

AJ Bell makes triple acquisition in bid to rival Hargreaves

Platform looks to take on rival with its own asset management division following acquisitions.

Source: Citywire. 21 Jan, 2016

Platform and Sipp provider AJ Bell has bought three companies in a bid to challenge Hargreaves Lansdown by launching its own asset management business.

The company has bought discretionary fund manager Mansard Capital and passive fund provider Indexx Markets in a bid to challenge its platform rival by offering its own range of passive funds and in-house managed portfolios to users.

It has also acquired asset management consultancy Allium Capital, which is a subsidiary of Indexx Markets. Allium runs a range of six risk-rated funds called the FP Multi-Asset DRP funds.

AJ Bell's head of investments Alex Dymock will run the new business. He will report into AJ Bell chief executive Andy Bell (pictured).

In November last year AJ Bell announced that it planned to launch a managed portfolio service but gave no further detail.

The company currently has both an advised platform, called AJ Bell Investcentre, and a direct-to-consumer (D2C) platform called AJ Bell Youinvest.

The fund range and managed portfolio service will initially be sold through advisers but will later be offered to D2C users. The portfolios will be made up of AJ Bell passive funds, which will also be available as stand alone vehicles via the platform.

The Allium multi-asset funds will also be available and there are not yet plans to rebrand them.

A source familiar with the situation said AJ Bell wanted to challenge Hargreaves Lansdown, which last year set up its own series of managed portfolios which invest in the company's own range of multi-manager funds. The Bristol-based broker also offers a range of risk-rated model portfolios which invest in other funds.

'Hargreaves has quietly been building an asset management business itself in recent years, and now has over £5 billion in assets in this business. AJ Bell has looked at this and believes there is no reason why it cannot do the same,' they said. 'On the D2C side it will be taking on the likes of Nutmeg and Hargreaves. If you look at AJ Bell it currently has £26 billion of assets, which is around half of what Hargreaves Lansdown has.'

Indexx Markets and Mansard Capital were owned by Osprey Capital, which is run by Ronan Kearney, who helped set up Caerus Capital Group with Keith Carby.

He also helped establish asset management businesses with a number of advice businesses, including Openwork's Omnis Capital fund range and support service provider SimplyBiz's Verbatim Asset Management.

The deals have been completed but are awaiting approval from the regulator.

AJ Bell has looked to grow through acquisition in the past. In 2012 it bought financial publishing business MSM Media to offer investment writing to its users.

In August 2015 New Model Adviser® revealed that AJ Bell was in talks to buy the Cofunds platform from Legal & General.

These talks ended in September that year with no deal having been reached.

Last June fund manager Neil Woodford invested £21 million into AJ Bell. He previously invested in the company when he was a fund manager at Invesco Perpetual.

Invesco is currently the largest single shareholder in the company with 39% of the company's share capital. Woodford Investment Management holds 8% of the share capital.