

MPS revisited – IFA Magazine

Despite the various lockdowns, it is amazing to me that a whole year has passed since my first MPS report.

That project mushroomed up from an initial request from one of my client IFA firms to undertake due diligence because they wanted to use OMW Wealth Select. So just a bit of whole of market due diligence. Three months later, I had a document running to 160 pages involving more than 60 MPS fund managers.

So, the time has come to revisit the MPS space. So, I am looking for updated information from all those providers plus a couple more that have expressed interest in being included. I have been pleased with the response from the fund managers and have been greeted by many friends.

My own experience over the year is that my report was used by my client firms to look at a wider range of fund managers. This has seen them straying away from the “safe” well-known names to use more specialist fund managers in line with their own investment beliefs and ethics.

My report last year involved consideration of MiFID and PROD rules. The use of Centralised Investment and Retirement Propositions.

There was an outline of agents as clients and reliance on others. When I raised this issue, I was blissfully unaware of how emotive this issue is for fund managers and platforms.

Then the report covered VAT and MPS. Tatton Investment Managers has just made an announcement that it had agreed that MPS should be exempt from VAT. This revolved around MPS was considered as a service (Subject to VAT) or a product (exempt). I was advised that Standard Life and Sparrows Capital and Cazenove had never charged VAT. On looking at the press over the year, other fund managers have followed suit. The exemption from VAT enables the fund manager to work at a lower charging base.

The report also included a brief discussion of Environmental, Social and Governance (ESG) based investments. Most fund managers have been keen to give evidence of their credentials in this respect. IFA Magazine has asked me to produce a detailed report on ESG investment and I have started the research already. This has already proved to be fascinating as the first conclusion I have drawn is how little I know about ESG Investment and the relationship with the more traditional Socially Responsible Investments (SRI) I have already found that ESG is a process rather than a fund. It is a whole culture of how a firm invests and therefore the range of funds should not be labelled ESG because the understanding should be that the investment house uses ESG principles through the investment process and therefore their suite of funds is ESG based. Any help that anyone is willing to give in my research would be gratefully received.

The MPS report also covered which platforms accommodate which fund managers. I have done several editions of my platform research and have just completed the most recent one in May. This report covers most of the platforms in the intermediary market. I included some smaller platforms that were not in previous editions to make the research more complete. Anybody who would like a copy of this report should contact me.

I did a comparison of the charging structures of the MPS families. This table brought the most feedback from fund managers making sure that my figures were accurate.

Then I had some comparisons run through Defaqto and Synaptic which provided some interesting figures relating to service.

The main body of the report was the individual pages for each fund manager. Mostly these were provided by the fund managers themselves and were an opportunity to from to show why advisers should use their services. It took a while for some of the managers to realise that I was not going to edit their submissions except occasionally to make them fit onto pages and look nice. Having said that many of the fund managers provided wonderful pieces of work with interesting graphics as well as detail about their investment strategies.

The report was rounded off by a glossary of terms.

There you have it, 158 pages of MPS porn. The report is still available should anybody wish to see it. Please contact me.

So, like the Forth Road Bridge, I now restart my research.