

portion of the 51% of the company's shares reserved for advisers. Sanlam, the South

Ferguson: still independent

brought to the industry. He said: 'Nucleus came about as a realisation that the life companies were massively overvalued and a long-held belief that the UK

life companies that we deem a pro... There are seven IFA shareholders. Nucleus is in talks with 120 more positive it will add 11 in the New

R James criticises fund supermarkets

Raymond James has challenged the transparency of fund supermarkets and questioned their claim to offer a 'free' service, writes **Michelle McGagh**.

The supermarket model, as adopted by Cofunds and FundsNetwork, is marketed as a price-neutral product but Raymond James asks if this description is accurate.

David Hazelton, Raymond James' head of business development, said: 'Some fund supermarkets claim to offer a free service but the reality is that their business model relies on negotiating discounts on the funds that appear on the platform, usually in the region of 0.25% and in many instances we are able to negotiate similar discounts that we reinvest back into the clients' account.

'They keep the rebate in order to run their business model, which is fine, but they need to make it clear to the adviser how that works and not support the impression that it is a free service.'

Hazelton agrees that supermarkets benefit smaller investors, for whom the rebate has little impact, but with a high-net-worth portfolio, 0.25% can add up to a substantial amount and an explicit fee structure can be more beneficial.

FundsNetwork head of marketing Rob Fisher disagreed: 'We take a charge from the fund company, a charge that is taken out of the annual management charge that the client pays. It is free in the sense that there is no added charge. I think that we are transparent and that this argument is looking at semantics, and that's not helpful.'

Future wrap for Skandia and Selestia

Skandia and Selestia plan to launch an 'advanced' wrap in 2008 to incorporate more complex investments such as hedge funds, once their current platforms have been integrated next year.

Graham Bentley, Selestia head of investment marketing, said: 'The new wealth management service could be produced in a variety of ways and there are many financial engineering structures that we could use. There are certain sectors of the market that are looking for wealth management solutions, and we want to build something different from anything around at the moment and give people the option of using that wrap that isn't fund based.'

Bentley insisted the new service would not be modelled on Transact, as has been reported. 'We are focusing on the merger at the moment and feel that it will incorporate the best bits from the Selestia and Skandia wraps and will continue to use our own transparent model and charging structure.'

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