

M&G Wealth Platform Q&A

July 2024 Edition

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The main acronyms used in this document are:

APC Annual Platform Charge

AUA Assets Under Administration

AUM Assets Under Management

CGT Capital Gains Tax

CIP Central Investment Proposition

CRP Central Retirement Proposition

DFM Discretionary Fund Manager

EFT Exchange-Traded Fund

FCA Financial Conduct Authority

GIA General Investment Account

ISA Individual Savings Account

JISA Junior Individual Savings Account

MPS Managed Portfolio Service

OEIC Open-Ended Investment Company

PROD Product Intervention and Product Governance Sourcebook

SIPP Self Invested Personal Pension

Introduction

In recent years we have seen a lot of mergers and acquisitions of platform providers through private equity companies and traditional providers, with replatforming and rebranding leading to positive developments for advisers and their clients.



Darren Winfield, Dip PFS
Insight Consultant (Wealth)

This document will take a closer look at the M&G Wealth Platform, its proposition and developments.

This Q&A report considers the changes in the M&G Wealth Platform. The objective of this review is to provide advisers with the processes and information they should be considering when assessing the suitability of the M&G Wealth Platform.

This Q&A report was conducted using M&G Wealth Platform's full suite of adviser and client-facing marketing literature. Defaqto has also had access to senior representatives of M&G Wealth Platform.

This Q&A report represents Defaqto's understanding of the Terms and Conditions of the M&G Wealth Platform, along with our comments on the key features and attributes of this proposition. It does not represent a recommendation to invest in the M&G Wealth Platform, and Defaqto encourages advisers to conduct their own suitability and due diligence processes before selecting this fund solution, or any other, for their clients.

The questions posed by Defaqto are:

- 1 What is the M&G Wealth Platform and where does it sit within M&G plc?
- 2 How is the M&G Wealth Platform accessed and what is the trading entity?
- 3 How does the M&G Wealth Platform position itself in the market?
- 4 What are the unique selling points and differentiators of the platform?
- 5 How does the platform facilitate full financial planning and what tax wrappers does it offer?
- 6 What technology and legal structure underlie the platform?
- 7 What tools and functionality are available on the platform?
- 8 How does the platform compare against industry benchmarks?
- 9 What is the platform's investment offering?

Defaqto Q&A review

Once the adviser has completed the fact find and risk profiling, the next step should be to fully appraise the market and the features and benefits of the various platform and investment solutions available, before making a final recommendation.

Technology and regulation from the Financial Conduct Authority (FCA) have had a significant impact on advisers' choice of platform, with the platform ensuring that new and existing clients' costs and charges are clearly explained.

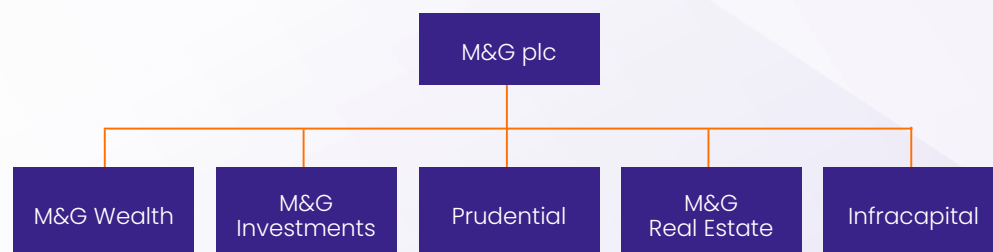
In addition, total costs are expressed as both a cash amount and percentage with any illustrations showing the effect of the costs on returns.

Q1 What is the M&G Wealth Platform and where does it sit within M&G plc?

The M&G Wealth Platform, authorised and regulated by the FCA, is part of M&G plc, the international savings and investment business. A FTSE 100 company, M&G plc has a history stretching back more than 170 years. It serves over 5 million individual customers around the world.

The M&G Wealth Platform is a wholly owned subsidiary of M&G plc that is used by 2,200 adviser firms and their clients. It administers over 16.3 billion in assets in the UK as of March 2024.

M&G plc has five market brands: M&G Wealth Platform, M&G Investments, Prudential, M&G Real Estate and Infracapital.



M&G plc offers intermediary services through the M&G Wealth brand.

M&G Wealth Platform is part of M&G plc and was formed in 2020. As a business its purpose is to give everyone real confidence to put their money to work. M&G Wealth Platform wants to make it as easy and efficient as possible for people to access investment solutions through their platforms or through advice.

Together these businesses manage or administer 343 billion (as of December 2023) on behalf of clients ranging from individual savers to major pension funds and insurance companies.

M&G plc continues to embed sustainability, guided by their purpose and principles. They have prioritised two areas for action: climate change and diversity and inclusion, and they hold themselves accountable with specific commitments in these areas.



The M&G Wealth Platform is rated B+ by AKG and has a Defaqto 5-star Platform rating.

Q2 How is the M&G Wealth Platform accessed and what is the trading entity?

The M&G Wealth Platform offers three distinct propositions to support an adviser firm's brand:

M&G Wealth Platform

It can be accessed from their website (mandgwealth.com/platform) or via a link on an adviser firm's website, with all platform pages branded with the M&G Wealth logo and corporate colours. It offers full M&G Wealth Platform functionality, services, product partner and investment coverage and MI reporting at no additional cost to standard terms.

Branded option

Accessed through a firm's own website through a link, it allows a firm to customise the platform as their own. This includes the full M&G Wealth Platform functionality mentioned above, all developed at a one-off cost.

Full white label

Accessed through a firm's own website through a link, this allows a firm to set up its own adviser charging structure to create its own assets under management (AUM) and also transactional and cash margin revenue lines. There is tailored firm functionality, services, choice of product partner and investment coverage with a bespoke MI reporting suite. All platform pages are branded with a firm's logo and corporate colours including output materials for adviser clients.

Integrations

The M&G Wealth Platform is integrated with IRESS and Intelliflo and many popular back-office systems to help advisers reduce their administration time including:

- Assyst office
- Creative Technologies
- Durell Software
- Figure out
- Money Info
- Praemium
- Prestwood
- Sprint Fastrak
- Time 4 Advice
- True Potential

Q3 How does the M&G Wealth Platform position itself in the market?

The M&G Wealth Platform's support and associated services can help advisers to meet both their PROD (Product Governance Sourcebook) and Consumer Duty requirements.

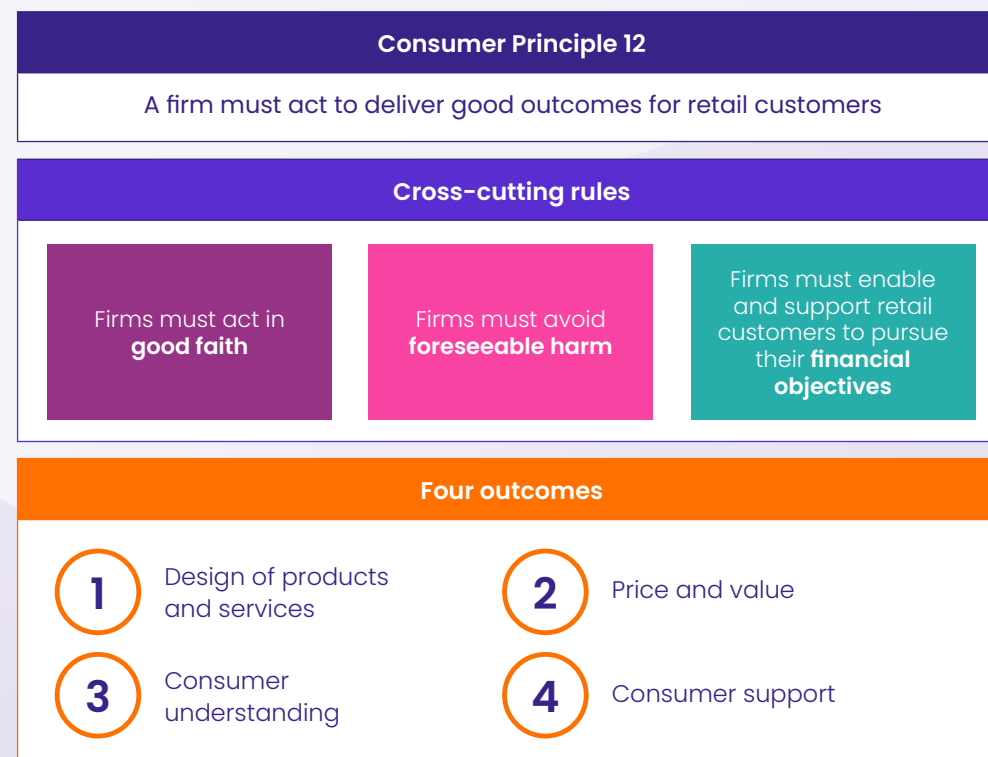
Consumer Duty

The FCA has introduced Consumer Principle 12, which is underpinned by cross-cutting rules and four outcomes.

At the heart of the duty are clear objectives: to ensure a higher and more consistent standard of consumer protection for users of financial services, and to foresee and prevent potential harm.

The duty applies across the regulated retail financial services industry. The new principle is more than just a single statement. The key principle is underpinned by a series of cross-cutting rules which are themselves based on four desirable consumer outcomes.

M&G Wealth Platform is committed to the principles underpinning the Consumer Duty and to delivering good outcomes for clients. M&G Wealth Platform has a customer centric view because it's the right thing to do, not just because they need to comply with the Consumer Duty rules.



Q3 How does the M&G Wealth Platform position itself in the market?

PROD

Product Intervention and Product Governance (PROD) requires a manufacturer to define a target market for a product or service and define a strategy to ensure that it also reaches that target client. Advisers are also responsible for ensuring that a product or service they distribute to their client is done so with the underlying target market in mind.

As a result, the M&G Wealth Platform team that provides financial products and services is responsible for identifying:

- types of customers for whom a product or service might be suitable, based on their needs, characteristics and objectives
- types of customers for whom a product or service is not suitable, based on their needs, characteristics and objectives.

Target market

The M&G Wealth Platform could be suitable for clients who:

- have a Financial Adviser and have needs that would benefit from a holistic financial advice service
- want, and are able, to invest for the medium to long term, for example five years or more
- want to consolidate family wealth in one place
- need access to a number of product wrappers
- either have substantial assets or expect to accumulate them
- want a wide choice of assets to invest in directly, through model portfolios or Discretionary Fund Managers (DFMs)
- want to invest for capital growth and/or income and have the ability to move money between assets.

Q3 How does the M&G Wealth Platform position itself in the market?

Due diligence and suitability

To assist advisers in assessing suitability and to carry out necessary due diligence, the M&G Wealth Platform incorporates the following:

- guides and due diligence documents that are available to help the adviser and firm, such as the M&G Wealth Platform **Due Diligence Document**
- simple, all inclusive, transparent charging
- provides regulatory client reporting
- documentation that is available online
- technology and core back-office services through Bravura
- stable ownership and good financial strength of the platform.

Products and services

The rules require firms to ensure each product or service is designed:

- to meet the identified needs, characteristics and objectives of customers in the identified target market
- so that it does not adversely affect groups of customers in the target market, including groups with characteristics of vulnerability
- to avoid causing foreseeable harm to customers in the target market.

Q3 How does the M&G Wealth Platform position itself in the market?

Price and value

In order to assess whether a product or service provides value, firms must consider at least the following:

- the nature of the product or service, including the benefits that will be provided or may reasonably be expected and their qualities
- any limitations that are part of the product or service
- the expected total price customers will pay, including all applicable fees and charges over the lifetime of the relationship between customers and firms

While the appropriateness of price and level of value provided are somewhat client specific and therefore subjective assessments, the FCA duty places a requirement on providers to be competitive (not the cheapest) on an ongoing basis. It also does not mean that firms are expected only to offer products and services at a low price. Products or services that cost more for customers may well provide value if that reflects their quality and benefits.

Consumer understanding

The FCA expects firms to adopt good practices that generally enhance the clarity of communications. This will support consumers in making effective decisions by selecting products that help them pursue their financial objectives. For example, communications can be more effective when they meet the following points:

Layering	Engaging	Relevant	Simple	Well timed
Making communications engaging, relevant, simple and timed well	Documents and communications that encourage the consumer to read them	Appropriate detail for the consumer, ie what they need to know	Avoiding jargon or technical terms and using clear information and explanations	Communicating with consumers in a timely manner and at appropriate touch points

This means that where there is target market compatibility, advisers should have confidence in using M&G Wealth Platform’s literature and tools with their clients.

M&G Wealth Platform has a strong focus on vulnerability. To help their employees work with customers in vulnerable circumstances, they have developed a knowledge hub employees can use. They will also connect with external support organisations for specialist help if they think this is necessary.

Q3 How does the M&G Wealth Platform position itself in the market?

Consumer support

The FCA's consumer support outcome rules set overarching requirements in relation to the support firms provide their customers. They should be read in conjunction with other rules that cover specific elements of the servicing of customers, such as the Dispute resolution: Complaints (DISP) rules. They require firms to:

Design and deliver support that meets the needs of customers, including those with characteristics of vulnerability

Ensure that customers can use their products as reasonably anticipated

Ensure they include appropriate friction in customer journeys to mitigate the risk of harm and give customers sufficient opportunity to understand and assess their options, including any risks

Monitor the quality of the support they are offering, looking for evidence that may indicate areas where they fall short of the outcome, and act promptly to address these

Ensure they do not disadvantage particular groups of customers, including those with characteristics of vulnerability

Again, this means that where there is target market compatibility, advisers should have confidence in using the M&G Wealth Platform support for their clients. It is sensible, however, for advisers to overlay their own experience of providers and seek impartial guidance on the quality of a provider service, such as the Defaqto Service Ratings.

Q4 What are the unique selling points and differentiators of the platform?

Following significant investment by M&G plc, and with the upgraded technology that Bravura provides, the platform has flexibility to support advisers with their Central Investment Proposition (CIP) or Central Retirement Proposition (CRP). It caters for a wide variety of client segments an adviser may have, down to just one client if needed.

Customised client reporting is offered by M&G Wealth Platform, with itemised breakdowns of activity and charges. An adviser can also choose an opening and closing date with access to performance (net or gross of charges) in one overall figure at either account or portfolio level.

The M&G Wealth Platform integrates well with advisers' back-office systems should they require this option to white label, or they can use the standard M&G Wealth Platform or branded option.

The pricing structure is simple, with one platform price. There are no fund or exchange dealing fees, model portfolio charges or Self Invested Personal Pension (SIPP)/drawdown charges, and the M&G Wealth Platform has no ad hoc charges or exit fees, making the transparent pricing structure easy for advisers and their clients to understand.

The M&G Wealth Platform has a range of globally diversified multi-asset funds that aim to smooth out investment volatility. Available through the ISA, JISA and SIPP, this is the only platform where you can access the full PruFund range.

The single charge is based on the value of investments and cash in the portfolio and includes any taxes that may apply. Table 1 shows a breakdown of the platform charges.

Table 1: Breakdown of the M&G Wealth Platform charges

APC – minimum £15 per month, payable in arrears

Investments and cash up to £1,000,000	0.30%
Investments and cash from £1,000,001 to £3,000,000	0.10%
Investments and cash from £3,000,001 to £5,000,000	0.06%
Investments and cash from £5,000,001 and above	On request

Q4 What are the unique selling points and differentiators of the platform?

Family Linking

Family linking is offered, allowing the Annual Platform Charge (APC) to be calculated on the total value of the portfolios of all members of a family group and then allocated proportionately to each member.

The family linked discount for family groups means you could benefit from lower charges meaning there may be more for you to invest. This can make investing more cost-efficient, even for small investors within a family group.

The whole family benefit from linked savings

Michael and Olivia have been paying into their daughter's JISA for several years and she now has a balance of £30,000.

Their adviser knows that across all the family's accounts and wrappers they come above the platform £1 million threshold. By linking all their accounts the family pay 0.3% on the first £1 millions and then 0.1% on any accounts between £1 millions and £3 million.

This results in Sofia avoiding the £15 monthly minimum charge and the whole family benefiting from the reduced tier for the amount over £1 million.

Family linking on the platform allows them to save a total of £550 in annual charges.

	Michael has £700k	Olivia has £500k	Sofia has £30k	Total group charge
No family Linking	0.3% / £2,100 pa	0.3% / £1,500 pa	0.6% / £180 pa	£3,780 pa
With family linking	0.26% / £1,838.21 pa	0.26% / £1,313.01 pa	0.26% / £78.78 pa	£3,230 pa

Q5 How does the platform facilitate full financial planning and what tax wrappers does it offer?

The M&G Wealth Platform offers a broad range of in-house and third-party wrappers.

As part of its unbiased approach to products the M&G Wealth Platform gives advisers access to a number of third-party products in addition to their Individual Savings Account (ISA), General Investment Account (GIA) and M&G Wealth Pension Account wrappers.

The adviser also has access to general planning support tools such as a school fees calculator, inflation modeller, IHT and investment calculators, a trust and IHT modeller, collectives and bond calculator and a bond gain tool, plus a Capital Gains Tax (CGT) calculator.

The platform works with advisers to give them support when creating their CIP or CRP. There is a wide selection of multi-asset funds. Advisers can create their own models using the extensive fund range or select models from the choice of DFM MPS. The platform offers specialist investments such as AIM portfolios for IHT planning and allows DFMs to run individual portfolios on a bespoke basis. This gives the adviser complete control of their client's investment through the M&G Wealth Platform.

Cash management facilities on the platform allow the adviser to have flexibility over how they deliver their proposition to their clients regarding the client's fees, income or investing to meet different goals and objectives that clients may have. Advisers can cover fees and charges by setting aside cash, rather than including it in a model portfolio, allocate income payments and protect the portfolio from rebalances; or they can still use a model portfolio to automatically top up a client's cash account.

The M&G Wealth Platform offers access to numerous wrappers on the platform, as shown in Table 2.

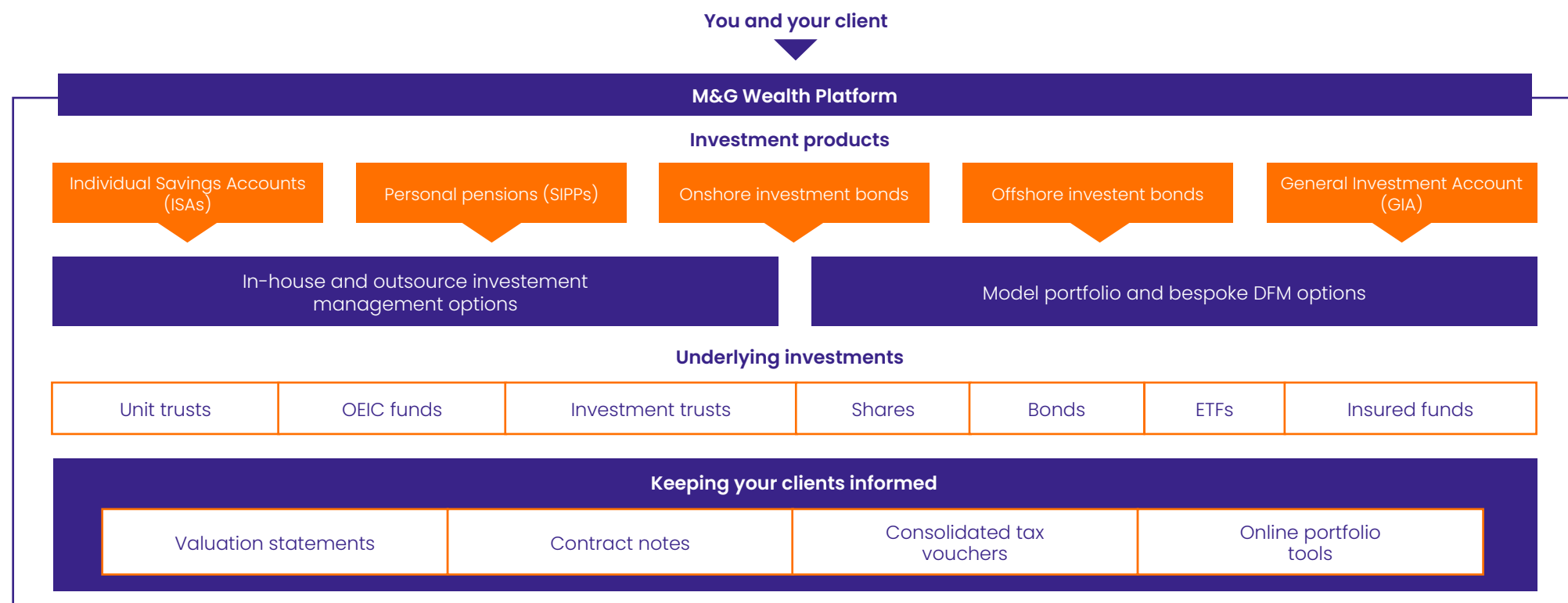
Table 2: Wrappers available on the M&G Wealth Platform

ISA
Multiple SIPPs
Junior ISA
Multiple SSASs
Multiple onshore and offshore investment bonds
GIA

Q5 How does the platform facilitate full financial planning and what tax wrappers does it offer?

Figure 1 outlines how the M&G Wealth Platform facilitates investments and reporting through all these different tax wrappers.

Figure 1: How the M&G Wealth Platform facilitates investments and reporting



Source: M&G Wealth Platform

Q6 What technology and legal structure underlie the platform?

The M&G Wealth Platform is provided by Investment Funds Direct Limited (IFDL), which is a subsidiary of M&G plc.

M&G Wealth Platform's core technology is called Sonata, which is provided and managed by Bravura. This integrates with other software applications and allows M&G Wealth Platform to have complete control over the user experience and swiftly implement any improvements to the design and investor journey as and when required. The flexible platform interface enables efficient integration of external support services including back-office systems.

The platform can be branded for advisers and white labelled to an adviser firm's requirements. The M&G Wealth Platform aims to make the platform available 24 hours a day, seven days a week for advisers and clients.

The platform can be used to generate a range of client and MI reports to support an adviser's compliance and day-to-day management needs.

M&G plc has a document available on the platform area of their website which sets out disclosures on capital and risk management for IFDL (M&G Wealth Platform).

The M&G Wealth Platform's Terms of Business set out all the terms upon which IFDL and the firm will respectively provide and use the administration and management services of the platform, online service and accounts.

Q7 What tools and functionality are available on the platform?

The M&G Wealth Platform has a range of online tools so the adviser can manage, monitor and report on clients' portfolios and choose the level of access the client needs.

The list of available tools can be seen on M&G Wealth Platform's Technical Hub and accessed via the platform. Table 3 shows the online functionality available.

Table 3: Online functionality available through the M&G Wealth Platform

Straight through online applications
Access to a range of Third Party Products
Online trading
Reporting and tracking
Financial planning
Paperless processing, with DocuSign
Cash accounts
Bed & ISA facility
Intraday exchange dealing

An adviser can also provide their client with the following platform functionality:

- account investments including their cash position
- transactions in progress
- transaction, withdrawal and payment history
- fees and charges
- trading access, if the adviser chooses to.

The adviser can also use reporting and tracking functions including:

- audit trail – view a full trail online for transactions
- documentation – view, print and download
- memo facility – record all client assets including those off platform
- a trust and inheritance tax modeller
- a CGT tool.

Up-to-date regulatory updates, along with technical updates and insight from the M&G Wealth Platform technical support team and industry experts, can be accessed on the M&G Wealth Platform page **News and Views**.

Q8 How does the platform compare against industry benchmarks?

Defaqto rates the M&G Wealth Platform as 5 Star along with the M&G Stocks and Shares ISA. Defaqto independently researches and analyses more than 43,000 financial products and funds ensuring our Ratings are always relevant and up to date. The M&G Wealth Platform also had a Defaqto Silver Service Rating in 2024.

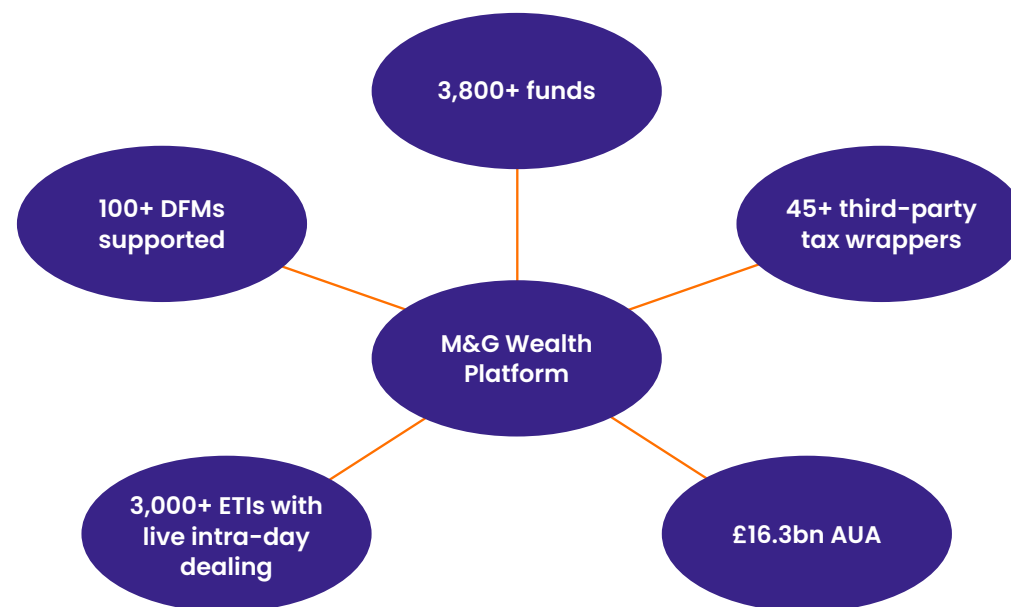


The M&G Wealth Platform supports advisers' CIP and CRP and has a structured, consistent and documented process. The M&G Wealth Platform is implementing a multi-year, multi-million pound investment programme and investing in state-of-the-art IT infrastructure, a cloud-based telephony system, a cloud-based customer relationship management tool, online business processing and expanded adoption teams. They have also adopted the FCA consumer duty rules.

The platform in numbers, and shown in Figure 2, are:

- over 3,800 funds available, including a selection of smoothed insured funds
- more than 45 third-party tax wrappers
- over 100 DFMs supported
- 3,000+ ETIs with live intra-day dealing
- M&G Wealth Platform AUA £16.3 billion (as of March 2024).

Figure 2: The M&G Wealth Platform in numbers



Q9 What is the platform's investment offering?

The adviser can have third-party tax wrappers with model or bespoke portfolios and self-managed or DFM portfolios.

The M&G Wealth Platform also offers in-house dealing with an exchange dealing desk. They have been a member of the London Stock Exchange since 2008, meaning they can deal in real time when markets are open.

DFM specialism – over a quarter of the M&G Wealth Platform AUA is currently run by DFMs. The DFMs can work on a model or bespoke portfolio basis. There is a choice of over 100 DFMs, offering a wide choice of investment styles, propositions and various price points.

The list of available DFMs can be seen on the website, on their **Discretionary Fund Managers** page. Advisers also have the option to add a DFM that isn't on the current list.

About Defaqto

Impartial, Respected. Trusted. We bring data, technology and consumers together to help everyone make smarter financial decisions today and tomorrow.

Defaqto is one of the leading financial information, ratings and fintech businesses that supports financial institutions, intermediaries and consumers to make smarter financial decisions.

We maintain the UK's largest financial product database and use proprietary research methodology to develop independent ratings, reviews, insights and technology.

By bringing together product data, technology and consumer insight we are in a unique position to help everyone make smarter, more informed financial choices now and in the future. And in doing so we hope to raise industry standards, power consumer choice and help the industry meet evolving customer needs.



Star Ratings

Defaqto Star Ratings give consumers and financial professionals the confidence to choose the right financial products for themselves and their clients, by providing an unbiased assessment of quality they can trust.



Diamond Ratings

Assess the quality and performance of any given fund at a glance. With a clear and consistent scoring approach, Diamond Ratings make it easy to understand where a fund or MPS family sits in the market.



Service Ratings

Compare the quality of service across multiple product providers to support your product selection and recommendation process.



Risk Ratings

Align a fund or MPS portfolio to a client's agreed level of risk. Use the ratings to quickly assess risk positions and deliver compliant advice.

Investment Reviews

Get the full story behind an investment solution. Use our detailed accounts of the people, processes and philosophy involved for a comprehensive and unbiased assessment of its value.

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