

M&G Wealth Platform Q&A

March 2023

Sponsor



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Acronyms

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
FCA	Financial Conduct Authority
ISA	Individual savings account
MPS	Managed Portfolio Service
PROD	Product Intervention and Product Governance Sourcebook

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.

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.



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The questions posed by Defaqto are:

1. What is 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.

Platforms: regulatory update

Investment Platforms Market Study

The FCA has introduced a set of rules to make it easier for consumers to move from one platform to another without liquidating their assets. This will hopefully improve competition and help consumers understand their investment costs either on their own or with their financial adviser.

In the final findings from the investment platform costs and charges review in May 2022, the FCA wants to help consumers navigate the investment market in an online environment, thereby enabling them to understand and compare the costs of using different platforms.

Consumers should be able to easily identify and understand their investment charges, so they can choose the investment channel and products that are right for them or accept the recommendations made to them by their adviser.

Platforms should be easy for advisers to use for their clients and should provide advisers and their clients with:

**All costs and charges
clearly explained**

**Total prices/aggregated
costs expressed as a
cash amount and as
a percentage, with a
breakdown available**

**Illustrations showing the
effect of costs on returns**

This information needs to be provided in good time, before the provision of the investment business, and be publicly available on providers' websites.

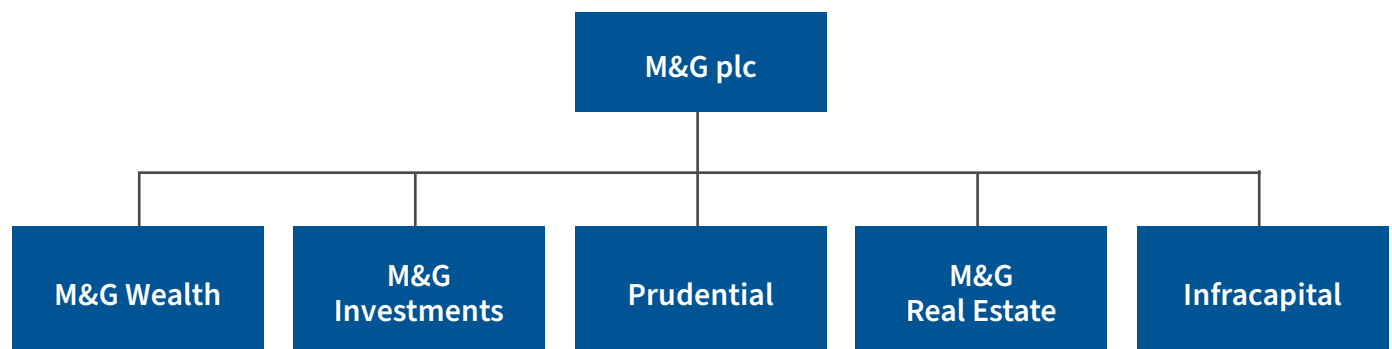


Q1. What is M&G Wealth Platform and where does it sit within M&G plc?

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.

M&G Wealth Platform is a wholly owned subsidiary of M&G plc that is used by 1,900 adviser firms and their clients, it administers over £17.4 billion in assets in the UK as of May 2022.

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



M&G plc offers global asset management, through M&G Investments, M&G Wealth Platform and intermediary services through M&G Wealth.

M&G Wealth is part of M&G plc and was formed in 2020. As a business its purpose is to help people manage their savings and investments responsibly. M&G Wealth wants to make it as easy and efficient as possible for people to access investment solutions through their platforms or through advice.

Prudential provides long-term savings, investments and retirement solutions.

Together these businesses manage or administer £342 billion (as of March 2023) on behalf of clients ranging from individual savers to major pension funds and insurance companies.

M&G plc is committed to creating a sustainable future to become a more viable business for the future. They have set themselves specific and ambitious targets in their two sustainability priority areas: climate change, and diversity and inclusion, through a 10-point plan and embedding sustainability in everything they do.

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.

Direct 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, which allows a firm to set up its own adviser charging structure to create its own assets under management (AUM), 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

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?

M&G Wealth Platform is a reliable partner for advisers with Product Intervention and Product Governance Sourcebook (PROD), target market suitability and due diligence including consumer duty, which is now an important consideration for advisers.

PROD

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
- stable ownership and good financial strength of the platform



Due diligence and suitability

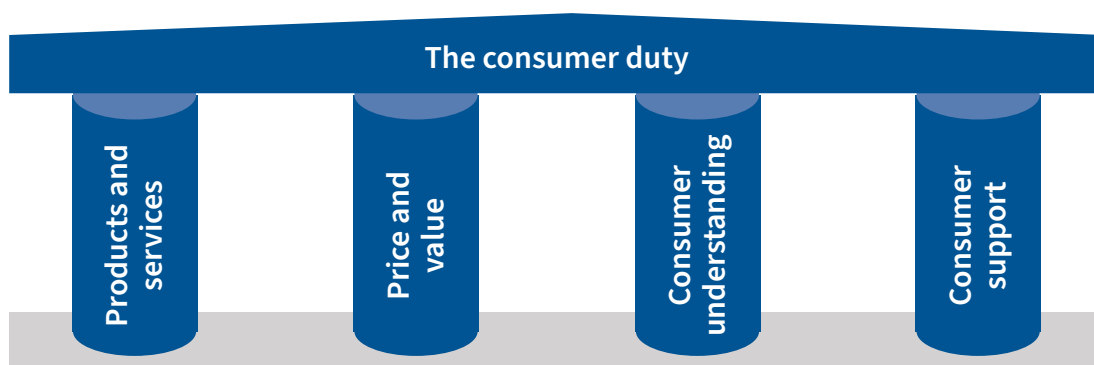
To assist advisers in assessing suitability and to carry out necessary due diligence, the M&G Wealth Platform incorporates the following:

- 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

The Consumer Duty rules

In this section we look at the four pillars of consumer duty and how the M&G Wealth Platform could help advisers meet their obligations under the new Consumer Duty rules (refer to Figure 1).

Figure 1: Four pillars of Consumer Duty rules



A full explanation of each point can be found in the FCA final guidance paper 22/5.

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

Price and value

In order to assess if 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, this FCA 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 – making communications engaging, relevant, simple and timed well

Engaging – documents and communications that encourage the consumer to read them

Relevant – appropriate detail for the consumer, i.e. what they need to know

Simple – avoiding jargon or technical terms and using clear information and explanations

Well timed – 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. Advisers may have to use more personal (tailored) communications where they are working with vulnerable clients and consider the needs, characteristics and objectives of any customers with characteristics of vulnerability.

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 our 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
- ensure that customers do not face unreasonable barriers (including unreasonable additional costs) during the lifecycle of a product or service
- 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 the rebrand to M&G Wealth Platform and significant investment by M&G plc, and with the upgraded technology that Bravura provide, 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.

Sustainability and inclusivity principles have been at the forefront in the evolution of the platform to enable users to have efficient online journeys, use digital signatures and reduce data and energy. These are all principles for reducing M&G plc's digital carbon footprint.

Customised client reporting is offered by M&G Wealth Platform, with itemised breakdowns of activity and charges where the 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 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.

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 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.

Table1: 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

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

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 ISA, General Investment Account 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 and 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.

The M&G Wealth Platform also allows family linking. The annual platform charges are based on the value of the consolidated client’s portfolios as well as providing client reports to help the adviser with oversight and planning.

Charges are applied proportionately for each family member, and this is underpinned by known costs, as client portfolio values are consolidated to calculate the group APC. This can include spouses/civil partners, children, parents, grandparents and grandchildren.

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.

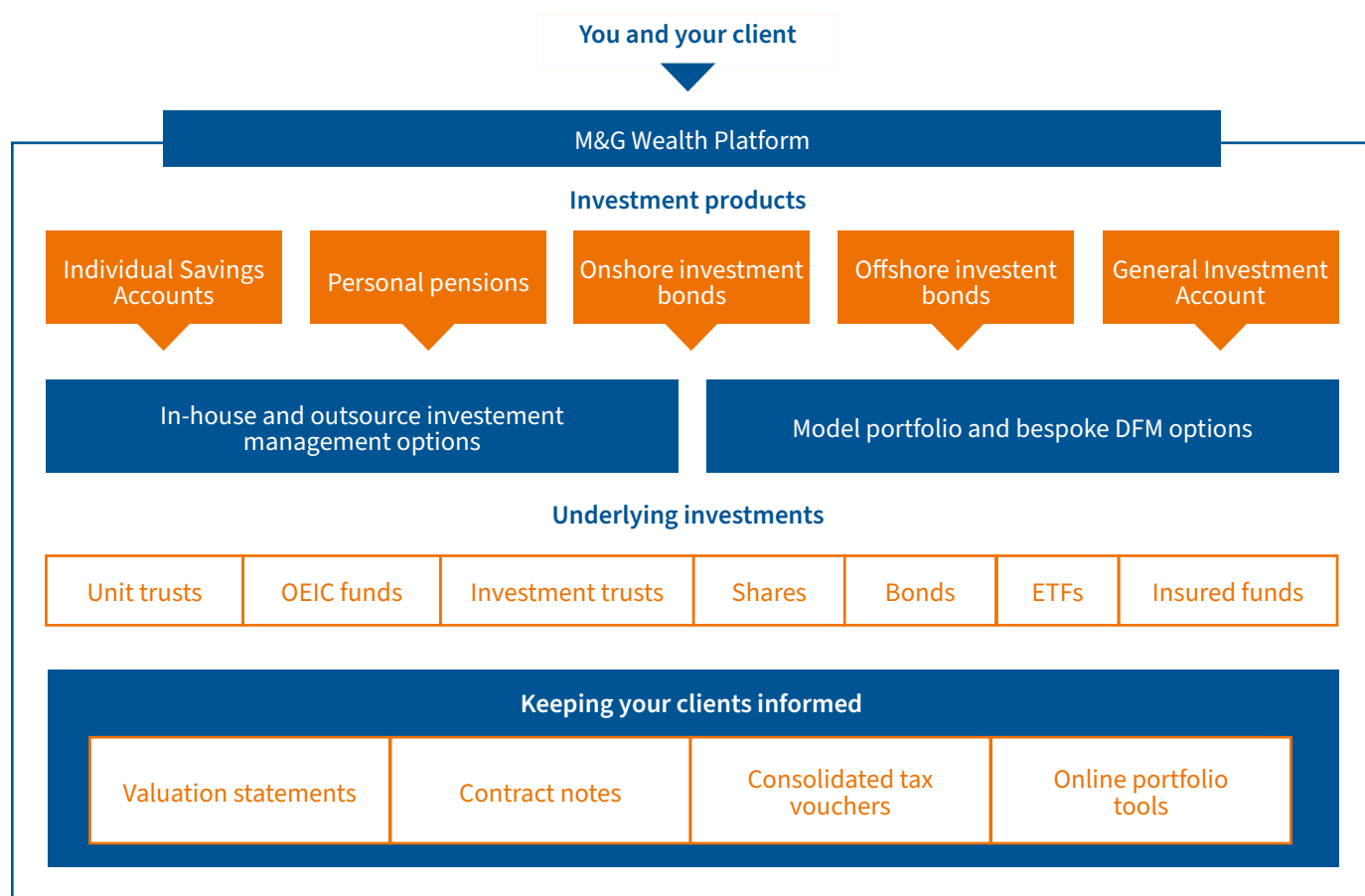
Table 2: Wrappers available on the M&G Wealth Platform

<ul style="list-style-type: none">• ISA• Multiple SIPPs• Section 32• Junior ISA	<ul style="list-style-type: none">• Multiple SSASs• Multiple onshore and offshore investment bonds• GIA
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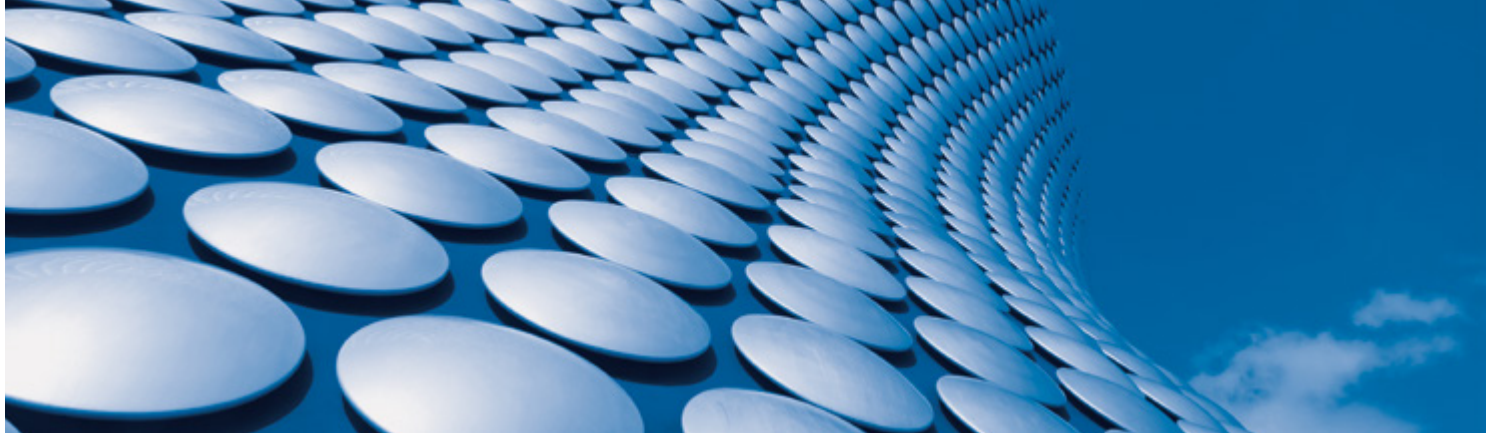


Figure 2 outlines how the M&G Wealth Platform facilitates investments and reporting through all these different tax wrappers.

Figure 2: 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. 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).

M&G Wealth's Platform 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

<ul style="list-style-type: none">• Straight through online applications• Online trading• Reporting and tracking• Financial planning	<ul style="list-style-type: none">• Paperless processing, with DocuSign• Cash accounts• Bed & ISA facility• Intraday exchange dealing
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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 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 2022.



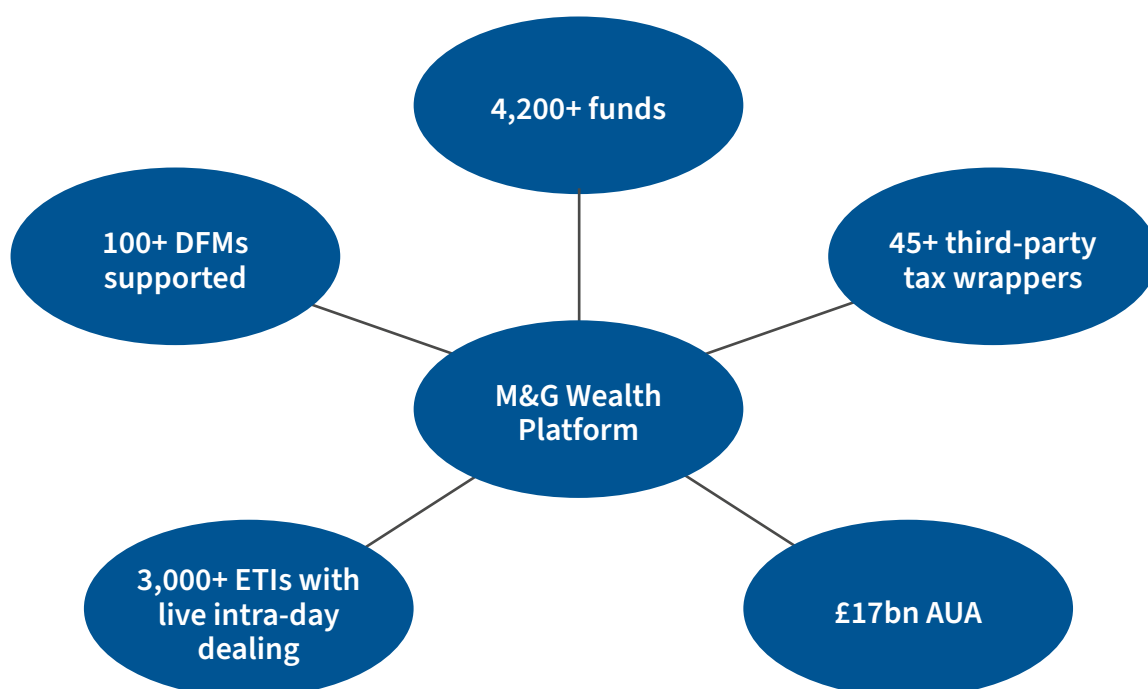
The M&G Wealth Platform supports advisers' CIP and CRP and has a structured, consistent and documented process.

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 are also adopting the FCA consumer duty rules.

The platform in numbers, and shown in Figure 3, are:

- over 4,200 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 £17 billion

Figure 3: The M&G Wealth Platform in numbers





Q9. What is the platform investment offering?

The adviser can have third-party tax wrappers with model or bespoke portfolios and self-managed or DMS 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 M&G current list.



Send us your feedback

Your feedback is extremely important to us and we would be grateful if, after reading this publication, you would take a few minutes to complete a [short survey](#). Your answers will be treated in the strictest confidence and the results of this will help the development of future publications.

The survey can be accessed at:

www.snapsurveys.com/wh/s.asp?k=144610976149

About Defaqto

Defaqto is a leading financial information, ratings and fintech business, helping financial institutions and consumers make better informed decisions.

Our experts research, collect and continuously assess over 43,000 financial products. Our process is extremely robust and is driven by over 60 specialist analysts who have unparalleled knowledge of financial products, services and funds in the market. Our independent fund and product information helps banks, insurers and fund managers with designing and promoting their propositions.

Defaqto Ratings



Star Ratings assess the quality and comprehensiveness of the features and benefits for products in general insurance, banking, protection and wealth sectors. They can be viewed in any Star rated product area and added to any research.



Diamond Ratings help segment the funds and portfolios available in each sector because they indicate, at a glance, where funds, fund families and DFMs sit in the market, based on both performance and a range of key attributes, including competitiveness in areas such as cost, scale and manager longevity. You can use them as a filter criterion or use them for fund or DFM comparison.



Service Ratings provide advisers with a simple and unbiased assessment of provider service. Based on advisers' perceptions of the service they receive, providers are rated Gold and Silver.



Risk Ratings use the projected volatility of a fund using asset allocation and historic volatility, based on observed standard deviations, to map a fund to a Defaqto Risk Profile. Risk Profile 10 indicates highest risk and Risk Profile 1 represents lowest risk.



Income Risk Ratings are unique to the market, comparing fund objectives, asset allocations, income and capital volatilities, and maximum drawdown. The Ratings are mapped to four Income Risk Profiles based on the income required and the level of risk. They are: capital preservation, low income volatility, medium income volatility, high income volatility.



Income Drawdown Ratings use the fund's asset allocation and historic returns to assess the levels of sustainable income it can deliver over a given duration and the likely residual value at the end of the agreed term.

Defaqto Reviews



In response to the growing requirement for advisers to have access to ESG data and fund/DFM research, Defaqto ESG Reviews provide an invaluable resource to assist in assessing funds and DFM MPS from an ESG point of view. With a mixture of qualitative and quantitative data provided in a standard format in Defaqto Engage, advisers can cut through the complexity of ESG to ensure suitable advice.



Also available to advisers through Defaqto's end-to-end financial planning tool, Engage, Defaqto Fund Reviews combine detailed quantitative and qualitative data to produce an in-depth report on not just fund families but also single funds. These can also be used by fund managers to provide more information to advisers beyond the fund factsheet or KIID.



Expert financial planning with no loose ends

defaqto
engage

Defaqto Engage

Tidy up the loose ends of multiple financial planning software.

Defaqto Engage is our end-to-end financial planning software solution enabling advisers to manage their financial planning process all in one place.

A third of advisers use six different pieces of software to carry out their routine financial planning work.* That's six different things to learn and pay for. Running a disjointed advice process is inefficient, costly and increases the margin for error.

One process from risk profiling to suitability report writing. Whether your clients are investing for growth or to generate an income, Defaqto Engage can help you capture your clients' risk profile, conduct investment research, produce suitability reports and oversee client reviews from one piece of financial planning software.

Benefits

- **Save time** – consistent use of client data and profiling saves time doing research, suitability reports and client reviews
- **Save money** – one vs multiple systems check
- **Better client outcomes** – from a robust and consistent methodology
- **More robust compliance** – demonstrate a consistent, repeatable advice process

Additional modules available



Pension Switching – Analyse defined contribution pension switch scenarios



CIC Compare – Compare current and historic CIC contracts to establish which policy has the superior CI definitions

To find out more about Defaqto's Engage and book a demo, [click here](#).

You can also call us on **01844 295 546** or email us at sales@defaqto.com

*2019 Defaqto Adviser survey of 200 advisers, representative of all advisers in the UK

Please contact your Defaqto Account Manager
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