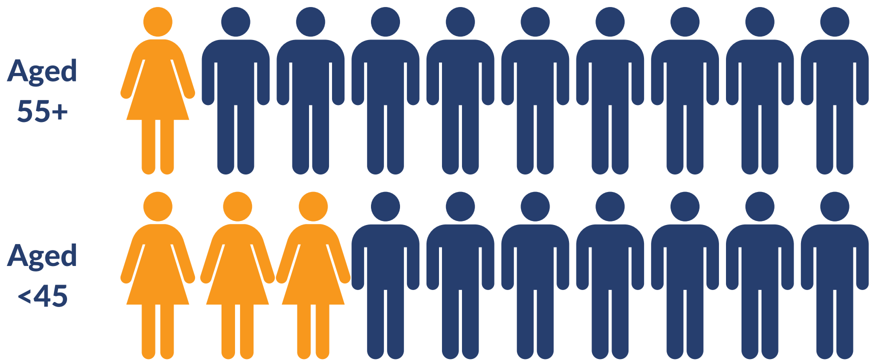
- 17% spent more than £100k on technology solutions in last year, more than average

- More likely to outsource to a discretionary manager than average (50% vs 42%)
- More likely to buy in template models than average (20% vs 13%)

RESPONDENT PROFILE

Profile of planners

The changing face of financial advice



Diversity improving with more younger female financial advisers

Only 18% of financial planners are female but demographics are changing. Younger planners are more likely to be female. Among the under 44s, 28% are female. Contrast that to the over 55s where only 10% are female. This demonstrates that progress is being made toward diversity, though more needs to be done.

87%
of firms are independent

Large firms are more likely to have discretionary permissions

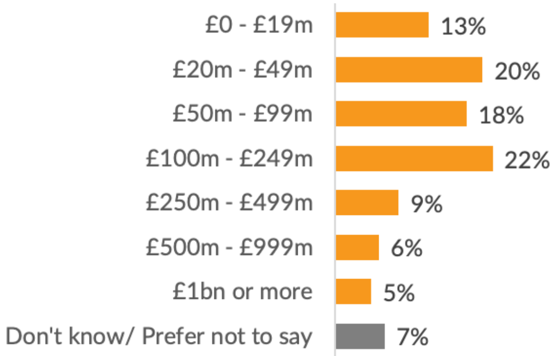
The share of firms with discretionary permissions remained unchanged year on year. As with last year, we found that larger firms are more likely to have discretionary permissions. While 6% of firms with 5 or fewer staff have discretionary permissions, this compares to 29% of firms with more than 20 employees.

16%
hold discretionary permissions

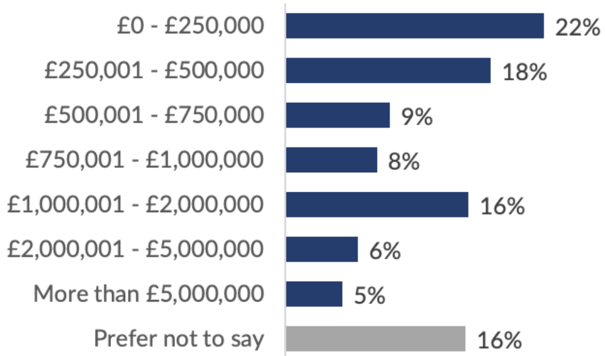
RESPONDENT PROFILE

Profile of firms

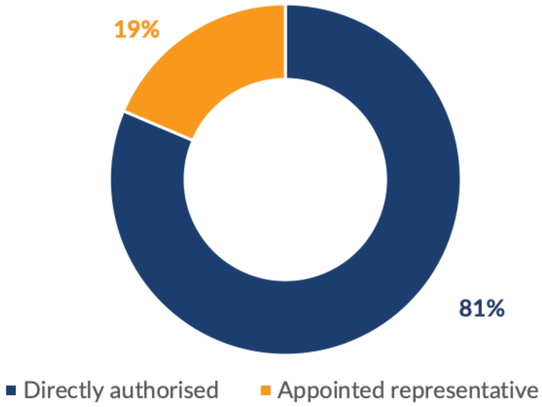
FIRMS ASSETS UNDER ADVICE



GROSS REVENUE IN THE PAST YEAR

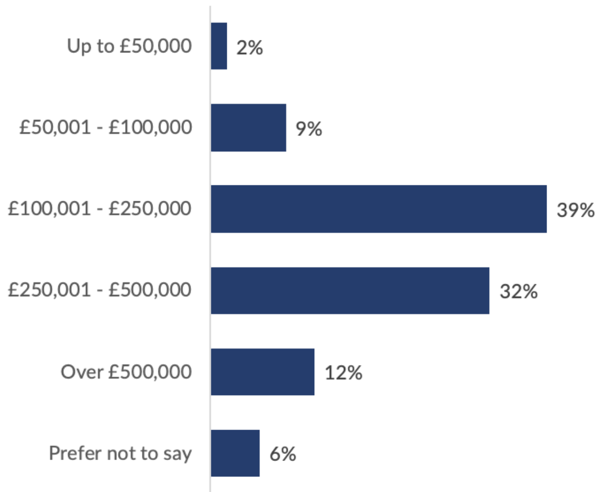


DIRECTLY AUTHORISED BY THE FCA OR APPOINTED REPRESENTATIVE



While there has been a lot of PR from networks in the past few months about the rising number of firms that have opted to become appointed representatives, there is no evidence in the data of such a shift. Four in five respondents say they work in firms that are directly authorised, one percentage point higher than last year.

AVERAGE PORTFOLIO SIZE FOR CLIENTS



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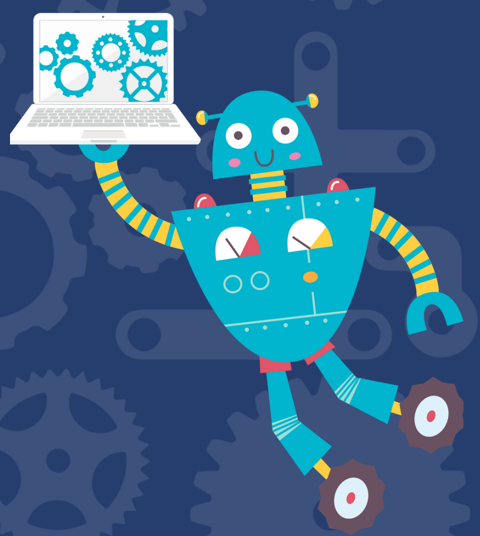

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