



ComPeer **LIMITED**

JGFR works closely with ComPeer Ltd in the area of wealth research. Together we produce the annual Financial DIY report that assesses the demand for professional financial advice and the degree to which consumers manage personal finances themselves.

ComPeer produces an Annual Wealth Managers report as well as a quarterly update on the state of the industry through a detailed survey among wealth managers.

Q2 Trade Volumes Down With Reduced Market Volatility

The second quarter of 2011 was more subdued in comparison to recent quarters. Asset values marginally increased in the Wealth Management sector to £490bn, on the back of a similar small rise in the market (FTSE APCIMS Balanced Index increased by 0.7%). Trade volumes fell sharply quarter on quarter (down 24.4%) to the lowest quarterly value since Q3 2008.

Understandably the reduction in trades has reflected directly in a reduction in commission income for both Execution Only Stockbrokers and Wealth Managers. However, the evolving business model of Execution Only Stockbrokers has coped well with this reduction. A continued move towards regular, stable fee income (in the form of custody and administration fees) has reduced the reliance on commission income. These fees accounted for 27% of all Execution Only revenue – the highest ever recorded fee percentage. Combining the rise in fees with a reduction in costs has resulted in pre-tax profit margin increasing for these firms to 36.8%.

For Wealth Managers, the limited increase in asset values, leading to higher investment management fee income, was not enough to compensate for the reduction in commissions and so profitability reduced slightly in the quarter

For a fuller analysis of the trends visit the free JGFR Members area or for more details email j.gilbert@jgfr.co.uk