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A Quick Introduction...



- The market context
- The heart of the matter
- Cofunds, PFPAA and you

Merton's Law - Unintended Consequences



Sir Callum McCarthy , Former Chairman Financial Services Authority

- Sir Callum's vision for Financial Services:
- A shift away from product and provider bias
 - An incentivised and regulated distribution system
 - Coupled with boosting financial awareness in consumers

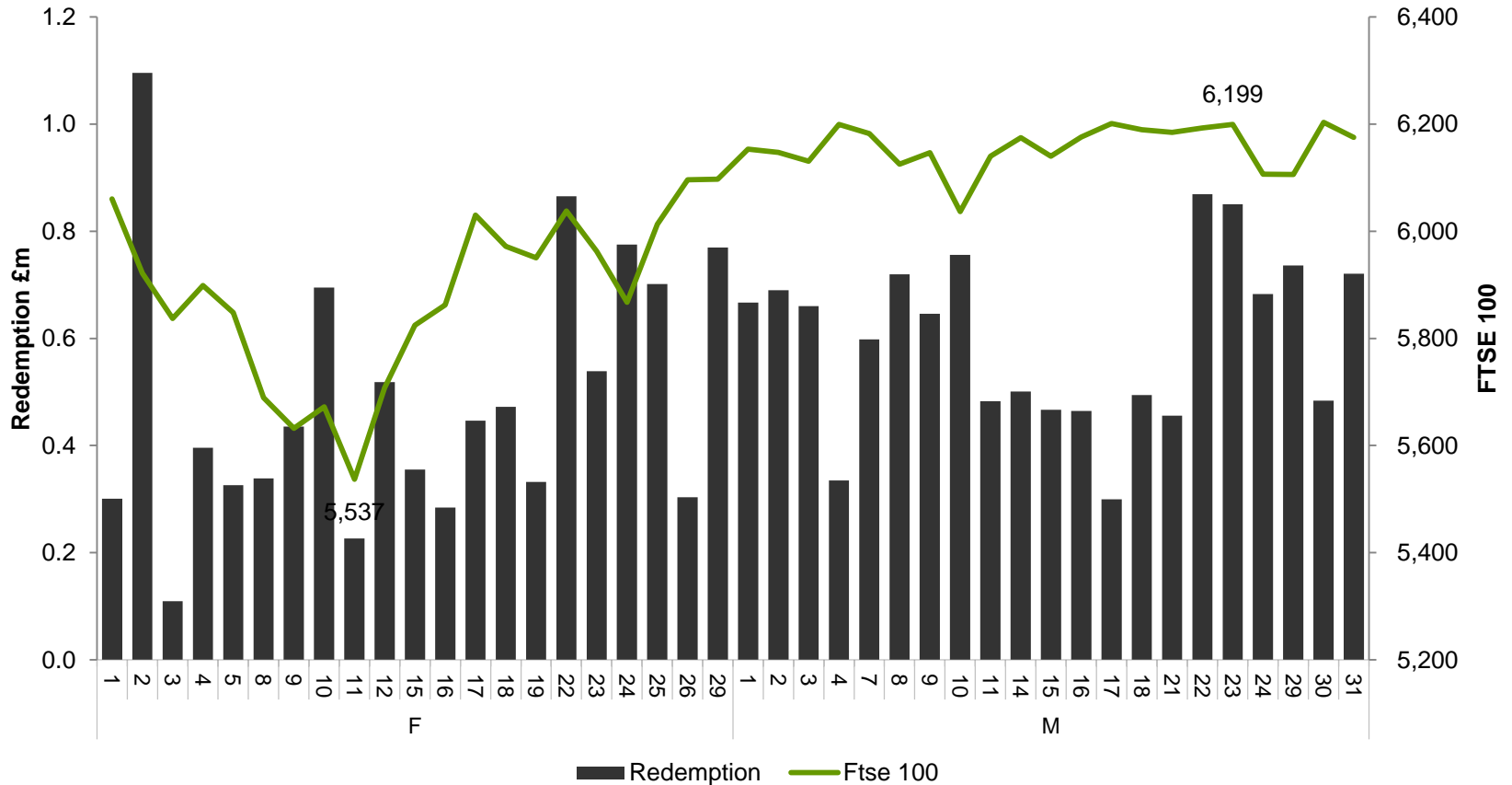
Questions...

Do we have a better informed and educated consumer?

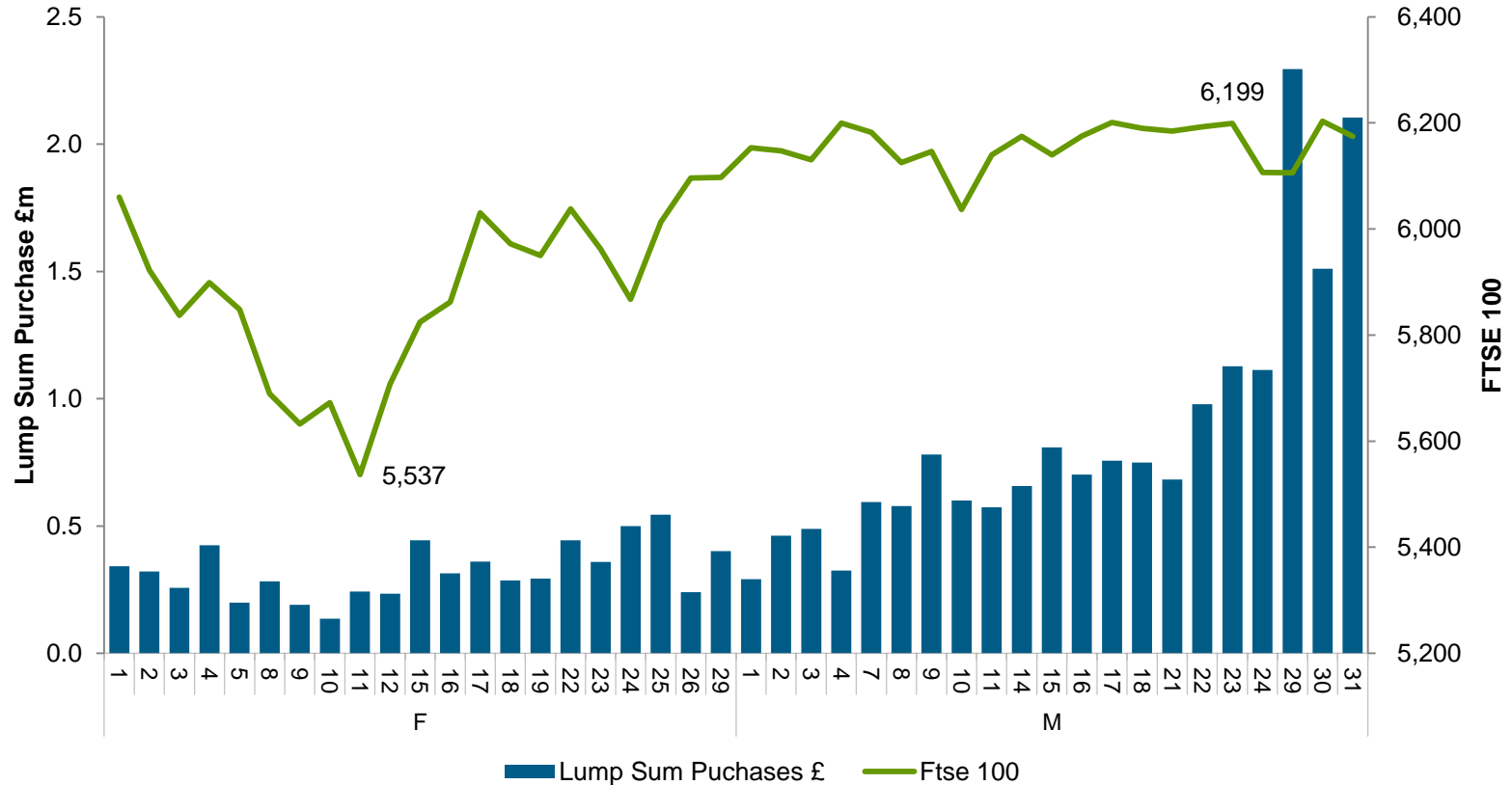
Are we facing the unintended consequences of this vision?



Execution Only Redemption vs FTSE 100



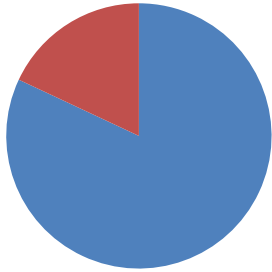
Execution Only Purchases vs FTSE 100



A Perfect Storm

23% reduction in number of Advisers from 2011 to Oct 2014.

Source: FCA 16/12/14



Up to 5.5 million customers will stop taking financial advice, or be unable to access it.

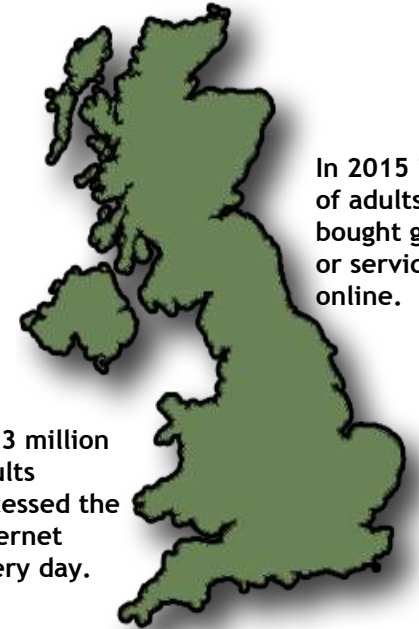
Source: Deloitte "Bridging the advice gap 2012"



"Britain has £9 trillion retirement saving gap"



Blue ocean strategy is the simultaneous pursuit of differentiation and low cost to open up a new market space and create new demand.



In 2015 76% of adults bought goods or services online.

39.3 million adults accessed the internet every day.

Source: 2015 Internet Stats ONS

Some Interesting Developments

Consumers are notoriously reluctant to engage with their financial circumstances and plan long term. This is made even more difficult by the advice gap that has clearly emerged.

Massive importance of *behavioural science* in understanding and encouraging investors

Changes in regulatory approach to encourage innovation

However massive resources and efforts are being focused on this area...
Over **200 US firms** currently operate in this market

Who drives?
Technology vs FS firms and the importance of integration

Why Cofunds?

We are a Major Platform



What we provide

We provide the **technology, tools** and **services** to help advisers manage their clients' investments in one place - efficiently, securely and online

Market share

We're the **largest UK platform** by assets under administration and sales

Assets

As at December 2015, we administered over **£76.9bn** in assets and supported approximately **800,000** investors

Parent company

We're wholly owned by **FTSE 100 company**, Legal & General

Fund range

Financial advisers, intermediaries and their clients have access to over **3,300** funds from more than **200** fund managers through the Cofunds platform

Proven Capability



Largest platform in the UK with a 19% share of the total platform market

Cofunds has led the platform market in gross flows for the last 7 years

Since 2011 our assets have doubled in size and now stand at over £76.9bn

In Q4/15 we wrote approximately £1.7bn more gross sales than our closest competitor

2015 - we wrote £4.1bn from intermediaries in new business. A third of which was from brand new investor clients introduced to the platform for the first time by advisers

5,500 advisers traded with us in 2015, and we processed 1.5m client instructions in 2015

We experienced a huge lift in pension sales.
Flows onto Cofunds Pension Account in 2015 up 34% compared to 2014

Rated 3 stars by Defaqto for Cofunds Platform - Advised Segment

Source Cofunds /
Fundscape Q4 2015

Serving the Mass Market on an Industrial Scale



Diverse
client
range

Assets
held &
processed
safely

- Around 800,000 investors
- 8,000+ active advisers
- 27 Execution Only firms
- 24 Wealth Managers
- 7 Banks / Building Socs / Life Cos
- 3 Platforms / Custodians

- AUA over £76.9bn
- Premier platform rating : AKG B+
- Instruments traded 4,500
- New business apps 25,000 pcm
- Client instructions 94,000 pcm
- Largest in the UK / 4th largest in Europe

Market leading error rate 0.2%

Why Cofunds

- Robust
- Scaleable
- Strong integration
- Strong & simple user journey

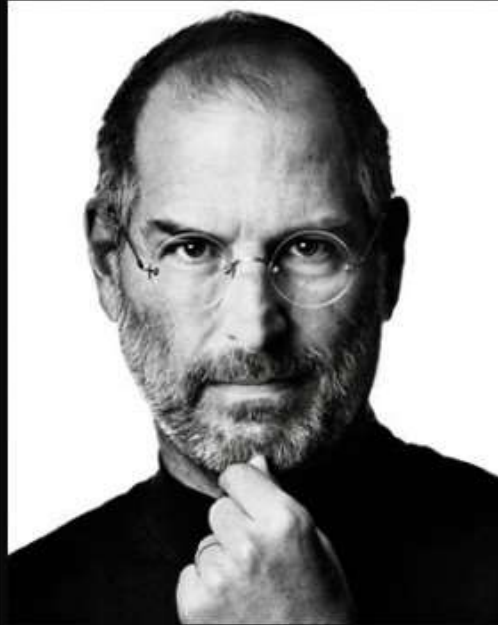
It's your proposition

- ..but we're invested
- Financially
- Emotionally - strong sales, marketing, integration and set up support

Focus on

- Choice
- Opportunity

Alignment - we're all working towards the same thing



You've got to start with the customer experience and work back toward the technology - not the other way around.

(Steve Jobs)

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