

Immediate release

Regulation and consumer pressure signal death knell for fund supermarkets

Novia, the UK's most sophisticated 'full wrap' wealth management platform provider, believes that either the adoption of the RDR, or a transfer of regulatory control from the FSA to the Bank of England as proposed by the Conservative government and pressure from consumers for greater transparency, will be the death knell for fund supermarkets, with wraps being the only viable option for client accounts.

Should a future Conservative government be elected, and the powers vested in the FSA transferred to the Bank of England, the demise of fund supermarkets will hasten due to the adoption of greater transparency on charges and the demand for the inclusion of a broader range of investments.

Novia is urging all users of fund supermarkets to consider their post-election or post-RDR platform. It warns that fund supermarkets which proved to be a great innovation at the time, and should be credited with transforming parts of the industry, will be obsolete under the post RDR / Conservative plans, in the IFA market.

Currently, the RDR is already looking to expand the scope of investment products covered, but this is likely to be further expanded under a Conservative government, regardless of whether there are changes in the manner of

distribution. At the moment the RDR includes regulated and unregulated investment schemes, ETFs, investment trusts and structured products.

However, Novia is also looking for wrap providers to embrace the concept of transparency embedded in the tenet of thinking of the current RDR, future Conservative thinking and consumer pressure. It is therefore calling on providers to:

- Adopt 'absolute transparency standards'
- Adopt a full service approach covering multiple product wrappers and a full range of investments
- Allow the freedom to re-register on or off the platform

Paul Boston, sales director of Novia comments:

"Under the FSA's ownership the RDR had created a framework for transparency which will be executed on a broad range of savings and investment contracts. The Conservatives have, however, indicated that they want to see this transparency permeated through all financial contracts, whether they are investments, banking or mortgages. With transparency pivotal to the proposition, IFAs will need a whole-of-market technology solution to their whole-of-market product offering, which is why wraps will quickly supersede fund supermarkets."

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Notes to editors:

Novia

Novia Financial plc launched to market in October 2008 to provide a comprehensive wealth management service or 'full wrap platform' for investment advisers and their clients. Novia provides a transparent pricing structure as well as access to a wide range of product wrappers each with their own Cash Facility, an extensive suite of portfolio management tools, and access to an extensive range of investment classes including shares, bonds, traditional authorised funds, ETFs and alternative investments.

The core operating system is provided by Australian based InfoComp who have been developing software solutions for fund administration and financial services since 1996, and for wrap solutions since 1999, amassing \$186bn (AU) in assets under management on their systems. The comprehensive suite of portfolio management tools is powered by Financial Express, who also provide the data for the platform, and the illustrations are provided by Dunstan Thomas.

The Novia team, based in Bath, is led by Bill Vasilieff, ex Sales and Marketing director and joint Co-founder of Selestia. Novia, as an independent proposition, has substantial financial backing from a combination of private individuals and corporate organisations. The board is chaired by Sir Anthony Cleaver (former chairman and chief executive of IBM in the UK). Other members include John Beaumont, non executive, who has held a number of non executive roles in major public organisations and several technology startups, Tim Levy (non executive and investor), Chief Executive of Future Capital Partners, David Royds (non executive and investor) Chairman of Matrix group, and Bill Vasilieff as CEO.

Novia Financial plc is authorised and regulated by the Financial Services Authority.