

August 2007



best of both and fair to all

Peter Jordan explains how Skandia's new integrated fund platform, Selestia Investment Solutions, is designed to ensure the fairest possible outcome for all investors.

The most immediate strategic issue following Old Mutual's acquisition of Skandia Group in 2006 was how to manage the presence of two investment platforms. While we could have kept both platforms open, each had its own specific advantages – Selestia in pre-sale, and Skandia MultiFUNDS post-sale. Our decision has been to harness the best of both platforms into a single, powerful and market-leading solution. Additionally we have introduced a host of new features and functionality.

Early on we chose the technology to deliver this specification selecting the existing Selestia platform which already enjoyed superior functionality and is based on modern IT architecture. Although this produced a market leading proposition, it raised a number of difficult issues concerning the relative treatment of new and existing investors.

fair to all

As you will be aware, issues of this nature need to be addressed in line with the intensifying Treating Customers Fairly (TCF) focus in the UK market. A key issue in this context is that decisions concerning new business cannot be taken without considering the implications for existing investors. From this perspective it was important to identify a solution that was fair to all stakeholders.

A number of alternatives were considered. Migrating existing customers and their advisers to the new platform on the pre-existing price/commission mix would have been unfair to new investors; leaving existing investors with an inferior option would also have been unfair. A possible solution for existing investors, which would have avoided accusations of operating a 'new customers only' policy, would have been to allow migration to the new platform on request. However, this would have guaranteed the



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unacceptable outcome of leaving a diminishing minority of abandoned investors with a legacy service that could not be kept at the leading edge going forward.

All in all, none of these outcomes were considered fair. As the benefits associated with the enhancements to the new proposition took shape it soon became clear that the fairest solution was to migrate all investors to the new platform on exactly the same terms as would be attracted by new investors.

invaluable functionality

As recent FSA guidance on fund platforms encourages advisers to review the arrangements for existing clients, we anticipate that the new functionality will be invaluable. It will ensure advisers can manage platform investments more effectively at a time when the FSA is raising the advice bar in this rapidly growing market.

One theme in the FSA's guidance would

appear to be that advisers should take care over working out which platforms they use. This suggests that advisers should make sure that they are associated with a market leading, sustainable platform. In some ways sustainability is a further aspect of TCF; if there are any questions about the long term future of a platform, or of the likely availability of resources to fund its continued development, then it may not be fair to customers to use such platforms. Any adviser who remembers stakeholder pensions will no doubt view loss leading, 'low cost', platforms with the suspicion they deserve.

Skandia's business model has always been based on profitable yet market leading solutions that deliver value for investors, advisers, fund managers and Skandia. This new development takes our proposition to a higher level and will set the standard in this market for new as well as for existing investors. ■

significant benefits

Although some adjustments to the price/commission mix will be experienced by investors migrating from the MultiFUNDS platform to the new Selestia Investment Solutions platform, a number of significant benefits will offset these changes and improve the overall value for investors and their advisers, including:

- Straight through processing, provision of audit trails, integration of risk management tools and enhanced report options will increase the professionalism and reduce the adviser costs associated with client servicing.
- Access to over 900 funds from 67 fund managers with no additional costs to pay for switching investments.
- A full range of customer agreed remuneration options to allow advisers to tailor remuneration to reflect the cost of the services provided to clients.
- An independent and academically robust asset allocation tool to ensure that investment recommendations accurately reflect the risk profiles of investors.

www.skandia.co.uk

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Selestia Investments Solutions is the brand name for Selestia Investments Limited and Selestia Life & Pensions Limited until 25 February 2008. After this date it will be the brand name for Selestia MultiFUNDS Limited and Selestia Life & Pensions Limited.

Selestia Investments Limited and Selestia Life & Pensions Limited are registered in England & Wales under numbers 4145825 and 4163431 respectively. Both Companies are authorised and regulated by the Financial Services Authority with FSA Register numbers: 196620 and 207977.

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