

ISSUED 19 December 2025



PLATFORM SECTOR
M&G Wealth Platform

FINANCIAL STRENGTH ASSESSMENT

Analysis by **AKG Financial Analytics Ltd**
Accessible • Comparative • Independent



AKG



ABOUT THIS FINANCIAL STRENGTH ASSESSMENT

This AKG report and the analysis and ratings contained within it provide assessment of financial strength and associated considerations. Financial Strength is focused on the ability of a company to deliver ongoing operational capability in the interest of its customers and in line with their fairly held expectations. AKG's perspective in the assessment of financial strength is wholly that of a customer of a product or service. From that foundation, this analysis is specifically designed to inform financial advisers and assist in their required understanding of a company's operational financial strength.

Given the underlying customer perspective, the financial strength of companies needs to be focused at an operational level, specifically on the company that is effecting the product or service that a customer is selecting. This is important, because from the customer's perspective it is that company that needs to survive in a form that maintains the requisite operational characteristics to meet their fairly held requirements. And it is thus at this level that the selection needs of the customers' advisers must be met. This contrasts to credit rating, which will be undertaken at group or parent company level where investment or debt placement etc. is made.

Further details on how analysis is undertaken is provided at the end of this report and may also be obtained from AKG.



TABLE OF CONTENTS

Rating & Assessment Commentary	3
Ratings.....	3
Summary.....	3
Commentary.....	4
Group & Parental Context	7
Background.....	7
Group Structure (simplified).....	8
Company Analysis: Investment Funds Direct Ltd	9
Basic Information.....	9
Operations.....	10
Strategy.....	12
Key Company Financial Data.....	14
Guide	16
Introduction.....	16
Rating Definitions.....	16
About AKG.....	18



CONTACT INFORMATION

AKG Financial Analytics Ltd, Anderton House, 92 South Street, Dorking, Surrey, RH4 2EW
Tel: +44 (0) 1306 876439 Email: akg@akg.co.uk Web: www.akg.co.uk

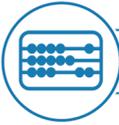
Rating & Assessment Commentary

Rating & Assessment Commentary

Group & Parental Context

Company Analysis

Guide



RATINGS

Overall Financial Strength

AKG B
FINANCIAL STRENGTH RATED
PLATFORM SECTOR **STRONG**
INVESTMENT FUNDS DIRECT LTD

Supporting Ratings

	Service	Image & Strategy	Business Performance
Investment Funds Direct Ltd	★★★★	★★★	★★★



SUMMARY

- Investment Funds Direct Ltd (IFDL) provides the M&G Wealth Platform and is owned by M&G plc (M&G, the group), which counts the market leading PruFund with profits investment proposition within its stable
- The platform had assets under administration (AuA) of £16.5bn as at 28 February 2025, with the wider group assets under management and administration (AuMA) totalling £355bn as at 30 June 2025
- The platform had been an important element of the M&G Wealth segment and a route to products in the other group segments including access to the PruFund range
- However, M&G concluded in 2024 that the platform would need significant further investment to improve its competitive position and so a decision to pursue an exit from the platform market was taken
- This was part of a wider restructuring, with M&G's Wealth and Life businesses brought together under the leadership of Clive Bolton into a single Life segment in 2024
- A sale of the M&G Wealth Platform has not yet proved successful, and whilst M&G continues to consider its exit options longer term, it has confirmed that there are no current plans to wind down the platform
- 2024 saw resilient platform gross inflows of £1.7bn [2023: £1.4bn] but net outflows of £1.0bn [2023: £0.5bn] in a challenging environment
- Through a combination of increasing revenue and reducing costs, IFDL's adjusted operating loss improved year on year to £6.6m in 2024 [2023: £20.9m]
- New provisions raised for customer compensation relating to historical non standard assets (NSAs) totalled £21.4m, and the operating loss was £28.1m [2023: £37.1m]
- Measured on a standalone basis for regulatory purposes under the Investment Firm Prudential Regime (IFPR), IFDL maintained a strong level of capital surplus throughout 2024, with CRR coverage of 615% at year end against a significantly reduced capital requirement
- Notwithstanding the platform's mutable strategic position within the group, M&G remains a financially strong parent; as at 30 June 2025, M&G's shareholder Solvency II coverage ratio had increased to 230% with a £4.7bn surplus [31 December 2024: 223%]



COMMENTARY

Financial Strength Ratings

M&G is listed on the UK Stock Exchange and is a FTSE 100 savings and investments business, serving over 4.5m retail customers and providing investment solutions to more than 900 institutional clients, with a current market cap of around £6bn. The group operates internationally through 39 offices and distributes its products across 26 markets. As at 30 June 2025, the group's AuMA were £355bn [30 June 2024: £346bn].

The group has continued to evolve its management and reporting structure, and revised its segments during 2024, simplifying its model by bringing Wealth and Life together into a single Life segment.

At the year end 2024, on a Shareholder Solvency II view basis, M&G plc had surplus Own Funds of £4.7bn [2023: £4.5bn] and a coverage ratio of 223% [203%]. Own Funds reduced from £8.9bn to £8.5bn, with total own funds generation of £0.5bn offset by dividends and capital movements totalling £0.9bn. The SCR reduced from £4.4bn to £3.8bn, the largest elements of the reduction being market movements decreasing the SCR by £0.2bn and changes to the prospective modelling of the with profits fund which decreased the SCR by £0.2bn. The group Shareholder coverage ratio increased further to 230% as at 30 June 2025.

The regulatory Solvency II coverage ratio for the group, which combines the shareholder position and the With-Profits Fund but excludes all surplus within the With-Profits Fund, was 168% as at year end 2024 [2023: 167%] and increased to 170% as at 30 June 2025.

In September 2024, M&G announced an upgrade to its three year cumulative operating capital generation target for 2022-2024, to £2.7bn, and consequently generated £2.75bn over the period. It also completed deleveraging actions to reduce its debt by £461m which resulted in a lower Solvency II leverage ratio of 33%. A new target of £2.7bn has been set for cumulative operating capital generation over the three years 2025-2027 (excluding the new business strain of the Life business that it expects given strategic plans over this period).

Investment Funds Direct Ltd

The M&G Wealth Platform had largely been contributing towards growing value within the M&G group, with the platform proposition underlying improvements in customer experience and outcomes, strengthening resilience and supporting scalable growth within the M&G infrastructure. The business spent £16.2m in 2024 on the continuing development of the platform business.

IFDL has received significant capital support in the past from M&G via its immediate parent Investment Funds Direct Group Ltd (IFDGL). IFDGL does not consolidate IFDL within its accounts but holds the shares as an investment asset; the value of this asset decreased from £109.7m to £66.7m during 2024, an impairment of £40.3m [2023: impairment £26.3m], reflecting the ongoing losses generated by IFDL. In its full year results for 2024, M&G included a £25m impairment of goodwill in relation to the M&G Wealth Platform business, related to the revised strategy for the platform at that time.

IFDL held increased cash of £87.3m as at 31 December 2024 [2023: £73.7m] and its CRR coverage ratio in isolation was 615% under IFPR [2023: 409%]. The capital requirement is calculated on a Fixed Overhead Requirement (FOR) basis and reduced from £19m to £9m, reflecting the significant reduction in underlying core costs achieved in the year. Internally the business has additional buffers defined that form part of the company's capital management and risk appetite approach, and also applied a liquid assets assessment, with coverage remaining good on both these measures.

IFDL has built a good presence in the market and has made positive use of the wider capabilities of the M&G group, for instance in respect of sustainable asset management solutions. PruFund was made available on the platform and this was considered by the business to be a differentiator, although the revised strategy has seen PruFund and other solutions distributed more widely through M&G's own restricted advice channel and independent advisers, and more accessible on third party platforms.

The M&G Wealth platform had become deeply integrated into the group in terms of distribution, marketing and proposition, and the potential for significant exit challenges no doubt has been part of the evolving strategy considerations.

The platform's position in the group remains somewhat uncertain, but support from M&G Group remains essential in any scenario, and a letter of support remains in place from M&G Group Regulated Entity Holding Company Ltd, committing to continue to support of IFDL as required for at least a year from the date of approval of the 31 December 2024 financial statements. M&G has considerable financial capacity to support the platform if it is required to during the next period of its evolution.

Service Rating

The M&G Wealth Platform aims to maintain an ongoing relationship with each adviser firm and its employees, with Service Level Agreements in place. It aims to have long term relationships with these clients, with a planning process that includes working with advisers to meet their objectives. A culture of continuous improvement and service excellence is embedded within the business, and the platform has previously acknowledged that to be successful for 'holistic financial advisers' it needs to demonstrate a significant level of operational accuracy.

There has been a program of improvements ongoing and this was set to continue for several years, with improvements focused on enhancing customer outcomes and service experience, mainly by digitising key processes and optimising systems. These in turn were to support the ambition for scalable growth of the platform, delivering an ongoing and increased contribution to group activity. However, the revised group strategy for the platform has seen this work dialled back as the platform focuses on maintaining 'business as usual'. M&G Wealth Platform achieved 2 stars in the Financial Adviser Service Awards 2025, down from 3 stars in 2024.

IFDL has continued to develop its digital hub which will allow the platform to plug into any adviser back-office software system, meaning paraplanners will be able set up new business, conduct fund switches and other platform tasks directly through Iress, Intelliflo or other back-office software being used by the adviser firm. The platform continues to provide a solid back-office integration experience with firms able to take data feeds for their customer portals directly from M&G Wealth Platform without the need for any additional file uploading.

Image & Strategy Rating

The future of the M&G Wealth Platform has been uncertain. The platform had been an element of the wider value chain within M&G plc, providing support to the spectrum of multi channel advice through the same underlying technology and familiar client experience. A sale of the M&G Wealth Platform has not yet proved successful, and whilst M&G continues to consider its exit options longer term, it has confirmed that there are no current plans to wind down the platform.

As part of transforming the business following a strategic review, M&G decided that Wealth should be more closely aligned to its Life business and simplified its operating model by bringing together Wealth and Life under the leadership of Clive Bolton, allowing it to concentrate its resources, complementing PruFund with life insurance solutions, reducing duplication and improving operational efficiency. Underpinning these decisions was an ongoing drive to deliver improved client outcomes. Life is well placed for future growth in its chosen segments, based on its financial strength, its brand and its diversified and balanced distribution model. The repositioned Life business aims to accelerate its current positive momentum and position the with profits fund to be the primary writer of new business beyond PruFund. Future focus will be on continuing to grow the distribution of its own solutions through its restricted advice channel and independent advisers, and making its propositions more accessible on third party platforms.

M&G has stated that it remains committed to the UK retail market and refined its three strategic pillars in 2024 as:

- Maintain the group's financial strength
- Build on the progress already achieved in simplifying the business
- Deliver profitable growth in the UK and internationally.

M&G's strategy has been to create a business of presence in the market with the capability to scale. Access to a version of the PruFund became available via the platform, and this was seen by M&G as a key differentiator, with M&G Wealth also providing model portfolios having acquired investment manager TCF Fund Managers LLP in 2022. Following the decision to pursue an exit from the platform market, activity became focused on maintaining and deepening existing strategic relationships, such as with Openwork, and with its own advice proposition, consisting of M&G Advice Partners (renamed from M&G Wealth Advice, formerly Prudential Financial Planning) plus acquisitions of The Advice Partnership (TAP), Sandringham Financial Partners and Continuum.

Business Performance Rating

IFDL's financial trend over past years has been dominated by the significant investment in technology designed to implement longer term profitability for the platform, with those costs covered by its parent at the time. The acquisition of IFDL brought to M&G plc broader coverage of the UK intermediary market and has accelerated the group's move into high value wealth management, albeit in an operating environment somewhat disrupted by wide ranging challenges during the period since acquisition.

Performance for IFDL in 2024 was impacted by ongoing challenges which saw net outflows of £1.0bn [2023: £0.5bn net outflows], although AuA overall increased to £16.6bn [2023: £16.2bn] driven by improved market performance. Turnover (largely platform charges) increased by 4% to £30.6m [2023: £29.4m] and administrative expenses were down by 10% to £62.6m. This resulted in an improved operating loss of £32.0m [2023: operating loss £40.0m]. The operating losses were slightly offset by higher interest income of £3.9m in 2024 [2023: £2.9m]. The resultant loss before tax for IFDL was £28.1m [2023: £37.1m] and was in line with M&G's expectations for the business.

Administrative expenses included one-off costs totalling £21.5m [2023: £16.2m]. These costs in 2024 related largely to a £21.4m increase in the provision for customer compensation relating to historical SIPP operator and platform due diligence issues in respect of NSAs. The 2023 comparative costs related to investment spend on the separation of the platform from its previous infrastructure and continued investment for growth, which reduced to nil in 2024. After these one-off restructuring and other costs, IFDL reported an adjusted operating loss of £6.6m in 2024 [2023: £20.9m].

M&G plc reported amongst its 2024 key performance measures:

- AuMA increased slightly to £345.9bn [2023: £343.5bn]
- Net outflows from open business of £1.9bn [2023: £1.7bn inflow]
- AOP before tax of £837m, up by 5% from £797m in 2023, driven by a strong Asset Management result, which was up by 19%
- Total capital generation of £1,108m, up significantly from £358m in 2023 due to positive market movements and the impact of removing the eligible own funds restriction in 2023
- Operating Change in Contractual Service Margin (CSM) of £294m [2023: £355m]
- IFRS loss after tax of £347m [2023: profit after tax (PAT) £309m]

Group & Parental Context



BACKGROUND

M&G plc is a FTSE 100 listed savings and investments group that was created through the separation of the former UK and European operations of Prudential plc. The company became independently listed in October 2019 and now serves 4.5m retail customers and providing investment solutions to more than 900 institutional clients. It retains a concentrated shareholder register, with several major global asset managers and sovereign wealth investors holding positions of more than three percent. As at March 2025, these included BlackRock (6.79%), Kingdom Holding Company (6.37%), Norges Bank (5.05%), Silchester International Investors LLP (5.05%) and Schroders plc (4.98%)

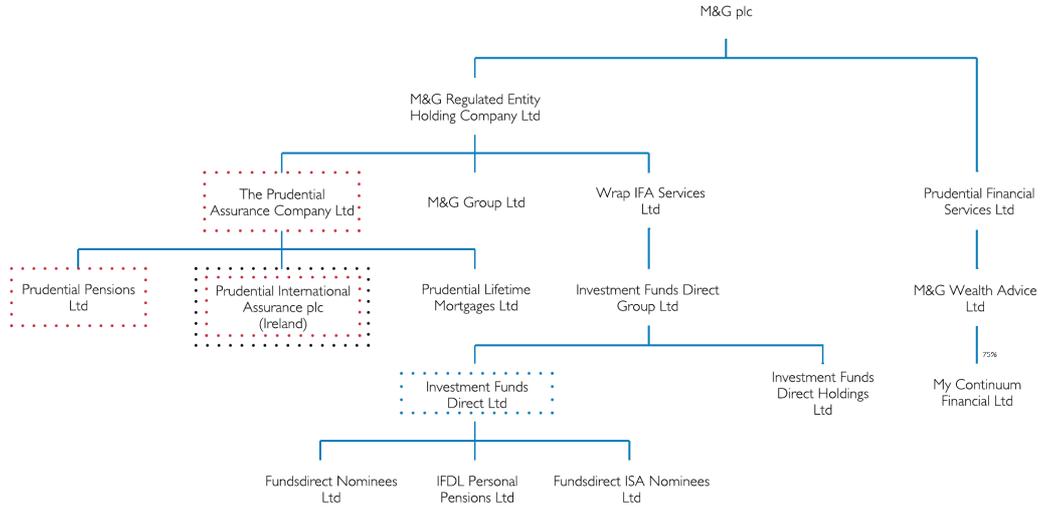
The group structure centres on two main subsidiaries. The Prudential Assurance Company Ltd is the life and savings entity, while M&G Group Ltd is the holding company for the asset management activities. Together they support a broad range of investment capabilities, an international distribution footprint, and a suite of customer brands that now includes Prudential, M&G Investments, M&G Real Estate, M&G Wealth and Infracapital. At June 2025 the group reported AuMA of £355bn.

The adviser platform business currently known as the M&G Wealth Platform was originally operated as Ascentric under Royal London before being acquired by M&G in 2020. It was brought into the newly created M&G Wealth division alongside the group's advice and direct funds activities, before being rebranded in 2022. A strategic review in 2023 concluded that the platform did not offer a strong enough competitive position without significant further investment. As a result, the group decided to withdraw from the adviser digital platform market and to refocus its Wealth strategy on distribution through its own channels and through third party platforms.

The operating model has continued to evolve under leadership changes since 2022 which included a new group chief executive and group chief financial officer. In 2024, the group was re-organised around two segments of Asset Management and Life (which combined the previous Wealth and Life segments) as part of the repositioning of the group's retail focused operations.



GROUP STRUCTURE (SIMPLIFIED)



Key:
 ••••• Subject of this Assessment
 ••••• Subject of another AKG Assessment
 ••••• Non UK

Company Analysis: Investment Funds Direct Ltd



BASIC INFORMATION

Ownership & Control

M&G plc

Year Established

1982

Country of Registration

UK

Head Office

10 Fenchurch Avenue, London EC3M 5AG

Contact

www.mandg.com/wealth/platform/contact

Key Personnel

Role	Name
Group Chair	E Braham
Group CEO	A Rossi
Group CFO	K McLeland
CEO, M&G Wealth and Life segments	C Bolton
CEO and Exec Director, IFDL	R G Denning
CFO and Exec Director, IFDL	T F Bischler
Sales Director	R Spella
Chief Risk & Compliance Officer	G Webb
Chief Information Officer	P Amass
Customer Service Director	H Curtis
Wealth Operations Manager	J Randall
MD - Digital Wealth	R DeBruyn

Company Background

IFDL is authorised and regulated by the FCA, with permissions to establish, operate, and wind up personal pension schemes, and to provide services to advised retail clients. IFDL was founded in 1982, and launched the first online fund supermarket in December 1999 under the trading name FundsDirect. In 2004, a number of IFAs and a management team collaborated to found an independent wrap platform. This new proposition acquired IFDL - from Egg plc - in 2005 and launched under the trading name Ascentric in 2006. In 2008, IFDL became a member of the London Stock Exchange.

In 2007, Royal London acquired 90% of Wrap IFA Services Ltd, of which IFDL was a subsidiary, acquiring the remaining 10% from management in 2014. In 2015 IFDL sold its direct to consumer service, FundsDirect, as it was considered not core to its ongoing business strategy.

Royal London appointed a new CEO in 2019 and a subsequent strategic review led to the sale of Wrap IFA Services Ltd and its subsidiaries to M&G plc, the sale completing on 1 September 2020.

Three wholly owned nominee companies provide trustee/nominee services - Fundsdirect Nominees Ltd and Fundsdirect ISA Nominees Ltd acts solely as the nominee company for the holding of client assets, and IFDL Personal Pension Ltd is the trustee responsible for the running of in-house SIPPs.

In 2024, M&G announced an aspiration to exit the advised platform market, which meant that IFDL, the provider of the M&G Wealth Platform, might be sold or wound down in due course, albeit current strategy sees it continuing under a revised BPO strategy.



OPERATIONS

Governance System and Structure

There has been a strong governance culture since establishment of Ascentric/IFDL. This has been refined and broadened out with specific input from M&G group in recent years, and governance has enhanced visibility throughout the operation. IFDL has a governance structure which supports its status as a solo regulated entity, comprising first line and second line forums, with further reporting to group where required.

The IFDL Board has responsibility for the overall strategy and risk governance and management of IFDL; the Board is made up of a mix of Executive and Non-Executive Directors and is responsible for reviewing the manner in which IFDL implements and monitors the adequacy of the Risk Management Framework (RMF). An IFDL Governance Framework is in place to oversee all key activities, and supports the IFDL Platform Management & Risk Committee (PMRC) and the IFDL Board. The PMRC was previously delivered as two separate committees but these were combined in 2024 and the PMRC aligned to the quarterly IFDL Board meeting cycle. The following committees support the PMRC:

- Customer (combining the previous Operations and 3rd Party Oversight committees)
- Finance & Regulatory (combining the previous Finance, Capital & Liquidity Committee with Regulatory Committee)
- Change & IT (previously Change Steering)
- Propositions Steering

The Investment Firm Prudential Regime replaced IFPRU on 1 January 2022 when all MiFID investment firms authorised and regulated by the FCA were required to be compliant with the underlying rules detailed in the new FCA Handbook section, MIFIDPRU.

As a regulated entity, IFDL is obliged to hold capital on a standalone basis from the rest of the M&G group. Under MIFIDPRU rules, the Overall Financial Adequacy Rule states that IFDL must at all times hold own funds and liquid assets which are adequate to maintain the business throughout the economic cycle. IFDL carries out an ICARA process and document the results in order to identify and manage potential material harms that may arise from the operation of their business, and to ensure that the operation can be wound down in an orderly manner. The ICARA is undertaken in accordance with MIFIDPRU rules and used to assess own funds requirement, concentration risk and liquidity and to ensure that IFDL holds own funds and liquid assets that are adequate for the business undertaken. Actions arising from a 2022 supervisory review (SREP) visit were addressed and closed with the FCA.

Consumer Duty is seen as a key area for the business as it continues to focus on the creation of value for the customer. The board held a number of discussions during the year to consider and approve a plan to implement the Consumer Duty throughout the business, and the Life and Wealth businesses had a suite of customer outcome management information in place to support the implementation. The platform is committed to maintaining a customer-centric culture and embedding client focussed outcomes within its objectives, and provides a Consumer Duty Hub via its website with access to value assessments, target market documents and other key information about its products, providing advisers with information to assess overall value to combine with the service they provide to clients.

Risk Management

The IFDL Board of Directors has responsibility for the overall strategy and risk governance and management of IFDL, with ultimate responsibility for defining the IFDL risk appetite, benchmarks, tolerances and controls. Systems of internal control are designed to ensure effective operations, including financial reporting, and compliance with laws and regulations. The IFDL Board consider IFDL's Risk Management Framework (RMF) to be appropriate for a solo-regulated entity and appropriately aligned to the overarching M&G RMF.

The risk management structure is based on the 'three lines of defence' model. Primary responsibility for risk management lies within the first line of the business and specialist operational process functions. There are a number of first line governance committees which support the three lines of defence model; all of which meet at least monthly.

The first line business areas identify and manage risks in accordance with agreed risk appetites, and are overseen by the second line Risk Management and Compliance functions. The second line is structurally independent of the first line, providing risk oversight, advice and challenge; IFDL has dedicated staff in relation to each function, with further support provided by specialist second line functions from within the M&G group.

The third line of defence is the group Internal Audit department, which provides independent assurance on the adequacy and effectiveness of IFDL's risk management and major business process control arrangements.

A Risk & Control Self-Assessment (RCSA) reorganisation project was completed in Q1 2024, ensuring a risk aligned reporting structure was in place. The first attestation under this was completed in Q2 2024, with all controls within IFDL assessed as part of the return. A number of actions were subsequently engaged to address findings. IFDL undertakes an annual Key Control Assessment programme.

Administration

Administration currently remains principally structured into four teams, geographically and for white labelled relationships. Advisers have a dedicated Business Development Manager with consultants to support on-boarding, functionality updates and training. Regionally aligned Customer Service Consultants provide support with day-to-day queries as well as managing the pipeline of new applications. Technical experts are available to support specialist queries i.e. pension/SIPP related.

The M&G Wealth Platform is a member of the London Stock Exchange and has its own in-house stockbroking desk. This does differentiate it from many other platforms, as it is not limited to placing bulk trades once a day but can deal in real time throughout the trading day, giving more control over exactly when it buys and sells and so generating savings for clients. Wholly owned nominee companies provide trustee/nominee services.

The business has continued to invest in infrastructure, to optimise systems and processes to ensure excellent, resilient service. These include:

- IT infrastructure - investment in servers that give much increased computing power, with the ability to handle more than double the number of clients and volume of assets it currently has. These systems also have a much higher level of information security in its data centres, and the new IT systems will allow faster, regular improvements to be delivered to customers
- Cloud-based telephony system - a telephony system from Avaya has led to much improved call answering rates and call abandon rates, and the system delivers management information about call activity and makes it much easier to pass on enquiries and requests, by allowing agents to see instantly if the relevant colleague is available
- Cloud-based Customer Relationship Management (CRM) tool - the Avaya system has combined with Salesforce CRM Cloud, which will allow the platform operations team to maintain an audit trail of every client interaction, enabling agents to be much better informed about their clients when they get in touch
- Online business processing - the business continues to invest in the digitisation of key processes, including the introduction of DocuSign e-signature software and drip feed drawdown as part of its retirement proposition

The platform interface allows it to plug into any adviser back-office software system, so paraplanners are able set up new business, conduct fund switches and other platform tasks directly through all major financial planning and wealth management technology systems including Iress, Intelliflo, Time4Advice and Salesforce. Firms will be able to take data feeds for their customer portals directly from M&G Wealth Platform without the need for any additional file uploading.

Benchmarks

The M&G Wealth Platform is a Defaqto 5 Star Adviser Platform in 2024 and also received a Defaqto Silver Service Rating. The platform achieved a 2* award in the Financial Adviser Service Awards (FASA) 2025, down from 3* in 2024, and had been 5* in 2022. M&G plc was Company of Year at FASA 2022.

At the Professional Paraplanner Awards 2022, M&G Wealth's Technical team were awarded 'Best Technical Support' for the sixth year running.

Outsourcing

Back office technology and administration is outsourced to Bravura's Sonata solution, this being the focus of the re-platforming by Royal London between 2013-2019.

Access to other services on an outsourced basis includes access to the Fund Research Centre, Portfolio X-Ray and total cost of Wrap tools (all powered by Funds Library) and integration with FE Analytics to enable portfolio analysis. FinoComp (now part of Bravura) is also used.



STRATEGY

Market Positioning

The M&G Wealth Platform continues to be focused on the needs of small and medium sized adviser firms and wealth management businesses, and it currently contracts with around 1,800 adviser firms representing 100,000 private investors. M&G Wealth Platform is built to support the whole client proposition, from pre-retirement to post-retirement with an intergenerational wealth solution in its family linking service.

As well as the standard M&G Wealth Platform, intermediary distributors and product providers can choose a branded version or a full white label offering. White label business is significant, with AuA of £4.0bn as at 31 December 2024 (around 25% of total IFDL AuA).

Work has been undertaken to improve coverage and alignment to 'holistic' financial adviser firms - a growing segment of intermediaries focusing on financial / tax planning for HNW customers rather than solely investment advice.

As part of transforming the business following a strategic review, M&G decided that Wealth should be more closely aligned to its Life business and simplified its operating model by bringing together Wealth and Life under the leadership of Clive Bolton, allowing it to concentrate its resources, complementing PruFund with life insurance solutions, reducing duplication and improving operational efficiency. Underpinning these decisions was an ongoing drive to deliver improved client outcomes. Life is well placed for future growth in its chosen segments, based on its financial strength, its brand and its diversified and balanced distribution model. The repositioned Life business aims to accelerate its current positive momentum and position the with profits fund to be the primary writer of new business beyond PruFund. Future focus will be on continuing to grow the distribution of its own solutions through its restricted advice channel and independent advisers, and making its propositions more accessible on third party platforms.

The M&G Wealth Platform has been an integral element of M&G's value chain, providing support to the spectrum of multi channel advice through the same underlying technology and familiar client experience. Alongside the platform proposition in the Life segment sits the Advice proposition, consisting of M&G Wealth Advice (previously Prudential Financial Planning) plus acquisitions of The Advice Partnership, Sandringham Financial Partners and Continuum. In support of its wider strategy in respect of advice, M&G Wealth launched its Wealth Advice Academy to train new advisers, and M&G also has an IFA buyout scheme.

M&G hoped to create a business of presence in the market with the capability to scale. Access to a version of the PruFund was made available via the platform, seen by M&G as a key differentiator, and M&G Wealth also provides model portfolios having acquired investment manager TCF Fund Managers LLP in 2022.

However, following the decision to pursue an exit from the platform market, the group has dialled down any plans to develop or extend the platform significantly. Instead, current and immediate activity is focused on maintaining and deepening existing strategic relationships, such as with Openwork and M&G Wealth Advice and potentially seeking a limited number of further such partnerships.

Proposition

The platform currently sits within M&G Life segment of M&G which provides a range of retirement, savings and investment management solutions to its customers. All of the group's products that give access to the UK PruFund investment proposition are included in the M&G Wealth division. The UK PruFund investment proposition gives customers access to savings contracts with smoothed investment returns and a wide choice of investment profiles.

Notwithstanding the strategy for the platform business, M&G remains focused on continuing to provide its full range of investment administration services to financial advisers and their clients, including on-line dealing, valuation and custody. This includes white label versions (branded and full white label) as required.

The M&G Wealth Platform provides access to a series of tax wrappers for advisers in a financial planning environment. The GIA, ISAs, JISAs and SIPP are all provided by IFDL. Onshore bond products are provided by HSBC and Prudential. Offshore bonds can be accessed via the platform, with Utmost International and Canada Life International available.

These propositions provide access to a range of in-house and outsourced investment management options, model portfolio and bespoke DFM options, with underlying investments in unit trusts, OEIC funds, investment trusts, bonds, shares, ETFs, and smoothed funds. In all there is access to 3,800 funds from over 330 fund managers, including over 100 DFMs. The PruFund product range has increasingly been leveraged as a key facet in the market, enabling both reach for engagement of new adviser firms, who are existing PruFund users, and more broadly as a differentiator.

A range of services are available to help advisers serve their clients at different stages of the investment journey:

- Family linking - allowing a range of family members to be looked after, with client portfolio values consolidated to calculate the group annual platform charge and charges applied proportionately
- Retirement planning - providing flexibility of choice on products, funds and portfolio construction
- Cash management - options for personal money management to client's preference

In terms of retirement planning, the platform provides flexibility of choice on products, funds and portfolio construction:

- Pre- and post-retirement solutions
- Flexible withdrawal options including drip feed drawdown and sequencing risk management
- Create your own portfolios, use multi-asset or model portfolios or outsource to a DFM
- Leading insight on Centralised Retirement Propositions (CRPs)
- Flexible cash management options

Tools and services for analysing client portfolios or managing client data are available including the Fund Research Centre, Portfolio Analysis (X-Ray), daily bulk valuation integrations with many adviser back office systems and tools; integration with FE Analytics to enable interrogation of client holdings and portfolio analysis; and an income forecaster tool. The business has been progressing its straight through processing capabilities and the roll out of its Digisipp, Docusign and Integrated Illustrations has added to the platform efficiencies and digital capabilities.



KEY COMPANY FINANCIAL DATA

Last 3 reporting periods up to 31 December 2024

Own Funds Disclosures

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Available own funds	77.0	80.1	60.4
Own funds requirement (OFR)	21.2	19.6	9.8
Excess own funds	55.8	60.5	50.6
OFR coverage ratio (%)	364	409	615

IFDL's capital resources comprise exclusively CET 1 capital, and throughout the financial year ending 31 December 2024, IFDL was compliant with the relevant capital regulatory obligations as outlined in the IFPR. As at year end 31 December 2024, Own Funds decreased to £60.4m [2023: £80.1m], largely reflecting the decrease in Total Shareholders' Funds of £21.0m to £66.6m and a reduction in the deferred tax asset (deduction from CET 1), down by £1.4m to £6.2m. See next section for further information on Shareholders' Funds.

The CRR under IFPR, based on the higher of K factors or Fixed Overhead Requirement (FOR), was the FOR at £9.8m [2023: £19.6m] and a resultant SCR coverage ratio of 615.2% [2023: 408.7%]. The reduction in FOR reflected the ongoing focus on trending core costs down.

Statement of Financial Position

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Assets	105.0	101.3	100.3
Current liabilities	(14.1)	(8.7)	(8.1)
Long-term liabilities	(4.9)	(4.9)	(25.6)
Net assets	86.1	87.7	66.7

Statement of Changes in Equity

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Equity at start of period	125.0	86.1	87.7
Movement due to:			
Share capital and premium	0.0	30.0	0.0
Retained earnings	(38.9)	(28.5)	(21.1)
Other	0.0	0.1	0.0
Equity at end of period	86.1	87.7	66.7

Net assets decreased to £66.7m in 2024 [2023: £87.7m]. This reflected losses of £21.1m in the year. Within the assets line was a decrease in debtors of £13.1m, reflecting the repayment of an intra-company loan to Prudential Capital plc, the proceeds of which remained held in cash at the year end (up by £13.5m to £87.3m) and so there was overall only a net limited decrease in assets.

The increase in long term creditors was largely in the provisions for liabilities; these increased by £20.7m to £25.6m, principally due to a £21.4m increase in compensation provision (anticipated costs required to compensate customers in relation to NSAs).

No new shares or other movements of capital were seen during 2024 and so the negative P&L reserve increased further to £220.4m [2023: £199.3m].

Income Statement

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Revenue	31.5	29.4	30.6
Other operating income	0.0	0.0	0.0
Operating expenses	(80.9)	(69.4)	(62.6)
Operating profit (loss)	(49.5)	(40.0)	(32.0)
Other gains (losses)	1.0	2.9	3.9
Profit (loss) before taxation	(48.5)	(37.1)	(28.1)
Taxation	9.6	8.6	7.0
Profit (loss) after taxation	(38.9)	(28.5)	(21.1)
Other comprehensive income	0.0	0.0	0.0
Dividends	0.0	0.0	0.0
Retained profit (loss)	(38.9)	(28.5)	(21.1)

Financial Ratios

	Dec 22 %	Dec 23 %	Dec 24 %
Operating margin	(157)	(136)	(105)
Pre-tax profit margin	(154)	(126)	(92)
Employee costs as a % of revenue	65	66	58

Turnover (largely platform charges) increased by 4% to £30.6m [2023: £29.4m] and administrative expenses were down by 10% to £62.6m, a decrease of £6.8m [2023 decrease £11.5m]. This resulted in an improved operating loss of £32.0m [2023: operating loss £40.0m]. Within expenses, staff costs reduced by 10% to £17.7m [2023: £19.5m] with the average monthly numbers of staff decreasing from 342 to 305 in 2024.

The operating losses were slightly offset by higher interest income of £3.9m in 2024 [2023: £2.9m]. The resultant loss before tax for IFDL was £28.1m [2023: £37.1m] and was in line with M&G's expectations for the business.

IFDL reported an adjusted operating loss of £6.6m in 2024 [2023: £20.9m] after one off costs which, in 2024, related principally to an increase in provision for customer compensation relating to historical SIPP operator and platform due diligence issues in respect of NSAs (provisions of £21.4m raised). In 2023, the one-off costs represented restructuring and other costs related to the separation of the platform from its previous infrastructure and continued investment for growth, totalling £16.2m. No one-off costs in this respect were identified in 2024.

Statement of Cash Flows

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Net cash generated from operating activities			
Net cash used in investing activities			
Net cash used in financing activities			
Net increase (decrease) in cash and cash equivalents	(37.0)	16.3	13.5
Cash and cash equivalents at end of period	57.5	73.7	87.3

Assets under Administration (AuA)

	Dec 22 £m	Dec 23 £m	Dec 24 £m
Assets at start of period	17,529	15,602	16,200
Inflows	1,432	1,408	1,700
Outflows	(1,596)	(1,931)	(2,700)
Net market and other movement	(1,764)	1,128	1,400
Assets at end of period	15,602	16,207	16,600
Growth rate (%)	(11)	4	3
Net inflows as % of opening AuA	(1)	(3)	(6)

AuA and net new business flows are KPIs for the platform and are reviewed regularly by management and board. 2024 saw resilient gross inflows of £1.7bn [2023: £1.4bn] however outflows remained significant at £2.7bn [2023: £1.9bn] and resulted in a net outflow of £1.0bn [2023: net outflow £0.5bn]. Improved market performance saw AuA increase by £0.4bn overall to £16.6bn as at 31 December 2024 [2023: £16.2bn]. As at 28 February 2025 it had fallen slightly to £16.5bn.

Guide



INTRODUCTION

For over 30 years AKG has particularly focused on the financial strength requirements of financial advisers, who when acting on behalf of their clients, need to ascertain a company's ability to deliver sustained provision.

From this customer perspective, the financial strength of companies needs to be focused at an operational level, specifically on the company that is effecting the product or service that a customer is selecting. This is important, because from the customer's perspective it is that company (not some higher corporate entity) that needs to survive in a form that maintains the requisite operational characteristics to meet their fairly held requirements. And it is thus at this level that the selection needs of the customers' advisers must be met.

It is also important to understand the sector approach (comparative peer groups) that is adopted in financial strength assessment and rating process.

At AKG, this is again driven by the end customer perspective and the fact that assessment is designed solely for this purpose, i.e. as a component in helping customers' advisers to select between comparable companies competing to deliver relevant products or services.

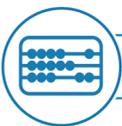
AKG's focus and approach has remained consistent over the years since it commenced assessment and rating support for the market. However, coverage, format and presentation has rightly evolved over this period, in line with the needs and expectations of assessment and rating users in the market. And AKG considers further changes on a continual basis.

Further details including an explanation of what is included in the assessment reports and coverage can be found online at <https://www.akg.co.uk/information/reports>.

AKG's process for assessment and rating is to use a balanced scorecard of measures and comparative information, relevant to the companies contained within each peer group. This is gathered via Public Information only for non-participatory assessments and public information plus company interactions with companies for participatory assessments. Further details on AKG's process can be found at <https://www.akg.co.uk/information/reports>.

This includes further information on the different participatory and non-participatory basis and for companies wishing to learn more about participatory assessment AKG is pleased to outline this and welcomes contact.

This is a participatory assessment.



RATING DEFINITIONS

Overall Financial Strength Rating

The objective is to provide a simple indication of the general financial strength of a company from the perspective of those financial advisers who when acting on behalf of their clients need to ascertain a company's ability to deliver sustained operational provision of products or services.

The overall rating inherently reflects the mix of business within the company, since different types of customer or policyholder have different requirements and expectations, and the company may have particular strengths and weaknesses in respect of its key product or service areas. However, it also takes account of comparison across the sector in which it is assessed.

The rating takes into account those of the following criteria which are relevant (depending upon the company's mix of business in-force): capital and asset position, expense position and profitability any specifically onerous element such as with profits realistic balance sheet position, structure (and size) of funds within the company, parental strength (and likely attitude towards supporting the company), operational capability, management strength and capability, strategic position

and rationale, brand and image, typical fund performance achievements or product / service features, its operating environment and ability to withstand external forces.

Rating Scale	A	B+	B	B-	C	D	☐
	Superior	Very Strong	Strong	Effective	Challenged	Very Challenged	Not applicable

Service Rating

The objective is to assess the quality of the organisation's service to the intermediary market in respect of the brand concerned.

Criteria taken into account include: performance in surveys, awards and benchmarking exercises (external and internal), the organisation's philosophy, service charters, the extent of investments designed to improve service, and feedback from intermediaries.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

Image & Strategy Rating

The objective is to assess the effectiveness of the means by which the organisation currently positions itself to distribute its products for the brand concerned and the plans it has to maintain and/or develop its position.

Criteria taken into account include: overall trends in the company's market share position, brand visibility and reputation, feedback from intermediaries and industry commentators, and AKG's view of the company's general strategy.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

Business Performance Rating

This review is an assessment of how the company and the brand has fared against its peers, and how it is perceived externally. Effectively this is how it has performed recently in the market. Whilst it will include performance indicators from the most recent available statutory reporting (report and accounts and SFCRs in the case of insurance companies, for example) it will also draw on other recent key performance elements before and after such disclosure, up to the point at which the assessment is undertaken.

Criteria taken into account include: increase/decrease in market shares, expense containment, publicity good or bad, press or market commentary, regulatory fines, and competitive position.

Rating Scale	★★★★★	★★★★	★★★	★★	★	☐
	Excellent	Very Good	Good	Adequate	Poor	Not Rated

ABOUT AKG

AKG is an independent organisation. Originally established as an actuarial consultancy AKG has, for over 30 years, specialised in the provision of assessment, ratings, information and market assistance to the financial services industry.

As the market has evolved over this period, the range of entities considered by AKG has expanded. Consequently, AKG has brought additional skill sets into its operations. This has meant the inclusion of accounting, corporate finance, IT and market intelligence experience, alongside actuarial resources, to deliver an expanded professional capability.

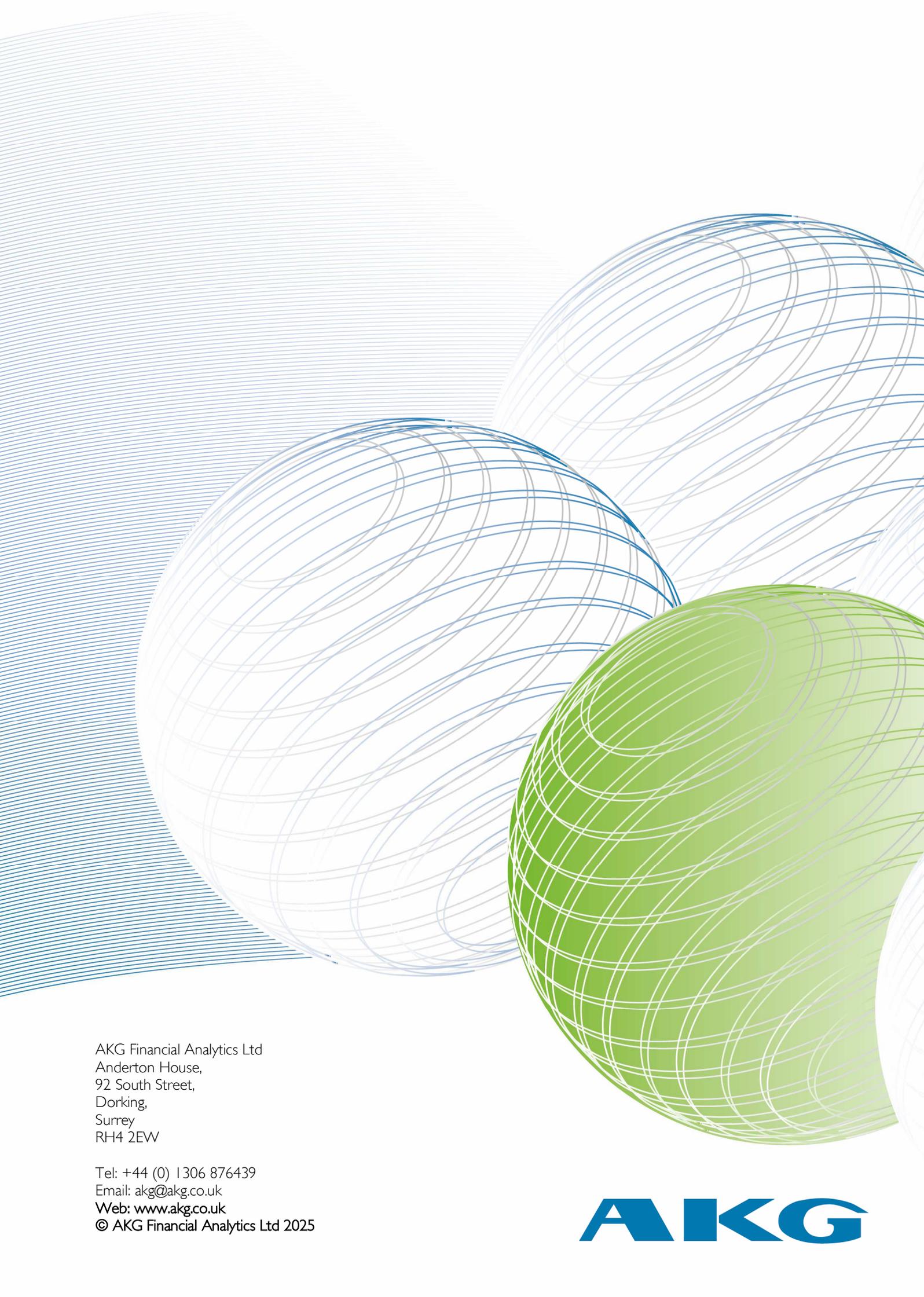
Today AKG's core purpose is in the provision of financial analysis and review services to support the wider financial services sector and its customers.

© AKG Financial Analytics Ltd (AKG) 2025

This report is issued as at a certain date, and it remains AKG's current assessment with current ratings until it is superseded by a subsequently issued report or subsequently issued ratings (at which point the newly issued report or ratings should be used), or until AKG ceases to make such a report or ratings available.

The report contains assessment based on available information at the date as shown on the report's cover and in its page footer. This includes prior regulatory data which may have an earlier date associated with it, but the report also takes into account all relevant events and information, available to and considered by AKG, which have occurred prior to this stated cover and footer date. Events and information subsequent to this date are not covered within it, but AKG continually monitors and reviews such events and information and where individually or in aggregate such events or information give rise to rating revision an updated report under an updated date is issued as soon as possible.

All rights reserved. This report is protected by copyright. This report and the data/information contained herein is provided on a single site multi user basis. It may therefore be utilised by a number of individuals within a location. If provided in paper form this may be as part of a physical library arrangement, but copying is prohibited under copyright. If provided in electronic form, this may be by means of a shared server environment, but copying or installation onto more than one computer is prohibited under copyright. Printing from electronic form is permitted for own (single location) use only and multiple printing for onward distribution is prohibited under copyright. Further distribution and uses of the report, either in its entirety or part thereof, may be permitted by separate agreement, under licence. Please contact AKG in this regard or with any questions: akg@akg.co.uk, Tel +44 (0) 1306 876439. AKG has made every effort to ensure the accuracy of the content of this report and to ensure that the information contained is as current as possible at the date of issue, but AKG (inclusive of its directors, officers, staff and shareholders and any affiliated third parties) cannot accept any liability to any party in respect of, or resulting from, errors or omissions. AKG information, comments and opinion, as expressed in the form of its analysis and ratings, do not establish or seek to establish suitability in any individual regard and AKG does not provide, explicitly or implicitly, through this report and its content, or any other assessment, rating or commentary, any form of investment advice or fiduciary service.



AKG Financial Analytics Ltd
Anderton House,
92 South Street,
Dorking,
Surrey
RH4 2EW

Tel: +44 (0) 1306 876439
Email: akg@akg.co.uk
Web: www.akg.co.uk
© AKG Financial Analytics Ltd 2025

AKG